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Independent Evaluation Group

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Tunisia Country Program Evaluation FY2005–13

EVALUATION OF THE WORLD BANK GROUP PROGRAM

VOLUME 2 | APPENDIXES

Tunisia Country Program Evaluation, FY05-13

Volume II: Appendixes

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APPENDIXES

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Abbreviations

AAA	Analytical and Advisory Activities
AFD	Agence Française de Développement
AfDB	African Development Bank
ALMP	Active Labor Market Program
ANETI	Agence Nationale pour l'Emploi et le Travail Indépendant
APL	Adaptable Program Loan
ASSP	Agriculture Support Services Project
BIAT	Banque Internationale Arabe de Tunisie
BOT	Build-Operate-Transfer
CAS	Country Assistance Strategy
CASPR	Country Assistance Strategy Progress Report
CASCR	Country Assistance Strategy Completion Report
CDD	Community Driven Development
CFAA	Country Financial Accountability Assessment
CFNCE	Chambre Nationale Des Femmes Chefs D' Entreprises
CPAR	Country Procurement Assessment Report
CPE	Country Program Evaluation
CPR	Congress for the Republic
CPS	Country Program Strategy
CSO	Civil Society Organization
DP	Development Partner
DPL	Development Policy Lending
DPR	Detailed Project Report
EBRD	European Bank for Reconstruction and Development
FSAP	Financial Sector Assessment Program
GDP	Gross Domestic Product
GEF	Global environment Facility
GTZ	German Organization for Technical Cooperation
ECAL IV	Fourth Economic Competitiveness Development Policy Loan
ESW	Economic Sector work
EU	European Union
FDI	Foreign Direct Investment
GBO	Grassroots Business Organization
GDP	Gross Domestic Product
GO DPL	Governance and Opportunity Development Policy Loan
GOJ DPL	Governance Opportunity and Jobs Development Policy Loan
GTZ	Deutsche Gesellschaft fur Internationale Zusammenarbeit
HIPC	Higher Procurement Commission
IBRD	International Bank of Reconstruction and Development
ICL	Integration and Competitiveness Development Policy Loan
ICR	Implementation Completion Report
ICRR	Implementation Completion Report Review
ICT	Information and Communications Technology
IDF	Institutional Development Fund
IDB	Islamic Development Bank
IEG	Independent Evaluation Group
IFC	International Finance Cooperation
IFI	International Financial Institution

ABBREVIATIONS

IMF	International Monetary Fund
INS	National Institute for Statistics
ISN	Interim Strategy Notes
ISR	Implementation Status Report
JSDF	Japan Social Development Fund
LMD	License (often called Bachelor) Master Doctorate
M&E	Monitoring and Evaluation
MDG	Millennium Development Goals
MENA	Middle East and North Africa
MIGA	Multilateral Investment Guaranty Agency
MOF	Ministry of Finance
MTEF	Medium Term Expenditure Framework
MVTE	Ministry of Vocational Training and Employment
NGO	Non-governmental organization
NPL	non-performing loans
NRM	Natural Resource Management Project
ODA	Official Development Assistance
OECD/DAC	Organization for Economic Cooperation and Development/Development Assistance Committee
OED	Operations Evaluation Department
ONAS	Office National de l'Assainissement
PHRD	Japanese Policy and Human Resources Development Fund
PBB	Performance-based Budgeting
PEFA	Public Expenditure and Financial Accountability
PFM	Public Finance Management
PPP	Public Private Partnership
PSD	Public Sector Development
QAG	Quality Assurance Group
RCD	Constitutional Democratic Assembly
SME	Small and Medium-sized Enterprise
SONEDE	Société Nationale d'Exploitation et de Distribution des Eaux
TA	Technical Assistance
TT	Tunisie Télécom
UNICEF	United Nations Children's Fund
VAT	Value Added Tax
WHO	World Health Organization

Appendix A. Summary of World Bank Group Program Outcome Ratings

1. The evaluation criteria for Tunisia are the same as for other Country Program Evaluations (CPEs) conducted by the Independent Evaluation Group (IEG). CPEs assess and rate the outcomes of World Bank Group country programs relative to their objectives. This differs from rating the country outcomes achieved as part of the relevant government's planning process, and also differs from rating the actual performance of the government or the World Bank Group itself. The central question underlying the table that follows is: to what extent did the World Bank Group program achieve the outcomes that it set out to achieve?

2. Distinct ratings and sub-ratings are typically assigned to each "pillar" or set of strategic goals set out in relevant World Bank Group strategy documents. For Tunisia, the strategic goals are based on the Country Assistance Strategy (CAS) for FY05-08, the Country Program Strategy (CPS) for FY10-13 (which was cancelled after the revolution), and the Interim Strategy Note (ISN) for FY13-14, which is ongoing. As the CPS is in train, it is not possible to assess outcomes over that period; instead, the rating for the achievement of outcomes is limited to an assessment of strategy FY05-10. Appendix B elaborates on IEG's rating methodology.

ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)	WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)	WORLD BANK GROUP RATING (2005-2010)
PILLAR 1: STRENGTHENING THE BUSINESS ENVIRONMENT, IMPROVING THE COMPETITIVENESS, AND DEEPENING INTEGRATION OF THE TUNISIAN ECONOMY		
World Bank Group objective: Maintaining macro-economic stability		
Macro-economic performance was satisfactory. Despite adverse external shocks, there was moderate economic growth and macro stability was preserved: ▪ Inflation was moderate. ▪ Despite the strains in recent years, the budget and current account deficits remain within manageable limits. ▪ Public debt and external debt, though high by international standards, were within acceptable bounds.	The Bank's analytical work, especially the development policy reviews (DPRs), was a useful input into the government's development planning. The Bank made several policy-based loans (ECAL4, ICL, GO DPL, GOJ DPL) that were premised on a mutually agreed upon macro framework. Fiscal consolidation, development of a medium term fiscal framework, and improved debt management were specific areas of focus in which some progress was made. The Bank's direct financial contribution to the financing of the budget and the co-financing it attracted helped maintain macro-stability in times of financial crisis.	**Satisfactory**
World Bank Group Objective: Deepening integration into the world economy		
Satisfactory progress was made in dismantling tariff and non-tariff barriers	The Bank provided support to deepening global integration. Policy interventions supported by the Bank focused on	**Moderately**

ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)	WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)	WORLD BANK GROUP RATING (2005-2010)
especially with the European Union (EU). ▪ Tariffs on industrial imports from the EU dropped from about 100 percent in the 1990s to zero by 2008. ▪ The simple average of most favored nations (MFN) tariffs was also reduced over the years, though they still remain high. In contrast, the agriculture sector remained largely protected by high tariffs and other restrictions on trade. Global integration was strengthened by reducing transaction costs through improving basic trade facilitation (by reducing inefficiencies in port logistics, customs clearances and quality and safety controls). There was also robust growth in foreign direct investment (FDI) during 2005-10, which fell thereafter due to the global financial crisis and internal political confusion. Export performance was mixed. ▪ Growth was slower than in the previous 10-year period. ▪ There was some diversification in products and markets, but Tunisian exports lost market share in the EU. Exports to the U.S. and fast-growing economies in Asia remain a small fraction of total exports.	reducing tariffs; promoting convergence to EU product and quality standards; and reducing time and cost to international trade (ICL). The Bank supported reforms to open up the telecom sector to foreign and domestic investors through the GO DPL. The Bank contributed to improvements in trade logistics and export promotion through two export promotion projects. The Bank also produced several high quality analytical studies (including the DPRs of 2008, 2010, and 2013) that highlighted global integration issues and were useful inputs to the reform agenda.	**Satisfactory**
World Bank Group Objective: Improving the business climate in terms of an improved incentives system, increased transparency and predictability of the regulatory framework, and lower transaction costs		
▪ The investment climate for off-shore activities was favorable, with generous tax incentives and a liberal regulatory regime, but : ▪ Very little progress was made in improving the business climate in the on-shore sector, which continued to suffer from a relatively high tax burden (compared to the off-shore sector) and an unfriendly regulatory environment. Private firms in the on-shore sector remained subject to ad-hoc, arbitrary interventions by the state. Overall, domestic private investment stagnated over the period and remained	The Bank approved a series of DPLs to improve competitiveness and address the constraints to public sector development (PSD) (ECAL4, ICL, GO DPL, GOJ DPL). ▪ **In the pre-revolution period**, the focus of these efforts was to expand the scope of private sector activity (e.g. by restricting the scope of prior authorizations), ease conditions for registration of new businesses, increase value-added tax (VAT) reimbursements, and strengthen the law and institutions mandated to prevent anti-competitive practices. While some progress was made, nothing changed on the ground because the most binding constraints relating to the government's arbitrary interventions in	**Unsatisfactory**

<table>
<tr><th>ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)</th><th>WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)</th><th>WORLD BANK GROUP RATING (2005-2010)</th></tr>
<tr><td>around a low 14 percent of GDP.</td><td>the on-shore sector were not addressed.
▪ After the revolution, governance issues were supported through DPLs notably to reduce the regulatory burden and revise the investment code, competition law, and bankruptcy framework to improve the overall business environment. But no progress has been made so far.
The International Finance Corporation (IFC) complemented these loans by specific investments in support of the private sector in infrastructure, oil, and gas exploration; electrical engineering; and the health sector. While it is still too early to assess their results, some of these investments are adversely affected by the European recession and the continuing uncertainty and policy paralysis.
The IFC is providing useful technical assistance in developing a new Investment code and in simplifying the regulatory regime for private investors. Results are awaited.</td><td></td></tr>
<tr><td colspan="3">World Bank Group Objective: Improving the efficiency of the financial sector.</td></tr>
<tr><td>Many of the key planned reforms to strengthen the banking system and promote the non-bank financial sector were not implemented, or only partially implemented:
▪ Despite repeated efforts to reduce the portfolio of non-performing loans (NPLs) since the late 1990s, their share of total loans outstanding declined marginally during the period (from 19 percent in 2006 to 18 percent in 2011).
▪ Provisioning targets were not met.
▪ Progress in product innovation and quality service was generally low, even if the situation varied across banks.
▪ The regulatory framework did not provide a level playing field across banks (some banks were allowed to carry out their activities without meeting risk-management standards and key regulatory requirements).
▪ Competition in banking was distorted by the heavy and discretionary involvement of the state.
The banking sector failed to meet the twin development objectives of increasing domestic savings and channeling more credit to the private sector. The role of capital markets and non-bank financial institutions in</td><td>IBRD
Together with the International Monetary Fund (IMF), two Financial Sector Assessment Programs (FSAPs) were prepared in 2006 and 2012 reviewing progress in reforms and laying out the agenda for the future. Only a small part of the recommendations of the 2006 report had been implemented.
Financial sector reforms were supported by the Bank through a series of policy-based loans (ECAL4, ICL) and after 2011 (GO DPL, GOJ DPL).
<u>Banking sector</u>
By and large these operations focused on reducing the NPLs of the banking system, improving their provisioning, strengthening banking sector regulations, enhancing the capacity of the Central Bank of Tunisia (CBT) improving corporate governance in private banks, deepening the stock market, and strengthening other non-bank financial institutions' capacity to mobilize resources.
The gains were modest. The volume of NPLs was marginally reduced; provisioning improved but well below targets; new prudential regulations were put in place but their implementation in state banks is not consistent.
It is still too early to tell what impact new directives on corporate governance will have on banks.
<u>In the insurance sector</u>, foreign investors were allowed to become majority owners and the autonomy of the insurance supervisor was strengthened.
<u>Capital market:</u> New laws were passed to strengthen the securities market and venture capital firms.</td><td>Unsatisfactory</td></tr>
</table>

APPENDIX A
SUMMARY OF WORLD BANK GROUP PROGRAM OUTCOME RATINGS

ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)	WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)	WORLD BANK GROUP RATING (2005-2010)
mobilizing resources remained limited.	**IFC** The IFC complemented these efforts by providing: ▪ Equity to selected private banks to enable them to expand their lending to the private sector. ▪ Technical assistance to the banks to improve their risk management and other business practices. ▪ Consistent financial and business advisory support to ENDA, the only private micro-finance institution in Tunisia. This support and the additional financing it catalyzed enabled ENDA to substantially increase its client base, which includes a large proportion of women and vulnerable populations.	
World Bank Group Objective: Modernize infrastructure services (information and communications technology , transport, water, and sanitation) to increase quality and efficiency.		
Information and Communications Technology (ICT) sector : Global licenses were awarded to three operators (fixed line and mobile telephony and internet). The government divested 25 percent of its shares in a state telecom company. Since 2011, enterprises with their own fiber optic installations were allowed to make these services available publicly; registering and hosting of websites was simplified; and internet access liberalized. These reforms contributed to : ▪ a boom in mobile telephony and internet services. Fixed and mobile penetration reached 118 percent in 2010, up from 32 percent in 2003, and higher than the target of 109 percent that year. ▪ Private investment rose from 35.2 percent of ICT sector investment in 2003 to 72 percent in 2010. Tariffs on international communications remain high, however, due to the high prices charged by Tunisie Telecom to access cables for international telecommunications. **In the transport sector:** Little progress was achieved **Ports:** The monopoly of longshoremen was abolished, the port landlord model was adopted at Radès port, and its container terminal was concessioned to	**ICT sector** : The Bank supported ICT sector reforms through: ▪ ICT sector project ▪ GO DPL and the GOJ DPL. The Bank's support enabled the creation of important infrastructure, and helped strengthen institutions. ▪ Creation of a national back-up center, a Computer Emergency Response Team (CERT), and two e-government portals. ▪ Provision of training to regulatory authority on topics ranging from tariff regulation to new 3G technologies and cost accounting. ▪ Assisting the Government of Tunisia in (i) granting eight licenses to three operators; (ii) Simplifying procedures for the registration and hosting of internet websites; (iii) Opening access to the landing stations of international communications cables to more operators in addition to Tunisie Telecom; (iv) Abolishing the obligation of Internet providers to route Internet Protocol (IP) traffic through ATI (the national internet agency). The last 3 measures were supported by the 2011 and 2012 DPLs. But the reform agenda is incomplete and has not yet had an impact on tariffs **In the transport sector:** The only on-going Bank transport project during the CPE period was the TSI Adaptable Program Loan (2 phases), which focused on : ▪ Phase 1: Restructuring port services, promoting private investments, and supporting new port facilities under a (BOT) scheme, giving the railways' financial autonomy, and promoting the use of lead gasoline and cleaner diesel to reduce pollution. ▪ Phase 2: Improving the sector's institutional framework and its infrastructure and financing	**Moderately Unsatisfactory**

ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)	WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)	WORLD BANK GROUP RATING (2005-2010)
the state-owned STAM company. Some competition and private sector role was introduced in stevedoring services. The introduction of online, computerized import documentation improved logistics efficiency. **Railways :** There was no progress in making railways more autonomous and there was no improvement in their productivity. **Urban transport :** There was some effort at sub-contracting of services but these are being reversed. Subsidies to urban transport companies did not decline.	investments to improve the rail carriage of phosphates, a key export. While the APL program helped upgrade the quality of transport infrastructure and services, it failed in its other objective to reduce the sector's financial burden on the state. Since the closing of its second phase in 2009, the World Bank Group has only been engaged in analytical and advisory activities (AAA).	
World Bank Group Objective: ***Improved competitiveness of agriculture through further liberalization, improved extension and research, better use of irrigation and other inputs***		
There was very little progress in the liberalization of the sector. ▪ The Cereal Office (*Office des Céréales* -OC) remains the sole importer of cereals except for barley. It controls all prices and margins from farm production to final sale. ▪ Prices of non-cereal agricultural products are subject to some kind of informal and ad-hoc controls. ▪ Strong protection of agricultural goods at the border (beef, lamb/mutton, and wheat). ▪ Domestic price controls for agricultural goods (cereals, milk, sugar beets, and tobacco). ▪ Subsidies on agricultural inputs (chemical fertilizers, pesticides, and water). Productivity of major commodities remains low and for decades there have been no significant long term upward trends in cereals yields (which fluctuate sharply depending on timely and sufficient availability of rains).	Despite the importance of the sector, the Bank did not play a major role. One project, the Agriculture Support Services Project (ASSP) (FY01) that closed in FY08 was designed solely to address agriculture sector issues. The ASSP did not do much to improve the quality of agricultural services (agricultural research, extension services, plant and seed protection and certification, and livestock and animal health) delivered by public and private institutions and producer organizations, although some positive results were achieved. ▪ Quality standards and laboratory upgrades enhanced Tunisia's capacity to meet international standards for export, control the quality of agriculture inputs, and improve animal health diagnostic capacity. But EU accreditation is not yet in place ▪ Improvements in the coverage of livestock vaccinations and the animal identification system. The project did not succeed in achieving one of its main objectives, namely developing viable organizational structures capable of representing the needs and interests of farmers. The Bank undertook four pieces of analytical and advisory work during this review period. These included the Agricultural Policy Review (2006), two updates in 2009, and an Agriculture Finance Study in 2012. These reports made the case for further liberalization of the sector and investment in research and extension, coupled with food assistance targeted to the poor and vulnerable and a food reserve. They have had no impact on policy thus far.	**Unsatisfactory**

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ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)	WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)	WORLD BANK GROUP RATING (2005-2010)
PILLAR 2 : EDUCATION		
World Bank Group objective: Improving basic and secondary education		
Improved enrollment in both basic and secondary education. Improved completion rates in primary education, but high drop-out and repetition in second cycle of basic education especially for boys remain. Completion rates in secondary education are below target and declined over the period due in part to change in baccalaureate. Efforts in promoting inclusive education (Priority school, kindergarten, integration of disabled children), but no sound M&E to assess the impact of these programs on learning outcomes. The pedagogic reform program (skill-based approach) encountered resistance from teachers and was never extended at the secondary level. The diversification of secondary-level curricula to develop more learning tracks with links to technical and vocational training in line with private sector needs had very limited applications. Lack of progress in improving school management. Reluctance of teachers and inspectors to involve communities in the design of school management plans.	The Bank provided a rich analysis, but lending placed too much emphasis on infrastructure and pedagogic reforms at the expense of policy measures to improve the overall education governance framework. The lack of progress on the institutional dimension (including incentives framework, M&E) explain in part why most other measures didn't lead to the expected outcome. Field interviews noted a number of flaws in the design of a program to promote inclusive education and the introduction of the skill-based approach (APC). The Priority school grant program was successful in involving the community in designing a school-based improvement plan, but was not sustained at project closure. Lack of national assessment prevented the Bank from measuring the impact of supported reforms and fine-tuning policy decisions.	**Moderately Unsatisfactory**
World Bank Group objective: Improving tertiary education		
Introduction of the LMD system (Bachelor-master-doctorate) in line with the Bologna Process. Efficiency improved with the introduction of the new degree structure. Introduction of professional degrees jointly developed with the private sector, but the private sector quickly encountered difficulties working with universities, which lack incentives and overall flexibility to adequately manage the joint development of curricula. Protracted delay in setting-up the evaluation agency called for by the	The Bank assisted through the second higher education reform project (2006) and good quality AAA The introduction of the LMD system was done rapidly, without providing for accompanying measures. The Bank is now providing support to groups of teachers to develop pedagogical skills in parallel with the introduction of new course and curriculae (e.g. entrepreneurship, soft skills). GOJ DPL supported the implementation of the higher education agency which should be operational in early 2014. Some progress to build capacity on performance-based budgeting in the Ministry of Higher Education in the preparation phase (not yet in budget execution). Successful introduction of a new resources transfer	**Moderately Unsatisfactory**

ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)	WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)	WORLD BANK GROUP RATING (2005-2010)
2008 law on higher education. Tunisia universities continue to lag behind in the region in terms of the autonomy, participation, and accountability of universities.	mechanism (PAC) at the university level to help improve academic quality and institutional performance. Too early to assess overall impact, but this led to various innovative proposals. Lack of progress to promote more autonomy to universities. The Bank is relaunching the dialogue based on recent regional surveys on university governance.	
PILLAR 3: PROMOTING SOCIAL AND ECONOMIC INCLUSION		
World Bank Group objective: Improving the coverage, quality, and financial sustainability of social protection and pension systems		
Poverty Significant reductions in poverty from 2000-10 (by, on average, 7.1 percent per year). Growth benefitted the poor relatively more, especially in the second half of the decade. But there were sharp regional variations, with poverty significantly higher in rural areas compared to urban areas. The poverty gap between rich and poor regions has persisted and widened for some of the poorest regions during the period. **Social Protection Program** An extensive social protection program was introduced, including untargeted subsidies, cash transfers to the poor, pensions, subsidized health care etc. But it was biased towards the rich: • Some of the fastest growing subsidies (e.g., energy) benefit mostly the rich. • Unconditional cash transfers to the poor are 0.4 percent of GDP) and not allocated in a transparent way. 42% percent of the poorest households are not getting any transfers, while some of the richest are. The pension schemes are too generous in terms of eligibility and contributions. They discourage work and are facing serious financial sustainability problems.	**Poverty** The Bank's contribution to poverty reduction was through : ▪ Support to promoting faster economic growth led by the private sector in a competitive, market-friendly environment: minor impact on business environment and no improvement in domestic investment. ▪ Rural development projects positive, but small, impact in the target area. The Bank is providing technical assistance to the National Statistical Office (INS) to improve its institutional capacity to measure and analyze trends in poverty. This contributed to revised poverty estimates and a better understanding of regional disparities and the profile of the poor as well as improved capacity of the INS. **Social Protection Program** The Bank did not play much of a role in designing or implementing the social safety net or pension systems. However, in recent months the Bank and the IMF are providing technical assistance to help design an effective cash compensation program for the poor to protect them from proposed energy price increases.	**Moderately Unsatisfactory**

Appendix A
Summary of World Bank Group Program Outcome Ratings

ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)	WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)	WORLD BANK GROUP RATING (2005-2010)
World Bank Group objective: Job creation and strengthening active labor market programs to assist the unemployed.		
Despite the high priority placed on job creation, unemployment continued to increase throughout the period. By 2011, unemployment had peaked at 19 percent, before declining to 16.7 percent in 2012. To improve the effectiveness of government programs to assist the unemployed, many ALMP programs were consolidated and re-designed. In 2011, a new program to assist the educated unemployed and unskilled unemployed was initiated (AMAL). However, implementation of ALMPs was patchy, and suffered from weaknesses in design and institutional capacity. The loose eligibility criteria, and resulting large number of program beneficiaries, turned the AMAL program de facto into an unconditional allowance program for unemployed graduates. The AMAL program for low-skilled workers was shelved because of insufficient institutional capacity in ANETI, the implementing agency. No reforms were implemented to reduce rigidities in the labor market.	Creating jobs was among the highest priority objectives of the Bank 'program, and a series of DPLs and sector and investment loans were made in support of this objective. ▪ Prior to 2010, the Bank's contribution was essentially programmatic analytical and advisory assistance (PAAA), technical assistance, and capacity building. ▪ In FY11, the Bank approved an employment DPL. ▪ Post revolution, ALM reforms were pursued through the 2011 GO and 2012 GOJ DPLs. The Bank has invested heavily through technical assistance to increase institutional capacity of the MVTE to deliver ALMP. Thus far, Bank-supported interventions have had a marginal impact on the ground, at best. The AMAL program (supported by GO DPL) was unsuccessful (see results section).The bulk of the unemployed, who are unskilled, were left out of these schemes. The pilot of the two (formerly five) new streamlined ALMPs designed to support training and first-time employment has yet to begin. Institutional capacities at all levels lagged. The Bank is supporting a regional employment program through a JSDF grant that finances labour-intensive public works for rural youth to provide income to low-skilled and long-term unemployed citizens. It is too early to assess the impact of the program, which started in late 2012. The Bank's program has not yet addressed other important issues that prevent firms from hiring, such as the rigidities in the Labor Code and the high level of taxes and contributions associated with hiring labor.	**Unsatisfactory**
World Bank Group objective: Promote reforms in the health sector to increase its coverage, improve the quality of care, and ensure financial sustainability of health care financing.		
Tunisia continued to make good progress in terms of health outcomes over 2004-10. However, there continues to be wide regional disparities in health outcomes, reflecting continuing inequities in health care facilities between rural and urban areas, and between the rich and the poor. There is no evidence that the quality of health services, especially those provided by the public sector has improved.	The World Bank Group played a very limited role. Its contribution mainly took the form of: ▪ Analytical work on health sector issues and technical assistance to strengthen institutional capacities and hospital accreditation. ▪ The Bank did not fund a project in the sector, but health sector reforms were included in the 2011 GO and 2012 GOJ DPL. ▪ IFC contributed equity to a private company for building and running high quality health clinics, including some in under-served areas.(too early to assess impact on the ground)	**Moderately Unsatisfactory**

<table>
<tr><th>ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)</th><th>WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)</th><th>WORLD BANK GROUP RATING (2005-2010)</th></tr>
<tr><td>No progress was made in improving health care financing during the period, either to make the system financially more viable or to make it more accessible. The private sector continues to shoulder a large share (45 percent in 2011) of this spending. Poorer households still spend a significantly higher proportion of their income on health care compared to wealthier households.</td><td>The Bank’s AAA was of good quality and laid out the agenda for reforms in the sector, but recommendations were largely ignored.

To improve health care quality, a decree was passed in May 2011 that created an institutional framework for empowering citizens and civil society to participate in monitoring the implementation of social programs, including health care services.

To promote the accreditation of hospitals, an auditing, evaluation, and certification system of quality in the health sector using standards set by international accreditation bodies was instituted in 2012. An autonomous national authority for managing the evaluation and accreditation of health services delivery was established but is not yet operational.

To expand free access to care in underserved governorates, a national outreach services policy was introduced in 2011 through services provided outside of traditional fixed facilities and in local community areas. Additional personnel were recruited for outreach services. However, institutional constraints and a lack in leadership have hindered the expansion of services and access to health care in underserved areas</td><td></td></tr>
<tr><td colspan="3">World Bank Group objective: Improving access to basic infrastructure services (water, sanitation, telephones, rural roads) in rural and remote parts of the country and improving quality of services as a means to reduce regional disparities in living standards.</td></tr>
<tr><td>In the water and sanitation sector :
▪ Access to safe water and sanitation services expanded for the population in rural and urban areas though sanitation services in rural areas still lag considerably behind urban areas. Tunisia is on track to meet the MDG targets for access to improved drinking water.
▪ Good progress in the treatment of waste-water. During 2005-2012, the percentage of wastewater treated in the areas served by the national utility, ONAS, was consistently above 90 percent which places Tunisia at the top of the countries in the region. The quality of treated water is also substantially better than before.
▪ A tariff freeze during the last years of the Ben Ali regime which put ONEDE and ONAS in a difficult financial situation. A tariff adjustment plan is being implemented since end 2010.
Little progress in effecting institutional</td><td>In the water and sanitation sector :
The Bank also played a leading role in articulating and supporting sectoral reform issues. Six water projects financed by the Bank were active during the review period and covered a wide range of activities (four are still underway).
▪ A significant part of the portfolio supported extending the coverage and quality of the urban water supply and sanitation.
▪ A smaller part focused on rural water and sanitation.
As a result of these projects :
▪ Water and sanitation infrastructure was usefully augmented, which helped to expand the reach of these services in rural and urban areas.
▪ Some institutional measures were also implemented to improve water management, and the capacity of state agencies was enhanced through training.
However, for most of the review period, there were sharp differences in views between the government and the Bank on reform priorities, including the role of the private sector, and the pace of tariff adjustments. These differences slowed down the implementation of water projects, diminishing the relevance of the interventions.</td><td></td></tr>
</table>

APPENDIX A
SUMMARY OF WORLD BANK GROUP PROGRAM OUTCOME RATINGS

<table>
<tr><th>ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)</th><th>WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)</th><th>WORLD BANK GROUP RATING (2005-2010)</th></tr>
<tr><td>reforms to increase private sector participation. The private sector's role is currently limited to five-year management contracts for maintenance of about 20-25 percent of ONAS' facilities

<u>Rural Roads</u>: Very little investments went into rural roads to improve connectivity of the under-served regions.

<u>ICT</u>: Significant improvement in access to telephone (mobile) and Internet in the rural areas over the last five to 10 years, but prices remain high</td><td>Regional Projects

Improving access to basic infrastructure (including roads and water) was addressed in Bank loans dedicated to improving living conditions in underserved areas: the Northwest Area Mountainous and Forestry Development projects and the Natural Resource Management projects.

Access to water and rural roads was improved under the regional projects that closed during this period. The on-going projects are still at early stages of implementation and there are no results on the ground as of 2012.

In the ICT sector, rapid growth of mobile and Internet services throughout the country, including in rural areas, but this has not led to a reduction in prices due to the high prices charge by Tunisia Telecom to access cables for international communication.</td><td></td></tr>
<tr><td colspan="3">World Bank Group objective: Improving management of scarce natural resources (water, land) to prevent over-exploitation and to ensure sustainable improvement of living standards for future generations.</td></tr>
<tr><td>There is no evidence that the process of over-exploitation of water and land resources and the attendant degradation has been reversed.

▪ About 50percent of Tunisia's arable lands are eroded, up from 47 percent in the early 2000s, and conditions in some regions are much worse.
▪ Water resources, particularly in the center and south , are at risk from salinity

No progress has been made over the last four years to raise tariffs (extremely low). Since the revolution, the situation has worsened by the current disarray of most irrigation users.

Major inefficiency in water uses by farmers.</td><td>The Bank contributed to efforts to improve the management of natural resources mainly through :

▪ Projects in the water sector
▪ CDD projects for rural development (including in remote mountainous areas) that dealt, in part, with land conservation and water management.
▪ AAA: ESW in water and agriculture to identify constraints and policy priorities and technical assistance to build institutional capacity for managing scarce resources, and addressing environmental factors such as climate change.

These interventions had a positive impact locally:

▪ Forest and vegetation cover was increased.
▪ Soil and water conservation works were implemented to reduce soil erosion.
▪ Strengthened local institutional capacity to undertake soil and water conservation works.

However, it is still too early to tell if these changes have actually reduced soil erosion or dam siltation or improved other ecological parameters.

Irrigation: Despite technical assistance, water tariffs remain low and infrastructure is provided free of charge to farmers. No evidence that irrigation efficiency has improved, or wasteful use of water has declined.</td><td></td></tr>
<tr><td colspan="3">PILLAR 4 : IMPROVING GOVERNANCE – PUBLIC FINANCIAL MANAGEMENT AND VOICE/TRANSPARENCY/ACCOUNTABILITY</td></tr>
<tr><td colspan="3">World Bank Group objective: Support the implementation of performance based budgeting to improve the quality of services through enhanced efficiency of public expenditures</td></tr>
<tr><td>▪ Institutional framework set-up in pilot ministries and Ministry of Finance to monitor the reform since</td><td><u>Before the revolution</u>

Extensive and high-quality technical assistance helped to:</td><td>Moderately Unsatisfactory</td></tr>
</table>

<table>
<tr><th>ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)</th><th>WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)</th><th>WORLD BANK GROUP RATING (2005-2010)</th></tr>
<tr><td>2009
▪ First four pilot ministries presented their budget with the classical and programmatic classification to Parliament in 2010 and since then have prepared annual performance project (PAP) and report (RAP). Yet, has so far remained a theoretical exercise and led to some fatigue in pilot ministries as no organizational changes were introduced to allow more flexibility in exchange for greater levels of managerial accountability.
▪ Since 2012, the Government of Tunisia took some decisions to work on exception-based changes of the legal framework and management procedures to allow for actual experimentation with PBB.
<u>Less than expected progress in</u> :
▪ New organic budget law (now prepared) but not yet adopted to allow full implementation of the PBB reform.
▪ Implementation of large-scale sensitization and training actions to middle staff beyond those concerned in pilot ministries.
▪ Adapting the existing computerized information and management system to PBB.
▪ Reforms of internal controls and audit have lagged although this is critical to increase managers' flexibility and accountability (some immediate measures are to be implemented in 2013).
▪ Deconcentration process to extend the PBB approach to semi-autonomous agencies and regional branch offices.</td><td>▪ Provide guidance to the Ministry of Finance and pilot ministries to develop a master plan for PBB reform on central and sector MTEF, program structure, performance, and management dialogue.
▪ Enhance capacity building of dedicated staff that benefited from the technical assistance (though the Government of Tunisia didn't follow-up by a substantive overall training program to foster the understanding and adhesion to the reform of a larger number of civil servants).
<u>What the Bank was unable to do prior to the revolution</u> (no specific assistance beyond PBB)
▪ Strengthen transparency and accountability of current budget procedures (both in the preparation phase and in the implementation and reporting phases).
▪ Conduct public expenditure reviews to assess the efficiency of public spending, notably in the social sectors.
<u>Since 2011</u>
The DPL helped to:
▪ Start improving budget transparency and accountability (publication of the budget prior to its submission to parliament, open budget initiative, and citizen budget, publication of the Audit Court reports, some immediate measure to simplify ex-ante controls).
▪ The Bank no longer provides technical assistance for the PBB reform – support now provided by the EU and the French Cooperation.</td><td></td></tr>
<tr><td colspan="3">World Bank Group objective: Strengthen and modernize the public procurement framework, systems, and processes to increase transparency and accountability of institutions</td></tr>
<tr><td><u>Before the revolution</u>
Procurement system remained overly bureaucratic, lengthy, and lacking</td><td>AAA (procurement review and technical assistance) undertaken in 2004 planted the seeds of the reform</td><td>Moderately</td></tr>
</table>

ACHIEVEMENT OF RESULTS ASSOCIATED WITH WORLD BANK GROUP OBJECTIVES (2005-2013)	WORLD BANK GROUP CONTRIBUTION TO RESULTS (2005-2013)	WORLD BANK GROUP RATING (2005-2010)
transparency (evidenced by the slow implementation of the stimulus package in 2009 and 2011). The system failed to prevent political interference and a high level of corruption. Since 2011 The government adopted a set of immediate, temporary measures that helped cut by half the average time needed to award a contract. Mandatory online publication has improved transparency. The government has conducted a self-assessment of its procurement system (based on OECD/DAC methodology) and adopted an action plan to reform its system over the medium term (under implementation).	undertaken after the revolution. The 2011 government DPL supported temporary emergency measures to help adopt emergency measures aimed at cutting down the time for procurement decisions and improving transparency. On-going technical assistance is now providing support to implement the action plan, in particular, to revise the procurement code (GOJ 2 prior action).	**Unsatisfactory**
World Bank Group objective: Increase voice, transparency, and accountability		
Post revolution agenda — Too early to report on overall achievement (preliminary results that followed the implementation of some measures are reported in Chapter 6)	Post revolution agenda supported by the GO and GOJ DPL, as well as targeted technical assistance done by the World Bank and IFC	
OVERALL WORLD BANK GROUP PROGRAM OUTCOME RATING OVER 2005-10: **Unsatisfactory: The assistance program did not make acceptable progress toward most of its major relevant objectives.**		

Appendix B. Guide to the Independent Evaluation Group's Country Program Evaluation Methodology

1. This methodological note describes the key elements of the Independent Evaluation Group's (IEG) Country Program Evaluation (CPE) methodology[1]

2. ***CPEs rate the outcomes of World Bank Group assistance programs, not the country's overall development progress.***

3. A Bank Group assistance program needs to be assessed on how well it met its particular objectives, which are typically a subset of the country's development objectives. If a Bank Group assistance program is large in relation to the country's total development effort, the program outcome will be similar to the country's overall development progress. However, most Bank Group assistance programs provide only a fraction of the total resources devoted to a country's development by development partners, stakeholders, and the government itself. In CPEs, IEG rates only the outcome of the Bank Group's program, not the country's overall development outcome, although the latter is clearly relevant for judging the program's outcome.

