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**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL FINANCE CORPORATION
MULTILATERAL INVESTMENT GUARANTEE AGENCY**

**PERFORMANCE AND LEARNING REVIEW
OF THE COUNTRY PARTNERSHIP FRAMEWORK**

**FOR THE
REPUBLIC OF TUNISIA
FOR THE PERIOD FY16–21**

May 22, 2018

**Maghreb Country Unit
Middle East and North Africa
International Finance Corporation
Middle East and Africa
Multilateral Investment Guarantee Agency**

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FISCAL YEAR

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TND 1 = US\$0.39

ABBREVIATIONS AND ACRONYMS

AFD	<i>Agence Française de Développement</i> (French Development Agency)
AfDB	African Development Bank
ASA	Advisory Services and Analytics
CPF	Country Partnership Framework
CNSS	<i>Caisse Nationale de Sécurité Sociale</i> (National Social Insurance Fund)
CNAM	<i>Caisse Nationale Assistance Maladie</i> (National Health Fund)
CNRPS	<i>Caisse Nationale de Retraite et de Prévoyance Sociale</i> (National Pension Fund)
DPF	Development Policy Financing
DPL	Development Policy Loan
EU	European Union
FDI	Foreign Direct Investment
GDP	Gross Domestic Product
GEF	Global Environment Facility
GoT	Government of Tunisia
ICR	Implementation Completion and Results Report
ICT	Information and Communication Technology
IFC	International Finance Corporation
IMF	International Monetary Fund
IPF	Investment Project Financing
IPP	Independent Power Producer
KfW	<i>Kreditanstalt für Wiederaufbau</i> (Development Bank for Reconstruction (Germany))
MIGA	Multilateral Investment Guarantee Agency
MFD	Maximizing Finance for Development
MFI	Microfinance Institution
MoU	Memorandum of Understanding
MSMEs	Micro, Small, and Medium Enterprises
NPL	Nonperforming Loan
ONAS	<i>Office National de l'Assainissement</i> (National Sanitation Utility)
PDUGL	<i>Programme de Développement Urbain et Gouvernance Local</i> /Urban Development and Local Governance PforR
PFM	Public Financial Management
PER	Public Expenditure Review

PforR	Program-for-Results
PIM	Public Investment Management
PMU	Project Management Unit
PMUO	Project Management Units by Objective
PPP	Public-Private Partnership
QCF	Qualification and Competency Framework
RRA	Risk and Resilience Assessment
SCD	Systematic Country Diagnostic
SMEs	Small and Medium Enterprises
SOE	State-Owned Enterprise
TA	Technical Assistance
TTL	Task Team Leader
TUNEPS	Tunisia E-Procurement System
UGTT	<i>Union Générale Tunisienne du Travail</i> (Tunisian General Labor Union)
USI	Unique Social Identifier
UTICA	<i>Union Tunisienne de l'Industrie, du Commerce et l'Artisanat</i> (Tunisian Employers Union)

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TUNISIA

PERFORMANCE AND LEARNING REVIEW OF THE COUNTRY PARTNERSHIP FRAMEWORK

I. INTRODUCTION

1. **The Performance and Learning Review (PLR) for Tunisia takes stock of the implementation progress to date of the World Bank Group’s Country Partnership Framework (CPF) discussed by the Executive Directors on May 17, 2016.** The PLR focuses on the evolving political and socioeconomic situation since the issuance of the CPF and the World Bank Group portfolio performance, drawing lessons learned from implementation, introducing adjustments, including extending the CPF period by one year, programming IBRD lending for the remaining CPF period, FY19–21, and updating the CPF results framework.

2. **The conclusion of the PLR is that the CPF remains highly relevant.** The three pillars (restoring an environment conducive to sustainable economic growth and private sector-led job creation; reducing regional disparities; and promoting increased social inclusion) and cross-cutting areas of governance and gender will continue to frame World Bank Group support to Tunisia, while engagement on climate change will be expanded. However, given the evolving country context, adjustments are proposed to several CPF objectives. Two new objectives around public-private partnership (PPP)/public investment and connectivity are added. In addition, the PLR extends the CPF implementation period by one year due to the complex political and socioeconomic context, and in particular: i) the Presidential and Parliamentary elections scheduled for 2019, and ii) the slower than expected progress in Tunisia’s economic transition process. In view of both these factors more time needs to be given for the country to achieve the objectives set out in the CPF.

3. **The PLR reviews progress in the implementation of the World Bank Group program, in terms of its delivery and relevance to the socioeconomic reform agenda.** The program has made an important contribution to helping the country cushion the impact of internal and external shocks while also creating the foundations for a more open, inclusive, and private sector-driven economy. The program’s focus on creating economic opportunities in disadvantaged inland regions is considered particularly important in this regard. Going forward, the World Bank Group will build on these efforts by focusing, during the rest of the CPF period on: (a) opening the economy to external and internal investment; (b) increasing private sector engagement in infrastructure development; (c) further developing inland regions; (d) improving targeting of social protection programs; and (e) rationalizing inefficient expenditure programs and enhancing the effectiveness of service delivery.

II. MAIN CHANGES IN COUNTRY CONTEXT

A. CONTRASTS: POLITICAL AND ECONOMIC TRANSITION AND RELATED DEVELOPMENT TRENDS

4. **Tunisia remains a country of contrasts; while important progress has been made on completing the political transition to an open and democratic system of governance, making the country a unique example in the Middle East and North Africa Region, economic transition has not kept pace.** Internal constraints (political and social fragmentation and the related difficulty in reaching consensus on economic reforms) have combined with external constraints (the conflict in Libya and the continued threat of terrorism) to slow down economic recovery and generate growing social dissatisfaction with the lack of employment opportunities.

5. **Youth and women have been particularly affected by the lack of economic opportunity.** Graduate unemployment rates are high, especially for female graduates. Youth and women in inland areas are affected the most, resulting in growing outward migration of youth except for many young educated women who remain trapped in rural areas as the option of moving is less available to them. Inability to deploy skilled labor in these regions poses a growing threat to Tunisia's long-term economic competitiveness.
6. **Tunisia has continued to make progress in establishing a democratic governance system.** The model of consensus-driven politics based on the *'Pact de Carthage'* (2016) has created more political stability and has allowed for gradual progress on implementation of the 2014 Constitution. Although they were postponed several times, local elections were peacefully held on May 6, 2018, constituting a further significant step in the political transition process. Presidential and parliamentary elections will be held in 2019 and will constitute a next important step in Tunisia's political transition.
7. **The international community has provided significant support to Tunisia in managing its transition to democracy,** both in the aftermath of the 2011 revolution and following the terrorist attacks on Bardo and Sousse in 2015. This support has helped cushion the shocks generated by these events, as well as of externally generated instability, particularly the conflict in Libya.
8. **A Risk and Resilience Assessment (RRA) was conducted in 2016–2017 to gain deeper insights into the resistance to change and reforms in Tunisia.** The RRA echoed earlier assessments of a high level of capture of the decision-making processes by economic interests that oppose opening up Tunisia's economy. At the same time, internal investment in the economy is at an all-time low. These trends pose a significant risk of undoing the achievements of the political transition.
9. **One of the issues discussed in the RRA is how consensus politics poses challenges for decisive actions: all major political decisions require the main political parties, the Tunisian General Labor Union (*Union Générale Tunisienne du Travail, UGTT*), and the Tunisian Employers Union (*Union Tunisienne de l'Industrie, du Commerce et l'Artisanat, UTICA*) to agree.** This is also the case for critical decisions on economic reforms. The consensus-driven political model has not reduced the high levels of turnover in government, which has characterized Tunisia since 2011.
10. **Regardless of progress on the political transition, political and social tensions within the country remain high, mainly driven by limited progress on shared prosperity.** While economic activity was sustained in the cities and coastal areas, despite the collapse of the tourist industry, the already poorer inland regions have suffered disproportionately from the economic downturn.
11. **In coastal areas and the cities, an emerging start-up sector, combined with continued opportunities in manufacturing and public-sector hiring, have together absorbed the worst of the economic shocks of the last seven years.** The start-up ecosystem holds strong promise for Tunisia. High-quality innovations have started attracting the attention of major players in the high-value high-tech field. Tunisia is the first innovative African and Arab country according to the recently published Bloomberg Innovation Index and was ranked first in Africa and sixth in Middle East and North Africa by the recently published Global Entrepreneurship Index 2018 (40 globally).¹
12. **Notwithstanding the development of such niche markets, the overall environment for the private sector remains very difficult.** Tunisia has dropped from the low 40s to 88th in the Doing Business

¹ <http://thegeedi.org/2018-global-entrepreneurship-index/>

rankings, mainly due to a heavy regulatory burden, increasing taxation, infrastructure bottlenecks (Rades port, in particular), and slow implementation of reforms. A new Investment Law and its implementing decrees were adopted in 2016 and 2017, respectively, enshrining improved investor guarantees and removing caps on foreign direct investment (FDI). The Competition Law strengthened the role of the Competition Council, enhanced transparency on the leniency process, and encouraged cartel detection. Both laws contributed to leveling the playing field.

13. **Finally, the socioeconomic situation in inland regions has continued to deteriorate.** First, the seasonal labor opportunities in the tourist sector that had been providing employment for workers from inland regions dried up. Second, agricultural production is being increasingly affected by droughts and other climate-related impacts, affecting a main income source for rural families. Third, tourism in inland regions suffered significantly from the impact of the 2015 terrorist attacks, as perceived security risks led to an almost complete halt in tourism. Public sector hiring, which absorbed some of the shock of the attacks, also disproportionately affected cities and the Greater Tunis area, as the public sector remains highly centralized. New opportunities in the inland regions have been slow to emerge, as infrastructure constraints make it difficult to attract FDI to these regions. Patience in the inland regions is running out, as demonstrated by frequent civil unrest.

14. **Inland regions also face a disproportionately large risk from climate change-related impacts.** A prolonged period of inadequate rainfall in the regions that serve as the country's 'reservoirs' for water is posing a threat to agricultural production and livelihoods, both in the West and Northwest and the South. While the situation in the South has recently improved, the lack of predictability of rainfall, which is likely a permanent problem, poses a significant risk to the development of inland regions. A strong climate change mitigation and adaptation strategy is therefore, urgently required.

15. **Addressing the growing disparities in Tunisia, aggravated by the impact of the 2015 attacks, requires a change in the economic model for inland regions and for the country as a whole.** A closed economic model, based on protected national firms and state-owned enterprises (SOEs), will not deliver growth to the most vulnerable parts of the country. The mass tourism model of the past equally needs rethinking. Valorizing the many sites and opportunities that inland regions offer for high-end tourism is a strategy that the country could consider in addressing geographic inequality. Finally, a climate-change-resistant economic strategy will have to be developed.

16. **Geographical disparities affecting the inland regions, an economy still dominated by an outdated model of tourism and entrenched domestic industries, and a state that is running out of resources while facing significant investment needs contrast with the high-end start-up sector of the 'New Tunisia'² and emerging islands of excellence in high value-added agriculture.** The coming years will be critical to determine whether the 'New Tunisia' can develop sufficiently rapidly to become a true alternative model that can inspire and attract investment. For this alternative model to grow, Tunisia will need a combination of measures to open up the economy and to reform the education and training systems, along with well-targeted investments in infrastructure. Greater engagement from the private sector in infrastructure development and service delivery will be critical, given fiscal constraints. Hence, the broad challenge for Tunisia is the transition from a state-centric to a private sector-driven growth model.

² 'New Tunisia' refers to the emerging part of the economy that is built on technology based, high value-added enterprises, and innovative high-end agribusiness firms

B. MACROECONOMIC, POVERTY, AND EMPLOYMENT ISSUES: IMPACT OF GROWING FISCAL CONSTRAINTS ON POVERTY REDUCTION

17. **Tunisia's growth performance over the last seven years has been weak and mostly driven by consumption, while investment, export, and productivity growth have been low.** Economic growth averaged only 1.5 percent per annum during 2011-2017 compared with 4.5 percent during 2006-2010. On the expenditure side, this growth was primarily driven by public and private consumption, while export and investment growth averaged only -0.9 percent and -1.2 percent per year, respectively. On the factor side, the contribution of capital formation is extremely low, compared with the 1990s when part of the economy was liberalized, while the contribution of productivity remains very low and has declined further. Sectoral growth performance is consistent with this picture: the services sector shrunk sharply during the Arab Spring and the two terrorist attacks in 2015; phosphate, oil, and gas sectors have been negatively affected by civil unrest, lower prices, and declining investment; manufacturing growth was modest due to lower demand from Europe and smuggling from Libya; and agriculture has enjoyed strong but fragile growth due to its dependence on rainfall. The year 2017 and early 2018 have seen improving growth numbers, and growth will likely accelerate due to an expected strong tourist season. However, this trend will need to be sustained over time to generate job growth.

18. **This growth profile has not delivered the much needed private sector jobs, particularly for the youth, women, or the citizens in the inland regions.** Growth has been inadequate to generate sufficient jobs to absorb new entrants into the labor market. Therefore, the unemployment rate has remained high (15.5 percent in 2017), especially among women (22.6 percent), young university graduates (31 percent), and the population in the inland regions (over 20 and close to 30 percent in the Southwest, Centerwest, and Northwest parts of the country, compared with 10 percent in the coastal areas and the Northeast). Demographic trends suggest that unless the pace of growth accelerates substantially, unemployment will worsen over the next decade. The government responded to unemployment and social challenges by raising public sector hiring and salaries, which has helped maintain social peace but has significantly weakened the fiscal situation. Recurrent social unrest is a reminder that tackling unemployment through greater private sector job creation and entrepreneurship, especially for youth and in the inland regions where the 2011 revolution started, is critical for social stability.

19. **As a result, the macro-fiscal situation has deteriorated, with large twin deficits, rising inflation and public debt, and shrinking reserves.** Public consumption is fueled by large-scale public sector hiring in the post-revolution period and wage increases. Consequently, the public wage bill has increased from 10.7 percent in 2010 to 14.7 percent of gross domestic product (GDP) in 2017 and represents over 60 percent of tax revenues. The twin deficits in 2017 were high, at 6.1 percent and 10.1 percent of GDP for fiscal and current accounts, respectively. Public debt has risen markedly from 40 percent of GDP in 2010 to 71 percent by end-2017, while external debt reached 80 percent of GDP. The Tunisian dinar has depreciated, which, in combination with wage inflation, has fueled inflation. With a widening current account deficit, depressed FDI (2 percent of GDP in 2017 against 4 percent of GDP on average in 2008–2010), and the large Central Bank interventions in the forex market, gross international reserves have continued to decrease, reaching 3.1 months of import by end-2017 (and dropped below 80 days in early March 2018).

20. **In addition, the pension system is financially unsustainable and its arrears to the health fund undermine the provision of basic public services.** Only about a third of Tunisians contribute to the pension system, and the consolidated cash needs of the public and private pension funds (National Pension Fund (*Caisse Nationale de Retraite et de Prévoyance Sociale*, CNRPS), National Social Insurance

Fund (*Caisse Nationale de Sécurité Sociale*, CNSS), and the public health fund (National Health Fund (*Caisse Nationale Assistance Maladie*, CNAM)) amounted to 0.7 percent of GDP in 2017 and will reach 1.5 percent of GDP in 2018.³ A large but gradual reform of the parameters is needed and should address fairness, incentives, and long-run financial sustainability. The reform of the social protection system toward a less regressive one to better target the poor and those at risk of poverty is also pending. The government is considering ways to start the rollout of the unique social identifier (USI), covering the CNSS, CNRPS, CNAM, and other programs, to ensure the reliability of data and the interconnectivity between databases, through the establishment of a single record of beneficiaries for social security programs.

21. **The national poverty rate declined from 20.5 percent in 2010 to 15.2 percent in 2015,⁴ a net reduction of almost a million people.** Extreme poverty has more than halved as well, from 6 percent to below 3 percent, over the same period. The decline was observed across all regions of Tunisia, in urban and in rural areas. Unfortunately, crossing over an administrative threshold such as the poverty line does not equate to attaining economic security. Many Tunisians are vulnerable to fall back into poverty, posing a risk to achieving shared prosperity. The national figures also hide persistent regional disparities. The national poverty rate of 15.2 percent averages out a 26 percent rural poverty rate, with a much lower 10.1 percent in urban areas. Likewise, the 20 percent poverty rate in the so called lagging, typically inland regions stands in stark contrast to the 10 percent observed along the coast.

22. **Consumption inequality measured by the Gini index also declined from 33.9 to 30.9 from 2010 to 2015, yet also in this case regional trends show substantial heterogeneity.** The largest decline was in the Centerwest, where Gini Index declined from 34.2 to 28.6. It also declined in Greater Tunis, Southwest, Southeast and Northwest, but at smaller amplitudes. The Centereast ended up in 2015 with the same level of inequality as measured in 2010, while the Northeast was the only region that experienced an increase. The regional gap is evident across multiple measures of living standards. As an example, the female urban unemployment rate in inland regions is double the level of coastal areas, and inland regions have less than half the number of doctors per 10,000 inhabitants and half the rate of access to flush toilets and piped sanitation. They also have lower literacy rates and score lower on the index of regional development, which is an average of myriad measures of structural, economic, and social vulnerability.

III. SUMMARY OF PROGRAM IMPLEMENTATION

A. PROGRESS TOWARD MEETING CPF OBJECTIVES

23. **Progress on the objectives set out under the three CPF pillars is summarized in this section and highlights the achievements to date under each of the pillars, as well as lessons learned.** A detailed review by objective is presented in Annex 3. The CPF objectives are aligned with the World Bank Group's twin goals of eliminating extreme poverty and boosting shared prosperity in a sustainable manner. All three pillars of the CPF contribute to implementation of the World Bank Group's Middle East and North Africa Regional Strategy pillar on renewing the social contract, by supporting the generation of employment opportunities, in particular in inland regions, and with a focus on youth and women, thus helping to forge greater social stability.

³ World Bank 2017.

⁴ The CPF included the number of 15 percent for 2010, and this number was subsequently adjusted based on a review of household survey data.

Pillar 1: Restoring an Environment Conducive to Sustainable Economic Growth and Private Sector-Led Job Creation

24. **The majority of IBRD and IFC financing during FY16–18 was provided under pillar 1.** The three development policy loans (DPLs), the largest operations in the portfolio, support the business climate, financial sector, and governance reforms. The micro, small and medium enterprise (MSME) financing line of credit and the Third Export Development Project, both approved under the previous Country Partnership Strategy for FY10-FY14, also contributed significantly to the results achieved under this pillar. Important progress was also made in restructuring state-owned banks, a process that was supported by an extensive advisory and technical assistance (TA) program. However, the State-Owned Banks Restructuring Program-for-Results (PforR) planned for FY17 was not delivered, as the government has not yet taken critical decisions related to opening up this sector for private sector financing.

25. **A recent Implementation Completion and Results Report (ICR) of DPLs financed between FY12 and FY16 illustrates the challenges of achieving reform objectives in the complex context of consensus politics due to the pushback of strong vested interests opposed to opening up Tunisia’s economy.** The proposed Development Policy Financing (DPF) operation for FY18 builds on the lessons learned from this ICR by seeking upfront buy-in across government for a program anchored in business climate, entrepreneurship, and export, as well as PPP and SOE reforms. This approach enhances ownership of the program and allows for the implementation of a result-based approach around reforms and will serve as a model for policy dialogue on difficult reforms going forward. In addition, the FY18 DPF focuses on implementing the Maximizing Finance for Development (MFD) approach in Tunisia, by focusing on energy sector and investment climate reforms and enhancing access to finance for micro, small, and medium enterprises (MSMEs). Enhanced IFC engagement in the design of the DPF supported unlocking policy constraints to private investment.

26. **IFC has scaled up its engagement in the country in support of pillar 1 with a focus on the financial sector (including microfinance), private equity funds, and the agribusiness sector.** IFC’s areas of engagement include expanding access to finance to MSMEs and entrepreneurs, through banks, SME funds, and microfinance institutions (MFIs) with an emphasis on women and youth; investing in labor-intensive and high value-added sectors (high value-added agribusiness products); and improving infrastructure and health care services through the private sector, particularly in lagging regions. During the CPF period to date, IFC has invested and mobilized a total of around US\$65 million in Tunisia. IFC continues to maintain significant engagement in the financial sector with a focus on reaching the most underserved groups through MSME finance adding a further important dimension to the World Bank Group program as it focuses on strengthening the private financial sector. Working closely with IBRD, IFC developed a strong advisory program, focusing on supporting investment climate reforms, including PPPs, with a special focus on the water and sanitation sector, renewable energy, and transport. IFC is also helping the government improve its Doing Business ranking and simplify administrative procedures to operate a business.

27. **Engagement on pillar 1 objectives is underpinned by a strong Advisory Services and Analytics (ASA) program, which has received significant funding from other development partners,** highlighting the convening role of the World Bank Group around business climate, entrepreneurship, export promotion, SOE, and PPP agendas. The ASA program also includes analytical work on civil service reform, subsidy and pension system reform, public investment management (PIM), and public financial management (PFM), mostly financed through the multi-donor Moussanada Trust Fund (see Annex 8). Analytical work on customs reforms and value chain development informs the implementation of the

Third Export Development Project, and a broad program of analytical work on financial sector reform has contributed both to DPF objectives and to the design of a future entrepreneurship and financial sector operation (FY19). Finally, under this pillar, a core piece of analytical work was done to assess the impact of the Libyan crisis on the Tunisian economy, which was widely to be considered as of high relevance to the government.

Pillar 2: Reducing Regional Disparities

28. **This pillar is one of the foundational elements of the CPF.** As discussed in the previous sections, addressing the divergence in economic development between the coastal areas, including Greater Tunis, on the one hand, and inland regions, on the other, is critical to economic and social stability and ultimately to the success of Tunisia's transition.

29. **In the early part of the CPF period, engagement focused on the establishment of an analytical platform (consisting of mirroring government and World Bank task forces) to define a holistic, programmatic approach to the development of one targeted inland region (the Northwest),** as well as a process of restructuring and recalibrating two then active operations (the Second Natural Resource Management Project and the Fourth Northwest Mountainous Forested Areas Development Project) to improve implementation. Both these operations have now closed.

30. **During the remaining CPF period, the World Bank Group engagement under pillar 2 will be based on three interrelated sets of activities.** First, a suite of four related projects have been designed to address development constraints in the West and Northwest regions. These projects have a common element in building value chains to help bring products from these regions to national and international markets and scale up production. Second, the transport corridors project has been helping enhance connectivity between inland regions and the coastal areas. Third, support under the ongoing Urban Development and Local Governance PforR (PDUGL) has improved urban and rural infrastructure and going forward the Strengthening Foundations for Learning Project (FY18) will enhance human capital in inland regions.

31. **Under the first aspect, the ongoing Third Export Development Project, the Integrated Landscape Management Project, Youth Economic Inclusion Project and the planned for FY18 Irrigated Agriculture Intensification Project target overlapping regions in the West and Northwest** with the aim of scaling up productive activities (agriculture and services), connecting clusters of enterprises through value chains to national and international markets, and fostering sustainable exploitation of water and forestry resources.

32. **These four projects have a common base in a shared value chain platform that would support agriculture, forestry, services, export, and the start-up sector in getting access to markets.** The Youth Economic Inclusion Project adds the dimension of better linking supply and demand in the labor market. The value chain platform provides integrated support to producers in selected sectors in ensuring product quality and quantity in a way as to enable them to access larger markets, both nationally and internationally.

33. **As a critical complementary engagement, the Empower Her initiative has targeted women and youth in poor inland regions and provided support to develop high-end business opportunities, linking them to markets and the successful start-up sector.** The initiative has helped transform unemployed women into entrepreneurs, by helping them create start-ups and, through them, create income and economic opportunities for rural women. The established start-ups will eventually hire more youth, creating a multiplier effect.

34. **IFC engagement in agribusiness and health care adds a further dimension of support to the work under this pillar as these projects reach underserved groups in the regions of Beja and Gafsa.** This helped increase access to health care for poorer segments of society, including by providing private health care to publicly funded patients and through mobile services in remote areas. Discussions on expanding this approach to the South in the remaining period of the CPF are ongoing.

35. **Enhancing connectivity is the second element of the regional economic disparities agenda.** The Road Corridors Project has improved road connections between inland regions and the coast, significantly improving the access to markets, including for perishable goods. Together with the Third Export Development Project, which supports the modernization of Rades port, the Road Corridors Project has been helping remove one of the significant impediments to the development of inland regions, which is poor infrastructure connection. Finally, the MIGA-supported maritime transportation guarantee adds a further dimension of support to the connectivity agenda.

36. **Finally, the ongoing Urban Development and Local Governance PforR and the Strengthening Foundations for Learning project help enhance access to services, with a focus on inland regions.** While the former addresses local basic services, improving local infrastructure and utilities, the latter focuses on access to pre-school and primary education, and enhanced quality of learning.

37. **While addressing regional disparities that are the result of decades of underinvestment in inland regions is a long-term engagement, the initial phase of the programs in the West and Northwest, and the Oasis and Ecotourism Global Environment Facility (GEF) programs in the South are showing encouraging results in these areas.** The programs are enhancing the quality and reliability of products in areas where Tunisia has had a comparative advantage (for example, olive oil and dates). Expanding opportunities beyond these traditional areas of strength will be a challenge, but there are several promising initiatives around the production of essential oils and other forestry-based products that demonstrate that real potential does exist.

Pillar 3: Promoting Increased Social Inclusion

38. **The third pillar of the CPF aims to address broader issues of inequality and opportunity through creating greater access to information and open data, supporting better links between higher education and labor market opportunities, and getting greater impact from social protection programs.** While this will remain a relatively small pillar in terms of lending exposure, it is significant in terms of visibility and impact, particularly in response to the Arab Spring.

39. **Ongoing work on transparency, access to information, and open data is showing encouraging results.** Uneven access to information and data is one of the drivers of inequality in Tunisia, and creating a level playing field in this area is therefore important, exemplified by the high-level use of information provided through new government platforms. Work on open data generates economic opportunities, especially for youth and women by making government-owned data available to them in usable (computer readable) form, allowing them to develop applications and tools that can be sold on the market. This adds an additional dimension to this engagement area. While this work is currently mostly financed by trust funds, it will likely be integrated in a future e-governance engagement.

40. **A second element, access to economic opportunities and increasing female labor force participation, is supported through both the Tertiary Education for Employability Project and the Youth Economic Inclusion Project.** The latter responds to the challenges that women in rural areas face in entering the labor market with specific design features to ensure that gender-specific barriers—for

example, child care, time and travel constraints—are addressed. The Tertiary Education for Employability Project has many young women among its beneficiaries. While this is an area where it will take time for results to become visible, these projects constitute an important investment in youth and will help address the high levels of unemployment both among disadvantaged (and disconnected) youth and male and female university graduates.

41. **IFC is engaged in the post-secondary education space through its Education for Employment (E4E) for Arab Youth Initiative, which focused on reducing the mismatch between the skills that young people have and those demanded by the private sector.** First, IFC business and soft skill training workshops were adapted to the youth target group while capacity of four local training providers was built. These trainers delivered training to over 1,000 participants, of which 70 percent were youth and more than 50 percent women. The second element of this initiative is the information and communication technology (ICT) E4E Project that led to the creation of the first private sector-led Sector Skill Council in Tunisia for the ICT sector. IFC also developed a new Qualification and Competency Framework (QCF) for the sector and supported its adoption by 10 universities and 11 private sector companies.

42. **Finally, the ongoing engagement on strengthening social protection systems includes creating the registry of vulnerable households, developing the USI, and targeting methodologies to make social programs more impactful and efficient.** While progress in these areas has been slow due to resistance from vested interests, including unions, results are becoming visible. Engagement on the registry of vulnerable households, the development of the USI and targeting methodologies also constitute a prerequisite for making progress on the subsidy reform agenda, which was highlighted as a critical engagement area under pillar 1 of the CPF.

Foundational Areas: Governance and Gender

43. **There has been strong engagement on governance in the first two years of CPF implementation** mainly through: (a) a program of analytical work on political economy constraints and governance issues in sectors, which informed the design of all operations (the governance filter); (b) advisory support to the establishment of the Prime Minister’s Delivery Unit for consensus building and change management around reforms; (c) analytical work on decentralization; and (d) just-in-time support for critical governance aspects of the government’s reform program.

44. **Gender Portfolio Review was conducted in 2016 to identify how the existing portfolio is engaging on gender equality issues and to provide recommendations that can help deepen the World Bank Group’s engagement on women’s economic empowerment and inclusion.** The review found that the portfolio’s main investments targeted to increase women’s economic empowerment did so by increasing their access to microfinance and through participatory rural development and environmental protection and livelihood projects in rural areas. It recommended further scaling up community-based rural development projects and environmental projects to communities vulnerable to insecurity and radicalization, building up economic opportunities for women and youth; considering new operations that linked rural-based development and rural micro and small enterprises to high-value agricultural export chains; considering actions to address gender-based violence (GBV), for example, by supporting measures that reduce risk of GBV in public place and transport or in workplaces or supporting services for GBV victims and survivors; and enhancing the quality of women’s participation in projects by training women as community mobilizers for all projects that have community-level activities.

Summary

45. **Overall, the review of engagement under the three pillars highlights both the relevance and coherence in the approach set out in the CPF.** However, it also identifies the challenges described in section II. Namely, changing an economic model that has evolved over decades, which generated benefits for some but bypassed large parts of the country, runs up against political economy issues that are very difficult to address. There is also an inherent tension between the political and social need to generate quick results in improving employment in inland regions and the inherent long-term nature of reversing the impact of decades of underinvestment in these regions. Managing these contradictory imperatives will continue to pose challenges and requires a careful choice of both result indicators and operational engagements.

B. PORTFOLIO EVOLUTION AND PERFORMANCE

Program Delivery and Implementation

46. **Over the first two years of the CPF program, lending has been largely in line with planned volumes, as illustrated in Table 1.** In FY16–18, a total of 13 operations were scheduled. Total lending, including the operations planned in FY18, will amount to US\$2.3 billion. This includes DPF operations for a total of US\$1.5 billion. Two of the operations scheduled for FY16–18 are postponed to outer CPF years. In the case of the PPP on sanitation services, this was due to longer than expected preparation process, an important lesson for future MFD operations. The planned State-Owned Banks Restructuring PforR was dropped from the CPF program, as the government has not yet taken critical decisions related to opening up this sector for private sector financing. Additional financing to the Urban Development and Local Governance PforR will be advanced to FY18 to support the needs emerging from the creation of new rural local governments following the May 2018 local elections.

Table 1. Planned and Actual IBRD Financing FY16–18

Planned CPF Program	Actual (US\$ million)	Planned (US\$ million)	Status
Tertiary Education for Employability Program	70	70	Under implementation
Road Transport Corridors	200	200	Under implementation
Third Governance, Opportunities, and Jobs DPL	500	500	Fully disbursed
Integrated Landscape Management Project	100	100	Under implementation
Business Environment and Financial Sector DPF	500	500	Fully disbursed
Youth Economic Inclusion Project	60	60	Under implementation
Strengthening Foundations for Learning Project	100	100	Planned for FY18
Irrigated Agriculture Intensification Project	140	140	Planned for FY18
Urban Development and Local Governance PforR additional financing	130	—	Advanced from FY19 to FY18
Tunisia Investment, Competitiveness and Inclusion DPF	500	400	Planned for FY18, loan amount increased at government request
State-Owned Banks Restructuring PforR	—	250	Dropped
PPP Support in the Sanitation Sector	—	130	Postponed to FY20
Water Sector Reform PforR	—	200	Postponed to FY19
Total Financing	2,300	2,650	

47. **At the end of FY18, the IBRD active portfolio will amount to approximately US\$1.9 billion and will mostly include operations approved during the CPF period.** Most earlier approved investment loans, including some over eight years old, will have closed by July 1, 2018, except for the Tunis North Wastewater Project.

48. **The disbursement ratio of the IBRD portfolio averages approximately 20 percent per year.** The disbursement ratio has been maintained regardless of the frequent changes in government and eroding administrative capacity. Perceived instability in government creates risk aversion in the administration, leading to, among other things, frequent delays in procurement processes.

49. **A deliberate effort was made to identify and address risks to portfolio quality early in the CPF period, given the perceived risks generated by the political and administrative environment.** Enhanced engagement on portfolio issues, based on portfolio deep dive reviews in 2016–2017 and regular joint portfolio reviews, has helped reduce the number of problem projects. As of May 2018, there are two problem projects in the portfolio, and following the ongoing restructuring this number will be reduced to one by the end of FY18. Yet, the difficulties in launching implementation of new projects, due to complex administrative processes around setting up implementation structures, pose risks of a relapse in FY19.

50. **Structural measures to address identified concerns on procurement, PFM, and human resource management are being defined together with the government.** These include measures to remove the ‘double application’ of PFM and procurement procedures (national and World Bank procedures are both applied to procurement and financial management decisions, lengthening decision-making processes), as well as reforms to the human resource management processes around the creation of project management units. The latter aim to enhance incentives for civil servants working in such units.