4. The experience gained in CPEs confirms that Bank Group program outcomes sometimes diverge significantly from the country's overall development progress. CPEs have identified Bank Group assistance programs which had:

- Satisfactory outcomes matched by good country development;
- Unsatisfactory outcomes in countries that achieved good overall development results, notwithstanding a weak Bank Group program; and,
- Satisfactory outcomes in countries that did not achieve satisfactory overall results during the period of program implementation.

Assessments of assistance program outcome and Bank Group performance are not the same

5. By the same token, an unsatisfactory Bank Group assistance program outcome does not always mean that Bank Group performance was also unsatisfactory, and *vice-versa*. This becomes clearer once we consider that the Bank Group's contribution to the outcome of its assistance program is only part of the story. The assistance program's outcome is determined by the *joint* impact of four agents: (a) the country; (b) the Bank Group; (c) partners and other stakeholders; and

(d) exogenous forces (e.g., events of nature, international economic shocks, etc.). Under the right circumstances, a negative contribution from any one agent might overwhelm the positive contributions from the other three, and lead to an unsatisfactory outcome.

6. IEG measures Bank Group performance primarily on the basis of contributory actions the Bank Group directly controlled. Judgments regarding Bank Group performance typically consider the relevance and implementation of the strategy; the design and supervision of the Bank Group's lending and financial support interventions; the scope, quality, and follow-up of diagnostic work and other analytic and advisory activities (AAA); the consistency of the Bank Group's lending and financial support with its non-lending work and with its safeguard policies; and the Bank Group's partnership activities.

Rating Assistance Program Outcome

7. In rating the outcome (expected development impact) of an assistance program, IEG gauges the extent to which major strategic objectives were relevant and achieved, without any shortcomings. In other words, did the Bank Group do the right thing, and did it do it right. Programs typically express their goals in terms of higher-order objectives, such as poverty reduction. The country assistance strategy (CAS) may also establish intermediate goals, such as improved targeting of social services or promotion of integrated rural development, and specify how they are expected to contribute toward achieving the higher-order objective. IEG's task is then to validate whether the intermediate objectives were the right ones and whether they produced satisfactory net benefits, and whether the results chain specified in the CAS was valid. Where causal linkages were not fully specified in the CAS, it is the evaluator's task to reconstruct this causal chain from the available evidence, and assess relevance, efficacy, and outcome with reference to the intermediate and higher-order objectives.

8. For each of the main objectives, the CPE evaluates the relevance of the objective, the relevance of the Bank Group's strategy toward meeting the objective, including the balance between lending and non-lending instruments, the efficacy with which the strategy was implemented, and the results achieved. This is done in two steps. The first is a top-down review of whether the Bank Group's program achieved a particular Bank Group objective or planned outcome and had a substantive impact on the country's development. The second step is a bottom-up review of the Bank Group's products and services (lending, analytical and advisory services, and aid coordination) used to achieve the objective. Together these two

steps test the consistency of findings from the products and services and the development impact dimensions. Subsequently, an assessment is made of the relative contribution to the results achieved by the Bank Group, other development partners, the government, and exogenous factors.

9. Evaluators also assess the degree of country ownership of international development priorities, such as the Millennium Development Goals, and Bank Group corporate advocacy priorities, such as safeguards. Ideally, any differences on dealing with these issues would be identified and resolved by the CAS, enabling the evaluator to focus on whether the trade-offs adopted were appropriate. However, in other instances, the strategy may be found to have glossed over certain conflicts, or avoided addressing key country development constraints. In either case, the consequences could include a diminution of program relevance, a loss of country ownership, and/or unwelcome side-effects, such as safeguard violations, all of which must be taken into account in judging program outcome.

Ratings Scale

10. IEG utilizes six rating categories for **outcomes**, ranging from highly satisfactory to highly unsatisfactory:

Highly Satisfactory:	The assistance program achieved at least acceptable progress toward all major relevant objectives, and had best practice development impact on one or more of them. No major shortcomings were identified.
Satisfactory:	The assistance program achieved acceptable progress toward all major relevant objectives. No best practice achievements or major shortcomings were identified.
Moderately Satisfactory:	The assistance program achieved acceptable progress toward most of its major relevant objectives. No major shortcomings were identified.
Moderately Unsatisfactory:	The assistance program did not make acceptable progress toward most of its major relevant objectives, or made acceptable progress on all of them, but either (a) did not take into adequate account a key development constraint or (b) produced a major shortcoming, such as a safeguard violation.
Unsatisfactory:	The assistance program did not make acceptable progress toward most of its major relevant objectives, and either (a) did not take into adequate account a key development constraint or (b) produced a major shortcoming, such as a safeguard violation.
Highly Unsatisfactory:	The assistance program did not make acceptable progress toward any of its major relevant objectives and did not take into adequate account a key development constraint, while also producing at least one major shortcoming, such as a safeguard violation.

11. The **institutional development impact (IDI)** can be rated at the project level as: *high*, *substantial*, *modest*, or *negligible*. IDI measures the extent to which the

program bolstered the country's ability to make more efficient, equitable, and sustainable use of its human, financial, and natural resources. Examples of areas included in judging the institutional development impact of the program are:

- the soundness of economic management;
- the structure of the public sector, and, in particular, the civil service;
- the institutional soundness of the financial sector;
- the soundness of legal, regulatory, and judicial systems;
- the extent of monitoring and evaluation systems;
- the effectiveness of aid coordination;
- the degree of financial accountability;
- the extent of building capacity in nongovernmental organizations; and,
- the level of social and environmental capital.

12. IEG is, however, increasingly factoring IDI impact ratings into program outcome ratings, rather than rating them separately.

13. **Sustainability** can be rated at the project level as *highly likely*, *likely*, *unlikely*, *highly unlikely*, or, if available information is insufficient, *non-evaluable*. Sustainability measures the resilience to risk of the development benefits of the country program over time, taking into account eight factors:

- technical resilience;
- financial resilience (including policies on cost recovery);
- economic resilience;
- social support (including conditions subject to safeguard policies);
- environmental resilience;
- ownership by governments and other key stakeholders;
- institutional support (including a supportive legal/regulatory framework, and organizational and management effectiveness); and, resilience to exogenous effects, such as international economic shocks or changes in the political and security environments.

14. At the program level, IEG is increasingly factoring sustainability into program outcome ratings, rather than rating them separately.

15. **Risk to Development Outcome**. According to the 2006 harmonized guidelines, sustainability has been replaced with a "risk to development outcome," defined as the risk, at the time of evaluation, that development outcomes (or expected outcomes) of a project or program will not be maintained (or realized).

The risk to development outcome can be rated at the project level as *high, significant, moderate, negligible to low,* or *non-evaluable.*

Box B.1 Understanding the ratings of World Bank Group program over 2005-10.

What does the standard IEG CPE methodology rate?

The rating of the outcome of the Bank assistance program in Tunisia gauges the extent to which major strategic objectives were relevant and achieved.

IEG considered the relevance and implementation of the strategy; the design and supervision of the World Bank Group's lending and financial support; the scope, quality, and follow-up of diagnostic work and other analytic and advisory activities; the consistency of World Bank Group lending and financial support with its AAA work; and the World Bank Group's partnership activities.

For each of the main objectives (set-out from strategic documents), the CPE evaluates the relevance of the objective, the relevance of the Bank Group's strategy toward meeting the objective, including the balance between lending and non-lending instruments, the efficacy with which the strategy was implemented and the results achieved. In short, the report reviews whether the Bank Group did the right thing and did it right.

This evidence-based analysis and the relative contribution to the results achieved by the World Bank Group is provided for each pillar in chapters 3 to 6. The analysis draws on (i) desk review based in particular on CASPR, CASCR, ICR, ICRR, ISR and Aide memoire and (ii) field interviews.

What does the standard IEG CPE methodology not rate?

The evaluation rates neither the client's overall development progress based on its strategic plans nor does it rate World Bank Group performance per se. CPEs rate the outcome of World Bank Group assistance programs which depend on the joint impact of the Bank Group with the country, partners, and other stakeholders, and exogenous factors.

Can the standard IEG CPE methodology account for World Bank Group programs that are modest in terms of size (as in many middle-income countries)?

Most World Bank Group programs provide only a fraction of the total resources devoted to a client's overall development by development partners, stakeholders, and the government itself.

Bank objectives need to be commensurate to the size of the program. This should be well taken into account at the time the country team define targeted objectives in the CAS/CPS.

How does the standard IEG CPE methodology account for a difficult external authorizing environment?

IEG takes into account the difficult environment in as much as the country team was keen to analyze it and take it into account in setting or revising its objectives and targeted outcome. Indeed, it is good practice for Bank Group programs to conduct political economy analysis in particular in difficult environments with instability and political resistance to reforms. This analysis on top of macro and sector analytical work would help the country team to set initially and/or review in the course of the strategy, relevant and credible objectives that take into account the difficult environment. If the country team fails to do so and honestly reports on the difficulties encountered, IEG will take into account the failure to do so in its overall rating.

How does the standard IEG CPE methodology differ from the "sum of the parts" approach?

There are no inconsistencies in finding discrepancies between CPE assessment and the average ratings of former IEG project or strategy reviews. Indeed, the CPE methodology doesn't derive the overall rating of the Bank Group outcome program as the sum of individual ratings of the Bank and the quality of the overall analytical program. First, the methodology gauges the relevance of the projects to realize the objectives set-out at the strategic level. Hence, good projects ratings alone are not enough.

Second, ratings based on CASCR reviews and ICRRs are desk reviews conducted at project closure or at the end of strategy periods. By contrast, the CPE assessment is based on the achievement of outcomes based on new evidence (updated quantitative data and qualitative information) gathered during field missions several years after project or strategy closure. Hence, the CPE ratings can better capture the "sustainability" dimension of World Bank Group interventions.

Appendix C. Statistical Supplement on Bank Activities

Appendix C
Statistical Supplement On Bank Activities

Table C.1. Tunisia – List of World Bank Approved Projects, FY05-13

Project ID	Project Name	Agreement Type	Approval Fiscal Year	Project Status	Total Project Cmt (US$ millions)	IBRD Cmt Amount (US$ millions)	Trust Fund Cmt Amount (US$ millions)	Date, revised closing	Sector Board	Latest DO	Latest IP	IEG Outcome rating
P075893	ECAL IV	IBRD	2005	Closed	150.0	150.0		6/30/2007	Financial and Private Sector Development (I)			MS
P088929	ICT Sector Development Project	IBRD	2005	Closed	13.1	13.1		12/31/2010	Global ICT			MS
P078131	GEF Energy Efficiency Program/Ind.	Global Environment Facility	2005	Closed	8.5		8.5	11/30/2011	Energy and Mining			
P069460	GEF: Gulf of Gabes	Global Environment Facility	2005	Closed	6.3		6.3	12/31/2012	Environment			
P097398	Modernization. of Public. Procurement. in Maghreb	Institutional Development Fund	2005	Closed	0.3		0.3	3/10/2009	Procurement			
P075809	Higher Education Reform Support II	IBRD	2006	Active	76.0	76.0		11/30/2013	Education	MU	MU	
P064836	Urban Water Supply	IBRD	2006	Active	38.0	38.0		4/30/2014	Water	S	MS	
P099811	Tunis West Sewerage	IBRD	2007	Active	66.8	66.8		6/30/2015	Water	MS	MU	
P095012	Sustainable Municipal Solid Waste Mgt	IBRD	2007	Active	22.0	22.0		6/30/2014	Urban Development	MS	MS	
P106415	Avian Influenza Preparedness	RETF	2008	Closed	0.6		0.6	12/31/2012	Agriculture and Rural Development			
P095388	Integration and Competitiveness DPL	IBRD	2009	Closed	250.0	250.0		6/30/2011	Economic Policy			MU
P104266	Energy Efficiency	IBRD	2009	Active	55.0	55.0		2/28/2014	Energy and Mining	U	MU	
P095847	Water Sector Investment II	IBRD	2009	Active	30.6	30.6		3/31/2015	Water	S	MS	
P117082	Northern Tunis Wastewater	IBRD	2010	Active	52.0	52.0		12/31/2015	Water	MS	MU	
P086660	Second Natural Resources Management	IBRD	2010	Active	36.1	36.1		12/31/2015	Agriculture and Rural Development	U	U	
P115314	CBF SidiDaoud Wind Farm Project	Carbon Initiative	2010	Active	5.0		5.0	6/30/2014	Energy and Mining			
P126094	Governance and Opportunity DPL	IBRD	2011	Closed	500.0	500.0		6/30/2012	Economic Policy			
P117161	Employment DPL	IBRD	2011	Closed	50.0	50.0		6/30/2011	Social Protection			U
P119140	4th NW Mount & Forest Area Dev PNO4	IBRD	2011	Active	41.6	41.6		6/30/2017	Agriculture and Rural Development	MS	MS	
P125657	Community Health	RETF	2011	Active	0.9		0.9	11/22/2015	Health, Nutrition and	MS	MS	

Project ID	Project Name	Agreement Type	Approval Fiscal Year	Project Status	Total Project Cmt (US$ millions)	IBRD Cmt Amount (US$ millions)	Trust Fund Cmt Amount (US$ millions)	Date, revised closing	Sector Board	Latest DO	Latest IP	IEG Outcome rating
	Collaborative JSDF								Population			
P124341	MSME Financing Faciltiy	IBRD	2012	Active	50.0	50.0		1/31/2017	Financial and Private Sector Development (I)	S	S	
P127212	Participatory Service Delivery Reint	RETF	2012	Active	5.0		5.0	3/31/2014	Social Protection	S	S	
P128427	Community Works/ Local Participation	RETF	2012	Active	3.0		3.0	6/18/2016	Social Protection	MS	MS	
P120233	JSDF Emergency Support for Youth	RETF	2012	Active	2.8		2.8	2/28/2014	Social Development	MU	MS	
P128843	Modernization of Tunisia Public Proc	Institutional Development Fund	2012	Active	0.3		0.3	4/20/2015	Procurement	MS	MU	
P128251	Governance Opportunities & Jobs DPL	IBRD	2013	Closed	500.0	500.0		12/31/2013	Economic Policy			
P100478	GEF Managing Healthcare Waste and PCB	Global Environment Facility	2013	Active	5.5		5.5	5/31/2017	Environment	MS	MS	
P120561	Ecotourism and B. Conservation	Global Environment Facility	2013	Active	4.3		4.3	7/31/2018	Environment	S	S	
Total					**1973.7**							

Source: World Bank BW database as of August 2013.
Note: MS= Moderately satisfactory; MU= Moderately unsatisfactory; S= Satisfactory; U= Unsatisfactory

Table C.2. Tunisia- Number and Total Commitment Amount (US$M) of IBRD/Grant Commitments, FY05-13

	FY05		FY06		FY07		FY08		FY09		FY10		FY11		FY12		FY13		TOTAL	
Sector Board	**No.**	**Amt**	**No.**	**Amt**	**No.**	**Amt**	**No.**	**Amt**	**No.**	**Amt**	**No.**	**Amt**	**No.**	**Amt**	**No.**	**Amt**	**No.**	**Amt**	**No.**	**Amt**
Agriculture and Rural Development							1	0.6			1	36.1	1	41.6					3	78.3
Economic Policy									1	250.0			1	500.0			1	500.0	3	1,250.0
Education			**1**	76.0															1	76.0
Energy and Mining	1	8.5							1	55.0	1	5.0							3	68.5
Environment	1	6.3									1	9.7					2	9.8	4	25.8
Financial and Private Sector Development	1	150.0					1	6.0							1	50.0			3	206.0
Global ICT	1	13.1																	1	13.1
Health, Nutrition and Population													1	0.9					1	0.9
Procurement	1	0.3													1	0.3			2	0.6
Social Development															1	2.8			1	2.8
Social Protection													1	50.0	2	8.0			3	58.0
Urban Development					1	22.0													1	22.0
Water			**1**	38.0	1	66.8			1	30.6	2	60.0							5	195.5
TOTAL	**5**	**178.3**	**2**	**114.0**	**2**	**88.8**	**2**	**6.6**	**3**	**335.6**	**5**	**110.9**	**4**	**592.5**	**5**	**61.0**	**3**	**509.8**	**31**	**1,997.4**

Source: World Bank BW database as of August 2013 (includes supplements).

Table C.3. Project Ratings for Tunisia and Comparators, Exit FY05-FY13

	Total Evaluated		Outcome (% moderately satisfactory or better)		Risks to Development Outcomes (% moderate or lower)		Institutional Development Impact (% substantial or higher)		Sustainability (% likely or highly likely)	
	$M	**No**	**$M**	**%**	**$M**	**%**	**$M**	**%**	**$M**	**%**
Iran, Islamic R	1,235.0	8	325.0	25	632.0	50	-	-	-	-
Jordan	636.7	11	252.0	45	164.7	27	-	-	67.0	18
Lebanon	349.5	7	172.9	57	80.0	14	19.9	14	50.9	29
Malaysia	244.0	1	244.0	100	-	-	244.0	100	244.0	100
Peru	1,140.9	20	950.7	75	858.6	70	185.0	10	194.6	15
Thailand	184.4	3	184.4	100	-	-	184.4	100	184.4	100
Tunisia	**1,197.1**	**16**	**859.5**	**81**	**669.1**	**44**	**85.0**	**13**	**225.0**	**25**
Turkey	6,926.2	21	6,140.2	86	4,677.1	67	250.0	5	263.1	10
MNA Region	10,170.4	155	6,943.0	66	4,425.8	32	547.0	8	1,076.7	17
Total	**11,913.8**	**87.0**	**9,128.7**	**70**	**7,081.5**	**49**	**968.3**	**11**	**1,229.0**	**20**

Source: World Bank BW database as of August 2013.

Table C.4. Project Ratings by IEG for Tunisia, Exit FY05-FY13

#	Exit FY	Proj ID	Project Name	Commitment Amount ($M)	Approval FY	IEG Outcome	IEG Risk to development objective rating	IEG Sustainability [a]	IEG Institutional Development Impact
1	2005	P055814	Export Development	35.0	1999	Satisfactory	#[b]	Highly Likely	High
2	2005	P005741	Higher Education Reform Support I	80.0	1998	Satisfactory	#	Likely	Modest
3	2006	P043700	Transport Sector Investment Project	50.0	1998	Moderately Satisfactory	#	Likely	Substantial
4	2006	P005731	Greater Tunis Sewerage	60.0	1997	Satisfactory	#	Likely	Modest
5	2007	P075893	ECAL IV	150.0	2005	Moderately Satisfactory	Negligible To Low	#	#
6	2007	P050945	Education PAQSET I	99.0	2000	Moderately Satisfactory	Moderate	#	#
7	2008	P035707	Water Sector Investment	103.0	2000	Moderately Satisfactory	Significant	#	#
8	2009	P048315	Protected Areas Management Project	5.3	2002	Moderately Satisfactory	Moderate	#	#
9	2009	P005750	Agricultural Support Services	21.3	2001	Moderately Satisfactory	Moderate	#	#
10	2010	P074398	Municipal Development III	78.4	2003	Moderately Satisfactory	Significant	#	#
11	2010	P072317	NW Mountainous And For. Areas Dev.	34.0	2003	Moderately Satisfactory	Significant	#	#
12	2010	P064082	Transport Sector Project II	37.6	2001	Moderately Unsatisfactory	Significant	#	#
13	2011	P117161	Employment DPL	50.0	2011	Unsatisfactory	Significant	#	#
14	2011	P095388	Integration And Competitiveness DPL	250.0	2009	Moderately Unsatisfactory	Moderate	#	#
15	2011	P088929	ICT Sector Development Project	13.1	2005	Moderately Satisfactory	Negligible To Low	#	#
16	2011	P082999	Education PAQSET II	130.3	2004	Moderately Satisfactory	Moderate	#	#
Result				**1197.1**					

Source: World Bank BW database as of August 2013.
a. Sustainability and institutional development impact were rated until FY06; risk to development objective is rated for projects from FY07 onward.
b. # stands for no rating.

Appendix C
Statistical Supplement On Bank Activities

Table C.5. Bank Budget by Cost Structure Category, FY05-13 (in US$ thousands and percent)

Sector Board	Total	Project Supervision	Lending	Analytical & Advisory Activities	Country Program Support	Client Training	Impact Evaluation
				Cost structure (US$)			
Agriculture and Rural Development	5,608	2,971	1,392	1,245			
Competitive Industries Practice	342		342				
Education	3,322	1,777	1,349	186		10	
Energy and Mining	2,889	973	1,064	853			
Environment	4,088	2,213	1,439	436			
Economic Policy	4,525	414	1,947	2,165			
Financial Management	14			14			
Financial and Private Sector Development (I)	3,233	1,513	723	997			
Financial Systems Practice	749		71	678			
Global Information/Communications Technology	1,188	672	0	515			
Health, Nutrition and Population	872	95	338	439			
Investment Climate Practice	664	0	375	289			
Poverty Reduction	649			618		31	
Procurement	(1)			(1)			
Public Sector Governance	1,235			1,235			
Social Development	786	126	16	644			
Social Protection	3,379	262	618	2,436			63
Transport	1,301	558	0	744			
Urban Development	3,333	1,873	965	358		137	
Water	3,700	1,881	1,674	145			
Not assigned	6,005	1,444	545	1,122	2,894		
Overall Result	47,881	16,772	12,856	15,118	2,894	177	63
				Cost structure (percent)			
Agriculture and Rural Development	100	53	25	22	0	0	0
Competitive Industries Practice	100	0	100	0	0	0	0
Education	100	53	41	6	0	0	0
Energy and Mining	100	34	37	30	0	0	0
Environment	100	54	35	11	0	0	0
Economic Policy	100	9	43	48	0	0	0
Financial Management	100	0	0	100	0	0	0
Financial and Private Sector Development (I)	100	47	22	31	0	0	0

APPENDIX C
STATISTICAL SUPPLEMENT ON BANK ACTIVITIES

Sector Board	Total	Project Supervision	Lending	Analytical & Advisory Activities	Country Program Support	Client Training	Impact Evaluation
Financial Systems Practice	100	0	9	91	0	0	0
Global Information/Communications Technology	100	57	0	43	0	0	0
Health, Nutrition and Population	100	11	39	50	0	0	0
Investment Climate Practice	100	0	56	44	0	0	0
Poverty Reduction	100	0	0	95	0	5	0
Procurement	100	0	0	100	0	0	0
Public Sector Governance	100	0	0	100	0	0	0
Social Development	100	16	2	82	0	0	0
Social Protection	100	8	18	72	0	0	2
Transport	100	43	0	57	0	0	0
Urban Development	100	56	29	11	0	4	0
Water	100	51	45	4	0	0	0
Not assigned	100	24	9	19	48	0	0
Overall Result	100	35	27	32	6	0	0

Source: World Bank BW database as of August 13, 2013.

Table C.6. Total Net Disbursements of Official Development Assistance and Official Aid, 2002-2011 (US$m)

Donor	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	Average 2002-11	Cumulative 2002-11	Percentage of total disbursed 2002-11
All Donors, total	220.9	299.8	352.3	362.4	431.4	321.2	375.0	502.8	550.4	918.3	433.4	4334.3	100
DAC Countries, total	144.9	207.9	232.1	268.2	286.1	193.6	250.6	349.5	355.3	490.8	277.9	2779.0	64.1
Multilateral, Total	81.8	94.6	120.2	101.2	153.8	137.2	133.1	159.1	192.2	410.5	158.4	1583.8	36.5
EU Institutions	77.0	94.8	89.9	96.6	149.3	130.1	83.0	108.1	92.3	442.3	136.3	1363.3	31.5
France	96.6	107.6	141.4	181.8	176.3	127.9	160.5	170.0	126.8	304.4	159.3	1593.2	36.8
Spain	7.4	12.6	9.7	5.6	15.9	21.3	16.2	124.1	158.0	82.9	45.4	453.6	10.5
Japan	63.3	85.5	59.7	51.1	18.6	20.6	54.0	14.4	35.9	25.0	42.8	428.0	9.9
Germany	-5.2	11.68	12.26	29.03	39.61	27.47	27.42	30.8	23.86	31.13	22.8	228.1	5.3
Arab Fund (AFESD)	..	..	..	..	..	..	43.37	29.7	87.01	-36.49	30.9	123.6	2.9
GEF	5.81	0.2	25.44	0.19	0.85	..	2.88	13.5	6.97	..	7.0	55.8	1.3
United Kingdom	..	..	..	21.23	16.49	0.12	1.46	3.82	2.5	6	7.4	51.6	1.2
Belgium	-0.13	1.08	1.5	2.44	9.55	6.71	8.22	0.89	-0.07	6.77	3.7	37.0	0.9
Italy	1.07	2.21	20	-9.24	20.83	0.48	-16.79	3.23	8.65	2.94	33.38	33.4	0.8
Switzerland	1.63	1.47	0.8	0.71	1.3	0.56	2.11	1.44	0.96	10.96	21.94	21.9	0.5
OFID	-0.91	-0.03	4.33	3.22	4.61	5.25	3.99	-0.06	-1.87	-0.65	17.88	17.9	0.4
Global Fund	..	..	..	..	..	4.79	1.44	2.91	7.04	1.47	17.65	17.7	0.4
United Arab Emirates	0.27	4.87	7.79	1.35	1.03	-2.49	-1.54	-2.12	-2.13	7.87	14.9	14.9	0.3
Luxembourg	2.34	2.88	1.58	0.81	1.39	1.02	1.34	0.61	..	0.13	12.1	12.1	0.3

Source: Organization for Economic Co-operation and Development (OECD). Data extracted on 14 Aug 2013 13:49 UTC (GMT) from OECD.Stat

Table C.7. Tunisia – List of World Bank AAA, FY05-13

#	Product ID	Proj Name	Approval FY	Delivered to client (FY)	AAA Type	Project Status	Sector Board	Output Type	Cost of product (US$ '000)
1	P087058	Tunisia Health Sector Review	2005	FY05	ESW	Closed	Health, Nutrition and Population	Report	323.9
2	P086046	Tunisia Employment Strategy Capacity bul	2005	FY05	NLTA	Closed	Social Protection	"How-To" Guidance	239.3
3	P080203	Tunisia Higher Education Strategy	2005	FY05	ESW	Closed	Education	Policy Note	114.5
4	P089876	Tunisia Knowledge Economy TA	2005	FY05	NLTA	Closed	Financial and Private Sector Development	Institutional Development Plan	41.3
5	P089551	TN-Environment and Social Sageguards	2005	FY05	NLTA	Closed	Environment	Knowledge-Sharing Forum	40.6
6	P089047	TN-Agriculture Policy Review	2006	FY06	ESW	Closed	Agriculture and Rural Development	Report	827.3
7	P099317	FSAP Update Tunisia	2006	FY06	ESW	Closed	Financial and Private Sector Development	Report	228.7
8	P094359	TN-Performance-Based Budgeting Reform	2006	FY06	NLTA	Closed	Public Sector Governance	Institutional Development Plan	138.1
9	P095803	TN-Public Financial Management	2006	FY06	NLTA	Closed	Public Sector Governance	Institutional Development Plan	136.2
10	P095723	TN-PESW Employment Strategy	2006	FY06	NLTA	Closed	Social Protection	"How-To" Guidance	122.2
11	P099553	AML/CFT ASSESSMENT TUNISIA	2006	FY06	ESW	Closed	Financial and Private Sector Development	Report	120.1
12	P096986	TN-Use of Country Systems in Safeguards	2006	FY06	NLTA	Closed	Environment	Knowledge-Sharing Forum	22.6
13	P103909	TN Skills Dev/Soc. Ins and Employment	2007	FY07	NLTA	Closed	Social Protection	"How-To" Guidance	335.8
14	P076448	TN-SME STUDY	2007	FY07	ESW	Closed	Financial and Private Sector Development	Report	313.0
15	P101225	Tunisia Public Fin. Mgt (MTEF)	2007	FY07	NLTA	Closed	Public Sector Governance	"How-To" Guidance	76.8
16	P067503	CDM TA for Tunisia	2007	FY07	NLTA	Closed	Environment	"How-To" Guidance	65.8
17	P101267	TN: Use of Country System Environment	2007	FY07	NLTA	Closed	Environment	Knowledge-Sharing Forum	37.0
18	P099094	TN-Cost Assessment of Water Degradation	2007	FY07	ESW	Closed	Environment	Policy Note	26.2
19	P089681	TN-Global Integration Study	2008	FY08	ESW	Closed	Economic Policy	Report	294.9
20	P107684	TN: Skills Development/Social Insurance	2008	FY08	NLTA	Closed	Social Protection	"How-To" Guidance	149.0
21	P089416	TN-Water & Wastewater Strategy	2008	FY08	ESW	Closed	Water	Policy Note	144.6
22	P110073	TN: Assessment of Hospital Performance	2008	FY08	NLTA	Closed	Health, Nutrition and Population	Institutional Development Plan	134.8
23	P104948	TN-Dev of Logistics Services &Infrastr	2008	FY08	NLTA	Closed	Transport	"How-To" Guidance	94.4
24	P107086	TN: Budget Management Reform	2008	FY08	NLTA	Closed	Public Sector Governance	"How-To" Guidance	88.9

#	Product ID	Proj Name	Approval FY	Delivered to client (FY)	AAA Type	Project Status	Sector Board	Output Type	Cost of product (US$ '000)
25	P104800	ESMAP: TN-Review of Energy Mgt Policy	2009	FY09	ESW	Closed	Energy and Mining	Report	467.2
26	P102795	TN-Agricultural Sector Review Update	2009	FY09	NLTA	Closed	Agriculture and Rural Development	"How-To" Guidance	240.3
27	P112605	TN - Performance Based Budgeting	2009	FY09	NLTA	Closed	Public Sector Governance	"How-To" Guidance	124.6
28	P113339	TN-Health Services Improvement TA	2009	FY09	NLTA	Closed	Health, Nutrition and Population	"How-To" Guidance	93.4
29	P101282	TN- Tunis Urban Transport Efficiency TA	2009	FY09	NLTA	Closed	Transport	"How-To" Guidance	38.4
30	P107054	TN-Development Policy Review	2010	FY10	ESW	Closed	Economic Policy	Report	457.1
31	P111813	TN-TF ALMP/E2W Pilots and Impact Eval.	2010	FY10	NLTA	Closed	Social Protection	Client Document Review	271.9
32	P108077	TN-SME Finance Policy Note	2010	FY10	ESW	Closed	Financial and Private Sector Development	Policy Note	161.9
33	P112434	TN-Competitiveness Poles	2010	FY10	ESW	Closed	Urban Development	Policy Note	154.8
34	P117400	TN-Performance-Based Budgeting PESW	2010	FY10	NLTA	Closed	Public Sector Governance	"How-To" Guidance	103.3
35	P119393	TN-Public Expenditure and Financial Mgmt	2010	FY10	ESW	Closed	Public Sector Governance	Report	67.7
36	P116108	TN-Impl. Logistics Action Plan TA	2011	FY11	NLTA	Closed	Transport	"How-To" Guidance	203.2
37	P119399	TN Growth & Macro Management	2011	FY11	NLTA	Closed	Economic Policy	Knowledge-Sharing Forum	202.5
38	P121196	TN-Agricultural Finance	2011	FY11	ESW	Closed	Agriculture and Rural Development	Policy Note	194.4
39	P114161	TN-ESMAP Low Carbon Transport Strategy	2011	FY11	NLTA	Closed	Transport	"How-To" Guidance	182.4
40	P107160	Tunisia- Trade Integration TA	2011	FY11	NLTA	Active	Economic Policy	"How-To" Guidance	73.0
41	P122705	TN Performance Based Budgeting PESW FY11	2011	FY11	NLTA	Closed	Public Sector Governance	"How-To" Guidance	36.3
42	P128946	FSAP Update Tunisia	2012	FY12	ESW	Closed	Financial Systems Practice	Report	275.4
43	P113857	TN-Clean Energy	2012	FY12	ESW	Closed	Energy and Mining	Policy Note	186.1
44	P122552	TN-ALMP/E2W Pilots and Impact Eval.- Ph2	2012	FY12	NLTA	Closed	Social Protection	TA/IAR	174.2
45	P123106	TN-FINANCIAL SECTOR REFORM	2012	FY12	NLTA	Closed	Financial and Private Sector Development	TA/IAR	164.1
46	P128637	StAR - Tunisia	2012	FY12	NLTA	Closed	Financial Systems Practice	Institutional Development Plan	158.8
47	P122874	TN - Public Sector Reform TA	2012	FY12	NLTA	Active	Public Sector Governance	TA/IAR	127.6
48	P127794	TN-Public Sector Governance	2012	FY12	NLTA	Active	Public Sector Governance	TA/IAR	99.0
49	P128244	TN -Poverty PESW	2013	FY13	ESW	Closed	Poverty Reduction	EW/Not assigned	276.7
50	P132264	Asset Recovery in Tunisia	2013	FY13	NLTA	Closed	Financial Systems Practice	TA/IAR	207.0
51	P129349	TN - Tourism Sector Debt Restructuring	2013	FY13	ESW	Closed	Financial Systems Practice	EW/Not assigned	164.6
52	P130139	ICT Collaboration for Civic Engagement	2013	FY13	NLTA	Closed	Global Information/Communications Technology	TA/IAR	135.9

APPENDIX C
STATISTICAL SUPPLEMENT ON BANK ACTIVITIES

#	Product ID	Proj Name	Approval FY	Delivered to client (FY)	AAA Type	Project Status	Sector Board	Output Type	Cost of product (US$ '000)
53	P132540	Tunisia SABER WfD	2013	FY13	NLTA	Closed	Education	TA/IAR	34.5
54	P126475*	TN ICT Service Delivery Health Sector	2013	TBD	NLTA	Active	Global ICT	TA/IAR	0.0
55	P126485*	TN-Employment TA Package	2013	TBD	NLTA	Active	Social Protection	TA/IAR	0.0
56	P128254*	TN - Development Policy Review	2013	TBD	ESW	Active	Economic Policy	Report	0.0
57	P128545*	TN-Governance in Social Sectors TA	2013	TBD	NLTA	Active	Social Protection	TA/IAR	0.0
									9192.2

Source: World Bank BW database as of August 2013.
Note: * denotes projects that are yet to be delivered to the client and for which there are no complete costs of products.
NLTA : Non lending Technical Assistance
ESW: Economic and Sector Work

Appendix D. Tunisia Donors' Collaboration over 1990-2013

Donor Collaboration FY90-03

1. The last Country Assistance Evaluation for Tunisia (OED 2004) refers to the wide range of development partners at work in the country between 1990 and 2003. During that period, the World Bank and the International Monetary Fund (IMF) worked closely to support government efforts to maintain macroeconomic stability and implement structural reforms. The IMF and the Bank jointly conducted a financial assessment and cooperated in a number of areas to provide technical advice, most notably in respect to the financial sector and debt management.

2. The Bank also worked closely with the European Union (EU), which had a particularly strong partnership relationship with Tunisia. The Bank and the EU co-funded a program of structural adjustment through the economic and competitiveness adjustment loan series (ECALs). The EU also provided significant loans in support of other sectors such as infrastructure, environmental protection, and private sector development and modernization. The Bank and the EU had a shared analysis of economic developments in Tunisia, rating the country highly for macroeconomic stabilization and structural adjustment, but stressing the need to accelerate the implementation of policies that would increase competitiveness.

3. Along with the French Development Agency(AFD) and KfW, the EU has also been an important partner in the Bank's rural development program. AFD has been a major player in development in Tunisia since 1992, concentrating on sectors such as employment, rural development, and the environment.

4. Between 1990 and 2003, loan commitments from the African Development Bank (AfDB) prioritized electrification, roads, railways, water resources, agriculture and rural development, and small and medium enterprise (SME) development. The AfDB prioritized structural adjustment and supported the three ECALs, working closely with the Bank in that regard. The IDB assistance otherwise focused on public utilities (mainly water and sewerage), agriculture and integrated rural development, and social sectors.

DONOR COLLABORATION FY05-10

5. The country assistance strategy (CAS) FY05-08 commits to enhanced levels of cooperation on assistance strategies, joint analytical work, and to greater

harmonization of procedures to minimize the cost and burden of government borrowing[2]. In 2005, the World Bank opened a liaison office in Tunis. This constituted an important step, allowing the Bank the opportunity to scale up its outreach and communication efforts with academics, the business community, and the media as well as allowing for enhanced cooperation with other donors. The completion review of CAS FY05-08 references close cooperation achieved between the Bank, the EU, and the AfDB, particularly in the provision of support under ECAL IV, as well as work between Bank teams and bilateral donors (e.g., with AFD and KFW in the water sector, and informal dialogue with GTZ on environmental issues). The Bank also organized a joint conference (with the EU and United Nations, 2007) on access to development information (see Table D.1 for co-financing activities during the CAS).

6. However, the CAS completion report (CASCR) notes that the government's preference for bilateral relationships with each donor did not provide the opportunity to develop joint analytical work and harmonize financing procedures as initially envisaged.

7. The country program strategy (CPS) FY10-13 notes the deepening levels of collaboration between the Bank, the EU, and the AfDB, the latter two being the largest donors operating in Tunisia, followed by AFD, Japan, and the World Bank. But the document noted government reluctance to share information and to work in concert with stakeholders and the donor community, posing serious obstacles to effective donor partnership prior to 2011. The report also recognizes that, increasingly, the Bank may be asked to play to its comparative advantage in Tunisia through the adoption of a convening rather than a financing role.

Table D.1. Co-financing Activities in Tunisia FY05-09

Project	Co-financiers
Water Sector Investment	KFW, AFD, AfDB
ECAL III	AfDB, EU
Municipal Development III	AFD
ECAL IV	AfDB, EU
Water Sector Investment II	AFD, AfDB
Integration and Competitiveness DPL	AfDB, EU
Skills Development	EU

Source: CASCR June 2004-March 2009.

8. The CPS notes joint work between the EU, AfDB, and World Bank in the provision of budget support for Tunisia's integration and competitiveness program. The Bank and the EU continued to work closely on performance-based budgeting, PEFA, employment, and education. The CPS suggests the Bank, AfDB, and AFD were collaborating well in sectors such as water, energy, agriculture, municipal development, and cultural heritage management.

9. The CPS also suggests the International Finance Corporation (IFC) was actively collaborating with other international financing institutions (IFIs) (e.g., IFC helped bring in the AfDB, Proparco, and the European Investment Bank as co-financiers for the Enfidha Airport project).

DONOR COLLABORATION SINCE "THE REVOLUTION"

10. **Following the revolution, many development organizations either strengthened their presence in Tunisia or became new partners, reflecting the intent of the Deauville Partnership**. World Bank Group engagement and field presence grew significantly after the revolution. The Bank upgraded the Tunis Liaison Office to a country office and appointed a country manager in early 2011, while IFC established a field presence in Tunis in 2012. The IDB concluded an memorandum of understanding (MOU) with potential areas of cooperation for 2012-14 in sectors such as basic infrastructure, agriculture, regional development, tertiary education, employment, and private sector development. Initial IDB support included new financing for rural development and unemployed university graduates. The UN and associated humanitarian agencies also established new programs, in particular to respond to needs related to refugees from Libya. Tunisia became a member of European Bank for Reconstruction and Development (EBRD) in 2012. Other support was provided by Qatar, the United States, and the EBRD. In addition, an IFI Coordination Platform was created under the Deauville Partnership to ensure coordination and to reduce the risk of overlap.

11. In the post-revolution period, the Bank worked closely with the first Interim government, the AfDB, the EU, and AFD to support the process of reform. The Bank prepared joint analytical work, technical assistance, and co-financing notably to provide fast-disbursing support through the post-revolution development policy loans (2011 Governance and Opportunity (GO) and 2012 Governance Opportunity and Job (GOJ) DPLs). ISN FY12-13 states that, in addition to the GEF, the Bank has mobilized support from the IDF, JSDF, PHRD and SPF and may also leverage financing from the Clean Technology Fund, as well as other development partners whose financing and technical assistance complements the Bank's programs (see table D.2.)

Table D.2. Trust Funds Administered or Funded by the World Bank

Start Year	Project (US$m)	Total (US$m)
FY12-13	JSDF Community Healthcare Outreach (1) JSDF Emergency Support for Youth (3) IDF Procurement Capacity (0.25)	4.25
FY13-14	JSDF Community Works and Local Participation (3) SPF Participatory Services Delivery and Reintegration (5)	30.30

	GEF Ecotourism and Conservation (4.3) Clean Technology Fund (18)

Appendix E. Description of the World Bank Group Strategy and Program over FY05-13

World Bank Group Strategy

1. **The pillars of the International Bank for Reconstruction and Development's (IBRD) strategy under country assistance strategy (CAS) FY05-08** were directly related to the three goals set out under Tunisia's 10th Economic Development Plan (2002-06). The CAS FY05-08 sought to help address three challenges: (i) strengthen the business environment to support the development of a more competitive, internationally integrated private sector, and to improve the competitiveness of the Tunisian economy; (ii) enhance the skills and employability of graduates and the labor force in a knowledge economy; and (iii) improve the quality of social services through enhanced efficiency in public expenditure. The base case range of the flexible lending program set out in the CAS was US$200-300 million per year.

2. **The pillars of the country program strategy (CPS) FY10-13** reflect priorities set out in Tunisia's ambitious 11th National Development Plan (NDP, 2007)[3], which was drawn-up following Tunisia's achievement of Investment Grade Status. The CPS FY10-13 aimed to support Tunisia's strategy of generating employment by establishing a knowledge-based economy with an emphasis on human development, and comprised three pillars: (i) growth, competitiveness and employment; (ii) sustainable development and climate change; and (iii) improving the quality of public services. While sustainable development was not an explicit pillar of the FY05-08 CAS, numerous Bank activities under pillar 1 of that strategy were linked to water, energy, and agriculture and focused on environmental issues, such as renewable energy and natural resource management projects. The CPS FY10-13 outlines a lending program of up to $280 million for FY10 (of which 25 percent was earmarked for development policy lending), but, as earlier noted, the FY10-13 CPS only saw one year of implementation.

3. **Immediately after the revolution, the Bank Group sought to signal a break with the past by supporting the changed priorities of the new government**. The interim government's immediate challenges were to promote shared economic recovery and respond to demands for greater citizen voice, transparency, and accountability of the state in order to ensure a successful systemic political transition. To support these priorities and the overarching objective of employment creation, **the Bank Group framed its ISN FY13-14 under three pillars**: (a) laying the foundation for renewed sustainable growth and job creation; (b) promoting

social and economic inclusion; and (c) strengthening governance through improvements in voice, transparency, and accountability. The ISN forecasts policy-based and investment lending of $950 million for FY13 and notes that subsequent funding will be determined taking into account FY13 performance, requests from the borrower, and IBRD's overall capital position. International Finance Corporation's (IFC) program will be adaptable and tailored to support economic recovery and restore investor confidence.

Table E.1. Strategic Pillars in the FY05-08 CAS, FY10-13 CPS, and FY13-14 ISN

World Bank Group strategy documents	Pillar 1	Pillar 2	Pillar 3
CAS (FY05-08)	Strengthen the business environment	Enhance skills and employability of graduates and labor force	Improve the quality of social services through enhanced efficiency of public expenditure
CPS (FY10-13) (canceled in 2011)	Growth, competitiveness and employment	Sustainable development and climate change	Improving the quality of public services
ISN (FY13-14)	Laying the foundation for renewed sustainable growth and job creation	Promoting social and economic inclusion	Strengthening governance : Voice, transparency and accountability

World Bank Group Operational Program

4. This section describes the main trends and sector allocations in the World Bank Group's portfolio over the evaluation period and discusses the performance of Bank operations as well as the overall portfolio risk over that timeframe.

WORLD BANK GROUP TRENDS IN LENDING

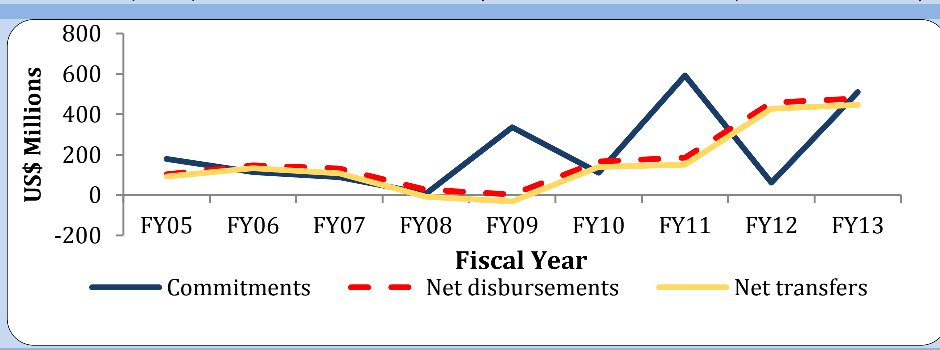
5. **Between FY05-13, the World Bank Group committed $2,491 million of its own resources in Tunisia comprising $1,997 million (80 percent) in IBRD loans, $267 million (11 percent) in IFC net commitments, and $227 million (9 percent) in MIGA issued guarantees**. Lending was complemented by an extensive program of World Bank AAA and a lesser amount of IFC Advisory Services. During the period reviewed, 35 percent of the Bank administrative budget was spent on project supervision, 27 percent on lending and 32 percent on AAA.

6. **World Bank Group investment was volatile across the evaluation period.** The level of Bank lending was low during the early years of the evaluation period but picked up in later years with the introduction of significant budget support operations (see figure E.1). In 2007, Tunisia achieved Investment Grade status and was able to access financing on the global market for its development strategy. This

resulted in a steady decline in demand for World Bank financing FY05-10 with the exception of the FY09 development policy loan (DPL) designed to help the government cope with the effects of the global financial crisis. Annual average lending commitments for FY05-09—excepting the 2009 DPL—were $95 million, or around $9 per capita per year, compared with an average $20 per capita in the period 1990-03 (OED, 2005). Investment lending increased significantly in 2009 and 2010 and overall lending commitments, driven by development policy lending, have risen sharply since 2009 to meet government needs during the financial crisis and in the aftermath of the revolution, reversing the negative trends in net transfers that had prevailed since the early 1990s.

7. **After the World Bank provided budget support during the financial crisis (disbursed FY10-11), net transfers turned positive** (see figureE.1). Subsequent to the revolution, Tunisia's access to external financing was limited due to the decision by rating agencies to downgrade its sovereign debt rating. The level of Bank Group support grew significantly in response to the increase in demand that ensued, notably through two governance DPLs (disbursed respectively in FY12 and FY13 for $500m each). Both constituted part of a broader package of budget support in association with the African Development Bank, the European Union (EU,) and the French Agency for Development[4]. IBRD's total commitment ($1,163.3m) across twelve operations since the start of FY11 represents almost 60 percent of its lending across the entire evaluation period. Table E.2 illustrates the ebb and flow of commitments and disbursements over the evaluation period.

Figure E.1. IBRD, IDA, Grants: Commitments, Net Disbursements, Net Transfers, FY05-13



Source: WB data Warehouse

Table E.2. IBRD Proposed and Actual Lending to Tunisia (FY05-13)

	CAS FY05-08		FY09	CPS FY10-13 (canceled Jan11)		FY10 (as of Jan 11) to FY 12	ISN FY13-14	
	Proposed	Actual	Actual	Proposed	Actual	Actual	Proposed in ISN FY13-14	Actual (ongoing)
	Loan commitments (US$ million at current price)							
Total during period	765-1079	387.7	335.6	950	202.5	561.9	1900	509.8
Average annual	200-300	97	335.6	250	NA	281	950	NA
	Percentage of total commitment							
DPL	46	39	75	77	25	89	90	98
Other	54	61	25	23	75	11	10	2

Source: WB data Warehouse

8. IFC and the Multilateral Investment Guarantee Agency (MIGA) engagement in Tunisia is limited throughout the evaluation period, but similar to the Bank, the rate and level of engagement has increased in the post-revolution period.

Table E.3. IFC disbursements and Net Commitments to Tunisia (FY05-13)

Fiscal Year	Annual Net Commitments ($ millions)	Annual Disbursements ($ millions)	Disbursement / Commitment Ratio (%)
2008	237.1	17.7	7.5
2009	-10.8	108.7	-1009.6
2010	-0.1	89.4	-76129.8
2011	2.0	0.4	21.5
2012	27.6	15.6	56.7
2013	11.6	19.6	168.4
Total	**267.4**	**251.4**	94.0

Source: IFC Data
Note: A single IFC investment in 2008 accounted for about 212 million in net commitments.

WORLD BANK GROUP PORTFOLIO ALLOCATIONS AT SECTORAL LEVEL

✓ *IBRD portfolio allocations at sectoral level*

9. **Before the revolution, IBRD resources were allocated across pillars with an emphasis on private sector and financial projects, water related projects, including irrigation and social protection, notably active labor market policies**[5]. Portfolio structure at sector level over the evaluation period was similar to that pertaining FY90-03. After 2011, budget support operations supported reforms to strengthen voice, accountability and transparency.

10. IBRD's actual lending volume under CAS FY05-08 was $387.7 million (19 percent of all IBRD lending FY05-13) significantly lower than the minimum proposed allocation ($765 million) set out in the CAS baseline scenario. Eleven projects were approved, eight of which reached implementation (including projects addressing urban water supply, higher education reform, competitiveness and

transport)[6]. This low level of activity reflects, in part, Tunisia's 2007 graduation to Investment Grade status, its declining reliance on Bank funding at that time, and flawed program design in which the Bank demonstrated an unrealistic appreciation of the probable pace of change (IEG, 2009). The Independent Evaluation Group's (IEG) review of CAS FY05-08 suggests the Bank Group needed to be more sensitive delays induced by procurement procedures.

11. The CPS FY10-13 lending program had foreseen continued involvement in certain sectors such as competitiveness and integration of the private sector, and employment, as well as new operations to address sustainable development and climate change (notably follow-up operations in energy efficiency, agriculture and climate change, water, wastewater and solid waste management). Loans valued at $202.5 million (10 percent of all IBRD lending FY05-13) were approved under CPS FY10-13 before it was cancelled end-December 2010. The Bank team chose to put activities under preparation on hold and took stock of the ongoing investment portfolio to ensure its relevance in a radically changed context. In particular, the country team aimed at focusing efforts to speed up the implementation of on-going projects that targeted social and economic inclusion of vulnerable groups in lagging regions i.e., community-driven development operations.

12. After the revolution, the Bank supported government in tackling critical challenges, notably improving transparency and accountability to respond to the aspirations of the population, and taking immediate measures to relieve the plight of the unemployed as well as the poorest and most vulnerable families. As such, the Bank supported measures in the following key areas: governance; employment; addressing regional disparities; the financial sector; and in social services (2011 GO DPL). The same issues were addressed in the 2012 GOJ DPL, which helped the interim government embark on necessary medium term reforms.

- ✓ ***IFC portfolio allocation at sectoral level***

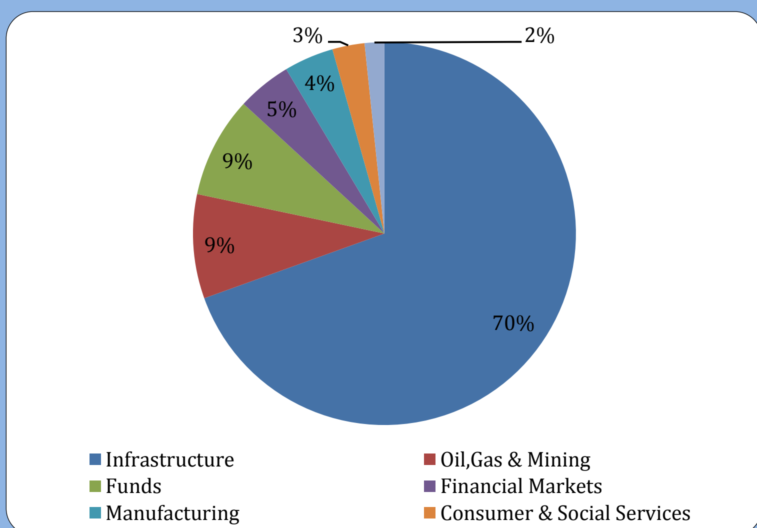
13. Prior to revolution, IFC management rightly chose to be highly selective due to the prevailing business environment due to the challenging business environment. IFC's engagement in Tunisia was largely in infrastructure and the financial sector. In the former, it provided equity and debt financing for a PPP for building, modernizing and operating a new airport. In the latter, it provided equity to a large private commercial bank to expand its lending to SMEs. IFC was also involved in microfinance through its support to ENDA - a private micro-finance institution targeting women and relatively poorer borrowers.

14. Since January 2011, IFC has ramped up its engagement and established in 2012 a field presence in Tunis for the first time. Six new IFC investments were approved amounting to US$53.1 million (compared to eight investments valued at US$276.3 million in the previous ten years) to enhance skills and employability in the private health sector, to support a financial fund focusing on SMEs[7], to provide a trade finance facility to a commercial bank supporting exports, and to provide equity to a junior oil and gas company.[8]

15. In parallel, IFC has provided strong advisory support in the areas of investment climate, education for employment (E4E) focusing on youth employment, promoting good corporate governance and supporting micro-finance.

16. Between FY05-13, IFC committed a total of $267.4 million across 13 operations, of which about 69 percent supported transportation and warehousing (infrastructure), ten percent supported oil, gas, and mining development and nine percent supported collective investments (funds). (See figure E.2)

Figure E.2. IFC Portfolio Allocation at Sectoral Level



Source: IFC data

- ✓ ***MIGA portfolio allocation***

17. MIGA's engagement in Tunisia is limited to the issuance of three guarantees over the review period, for a total of $227 million. The most recent (June, 2011) investment was a guarantee in support of financing for a passenger car ferry.

Table E.4. MIGA Guarantees to Tunisia (FY05-13)

Project ID	Project Name	FY	Project Status	Sector	Guarantees Gross Exposure, US$ millions
10180	Passenger-Car Ferry TANIT (Investor: BNP Paribas and Société Générale, France)	2012	Active	Transportation	217.7
10015	HHW, S.A. (Investor: Fons Mediterrània Capital, F.C.R. de Régimen Simplificado, Spain	2012	Active	Manufacturing	4.1
9949	Bitaka S.A. (Investor: Fonds Mediterrània Capital, F.C.R. de Régimen Simplificado, Spain	2012	Active	Services	5.1
Total					226.9

Source: MIGA data

PORTFOLIO PERFORMANCE AND RISK

18. **Of the projects rated by IEG, those that closed in the earlier part of the period received better ratings than more recent exits.** One hundred percent of the projects that closed during FY05-09 were rated moderately satisfactory or better compared to fifty percent during the period FY10-13. IEG has reviewed the ICRs for seventeen of the twenty five projects that closed during the FY05-13 period (See Table E.3.). The assessments of the completed Bank operations in Tunisia indicate these had better development outcome ratings (81 percent moderately satisfactory or better) than the average for MENA (69 percent), and the Bank as a whole (76 percent)[9].

Table E.5. IEG Project Ratings by Fiscal Year, FY05-13

	2005	2006	2007	2008	2009	2010	2011	Grand Total
Satisfactory	2	1						3
Moderately Satisfactory		1	2	1	2	2	2	10
Moderately Unsatisfactory						1	1	2
Unsatisfactory							1	1
Grand Total	**2**	**2**	**2**	**1**	**2**	**3**	**4**	**16**

Source: WB data Warehouse

19. Projects rated moderately satisfactory and better spanned a range of sectors including education, financial and private sector development, agriculture and rural development and water. Unsatisfactory projects were located in the economic policy, social protection and transport sectors. Two of the three projects rated as moderately unsatisfactory or worse were DPLs (the 2011 employment, and the 2009 integration and competitiveness DPLs). Both closed in 2011, and together represented 25 percent of total loan commitments of the closed projects evaluated by IEG within the evaluation period. The employment DPL was the only project

rated unsatisfactory and was found to have had major shortcomings in the relevance of its objectives and design (see chapter 5). The transport sector investment project approved in FY01 and the integration and competitiveness DPL were each rated moderately unsatisfactory. IEG found that the $250 million integration and competitiveness DPL, lacked relevant performance indicators.

Table E.6. IEG Project Ratings by Sector Board, FY05-13

Sector Board	Satisfactory	Moderately Satisfactory	Moderately Unsatisfactory	Unsatisfactory	Total
Agriculture and Rural Development		3			3
Economic Policy			1		1
Education	1	2			3
Environment		1			1
Financial and Private Sector Development	1	1			2
Global ICT		1			1
Social Protection				1	1
Transport		1	1		2
Urban Development		1		1	2
Water	1				1
Total	3	10	2	2	17

Source: WB data Warehouse

20. **IEG's review of closed projects found a significant risk to development outcome in six (46 percent) of the thirteen instances where risk was assessed.** Total value of loans to these projects was about $320 million or 32 percent of the value of all projects assessed for risk to development outcome. Five of the six projects in question were approved FY00-03 and one was approved in FY11. The largest, a $103 million water sector investment loan closed 18 months later than expected due to procurement difficulties as well as budget constraints at the start of the project. The most recent project assessed as having significant risk to development outcome is the FY11 employment DPL. In that instance IEG found, at entry, the Bank underestimated risk associated with slow recovery and uncertainty in the region, and overestimated government commitment to necessary reforms.

21. **The riskiness of the Bank's portfolio under implementation increased substantially after 2010 and is now more than three times as high as that for the Middle East and North Africa (MENA) average**.

- Between FY05-FY09, no Bank operation in Tunisia (and none of the commitment) was considered to be at risk. This was in contrast to an average 16.5 percent of projects and 12.6 percent of commitment at risk in MENA, and a

World average 16.6 percent of projects and 14.5 percent of commitment at risk over the same period (see table E.4. below).

- In FY11, the level of commitment at risk in the active portfolio (16.2 percent) exceeded the average for the MENA region (15.6 percent) and the World (13.9 percent) for the first time over the evaluation period.
- In FY12, the percentage commitment at risk in Tunisia increased to 23.6 percent (against averages of 21.6 percent for MENA, and 14.1 percent for the World). The percentage of projects at risk (29.4 percent – up from 17.6 percent in FY11) exceeded the World average (19.1 percent) for the first time over the evaluation period, although it remained below MENA average in that year (35.8 percent).
- In FY13, the riskiness of the overall portfolio worsened considerably. The risk to commitment was rated 66.9 percent (against MENA, 20 percent, and WB, 23.2 percent) and the proportion of projects at risk was 43.8 percent (against MENA, 29.4 percent, and WB, 21.1 percent).

Table E.7. World Bank Projects at Risk, FY05-13

	Tunisia % projects at risk		MNA % projects at risk		World Bank portfolio % projects at risk	
FY	By number of projects	By commitment at risk	By number of projects	By commitment at risk	By number of projects	By commitment at risk
2005	0	0	12.9	8.3	16.1	13.3
2006	0	0	9.1	3.8	13.6	11.6
2007	0	0	20.7	18.8	16.4	15.3
2008	0	0	19.0	14.1	17.0	17.1
2009	0	0	20.7	17.8	20.1	15.4
2010	5.9	8.8	25.2	21.9	20.6	17.8
2011	17.6	16.2	26.8	15.6	18.6	13.9
2012	29.4	23.6	35.8	21.6	19.1	14.1
2013	43.8	66.9	29.4	20.0	21.1	23.2

Source: WB data Warehouse

Appendix F. Supplementary Information on Pillar 1

Appendix F.1: Overview of Macroeconomic Performance

Appendix F.2: Deepening Global Integration

Appendix F.3: Improving the Business Environment

Appendix F.4: Improving Efficiency of the Financial Sector

Appendix F.5: Modernizing Infrastructure

F.1. Overview of Macroeconomic Performance over FY05-13

1. Through the nineties and early 2000s, Tunisia's macro-economic performance was good. Despite external shocks (such as the decline of tourism following September 11, 2001), real GDP grew at an average annual rate of 4.5 percent during 2001-05. Prudent macro-economic management kept the rate of inflation to about 2.6 percent during the period. The current account deficit stayed below 3 percent of GDP through the 1990s and averaged 2.7 percent of GDP during 2001-05. The primary budget deficit (excluding privatization receipts and grants) was also maintained at reasonable levels, not exceeding 3.5 percent of GDP during 2001-05. Monetary policies supported low inflation and maintenance of external balances, and exchange rate policy targeted a constant real effective exchange rate that helped maintain the competiveness of Tunisian exports. As a result of these efforts, and prudent debt management policies, public debt (averaging about 60.5 percent of GDP during 2001-05) was kept within reasonable limits. Prudent macro policies helped Tunisia improve its access to international financial markets, and Tunisia was among the few emerging market borrowers that had investment grade status.

- ✓ ***Macro-economic developments 2005-10***

2. **Overall, macro-economic management was satisfactory, and the twin objectives of sustaining economic growth and preserving macro-economic stability were largely achieved.** Despite the slow-down in economic activity caused by the financial crisis in 2008-09, real GDP grew at an average rate of about 4.5 percent per year during 2006-10, comparable to the growth rate of the previous five year period. This performance, in a difficult international environment[10], was driven by growing exports and foreign development investment (FDI) inflows, and robust private consumption. The service sector (comprising almost 59 percent of GDP) was the main engine of growth.

3. **Inflation (as measured by period average consumer price index -CPI) was kept in check**, averaging about 4 percent per year during 2006-10 (compared to 2.6 percent per year in 2001-05). The relatively higher inflation, mainly during 2006-08 was partly attributable to higher energy and food prices, as well as increased liquidity associated with FDI. Inflation fell thereafter following declining commodity prices and tightened liquidity. Price controls on key commodities were also a reason for low inflation in both periods.

4. **Fiscal control, tight monetary policies, and prudent debt management also helped reduce the burden of public and foreign debt over most of the period**. The average fiscal deficit (excluding grants) over the period 2006-10 was contained at

about 2.1 percent of GDP as compared to 3.3 percent during the previous five year period. Debt consolidation efforts and the partial use of privatization receipts for early debt repayment in 2006-07 resulted in the share of public debt in GDP falling from an average of about 60 percent during 2001-05 to just about 46 percent in 2006-10 (and to 44 percent in 2011). The reduction in public debt resulted in a sharp decline in interest payments, allowing fiscal space for increased subsidies (due to higher food and energy prices) and public investment.

5. External debt also declined, from about 66 percent of GDP during 2001-05 to about 52 percent in 2006-10 (and 51 percent in 2011)[11]. The composition of external debt and its maturity structure is also favourable - 38 percent of Tunisia's external debt is owed to multilateral donors and 20 percent of the debt is 'concessional'. Tunisia's average interest rate on new external debt is the lowest among "resource-poor" middle income Middle East and North Africa (MENA) countries since 2006 (in 2008, the average interest on new external debt was 2.5 percent for Tunisia). Four percent of the medium and long term external debt has a maturity of between 1 and 5 years, 26 percent between 5 and 10 years, 44 percent between 10 and 15 years and 18 percent between 15 and 20 years. Medium- and long-term external debt is mostly (77 percent) contracted with a fixed interest rate.

- ✓ ***Macro-economic developments since 2011***

6. **The economy contracted by two percent in 2011 due to on-going social tensions in the country, the Euro-zone crisis, and the war in Libya.** The slow-down in Europe had a major adverse impact on tourism receipts (which fell 33 percent in 2011). Strikes and social tensions adversely affected mining exports (such as phosphates), which fell by 30 percent. FDI inflows, which had already fallen because of the 2008 global financial crisis, dropped by a further 29 percent. These negative trends were partly compensated by a nine percent increase in agricultural production that benefited from favourable rainfall.