Table 2. IBRD Portfolio Trends

Portfolio Data	FY14	FY15	FY16	FY17	FY18 as of April 30
Portfolio and disbursements					
Active operations – number	14	11	13	13	12
Net commitments amount (US\$ million)	807.08	754.68	1,476.59	1,547.49	1,550.91
IBRD disbursement ratio (%)	15.1	12.5	35.4	16.3	16.9
Portfolio risk					
Actual problem project number	2	4	1	3	2
Proactivity (%)	80	100	100	100	75

51. **IFC’s investment portfolio growth has been slow over the past few years, but is expected to scale up in the near future.** As of end-April 2018, IFC’s committed portfolio stands at about US\$200 million, with an additional US\$104 million in B-loan syndications. During the CPF period, IFC committed: (a) a US\$8 million local-currency financing in FY16 to ENDA Inter-Arabe, an existing client and the leading MFI in Tunisia, to support micro and small enterprises in gaining access to finance during a liquidity shortage context; and (b) a Euro 25 million loan in FY17 to the Tunisian bank BTK (BPCE Group), as part of an effort to support SMEs and drive economic growth in Tunisia. In FY18, IFC also supported Tunisia and other Maghreb countries through a regional investment of Euro 15 million in a new private equity fund by Africinvest, to help expand access to finance for SMEs.

52. **IFC’s investment program performance was slow due to:** (a) investment climate issues such as tight market access regulations in multiple sectors and restrictive regulations governing markets that

encourage anticompetitive behavior and hamper private sector development; (b) sociopolitical challenges; (c) state presence in key sectors limiting competition; (d) powerful unions hindering PPP/privatization investment; (e) portfolio issues with the Enfidha airport investment; and (f) provision of subsidized financing to the private sector by other development finance institutions. Two other factors that have hindered direct investments are the interest rate cap on microfinance institutions and the IFC inability to provide loans in local currency.

53. **The IFC portfolio stands at almost US\$200 million across eight companies at present, diversified across agribusiness, financial sector (including MSMEs), health care, infrastructure, and ICT sectors.** IFC portfolio disbursements are high. The largest nonperforming loan (NPL) is the investment in Enfidha airport, which continues to negatively affect overall IFC portfolio performance. Opportunities to enhance the IFC pipeline will depend on the policy environment for catalyzing private investments, particularly in the areas of renewables (solar and wind), port management, and desalination.

54. **MIGA's portfolio currently consists of one operation in maritime transport facilitation,** which fits well within the broader engagement on maintaining and developing connectivity. The project has performed well since inception. MIGA is open for new business in Tunisia and will consider issuing guarantees for new projects using its suite of traditional political risk insurance covers.

55. **The ASA program, financed to a significant degree by other partners, provides the analytical underpinnings for policy advice and capacity building support and thus informs the IBRD and IFC lending.** The ASA program includes engagements on governance, financial sector reform, fragility and resilience, entrepreneurship, business climate and competitiveness, social inclusion, and equity issues. A programmatic Public Expenditure Review (PER) underpins the dialogue on social sector expenditures and public investment management. The Maghreb Infrastructure Diagnostic informs the dialogue on PPPs and infrastructure prioritization and will help identify MFD opportunities. While the availability of trust fund resources is proof of the relevance and broad interest in the World Bank's ASA, it also poses risks as the ability to continue to provide high-end analytical support rests on the availability of and ability to mobilize external financing.

56. **IFC's advisory services focus on investment climate reforms, such as the Investment Law, Competition Law, Bankruptcy Law, regulatory simplification, support to the financial sector, MSME access to finance (SME banking, microfinance and Central Bank public registry, women access to finance), youth employability (E4E initiative), corporate governance, and PPP advisory support.** In relation to the latter, the IFC signed in 2016 an Memorandum of Understanding (MoU) with the Ministry of Investment, Development, and International Cooperation to: (a) help identify PPP projects; (b) advise on PPP transactions; and (c) provide capacity building services. IFC and IBRD are working closely to identify opportunities for MFD through a strong coordination on energy, infrastructure, and finance-related topics.

Results to Date

57. **In terms of results achieved, the in-depth review in Annex 3 shows that progress has been made on a significant number of the CPF indicators, notwithstanding the complex political and economic context.** Of the original 17 CPF indicators, two have been achieved, nine are on track to be achieved, three are off track, and three cannot be assessed due to inadequate data.

C. EVOLUTION OF PARTNERSHIPS

58. **As noted in previous sections, the implementation of the World Bank Group’s CPF program is based on strong partnerships with other bilateral and multilateral institutions,** around multi-donor financed activities in support of core elements of Tunisia’s development agenda. The World Bank takes part in regular partner dialogue on budget support, which is closely coordinated with the International Monetary Fund (IMF), the European Union (EU), *Kreditanstalt für Wiederaufbau* (KfW), the African Development Bank (AfDB), and the French Development Agency (*Agence Française de Développement*, AFD). It is likely that further multi-partner arrangements will be created to support the multi-sector program for the development of the South and in particular the development of renewable energy sources. Recent government initiatives to ensure greater alignment among partners on key development objectives are encouraging in this regard.

59. **The high degree of alignment among development partners reflects the strong level of international support to Tunisia, which has been a constant stabilizing factor in Tunisia since 2011.** This is reflected in growing financial commitments of bilateral and multilateral partners, which, in turn, requires improved management and coordination by the government to ensure funds are spent in an impactful manner.

60. **In terms of partnerships, the G-20’s Compact with Africa provides new opportunities for closer cooperation and harmonization around key elements of the economic transition agenda.** The G-20 requested the IMF, the AfDB, and the World Bank to provide joint support to partner countries around a matrix of commitments to open up the economy to investments. The World Bank has taken the lead in developing, together with other partners, a multi-donor support framework to help Tunisia meet its reform commitments. This engagement will provide an important opportunity to strengthen donor harmonization.

IV. EMERGING LESSONS

61. **Political economy constraints have been an even more significant factor than had been assumed at the time of CPF preparation.** Political economy constraints vary from unpredictable elements, such as frequent changes of government, which leads to reluctance to take decisions, to more predictable ones. One example of the latter is the consensual model of decision making, which means that any decisions with institutional implications require a lot of time if consensus can ever be reached. Another impact is that of vested interests linked to the previous regime that resist opening the economy. Mapping political economy factors early in the design of an operation and finding viable pathways for reform is critical. In that regard, the governance filter has proved to be very useful.

62. **While Tunisia is a middle-income country, the transition has generated growing capacity constraints.** Politicization and declining purchasing power of civil service salaries have eroded the capacity of the administration, requiring additional time for program/project design and implementation. This also has implications for coordination and tends to put the onus on development partners to be well aligned, thus avoiding taxing limited government capacity. Recent government initiatives to work with partners on a more harmonized approach to budget support, as well as to jointly work on identified weaknesses in program/project planning, design and execution are an encouraging step towards a structural solution in addressing these issues.

63. **Day-to-day engagement with the client is critical to the success of preparing and implementing programs/projects.** Hence, the remote Task Team Leader (TTL) model is not suitable for the Tunisian

context, in particular given decreasing administrative budgets within the Bank and the high cost of the remote TTL model. The importance of day-to-day engagement and intensive implementation support applies to all phases of the project cycle and relates closely to the first lesson and the need to manage political economy constraints. If the presence of a TTL in country is not an option, there is a need for experienced technical staff to be in the field to support day-to-day implementation.

64. **The shift to a PPP-based public investment model requires rethinking infrastructure project design and financing modalities.** Given the macro-fiscal constraints, the use of a PPP-based investment model will likely expand over time. The World Bank Group is well placed to support such engagements. However, given the limited experience with PPPs in Tunisia and the concerns of key stakeholders (notably the UGTT) about private sector engagement in public services, more time will need to be taken to prepare and implement programs/projects supporting PPPs as compared to the previous publicly financed programs/projects.

65. **Consequently, the overall lesson is that results take a longer time to achieve than expected, and that the shift to MFD approach will, at least in the short term, imply longer project preparation.**

66. **Complexity of design needs to be avoided.** Although the development challenges of Tunisia are highly complex, projects and programs that respond to this complexity are bound to face implementation issues. Large projects involving multiple ministries and agencies tend to have high transaction cost given the weakness of inter-ministerial coordination systems. Instead, it would be better to focus on operations that address, in a holistic manner, the issues within a single sector or support a single program.

67. **As programs/projects start to reflect the strategic direction of the CPF (less 'old' and more 'new'), there is an opportunity to adapt and tailor the results framework.** It is important for teams together with the counterparts to work carefully through the opportunities of adapting indicators to an evolving portfolio. In the case of Tunisia, this is particularly important given the refinement of program orientation over time.

68. **IBRD and IFC coordination has been relatively good during the CPF period, especially at the country level with co-located offices. The MFD approach will provide more opportunities for systematically engaging as one World Bank Group team with government counterparts to address upstream reforms that will facilitate greater private sector investments.** For instance, over the last two years, several joint IBRD and IFC teams have worked with the government to address sector reforms related to PPPs and infrastructure. Moreover, joint analytical work like the Country Private Sector Diagnostic (CPSD) for Tunisia that is planned for FY19 will help identify constraints and opportunities to increase private investments.

V. ADJUSTMENTS TO COUNTRY PARTNERSHIP FRAMEWORK

69. **The review of the country context and stocktaking of the CPF program in the earlier sections of this PLR highlight the continued relevance of the overall approach and of the three pillars.** Creating environment for private sector-driven growth, addressing developmental disparities and promoting inclusion remain the critical dimensions of the Tunisian political and economic transition process. The three pillars, therefore, remain relevant. Most importantly, job creation and employment will remain the central element of all World Bank Group engagements in the remainder of the CPF period.

70. **The lessons learned highlighted in the previous section (including the need for more time to achieve results), the impending elections in 2019, and the importance of aligning with the government's**

five-year development plan, which ends in 2021, all provide a strong argument for extending the CPF by one year, until the end of FY21. This will also allow for the Systematic Country Diagnostic (SCD)/CPF process to run in parallel with the preparation of the next five-year development plan, which will enable the World Bank Group to make commitments on financial contributions to its implementation.

71. **Based on the lessons learned and the evolution of the country context, the lending program going forward focuses on three interrelated objectives, responding to the three CPF pillars:** (a) combining support for restructuring public utilities and generating private investment in public infrastructure, hence reducing fiscal risk; (b) leveraging technology for private sector growth (with a focus on start-ups, smart SMEs, and high value addition agribusiness) and public sector modernization (e-governance); and (c) enhancing social inclusion through the development of growth opportunities in inland regions. Lending engagements in these three areas will be underpinned by policy dialogue around investment climate reform, generating economic opportunities for women, climate change mitigation and adaptation, and decentralization. IFC investment and advisory support will also be oriented to supporting these three strategic engagement areas, particularly on sector assessments and upstream reforms necessary to unlock the private sector. The overall approach of MFD in Tunisia is laid out in Box 1.

72. **Considering the lessons drawn from the review of portfolio implementation, a greater emphasis will be given to programs and projects targeting binding constraints to achieving the above objectives.** Overall, this will imply a narrower project focus on supporting reforms of critical institutions/enterprises, contributing to initiatives with a strong leveraging dimension (such as the planned engagement in support of establishing the Fund of Funds⁵ for start-ups and innovative enterprises) or that are organized around the creation of well-defined instruments (such as the USI in the context of e-Governance). Broad multi-sector engagements will be limited to those supporting strategic government programs. In terms of instruments, this approach implies, in principle, a greater emphasis on results-based financing, subject to government making progress on addressing fiduciary risks and constraints.

⁵ A fund to finance start-ups to be established in Tunisia with the support of several donors such as the French Development Agency, and the World Bank.

Box 1. Applying the Maximizing Finance for Development Approach to the Tunisia Program

The World Bank Group laid out its commitment to MFD in 'The Forward Look – A vision for the World Bank Group in 2030 – Progress and Challenges' and the Development Committee Paper presented during Annual Meetings 2017 titled "Maximizing Finance for Development: Leveraging the Private Sector for Growth and Development."¹ The Forward Look and Development Committee Papers introduced the 'Cascade Approach', a concept that embeds the World Bank Group's efforts to leverage the private sector for growth and sustainable development. The principle of the Cascade is that the World Bank will help countries maximize their development resources by drawing on private financing and sustainable private sector solutions to provide value for money and meet the highest environmental, social, and fiscal responsibility standards, and reserve scarce public financing for those areas where private sector engagement is not optimal or available.

Tunisia can benefit substantially from this approach given the lack of fiscal space to allocate further public resources in key sectors. In strong coordination between the World Bank, IFC, and MIGA, the World Bank Group is applying the 'Cascade Approach' to help the government implement pro-growth policies and improve service delivery, especially in the infrastructure space, by crowding in the private sector. This support at a macro level focuses on enabling the environment for the private sector, including in the financial sector and PPPs.

The World Bank Group is actively supporting the government to strengthen its capabilities to operationalize the PPPs in line with its priorities, and in line with the internal guidelines prepared by the WBG on assessing the fiscal implications of PPPs (Assessing the Fiscal Implications of PPPs: Guidance for World Bank Group Staff, April 2018). The objective is to improve the quality of Tunisia's public infrastructure and the access to services such as water, electricity, sanitation, and transport. Despite progress on establishing the legal and institutional framework for PPPs, translating this into concrete project has remained a challenge. In supporting the government efforts to concretize PPP-based project, the World Bank Group is assisting with (a) the prioritization of sectors and identification of 2019–2020 PPP pipeline; (b) the preparation, evaluation, and implementation of PPP transactions; and (c) the mobilization of technical and financial partners. The PPP Management Unit at central and sector levels will be reinforced and a specific fund will be created to finance project preparation costs. A communication strategy will accompany the process to ensure that key stakeholders and the public opinion in general understand the need and pertinence of leveraging private sector investments. Priority projects are those pertaining to renewable energy facilities, sanitation system upgrading, and water and irrigation systems.

As a first and concrete step toward operationalizing the PPP agenda, the government has adopted a new strategy for the energy sector on February 28, 2018, with special focus on increasing energy security, equity, good governance, and sustainability while mobilizing private finance for the development of the sector. Along with the reform of the sector, including improvement of the performance of Tunisia Power Utility and reform of energy subsidies, a large private sector-led program has been launched: (a) scaling up and accelerating the national renewable energy plan including increase of the renewables targets from 1,000 to 1,400 MW by 2020, mostly through independent power producer (IPP) concession; (b) initiating the preparation of Tunisia-Italy Interconnector; (c) developing a 450 MW gas-fired IPP in Skhira (Skhira 2) with World Bank Group assistance; and (d) developing an LNG terminal as a PPP, as recommended by World Bank TA on gas strategy.

73. **The three focus objectives for the lending program aim to address critical binding constraints to addressing the economic development challenges outlined in section II.** At the same time, there will be an enhanced focus on implementation of the existing portfolio, given the important resources made available to Tunisia over the last four years, which need to be translated into visible results in terms of economic opportunities and enhanced social cohesion.

74. **The strategic refinement of the overall program is reflected in the revised CPF Results Framework presented in Annex 1.** While no significant changes are proposed in the definition of the CPF pillars, the changes are made to CPF objectives and indicators to better align with the evolving context. The key changes introduced in the Results Framework (see Annex 2 for details) are as follows:

- The original Objective 1.1. was reformulated to better reflect the emphasis of the indicators on improved fiscal and debt management.
- A new Objective 1.2 was added to reflect the importance of reorienting public expenditures to pro-growth expenditures and of engaging the private sector in public investment programs through PPPs. This is based on the strategic shift announced by the government in the 2018 budget.
- Objective 1.3, on business environment improvement, was redefined in a narrower sense to focus on binding constraints to trade facilitation, as a critical aspect of promoting exports.
- Objective 1.4, on financial sector reform, was redefined in a narrower sense to reflect the criticality of greater access to finance, with a focus on technology-driven start-ups, SMEs, and agribusiness.
- The original objective 2.1 was reformulated to better reflect the nature of engagement under the CPF and realism on the impact the program can expect to have in the current political and economic context.
- A new Objective 2.2 was added to highlight the importance of enhanced connectivity to generate growth in inland regions.
- Objective 3.1 was reformulated to reflect the focus on access to information and open data.
- Objective 3.3 was reformulated to reflect the emphasis on improved and better targeted social programs.

75. **CPF indicators are adjusted to reflect the evolution of the program.** The CPF included results indicators reflecting the 'old' portfolio. The revision of the Results Framework creates better alignment across objectives, indicators, and current programs. The number of CPF indicators will slightly increase, while the number of supplementary progress indicators will be significantly reduced. Given the extension of the CPF to FY21, the targets for operations that have entered the portfolio over the last three years are revised accordingly.