7. **The economy began a slow recovery in 2012** (3.6 percent GDP growth). Much of the growth was the result of a rebound in tourism and mining, which were heavily hit in 2011, and the increased consumption resulting from large public expenditures on wages and social programs. However, the combination of political uncertainty and persistent social tensions domestically, as well as weak Euro zone performance and the continued instability in Libya impaired faster recovery. GDP growth is likely to be lower in 2013 due to a slow-down in FDI and tourism receipts due to security concerns.

8. **The fiscal stimulus and monetary relaxation[12] to off-set the recessionary impact of social unrest and the euro-zone crisis contributed to a widening of the fiscal and current account deficits, and to an increase in inflation.** The budget deficit widened from 3.5 percent of GDP in 2011 to 5.1 percent in 2012 as the government increased spending on an expanded wage bill, almost doubled food and energy subsidies to offset higher international prices, and implemented new social measures, including revamped youth unemployment programs. The planned stimulus was much more ambitious, but a large volume of planned expenditures could not be absorbed because of delays in execution of public investment projects due to social unrest, and weak implementation capacity. The composition of expenditure centred on wages and subsidies (almost 70 percent of total expenditures). As noted in the PD for the second tranche of the GOJ DPL: "this questions the government's ability to consolidate fiscal expenditures as they seek to unwind the stimulus over the next few years".

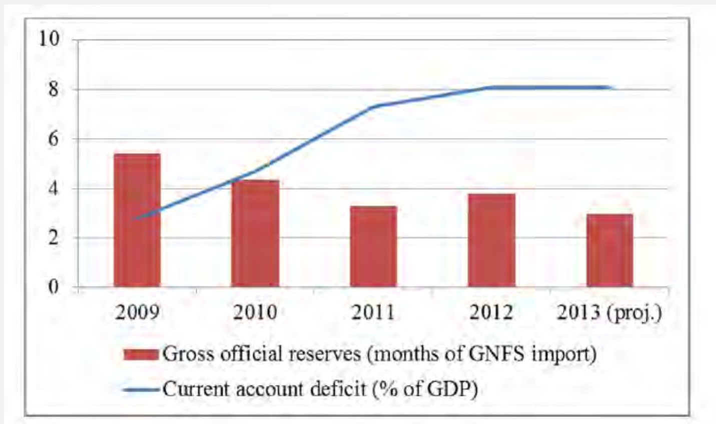
9. The injection of liquidity by the Central Bank and the fiscal stimulus contributed to a surge in inflation starting in the last quarter of 2011. Inflation steadily increased over 2012 (fuelled by increases in international prices of non-subsidized food and fuel) to reach a peak of 6.5 percent in March 2013 before stabilizing at 6 percent since August 2013. Against this background, the central bank reversed the expansionary monetary policy in late 2012, raising the main interest rate by 25 basis points and publishing two circulars to limit the decline of foreign reserves.

10. **Despite the external shocks, and the fiscal and monetary relaxation, external debt remains sustainable in the medium term**. Public and External debt are estimated to have increased by 6 percent over 2011-13. Public debt (40 percent in 2010) increased since the revolution but was contained at 44 percent of GDP in 2011, and 43.7 percent in 2012. External Debt (48 percent of GDP in 2010), 52.8 percent in 2012) remains high but its composition (favourable maturity, 38 percent owed to multilateral donors and 20 percent concessional) posed limited risk for debt sustainability.

11. The current account deficit increased to 7.3 percent of GDP in 2011 mainly due to the sharp drop in tourism revenues and continued to widen in 2012 (8.1 percent of GDP) as the improvement in tourism receipts was offset by a rapid increase in imports (driven mainly by energy), while exports remained stagnant. The deficit was financed by a recovery in FDI (mainly in the energy sector) and large inflows of external official financing. External financing needs were large in 2011-12 (in the range of $5.3-$5.4 billion), and much of the required finance came from official sources and IFIs, reflecting the high cost of accessing private capital

markets[13]. In the face of lower reserves (just below 3 months of export by end August 2013 –See figure F.1.1) and increasing financing needs, Tunisia signed a two year US$1.75 billion Standby Arrangement with the International Monetary Fund (IMF) in June 2013.

Figure F.1.1 Current Account Deficit and Gross Official Reserves



Source: IMF data

Table F.1.1: Selected Macro-Economic Indicators

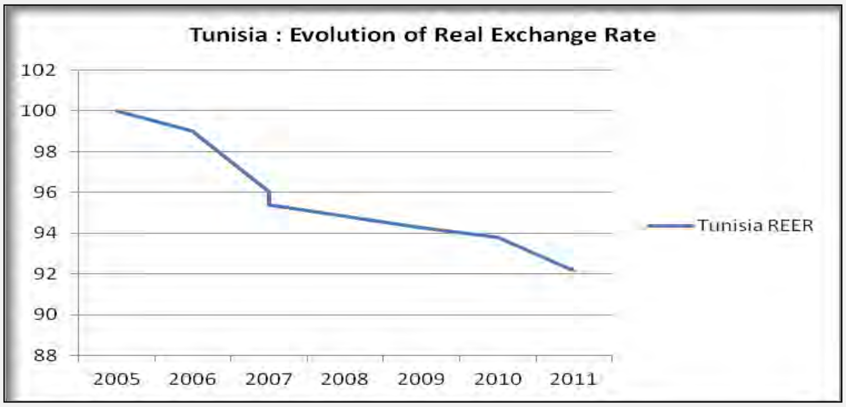
	Average 2001-05	Average 2006-10	2011	2012 (estimate)	2013 (projected)
Real GDP Growth Rate (%)	4.4	4.5	-1.0	3.6	4.0
Gross Domestic Investment/GDP (%)	24.9	25.0	24.1	24.5	24.5
CPI (average) %	2.6	4.14	5.0	5.5	5.6
Fiscal Deficit (excl grants) (as % of GDP)	-3.3	-2.1	-3.5	-5.1	-7.3
Foreign Direct Investment/GDP (%)	2.3	4.0	0.9	3.9	2.1
Current Account Deficit (as % of GDP)	-2.54	-3.2	-7.3	-8.1	-7.9
Total Public Debt (as % of GDP)	60.44	46.26	44.0	44.0	44.6
Total External Debt (as % of GDP)	66.26	51.8	48.1	52.8	51.4

Source: PD for GOJ-2 DPL Sept 2013; various project appraisal documents

✓ ***Exchange rate and competitiveness***

12. The Central Bank continues to intervene in the foreign exchange market to limit the movement of the exchange rate. While these interventions have declined in recent years, exchange rate flexibility is still limited. This policy has allowed some depreciation of the real effective exchange rate (see Figure F.1.2) which helped Tunisian exporters maintain their competitiveness through a period of increased global integration and adverse external shocks.

Figure F.1.2. Real Effective Exchange Rate (2005-11)



Source: IFS

F.2. Deepening Global Integration

13. In 1995, Tunisia became the first country in the MENA region to sign an Association Agreement with the EU (AAEU), marking a major step in opening Tunisia's economy to international competition. A process of gradual tariff reduction on EU imports was initiated. Tariffs on EU industrial goods dropped from about 100 percent in 1996 to about 24 percent in 2003. Also, the level and the number of schedules of Most Favoured Nation (MFN) tariffs were reduced.

14. Improving integration was a core objective of most of Tunisia's National Development Plans (NDPs). Higher export growth was seen as critical to the 10th Economic Development Plan's (2002-06) objective of boosting economic growth, employment and incomes. The National Development Plan (2007-11) held greater integration and exports to be instrumental for achieving its central objective of transforming the economy to a higher value-added, knowledge intensive one. The consolidation of the economy and the acceleration of growth through further efficient integration into the global economy was one of the five axes of the NDP. In the immediate aftermath of the revolution, the short term objective of the interim government was to restore economic growth by boosting domestic and foreign investment. Global integration remained a strategic objective of the 2012 medium term plan of the interim government.

15. The bank has undertaken useful analytical work over the period (see Box F.2.1)

Box F.2.1. Analytical and advisory activities related to Global Integration Issues

The **Development Policy Review (DPR) on Global Integration (World Bank, 2008)** noted the potential trade diversion and fraud that could result from maintaining differential tariffs on imports from the EU and elsewhere identified the importance of reforms in the on-shore regime and in the non-tourism services sector to bring in more private investment and raise productivity.

The **DPR-Towards Innovation Driven Growth (World Bank, 2010)** provided an analytic input to the revision of the 10th Development Plan and also in defining the agenda for reforms that formed the basis for the CPS (2010) between the government and the Bank. Global integration was a critical aspect of this transformation. In the area of trade policy, specific recommendations included: reducing non-tariff barriers (NTBs) unilaterally and within a regional framework to enhance regional integration in MENA; negotiating Free Trade Agreements (FTAs) with regional entities to stabilize commercial relations; seeking agreement with regional partners to increase maritime transport links; promoting the establishment of financing mechanisms for trade and investment in MENA and sub-Saharan Africa; and a prudent opening up of the capital account. Other aspects included the policy and regulatory framework for private sector development (PSD), and financial sector reforms (discussed further in this report).

The subsequent **DPR Bringing Opportunity, Good Jobs and Shared Prosperity to Tunisians (World Bank 2013)** analyses the performance of exporting firms and the nature of the policy and structural changes required to make exports more competitive and sophisticated.

Technical Assistance to the Tunisian Ministry of transport outlined an action plan to upgrade its infrastructure (ports, storage warehouses etc.) and regulation (for example, customs), and put an end to the fragmentation of logistics services (especially road transport operators, shippers) in order to enable Tunisia compete internationally.

16. **The paragraphs below provide detailed evidence of results achieved over the evaluation period towards deepening global integration along four dimensions: (i) the foreign trade regime; (ii) the foreign trade facilitation and logistics; (iii) non tourism services and (iv) the evolution of export and foreign direct investment**.

- ✓ ***Foreign Trade Regime***[14]

17. Tunisia has made significant strides towards an open trade regime and exporters have benefitted from a competitive exchange rate and other incentives, especially in the off shore sector which continued to profit from an "enclave" business environment. Effective integration with the EU led to a significant reduction in tariffs faced by the EU, Tunisia's largest trading partner. The EU accounts for 70 percent of Tunisian imports and 80 percent of its exports. Tariffs on EU industrial products dropped from about 100 percent in the mid-1990s to zero by 2008.

18. **The gap in import duties between preferential and non-preferential partners was reduced, but it is still relatively large.** The simple average of MFN

tariffs was reduced over the years from 34.5 percent in 2002 (compared with EU preferential tariffs of 24.3 percent) [15] to 16 percent in 2011[16]. The average was 13.5 percent for non-agricultural imports and 37.5 percent for agricultural products. The average import tariff remains amongst the highest in the Maghreb region and more than twice as high as the MENA and world averages. The substantial wedge between the duties on imports from the EU and those from third countries may be leading to diversion of trade and providing an incentive for fraud (origin of product).

- ✓ ***Foreign Trade Facilitation and Logistics***

19. Global integration was strengthened by reducing transaction costs through improving basic trade facilitation (by reducing inefficiencies in port logistics, customs clearances and quality and safety controls). Using IT, technical controls were streamlined and border and customs procedures were improved, resulting in some savings in time to trade and lower transaction costs. The extent to which these measures have actually resulted in time and cost savings is debatable. While official statistics show a reduction in time taken to clear consignments, entrepreneurs continue to claim that customs procedures remain arbitrary and discretionary contributing to delays or increased cost of doing business due to the need to spend "speed money". Lack of competition from competing ports also contributes to artificially created queues, another source of increased cost and petty corruption.

20. To help exporters (especially the emerging ones) overcome information and other market failures inherent in penetrating new markets, various trade-support institutions, programs, and financing schemes were created. For example, the *Centre de Promotion des Exportation* (CEPEX) provides a one-stop shop for exporters, implements the export promotion strategy under the Ministry of Trade, manages the computerized trade database, Trade Net, and organizes training missions, in-country fairs, and exhibitions. The *Fonds de Promotion des Exportations* (FOPRODEX or Export Promotion Fund), set-up in 1985, grants loans and transport subsidies to exporters, carries out international market surveys, assists enterprises with canvassing and advertising, and helps them strengthen their internal structure. Despite these improvements, logistic costs still remain high and inhibit exporting. In particular, there is a shortage of large modern warehouses, logistics platforms, and efficient logistics service providers.

- ✓ ***Liberalization of non-tourism Services***

21. Progress in liberalization of services was slow (especially transport) but some progress has been made recently in the ICT sector. But prices remain high as Tunisia Telecom continue to charge high prices of the use of its facilities, hindering

the private sector capacity to compete as it faces higher operational costs. Since 20122, competition has been strengthened in the international telecommunication and backbone market by the opening-up of access to the landing stations of international telecommunications cables (currently controlled by *Tunisie Telecom*). Also, to enable the wider use of alternative backbone infrastructure, efforts are being made to permit the three holders (all majority state-owned enterprises) of alternative fiber optic backbone infrastructure to lease capacity to licensed operators, as well as to the internet service providers (ISPs) and "private" networks (e.g. networks of schools, private banks etc.), on a non-discriminatory and cost-oriented basis.

22. High transport costs (including by air, rail and road) and inadequate infrastructure in ports remain serious impediments to increased global integration and economic efficiency. Though there have been some reforms to improve efficiency of ports, logistics costs are still relatively high.

- ✓ ***Growth of Exports and Foreign Direct Investment***

GROWTH OF FOREIGN DIRECT INVESTMENT

23. There was a steady increase in the volume of foreign investment since 2000. The share of FDI in GDP increased from 2.3 percent in 2001-05 to four percent between 2006-10, before falling sharply to 0.9 percent in 2011 in the wake of the Euro-zone crisis and adverse developments in Libya and within Tunisia. However, more than 50 percent of FDI inflows to Tunisia go to the energy sector while FDI inflows into manufacturing go predominantly to the low value-added textile and clothing, and mechanical and electrical sectors. Furthermore, FDI inflows are mostly in the offshore sector, which is largely disconnected from the rest of the economy.

EXPORT GROWTH

24. Exports of goods and services averaged about 49.4 percent of GDP during 2006-10, up from 47.7 percent in 2001-05. Exports performed reasonably well in 2000-10, growing at an annual average rate of 4.3 percent. However, during the period under review (2005-13), the performance of exports deteriorated compared to the first half of the decade. The average yearly growth of exports during 2005-10 was only 4.1 percent compared to 4.4 percent in the preceding five year period. Almost 40 percent of the growth in exports during the decade was due to exports of the electrical machinery sector, largely the production of components for European car manufacturers. Exports of mineral fuels accounted for another 20 percent of the growth of exports. The volume of exports fell by 1.5 percent in 2011 and 1.0 percent

in 2012, reflecting the slow-down in the European market, which constitutes about three quarters of Tunisian exports[17]. Cross-country comparison of GDP growth and export growth also suggests that exports from Tunisia underperformed relative to the rest of its economy, and that exports played a smaller role as drivers of growth in Tunisia than in other economies.

EXPORT MARKET DIVERSIFICATION

25. **Tunisian exports became slightly more diversified during the period under review**. In terms of direction of trade, while exports to the EU remained predominant, their share in total exports fell from about 81 to 76 percent between 2005 and 2012. This fall not only reflects the relative slow-down in Europe, but also a decline in the market share of Tunisian exports in total EU imports. The share of imports from Tunisia in total EU imports fell from an average of about 0.66 percent in 2001-05 to 0.55 percent in 2010-12, a decline of almost 17 percent. This decline reflects the impact of the dismantling of the multi-fiber agreement completed in 2005 on exports of the apparel, textile and footwear sector.

26. The share of exports to other, major trading partner countries in the region such as Libya, Algeria, and Morocco increased somewhat, but the overall share of Maghreb partners still remains about 8 percent of total exports from Tunisia. Exports to fast growing Asian countries or to the U.S. remain very low: China and India, two of the largest and fastest growing economies account for about 2 percent of total exports, as does the U.S. This pattern of trade highlights not only the continuing vulnerability to economic slow-down in Europe, but also the enormous potential in hitherto untapped markets.

PRODUCT DIVERSIFICATION[18]

27. **Product diversification, as measured by different indicators, increased over the last decade.** While Tunisia exported approximately 2,200 products in year 2000, it exported 2,600 products in 2010. Export diversification is also reflected in the decline in the Herfindahl index[19] from 0.13 percent in 2000 to 0.10 in 2010. This trend is also confirmed by the substantial improvement in the Index of Economic Complexity[20] over the last decade.

28. **While the diversification of exports suggests a successful response of exporters to increased competition, empirical studies of Tunisian exports suggest worrying tendencies**. First, the impact of export diversification on the economy is limited because much of this production of sophisticated and diverse products is to a large extent simple assembly of various more or less sophisticated imported intermediary inputs. To this extent, these activities have limited value-added and

very little impact on the employment of a skilled and educated labor force. Second small exporters are more likely to die and hardly ever grow large. And third, almost all export growth in recent years has been due to entry of newly established, foreign-owned firms. The contribution of domestically owned firms to export growth was close to zero.

F.3. Improving the Business Environment

29. **Between 1996 and 2002,** the Bank supported these objectives through three Economic Competitiveness Adjustment Loans (ECALs), which were meant to open up the foreign trade regime, create a more business friendly environment, open investment activities to the private sector (such as in telecom) and promote the development of an efficient financial sector. Yet, domestic private investment actually fell between 2000 and 2005 despite Bank support to improve the investment climate.

30. **Over the evaluation period, the Bank continued to support some measures to liberalize the investment climate.** The scope of activities that required prior authorizations from the government before private sector participation was to be somewhat reduced; accelerated value-added tax (VAT) reimbursement was extended to cover more private firms; and to facilitate market entry, the Competition Council's authority and autonomy was to be enhanced. Some results were obtained: the coverage of prior authorizations that were required for private investment was reduced from 225 at the beginning of the period to about 48 activities at present. All companies with certified accounts were made eligible for advanced VAT reimbursement.

31. **But domestic private investment performance was poor**. The share of private investment to GDP was 14.6 percent in 2001. It fell to 12.8 percent in 2005, but despite the recovery since then, it is still averaging no more than 14 percent. Tunisia's domestic private investment performance pales compared to East European competitors (18-19 percent in Bulgaria and Romania), fast-growing East Asian countries (28-30 percent), and many MENA countries (Morocco 25 percent in 2007)[21] . This is in contrast with FDI evolution which rose from an average of 2.3 percent of GDP in 2001-05 to about 4 percent in 2006-10, before falling to 0.9 percent of GDP in 2011 due to the political uncertainties. FDI increased by 85 percent between 2011-12 and by 38 percent 2010-12. Forty-six percent of FDI inflows went to the energy sector.

32. According to Doing Business, Tunisia's ranking evolved from 58th place (out of 155 countries) in January 2005 to 55th place (out of 183 countries) by June 2010

and to 50th place (out of 185 countries) by June 2012 (See Appendix I). The World Economic Forum's Index of Competitiveness[22] shows a similar trend, with Tunisia's country ranking improving between 2003-04 (when it was 42nd among 104 countries) and 2011-12 (when it was 40th out of 142 countries). Tax avoidance and the weak protection of investors were Tunisia's weakest points in the World Bank Doing Business ranking. Worldwide, as well as relative to more developed neighboring countries, Tunisia compares very well in international trade rules and ease of closing business, and reasonably well in respect of starting a business, registering property, and contract enforcement. Rigidity of firing laws, which is the result of deliberate labor-protection policy, and not a symptom of regulatory weakness, is also a weak point for Tunisia in the Doing Business ranking.

33. The review of implementation completion report (ICRR) of ECAL 4 rated outcomes in the PSD agenda to be moderately unsatisfactory, based on under-performance in terms of the volume of on-shore and off-shore investments during the period as well as the modest improvement in Doing Business indicators. The ICRR of ICL rated the efficacy in achieving the business environment and competitiveness objective 'modest'.

34. **One cause for this poor result is the failure to address the most binding issues and, in particular, the duality between the "on-shore" and "off-shore" regime**. Wholly exporting firms were given an "enclave" business environment with minimal state intervention and regulation, duty-free raw material and equipment imports, 10-year corporate tax holiday, free repatriation of profits and trade facilitation services (e.g., "in-house" customs clearance). Firms can, in principle, switch between the onshore and offshore regimes, but that is rare in reality. Offshore status does not imply foreign ownership; in fact, a majority of offshore exporters are domestically owned. Although a slight majority of exporting firms are onshore, more than three quarters of overall exports are due to offshore firms (Source: 2013 draft DPR). Removing this dichotomy, set up in the early 70s, was discussed as early as the 2000 CAS, but no progress was made. The government asked for a deferment of the progressive dismantling of the dual regime until 2008. There has not been much forward movement even five years later[23].

- ✓ *IFC Investment*

35. **The IFC supported private sector investment in the manufacturing and energy sectors, as well as in infrastructure and health**.

INFRASTRUCTURE

36. IFC provided funding to a special purpose company established to build a new Airport at Enfidha, upgrade the Monastir airport and operate both on a 40 year BOT concession. Monastir international airport, the gateway to Tunisia's main tourism areas (Hammamet/Nabeul and Sousse/Monastir), was already operating at more than full capacity and could not be expanded on-site. Enfidha is 90 kms south east of Tunis. IFC investment (FY08) included a Euro 105 million A loan, a Euro 255 million B loan, and a Euro 30 million C loan. In FY09, IFC reduced its exposure by selling Euro 31 million of its A loan and cancelled another Euro 2.5 million of the A loan, bringing its A loan exposure to Euro 71.5 million. IFC further committed a Euro 28 million (equivalent to US$40.4 million) equity investment for a 15 percent share of the company.

37. Despite amendments to the concessions agreement, the financial equilibrium of the project is still to be achieved. The US$ 40.4 million equity investment made by IFC in 2009 for a 15 percent share of the company was written down by US$9.1 million in 2011 and US$3.1 million in 2012 following the revolution (equity valuation of US$28.2 million on a cost basis).

ENERGY

38. The IFC invested in two private companies involved in exploration and development of oil and gas (US$17 million equity in 2009; and US$ 24 million equity in 2012).

MANUFACTURING

39. In 2009, IFC invested US$9.5 million in equity in a private company that produced printed circuit boards for use in manufacturing automobiles. All production is meant for export, mainly to Europe. Following the recession in Europe, IFC's equity investment in this private company was written down.

F.4. Improving Financial Sector Efficiency

- ✓ ***A glance at the financial sector***

40. Commercial banks dominated the financial system accounting for close to 70 percent of its total assets. The rest of the financial sector comprised specialized banks (3 percent), insurance companies (3.4 percent), pension funds (6.5 percent) and other institutions (17.4 percent).

41. The state run *Banque Tunisienne de Solidarité* (BTS) is a micro-finance provider which lends to about 100 associations to lend on, in turn, to micro-borrowers. *ENDA Inter-arabe* is a microfinance NGO based in Tunisia. It currently operates as the local branch of a Belgian NGO. It is presently the only private sector institution that provides commercially sustainable micro-credit. Its main source of funding is long term loans. Prior to IFC support, ENDA had only two commercial financing sources: a 7 year loan of TND 2 million from *Banque de l'Habitat,* and a 5 year loan of ND 1 million from the *Union Internationale des Banques.*

✓ ***AAA Analysis and Recommendations***

42. **The 2006 FSAP made a number of recommendations to improve the soundness of the banking system, but a large number of the recommendations were not implemented.** For example, a measure to prohibit distribution of dividends in banks with inadequate provisioning was not implemented. Tax deductibility for encouraging partial write-offs to reduce NPLs was also not implemented. Nor was there an effective restructuring of bank loans to problem sectors (like tourism). Supervision of banks, especially on-site supervision, remained weak.

43. **The Policy Note on SME Access to Finance (FY10)** focused on the reasons why SMEs were constrained by lack of finance and its high cost[24]. The Note made recommendations to improve financial transparency of SMEs, enhance the availability and quality of information, continue efforts to reduce NPLs, simplify procedures for lending, and improve the functioning of the stock market and the venture capital market.

44. **A tourism debt restructuring analysis (FY12)** was undertaken by the Bank and IFC. Based on the Bank-IFC diagnostic, an action plan was proposed, which is currently under serious consideration by government. One of the recommendations is to create a "bad bank" for the distressed assets of *Société Tunisienne de Banque* (STB) or to transfer all banking sector distressed assets from the tourism sector to asset management companies.

45. **The follow up FSAP (2012) noted that over the period, loan quality, solvency, and profitability of banks had deteriorated, and weaknesses in underwriting had led to inappropriate lending to well-connected borrowers**. The report noted the deterioration in the quality of banking supervision by the CBT during 2006-11. While prudential regulations were strengthened, no on-site inspections were carried out since 2006. The 2012 FSAP recognized that the banking sector may face large recapitalization needs to cover past losses, and reiterated the

need for improving governance of state owned banks and restructuring of their balance sheets.

46. The FSAP (2012) made a number of recommendations incorporating guidance already provided in a number of policy and technical notes prepared during FY10-12. These included: Policy Note on Financial Sector: Toward a Better Governance and High Performance (FY11); Technical Note on Corporate Governance in Private Banks (FY10) which identified the deficiencies in bank corporate governance practices and suggested recommendations for improvements; and the Note on Restructuring Tourism Sector's Debt: Proposed Action Plans (FY12). The report recommended strengthening supervision by introducing and enforcing stricter regulatory and reporting requirements referencing loan classification, assets and collateral valuation and provisioning, and compliance with international best practices. A comprehensive capital market reform was also proposed.

- ✓ ***IBRD Lending***

47. The ICR Review (March 2008) of ECAL 4 rated achievements in the financial sector (as well as overall outcomes) moderately satisfactory. The ICR Review (July 2012) of the ICL rated the efficacy of achieving financial sector objectives modest and the overall objectives moderately unsatisfactory. In the financial sector, "... there were noticeable improvements in the health of the financial sector with regard to facilitating private investment from the domestic stock market and from a relatively more healthy banking system, although progress was less clear regarding the development of venture capital funds and micro-finance institutions". The ICR of the GO DPL (December 2012) found significant progress had been made in financial sector reforms.

48. In this evaluation, we have looked at the following main outcomes that would demonstrate financial sector reforms helped promote greater financial intermediation: (i) greater mobilization of domestic savings in financial institutions; and (ii) improved access of credit to the productive sectors. Results were disappointing on both accounts.

(i) Savings mobilization

49. **There was very little progress in mobilizing savings**. One measure of savings mobilization in the banking system is the share of quasi-money[25] in GDP. A broader measure of savings that includes demand deposits as well as time and other deposits is broad money (M2 in Table F.4.1. below). This indicator also confirms that there was very little progress in mobilizing savings between 2000-04

and 2005-10. There was however some improvement in 2011 and 2012.). Savings mobilization in banks in Tunisia was lower than in some other countries in the region for example, Egypt, Jordon, Lebanon and Morocco[26].

Table F.4:1 Financial Intermediation: Impact on Domestic Savings Mobilization (in percent of GDP) 2000-04 and 2005-12

	2000-04	2005-10	2005-11	2005-12
Money	23.8	23.7	24.6	24.7
Quasi Money	33.8	34.3	34.8	36
Broad Money	57.7	58	59.4	60.7

Source: IFS: Money (line 34); Quasi-money (line 35); GDP (line 99b).

(ii) Credit allocation

50. **Progress in financial intermediation was no better in terms of credit allocation**. In fact, the share of domestic credit in GDP fell from an average 67.6 percent in 2000-04 to 63.7 percent in 2005-10. Though domestic credit allocation improved in 2011, its share of GDP in 2005-11 was below the level achieved in 2000-04. Similarly, reforms did not improve access to credit for the private sector. The share of claims on the private sector in GDP fell from an average of 61.7 percent in 2000-04 to 57.9 percent in 2005-10. The performance improved in 2011, but the share of credit to the private sector during 2005-11 (60 percent) remained below what it was in 2000-04. While Tunisia performed better than Algeria, Egypt and Libya in 2009-10, its record was worse than of Jordon, Lebanon and Morocco.

Table F.4.2: Financial Intermediation: Impact on Credit Allocation (in percent of GDP) 2000-04 and 2005-12

	2000-04	2005-10	2005-11	2005-12
Domestic credit	67.6	63.7	65.8	n.a
Claims on Private Sector	61.7	57.9	59.9	n.a

Source: IFS: domestic credit (line 32) claims on private sector (line 32). GDP (line 99b).

51. The level of Non-Performing Loans (NPLs) was reduced from 21 percent of gross assets in 2005 to 13 percent by end 2011. As acknowledged in the 2012 FSAP, part of this decline may have been due to a circular from the Central Bank (CBT), issued in mid-2011 that allowed banks to reschedule loans due from companies hurt by the political turmoil in 2011. It is estimated that re-classifying these rescheduled loans as non-performing would add another 5 percent to the overall NPL ratio.

52. It is too early to assess the full impact of the most recent reforms undertaken since 2011 notably :

- **In the banking sector**, new prudential rules were adopted which required : increasing the minimum solvency ratio to 9 percent by end 2013 and to 10 percent by end 2014; increasing the risk weighting factor from 100 percent to 300 percent for risks in excess to the risk division rules; restricting large exposures by lowering the standards of 5 times the net capital for loans exceeding 5 percent of the capital to 3 times that level and from 2 to 1.5 times for loans exceeding 15 percent of net capital; and lowering the threshold from 3 times to 1 time the capital on outstanding loans granted to officers, directors and shareholders whose shareholding exceeds 10 percent.

- **In the security market,** the law governing venture capital and mutual venture funds was amended to: (i) encourage venture capital companies' risk taking by eliminating pre-determined exit conditions and basing exit from financed projects on the performance of the venture capital company at the time of the exit; (ii) simplify taxation of venture capital companies; (iii) encourage venture capital companies to invest in regional development areas; (iv) eliminate the requirement that mutual venture funds must liberate the totality of the subscribed funds in order to benefit from tax exemption.

F.5: Modernizing Infrastructure – ICT and Transport

ICT

Background

53. World Bank Group-wide strategy for ICT (2001) called for advancing sector reform by : (a) broadening the focus across all ICT components (including the postal sector); (b) creating an enabling environment for e-commerce and e-government; (c) strengthening policy and regulatory institutions to implement sector reform; (d) promoting growth, efficiency, quality, and innovation through competition and private sector participation; and (e) promoting access to information infrastructure with a special focus on rural communities.

54. In 2001, government, working in partnership with the Bank, prepared and issued a national ICT strategy paper. In 2003, at government's request, the Bank carried out a study on private participation in infrastructure (PPI) that included a chapter on telecommunications and information technologies. Both AAA were instrumental in the design of the ICT project approved in 2004.

55. At end 2003, mobile penetration (number of mobile subscribers per 100 inhabitants), was less than 20 percent (compared, for example, with over 24 percent in Morocco, and 65 percent in Estonia). Similarly, Tunisia had 0.27 Internet Hosts per 10,000 inhabitants, while Egypt had 0.49 and Lebanon had over 21. International bandwidth capacity was also lower than regional benchmarks. For example, the highest link-to-link international connection was Tunis- Palermo with 40 Mbps, while the Rabat-Palermo capacity was 68 Mbps; Rabat-Paris was 76 Mbps. Also, the total connectivity measure (TCCM) was 63%, which was lower than Lebanon with 98% and Jordan with 79%, and about equal to Egypt's.

56. Over the evaluation period, some progress was made to reform and modernize the ICT sector. But overall, the telecom sector is less open to competition than most countries in MENA and Tunisia lost ground over the last 10 years in the area of broadband internet. The government adopted a list of measures described in Box F.5.1.

Box F.5.1. List of measures adopted in the ICT sector.

These measures include:

- granting of eight licenses to three operators, including a global license (mobile and fixed phones as well as internet) awarded to *Orange Tunisie*, the first of its kind in the region. Subsequently, two more global licenses were awarded;
- divestment by government of 25 percent of its capital in *Tunisiana* to private operators;
- allowing enterprises with their own fiber-optics installations (STEG and SNCFT) to make such services publicly available, at prices and technical standards approved by government;
- liberalization of the domain ".tn", with less administrative procedures to register and host ".tn" websites[a], and the extension of the number of subjects that can be Domain Name registrars;
- introduction of technical guidelines to encourage government websites to include citizen feedback loops using ICT-enabled social media, such as Facebook; and (vi) authorization to internet service providers to offer telephone services over the internet (VoIP). They are no longer required to go through the national internet agency (ATI) for internet traffic.

a/ However, the impact of the liberalization is not always clear. For example, there seems to still be reluctance by many users to use the domain 'tn', for lack of what is called "confiance numérique", that is, the perception that emails with the 'tn' domain may be potentially subject to review by authorities. Such users, including some NGOs, prefer to use a domain based in other countries.

57. As a result, fixed and mobile penetrations have improved reaching 118 percent in 2010, up from 32 percent in 2003, and higher than the 109 percent target. The high penetration does not mean that, on average, there is more than one fixed and mobile phone per person, but that many people have more than one account, by having sometimes multiple SIM cards (and therefore multiple phone numbers) that are used with one single mobile phone.

58. Following the removal of restrictions and controls on internet access after the revolution, the projected demand for additional websites and related content is expected to generate, over at 5,000 – 8,000 jobs in the short term and this could be sustained and increased on a long term basis.

Table F.5.1. Major Outcome Measures, ICT

Objective	Baseline 2003-2004	Results 2011-2013
Increase in the share of ICT sector in GDP to reach 7% in 2008	5%	Estimated at 10-11% (assessed at 9.2% in 2008)
Fixed & mobile telephone lines (as % of pop), to reach 60% by 2008	32%	Substantially over 100 %
% of population using the internet to reach 30% by 2008	6%	39% (2011)
No. of internet hosts based in Tunisia, to reach 4,000 by 2008.	1,625	20,000

Source: CASCR; and WB Infrastructure and Poverty Data Base.

59. Despite the increase in competition, prices remain high. The cost of international calls from Skype (from the US) to Tunisia is higher than practically all countries in the region (as noted in Chapter 3 – Fig 3.1.). As noted earlier, Tunisia Telecom continues to be the dominant player and to charge high prices for the use of its facilities, hindering the private sector capacity to compete.

TRANSPORT

60. Bank supported the government through the Transport Sector Investment (TSI) APL.

- Phase 1 (TSI-1) of the project focused on: restructuring port services and promoting private investments; setting up a new cargo handling organization and supporting new port facilities under BOT schemes; commercializing the railway parastatal and giving it financial autonomy; and promoting the use of lead gasoline and cleaner diesel to reduce pollution.

- Phase 2 (TSI-2) was directed towards improving the regulatory framework, facilitating exports, and improving infrastructure and urban transport in general through an appropriate institutional framework.

61. Results are discussed below.

✓ ***Port management***

62. Port reforms were implemented mostly before 2005. The monopoly of longshoremen was abolished, and the port landlord model was adopted[27].

Concessions of specialized terminals in 2005 paved the way for private investment in the existing container facility at *Radès* (that serves mainly roll-on, roll-off vessels) and *La Goulette* Passenger terminal. However, the full implementation of the "Landlord Port" model (which will entail the concessioning of handling and storage functions in secondary ports and new terminals in Radès by the port authority (*Office de la Marine Marchande et des Ports* - OMMP) to broaden competition) has not yet been completed. Currently, the state-owned company, *Société Tunisienne d'Acconage et de Manutention* (STAM), is still dominant in cargo handling and has a monopoly in Radès port. Some further improvements to the regulatory and institutional framework were implemented in recent years. These measures include introducing competition between a state owned and a privately owned company in stevedoring services in all ports (except Radès), and improvements in logistics facilitation, with the introduction of online, computerized import documentation. The government's plan to develop a deep water port in Enfidha via PPP failed to materialize. Instead, the government is currently planning for an expansion of the Radès port with the addition of a specialized container terminal which will be partly financed by the private sector though a BOT concession.

✓ ***Railways***

63. The objective of commercializing the railway parastatal to make it financially autonomous through institutional changes was not achieved, as reforms to provide autonomy were launched but not completed. The expected increases in productivity and profitability of railway operations in the transport of phosphate did not materialize - the cost of carrying phosphate dropped only marginally between 2005 and 2009. The 20 percent improvement in staff productivity between 2005 and 2010, gained as a result of down-sizing, has recently been partially reversed. As a means of increasing stable employment, the government instructed the railway parastatal to suspend outsourcing of services and include the persons providing the services in the payroll of the railways instead. The sharp decline in phosphate transport[28] by rail in recent years further impacted the parastatal's finances.

✓ ***Urban Transport***

64. There was some improvement, but also deterioration in the efficiency of public transport operations. Thanks to staff reduction, there were large gains in productivity in the bus company ("*Société de Transport du Sahel*" / STS). The number of riders per bus staff increased from 60 in the beginning of the period to 87 in 2009. However, as noted above, such gains have largely been erased in the last couple of years. There were no gains in the other two bus companies ("*Société des Transports*

de Tunis" SNT and "*Société Régionale de Transport du Gouvernorat de SFAX*" Soretras), and all three bus companies experienced a decline in fleet availability during most of the period due to delays in acquiring new buses. Overall, public transport's share of total motorized trips fell short of objectives (33 percent versus 50 percent).

65. Overall subsidies to urban transport companies remained about the same, due to reductions in support to *"Société Régionale de Transport de Gouvernorat*" SRTG[29] that were balanced out by increases for SNT. Subcontracting of urban transport services to private operators showed some gains in Tunis in the first part of the review period (from 0 percent of bus-km in the mid-2000s to 7.1 percent in 2009), but such gains have practically disappeared since 2010, as the government has requested that outsourced services, mainly cleaning and security, be cancelled and taken over by the parastatal company. There were no gains in regional cities served by the SRTG, because the Ministry of Transport did not open urban transport services to private operators.

66. No legislation was passed to ensure proper rules for financing urban transport activities with compensation for public service obligations (PSO). The ICR for the project noted as especially disappointing the failure to create a formal urban transport coordination, management and regulation mechanism in Greater Tunis.

F.6. Agriculture Performance

BACKGROUND

67. The sector is dominated by smallholders, 75 percent of farms each averaging less than 10 ha (2005 data)[30]. Between 1961 and 2005, average farm size went from 16 ha to 10.2 ha. Farm fragmentation has continued unabated, with farm sizes of 5 ha increasing from 41 to 54 percent of total arable land. These small farm sizes occupy only 11 percent of total arable land while 3 percent of farmers, farm size of 50 ha each and up, own 42 of total land (2004-05). The state of Tunisia (*terres domaniales*) owns 10 percent of land, a major portion of which it leases to *Sociétés de Mise en Valeur et de Développement Agricole* (SMVDA) and to agricultural technicians. Absenteeism is widespread as it affects some 40 percent of farms[31]. The "suspicion" is that out-of-date or "frozen" titles and land without any title, are widespread[32].

68. According to the WTO, Tunisia's trade reforms in the 1990s-2005 have not "substantially liberalized trade" (World Bank, July 2006: viii). However, a few measures were taken by the early 2000s after two policy loans--ASIL I (1993-2000) & II (1997-2002) which themselves followed two other structural adjustment loans, ASAL I & II (1986-95)[33]. The government undertook agricultural liberalization

reforms primarily in terms of reducing/removing subsidies to farm inputs such as fertilizer, animal feed, seed, irrigation and mechanized services but there was no liberalization in food marketing[34]. The importation and marketing of cereals continued to be handled by the monopoly *Office des Céréales* (OC). Prices and margins throughout the wheat marketing chain remained under the control of the OC as the GOT sought to protect domestic food and agriculture production (primarily against subsidized EU agriculture and food imports) while also keeping prices low and stable for urban consumers. GOT also fixed prices and margins in non-cereals markets; e.g., fruit and vegetables were subject to informal GOT price controls[35]. For tomato concentrate (an important consumption item) (*tomate de transformation*), there is an official reference price at the beginning of every season[36]. These price controls were an important component of government food security policy as government negotiated the prices of selected basic food prices at consumer level (e. g., sugar, vegetable oils, milk). These price controls on basic consumption items—cereals and non-cereals—typically favored consumers over producers.

69. By the early 2000s, agricultural tariffs remained high (by regional and world standards). For example, preferential tariff rates (2005) with the EU (in percent) were for: Agriculture: 63.5, range: 0-150; Dairy: 94.2, range: 0-150; Cereals: 45.1, range: 0-100; Coffee, tea, sugar, etc.: 67.7, range: 0-150. MFN tariff rates for the same commodities were: Agriculture: 66.8 range: 0-150; Dairy: 95.3, range: 15-150; Cereals: 45.3 range: 0-100; and for Coffee, tea, sugar, etc.: 72.1; range: 0-150[37]. For agricultural exports, GOT negotiated quotas with the EU under the Association Agreement (effective since March 1998, signed July 1995) to promote exports of fruits and vegetables for which Tunisia has comparative advantage. For these, e.g., olive oil, fruits and vegetables, taxes were eliminated although there was still substantial control in other ways. For example, the *Office Nationale des Huiles*, ONH, lost its monopoly in 1994 but still control the allocation of quotas to the private sector[38].

70. A major rationale for government's extensive control of the sector is the sector's strategic environmental and socio-economic importance. Agriculture, largely rain-fed and semi-arid, is vulnerable to highly variable rainfall and increasingly frequent droughts.[39] It uses some 82 percent of mobilized water resources; contributes to 18 percent of total employment (for comparison, public administration contributes to 23 percent and manufacturing to 19 percent of total employment), 10-11 percent of total merchandise exports or 25 percent of agricultural GDP; and is afflicted with higher rates of poverty. The Northwest is home to watersheds which supply around 80 percent of Tunisia's water resources, and is also has more than half of Tunisia's forested areas[40].

71. Agriculture has higher rates of poverty as the poverty rates for the North West and the Center West are 10 and 29 percent (2005) respectively, in comparison to the 5-7 percent for the Center East and Grand Tunis region, and a national average of 11.8 percent, revised from 3.8 percent[41]. This higher poverty rate has contributed to significant rural-urban migration. Agriculture's contribution to GDP has remained fairly flat at around 13 percent of GDP from 1980 to 2000[42] then declining slowly to 12 percent by 2005. The various rainfall-driven shocks to the agricultural sector (13 percent of GDP and 18 percent of employment) over the last 10 years significantly affected growth, as in 1999, 2002 and 2004[43].

RESULTS

72. **There was no significant liberalization of food marketing during the period under review.** As pointed out by knowledgeable Tunisian counterparts[44], the period under review was highly unfavorable for government to undertake liberalization reforms. In fact, the overall socio-political environment could hardly be more inimical to food price and marketing liberalization. There was first the food price crisis (2007-08)[45] then the financial crisis, (2008-09) which hurt the EU and its purchasing of Tunisian exports; the global food price crisis again (2010-11)[46] , the Revolution (2011); and then inflation accelerating from 3.5 to 5.7 percent (y-o-y, April 2011-12) reflecting higher food prices due in part to increased demand from Libya[47]. With the crisis unleashed by the Revolution, the downturn in the economy in 2011 and a dramatic rise in unemployment, maintenance of social peace and political stability has become the top priority.

73. **In the all-important cereals market, the *Office des Céréales* (OC) remains the implementing agency for GOT price and marketing policy. It is the sole importer of cereals except for barley**. It controls all the prices and margins from farm production to final sale. The market for collection and storage of cereals has been opened recently to selected private brokers (*mandataires agrées*) which operate at prices and margins determined by OC[48]. Cereals producer prices were raised following the food price crisis of 2007-08 while consumer prices were kept low[49]. Thus the producer prices of durum, bread wheat and barley were raised in 2008/09 (see text table below), and since then, every year, by 3-5 dinars per quintal. Interviews with Tunisian counterparts noted that at the same time, consumer prices have remained constant. Prices of other non-cereals basic consumer items (e.g., vegetables oils, sugar, dairy products) are no longer directly controlled by the GOT but they still have to be negotiated with and agreed to. Fruits and vegetables for which prices are supposed to be market determined are also controlled in an ad hoc

manner. For example, in the wholesale market in Tunis, representatives of the MOT check prices every day[50].

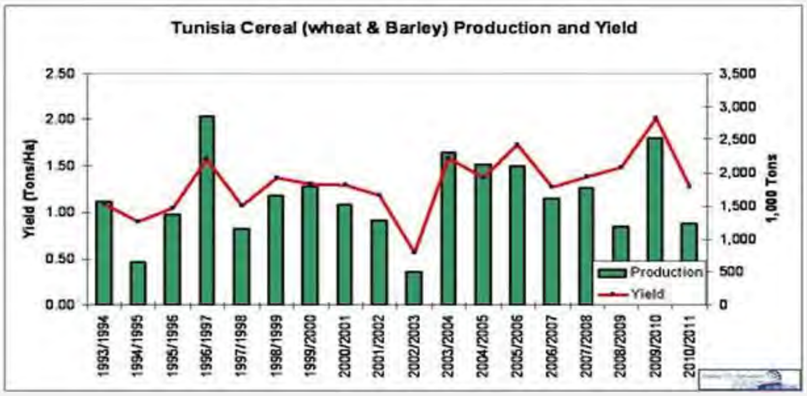
74. **With respect to the competitiveness of its main agricultural exports (mostly to the EU)[51] for which Tunisia has already preferential access to the EU market, Tunisia was still not able to fulfill its quotas; e.g., for olive oil, 92 percent of which go the EU, only 79 percent of the quota is used; for oranges, 60 percent[52].** The problem of poor quality, largely due to government price controls; e.g., olive oil and oranges, is long standing[53]. Internal price controls and inadequate support services continue to undermine incentives for quality production.

75. **Agribusiness is still affected by distortions that do not help the development of an export-oriented industry**. Although the government has taken measures to help upgrade the sector, such as creating the Bizerte *technopole* in 2010, agriculture and agribusiness share in exports has fallen from 12 percent in 1993 down to 8 percent of exports in 2010. Support policies have created a bias that favors import markets at the expense of exports. There is also strong protection of agricultural goods at the border (beef, lamb/mutton and wheat), domestic price controls for agricultural goods (cereals, milk, sugar beets and tobacco) and subsidies on agricultural inputs (chemical fertilizers, pesticides and water). While these measures protect producers against fluctuations in world prices[54], they do not provide the necessary incentives to be competitive[55]. Except for its Agreement with the EU, there is no evidence that this situation vis-à-vis other trading partners has changed. Both the EU and Tunisia consider agriculture to be a "sensitive" sector to be shielded from reciprocal liberalization. In fact, the differential liberalization between EU and non-EU products has accentuated the distortions in the tariff regime, widening the wedge between EU and non-EU products, thus increasing incentives for fraud (See Chapter 3)[56].

76. Largely as a result of the poor policy environment, agriculture is characterized by "low profit margins with prices informally capped by government directive and declining terms of trade for the sector"[57]. Output prices remain controlled while input prices have been liberalized in the late 1990s (under the ASALs and ASILs) and have risen over the years. Productivity of major commodities is low; e.g., productivity of cereals and dairy cattle is not only low but represents a loss of resources to the economy. (World Bank, July 2006: vii, 9-10)[58]. For example, domestic resource cost[59] estimates for soft wheat ranges from 1.8 – 3.3; for milk from 1.06 - 2.1 (depending on the yield and price scenarios)[60]. For decades, there have been no significant long term upward trends in cereals yields (interpreted as a proxy for productivity) which fluctuate sharply depending on the availability of rains.[61] Tunisia's two largest agricultural products, cereal and olives, depend on the level

and variability of rainfalls each year. The graph below displays the variability in cereals yields/production (only about 7 percent is irrigated) over a long period.

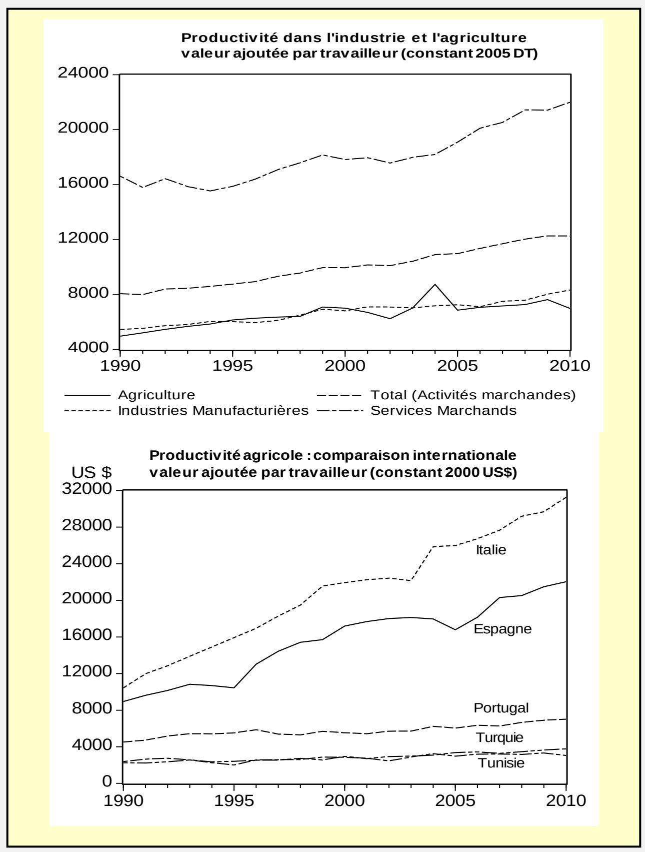
Figure F.6.1. Production and Yield of Wheat and Barley (1993-94 – 2010-11



Source: USDA

77. Moreover, the gap in performance has widened. Agricultural productivity is significantly lower than in other countries with a large agriculture sector (See figure F.6.2). Yet as has been frequently pointed out, crops for which Tunisia has a strong comparative advantage-e.g., fruits and vegetables, Tunisia cannot fulfill its quotas with the EU; whereas crops for which it has a comparative disadvantage, Tunisia is subsidizing and using its scarce water resources.

Figure F.6.2. Agricultural Performance Gap



Source: Agriculture Policy Note (World Bank, 2013)

BANK ANALYTICAL WORK

78. The Bank undertook four pieces of analytical and advisory work during this review period (2005-12) all responding to the government request on how best to

exploit the potential of agriculture so the sector maximizes its contribution to the economy and increase agricultural productivity. But these recommendations were not followed. Box F.6.1. below briefly presents Bank main recommendations.

Box F.6.1. Bank analytical work in the agriculture sector

Tunisia Agriculture Policy Review (July 2006): The question was: "How could government help the farm sector realize its potential more completely?" The Bank's answer through its report was that GOT's interventionist approach of its food security policy is not only making agriculture non-competitive but its growth is a cost (resource drain) on the rest of the economy. To make agriculture more productive and competitive, it advocated a fundamental reorientation of GOT approach to food security, the removal of pervasive controls on prices and margins, and the creation of an environment within which supply chains would be responsive to consumer demand, in terms of scale and quality. To counteract possible adverse short term impact of liberalization on the poor and food-insecure populations, it advocated establishing a system of targeted food assistance and a food reserve stock for emergencies. More broadly, it advocated the GOT focus on delivering public goods and services instead of controlling private sector margins and prices along the value chain.

The update of the agriculture policy review (June 2009) focused on the functioning of cereals market and elaborated on the same message. It emphasized not only the need to liberalize but also to invest in research and extension so as to increase productivity of cereals cultivation, as increased productivity is the bedrock for increased food security. It also advocated developing risk management instruments for smallholders and a targeted system to assist the basic cereals consumption needs of the poor and vulnerable. The June 2009 update evaluated the structure and determinants of comparative advantage of selected commodities of major importance to Tunisia under alternative price and yield scenarios. In particular, it pointed out that cereal cultivation, a land- and water-using crop, is of low value. In view of the relative resource endowment of agriculture, much of cereal cultivation is not the best use of these scarce resources. Again it emphasized that the productivity of much of cereal cultivation needs to increase if Tunisia wants to strengthen its food security.

The Agricultural Finance Study (May 2012) emphasized the fact that the poor policy environment has been largely responsible for agriculture being a low productivity and low profitability sector. This problem has to be solved before agricultural finance can expand and make a contribution to the growth and productivity prospects of the sector. It argued that under the current controlled system, the GOT is unlikely to be able to modernize agriculture, increase its competitiveness and its export earnings.

The latest report: **Tunisia in a Changing Climate** (November 2012, recently reissued in March 2013) also stressed the urgency for the GOT in reshaping its food security policy, this time from the point of view of climate change. The increased stresses expected of a drier and hotter climate, with greater variability in precipitation by 2050, will require that the GOT fundamentally rethink the allocation of its increasingly scarce water between agriculture and the rest of the economy.

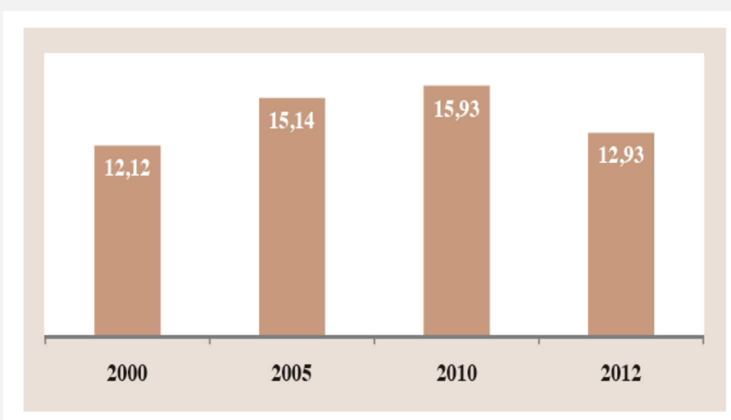
Appendix G. Supplementary Information on Pillar 2

1. This appendix provides additional (i) quantitative information on the education budget, enrollment and completion rate in the education sector, (ii) qualitative information on the challenges encountered by the institutional reforms supported through Bank projects and (iii) evidence on employability. Most information comes from field discussion, Aide Memoire of the education projects and recent analysis contained in the 2013 DPR.

Education Budget

2. The budget allocated to education was 7 percent of GDP in 2005 (up from 5.2 percent in 1980 and 6.0 percent in 1990), which is much higher than the average for OECD and transition countries where enrollment rates were much higher. The share of the education budget in the overall budget increased to close to 16% in 2010 before dropping to close to 13% in 2012. Over 90% of the education budget represents recurrent expenditure. A large part is absorbed through current expenditures in support of salaries to the detriment of other pedagogic input[62]. This highlights problems associated with low efficiency, as well as the risk to long term sustainability.

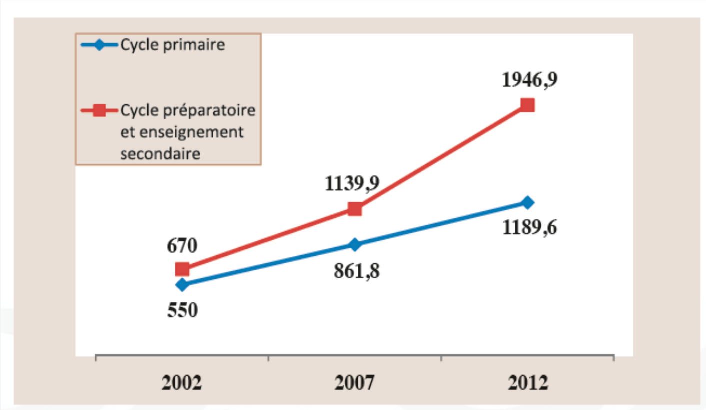
Figure G.1. Evolution of the Share of education spending in Total budget



Source: Ministry of Education, 2012/13.

3. The unit cost per student in primary education as well as in upper basic and secondary has increased steadily over the evaluation period.

Figure G.2. Evolution of Unit cost per cycle in Tunisian Dinar (DT)



Source: Ministry of Education, 2012/13.

Pre-school ("année préparatoire")

4. The enrollment rate of children aged 5-6 years has steadily improved over the course of the evaluation period. Similarly, the share of primary schools offering pre-schooling program ("année préparatoire") has tripled since the inception of this program.

Figure G.3. Evolution of Net Enrollment Schools in Basic and Secondary Education

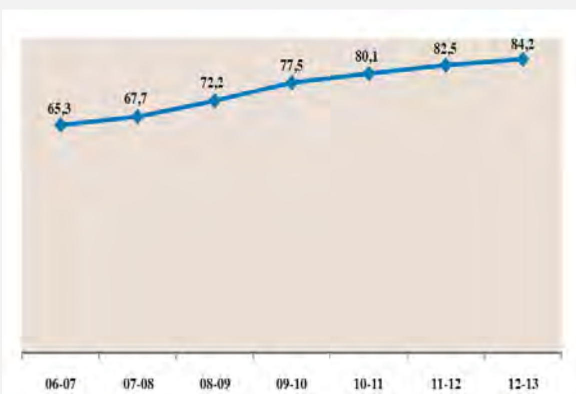
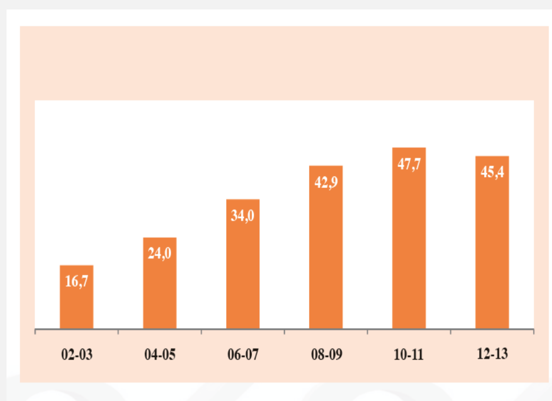


Figure G.4. Evolution of Percentage of Primary Offering Pre-schooling Program



Source: Ministry of Education, 2012/13.

Basic and Secondary Education

5. Basic education includes primary school (6-11) and the second cycle of basic education (*collège*). Secondary education refers to *lycée.*

(i) Enrollment : Notable progress

In 2005, 97 percent of children aged 6 to 11 years were enrolled at school[63].This achievement was partially influenced by a decline in fertility rates that led to a significant reduction in the primary school age population. Enrollments declined from 1.4 million in 1999/2000 to 1.1 million in 2004/05.

6. Notable progress was made in enrollment in basic and secondary education over the evaluation period. Between 2005 and 2010, enrollment rates increased from 97 percent to 98.2 percent for 6 to 11 year olds. For 12-18 years old, enrollment for girls is 81.4 percent compared to 74.7 percent for boys (ICR, EQUIPII). Most recent data (Annuaire statistique 2012/13) confirm these trends.

Table G.1. Evolution of Net Enrollment in Basic and Secondary Education

Taux net de scolarisation	2002/2003			2007/2008			2012/2013		
	Garçons	Filles	Total	Garçons	Filles	Total	Garçons	Filles	Total
Enfants 6 ans	99,0	99,0	99,0	99,1	99,1	99,1	99,4	99,4	99,4
Tranche d'âge 6-11 ans	97,0	97,5	97,2	97,3	97,4	97,4	98,9	99,2	99,0
Tranche d'âge 6-16 ans	90,4	91,4	90,9	91,5	92,6	92,0	92,2	94,3	93,2
Tranche d'âge12-18 ans	73,8	77,8	75,7	77,9	81,7	79,8	75,8	84,5	80,1

Source: Ministry of Education, 2012/13.

(ii) Completion/drop-out and repetition rates : Still high rate of drop-outs and repetition especially for boys

7. The government does not compute completion rates of basic and secondary education on a regular basis. Data on completion rates are sourced from the ICR of EQIPII (Table p4). The completion rate in basic education has increased from 51.9 percent in 2004/05 to 60.7% in 2009/10. In secondary education, target rates (set in 2006-07) were 67.9% for Girls and 54.3% for Boys but completion rates achieved in 2009-10 were 60.6% for Girls and 45.3% for boys (ICR, EQUIPII). Changes in baccalaureate examination explain partially the high volatility of completion rates. Completion rates for boys and girls were respectively 42.9% and 45.5% in 2002/03 and then fluctuated from [41.9%; 53%] for boys and [56.1%; 66.7%] for girls over 2003/04 to 2009/10 (ICR, EQUIPII).

8. Table G.2.shows key trends in promotion, repetition (repeating a year), and dropout with respect to basic education, higher primary and second level education. Drop-out in the public primary school system reduced to 1 percent in 2012/13 (down from 1.7% in 2006/07) and repetition rates fell to 7.5% in 2011/12, down from 8.3% in 2006/07. By contrast, drop-out and repetition rates from public schools in upper primary cycle remains high, reaching, respectively, 9.3% and 17.3% in 2011/12. Data collected by the Ministry of Education shows the repetition rate is particularly high in the first year of the second cycle of basic education (7th grade)[64] as well as for the 10th grade. In 2011/12, drop out and repetition rates were twice as high for boys as for girls in the second cycle of basic education - (6% vs. 12%) and (13% vs. 21%) respectively. The same conclusion holds for secondary education where the repetition and dropout rates for boys are 18.1 and 15.6 percent, versus 15.8 and 9.2 percent for girls.

Table G.2. Evolution of Promotion, Drop-out and Repetition Rates in Basic Education and Secondary Education 1999/2000 – 2010/11

	1999/2000	2004/05	2006/07	2007/08	2008/09	2009/010	2010/011	2011/12
Lower Primary								
Promoted	83.3	92.5	90	91.6	92.2	92.6	91.7	91.5
Repetition	13.8	5.9		6.8	6.5	6.1	7.3	7.5
Drop-out	2.9	1.7		1.6	1.3	1.3	1.0	1.0
Upper Primary								
Promoted	71.2	70.4	71.2	71.4	73.2	75.8	73.3	73.4
Repetition	19.1	18.7	18.3	17.2	16.6	14.8	17.6	17.3
Drop-out	9.7	10.9	10.5	11.4	10.2	9.4	9.0	9.3
Secondary								
Promoted	72.7	69.9	71.9	72.2	72.9	74.4	73.9	71.3
Repetition	17.7	18.4	17.2	16.3	16.3	15.1	16.6	16.8
Drop-out	9.6	11.7	10.9	11.6	10.8	10.5	9.6	11.0

Source: Annuaire Statistique 2012/13

(iii) Inclusive Education : Lack of M&E to assess impact

9. The Priority School Program (PEPE) was initiated in 1999/2000 by UNICEF. Schools were defined as priority schools based on a ranking along 16 indicators (such as repetition rates, and drop out). All schools (4,000) were ranked according to these indicators. Schools scoring lowest were defined as PEPE schools and benefitted from an additional budgetary allocation. PEPE schools benefited, for example, from training for teachers and schools heads, and increased numbers of school hours. The number of beneficiary students grew from 7,667 students in 2001 to 157,806 in 2010. This includes 558 priority primary schools (lower basic education) and 100 priority colleges (upper basic education). Questions regarding the efficiency of this program have been raised in the report (See chapter 4).

10. Launching a kindergarten program was a strategic decision made by the government to enhance kids' ability at schools. As the number of kids enrolled in primary education was declining (following demographic transition), there was a number of redundant teachers and/or empty classrooms, which facilitated the implementation of this pre-primary school year. The ICR noted that in 2007-08 a total of 1,750 kindergartens serving 31,869 children benefited from technical support (rehabilitation, training of trainers, and development of adapted programs) - see data on pre-school above.

11. In 2003/04, government has started to progressively integrate disabled children into mainstream schools. Since 2005/06, 182 schools integrated roughly 800 students with disabilities in pre-schooling, and the first three years of basic education. The project supported the elaboration of guidelines to provide guidance to integrate children with different disability types. Some interlocutors noted that children with disabilities no longer had the opportunity to go to the closer school if the latter had not been elected as a school participating to the integration program. Because the transport system is not sufficiently developed, some kids who were previously attending standard, mainstream schools could no longer do so and had to join schools for children with disabilities. Simultaneously, some schools selected in the participatory programs didn't have many children with disabilities joining them, but they remained in the program and continued to benefit from relevant budgetary allocations.

(iv) Introducing the skill based approach in basic education : Flaws in design and implementation

12. The Bank had supported the implementation of APC in primary school in the first phase of the APL[65]. Surprisingly, the ICR failed to report specifically on the objective to extend this skill based approach to upper basic education[66]. It only indicates that a total of 1,000 trainers, 800 principals and 42,542 teachers were trained in the APC methodology. In fact, the APC reform faced strong resistance notably from teachers. Field discussions with various stakeholders noted a number of flaws in the design and implementation of the program. The approach initially created and piloted by the CNIPRE was too rapidly promoted as a national program by the policy makers. The CNIPRE noted that the program gave initially greater emphasis on internal evaluation (providing teachers with a battery of tests based on criteria and indicators for them to assess students' skills) at the expense of changes in pedagogic programs and learning methods (which were only introduced later on). Teachers had tools to test students 'ability to follow, but some stakeholders noted that no specific remediation time slot was inserted in teachers'

weekly calendar and teachers had no incentives to do remediation during extra hours. Also, no engineering of remediation was designed at the system level to assist teachers in using alternative teaching methods during remediation class. This was only done on an ad-hoc basic. More critically, the APC guiding methodology lacks a didactic approach. Teachers had to follow a strict, pre-determined program, and their capacity to adjust the pace of teaching was hindered depending on the adhesion of the inspector to the reform program. Overall, teachers felt the system was extremely bureaucratic and this didn't lead to a positive dynamic in the reform process

Measuring Learning Outcomes through International Test: At the Bottom of International Test

13. The TIMSS is an international assessment of mathematics and science at the fourth and eighth grades that has been conducted every four years since 1995. Despite some minor improvement between 2007 and 2011, Tunisia is among countries with the greatest decrease in average mathematics achievement at the eighth grade compared to 1999 but performance is relatively higher in the later years.

Table G.3. Tunisia Students: Performance in International Student Assessment

Tunisia TIMSS	1999	2003	2007	2011
4th Grade				
Math		339	327	359
Sciences		314	318	346
8th Grade				
Math	448	410	420	425
Sciences	430	404	445	439

PISA Mean Score	2003	2006	2009	2012	Change between 2003 and 2012 (2006 if 2003 na)	2009	2012
Performance in :	TUNISIA				Score difference	OECD	
Reading	375	380	404		29	493	494
Math	359	365	371		13	496	496
Sciences		386	401		15	501	501

Source: Authors, from PISA and TIMMS Reports

a. TIMMS uses four points on the scale as international benchmarks advanced (>635), high (550-624), intermediate (477-554), low (400-474) and below low (<400).

b. PISA scores can be located along specific scales developed for each subject area, designed to show the general competencies tested by PISA. These scales are divided into levels that represent groups of PISA test questions, beginning at Level 1 with questions that require only the most basic skills to complete and increasing in difficulty with each level. In each test subject, the score for each participating country is the average of all student scores in that country. The average score among OECD countries is 500 points and the standard deviation is 100 points. About two-thirds of students across OECD countries score between 400 and 600 points

14. The Program for International Student Assessment (PISA) is an international assessment that measures 15-year-old students' reading, mathematics, and science

literacy. PISA also includes measures of general or cross-curricular competencies, such as problem solving. PISA emphasizes functional skills that students have acquired as they near the end of compulsory schooling. PISA (2012) show some progress especially in mathematics but Tunisia remains statistically below the OECD average on the overall reading, math and sciences scale.