76. **In terms of cross-cutting themes, more attention will be given in the remaining three years of implementation to climate change adaptation and mitigation.** The planned engagement on an integrated development plan for the South provides an opportunity to boost climate change engagement, as this program will include a significant component on renewables, including engagement from IBRD and IFC, as well as on protection of fragile oasis ecosystems. The World Bank Group will also support the reform of energy and water sector, including promoting sustainable energy generation mix and improving water sector resilience and adaptation to climate change. Meanwhile, lending operations will be informed by climate change considerations towards improved contribution of World Bank Group engagement of corporate and regional commitments in terms of climate co-benefits.

77. **A further important emerging global theme considered is the impact of disruptive technologies.** On this, Tunisia, on the one hand, is well placed, given the capacity of its youth to exploit and use technologies for innovation. On the other hand, education, health, and the broader public sector require rapid and significant reform if Tunisia is to compete globally. The planned e-governance engagement

would be one opportunity to start addressing public sector modernization, including an engagement on the USI.

78. **Governance will remain a foundational theme of the CPF, as transparent and open governance is a critical determining factor in addressing the gap in trust between citizens and the state.** Given the importance of understanding and capturing political economy constraints in program/project design, governance assessments will continue to be part of all major operations planned under the CPF. Another tool that will be applied is the RRA. A light RRA tool will be used to update the baseline assessment carried out in 2016–2017 on a regular basis, which will help inform World Bank Group programming. Furthermore, support will be provided by the World Bank’s Fragility, Conflict and Violence Unit to help frame operational engagements in a way as to foster greater social cohesion and inclusion.

79. **The analytical and advisory services engagement will focus on key strategic studies that will inform the lending program.** Critical pieces of analytical work to be delivered will include a study on green growth opportunities, experiences and challenges for women entrepreneurs, climate change adaptation and mitigation, an assessment of the integrated development program for South Tunisia and poverty maps. Analytical work under the programmatic PER will be continued. Should further priorities for FY20 and 21 emerge from the ongoing work, they will be added to the program.

Table 3: Key Analytical Products for FY 19-21

ASA	Expected delivery
Private Sector Diagnostic	FY 19
Public Expenditure and Institutional Review	FY 19
Poverty Maps	FY 19
E-public Services and USI Assessment	FY 19
Nationally Determined Contribution/Coastal Zone Climate Change Mitigation	FY 19
Green Growth Opportunities	FY 20
Opportunities and Challenges for Women Entrepreneurs	FY 20
Economic Development in South Tunisia	FY 20
Strategic Drought Mitigation Study (<i>Eau 2050</i>)	FY 21
Systematic Country Diagnostic	FY 21

80. **Country demand for borrowing from IBRD during the remaining CPF period is estimated at up to US\$1.7 billion.** Actual lending volumes will depend on IBRD’s financial capacity and policies. Funding from the development partners and private sector will be mobilized to complement the IBRD envelope in support of Tunisia’s economic transition, and possibilities for donor guarantees will be explored. The planned IBRD lending operations during the remaining CPF period, as presented in Table 3, will address high-priority areas that will lead to sustainable economic growth and private sector-led job creation, improve governance, reduce regional disparities, and increase social inclusion. The mix of instruments to be used to support implementation will be determined based on the evolving political, institutional, economic and social context. For instance, the DPFs will be considered in support of strong policy and institutional reforms taking into account the evolution of residual political and governance and macroeconomic risks. Potential improvements or deterioration on institutional capacity and stakeholder risks may affect the degree to which the program is shifted towards PforRs. The emergence of coherent reform programs in sectors, with clearly defined results, would lead to a greater emphasis on PforRs,

especially if accompanied by progress on procurement reform and PFM. PforRs would be a particularly useful instrument in support of SOE reforms that are based on an agreed reform or restructuring plan. IPFs will predominantly be used to either finance the public components or commitments in PPP arrangements (with IFC engaging with private sector partners) or to finance essential investments in social sector programs.

Table 4. IBRD Tentative Lending Program for FY19–21

Operation	Pillar
FY19	
PPP Support and SOE Reform in Key Utilities PforR ⁶	Pillar 1 (pro-growth expenditures) Pillar 2 (better public services in inland areas)
Entrepreneurship and Access to Finance IPF	Pillar 1 (improved access to finance) Pillar 3 (economic opportunities for youth)
Economic Development Corridor IPF (corridor Kasserine-Sidi Bouzid-Sfax)	Pillar 2 (enhanced connectivity and improved economic opportunities in inland regions)
FY20	
PPP Support in the Sanitation Sector	Pillar 1 (pro-growth expenditures) Pillar 2 (better public services in inland areas)
Green Growth DPF	Pillar 1 (macroeconomic stability) Pillar 2 (economic opportunities in inland regions)
e-Governance	Pillar 1 (pro-growth expenditures) Pillar 3 (open government and improved social safety nets)
FY21	
South Tunisia Integrated Development	Pillar 2 (economic opportunities for inland regions)
DPF	Pillar 1 (macroeconomic stability)

81. **IFC is seeking to increase its program and looking at opportunities for private sector investment (external and internal), while the increased use of PPPs based on the MFD approach laid out in Box 1 may also provide new opportunities for broader MIGA engagement.** To address the constraints discussed in section II, which prevented a scale-up of IFC investment so far, IFC will implement a programmatic approach linking advisory and investment activities to tackle key challenges. For instance, IFC is preparing a new program to support investment climate with a sectoral approach involving both advisory and investment perspectives. This new program will also tackle competition issues at sector level. This new sectoral approach will benefit from the CPSD that will be launched in Tunisia in FY19. The CPSD will identify sectors that offer strong opportunities for additional private sector growth and investment.

82. **IFC is also playing a proactive role through the MFD approach.** In this context, IFC is coordinating with other International Finance Institutions (IFIs) and will be proactively helping the government structure flagship PPP transactions to show the benefits of the model and to bring new investors to fund critical infrastructure in key sectors, such as transport and energy.

VI. RISKS TO CPF PROGRAM

83. **The overall risk to the CPF program is increased to High, driven by political and governance risks (related to the 2019 elections), macroeconomic risks, institutional capacity and fiduciary risks, and**

⁶ This was originally conceived as a PforR for the water sector, as referred to in Table 1.

stakeholder risks. The Risk and Resilience Assessment instrument will be used as a tool to inform regular discussions on risk levels between the government and the World Bank Group.

84. **The political and governance risk remains High, and this could continue to significantly affect the CPF program.** The introduction of crucial reforms, such as subsidy, pension, and civil service reform, is extremely difficult due to the high degree of politicization of all these issues. The mitigation measure is the enhanced use of political economy analysis in new operations and the provision of support to change management. In addition, the government will establish a reform tracking mechanism that will form the basis for a continuous dialogue around core reforms, including but not limited to DPF. However, there remains a high residual risk.

85. **Macroeconomic risk is increased to High, as the macroeconomic situation has deteriorated sharply over the past year and is fragile.** The macroeconomic outlook remains very fragile highlighting the importance of strong policy anchors and international support. The Government is committed to fiscal consolidation and macroeconomic stability, including through the IMF EFF program. The IMF program moved to quarterly reviews with the aim to improve program monitoring and performance given the elevated macroeconomic vulnerabilities. The World Bank and several other bilateral and multilateral institutions (such as the EU, AfDB, KfW, and AFD) are supporting the Government technically and financially to accelerate the implementation of structural reforms.

86. **With the development of the five-year plan and related sector strategies, the sector strategies and policies risk is reduced to Moderate.** Policies and strategies in various sectors are generally adequate and mostly consistent with the country's development strategy and objectives. The mitigation measure is to continue to work on sector dialogue, support sectoral strategies with IPF, as well as TA and capacity building, and improve the long-term sustainability of sectors such as in irrigation, sanitation, and renewable energy by bringing in the private sector.

87. **Risk of institutional capacity for implementation and sustainability remains High due to declining administrative capacity.** This is due in part to the massive public sector hiring to deal with public unrest, as well as to the lack of competitiveness of public sector salaries and brain drain as people leave Tunisia in search of better opportunities. This is mitigated by intensive, day-to-day program/project implementation support. In addition, projects funded by partners have a difficult time attracting talented civil servants. The Country Management Unit is working with the government on improving incentives for civil servants to work on government projects funded by multilaterals. However, this is a much larger issue of the quality of capacity in the civil service and cannot be fully mitigated.

88. **Stakeholder risk to the CPF program is increased to Substantial.** The ability of the unions, labor unions, and business unions to block or slow down decision making on critical reforms (for example, the social registry, pension reform, and civil service reform) is a growing concern. Mitigation has included dialogue with partners and elevating dialogue on reforms to the highest level of government to spur decision making. However, significant residual risks remain.

89. **Given the criticality of governance and macro-fiscal risks, the overall risk level is High, requiring an increased engagement on mitigation measures,** including political economy analysis, the governance filter, public sector reform and capacity building, close coordination with the IMF on macro-fiscal issues, and sustained attention for fiduciary and environment and social risks. In relation to the latter, in the remaining period of the CPF the World Bank will continue to work with the government on strengthening country systems in procurement, financial management, and safeguards.

Table 5. Risk to the Tunisia CPF Program

Risk Categories	Original Rating	Current Rating
1. Political and governance	High	High
2. Macroeconomic	Substantial	High
3. Sector strategies and policies	Substantial	Moderate
4. Technical design of the program	Moderate	Moderate
5. Institutional capacity for implementation and sustainability	High	High
6. Fiduciary	Substantial	Substantial
7. Environmental and social	Substantial	Substantial
8. Stakeholders	Moderate	Substantial
Overall	Substantial	High

Annex 1: Tunisia Updated CPF Results Framework

CPF Indicators and Objectives	Supplementary Progress Indicators	World Bank Program
Pillar 1: Restoring an Environment Conducive to Sustainable Economic Growth and Private Sector-Led Job Creation		
Objective 1.1: Strengthened Budget Management and Reduced Fiscal Risks		
<p>CPF Indicator 1.1.1: Improved legal framework for public financial management, introducing performance-based budgeting</p> <p>Baseline (2015): Organic Budget Law (as amended 2004) Target (2018): New Organic Budget Law adopted (GBO) (2017)</p>	<p>Government adopts a medium-term debt strategy aimed at stabilizing public debt and controlling debt servicing</p> <p>Baseline (2016): No Target (2017): Yes</p>	<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> • Business Environment and Entrepreneurship DPF (P158111) (FY17) – fully disbursed • Third Export Development Project (EDP III) (P132381) (FY14) <p><i>Pipeline</i></p> <ul style="list-style-type: none"> • Investment, Competitiveness, and Inclusion DPF (FY18) • Green Growth DPF (FY20) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> • Macroeconomic Monitoring • Economic and Open Governance Programmatic TA • Investment Authority OECD-IFC Project • PFM TA (FY16) • Tunisia PFM and Governance TA Program (FY14) <p><i>Closed</i></p> <ul style="list-style-type: none"> • Libya Crisis Impact Assessment (FY16)
<p>CPF Indicator 1.1.2: Public expenditure on general subsidies</p> <p>Baseline (2017): 11.9% (3.6% of GDP) Target (2021): 9% (2.7% of GDP)</p>	<p>Reduction in energy subsidies as percentage of GDP</p> <p>Baseline (2017): 5% (1.5% of GDP) Target (2021): 4% (0.9% of GDP)</p>	<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> • Business Environment and Entrepreneurship DPF (P158111) (FY17) – fully disbursed <p><i>Pipeline</i></p> <ul style="list-style-type: none"> • Investment, Competitiveness, and Inclusion DPF (FY18) • Green Growth DPF (FY20) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> • STEG Operational Diagnosis and Upgrade (P159568) • Macroeconomic Monitoring Ongoing • Tunisia Delivery Unit (P158121) • ASA on Subsidy Reforms (FY17)

CPF Indicators and Objectives	Supplementary Progress Indicators	World Bank Program
		<ul style="list-style-type: none"> Tunisia Public Expenditure Review (P158118) Tunisia Energy Sector Development Dialogue (FY18)
Objective 1.2: More Pro-Growth Public Expenditures		
<p>CPF Indicator 1.2.1: New Public Investment Management Framework adopted</p> <p>Baseline (2018): No PIM Framework Target (2021): PIM Framework adopted</p>	<p>Share of public investment transactions with feasibility studies in the pre-investment phase</p> <p>Baseline (2016): 40% Target (2021): 70%</p>	<p>Lending <i>Pipeline</i></p> <ul style="list-style-type: none"> PPP Support and SOE Reform in Key Utilities PforR (FY19) PPP Support in the Sanitation Sector (FY20) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> Public Investment Management TA (Moussanada TF) Support for PPPs in Rural Water Supply and Irrigation in Tunisia (P155271) STEG Operational Diagnosis and Upgrade (P159568) Tunisia Analytical Work on SOEs (FY17) Tunisia Public Expenditure Review (P158118) Tunisia-Italy Electricity Undersea Connection (P162542) Tunisia Energy Sector Development Dialogue (FY18)
<p>CPF Indicator 1.2.2: Number of PPP transactions signed</p> <p>Baseline (2016): 0 Target (2021): 5</p>		<p>Lending <i>Pipeline</i></p> <ul style="list-style-type: none"> PPP Support and SOE Reform in Key Utilities PforR (FY19) PPP Support in the Sanitation Sector (FY20) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> Support for PPPs in Rural Water Supply and Irrigation in Tunisia (P155271) STEG Operational Diagnosis and Upgrade (P159568) Tunisia Analytical Work on SOEs (FY17) Tunisia Public Expenditure Review (P158118) Tunisia-Italy Electricity Undersea Connection (P162542)

CPF Indicators and Objectives	Supplementary Progress Indicators	World Bank Program
		<ul style="list-style-type: none"> Tunisia Energy Sector Development Dialogue (FY18)
Objective 1.3: Improved Conditions for Trade Facilitation		
<p>CPF Indicator 1.3.1: Containers cleared in Rades port</p> <p>Baseline (2016): 320,000 <i>Equivalent Vingt Pieds</i> (20 foot equivalent) Target (2021): 457,000 EVP</p>	<p>Processing time for containers to enter/leave the port of Rades</p> <p>Baseline (2015): 4 hours Target (2021): 1/3 hour</p>	<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> Third Export Development Project (EDP III) (P132381) (FY14) <p>MIGA</p> <ul style="list-style-type: none"> Passenger Ferry project (FY12) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> Tunisia Investment Climate High Growth Sectors Value Chain Analysis TA IFC-led advisory (as part of Finance, Competitiveness, and Innovation) in Regulatory Simplification, New Investment Code, Bankruptcy Law, Competitiveness Law ALECA ongoing dialogue Informal Trade in Maghreb Study Tunisia Matching Grant Impact Evaluation (FY15)
Objective 1.4: Enhanced Financial Sector Support to Entrepreneurship		
<p>CPF Indicator 1.4.1: Increase in the total MSME loans in the portfolios of participating financial institutions</p> <p>Baseline (2011): 0⁷ Target (2018): 13 percent</p>	<p>Number of microloans disbursed by MFIs (of which disbursed to women)</p> <p>Baseline (2015): 769,628 (523,980) Target (2021): 1,345,000 (820,000)</p>	<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> Business Environment and Entrepreneurship DPF (P158111) (FFY17) – fully disbursed Micro, Small, and Medium Enterprise Financing Facility (P124341) (FY 11) <p><i>Pipeline</i></p> <ul style="list-style-type: none"> Entrepreneurship and Access to Finance Project (FY19) DPF (FY20) <p>ASA</p> <ul style="list-style-type: none"> Empower Her Program Financial Sector Modernization Program - Technical Assistance (P156301)

⁷ The baseline (2011) and target (2018) reflect of the engagement under the MSME line of credit support program, which started in 2011 and is closing in mid-2018.