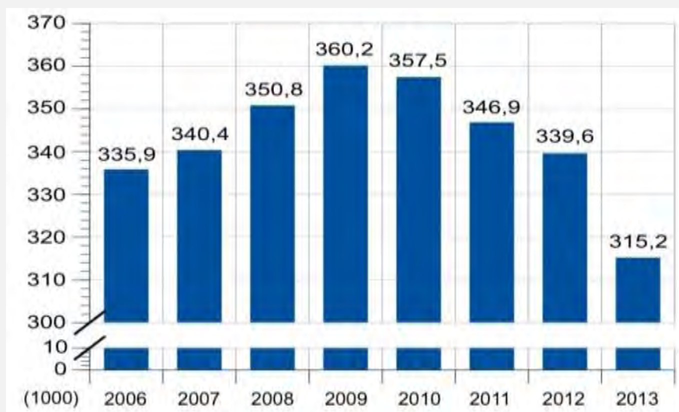
TERTIARY EDUCATION

(i) Enrolment : A decrease in the student population since 2009

15. There was a rapid expansion of the student population in the higher education public institutions between 1995 and 2005 (102.000 to 330.00). The enrollment rates at University doubled from 14.6 percent in 1998 to 29 percent in 2004, and the rate of increase was even greater for women. Women's enrollment rate increased from 13.percent in 1998 to 32.4 percent in 2004.

16. The government forecast a continued increase in enrolment (around 6.6 percent per year) but the increase in student population was much less (on average 2 percent per year over 2006-2009) and as of 2009, student enrolment in tertiary education continued to drop.

Figure G.5. Evolution of Student Population



Source: WB Aide Memoire, May 2013

(ii) Introduction of the LMD system : The reform has yet to produce most targeted results notably to better meet labor market needs

17. The LMD is a degree system equivalent to the Bachelor (3 years), Masters (5 years) and PhD (8 years). The LMD reform had been officially endorsed in 2001 in line with the Bologna process. The system which was hastily deployed in 2006, with insufficient preparation (although government had enough time to prepare implementation plan). Staffs from the Ministry of Higher Education acknowledge that they receive many questions from students and teachers who do not understand the modalities of the new system. In September 2012 a total of 669

Licenses, and 410 Masters had been approved, and work on the Doctorates was soon to be launched.

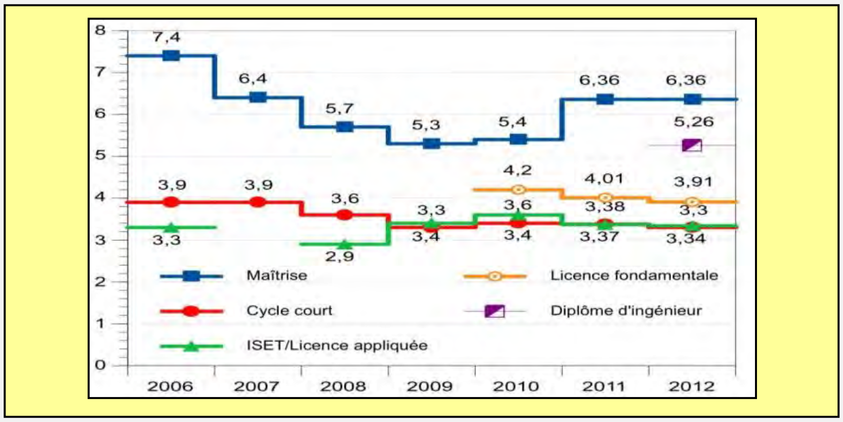
18. In order to reinforce the relevance of Licenses and Masters to the needs of the labor market, two kinds of diplomas were introduced: (i) the traditional general License and Master (*License Fondamentale and Master Recherche*); and (ii) the License and Masters linked to specific professional activities (Applied Bachelor and Professional Master) chosen by roughly two thirds of students. Field interviews noted that diplomas were accredited during a one day session and participants were not compensated for this. A Bank supervision mission also noted the absence of professional representatives in the evaluation committee of professional masters[67]. Bank staff noted there was no evidence that students enrolled in applied bachelor and professional masters were all able to attend training in companies as scheduled in the curricula. Given the numbers enrolled in these programs, it is unlikely that all students would benefit from a work placement, raising the question, in at least some cases, of the true difference in practice between traditional and applied diplomas.

19. The reform had also targeted the co-development of some curricula with the private sector -e.g. large retailers ("*grande distribution*") who trained specialized vendors, or insurance companies who trained brokers. Yet difficulties quickly emerged. Problems include transport logistics of students between the university and workplace, payment of professional staff who don't have a professor status and therefore were paid at the bottom of the wage scale for professors, often with delays. University Professors in charge of these programs were rapidly overwhelmed, monitoring students 'performance in and out of universities was a full time job and they did not have extra time or allowances to do so.

(iii) Efficiency : Some progress but mostly due to the new credential system

20. The impact of internal efficiency improvement is estimated to have represented 9.4% of government's total operating budget between 1998 and 2003[68]. The internal efficiency of the tertiary sector improved following the implementation of the new degree structure that reduced the number of years required to get a diploma. The theoretical time to get a bachelor is 3 years. In 2012, the actual time amounted to (i) 3.91 vs. 4.2 in 2010 for traditional bachelor, (ii) 3.3 vs. 3.6 in 2010 for short cycle, and (iii) 3.4 vs. 3.6 in 2010 for professional bachelor.

Figure G.6. Average Time to Get a Diploma 9(in Years)



Source: World Bank. PARES II Aide mémoire, June 2013

(iv) Field Selection : contributing to the mismatch with market needs

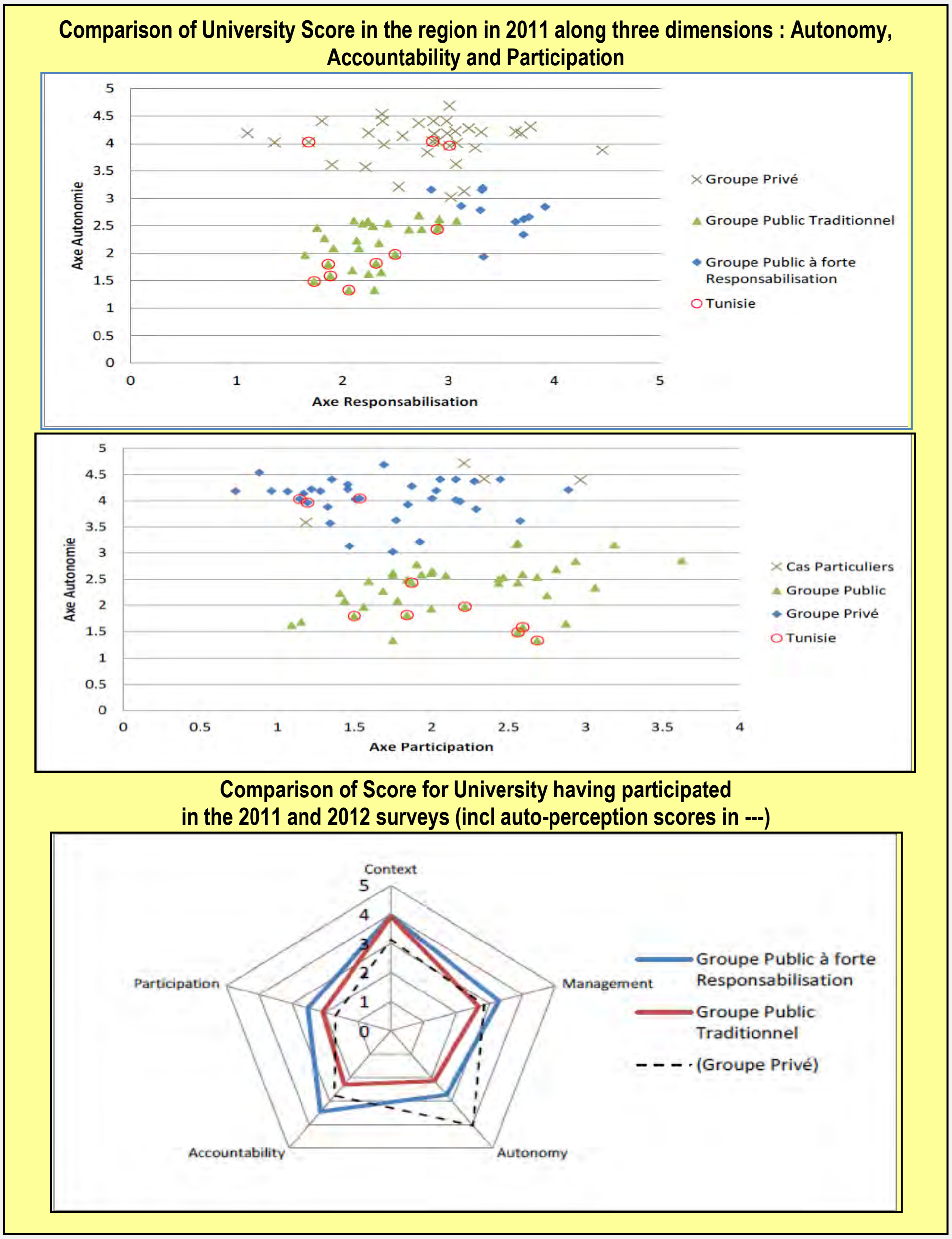
21. The choice of program is determined by a centralized system, the *"système national d'orientation universitaire"*, which places students to a certain program given his/her preferences, scores at the Baccalaureate, the stream chosen for the Baccalaureate, and the quota set by the Ministry for each field of study.

22. A large segment of students choose fields in humanities and social sciences, which are associated with high repetition and failure rates as well as limited labor demand. About 63 percent of all students enrolled in tertiary education institutions in 2010/11 were in the fields of humanities, health and social sciences.

(v) Governance of Universities : lowest level of autonomy and accountability within the region

23. The study undertaken in 2011 and 2012 on the governance of Universities in Tunisia and in the region indicate that Tunisian Universities have among the lowest levels of autonomy and accountability over both years[69] (Figure G.7.). Participation assesses the level of involvement of civil society, notably students and alumni, private sector.

Figure G.7. Governance Indicators of Tunisian University



Source: World Bank. "La gouvernance des Universités en Tunisie et dans la région », 2011 and 2012 surveys

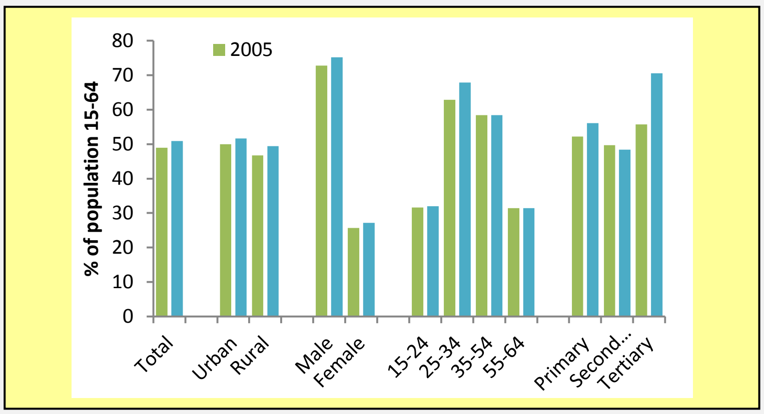
24. The 2008 higher education law opens the way to grant greater autonomy to universities. None of the universities were able to seize the opportunity given the level of complexity of eligibility criteria. Prior conditions for accessing the EPST status are related to the quality of pedagogic, scientific, financial and administrative management, opening to the economic/social environment and the conclusion of training and research contract conform to the 2008 law. This new statute would increase their financial resources and autonomy notably including through the implementation of public private partnership

Employability: a quick overview of the labor market situation for graduates

25. Employability refers to the capacity to get available jobs and to be able to function well once hired thanks to the accumulation of skills, competencies and professional qualifications[70].

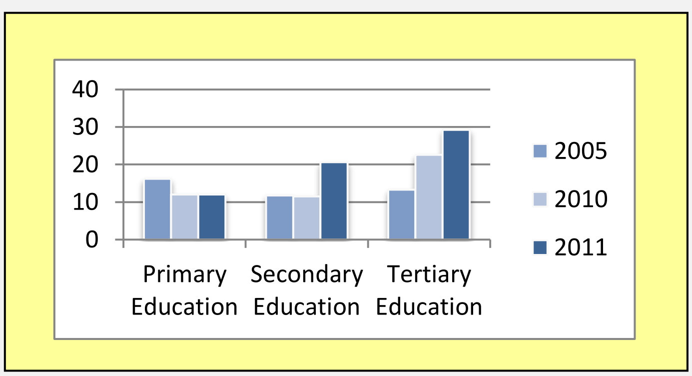
26. Labor force participation increased between 2005 and 2011 (Figure G.8.). Unemployment rates remained high between 2005 and 2010, and worsened after the revolution[71] (Figure G.9.).The situation is particularly worrisome for women (Figure G.10.)

Figure G.8. Labor force participation rates (%) in Tunisia, by strata, gender, age and education



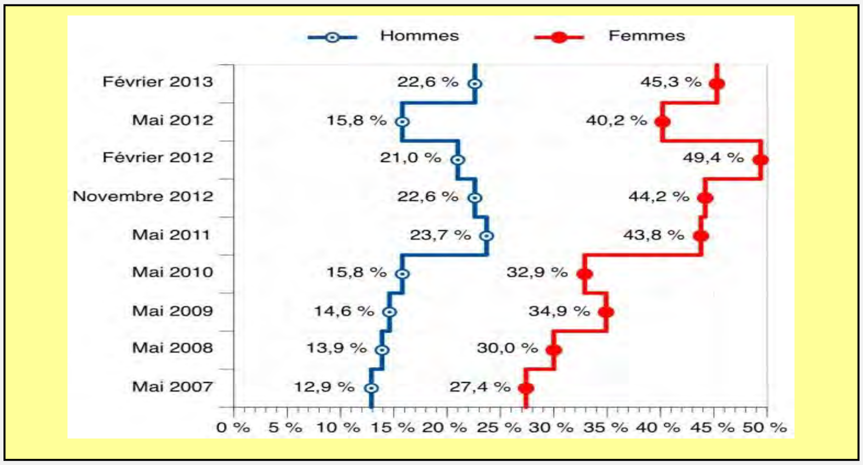
Source: World Bank. Draft DPR 2013.

Figure G.9. Unemployment Rates among Youth 15-29 years old in 2005, 2010 and 2011



Source: World Bank. Draft DPR 2013 – Authors calculations using the Labor Force Survey [2005, 2010, 2011]

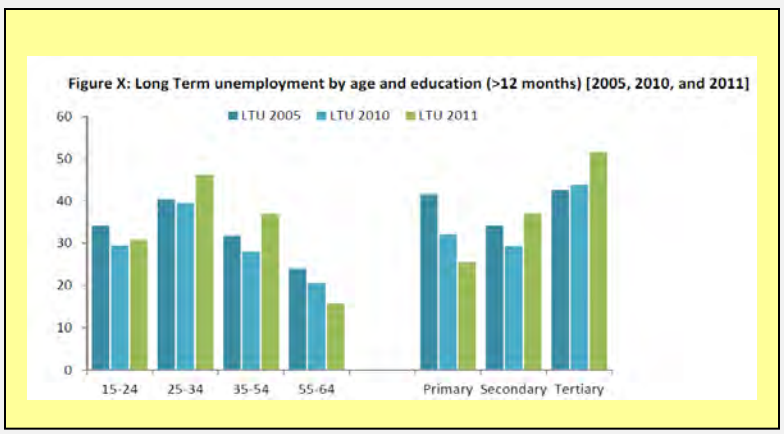
Figure G.10. Unemployment rates by gender



Source: INS – World Bank Aide Memoire June 2013

27. Long term unemployment is particularly prevalent among the young (25-34) and high skilled individuals (figure G.11)

Figure G.11. Long term unemployment by age and education (>12 months, 2005, 2010 and 2011).



Source: Draft DPR 2013 – Authors calculations using the Labor Force Survey [2005, 2010, 2011]

28. Also, informal employment is wide-spread in Tunisia[72], notably among the less educated individuals, but has decreased for wage earners with secondary and tertiary education. An analysis of the dynamics of informal employment reveals that the share of the employed population without a contract has decreased from 54 percent in 2007 to 44.5 percent in 2011, probably due to a rapid increase in public sector hiring in 2011 and the expansion of fixed term contracts. Informality for wage earners with secondary and tertiary education reached 39 percent and 17.7 percent respectively in 2011, but has decreased respectively by 18.7 percent and 27.2 percent over 2007-2011.

Appendix H. Supplementary Information on Pillar 3

H.1. Poverty Analysis

1. This appendix provides additional information on the revised methodology to estimate poverty and the updated poverty profile.

REVISED METHODOLOGY FOR ESTIMATION POVERTY.

2. The basis of the estimation of poverty is the data collected by the INS in its National Budget Survey, which includes household consumption data[73]. A "poverty line" is defined which is the minimum consumption expenditure necessary to meet essential needs, including food and non-food items.

3. The estimate of essential food consumption expenditures is obtained by estimating the cost of a food basket that ensures a minimum number of calories essential for meeting energy requirements. This involves two steps. First, the recommended caloric requirement is calculated from the anthropometric data and the level of physical activity in different categories (large cities, small towns, rural areas) reported in the survey. These are in accordance with the calorie guidelines of the WHO. Second, the cost per unit of calorie consumed by the poorest 20 percent of the population is estimated from the survey data. These two estimates are combined to provide a food poverty line[74].

4. Two alternative estimates are obtained for essential non-food expenditures of the poor. In the first method, the expenditures on non-food items of households with per capita total consumption just equal to the food poverty line are taken. This is added to the food poverty line to give the rock bottom (food and non-food) poverty line. In the second method, the expenditures on non-food items of households with per capita food consumption exactly equal to the food poverty line are taken. This is added to the food poverty line to give the upper threshold of poverty.

5. The poverty line (in terms of consumption per capita per year) was estimated at 1,277 dinars in 2010 in the big cities, 1,158 dinars in smaller towns, and 820 dinars in rural areas. The corresponding estimates for the extreme poverty line were 757, 733 and 571 dinars respectively. Table H.1.1 provides the new estimates of poverty (and extreme poverty).

Table H.1.1. Estimates of Poverty in Tunisia

Percent of population below:	2000	2005	2010
Poverty Line	32.4	23.3	15.5
Extreme Poverty Line	12.0	7.6	4.6

Source: INS

UPDATED POVERTY PROFILE (ISN 2012)

6. Based on the new methodology, new estimates for poverty at the national level, as well as in different regions for 2000, 2005 and 2010 were provided. The new estimate of poverty is considerably higher than that previously estimated although the overall trend, as discussed below, was on a downward trajectory. For example, the CPS quotes a poverty estimate of 3.8 percent for 2005, which is half of the population found to be below the extreme poverty threshold based on the new methodology.

7. **There was a significant reduction in poverty between 2000 and 2010, which declined by an average of 7.1 percent every year**. The reduction in extreme poverty was even sharper, falling by about 10 percent per year during the decade. Progress in poverty reduction was better during 2005-10 compared to the first half of the decade: both poverty and extreme poverty fell more sharply (See table H.1.2.)

Table H.1.2. Reduction in Poverty 2000-10

Annual percent Reduction in:	2000-05	2005-10	2000-10
Poverty	-6.4	-7.8	-7.1
Extreme Poverty	-8.7	-9.5	-9.1
Annual GDP Growth (%)	4.5	4.4	4.5
Impact on Poverty of 1% GDP Growth (%)	-1.4	-1.8	-1.6
Impact on Extreme Poverty of 1% GDP Growth (%)	-1.9	-2.2	-2.0

Source: INS

8. **Not only did poverty decline, but growth benefitted the poor relatively more, especially in the second half of the decade.** During 2005-10, a one percentage point increase in GDP growth reduced poverty by 1.8 percent points and extreme poverty by 2.2 percentage points. The corresponding declines over 2000-05 were 1.4 and 1.9 percentage points (See Table H.1.2.).

9. **The inclusive nature of growth is confirmed by the faster per capita growth of consumption for the lowest quintile of the population, which grew by 3 percent per year (2000-10) compared to the overall average of 2.9 percent over the same period.** During 2005-10, the difference was more marked: per capita consumption of the lowest quintile rose by 3.4 percent per year compared to 1.7 percent growth for the richest quintile and overall average growth of 2.5 percent (Table H.1.3.). This trend is

Table H.1.3. Growth of consumption per capita in poorest quintile 2000-10

Annual Growth rate (%)	2000-05	2005-10	2000-10
Lowest Quintile	2.5	3.4	3.0
Highest Quintile	2.3	1.7	2.0
Entire Population	3.3	2.5	2.9

Source: INS

also confirmed by the reduction in inequality in consumption expenditures within most regions during 2005-10. Inequality in consumption came down significantly in the Northeast, Central West, South West, and South East regions of the country. In other regions, the decline was not statistically significant.

10. **The positive trends at the national level hide widening gaps between regions.** Poverty (and extreme poverty) is significantly higher than the country average in some areas. This is especially so in the western part of the country comprising the North-west, Central-west and South-west regions. In 2010, the poverty level in the poorest region (the Central-west) was more than 3 ½ times the poverty level in Greater Tunis (See Table H.1.4.). Poverty was also much higher in rural areas. In 2010, poverty in non-communal areas[75] was 22.6 percent (compared to the national average of 15.5 percent). Extreme poverty was 9.2 percent, double the national average of 4.6 percent.

Table H.1.4. Regional Poverty Trends

In %	Poverty			Extreme Poverty			Population
	2000	2005	2010	2000	2005	2010	2010
Tunisia	32.4	23.3	15.5	12	7.6	4.6	23.2
Greater Tunis	21	14.6	9.1	4.3	2.3	1.1	13.9
North East	32.1	21.6	10.3	10.5	5.4	1.8	11.5
North West	35.3	26.9	25.7	12.1	8.9	8.8	23.3
Central East	21.4	12.6	8	6.4	2.6	1.6	13.3
Central West	49.3	46.5	32.3	25.5	23.2	14.3	9.1
South East	44.3	29	17.9	17.5	9.6	4.9	5.6
South West	47.8	33.2	21.5	21.7	12.1	6.4	

Source: INS

11. The gap between poverty in the better off regions and the poorer regions, which had widened 2000-05, widened further 2005-10 (See table H.1.5.). Though there is less inequality in consumption expenditures within regions, the gap between regions has widened. Reducing this gap between regions will be an important challenge in the coming years.

Table H.1.5. Poverty Gap between Greater Tunis and Poorer Regions

	Poverty Gap		
	2000	2005	2010
Greater Tunis	100	100	100
North East	153	148	113
North West	168	184	282
Central East	102	86	88
Central West	235	319	355
South East	211	199	198
South West	228	227	236

Source: INS

H.2. Labor Policies

12. This appendix provides succinct background information on the regulation of the labor market and active labor market policies (ALMPs) in Tunisia.

- ✓ *Regulation of the labor market*

13. The labor market in Tunisia is highly regulated. The labor market was rigid due to regulations associated with dismissal procedures, advance notice, lengthy procedures and systematic court involvement. For instance, an employer typically needs to request authorization from and to notify the regional board or central commission for dismissal control prior to laying off any open-ended worker for economic reasons. The Labor Code also requires sector-wide collective agreements between employers and employees to determine further details of contractual (hiring and layoff) procedures, as well as salary scales according to professional category[76]. The Tunisia Labor Code provides for severance benefits up to 3 months of salary; however employers do not create reserve funds. Unemployment insurance offers 12 weeks minimum wages for laid-off workers; and is financed by 0.9 percent payroll contribution. Coverage is incomplete and only about 6 percent of dismissed workers receive benefits. Employers were also discouraged from hiring due to relatively high social security contributions.

14. To gain more flexibility, employers are increasingly using fixed-term contracts, or hiring workers informally without any contract. Forty one percent of those made redundant had a terminated fixed-term contract. Severance payment was relatively low and inadequate to secure income protection.

- ✓ *Active Labor Market Policies*

15. Active labor market programs (ALMPs) run by the state have long been at the core of Tunisian labor market policy. Formal ALMP provision was initiated in 1981 in response to employment challenges faced by vocational training graduates. In 1987, program content moved from exclusive technical training provision to programs aimed at the transmission of life skills for university graduates.

16. Funding for these programs is provided through the National Employment Fund. The Fund is financed from general revenues, proceedings of state privatization operations, and contributions from private donors as well as from income, payroll, and sales taxes. Until recently, the Fund operated directly under the President and was perceived as a source of official patronage. In 2011, resources in the Fund amounted to 0.8 percent of GDP, and 80 percent of resources of which went for active labor market programs administered by the national employment

agency ANETI. The other 20 percent were roughly equally divided between financing micro-credits provided by BTS and regional employment programs, including public works.

H.3. Health outcome

17. This appendix provides additional information on health outcomes prior to the evaluation period.

18. **Tunisia's health sector improved over 2000-2005 (See Table H.3.1) and performed reasonably well compared to other countries with similar incomes and level of spending on health** (refer to Appendix K.4).

Table H.3.1. Health indicators

Health Indicators	2000	2004/2005
Life expectancy at birth (M/F)	70.6 / 74.7	71.6 / 75.5
Maternal mortality ratio (per 100,000 live births)	84	68
Mortality rate, infant (per 1,000 live births)	24.7	19.1
Fertility rate, total (births per woman)	2.08	2.04

Source: World Development Indicators.

19. **Yet prior to 2005, there were already rising concern regarding:**

(i) Regional disparities in terms of health infrastructure, outcomes and utilization.

Poorer regions were generally underserved in terms of lesser numbers of hospital beds per 1,000 inhabitants, and a lesser number of general physicians and specialists in public hospitals. Health outcomes reflected these inequities. Maternal mortality rates are three times higher in rural areas (70 versus 20 deaths per 100,000 live births). Children are more than twice as likely to be stunted (10 percent in rural areas versus four percent in urban areas). Between 2000 and 2007, maternal deaths increased in the central and south-western parts of the country[77]. In 2006, the maternal mortality rate was more than three times higher for the poor (MOH 2008). The infant mortality rate (IMR) in rural areas (30 per 1,000 live births) was almost double that in urban areas (16 per 1,000 live births) and full immunization rate coverage was, for example, more than six times higher in Nabeul (95 percent) than in Tataouine (15 percent).

(ii) Financing of rising health care expenditures.

The percentage of GDP devoted to health increased from 4.2 percent in 1985 to 5.6 percent in 2003. This was close to the MENA regional average of 5.5

percent. Tunisia's per capita expenditure on health as a percentage of GDP was in line with the global trend. But the private sector's share of health spending in Tunisia is larger than the average in MENA countries. Annual health expenditures per capita had increased five-fold between 1985 and 2004, representing an average nominal annual growth rate of 10 percent. In 2004, almost 54 percent of health spending was contributed by direct out of pocket payments by households[78].

H.4. Access to Infrastructure to Underserved Communities

20. This appendix provides additional information on the results achieved under WB projects over the period.

- ✓ *Closed Project*

First natural resource management project (closed FY04):

21. The natural resources management project (NRMP) aimed to support sustainable natural resources management, in particular of crop and rangeland, in severely degraded areas, and agricultural productivity improvements, attained with greater involvement of the resource users in development programs. While not explicitly mentioned, the project intended to help three regions, Jendouba, Kasserine and Medenine to get improved access to rural infrastructure, so that by the end of the project 90 percent of each of these regions would have access to rural roads, and 100 percent to potable water. However, the targets were not fully achieved, and by project completion the access rates were 25%, 75% and 100% for rural road, and 22%, 75% and 95% for potable water. Rural infrastructure represented some 20 percent of total project cost. IEG rated outcome under the first natural resource management project as satisfactory and sustainability as likely.

First Water Sector Investment Project (FY00-09)

22. The first Water Sector Investment Project (FY00; closed in FY08) did not explicitly aim to improve access to water for rural households. Its objectives were couched broadly to promote effective integrated water resource management and water conservation. However, it was expected that the project would contribute to increase access to safe water in rural areas. Under this Project, access to clean and safe drinking water was extended to about 170,000 people in disadvantaged rural areas served by the project. Beneficiary surveys indicate this infrastructure is used and is improving quality of life for remote rural households and for women in particular. Other physical investments under the project such as electrification of pumps and creation of boreholes met or exceeded expectations. IEG rated

achievement of outcomes under the first water sector investment project as moderately satisfactory. It rated risks as significant, given the weak institutional capacity and financial vulnerability of Water User Associations (WUAs).

Third North-West Mountains and Forestry Area Development Project (FY03-10)

23. The third North-West Mountains and Forestry Area Development (NWMFAD) Project (FY03-10) aimed to improve the socioeconomic conditions of the populations in five governorates covering the mountainous and forested areas of the northwest region (including Béja, Bizerte, Le Kef, Jendouba, and Siliana), while ensuring sustainable management of natural resources.

24. The project included construction of rural roads, and the construction of tanks to improve supply of potable water. The percentage of communities with improved access to roads increased from 56 percent to 81 percent involving 275 additional communities during the project implementation period. Almost 272 km of rural roads were constructed and 599 km of roads rehabilitated. Also, the percentage of households with better access to potable water increased from 69 percent to 81 percent involving 4,980 additional households.

25. NWMFAD project (FY03-10) also included support for strengthening the capacity of ODESYPANO, the Northwest Forestry and Pastoral Development Agency - *Office du Développement Sylvo-Pastoral du Nord-Ouest (ODESYPANO)* created in 1981 to protect natural resources, (through the construction of rural infrastructure, mainly roads, and the implementation of anti-erosion measures). The project also funded specific investments in (i) soil and water conservation works, including stonewalls, anti-erosion plantations, small dikes, and grass strips, (ii) improvement of pasture and rangelands in degraded areas, including the establishment of resting areas as well as reseeding and fertilizing activities in other areas, and (iii) agro-forestry development, essentially through the establishment of plantations, mainly olive and fruit trees with some forage for livestock development, as a complement to mechanical soil and water conservation works. The project led to some improvement in the targeted region. Forest and vegetation cover is estimated to have increased from 32 to 38 percent between 2003 and 2009 with a total of 22,251 hectares treated with soil and water conservation works to reduce erosion and increase protection against water runoff. Including improvements to rangeland and forestry and agro-forestry, the improvements covered almost 55 thousand hectares of fragile land.

26. IEG rated outcomes under the Northwest Mountainous and Forestry Areas Development Project as moderately satisfactory and the risk to development outcome, significant.

- ✓ *Active Projects*

27. It is too early to review the results of the on-going projects that were significantly slowed down after the revolution.

Second Natural Resource Management Project (FY10-ongoing)

28. Only 6 percent of the second NRM project loan had been disbursed by June 2012, two years after the loan was approved. (Source: Project ISRs.)

Second water sector investment (FY09-ongoing)

29. Disbursements for the WSI-2 had reached 58% by December 2012, three and one half years after the loan was approved.

Fourth North-West Mountains and Forestry Area development Project (FY11-ongoing)

30. Disbursements were only 4 percent in the case of the fourth NWMFAD project approved in December 2010. (Source: Project ISRs.)

Appendix I. Supplementary Information on Pillar 4

APPENDIX I.1. OVERVIEW OF PUBLIC FINANCIAL MANAGEMENT REFORM

APPENDIX I.2. OVERVIEW OF GOVERNANCE PERFORMANCE 2000-10

I.1. Overview of Public Financial Management Reform

BACKGROUND

1. The 2004 CFAA underlined that the Tunisian budgetary system was sound but rigid, legally well-defined and pragmatically managed, although some weaknesses were identified in the budget process, notably excessive controls and weak external accountability. Budget preparation lacked clear instructions for budget preparation, in particular the notification of budgetary choices to sector Ministries. Budget implementation was impaired by delayed opening of appropriations, insufficient flexibility in the use of budget lines, and excessive controls. government accounting and reporting were insufficient (mainly cash basis) to allow for transparency in relation to government assets and liabilities.

DONORS' COORDINATION

2. The WB supported the introduction of the PBB reform, which donors had been pushing for, since its inception in 2004. Bank TA was closely coordinated with the EU. The EU supported the PBBS reform with a three phase specific budget support grant. The EU also provided major TA support to create global and sector MTEFs in pilot line ministries, as well as tailor-made assistance for each pilot line ministry to adopt its performance indicators. It is also supporting a comprehensive review of the internal controls and audit (ex-ante and ex-post expenditure controls, performance auditing, etc.).

3. The MoF Unit in charge of implementing PBB reform is now also twinned with the French MoF, which is providing relevant assistance, particularly with a view to reforming the control system so that it is consistent with PBB principles (notably to introduce a prioritized approach to expenditure controls ("*contrôle hiérarchisé de la dépense*") and credit globalization ("*globalisation des credits*").

PROGRESS IN REFORM IMPLEMENTATION

4. Though the 2004 presidential program called for the move towards performance based budgeting reform, implementation proved quite challenging. There was some buy-in from middle level staff in the pilot ministries, but little enthusiasm for Budget reform by the Ministry of Finance until 2009, no visible support from the President's office and lack of interest from the Prime Minister's Office. For example, the inter-ministerial committee in charge of steering the reform and the follow-up and evaluation committee was only set-up three years after the start of the reform process (2007); the PBB units in pilot ministries due to be installed in 2006 were eventually created in 2008; and the appointment of a

committed senior civil servant at the Ministry of Finance to oversee implementation and the official appointment of programs managers at the pilot ministries took place only in 2009. The approval of the reform master plan, which revealed the scope and sequencing of the reform, was only approved in 2010.

5. Since 2009, a number of measures (summarized in box I.1.1 below) with particular emphasis on the budget preparation phase, were implemented. Pilot ministries are now preparing and submitting budgets to parliament on a programmatic basis. However, the actual experimentation didn't reach the budget execution phase. Relevant processes for budget execution were not adapted to PBB management, thereby hindering learning from pilot ministries beyond budget preparation. For example, program management and performance monitoring require new processes, organizations and principles that are not yet implemented, and the control system needs to be overhauled (notably institutions in charge of ex-ante and internal audit).

Box I.1.1. Key Milestone in the Implementation of the PBB Reform

A central MTEF displaying the inter-sectoral distribution of aggregated expenditures had been prepared and validated for 2010-12. Some medium term sectoral expenditure frameworks (MTEFs) have been prepared to allocate resources between programs.

The pilot experience of performance budgeting progressed in the four pilot ministries identified in 2004 (Ministry of Public Health; Ministry of Higher Education, Research and Technology; Ministry of Agriculture and Hydraulic Resources, Department of Vocational Education and Training (then Junior Ministry in that of Education) and in another three ministries selected in 2010 (Finance, Industry and Infrastructure and Transport). The budget of these ministries represents roughly two thirds of total budget expenditures in Tunisia (source MOF). Since end 2010, the first four pilot Ministries have presented budgets to Parliament using the classic and programmatic nomenclature. By end 2010, the authorities were planning to submit a comprehensive PBB to Parliament, accompanied by performance monitoring documents for the four pilot ministries in 2012 with a roll-out for 2013 (initially targeted for 2009).

The reform was delayed in 2011 following the revolution but was re-launched in 2012. A 2012 circular on performance has now validated the concept of performance-based budgeting. Pilot ministries have introduced modifications in their nomenclature that will enable them report on budget execution on a programmatic basis. During field interviews, the Ministry of Finance indicated that three circulars were to be adopted by end May 2013 to alleviate some of the expenditure control procedures. A new draft Organic Law integrating detailed regulations on the PBB system is now under discussion.

I.2. Overview of Governance Performance over 2000-10

6. This appendix provides a short description of governance performance over 2000-10 based on the Freedom House Report (2005), Global Integrity Report (2008) and Bank Governance Index.

BACKGROUND PRIOR TO 2005

7. **Tunisia's pre-revolution political system and the operation of government lacked transparency and accountability to citizens.** The 1959 constitution accords the president significant powers, including the right to select the prime minister and cabinet, to rule by decree when the legislature is not in session, and to appoint the governors of Tunisia's 23 provinces. The legislature, by contrast, serves as a rubber stamp for the president's policies and does not provide a check on executive power (2005 Freedom House report).

8. **The political system was characterized by an absence of checks and balances, illustrated by the lack of**:

- ✓ Free elections: "The elections are multiparty but not competitive due to fraud and because the regime bans truly popular and thus politically threatening political parties."(2005 Freedom House report);
- ✓ Conflict of interest legislation;
- ✓ Independent review of the executive or legislature: The *Cour des Comptes* is not independent of the executive branch. The executive can interfere with this body's functioning;
- ✓ Judicial system independence "The executive controls judges' careers, interferes in their courtrooms, and often dictates their verdicts". "The government has used the courts to convict and imprison critics" (2005 Freedom House report).

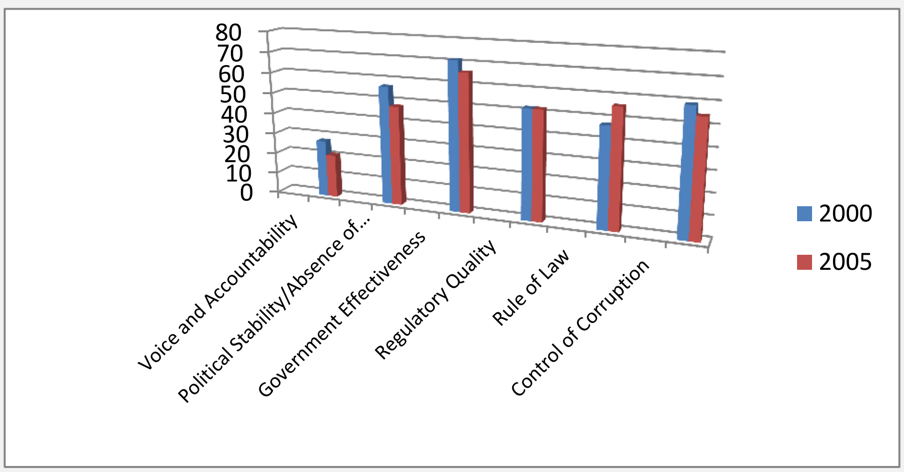
9. **Tunisia, as most countries in MENA, has historically been amongst the least free in the world**. The country was rated "not free", the lowest rank possible[79]. (2005 Freedom House report).

- ✓ <u>Press freedom was among the most restricted in the Arab world</u> "Despite the Tunisian government's professed commitment to democracy, it tightly controls the media and represses dissent through a highly effective system of legal, financial, and psychological measures. The constitution guarantees freedom of the press except under conditions laid down by law." The press code stipulates imprisonment and heavy fines for defamation of government officials and for the dissemination of "false information," and all local and foreign publications require a receipt from the government, called a "depot legal," before they can be distributed. Authorities simply decline to issue receipts for publications they deem objectionable". "The government controls domestic broadcasting and owns or controls six of the eight mainstream dailies. It also uses newsprint subsidies and financial control as a means for indirect censorship of the private press" (2005 Freedom House Report).

- ✓ Freedom of association was repressed: The right of association was only selectively granted. Trade unions played a pivotal role in the Tunisian independence movement; as a result of this legacy, the constitution guarantees the right of unionization, and the state respects this right in practice. For other types of associations, the constitution guarantees the right of association within "conditions defined by the law." "Politically oriented nongovernmental organizations remain unauthorized. The government refuses to legalize most independent human rights organizations" (2005 Freedom House report).

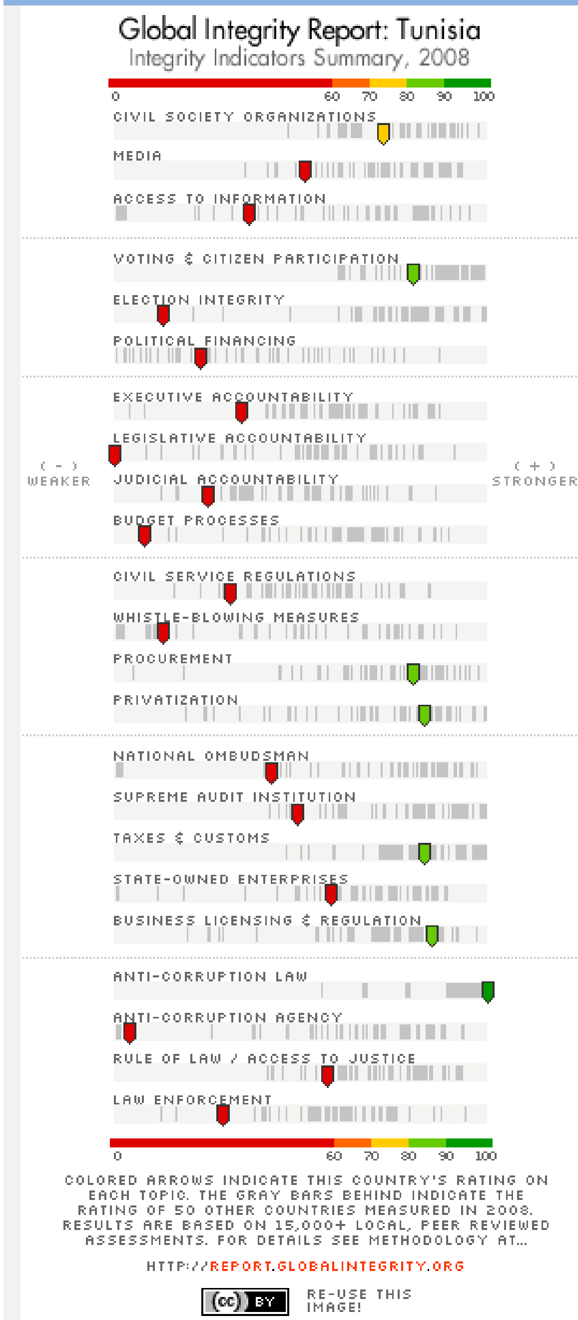
10. The composite Governance index noted a degradation of most governance indicators between 2000 and 2005, notably voice and accountability, and the control of corruption (see figure I.2.1.).

Figure I.2.1. Tunisia -Evolution of the Governance Index 2000-2005



Source: World Bank Group Governance dataset.

Figure I.2.2 Global Integrity Report



Source: World Bank Group Governance dataset.

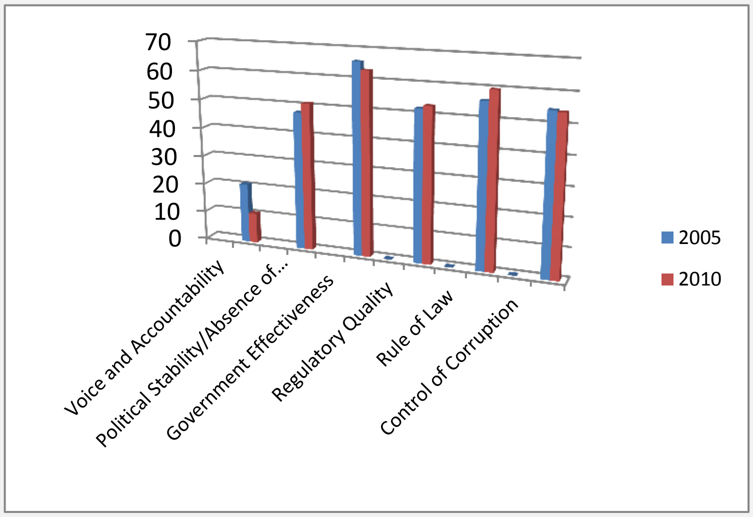
NB. Anti-corruption performance is rated on an absolute scale of 0 to 100 in these categories. The colors correspond to ratings as follows: very strong (90+), strong (80+), moderate (70+), weak (60+), very weak (<60).

GOVERNANCE OVERVIEW OVER 2005-2010

11. **The 2008 global integrity report[80] rates Tunisia's performance "very weak" on a number of dimensions as follows**: on executive accountability (mainly because of the concentration of power that was subject to few checks and balances); on legislature accountability (in the absence of (i) conflict of interest regulations, (ii) judicial review of legislative actions, and (iii) asset disclosure requirements); on budget processes (as the legislature provided limited input in the national budget); and on election integrity (in the absence of an agency with the independence and authority to monitor the integrity of elections or a judicial process for citizens to contest election results). Tunisia suffered from substantial discretion in the application of laws (e.g. discriminatory enforcement of tax laws and very weak implementation of the anti-corruption law in the absence of an effective anti-corruption agency to monitor and enforce the law.).

12. The Governance Index also indicates a net degradation of the rating of voice and accountability between 2005 and 2010 (see figure I.2.3.).

Figure I.2.3.Tunisia - Evolution of the Governance Index 2005-2010



Source: World Bank Group Governance dataset.

Appendix J. Analysis of Social Media Outreach

1. Public outreach was recognized from the onset as a key element of the Tunisia CPE's design. Given the importance of reaching out to broader groups of stakeholders in Tunisia and the limited ability for the evaluation team to travel across the country due to security restrictions, the team opted to use social media channels to get public feedback on key evaluative questions. With this in mind, IEG's Tunisia CPE and Online Communications teams developed a strategy and outreach plan for the evaluation, using a blend of social media channels that are most popular in the country and specific online groups used by Tunisian professionals. The goals were to make the evaluation process transparent, solicit feedback from a greater number of country representatives, and gather data that can be triangulated with other sources of data collected by the evaluation team.

2. The team will disseminate the final report broadly, including on the social media channels consulted during the evaluation, to enhance the usage of the report's findings, lessons, and recommendations.

Methodology

3. The online and social media channels selected enabled the team to efficiently reach a targeted set of stakeholders, and offered the possibility to build an engaged audience throughout the evaluation process. To achieve its outreach goals, the team used Facebook and Twitter, the two most popular platforms in the country, and several LinkedIn groups.

4. All of the questions raised on social media were aligned with the evaluative questions and topics of the study. The outreach included a combination of open-ended and poll questions to solicit feedback. Each question was cross-posted on Twitter several times. The questions were posted sequentially allowing a week to two weeks for user response.

5. In an effort to build its target audience on its Facebook page, the team used ads targeted at people from Tunisia. Each question was promoted separately and in some cases highlighted a few times to receive greater feedback. Facebook users mostly dominated in poll results — several hundreds to over 7,000 votes per question.

6. The team also identified professional groups on LinkedIn with attributes relevant to the evaluative questions on education, business environment,

accountability, and voice in Tunisia. Most of the qualitative comments/data was generated on discussion boards in LinkedIn.

7. On Twitter, IEG created a distinct hashtag[81] (#TunisiaEval) to tag its content and share it with other users. IEG also identified organizations and individuals who are working or living in Tunisia and dealing with issues of relevance to the evaluation.

Main Messages and Data

- ✓ ***Access to Education***

8. Seventy-nine percent of respondents to the Facebook poll did not think that education received by young people prepares them to find better jobs.

Question: Do you think young people in Tunisia get adequate education and training to find jobs? (combined Arabic and French Poll Results)[82]

Response	Number	Percentage
No	7,031	79%
Yes	1,831	21%
There was good education but not anymore	53	1%
Total	**8,915**	

9. In the open-ended responses on various education-related questions, both on Facebook and LinkedIn, users identified poor quality of education (21%), corruption in the education system (4%), and inconsistencies between market demands and education programs (17%) as main reasons for lack of adequate education. A Facebook user from Tunisia commented saying:

> *"Most of the studies are theatric, and there is no practical training. This is mostly the problem that we are facing when we are looking for a job in the private sector." – translated from French*

10. Another user from LinkedIn's Tunisia THEN Group commented:

> *"The university is there only to provide knowledge without teaching or showing how to use it in practice." – translated from French.*

11. Seventy-one percent of respondents are unaware of programs or projects implemented by international organizations and think tanks to increase access to education.

Question: Are you aware of any programs and/or activities that international organizations and think tanks are implementing in Tunisia to increase access to education? If yes, please specify what organization(s) you know about		
Response	**Number**	**Percentage**
No	500	71%
Yes	207	29%
Total	**707**	

✓ ***Gender Equality in Political Participation, Access to Jobs, and Voice***

12. IEG solicited comments on various topics through the prism of gender equality. The topics mainly focused on women's political participation, access to jobs, and equal voice.

13. *On Access to Jobs:* Facebook users did not think that men are better off in finding jobs than women, but the majority of poll respondents (80% of votes) thought that more unmarried women apply for jobs and more of them work (72% of votes) than married women. The polls results were:

Question: Do you think it is easier for young men (under 30 years) to find jobs than young women (under 30 years)?		
Response	**Number**	**Percentage**
Yes	816	36%
No	1,463	64%
Total	**2,279**	

Question: In your opinion, do more "single" women apply for jobs than "married" women?		
Response	**Number**	**Percentage**
Yes	341	80%
No	85	20%
Total	**426**	

Question: In your opinion, do more "single" women work than 'married' women?		
Response	**Number**	**Percentage**
Yes	375	72%
No	62	12%
I don't know	87	17%
Total	**524**	

14. *On Women's Political Participation:* The majority of poll respondents did not think that women have greater voice in politics after the revolution (75%). This was

also reflected in the users' open ended comments. One of the users said in response to this question:

"No because women become more oppressed than in Ben Ali government" – comment by a user from Tunisia on Facebook.

Question: Do you think that women have greater participation in politics and are empowered to have a voice in national and local space after the Revolution in Tunisia?

Response	Number	Percentage
Yes	120	25%
No	358	75%
Total	**478**	

✓ ***Access to Jobs***

15. The majority of respondents felt that more single women work and apply for jobs than married women.

16. In general, when asked how long it takes for a person under 30 years to get a job, over 47% of respondents indicated that it took them over a year to do so and another 47 percent said they got a job within nine months.

Question: If you are under 30 years old young person in Tunisia and are currently not working but looking for work, please tell us how long have you been looking for a job?

Response	Number	Percentage
1-3 months	119	30%
6-9 months	69	17%
9 month - 1 year	24	6%
More than a year	187	47%
Total	**399**	

✓ ***Business Environment***

17. The majority of respondents to a poll question: what has been the most important change after the revolution in the business environment, believed that there has been less government interference (63%) followed by less corruption (16%).

Question: What has been the single most important change in business environment benefiting the private sector after the Revolution?

Responses	Number	Percentage
Less interference by the state	98	63%
Less corruption	25	16%
Simpler regulations	18	12%
Lower taxes	5	3%
Easier access to credit	0	0%
Others (please specify)	9	6%
Total	**155**	

Appendix K. Statistical Supplement

APPENDIX K.1. TUNISIA AT A GLANCE

APPENDIX K.2. MILLENNIUM DEVELOPMENT GOALS

APPENDIX K.3. TUNISIA ECONOMIC AND SOCIAL INDICATORS, 2005-2012

APPENDIX K.4. TUNISIA AND COMPARATORS (MENA, MOROCCO, EGYPT, LIBYA): KEY ECONOMIC AND SOCIAL INDICATORS, AVERAGE 2005-2010

APPENDIX K.5. TUNISIA SELECTED GENDER INDICATORS SUMMARY, 2005-2012

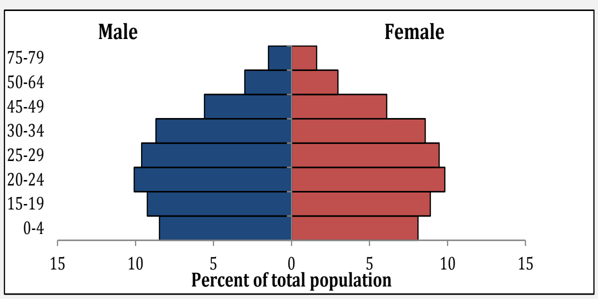
APPENDIX K.6. TUNISIA: GOVERNANCE INDICATORS (COMPARISON BETWEEN 1995, 2000, 2005, 2007, 2010, 2011, 2012)

Table K.1. Tunisia at a Glance

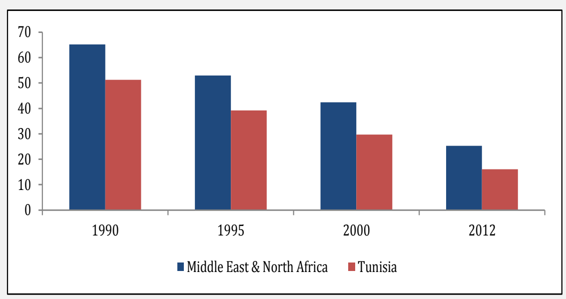
Key Development indicators	Tunisia	Middle East & North Africa	Upper Middle Income
2011			
Population, mid year (millions)	10.7	337.0	2,372.6
Surface area (thousand sq. km)	163.6	11,370.8	43,472.2
Population growth (annual %)	1.2	1.9	0.8
GNI, Atlas method (current US$ billions)	42.9	2755.2	14768.7
GNI per capita, Atlas method (current US$)	4,020.0	7,101.0	6,224.8
GNI per capita, PPP (current international $)	8,860.0		9,998.0
GDP growth (annual %)	-2.0	5.4	6.5
GDP per capita growth (annual %)	-3.1	3.4	5.7
Most recent estimate, 2005-11			
Poverty gap at $1.25 a day (PPP) (%)	0.3	-	2.8
Poverty gap at $2 a day (PPP) (%)	1.5	-	7.9
Life expectancy at birth, total (years)	74.2	71.4	73.4
Infant mortality (per 1,000 live births)	16.7	24.2	19.8
Child malnutrition (% of children under 5)	3.3	6.0	3.9
Adult literacy, male (% of ages 15 and older)	86.2	86.1	95.8
Adult literacy, female (% of ages 15 and older)	69.7	71.8	91.4
Gross primary enrollment, male (% of age group)	112.2	107.2	110.8
Gross primary enrollment, female (% of age group)	107.4	99.9	110.4
Access to an improved water source (% of population)	94.6	90.1	90.8
Access to improved sanitation facilities (% of population)	87.8	89.6	70.9

1980-1990	1990-2000	2000-2012
(average annual growth %)		
2.5	1.7	1.0
3.6	5.1	3.9
3.2	7.0	1.8
4.4	4.4	2.8
6.8	3.0	3.4
4.0	5.3	6.4
3.8	4.6	3.8
5.0	4.1	5.3
0.8	5.5	3.2
4.9	5.0	3.7
3.4	4.0	3.4
-	-	-

AGE DISTRIBUTION 2011



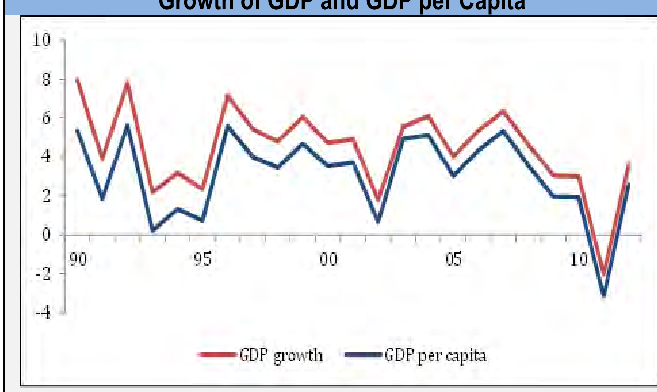
UNDER 5 MORTALITY RATE (PER 1,000)



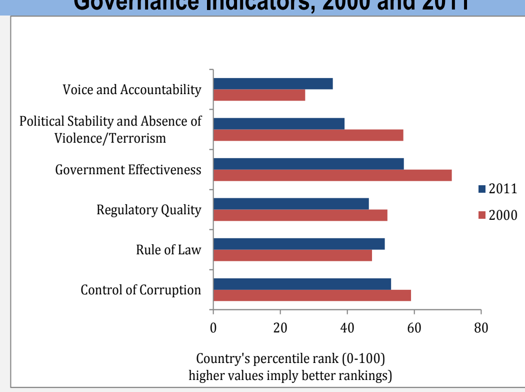
Net Aid Flows	1991	2001	2010	2011
(US$ millions)				
Net ODA and official aid	354.5	365.4	550.4	918.3
Top 3 donors (in 2011):				
France	-	-	213.5	385.1
Japan	-	-	118.4	108.9
Spain	-	-	164.0	88.7
Aid (% of GNI)	2.8	1.7	1.3	2.1
Aid per capita (US$)	42.6	37.8	52.2	86.0
Long term Economic Trend				
Consumer prices (annual % change)	8.2	2.0	4.4	3.6
GDP implicit deflator (annual % change)	7.0	2.8	4.7	5.0
Exchange rate (annual average, local per US$)	0.9	1.4	1.4	1.4
Population, mid year (millions)	8.4	9.6	10.5	10.7
GDP (US$ millions)	13,074.8	22,066.0	44,377.7	46,434.6

Structure of the economy	% of GDP			
Agriculture	19.1	10.7	8.0	8.9
Industry	33.1	30.0	31.1	31.3
Manufacturing	19.4	18.8	18.4	18.1
Services	47.8	59.4	61.0	59.8
Household final consumption expenditure	62.4	61.2	62.5	65.5
General government final consumption expenditure	16.6	16.6	16.2	17.6
Gross capital formation	26.0	26.2	26.5	24.1
Exports of goods and services	40.4	42.8	50.1	48.9
Imports of goods and services	45.3	46.7	54.9	55.8
Gross savings	22.2	22.2	20.5	15.9
Balance of Payments and Trade				
(US$ millions)				
Exports of goods and services	5277.7	9448.0	22236.1	22685.4
Imports of goods and services	5925.5	10312.6	24350.7	25933.2
Net trade in goods and services	-	-	-2114.6	-3306.2
Current account balance	-577.0	-863.0	-2104.4	-3385.7
Current account balance (% of GDP)	-4.0	-4.6	-4.8	-7.4
Workers' remittances and compensation of employees, received	524.5	927.1	2063.3	2004.5
Total reserves including gold	866.0	2049.6	9764.3	7785.3
Central government Finance				
(% of GDP)				
Current revenue (including grants)	29.2	30.5	31.7	32.6
Tax revenue	20.4	22.2	21.8	21.9
Current expenditure	29.4	28.1	30.5	34.1
Current budget balance including grants	-4.7	-2.4	-1.5	-3.8
External Debt and Resource Flows				
(US$ millions)				
Total debt outstanding and disbursed	8251.3	12916.2	22047.7	22335.5
Total debt service	1364.5	1393.5	2358.6	2661.5
Total debt service (% of exports)	26.4	14.3	10.5	10.7
Foreign direct investment (net inflows)	125	452	1334	433
Portfolio equity, net inflows (BoP, current US$)	34	-15	-26	-44

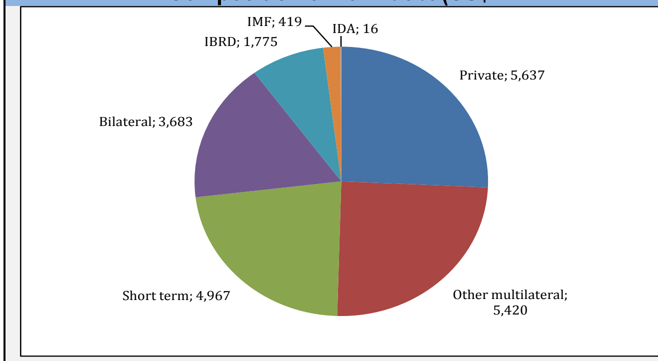
Growth of GDP and GDP per Capita

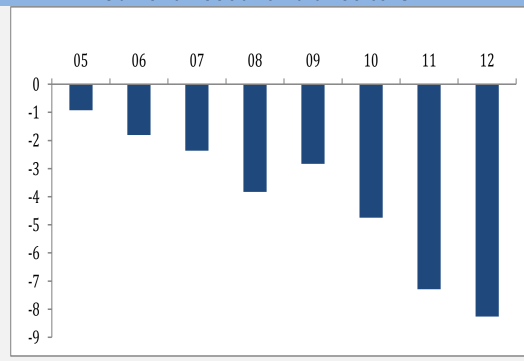


Governance Indicators, 2000 and 2011



Composition of 2011 debt (US$ m	Current Account Balance to GDP





Technology and Infrastructure	1991	2001	2010	2011
High-technology exports (% of manufactured exports)	1.8	3.3	4.9	5.6
Mobile cellular subscriptions (per 100 people)	0.0	4.1	106.0	116.9
Roads, paved (% of total roads)	75.5	65.4	76.0	..
Environment				
Agricultural land (% of land area)	59.3	61.1	64.6	64.8
Annual freshwater withdrawals, total (billion cubic meters)	..	..	..	2.9
CO2 emissions (metric tons per capita)	1.9	2.2	2.5	..
Energy use (kg of oil equivalent per capita)	588.9	797.1	917.0	890.4
Forest area (% of land area)	4.3	5.5	6.5	6.6
GDP per unit of energy use (constant 2005 PPP $ per kg of oil equivalent)	7.7	7.9	9.3	9.2
Renewable internal freshwater resources per capita (cubic meters)	..	..	..	393.0
Terrestrial protected areas (% of total land area)	1.3	1.3	1.3	..
Private sector development				
Bank capital to assets ratio (%)	..	7.5	..	..
Cost of business start-up procedures (% of GNI per capita)	..	..	5.0	4.2
Market capitalization of listed companies (% of GDP)	5.4	10.4	24.1	20.8
Time required to register property (days)	..	..	39.0	39.0
Time required to start a business (days)	..	..	11.0	11.0

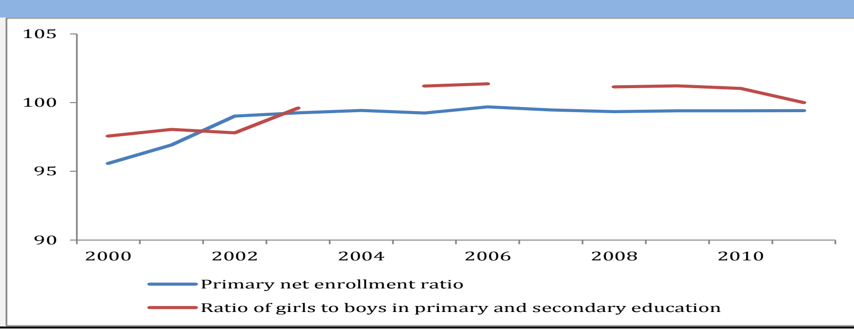
World Bank Group portfolio(US$ millions)	1991	2001	2010	2011
IBRD				
Total debt outstanding and disbursed	1,552	1,297	1,381	1,775
Disbursements	297	293	234	597
Principal repayments	125	146	157	151
Interest payments	111	80	42	43
IDA				
Total debt outstanding and disbursed	58	37	18	16
Disbursements	-	-	-	-
Principal repayments	1.7	2.1	1.9	2.1
Total debt service	**2.2**	**2.4**	**2.0**	**2.2**

Table K.2. Millennium Development Goals

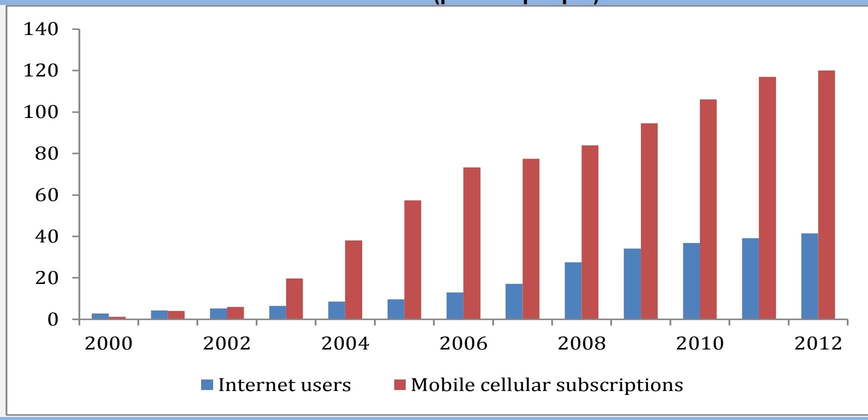
With selected targets to achieve between 1990 and 2015

Goal/ Series name	1990	1995	2000	2005	2010
Goal 1: halve the rates for extreme poverty and malnutrition					
Poverty headcount ratio at $1.25 a day (PPP) (% of population)	5.9	6.5	2.6	1.4	1.1
Poverty headcount ratio at national poverty line (% of population)	..	..	32.4	23.3	15.5
Income share held by lowest 20%	5.9	5.7	6.0	5.9	6.7
Malnutrition prevalence, weight for age (% of children under 5)	..	..	3.5	..	..
Goal 2: Ensure that children are able to complete primary schooling					
School enrollment, primary (% net)	92.4	96.7	95.6	99.2	98.7
Primary completion rate, total (% of relevant age group)	80.1	91.6	88.2	101.9	..
Literacy rate, youth total (% of people ages 15-24)	..	..	..	..	..
Goal 3: Eliminate gender disparity in education and empower women					
Ratio of girls to boys in primary and secondary education (%)	83.5	90.3	97.6	101.2	101.0
Share of women employed in the nonagricultural sector (% of total nonagricultural employment)	..	..	24.3	..	..
Proportion of seats held by women in national parliaments (%)	4.3	..	11.5	22.8	27.6
Goal 4: Reduce under-5 mortality by two-thirds					
Mortality rate, under-5 (per 1,000)	51.1	38.8	29.6	22.4	17.2
Mortality rate, infant (per 1,000 live births)	40.3	31.6	24.7	19.1	14.8
Immunization, measles (% of children ages 12-23 months)	93.0	91.0	95.0	96.0	97.0
Goal 5: Reduce maternal mortality by three-fourths					
Maternal mortality ratio (modeled estimate, per 100,000 live births)	130.0	110.0	84.0	68.0	56.0
Births attended by skilled health staff (% of total)	..	80.5	89.9	..	..
Contraceptive prevalence (% of women ages 15-49)	..	60.0	65.5	..	..
Goal 6: Halt and begin to reverse the spread of HIV/AIDS and other major diseases.					
Prevalence of HIV, total (% of population ages 15-49)	0.1	0.1	0.1	0.1	0.1
Incidence of tuberculosis (per 100,000 people)	29.0	31.0	25.0	23.0	28.0
Tuberculosis case detection rate (%, all forms)	88.0	87.0	87.0	90.0	80.0
Goal 7: halve the proportion of people without sustainable access to basic needs.					
Improved water source (% of population with access)	81.5	85.8	89.4	92.8	95.9
Improved sanitation facilities (% of population with access)	72.6	77.8	81.9	85.7	89.1
Forest area (% of land area)	4.1	..	5.4	5.9	6.5
Terrestrial protected areas (% of total surface area)	1.3	1.3	1.3	1.3	1.3
CO2 emissions (metric tons per capita)	1.6	1.8	2.1	2.3	..
GDP per unit of energy use (constant 2005 PPP $ per kg of oil equivalent)	7.4	7.6	7.9	8.7	9.3
Goal 8: Develop a global partnership for development					
Telephone lines (per 100 people)	3.7	5.8	10.1	12.7	12.3
Mobile cellular subscriptions (per 100 people)	0.0	0.0	1.3	57.3	106.0
Internet users (per 100 people)	0.0	0.0	2.8	9.7	36.8