CPF Indicators and Objectives	Supplementary Progress Indicators	World Bank Program
		<p>IFC Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> • SME finance: Equity in SME (IFC Investment and Advisory), SME, Private Equity Funds (IFC IS) • Access to Finance for Micro-entrepreneurs (ENDA Microfinance IFC Investment and Advisory) • Equity Investment to Amen Bank • Equity Investment in Two Regional SME Private Equity Funds <p>IFC Advisory</p> <ul style="list-style-type: none"> • Regional MSME Facility (World Bank/IFC) • Tunisia Financial Sector Modernization TA (P156301) • Advisory Services to Financial institutions (ENDA, BCT) • IFC Advisory to BCT to Implement a Diagnostic and Provide Recommendations for Modernizing Its Public Registry • ENDA Tamweel • CVS (Desjardins) • CFE Tunisie (Greenfield)
<p>CPF Indicator 1.4.2: Increase in number of firms benefiting from guarantee instruments</p> <p>Dhamen Finance⁸: Firms receiving Dhamen Finance export guarantees</p> <p>Baseline (2015): 0 Target (2021): 490</p> <p>Sotugar⁹: Amount of guaranteed loans to SME</p> <p>Baseline (2017): TND 73,828 million Target (2021): TND 88,590 million</p>		<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> • Third Export Development Project (EDP III) (P132381) (FY14) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> • Secured Transactions in Tunisia (P162728) (FY16, closing in FY18) • Virtual Market Places for the Development of SMEs Exports (P148638) (MNA Transition Fund) • Credit Information Sharing System (FY16) • Promoting Mobile Money (FY16) • IFC Investment in Olive Oil <p><i>Pipeline</i></p> <ul style="list-style-type: none"> • Virtual Market Places (women) (We-Fi Fund 38) (MNA Transition Fund FY 19)

⁸ Tunisia Export Guarantee scheme

⁹ Tunisia Guarantee Fund (state-owned enterprise)

CPF Indicators and Objectives	Supplementary Progress Indicators	World Bank Program
<p>CPF Indicator 1.4.3: Amount of equity investments towards start-ups from Anava sources¹⁰</p> <p>Baseline (2018): 0 Target (2021): US\$20 million</p>	<p>Early stage equity fund of funds for start-ups (Anava) operational</p> <p>Baseline (2016): No Target (2018): Yes</p>	<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> Business Environment and Entrepreneurship DPF (P158111) (2017) – fully disbursed <p><i>Pipeline</i></p> <ul style="list-style-type: none"> Investment, Competitiveness, and Inclusion DPF (FY18) Entrepreneurship and Access to Finance IPF <p>ASA</p> <ul style="list-style-type: none"> Empower Her Program
Pillar 2: Reducing Regional Disparities		
Objective 2.1: Improved Access to Services in Lagging Regions		
<p>CPF Indicator 2.1.1: Local governments have executed their Annual Investment Plans on schedule in terms of expenditures¹¹</p> <p>Baseline (2016): 35% Target (2021): 80% of local governments supported under PDUGL</p>	<p>Local governments that have met the threshold annual performance assessment score</p> <p>Baseline (2014): 0 Target (2021): 70%</p>	<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> Urban Development and Local Governance PforR (P130637) (FY14) <p><i>Pipeline</i></p> <ul style="list-style-type: none"> Urban Development and Local Governance PforR Additional Financing (FY18)
<p>CPF Indicator 2.1.2: People benefiting from more reliable water services in targeted urban areas¹² as a result of the extension and rehabilitation of water systems.</p> <p>Baseline (2015): 0 Target (2018):¹³ 340,000</p>		<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> Urban Water Supply IPF (P064836) Northern Tunis Wastewater Project (FY 10) <p><i>Closed</i></p> <ul style="list-style-type: none"> Second Natural Resources Management Project (closed) Fourth NW Mount and Forest Area Dev. Project, PNO4 (FY11) (closed) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> Maghreb Infrastructure Diagnostic (P162398) IBRD/IFC TA Activities with SONEDE and ONAS TA pilot for PPP Program on Rural Water Supply

¹⁰ The Anava fund is a major Fund of Funds, being established by government, development partners and investors (and managed independently), with as its objective to significantly scale up funding for start-ups and innovative enterprises

¹¹ Have committed all allocated funds within the budget year

¹² Urban areas that benefit from financing under the Urban Water Supply IPF

¹³ Urban Water Supply IPF closes in July 2018.

CPF Indicators and Objectives	Supplementary Progress Indicators	World Bank Program
		<ul style="list-style-type: none"> ASA - Support PPP Rural Water Supply and Irrigation (FY17)
<p>CPF Indicator 2.1.3: Youth in disadvantaged regions who completed internship or training to connect to jobs</p> <p>Baseline (2018): 0 Target (2021): 3,500¹⁴</p>		<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> Youth Economic Inclusion (P158138) (FY18) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> Let's Work Program (P157321) Tunisia Lagging Areas TA (P159072) Empower Her Program
<p>CPF Indicator 2.1.4: Enrollment in preschool programs in 31 targeted districts</p> <p>Baseline (2016/17): 7,416 Target (2021): 9,000¹⁵</p>	<p>New preschool facilities established, primarily in lagging regions</p> <p>Baseline (2018): 0 Target (2021): 150¹⁶</p>	<p>Lending <i>Pipeline</i></p> <ul style="list-style-type: none"> Strengthening Foundations for Learning Project (FY18) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> Programmatic Public Expenditure and Institutional Review
Objective 2.2: Improved Road Connections to Inland Regions		
<p>CPF Indicator 2.2.1: Travel time on rehabilitated roads¹⁷ (percentage of reduction)</p> <p>Baseline (2018): 0 Target (2021): 22.4%</p>	<p>Kilometers of roads completed that connect lagging regions to markets</p> <p>Baseline (2018): 39.7 Target (2021): 146.5</p>	<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> Road Transports Corridor (P146502) (FY 16) Oases Ecosystems and Livelihoods (GEF) (FY14) <p><i>Pipeline</i></p> <ul style="list-style-type: none"> Economic Development Corridor (Kasserine-Sidi Bouzid-Sfax) (FY19) <p><i>Closed</i></p> <ul style="list-style-type: none"> Second Natural Resources Management Project Fourth Northwest Mountainous and Forested Areas Development Project <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> Institutional Strengthening for Transport Sector Sustainability (ESW) (FY16) Road Safety Study Impact of Highway Upgrading on National Integration and Local

¹⁴ This is an intermediate result for the end target of the project, which is 10,000, to be achieved by 2023.

¹⁵ This is an intermediate result from the intervention as all 285 preschool facilities will be in place by 2023.

¹⁶ The project end target for 2023 is 285 preschools.

¹⁷ Roads repaired or expanded with transport corridor project funding

CPF Indicators and Objectives	Supplementary Progress Indicators	World Bank Program
		Economic Development in Tunisia (FY17)
<p>CPF Indicator 2.2.2: People benefiting from improved infrastructure connections to urban centers</p> <p>Baseline (2016): 0 Target (2021): 373,500 (of which 50 percent women)</p>		<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> Road Transports Corridor (P146502) (FY 16) Oases Ecosystems and Livelihoods (GEF) (FY14) <p><i>Pipeline</i></p> <ul style="list-style-type: none"> Economic Development Corridor (Kasserine-Sidi Bouzid-Sfax) (FY19) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> Tunisia Urban Transport TA (FY18)
Objective 2.3: Enhanced Economic Opportunities in Lagging Regions		
<p>CPF Indicator 2.3.1: Value chains operational in lagging regions (number)¹⁸</p> <p>Baseline (2018): 0 Target (2021): 3</p>	<p>Farmers reached by CPF supported programs (IFC investments)</p> <p>Baseline (2014): 4,780 Target (2018): 7,500</p>	<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> Integrated Landscape Management Project (P151030) (FY 17) Tunisia Ecotourism and Biodiversity Conservation ((P120561) (FY 14) Oases Ecosystems and Livelihoods (GEF) (P132157) (FY14) <p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> Maghreb Youth Employment Task Force (FY15) <p><i>Pipeline</i></p> <ul style="list-style-type: none"> Economic Development in South Tunisia (FY20)
<p>CPF Indicator 2.3.2: Area under sustainable landscape management practices in Northwest and Centerwest regions¹⁹</p> <p>Baseline (2018): 0 Target (2021): 100,000 ha</p>		<p>Lending <i>Ongoing</i></p> <ul style="list-style-type: none"> Integrated Landscape Management Project (P151030) (FY 17) Tunisia Ecotourism and Biodiversity Conservation ((P120561) (FY 14) Oases Ecosystems and Livelihoods (GEF) (P132157) (FY14)

¹⁸ Establishing value chains in lagging regions implies connecting (organized groups of) producers of identified product groups that have national market and export potential to these national and international markets by helping scale up production, achieve consistency in quality and production levels, and enhance marketing.

¹⁹ The implementation of sustainable landscape management practices will help valorize Northwest and Centerwest regions products and enhance their economic value, hence the link with the objective. These practices include, among others, Integrated soil fertility management techniques; conservation tillage; soil, water, and nutrient management; agroforestry; livestock husbandry and diversification; reforestation and afforestation; natural regeneration; rangeland seeding; rehabilitation of AMPs; thinning and pruning of forests; forest fire protection activities; biodiversity measures; and forest and rangeland certification activities.

CPF Indicators and Objectives	Supplementary Progress Indicators	World Bank Program
		ASA <i>Ongoing</i> <ul style="list-style-type: none"> Maghreb Youth Employment Task Force (FY15) <i>Pipeline</i> <ul style="list-style-type: none"> Economic Development in South Tunisia (FY20)
Pillar 3: Promoting Increased Social Inclusion		
Objective 3.1: Enhanced Access to Information and Data		
CPF Indicator 3.1.1: Number of users of public finance data published on the Ministry of Finance's data portal Baseline (2015): 0 Target (2021): 10,000 per year	Information on public finances is published on the Ministry of Finance website and data portal 'Mizaniatouna' Baseline (2015): Draft budget and budget execution reports not published regularly; public expenditure data not available online Target (2018): Draft budget and budget execution reports published regularly; public expenditure data available online	Lending <i>Pipeline</i> <ul style="list-style-type: none"> e-Governance (FY20) ASA <i>Ongoing</i> <ul style="list-style-type: none"> Mizaniatouna Open Budget TA (TF018947) Open Government Partnership TA National Network of Social Accountability TA Regional Access to Information Workshop Governance in Social Sectors Political Economy Analysis (FY16)
CPF Indicator 3.1.2: New sector datasets published in open formats ²⁰ (transport, water, agriculture, culture) Baseline (2017): 0 sectors Target (2021): 4 sectors	Adoption of a decree on open data implementation and management Baseline (2018): No Target (2021): Yes	ASA <i>Ongoing</i> <ul style="list-style-type: none"> Open Government Partnership TA National Network of Social Accountability TA Regional Access to Information Workshop Governance in Social Sectors
Objective 3.2: Enhanced Employment Opportunities for Youth		
CPF Indicator 3.2.1: Number of joint university-industry programs created under the Tertiary Education for Employability Project Baseline (2015): 0 Target (2021): 50	Students completing courses focusing on transferable skills Baseline (2015): 0 Target (2019): 17,000 Number of education/training programs that were established based on the new ICT qualifications framework Baseline (2014): 0	Lending <i>Ongoing</i> <ul style="list-style-type: none"> Tertiary Education for Employability Project (FY16) (P151059) Youth Economic Inclusion Project (FY18) ASA <i>Ongoing</i> <ul style="list-style-type: none"> E4E ICT Tunisia Project (P599434)

²⁰ This refers to datasets made available in machine readable formats that can be freely used by anyone

CPF Indicators and Objectives	Supplementary Progress Indicators	World Bank Program
	Target (2018): 11	<ul style="list-style-type: none"> • Maghreb Youth Employment Task Force (FY15)
Objective 3.3: Better Targeted Social Programs		
<p>CPF Indicator 3.3.1: Creation of a social registry on ‘Needy Families and Vulnerable Households’ based on an updated socioeconomic information obtained from a full survey</p> <p>Baseline (2015): No Target (2021): 300,000 families</p>	<p>Creation of a social registry on ‘Poor Families and Vulnerable Households’ based on updated socioeconomic information</p> <p>Baseline (2016): No Target (2020): Yes</p>	<p>Lending <i>Pipeline:</i></p> <ul style="list-style-type: none"> • e-Governance (FY20)
<p>CPF Indicator 3.3.2: Common Social Identifier System established</p> <p>Baseline (2015): No Target (2021): Yes</p>		<p>ASA <i>Ongoing</i></p> <ul style="list-style-type: none"> • Social Protection Reforms Support (P144674) (MNA Transition Fund)

Annex 2: Summary of Proposed Changes to Original CPF Results Framework

Original CPF Indicators and Objectives	Revision	Rationale for Change
Pillar 1: Restoring an Environment Conducive to Sustainable Economic Growth and Private Sector-Led Job Creation		
Objective 1.1: Strengthened Macroeconomic and Fiscal Management	Objective 1.1: Strengthened Budget Management and Reduced Fiscal Risks	Reformulation to better reflect the scope of engagement under this objective
CPF Indicator 1: Improved legal framework for public financial management, introducing performance-based budgeting Baseline (2015): Organic Budget Law (as amended 2004) Target (2017): New Organic Budget Law adopted (GBO) (2017)	Unchanged and becomes CPF Indicator 1.1.1	
Progress indicator: Government adopts a medium-term debt strategy aimed at stabilizing public debt and controlling debt servicing Baseline (2016): No Target (2017): Yes	Unchanged	
CPF Indicator 2: Share of central government development expenditure (investment in total expenditure) (excluding net lending) Baseline (2015): 17% Target (2020): 20%	Dropped	The government's approach to public investment spending has changed due to fiscal constraints. Hence, the focus is now on leveraging private sector financing through PPPs and keeping stable total public investment spending. This element is now captured in CPF Indicator 1.2.1.
	New CPF Indicator 1.1.2: Public expenditure on general subsidies Baseline (2017): 11.9% (3.6% of GDP) Target (2021): 9% (2.7% of GDP)	In line with the government's agenda to reduce fiscal deficit and create fiscal space to foster investment and better targeted social policies
	New supplemental progress indicator: Reduction in energy subsidies (as percentage of GDP) Baseline (2017): 1.209 Target (2021): 40.9% of GDP	Given the recent macro-fiscal developments, there is a growing risk of fiscal imbalances. Uncertainty about (imported) energy cost is an important driver of these imbalances, and hence efforts to reduce the impact of unpredictable energy import prices by reducing subsidies are a critical macro-fiscal risk mitigation factor.

Original CPF Indicators and Objectives	Revision	Rationale for Change
Objective 1.2: Improved Enabling Environment for Greater Private Sector Competitiveness	Reformulated and moved to Objective 1.3	
	New Objective 1.2: More Pro-growth Public Expenditures	This is in line with the government objective to reduce expenditures that are not pro-growth. This will be achieved by containing wage bill growth to create fiscal space for increased social spending and infrastructure spending while seeking to improve public administration performance. This addition reflects the World Bank Group engagement to leverage private sector financing through PPPs and to support the Government of Tunisia (GoT) to improve its PIM capacity.
	New CPF Indicator 1.2.1: New Public Investment Management Framework adopted Baseline (2018): No PIM Framework Target (2021): PIM Framework adopted	A new PIM framework will help assess the potential real impact of public investments in Tunisia. The PIM will support the decision-making process to ensure that the right criteria are considered (for example, local development plans). It will also include the monitoring, implementation, and evaluation of investments.
	New progress indicator: Share of public investment transactions with feasibility studies in the pre-investment phase Baseline (2016): 40% Target (2021): 70%	In Tunisia, feasibility studies are generally weak. As part of the implementation of the PIM framework, this progress indicator will monitor the improvements in the formulation of projects before they are contemplated by the budget.
	New CPF Indicator 1.2.2: Number of PPP transactions signed Baseline (2016): 0 Target (2021): 5	There is a need to scale up investments but lack of funding in the medium term. The increase in the number and management of PPPs will allow for the scale-up of private sector financing and implement pro-growth policies by increasing efficient public investment.
	New Objective 1.3: Improved Conditions for Trade Facilitation	Reformulated objective to better capture the efforts under the CPF to address a binding business environment

Original CPF Indicators and Objectives	Revision	Rationale for Change
<p>CPF Indicator 3: Number of firms benefiting from improved business formalities in terms of reduction in time or cost</p> <p>Baseline (2015): 18,100 Target (2018): 90,502</p>	<p>Dropped</p>	<p>This indicator definition was not clear. At the time of the formulation, the indicator did not have a clear specification of the business formalities to measure.</p>
	<p>New CPF Indicator 1.3.1: Containers cleared in Rades port</p> <p>Baseline (2015): 320,000 EVP (20 foot equivalent) Target (2021): 457,000 EVP</p>	<p>This is a new indicator introduced following the EDP III restructuring. It shows the overall impact of the Terminal Operation Storage System that aims at increasing the efficient management of the flow of containers and impacts overall port performance.</p>
<p>Progress indicator: Percentage of customs payments using computerized system</p> <p>Baseline (2015):0 Target (2020): 80</p>	<p>Dropped</p>	<p>The acquisition of the new IT system has not been completed yet, and there will not be time to track progress before the projected EDP III closing date.</p>
	<p>New Progress Indicator: Processing time for containers to enter/leave the port of Rades</p> <p>Baseline (2015): 4 hours Target (2021): 1/3 hour</p>	<p>This is a new indicator introduced in the EDP III restructuring to reflect the impact of Smart Gates implementation (hardware and software) to optimize and manage the allocation of the gates according to the port's entry and exit flows.</p>
<p>CPF Indicator 4: Number of firms benefiting from the export development fund which increased exports</p> <p>Baseline (2015): 0 Target (2020): 1,200</p>	<p>Dropped</p>	<p>New indicators were selected under Objective 1.4 to better capture the scope and nature of engagement under the CPF, focusing on enhancing guarantee instruments under Sotugar and Dhamen Finance.</p>
<p>Objective 1.3: Fostered Sound Financial Sector Development</p>	<p>Reformulated Objective 1.4: Enhanced Financial Sector Support to Entrepreneurship</p>	
<p>CPF Indicator 5: Number of microloans disbursed by participating MFIs (of which disbursed to women)</p> <p>Baseline (2015): 769,628 (523,980) Target (2018): 1,345,000 (820,000)</p>	<p>Unchanged and becomes progress indicator Number of microloans disbursed by participating MFIs (of which disbursed to women):</p> <p>Baseline (2015): 769,628 (523,980) Target (2021): 1,345,000 (820,000)</p>	<p>The MSME objective includes the Mircofinance loan allocations, hence is it more appropriate to express it as a supplementary indicator</p>

Original CPF Indicators and Objectives	Revision	Rationale for Change
	<p>New CPF Indicator 1.4.1 (previously a progress indicator): Increase in the total MSME loans in the portfolio of participating financial institutions.</p> <p>Baseline (2011): 0 Target (2018): 13%</p>	<p>This is a core performance indicator in a long-standing engagement under the MSME line of credit, which is closing in mid-2018.</p>
<p>CPF Indicator 6: Percentage decrease of NPLs ratios for three state-owned banks</p> <p>Baseline (2015): 16 Target (2018): 14%</p>	<p>Dropped</p>	<p>The engagement on state-owned bank restructuring could not be brought to successful closure as private participation in key state banks was postponed. In addition, the trend on NPLs is negative, given weak progress on reforming the sector. NPL resolution is also addressed in the context of the IMF program.</p>
	<p>New CPF Indicator 1.4.2: Increase in number of firms benefiting from guarantee instruments</p> <p>Dhamen Finance²¹: Firms receiving Dhamen Finance export guarantees</p> <p>Baseline (2015): 0 Target (2021): 490</p> <p>Sotugar²²: Amount of guaranteed loans to SME Baseline (2017): TND 73,828 million Target (2021): TND 88,590 million</p>	<p>Replaces dropped CPF indicator 4 (see above), as a way to better capture the scope and nature of engagement under the CPF, focusing on enhancing guarantee instruments under Sotugar and Dhamen Finance.</p>
	<p>New CPF Indicator 1.4.3: Amount of equity investments toward start-ups from Anava sources</p> <p>Baseline (2018): 0 Target (2021): US\$20 million</p>	<p>The start-up sector has been identified as one with a growth potential in Tunisia but with significant finance constraints. The World Bank will contribute to a flow of funds to increase available financing to the sector.</p>
	<p>New progress indicator: Early-stage equity fund of funds for start-ups (Anava) operational</p> <p>Baseline (2016): No</p>	<p>The creation of the fund as instrument that channels financing from different donors is a key milestone toward increasing available finance for start-ups.</p>

²¹ Tunisia Export Guarantee scheme

²² Tunisia Guarantee Fund (state-owned enterprise)

Original CPF Indicators and Objectives	Revision	Rationale for Change
	Target (2018): Yes	
Pillar 2: Reducing Regional Disparities		
Objective 2.1: Improved Access to and Quality of Services in Lagging Regions	Reformulated Revised Objective 2.1: Improved Access to Services in Lagging Regions	The reformulated objective expresses better the nature of engagement under the CPF and realism on the impact the program can expect to have in the current political and economic context.
	New CPF Indicator 2.1.1: Local governments have executed their Annual Investment Plans on schedule in terms of expenditures Baseline (2018): 35% Target (2021): 80% of local governments supported under PDUGL	One of the main objectives of the engagement under the Urban Development and Local Governance PforR is to enhance local level investments in key infrastructure and this element is captured in the CPF indicator.
	Reformulated progress indicator: Local governments that have met the threshold annual performance assessment score. Baseline (2014): 0 Target (2021): 70%	Minor reformulation to capture correctly the engagement under the Urban Development and Local Governance PforR, including the additional financing
CPF Indicator 7: People benefiting from improved municipal infrastructure (Transport and Water and Sanitation Services) (of which 40% women) Baseline (2015): 0 Target (2020): 500,000	Reformulated CPF Indicator 2.1.2: People benefiting from more reliable water services in targeted urban areas as the results of the extension and rehabilitation of water systems Baseline (2015): 0 Target (2018): ²³ 340,000	The reformulated indicator expresses better and more specifically the nature of engagement on improved access to services in the water sector. The CPF indicator is based on results of the Urban Water Supply Project, closing in FY 18. The CPF indicator reflects the planned engagement on water, sanitation and transport in the remaining period of the CPF
Progress indicator: Number of pilot PPP contracts for rural potable water and irrigation awarded Baseline (2015): 0 Target (2020): 5	Dropped	Engagement on this issue was dropped due to political economy constraints.
Progress indicator: Level of water and sanitation sector cost recovery Baseline: (2014): 75%	Dropped	This indicator has been dropped due to the difficulties in the cost recovery calculation and political

²³ Project end date is July 2018.

Original CPF Indicators and Objectives	Revision	Rationale for Change
Target (2020): 100% (operations and management)		economy constraints to adjusting tariffs.
Progress indicator: Users satisfied (%) with water and sanitation services Baseline (2014): 80 Target (2020): 85	Dropped	User satisfaction surveys not yet applied and time line for their introduction is uncertain
CPF Indicator 8: Number of people benefiting from improved basic rural infrastructure and services (of which 50 percent women) Baseline (2015): 0 Target (2020): 100,000	Dropped	The formulation of the indicator was too general and attribution problematic. The specific engagement on this area is now captured under Indicator 2.1.2 and under Objective 2.2.
	CPF Indicator 2.1.3: Youth in disadvantaged regions who completed internship or training to connect to jobs Baseline (2018): 0 Target (2021): 3,500	New indicator reflecting engagement under the Youth Economic Inclusion Project, which includes a target of connecting at least 10,000 disadvantaged youth to jobs by 2023
CPF Indicator 9: People benefiting from improved transport infrastructure to urban centers (of which 50% women) Baseline (2015): 0 Target (2020): 339,112	Reformulated and moved to CPF Indicator 2.2.2	
Progress indicator: Share of land area under soil and water conservation management (percentage) Baseline (2014): 0% Target (2020): 7.7%	Incorporated under new CPF indicator 2.3.2	A reformulated version of this indicator is found in CPF Indicator 2.3.2, which captures a new engagement under the Integrated Landscape Management Project, and which builds on the (closed) Second Natural Resource Management Project. The revision captures better the evolution of the CPF program.
	New CPF Indicator 2.1.4: Enrollment in preschool programs in 31 targeted districts Baseline (2016/17): 7,416 Target (2021): 9,000 ²⁴	This new CPF indicator reflects the planned FY18 project to support preschool program in disadvantaged districts. This indicator measures inclusion through increasing access to social services in lagging regions. While the operation covers lagging and non-lagging regions, the indicator

²⁴ This is an intermediate result from the intervention as all 285 preschools will be in place by project end in 2023

Original CPF Indicators and Objectives	Revision	Rationale for Change
		corresponds to the districts in lagging regions.
	<p>New progress indicator: New preschool facilities established, primarily in lagging regions</p> <p>Baseline (2018): 0 Target (2021): 150²⁵</p>	Related to inclusion in the accessibility to services, this indicator measures the enrollment (access) to preschool services. The project's beneficiaries are both in lagging and non-lagging regions. The target reflects the change in access in districts located in lagging regions.
<p>CPF Indicator 10: Number of traffic-related fatalities per hundred million vehicle-kilometers travelled (vkt) on roads improved by CPF interventions</p> <p>Baseline (2015): 5.3 Target (2020): 3.7</p>	Dropped	Results from the Road Corridor Program to be included in the CPF results matrix were revised following discussions with the government and are now captured under Objective 2.2.
	New Objective 2.2: Improved Road Connections to Inland Regions	This new CPF objective focuses on enabling lagging areas to benefit from a better road infrastructure, improve road safety, and increase the institutional capacity to manage infrastructure.
	<p>Reformulated CPF Indicator 2.2.1: Travel time on rehabilitated roads (% of reduction)</p> <p>Baseline (2018): 0% Target (2021): 22.4%</p>	CPF interventions to improve connectivity will reduce transport costs and delays.
	<p>New progress indicator: Kilometers of roads completed that connect lagging regions to markets</p> <p>Baseline (2018): 39.7 Target (2021): 146.5</p>	This new progress indicator will monitor the improvement in the connectivity that facilitates access to markets.
	<p>New CPF Indicator 2.2.2: People benefiting from improved infrastructure connections to urban centers</p> <p>Baseline (2018): 0 Target (2021): 373,500 (of which 50% women)</p>	The improvement in the connections to urban centers can have a positive impact by benefiting lagging regions from agglomeration dynamics in leading urban centers.
CPF Indicator 11: Reduction in travel time on the roads improved by CPF	Dropped	This indicator is reformulated and substituted by CPF Indicator 2.2:

²⁵ The project end target for 2023 is 285 preschools

Original CPF Indicators and Objectives	Revision	Rationale for Change
<p>interventions (weighted average by kilometer of roads)</p> <p>Baseline (2015): 0%</p> <p>Target (2020): 26.1%</p>		<p>Improved Connectivity to Inland Regions, to better reflect the infrastructure projects connecting inland regions to markets.</p>
<p>Objective 2.2: Enhanced Economic Opportunities in Lagging Regions</p>	<p>Moved as Objective 2.3: Enhanced Economic Opportunities in Lagging Regions</p>	
	<p>New CPF Indicator 2.3.1: Value chains operational in lagging regions (number)</p> <p>Baseline (2018): 0</p> <p>Target (2021): 3</p>	<p>This new CPF indicator reflects the engagement of the World Bank Group with the improvement of value chains in key sectors of potential for the Tunisian economy with high growth and job creation potential. Four World Bank Group-financed operations are contributing to value chain work, as well as several ASA mainly in the Northwest and Centerwest Tunisia.</p>
<p>Progress indicator: Farmers reached by CPF-supported programs (IFC investments)</p> <p>Baseline (2014): 4,780</p> <p>Target (2018): 12,200</p>	<p>Revised target for progress indicator: Farmers reached by CPF-supported programs (IFC investments)</p> <p>Baseline (2014): 4,780</p> <p>Target (2018): 7,500</p>	<p>Targets reduced based on assessment of progress under the project</p>
<p>Progress indicator: Number of paid work days under CPF supported programs</p> <p>Baseline (2014): 490,000</p> <p>Target (2020): 1,500,000</p>	<p>Dropped</p>	<p>This indicator, while largely achieved under closed program support interventions, was dropped on selectivity grounds.</p>
<p>CPF Indicator 12: Number of municipalities with enhanced institutional performance (as measured by annual performance assessments)</p> <p>Baseline: (2015): 0</p> <p>Target (2020): 119 (45%)</p>	<p>Dropped</p>	<p>Engagement is captured under the revised progress indicator related to CPF Indicator 1.2.1.</p>
<p>Progress indicator: Number of regions with approved multisectoral Regional Development Plans</p> <p>Baseline (2015): 0</p> <p>Target (2020): 4</p>	<p>Dropped</p>	<p>This progress indicator was dropped on selectivity ground and is also partially reflected in the new CPF Indicator 2.3.2 below.</p>
	<p>New CPF Indicator 2.3.2: Area under sustainable landscape management practices in</p>	<p>This CPF indicator measures the improvement in natural resources management in the Northwest</p>

Original CPF Indicators and Objectives	Revision	Rationale for Change
	Northwest and Centerwest regions ²⁶ Baseline (2018): 0 Target (2021): 100,000 ha	and Centerwest, as well as the increased access and management of forestry resources by communities.
Pillar 3: Promoting Increased Social Inclusion		
Objective 3.1: Promoted Participation, Transparency, and Accountability	Revised Objective 3.1: Enhanced Access to Information and Data	This revised CPF objective addresses more specifically the needs to make information more available to the citizens, private sector, and civil society.
CPF Indicator 13: Strengthened public sector accountability measured by the increase in the government responses to citizens' requests for information under the new access to information policy Baseline (2014): 532 responses out of 544 requests Target (2017): 1,980 responses out of 2,000 requests	Dropped	With the recent establishment of the Access to Information (ATI) Authority, the responsibility of tracking and consolidating overall data on access to information requests and government responses is less clear. Through the open government TA, the World Bank is supporting the implementation of an ATI platform to automatize the tracking of requests and responses. The functional and managerial responsibilities of the platform are being discussed with relevant stakeholders. Based on anecdotal evidence and information collected from various government agencies, the numbers of access to information requests previously recorded has been decreasing, which can be partly explained by the government's increased efforts in proactive dissemination of information.
CPF Indicator 14: Increase citizens' access to and use of the fiscal information through the open budget platform Mizaniatouna Baseline (2015): Launch	Revised CPF Indicator 3.1.1: Number of users of public finance data published on the Ministry of Finance's data portal Baseline (2015): 0	Through open budget TA, the team is supporting the Ministry of Finance in improving the portal's user interface (enhancing charts and graphics) and enabling

²⁶ The implementation of sustainable landscape management practices will help valorize Northwest and Centerwest regions products and enhance their economic value, hence the link with the objective. These practices include, among others, integrated soil fertility management techniques; conservation tillage; soil, water, and nutrient management; agroforestry; livestock husbandry and diversification; reforestation and afforestation; natural regeneration; rangeland seeding; rehabilitation of AMPs; thinning and pruning of forests; forest fire protection activities; biodiversity measures; and forest and rangeland certification activities.

Original CPF Indicators and Objectives	Revision	Rationale for Change
Target (2021): 5,000 users	Target (2021): 10,000 per year	automatic publication of data to ensure timely and regular update.
<p>Progress indicator: Adoption of a government policy on public consultation</p> <p>Baseline (2015): No Target (2017): Yes</p>	<p>Revised progress indicator: Information on public finances is published on the Ministry of Finance website and data portal ‘Mizaniatouna’</p> <p>Baseline (2015): Draft budget and budget execution reports not published regularly; public expenditure data not available online Target: (2018): Draft budget and budget execution reports published regularly; public expenditure data available online</p>	Instead of focusing on a broad consultation policy, which is broad and difficult to capture impact of, in this indicator the specific issue of budget and public finance information is focused, where a specific tool has been introduced that can be readily monitored.
	<p>New CPF Indicator 3.1.2: New sector datasets published in open formats²⁷ (transport, water, agriculture, culture)</p> <p>Baseline (2017): 0 sectors Target (2021): 4 sectors</p>	This is a GoT commitment as part of the Open Government Partnership second action plan. The team is supporting the implementation through the Open Government Partnership TA. These are four sectors that have been tentatively selected by the GoT.
	<p>New progress indicator: Adoption of a decree on open data implementation and management</p> <p>Baseline (2018): No Target (2021): Yes</p>	The formulation and approval of the decree will help the GoT take full ownership for a successful open data initiative implementation and to accompany the access to information law. The decree would consider the key principle of open data (open licensing, no-fees, proactive release of data) and the improvement in coordination and communication between supply and demand-side actors.
<p>Objective 3.2: Increased Opportunities for Young Men and Women</p>	<p>Reformulated Objective 3.2: Enhanced Employment Opportunities for Youth</p>	
<p>CPF Indicator 15: Students in tertiary education who completed employability-oriented activities</p> <p>Baseline (2015): 0</p>	<p>Revised CPF Indicator 3.2.1: Number of joint university-industry programs created under the Tertiary Education for Employability Project.</p> <p>Baseline (2015): 0</p>	The data to calculate the initial indicator 15 will only be collected through a survey in the final year of the project, hence the revision of the CPF indicator.

²⁷ This refers to datasets made available in machine readable formats that can be freely used by anyone

Original CPF Indicators and Objectives	Revision	Rationale for Change
Target (2020): 10,000	Target (2021): 50	
<p>Progress indicator: National youth forum/council operational</p> <p>Baseline (2015): No Target (2016): In place</p>	Dropped	
<p>Progress indicator: Number of certificates for students in courses focusing on transferrable skills</p> <p>Baseline (2015): 0 Target (2019): 17,000</p>	<p>Reformulated: Students completing courses focusing on transferable skills</p> <p>Baseline (2015); 0 Target (2019): 17,000</p>	
	<p>New progress indicator: Number of education/training programs that were established based on the new ICT qualifications framework</p> <p>Baseline (2014): 0 Target (2018): 11</p>	<p>This new progress indicator measures the adoption by universities of the ICT framework that will enhance the quality of education for youth since the education programs will be aligned with the needs of the private sector.</p>
<p>Objective 3.3: Improved and More Equitable Social Programs</p>	<p>Revised Objective 3.3: Better Targeted Social Programs</p>	<p>Objective defined more narrowly to reflect the emphasis on targeting as a way to enhance the impact of limited budget resources on vulnerable groups</p>
<p>CPF Indicator 16: Creation of a social registry on 'Needy Families and Vulnerable Households' based on an updated socioeconomic information</p> <p>Baseline (2015): No Target (2019): Yes</p>	<p>Reformulated</p> <p>CPF Indicator 3.3.1: Creation of a social registry on 'Needy families and Vulnerable Households' based on an updated socioeconomic information obtained from a full survey</p> <p>Baseline (2015): No Target (2021): 300,000 families</p>	<p>The CPF Indicator remains but it is reformulated to exactly refer to the creation of a registry with full information on the families and the baselines and targets become quantitative and not qualitative. The objective has been achieved for the collection of very basic data (names, father and mother name, birth date) but with no additional information on the households. This reformulated indicator refers to the implementation of the full survey.</p> <p>The development of the IT system and the implementation of the social survey are a key milestone towards the registration of existing vulnerable households and those in waiting list (about 50,000).</p>
	<p>New Progress Indicator: Creation of a Social Registry on</p>	

Original CPF Indicators and Objectives	Revision	Rationale for Change
	<p>“Poor families and Vulnerable Households” based on updated socio-economic information.</p> <p>Baseline (2016): No Target (2021): Yes</p>	
<p>CPF Indicator 17: Common Social Identifier System established</p> <p>Baseline (2016): No Target (2021): Yes</p>	<p>Unchanged and becomes CPF Indicator 3.3.2</p>	<p>The USI is a key milestone toward the creation of the registry from which improve the targeting for GOT’s social programs. It is a unique number assigned to all household members. The identification phase will be done with social workers gathering data first with current beneficiaries of social safety net support. While the number has been assigned, there is not yet interoperability among the databases due to the lack of platform to exchange the data.</p> <p>The USI allows the interoperability of systems (CNAM, CNRPS, CSSS) among different providers of social policy. It also permits to avoid inefficiencies such as the payment of double compensations/benefits.</p>

Annex 3: Progress toward CPF Objectives

CPF Objectives	Indicators	Status of Indicators	Comments
Pillar 1: Restoring an Environment Conducive to Sustainable Economic Growth and Private Sector-Led Job Creation			
Objective 1.1: Strengthened Macroeconomic and Fiscal Management	Indicator 1: Improved legal framework for public financial management, introducing performance-based budgeting Baseline (2015): Organic Budget Law (as amended 2004) Target (2017): New Organic Budget Law adopted (GBO) (2017)	On track	The draft law has been adopted by the Council of Ministers and submitted to Parliament; expected approval date during 2018.
	Indicator 2: Share of central government development expenditure (investment) in total expenditure (excluding net lending) Baseline (2015): 17% Target (2020): 20%	On track	The share of central government expenditure at the end of 2016 was 18.6%. However, given the difficult macro-fiscal situation, public investment spending will likely remain stable or decline in the coming years, as the government is opting for PPP solutions to maximize financing.
	Progress Indicator: Government adopts a medium-term debt strategy aimed at stabilizing public debt and servicing Baseline (2016): No Target (2017): Yes	Achieved	A medium-term strategy has been prepared with support from the World Bank (SECO-financed) TA and was approved in 2016. Institutional capacity development of the Public Debt Department continued to be supported under TA activities.
Objective 1.2: Improved Enabling Environment for Greater Private Sector Competitiveness	Indicator 3: Number of firms benefiting from improved business formalities in terms of reduction in time or cost Baseline (2015): 18,100 Target (2018): 90,502	Cannot be assessed	This CPF indicator has posed some measurement challenges as the exact 'business formalities' are not listed, and hence it was decided to drop the indicator.
	Indicator 4: Number of firms benefiting from the export development fund which increased their exports Baseline (2015): 0 Target (2020): 1,200	On track.	This engagement is in progress as two calls of proposals have been launched and about 400 firms and private sector associations have been selected. Beneficiaries are implementing their 12–18 months of export plans.

CPF Objectives	Indicators	Status of Indicators	Comments
	<p>Progress Indicator: Percentage of customs payments using computerized system</p> <p>Baseline (2015): 0 Target (2020): 80</p>	Off track	The introduction of the computerized system has been repeatedly delayed. Work on contracting and implementing the system was relaunched in December 2017.
Objective 1.3: Fostered Sound Financial Sector Development	<p>Indicator 5: Number of microloans disbursed by participating MFIs (of which disbursed to women)</p> <p>Baseline (2015): 769,628 (523,980) Target (2020): 1,345,000 (820,000)</p>	On track	Number of microloans disbursed is consistent with targets, including the percentage disbursed to women
	<p>Indicator 6: Percentage decrease of nonperforming loan ratios for three state-owned banks.</p> <p>Baseline (2015): 16% Target (2020): 14%</p>	Off track	The indicator shows negative results as the percentage of NPLs has increased to 22.3%. A delay in taking policy actions to help the resolution of NPLs combined with a delay in the implementation of state-owned bank reforms accounts for the deteriorating numbers.
	Progress Indicators:		
	<p>% of microfinance loans financed by lines of credit to women</p> <p>Baseline (2015): 50% Target (2018): 60%</p>	On track	53% of microfinance loans were provided to women.
<p>Increase in total MSME loans in the portfolios of participating financial institutions</p> <p>Baseline (2011): 0% Target (2018): 13%</p>	Achieved	As of December 31, 2016, the percentage increase was 13.6%. 2017 data are not available yet.	
Pillar II. Reducing Regional Disparities			
Objective 2.1. Improved access to and quality of services in lagging regions	<p>Indicator 7: People benefitting from improved municipal infrastructure (transport and WSS) (of which 40% were female). <i>Baseline (2015): 0</i> <i>Target (2020): 500,000</i></p>	No data available to track progress	There is, as yet, no data to measure progress as civil works are ongoing. The works tenders launched will benefit 254,569 people (below the target of 500,000).

CPF Objectives	Indicators	Status of Indicators	Comments
	Indicator 8: Number of people benefitting from improved basic rural infrastructure and services (of which % women) <i>Baseline (2015): 0</i> <i>Target (2020): 100,000</i>	Not on track	The number of beneficiaries that benefited from improved infrastructure under the 2 nd Natural Resource Management project is 15,150. Additional beneficiaries will be supported under the Local and Urban Governance PforR but numbers are not yet available
	Indicator 9: People benefitting from improved transport infrastructure to urban centers (of which 50% were female). <i>Baseline (2015): 0</i> <i>Target (2020): 339,112</i>	Inadequate data	The baseline is not adequate and the target in the CFP Indicator does not match the PAD target of 373,500.
	Indicator 10: Number of traffic-related fatalities per hundred million vehicle-km travelled (vkt) on roads improved by CPF interventions. <i>Baseline (2015): 5.3</i> <i>Target (2020): 3.7</i>	On track	The measurement will take place at the end of the project when the refurbished roads will be operational. The expectation is that the result will be achieved, given the results obtained on other sectors.
Progress Indicators			
	Number of pilot PPP contracts for rural potable water and irrigation awarded. <i>Baseline (2015): 0</i> <i>Target (2020): 5</i>	Not yet started	Not currently supported under the program
	Level of W&S sector cost recovery. <i>Baseline (2014): 75%</i> <i>Target (2020): 100% (O&M).</i>	Not on track	The PPP operation to support the sanitation utility was delayed until 2019
	User satisfied (percent) with water and sanitation services. <i>Baseline (2016): 80</i> <i>Target (2020): 85</i>	Not yet started	To be measured under the Utilities PforR and PPP Sanitation support project that will become effective in 2019
	Number of governorates with improved institutional performance. <i>Baseline (2014): 0</i> <i>Target (2020): 24</i>	On track	This indicator is being tracked under the Urban and Local Governance Project and is on track to be achieved and consolidated

CPF Objectives	Indicators	Status of Indicators	Comments
	Share of land area under soil and water conservation management (percent). <i>Baseline (2014): 0</i> <i>Target (2020): 7.7</i>	No progress yet	Late start of the Integrated Landscape Management project that will be supporting these results means that limited progress has been made to date
Objective 2.2. Enhanced Economic Opportunities in Lagging Regions	Indicator 11: Reduction in travel time on the roads improved by CPF interventions (weighted average by km of roads). <i>Baseline (2015): 0%</i> <i>Target (2020): 26.1%</i>	On track	The reduction in travel time has not been computed as works are still ongoing, but as works are on schedule results are expected to be achieved.
	Indicator 12: Number of municipalities with enhanced institutional performance (as measured by annual performance assessments). <i>Baseline (2015): 0</i> <i>Target (2020): 119 (45%)</i>	On track	The pilot project has been conducted. 57 LGs (23% of the 264 in the project) have met the performance assessment threshold in 2016.
	Progress Indicators		
	Number of paid work days under CPF supported programs. <i>Baseline (2014): 490,000</i> <i>Target (2020): 1,500,000</i>	On track	As of June 2016 – 913,670 and as of March 2017 – 978,604 paid work days were financed. The paid work days are an important temporary measure to address the lack of access to employment among vulnerable groups in the population, but this effort will need to be replaced by the creation of more permanent job opportunities
	Farmers reached by CPF supported programs (IFC investments) <i>Baseline (2014): 4,780</i> <i>Target (2018): 12,200</i>	On track	As of 2016, 6413 paid work days were financed, 2017 numbers are not yet available
Number of regions with approved multi-sectoral Regional Development Plans. <i>Baseline (2015): 0</i> <i>Target (2020): 4</i>	No progress yet	The late start of the Integrated Landscape Management project that will be supporting these results means that limited progress has been made to date	
Pillar III. Promoting Increased Social Inclusion			
Objective 3.1. Promoted	Indicator 13: Strengthened Public Sector Accountability measured by the increase	On track	As of September 2016, a total of 2740 requests were received of which 2606

CPF Objectives	Indicators	Status of Indicators	Comments
Participation, Transparency, and Accountability	in the government responses to citizens' requests for information under the new access to information policy. <i>Baseline (2014): 523 responses out of 544 requests.</i> <i>Target (2020): 1980 responses out of 2000 requests.</i>		received a response. The Government has not yet provided the data for 2017.
	Indicator 14: Increase citizens access to and use of the fiscal information through the open budget platform Mizaniatouna. <i>Baseline (2015): Launch</i> <i>Target (2018): Number of Consultations: 5000</i>	On track	So far, the number of consultations (sessions) is of 10,054 and the number of users is 4,769 with an average of approximately two sessions per user.
	Progress Indicators Adoption of a government policy on public consultation <i>Baseline (2015): No</i> <i>Target (2017): Yes</i> Information on public finances is published on the Ministry of Finance website. <i>Baseline (2013): Draft Budget and budget execution reports not published regularly; public expenditure data not available online.</i> <i>Target (2016): Draft budget and budget execution reports published regularly; public expenditure data available online.</i>	On track	The draft decree has been published for consultation on the Government's Legislation Website. However, while several consultations with the civil society have taken place, the decree is yet to be adopted.
Objective 3.2. Increased opportunities for young men and women.	Indicator 15: Students in Tertiary Education who completed employability-oriented activities. <i>Baseline (2015): 0</i> <i>Target (2020): 10,000</i>	Not on track.	Significant delays in the implementation of the Tertiary Education for Employment project means that no progress has been made so far

CPF Objectives	Indicators	Status of Indicators	Comments
	Progress Indicators		
	National Youth Forum/Council IS Operational. <i>Baseline (2015): No Target (2016): In place.</i>	On track.	The Tunisia Youth Platform was created in 2016 by a consortium of 13 NGOs.
	Number of certificate for students in courses focusing on transferrable skills. <i>Baseline (2015): 0 Target (2019): 17,000</i>	Not on track	Significant delays in the implementation of the Tertiary Education for Employment project means that no progress has been made so far
Objective 3.3. Increased Efficiency of Social Safety Nets	Indicator 16: Creation of a social registry on “Needy Families and Vulnerable Households” based on an updated socio-economic information. <i>Baseline (2015): No Target (2020): Yes</i>	On track, with delay	The Ministry of Social Affairs launched field activities in April 2017 to update the registry. So far: <ul style="list-style-type: none"> 1. The number of households who are updated with complete information in the new Management Information System (MIS) 50,000 2. Number of households in the new MIS (intermediate indicator of the SP Project).
	Indicator 17: Unique Social Identifier system established. <i>Baseline (2015): No Target (2020): Yes</i>	On track, with delay	While the principle of establishing the USI is agreed, the start of implementation remains pending

Annex 4: Priority Action Plan to Improve Portfolio Implementation

1. **Context.** Following the various portfolio reviews carried out jointly with the GoT, three major themes -project preparation; project implementation; and project monitoring, audit, and evaluation - have been identified, for which different solutions were proposed. To ensure the implementation of these solutions, a Priority Action Plan has been prepared.
2. **Priority Action Plan.** The priority actions identified in Table 4.1 complement the various actions included in the diagnostic reports produced as part of the portfolio reviews. The Plan will be updated and completed as new priorities are identified and already agreed upon.
3. **Framework for monitoring the implementation of the Priority Action Plan.** The joint monitoring committee, currently being operationalized for Tunisia, will be the monitoring body for the implementation of the Priority Action Plan. It is envisaged that regular meetings of this committee will be organized for this purpose. The minutes of these meetings will be sent to the World Bank's Operations team and the counterpart ministries.
4. **Status of implementation of the Priority Action Plan.** Most of the actions are being implemented, but the following actions require particular attention:
 - (a) The signing of the order for the establishment of the joint monitoring committee for the implementation of projects and the operationalization of a systematic monitoring system.
 - (b) The designation of the members of the Project Management Units by Objective (PMUOs) of projects in advanced preparation phase by ministerial decree. A solution for the future would be for the ministry that submits a project request to the MDCI, to release budget lines to cover the operating costs of the future Project Management Unit (PMU) at the preparation stage.
 - (c) The issuance of a circular clarifying the controls of the members of the tender commissions and the financial controller to accelerate the implementation of the projects while ensuring an adequate control risks.
 - (d) The revision of Decree No. 96 1236 of July 1996 establishing the PMUOs to ensure an adequate career path of the staff and financial incentives.²⁸
 - (e) The formalization, by a ministerial note, of the authorization of the anticipated launching of certain calls for proposals and the generalization of the use of Tunisia E-Procurement System (TUNEPS).

²⁸ One solution would be to specify in this decree for: (a) making available staff to the PMUO while keeping the functional positions (which will keep the benefits of the original post), (b) the introduction of a capped incentive and performance bonus based on the volume of financing of the project, and (c) the possibility of concluding service contracts in case of recourse to specific expertise.

Table 4.1. Priority Action Plan

Themes	Identified Problems/Issues	Agreed Action	Status as of April 30, 2018
Project preparation	<ul style="list-style-type: none"> • Inadequately prepared projects/project teams not set up on time • Inadequate design for smooth implementation 	<p>Ensure the official formalization of the PMUs including key persons (procurement and financial management, monitoring and evaluation)</p> <p>Transmit the preparation filter and the Procedures Manual to project managers for new projects in preparation</p>	<p>A note on the problem of modifying the decree relating to the PMUOs has been sent by the Bank (?) to the Head of Government.</p> <p>The preparation filter and the Procedures Manual were shared with the project managers of projects in preparation.</p>
	Procurement anticipation	<ul style="list-style-type: none"> • Finalize the discussion initiated with HAICOP on the option to use anticipated procurement • Meet the bodies of controls (public expenditure controllers, state inspectors, and the superior procurement commission) 	The process has been triggered, but it has yet to be formalized by a ministerial note to authorize the early launching of calls for proposals, to speed up the implementation of projects, with an understanding that any contract will be signed only after project effectiveness, except early acquisition cases.
Projects launch	Absence of communication on the project	Systematically organize project launch workshops	This action should be continued for projects under preparation, including Foundations for Learning Project
Projects implementation	Absence of a systematic mechanism for monitoring projects	Establishment of a joint project implementation and monitoring committee that should meet regularly and pay particular attention to problem projects with a view to cleaning up the portfolio	The signing of the draft decree on the establishment of a joint committee for monitoring project implementation is pending.
		Use the tools developed during the deep-dive (project fiche, disbursements schedule, and AWPB)	The tools developed during the deep-dive (project fiche, projected disbursement schedule, and AWPB) are already used and are updated every six months.
	The need of PMUs' capacity building	Strengthen the management capacity of the PMUs through training and fiduciary clinics	The entity in charge of the training could be the ENA and the discussions should continue to finalize the training program.
	Unrealistic or late finalized disbursement forecasts	Finalize, submit, and compile disbursement forecasts based on PTAB and in line with PP	This activity has been completed.
		Set up a training program with an institution specialized in the topics to be finalized	The signing of the draft order to create a program of training of trainers is pending.
	Recruit a consultant to do a thorough review on the implementation of World Bank operations in Tunisia	This action has not been undertaken.	

Themes	Identified Problems/Issues	Agreed Action	Status as of April 30, 2018
	Duplication of inefficient controls	Conduct a study on the average time put by the control bodies before the signing of a contract on the basis of a sample of project transactions	A draft note, including the option of issuing a circular, has been sent by the Bank (?) to the Head of Government. This action needs to be constantly monitored.
	Nonoperationalization of TUNEPS	Ensure inclusion in PADs (PPSD) of projects in preparation the use of TUNEPS	This action needs to be constantly monitored.
	Absence of global management tools for the implementation of projects	Include in the next workshops a mobilization of the donors and the actors on the use of the application INJAZ	This action needs to be constantly monitored.
Monitoring, audit, and evaluation	Insufficient diligence on problem projects	Institutionalize by a regulatory act (order, decision) the joint portfolio monitoring committee that will be in charge of monitoring the preparation and implementation of projects	Ongoing
		Organize the next portfolio review	The February 2018 portfolio review was completed.
	Insufficient analysis of project impacts	Organize a workshop on the impacts of projects	The workshop remains to be scheduled.

Note: HAICOP = High Authority for Public Procurement; ILMP = Integrated Landscape Management Project; AWPB = Annual Work Plan and Budget; PTAB = Plan de Travail Annuel Budgétisé; PP = Procurement Plan; PAD = Project Appraisal Document; PPSD = Project Procurement Strategy for Development; ENA = Ecole Nationale d'Administration (National School of Public Administration).

**Annex 5: Active IBRD Portfolio
(as of April 30, 2018)**

Lending Instrument	Project ID	Project Name	Date, Board Approval*	Revised Closing	Project Age in Years	Last DO	Last IP	Net Committed Amount	Total Disbursed	Undisbursed Balance	Total Undisbursed Beginning FY	% Disbursed
IPF	P132381	TN-Third Export Development Project	06/16/2014	12/31/2020	3.6	MU	MU	50.00	12.66	34.47	37.09	25.3
	P064836	TN-Urban Water Supply	11/17/2005	06/30/2018	12.5	MS	MS	52.71	46.12	8.49	22.64	87.5
	P117082	TN-Northern Tunis Wastewater	06/17/2010	12/31/2019	7.9	MS	MS	57.40	33.28	24.12	36.81	58.0
	P151059	TN-Tertiary Education for Employability	02/25/2016	12/31/2021	2.2	MS	MS	70.00	4.45	65.45	65.47	6.4
	P151030	Integrated Landscapes Management Project	03/15/2017	03/29/2024	1.2	S	S	100.00	5.78	94.92	100.42	5.8
	P158138	Youth Economic Inclusion Project	09/11/2017	01/31/2024	0.7	S	S	60.00	0.00	60.00	0.00	0.0
	P146502	TN-Road Transport Corridors	07/14/2015	12/31/2020	2.8	S	S	200.00	66.64	135.43	164.09	33.3
	P124341	TN-MSME Financing Facility	07/14/2011	01/31/2018	6.8	MS	MS	149.76	121.71	6.16	22.50	81.3
Total	8						739.87	290.62	429.04	449.04	37.2	
PforR	P130637	TN-Urban Dev. and Local Governance	07/24/2014	12/31/2019	3.8	S	MS	300.00	155.97	109.70	158.89	51.1
Total	1						300.00	155.97	109.70	158.89		
DPF	P158111	TN Business Environment & Entrepreneurship	06/13/2017	12/31/2018	0.9			500.00	537.36	0.00	536.03	0.0
Total	1						500.00	537.36	0.00	536.03	0.0	
GEF	P120561	Tunisia: Ecotourism and B. Conservation	01/22/2013	07/31/2018	5.3	MS	S	4.27	3.24	1.03	1.95	71.6
	P132157	TN-DELP Oases Ecosystems and Livelihoods	06/11/2014	11/30/2019	3.9	S	HS	5.76	4.31	1.45	2.18	71.3

Lending Instrument	Project ID	Project Name	Date, Board Approval*	Revised Closing	Project Age in Years	Last DO	Last IP	Net Committed Amount	Total Disbursed	Undisbursed Balance	Total Undisbursed Beginning FY	% Disbursed
Transition Fund	P144674	DTF: TN Social Protection Reforms Support	10/23/2013	05/31/2019	4.5	MS	MS	4.70	2.63	2.07	2.70	55.9
Total	3							14.73	10.18	4.55	6.83	
Grand Total	13	IBRD and Trust Funds						1557.60	994.13	543.29	1150.79	

Annex 6: IFC Active Portfolio and Advisory (as of end April 2018)

Table 6.1. IFC Committed and Outstanding Portfolio

Commitment Fiscal Year	Institution Name	Sector	Total Commitment	Total Outstanding
2008	Altermed Tunisia	Collective investment vehicles	3	3
2011	Amen Sante	Health	5	5
2017	BTK	Finance and insurance	30	30
2015–2016	CHO	Agribusiness	26	16
2007–2012	ENDA TAMWEEL SA	Microfinance	5	5
2015–2012	Maghreb PEF III	Collective investment vehicles	21	19
2013	One Tech	Manufacturing	4	4
2009–2008	TAV Tunisie	Infrastructure	204	204
2015	TAV Tunisie - EQ	Infrastructure	0	0
2009	Topic SA	Oil, gas, and mining	0	0
1998	Tuninvest Intl	Collective investment vehicles	0	0
			297	285

Table 6.2. IFC Advisory Portfolio

Project Name	Project ID	Product Business Area	Estimated Start Date	Estimated End Date	IFC Approval Date	Estimated Total Budget (US\$)
CFE	601338	Financial Institutions Group	8/1/2016	12/31/2018	8/15/2016	780,000
ENDA MIS	601699	Financial Institutions Group	7/1/2016	6/30/2018	6/13/2016	150,000
Amen Bank IRM	601717	Financial Institutions Group	7/11/2016	6/30/2017	7/10/2016	100,000
One Tech Business Edge	600508	Cross-Industry Advisory Services		7/19/2017	8/18/2014	35,385
Fast E4E	592887	Sustainable Business Advisory		6/30/2015	12/14/2012	656,000
Tunisia E4E ICT	599434	Sustainable Business Advisory		12/31/2015	6/27/2013	849,123
Tunisia Investment Climate Reform	591087	Investment Climate		6/30/2015	6/18/2012	2,355,862
Amen Bank Risk Management Advisory	596627	Access to Finance		12/31/2013	6/1/2012	440,000
Total						5,366,370

**Annex 7: MIGA Active Portfolio
(as of April 30, 2018)**

Project ID	Effective Date	Expiry Date	Project Name	FY	Business Sector	Risk Covers	Gross Exposure (US\$, millions)
10180			Passenger-Car Ferry TANIT	2012	Transportation		80.4

Annex 8: Analytical and Advisory Services and Trust Funds

Table 8.1. Advisory Services and Analytics Delivered FY16–17

Fiscal Year Delivered	Task ID	Task Name	Product Line
2016	P143726	TN: Graduate entrepreneurship support	IE
	P146815	TN- Poverty assessment	EW
	P147672	Tunisia #A033 Restructuring Motor Third Party Liability Insurance	TA
	P148033	TN - DIS implementation	
	P152506	Institutional Strengthening for Transport Sector Sustainability	
	P152757	Support to Rades port efficiency and governance improvement	
	P152974	TN Health TA	EW
	P154062	AML CFT assessment Tunisia	
	P157883	ECD Strategy Development	TA
2017	P145957	TN Sector Competitiveness Diagnostic and PPD	IE
	P152615	DIME_Jobs_Tunisia Community Works	TA
	P152745	Structuring Advice for the Tunisia - Italy Transmission Corridor	EW
	P153680	Tunisia WASH and Poverty Diagnostic	
	P157319	Tunisia Agriculture Sector Dialog	
	P158090	Impact of Libya Crisis on Tunisia	TA
	P158129	SPL System & Socioeconomic Inclusion	
	P159182	Tunisia Fragility Risk Analysis	
	P159777	Strengthening Accountability and Oversight Institutions in Tunisia	
P164320	Tunisia Open Budget Portal		

Note: TA = Technical Assistance; EW = Economic and Sector Work; IE = Independent Evaluation.

Table 8.2. Ongoing Advisory Services and Analytics

Expected Delivery Fiscal Year	Task ID	Task Name	Product Line
2018	P145960	TN: MSME TA	TA
2018	P151139	Tunisia - Financial Sector Modernization TA	
2020	P151301	Tunisia Public Financial Management and Governance Technical Assistance Program	
2018	P157321	Value Chain Development for Jobs in Lagging Regions - Let's Work Program in Tunisia	
2018	P158121	Tunisia Delivery Unit	
2018	P158437	Maghreb Youth Employment Taskforce	
2018	P155271	Support for Public Private Partnerships (PPPs) in Rural Water Supply and Irrigation in Tunisia	
2018	P159072	Tunisia Lagging Areas Technical Assistance	
2019	P159568	STEG Operational Diagnosis & Upgrade	
2018	P162728	Secured Transactions in Tunisia	
2019	P162730	Credit Information Sharing System	
2019	P162731	Promoting Mobile Money	
2019	P158114	Tunisia Broadband Internet and ICT for Education Acceleration Technical Assistance	
2019	P156301	Financial Sector Modernization Program - Technical Assistance	EW
2018	P158118	Tunisia Public Expenditure Review	
2019	P158446	Tunisia Matching Grant Impact Evaluation	

Expected Delivery Fiscal Year	Task ID	Task Name	Product Line
2020	P161903	Maghreb Governance and Political Economy Facility and Dialogue	ASA
2018	P162936	TUNISIA: Analytical Work on SOEs in Tunisia	
2021	P150062	Tunisia Government Debt and Risk Management	
2018	P165840	Tunisia Value Chain Development Platform	
2018	P165866	Tunisia Competition Assessment: case study	TA
2018	P161267	Tunisia Energy Sector Development Dialogue	ASA
2018	P162184	TN: Broadband Internet & ICT Support	
2018	P162542	Tunisia-Italy Electricity Undersea Interconnection	
2018	P164245	Tunisia - Urban Transport Technical Assistance	
2018	P166339	Support the Nationally Determined Contribution (NDC) Implementation	
2018	P166418	Impact of highway upgrading on national integration and local economic development in Tunisia	
2018	P162096	ECD Strategy Development - Phase 2	
2018	P162398	Maghreb Infrastructure Diagnostic	EW
2018	P599434	E4E ICT Tunisia Project	TA
2019	P144674	Social Protection Reforms Support (MNA Transition Fund)	TA
2019	P164062	Investigating Gender Discrimination on the Labor Market through a Field Experiment in Tunisia	IE
2019	P164865	Socioemotional and Cognitive Skills Gaps among Young Children and Adolescents in TN	TA
2019	P166264	Tunisia Health Policy Dialogue	TA

Note: TA = Technical Assistance; EW = Economic and Sector Work; IE = Independent Evaluation; ASA = Advisory Services and Analytics.

Table 8.3. Summary of Trust Funds (as of May 15, 2018)

Project ID	Trust Fund	Grant Closing	Amount (US\$, thousands)
P163810	TF0A5577-Tunisia Enhancing Gas Governance	5/31/2020	3,461,500
P158121	TF0A2179-Tunisia Delivery Unit	4/30/2018	138,122
P158121	TF0A2626-Tunisia Delivery Unit	11/30/2018	1,730,000
P144674	TF014278-Tunisia Social Protection Reforms Support Project	5/31/2019	299,395
P144674	TF015956-Social Protection Reforms Support	5/31/2019	4,700,000
P148638	TF014131-Tunis - VMP for MENA SME Export Development	5/31/2019	40,956
P158114	TF0A2002-Broadband and ICT for Education – Preparation	12/31/2018	24,607
P158114	TF0A2605-Broadband Internet and ICT for Education Acceleration Techni	12/31/2018	3,225,000
P146502	TF071840-Tranforming the road sector in Tunisia	02/28/2018	909,000
P130637	TF0A6157-Tunisia: Support to Deepening Decentralization and Improving Inclusion Project	06/30/2018	300,000
P164865	TF0A5615-Tunisia Children Skills Assessment	02/28/2018	250,000
P159777	TF0A2814-Strengthening Accountability and Oversight Institutions in Tunisia	06/30/2017	199,426

Project ID	Trust Fund	Grant Closing	Amount (US\$, thousands)
P144917	TF015423-Communication for Policy Reforms in Tunisia (SPN)	08/31/2015	123,266
P130637	TF018635-Tunisia PforR Service Delivery Support	12/31/2016	489,911
	TF0A6577-Tunisia MAPS		15,892,132
	TF0A3138-Tunisia MRP Preparation	12/31/2017	428,000
	TF0A1931-Tunisia-FIP PPG Investment Plan	12/31/2017	250,000
	TF097703-Second Natural Resources Management	12/26/2017	9,730,000
	TF018515-DIME_Jobs_Tunisia Community Works IE	12/5/2017	245,000
	TF0A1540-Tunisia – FIP BETF Investment Plan	12/31/2017	325,000
	TF0A0596-Feasibility and Sustainability of a Public-Private Partnership	12/31/2017	350,000
P151301	TF0A5300-Moussanada-Governance pillar	06/30/2020	1,656,920
P151301	TF018947-TN Public Financial Management TA Program	12/31/2020	1,546,293.19

Annex 9: Selected Macroeconomic Indicators

	2015	2016	2017	2018	2019	2020	2021
			(Pre-liminary)	(Projected)			
Real Sector							
Real GDP growth (% change)	1.1	1.0	2.0	2.4	2.9	3.4	3.6
GDP Deflator	3.6	5.7	5.7	6.1	5.2	4.3	3.9
Gross national savings (% of GDP)	12.5	13.4	12.4	14.0	15.7	16.6	18.0
Inflation (CPI, average)	4.9	3.7	5.3	7.0	6.1	5.2	4.3
Government Finance (% of GDP)							
Total revenues (including grants)	23.6	22.8	24.2	24.9	25.9	26.2	26.1
Total expenditure and net lending	28.8	28.7	30.2	30.1	29.3	28.7	28.3
Overall balance (excluding grants)	-5.6	-6.0	-6.1	-5.6	-3.6	-2.7	-2.4
Overall balance (including grants)	-5.3	-5.9	-6.0	-5.2	-3.4	-2.5	-2.2
Gross public debt ratio (% of GDP)	54.8	61.2	71.3	73.1	73.3	72.9	71.4
Selected Monetary Accounts							
Money and quasi-money (M2)	5.2	8.2	10.2	7.2	—	—	—
Credit to the economy	6.2	9.7	13.2	9.0	8.7	8.1	8.1
Broad money (M3 of the financial system)	5.3	8.1	8.3	9.0	9.1	8.3	8.4
Policy interest rate (% eop)	4.25	4.25	5.0	—	—	—	—
Balance of Payments (Percent of GDP, unless otherwise indicated)							
Current account balance	-8.9	-8.8	-10.1	-9.2	-7.8	-7.2	-6.4
Trade Balance	-11.7	-11.4	-13.3	-13.0	-12.2	-11.6	-11.1
Exports of goods	-2.8	0.2	4.1	8.9	4.6	3.5	4.3
Imports of goods	-2.5	2.0	2.2	-1.1	1.6	2.3	3.3
FDI, net	2.2	1.7	1.8	2.0	2.5	2.7	2.9
Gross reserves (US\$, billions, eop)	7.4	5.9	5.7	6.3	7.0	7.1	7.4
in months of next year's goods and non-factor services imports ^b	4.1	3.2	3.1	3.4	3.7	3.7	3.7
External debt (% of GDP)	64.9	72.2	80.1	83.7	85.5	84.5	83.5
Exchange rate, average (TND/US\$)	1.96	2.15	2.4	—	—	—	—
Memo Items							
Nominal GDP (TND, millions)	84,656	90,376	97,435	106,179	115,386	124,678	134,721
Nominal GDP (US\$, billions)	43.2	42.1	40.3	40	42	44	47
GDP per capita (current US\$)	3,884	3,690	3,496	3,463	3,569	3,791	3,855
Unemployment rate (% of active population) ^b	15.4	15.5	15.3	15.0	14.8	14.6	14.2

Source: IMF, Tunisian authorities, and World Bank staff estimates.

Note: CPI = Consumer Price Index.

a. 2017 figure is for Q3. b. End-of-year reserves over next year's imports.