Source: World Bank MDG database



ICT indicators (per 100 people)



Measles Immunization (% of children ages 12-23 months)

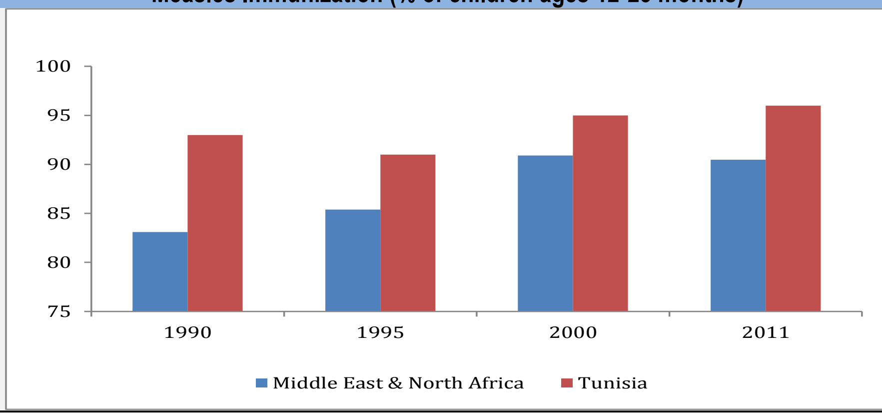


Table K.3.Tunisia Economic and Social Indicators, 2005-12

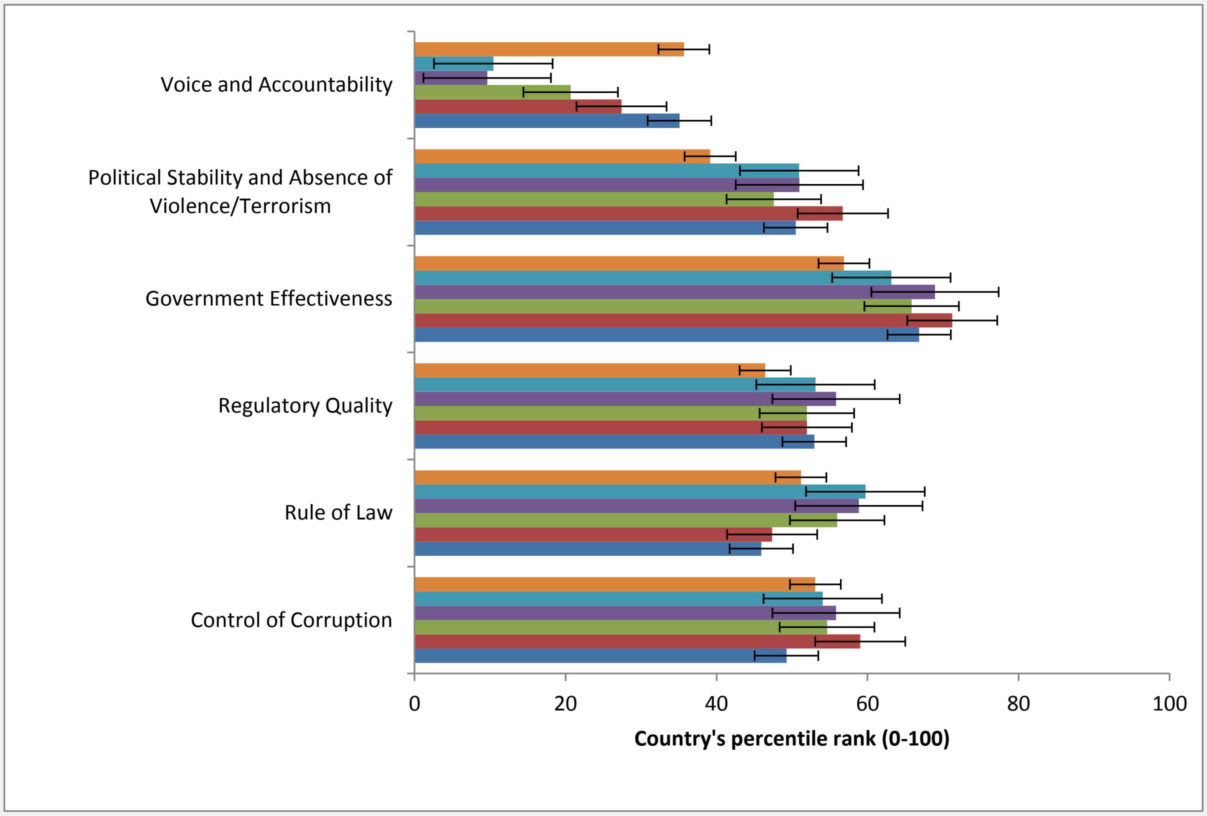
Series name	2005	2006	2007	2008	2009	2010	2011	2012
Growth and inflation								
GDP growth (annual %)	4.0	5.3	6.3	4.6	3.0	3.0	-2.0	3.6
GDP per capita growth (annual %)	3.0	4.3	5.3	3.6	2.0	1.9	-3.1	2.6
GNI per capita, Atlas method (current US$)	3,200.0	3,370.0	3,560.0	3,890.0	4,100.0	4,150.0	4,020.0	4,150.0
GNI per capita, PPP (current international $)	6,820.0	7,380.0	7,950.0	8,380.0	8,660.0	8,950.0	8,860.0	9,360.0
Inflation, consumer prices (annual %)	2.0	4.5	3.4	4.9	3.5	4.4	3.6	5.5
Composition of GDP								
Agriculture, value added (% of GDP)	10.1	10.2	9.4	8.5	9.1	8.0	8.9	8.7
Industry, value added (% of GDP)	29.2	29.7	31.4	33.8	30.3	31.1	31.3	29.9
Services, etc., value added (% of GDP)	60.7	60.1	59.2	57.7	60.6	61.0	59.8	61.4
External accounts								
Exports of goods and services (% of GDP)	44.9	46.0	51.2	56.3	45.7	50.1	48.9	48.0
Imports of goods and services (% of GDP)	45.3	47.9	53.1	59.4	48.4	54.9	55.8	58.6
Current account balance (percent of GDP)	-0.9	-1.8	-2.4	-3.8	-2.9	-4.8	-7.4	-8.2
Present value of external debt (% of GNI)	-	-	-	-	-	-	45.2	-
Total debt service (% of GNI)	6.6	7.7	6.8	4.8	5.1	5.6	6.0	-
Other macroeconomic indicators								
Gross domestic savings (% of GDP)	21.3	21.6	22.0	23.0	22.0	21.2	16.8	14.2
Gross fixed capital formation (% of GDP)	21.3	22.6	23.1	23.6	24.1	24.5	21.5	22.7
Gross fixed capital formation, private sector (% of GDP)	18.3	19.5	20.2	20.8	20.7			21.2
Gross savings (% of GDP)	20.3	21.2	20.9	21.7	21.4	20.5	15.9	-
Fiscal accounts								
Cash surplus/deficit (% of GDP)	-2.8	-2.4	-2.0	-0.6	-1.5	-1.4	-3.7	
General government final consumption expenditure (% of GDP)	16.9	16.7	16.5	16.1	16.2	16.2	17.6	13.8
Gross national expenditure (% of GDP)	100.4	101.9	101.9	103.1	102.9	105.3	107.3	110.1
Revenue, excluding grants (% of GDP)	26.2	26.4	27.0	29.3	28.6	28.8	31.0	-
Social indicators								
Health expenditure, public (% of GDP)	2.9	3.0	3.0	3.0	3.2	3.1	3.4	-
Immunization, DPT (% of children ages 12-23 months)	98.0	99.0	98.0	99.0	99.0	98.0	98.0	-
Improved sanitation facilities (% of population with access)	85.7	86.4	87.1	87.8	88.5	89.1	89.8	-
Life expectancy at birth, total (years)	73.5	73.9	74.2	74.3	74.5	74.6	74.8	-
Mortality rate, infant (per 1,000 live births)	19.2	18.3	17.4	16.6	15.8	15.0	14.4	13.8
Out-of-pocket health expenditure (% of private expenditure on health)	84.2	85.5	86.8	86.9	87.3	87.8	87.9	
Population growth (annual %)	1.0	1.0	1.0	1.0	1.1	1.0	1.2	1.0
Population, female (% of total)	50.1	50.2	50.2	50.2	50.3	50.3	50.4	50.4
Population, total	10.0	10.1	10.2	10.3	10.4	10.5	10.7	10.8
Poverty headcount ratio at national poverty line (% of population)	23.3	-	-	-	-	15.5	-	-
School enrollment, preprimary (% gross)	-	-	-	-	-	-	-	-
School enrollment, primary (% gross)	112.2	111.4	108.5	108.0	108.8	110.2	109.9	-
School enrollment, secondary (% gross)	85.5	87.2	90.5	92.1	90.5	90.4	92.6	-
School enrollment, tertiary (% gross)	30.9	31.8	31.6	33.6	34.4	35.8	37.1	-
Telephone lines (per 100 people)	12.7	12.7	12.6	12.1	12.3	12.3	11.5	10.3
Unemployment, total (% of total labor force)	12.9	12.5	12.4	12.4	13.3	13.0	-	-

Source: World Development Indicators data as of September 23, 2013.

Table K.4.Tunisia Economic and Social Indicators, 2005-12

Series name	Tunisia	Egypt	Libya	MENA	Morocco
GDP growth (annual %)	3.5	4.9	5.5	5.0	4.4
GDP per capita growth (annual %)	2.4	3.2	3.9	2.9	3.2
GNI per capita, Atlas method (current US$)	3,805.0	2,112.5	10,492.0	5,734.6	2,566.3
GNI per capita, PPP (current international $)	8,295.0	5,875.0	16,486.0	9,805.1	4,332.5
Inflation, consumer prices (annual %)	4.0	10.0	5.9	4.8	1.8
Agriculture, value added (% of GDP)	9.1	14.0	2.1	6.9	15.3
Industry, value added (% of GDP)	30.8	37.1	77.2	51.0	28.7
Services, etc., value added (% of GDP)	60.1	48.9	20.8	42.1	56.0
Exports of goods and services (% of GDP)	48.9	26.1	68.2	51.1	34.2
Imports of goods and services (% of GDP)	52.9	30.8	27.6	38.9	44.4
Current account balance (% of GDP)	-4.0	-0.6	33.3	N/A	-3.6
Present value of external debt (% of GNI)	45.2	13.3	N/A	N/A	25.5
Total debt service (% of GNI)	6.1	1.9	N/A	N/A	4.4
Gross fixed capital formation (% of GDP)	22.9	18.8	22.4	22.6	30.4
Gross fixed capital formation, private sector (% of GDP)	20.1	11.7	4.2	N/A	25.6
Gross domestic savings (% of GDP)	20.3	14.3	61.6	37.4	23.6
Gross savings (% of GDP)	19.5	21.0	62.3	39.7	30.4
Revenue, excluding grants (% of GDP)	28.2	25.8	N/A	N/A	33.1
General government final consumption expenditure (% of GDP)	16.3	11.6	10.8	16.2	18.3
Gross national expenditure (% of GDP)	104.1	104.7	59.5	N/A	110.2
Cash surplus/deficit (% of GDP)	-2.1	-7.0	N/A	N/A	-0.4
Life expectancy at birth, total (years)	74.2	70.0	74.3	71.4	69.7
Immunization, DPT (% of children ages 12-23 months)	98.4	97.3	98.0	91.2	98.0
Mortality rate, infant (per 1,000 live births)	16.3	21.4	16.1	23.8	30.6
Out-of-pocket health expenditure (% of private expenditure on health)	86.6	97.9	100.0	78.1	87.0
Health expenditure, public (% of GDP)	3.1	2.0	1.9	2.7	1.9
Population growth (annual %)	1.0	1.7	1.4	2.0	1.1
School enrollment, primary (% gross)	109.8	103.4	111.5	103.6	109.5
School enrollment, secondary (% gross)	89.8	71.5	107.1	75.1	59.8
School enrollment, tertiary (% gross)	33.6	30.4	N/A	27.5	12.5
Population, total (millions)	10.4	76.2	5.9	369.4	31.2
Telephone lines (per 100 people)	12.1	12.9	15.7	16.6	8.7
Unemployment, total (% of total labor force)	12.7	9.6	N/A	10.8	9.6
Poverty headcount ratio at national poverty line (% of population)	19.4	22.1	N/A	N/A	9.0
Improved water source (% of population with access)	94.6	98.6	N/A	90.1	81.3
Improved sanitation facilities (% of population with access)	87.8	94.5	96.5	89.6	69.3
School enrollment, preprimary (% gross)	N/A	21.7	9.4	24.4	59.4
Population, female (% of total)	50.3	49.8	48.9	48.5	50.8

Figure K.1.Tunisia: Governance Indicators
Comparison between 2011, 2010, 2007, 2005, 2000, 1996 (top-bottom order)



Source: IFC, Doing Business, 2006.

Appendix L. Gender

Introduction

1. Tunisia is considered one of the advanced countries in the MENA region with regards to gender parity. The introduction of the Personal Status Code soon after Tunisia achieved independence (1956) led to legal reform that gave equal rights to women and men. The code outlawed polygamy, required mutual consent for marriage, and gave married women the right to vote, travel, work, file for divorce, sign contracts, and open bank accounts without their husband's permission. Significant progress was achieved in improving health and education outcomes, and Tunisia is on track to achieve the MDGs.

Legal Status of Women in the Post-Revolution Era

2. Post-revolution, issues concerning the social status and political participation of women have been at the forefront of public debate due to divided opinion between religious and secular factions. For the World Bank Group, maintaining and advancing the role of women in Tunisia through the political transition is a priority.[83] In the re-drafting of the constitution, the extent to which the rights of women will remain protected is uncertain. Representative groups consulted over the course of the field work for this evaluation[84] expressed concerns about the effectiveness of the Convention on Elimination of All Forms of Discrimination against Women (CEDAW) and the extent to which current ambiguity threatens women's rights.

3. Several human rights and women's organizations have criticized the violation of women's rights by conservative Islamists associated with the coming to power of the Ennahda Islamist party in October 2011, and the rise of radical religious groups such as the Salafists.[85] Consequently, women's rights activists have been closely monitoring the drafting of the new Constitution. Following a strong showing of opposition in August 2012, they were successful in securing a change in the wording of a draft of the constitution, ensuring that women are legally regarded as 'equal' to, rather than merely 'complementary' to, men under the law.

Gender-based Analysis

4. The Gender analysis for the Tunisia CPE involves an analysis of gender-based outcomes along three dimensions: human development (including health and education), economic empowerment (including employment and microfinance), and voice and participation (at the local and national level). The

analysis primarily relies on secondary data from World Bank project documents, country strategy documents, and analytical work. Qualitative data was also collected through IEG's mission to Tunisia in July 2013 as part of this evaluation.

HUMAN DEVELOPMENT

(i) Health

5. Overall, the population's health status in Tunisia is better than in most other MENA countries. Health-related MDGs are on track to be achieved, and approximately 85 percent of the population is covered by two national social assistance schemes.[86] Rapid progress has been made on reducing the rates of infant and maternal mortality, and malnutrition over the past two decades. HIV/AIDS prevalence remains relatively low.

6. Despite successes on health care outcomes, access to care in rural areas continues to be a challenge even though Tunisia has a well distributed network of public health facilities (also alluded to in the Health DPL which was cancelled). In IEG consultations with health officials, regional disparities in health came up as an important issue. Women in underserved regions report foregoing necessary prenatal health care due to cost and distance,[87] with rural women being up to four times as likely as their urban counterparts to report foregoing antenatal care because of a lack of local services. Underserved rural regions in Tunisia also tend to have three times fewer doctors, contributing to a gap in maternal and child health indicators between rural and urban areas (e.g., a 30 percent higher rate of MMR in rural areas compared with urban areas)[88]. About 70 percent of births in rural areas are attended by a skilled professional, compared to nearly 95 percent of births in urban areas as of 2007.[89]

7. The Bank is supporting the health sector through the Community Health Collaborative JSDF. The main objective of this project is to improve health quality and health service delivery for reproductive health in under-served and peri-urban areas through community involvement in planning and delivery.[90] However, the project has faced implementation challenges since it was approved in 2011. Per the most recent ISR, no current PDO indicators or Intermediate Results Indicators were reported. [91]

8. Overall, the Bank did not focus on health care access issues for rural communities, especially rural women, where there was an urgent need as women were foregoing prenatal health care due to factors associated with cost and distance (mentioned above). The Governance and Opportunity DPL showed that the number of community health workers (100 new community health workers in 23

governorates) and mobile clinics remained low (13 mobile clinics) during the DPL period.[92] As referenced in the Governance and Opportunity DP L (Priority Action #9), government was not able to institutionalize an inter-ministerial coordination package for health, education and social protection services for underserved regions. The Bank could have prioritized filling the health care access gaps for prenatal care between rural and urban women; however, for almost seven years, its health program focused on hospital accreditation (leading to a decree in 2012) with no evidence that this contributed to better quality of care for low-income groups. The Bank might also have considered addressing the financial and efficiency problems in the free medical care system (referenced in chapter 5 of the evaluation) targeted to the poor.

(ii) Education

9. Tunisia has achieved considerable success in closing gender gaps in education and is on track to meet relevant MDGs. Near universal enrollment (97.4 percent) at primary school was achieved for both boys and girls aged between 6 and 11 years (2007-08). In the same period, the primary completion rate for girls (91 percent) was higher than that for boys (87 percent).

10. The Bank supported four projects in the education sector between 2005-12: the Education Quality Improvement Project I or EQIP I (FY00), EQIP II (FY04), Higher Education Reform Support II (FY98), and Higher Education Reform Support III (FY06). During the EQIP1 and EQIP 2 timeframe, completion rates for girls exceeded those of boys in basic education and secondary education.[93] The dropout phenomenon, particularly for boys, continued to be a cause of concern but did not form a specific focus for Bank projects. [94] The Higher Education Reform Support Project II (FY98) and the Higher Education Reform Support Project III (FY06) focused on providing infrastructure to public and private institutions to promote higher education, improve internal and external efficiency, and enhance financial sustainability of the public higher education system. The projects did not have a gender focus.

11. Overall, Tunisia's success in achieving gender parity in education has allowed the Bank to focus more on infrastructure and efficiency issues in education rather than on more traditional issues such as increasing enrollment at school. However, from a gendered perspective, the phenomenon of school dropout among boys, could have provided a focus as could the transitioning of young women from education to the labor market.

ECONOMIC EMPOWERMENT

(i) Microfinance

12. The World Bank Group has engaged with microfinance in Tunisia since 2007, primarily through IFC. The IFC has made loans to the Tunisian microfinance institution ENDA Inter-Arabe (also called ENDA) to help increase lending to micro-enterprises, especially those owned by women. Currently ENDA is the only private microfinance institution (MFI) in Tunisia, with 67 branches and 220,000 clients countrywide.[95] The majority of ENDA clients are women and, historically, more than 70 percent of ENDA loans have been to women.[96]

13. The impact of borrowing from ENDA was confirmed through consultations with ENDA clients[97] who reported increases in income that allowed them to provide better nutrition for their families, improve their purchasing power for buying household goods, as well as become economically independent from their husbands. ENDA's women clients were engaged in diverse businesses like selling luggage, detergents, and buying carpets and blankets from Libya to sell in Tunisia. ENDA provides services beyond loans, like demand-driven vocational training (e.g. baking, hair dressing), and social support groups ('sensitization circles') that allow women to share domestic problems (even though ENDA lends to individuals and does not follow the self-help group model of microfinance).IFC has been involved in providing technical assistance to ENDA, and contributed to impressive scalability of ENDA's work, but linkages to external markets for microfinance clients remain limited. For example, handicraft work produced by ENDA clients is restricted to a boutique in ENDA headquarters in Tunis. The IFC and World Bank could play a role in helping connect these artisans (most of whom are women) to markets within Tunisia and internationally.

(ii) Employment

14. A recent World Bank report on gender equality and development in MENA highlights the gender equality paradox in the region where investments in human development have narrowed gender gaps in education and health, but have not translated into higher rates of female participation in economic and political life.[98]

15. In Tunisia, the Bank engaged in employment issues through lending (including employment DPLs prior to the revolution and the GO and GOJ DPL after 2011), and through programmatic analytical work throughout the evaluation period (using the MILES framework).

16. Tunisia suffers from high rates of unemployment - the national unemployment rate was 18.9 percent in 2011 in the aftermath of the Revolution,

decreasing to 15.9 percent in mid-2013.[99] Unemployment rates are much higher among women at 27.6 percent in 2011, up from 15.4 percent in 2005.[100] For men, unemployment rates were comparatively lower at 15.3 percent in 2011 and 12.4 percent in 2005[101] . More women than men with higher education levels are unemployed. For example at the end of 2011, 48 percent of women graduates were unemployed compared with 31 percent of their male counterparts.[102] The ISN FY13-14 recognizes that unemployment disproportionately affects women graduates.[103]

17. Also, unemployment is increasingly concentrated among youth and graduates (increasing from 13.3 percent in 2005 to 33.2 percent in April 2013), which tend to be the most productive group in the population.[104] Unemployment is concentrated geographically in the North-West (at 20.3 percent) and the interior South of the country (at 23.5 percent).

18. The Bank's Employment DPL did not yield desired outcomes, and this is reflected in its 'unsatisfactory' performance.[105] There was no specific gender-related focus to address gender gaps in employment. The objectives of the DPL were narrowly focused on stimulating ALMPs the Active Labor Market Programs (ALMPs) and migration, which mostly benefited formal sector employees and University graduates. However, despite the fact that Bank diagnostics show that unemployment and underemployment among low-income groups to be a more serious problem, its employment programs focused on the relatively small privileged group of university graduates. Given the high rates of unemployment for women graduates in urban areas and unemployed women with primary school education in rural areas (many of whom work in agriculture), a gender-targeted approach to tackle unemployment in urban and rural areas may have been fruitful. For example, in rural areas, even though the Bank's Northwest projects focused on participatory approaches to encourage women's role in community meetings, a clearer focus on sustained income generation mechanisms like the formation of cooperatives for agri-business would have been helpful (especially for home-based businesses like soap or oil production). In urban areas, tackling women's unemployment through youth focused employment programs with an emphasis on enhancing skill sets for the job market as well as training for building entrepreneurship skills, may also have been beneficial. That said, we recognize that addressing employment issues for women could not be done in isolation since there were other, significant challenges related to private sector growth, an overall lack of jobs in the public sector and private sector, and weak government capacity to implement employment programs.

19. Consultation with stakeholders showed that a major challenge faced by female entrepreneurs is the lack of access to markets. UTICA started a National Chamber of Business Women (Chambre Nationale Des Femmes Chefs D' Entreprises or CNFCE) to encourage women entrepreneurs to join the federation. CNFCE has a membership of 600 women entrepreneurs, and has 24 chapters located across all Tunisian Governorates. These chapters provide relevant training to youth (e.g., preparing business plans), and seek to educate members on new financial and labor laws. CNFCE has worked with USAID, and other organizations (like Vital Voices and Foundation for the Future). Some of the challenges faced by CNFCE members include knowledge gaps (e.g., pricing of raw materials and the final product in industries like agri-business, pharmaceuticals, and plastic), as well as a lack of access to markets. The World Bank could engage by providing TA to business women so they can better prepare themselves for market linkages.

VOICE AND PARTICIPATION

(i) National Level Participation

20. Overall the involvement of women in national level politics in Tunisia has been weak compared to a strong presence of women in positions of leadership in the NGO sector, in academia, and as human rights activists

21. There has been little Bank engagement to encourage women's role in state-building in Tunisia. Bank projects did not focus on the role of women as negotiators or public administrators. In the post-Revolution times, this can be attributed to the controversial and divided public opinion between religious and secular factions around women's political participation in Tunisia as well as the uncertain political future making this a particularly challenging issue from a Bank perspective.

(ii) Local Level Participation

22. Women's participation at the community level and local level continues to be a challenge in Tunisia. Despite Bank efforts to integrate participatory approaches in some projects, women's involvement and attendance in community level planning continues to be low. However, in the post-Revolution era, the NGO sector has gained momentum as regulations around establishing NGOs have been relaxed. Both religious and secular NGOs have mushroomed, working in urban and rural areas on citizenship education issues, human rights, and constitutional rights of women. However, the emergence of NGOs has not necessarily contributed to an organized voice for women or led to the formation of social support networks and social capital. There is a clear divide between the secular and religious NGOs and the approaches they take to empower women. The bankruptcy of national level NGOs like the National Union of Tunisian Women (UNFT) [106] has further taken

away from the formation of a unified women's movement, and outcomes are yet evident.

CONCLUSION

23. While Tunisia has achieved better outcomes for health and education compared to several other MENA countries, gender disparities that impact women exist in access to health care particularly in rural areas. Gender disparities in school completion have emerged that disproportionately impact boys. The Bank Group has contributed positively to economic empowerment for women through microfinance but did not prioritize employment opportunities for women in rural or urban areas. Voice and participation issues for women continue to be a cause of concern, and remain uncertain in the post-Revolution era due to the divide between the religious and secular factions of the population.

24. Based on the findings of this analysis, a gendered-approach is recommended for the health sector to target rural women for access to prenatal care, as well as for increasing employment opportunities for women graduates in the urban areas and women with primary education in the rural areas. Clearly a combination of factors would have to be considered for service delivery (like the increase in community health workers and mobile clinics), as well as government capacity building in order to address rural health focused issues. Alternative models like contracting health care to NGOs in remote areas (as was done in Afghanistan) can also be considered. Analytical work around addressing barriers to women's access to employment and distinguishing between short-term gains (for e.g., vocational training for graduate women and assisting with setting up of small-scale or cooperative based agri-business in rural areas) and long-term gains (on behavioral change issues like fewer women joining the workforce after marriage) can help address high unemployment rates for women.

Appendix M. Persons Interviewed

Former government Officials

Mr. Saidi Aidi	Former Minister of Education
Mr. Jolel Ayed	Former Minister of Finance
Mr. Mohamed Agrebi	Former Director General, Assistance to Enterprises, Ministry of Industry and Trade
Mr. Yassine Brahim	Former Minister of Equipment
Mr. Ouissem Ghorbel	Former Advisor to the Ministry of Employment and Training
Mr. Nouri Jouini	Former Minister of Cooperation
Mr. Eyles Jouini	Former Minister of Economic Reforms
Mr. Salem Miladi	Former Minister of Equipment
Mr. Aberraouf Ounaies	Former Ambassador and Minister of Foreign Affairs after the Revolution
Mr. Ali Saana	Former Advisor, Ministry of Training and Employment
Mr. Ahmed Smaoui	Former Minister of Tourism
Mr. Abdelhamid Triki	Former Minister of Planning

Current government Officials

Premier Ministère

Mr. Fares Bessrour	Director General, Department of Administrative Reforms
Mr. Khaled Johmani	Director, Observatoire National des Marchés Publics (ONMP) [National Procurement Observatory]
Khaled Laadhrie	Head, "Contrôle général services publics"

Ministry of Investment and International Cooperation

Mr. Abdallah Zekri	Director of International Cooperation
Ms. Lamia Zribi	Director General Macro Planning

Ministry of Finance

Mr. Khochtali	Director General, "Unité gestion budgétaire par objectifs (GBO)"
Ms. Nawrez Ben Ticha	Counselor, "Unité gestion budgétaire par objectifs (GBO)"
Ms. Faouzia MoussaSaïd	Head of Budget Department
Mr. Abdelmalek Saadaoui	Director General, "Direction Générale des Ressources et des Equilibres "

Ministry of Education

Mr. Mohamed Tonn	Director General of Facilities and Equipment
Mr. Riadh Ben Boubaker	Director, Department of Educational Innovation and New Technology
Mr. Hédi Saidi	Director of Studies, Planning and Programming
Mr. Houcin Swissi	Evaluation and Quality Department
Mr. Mohamed Naceur Chraitih'sini	Director General, "Unité gestion budgétaire par

	objectifs (GBO)”
Mr. Karim Mustapha Bouamoud	Deputy Director, “Unité gestion budgétaire par objectifs (GBO)”
Mr. Issam Boukhtir	Head, “Unité gestion budgétaire par objectifs (GBO)”

Ministry of Employment and Training

Ms. FaizaKallel	Director of Employment
Ben Touati Mohsen	Chief Engineer and Deputy Director
Chief Engineer and Deputy Director	Chief of Cabinet

Ministry of Health

Mr. HelmiJebali	Director, “Unité gestion budgétaire par objectifs (GBO)”
Dr. Ben Saleh	Director of Primary Healthcare
Dr. Ben Brahim	Director of Planning
Dr. Nabil Ben Salah	Directeur de la recherche médicale, Direction générale de la santé

Ministry of Higher Education and Scientific Research

Ms. Najla Romdane	Director of Higher Education
Mr. Adel Ben Amor	Director, Direction générale de la rénovation universitaire

Ministry of Agriculture

Mr. RidhaMasmoudi	PISEAU II Coordinator
Ms. Raqya Al-Latiri	DGREE Director
Mr. Ismail Garbi	Officer in charge of performance-based objectives (Chargé des questions liées à la gestion par objectif)
Mrs. Narjess Hamrouni,	Director, Rural Women Support Unit

Ministry of Equipment

Mr. Cherif Ghazi	Director of Roads

Ministry of Transport

Mr. Ramzi Khaznada	Director of Planning

Ministry of Information Technology and Communication

Mr. Mohamed Ben Amor	Deputy Director

Ministry of Solidarity and Social Affairs

Mr. Khaled Ben Youssef	Former lead for the component of eDisability
Mr. Mohamed Zribi	Director General of Social Promotion
Ms. Najet DkhilGulai	Senior Director of Promotion of Poor Families

Ministry of Governance and corruption

Mr. Mohamed Tarek Bahri	Director General

Ministry of Commerce and Handicrafts

Mr. Khaled Salhi	Director

Cour des Comptes

Mr. Abdelkade rZgoulli	First President
M. Abellatif Kharrat	Advisor
Ms. Hend Gongs	Advisor
M. Mohamed Rafik Kraiem	Advisor

Central Bank

Mr. Chedly Ayari	Governor
Mr. Mohamed Rekik	Vice-Governor
Mrs. Monia Saadaoui	Director of International Relations, Head of the Financial Intelligence Unit
Mr. Ahmed Tarchi	Director General of Studies, Research and Statistics
Mr. Mohamed Toujani	Director of Economic Studies
Skander Turki	Head of Department in charge of International financial institutions

Government Agencies

Agence nationale pour l'emploi et le travail (ANETI)	Ms. Saloua Lachheb Fezzani, Director of International Cooperation Anne-Catherine Belier, Expert
Banque tunisienne de Solidarité (BTS)	Mr. Mohamed Ben Mohamed, Chairman
Instance Nationale de la Lutte contre la Corruption (National Corruption Office)	Mr. Samir Annabi, President
Centre national d'innovation pédagogique de recherche en éducation	Mr. Belgacem Lassoued, Director General
Chamber of Commerce	Mrs. Leila Belkhiria Jaber, Vice President, The National Chamber Of Business Women
COTUNACE (Tunisienne d'Assurance de Commerce Extérieur (COTUNACE) Insurance company	Ms. Chabchoub, Chairman and CEO
Agence Tunisienne d'Internet	Mr. Kamel Saadaoui, Chairman & CEO
Institut Tunisien de la Compétitivité et des Etudes Quantitatives (ITCEQ) [Tunisian Institute of Competiveness and Quantitative Studies)	
Observatoire national des emplois et qualifications (ONEQ)	Ms. Fatma Moussa, Director
Office de la Marine Marchande et des Ports	
Fonds 21-21	Mr. Taieb Zerai, Coordinator
Institut National des Statistiques (National Statistics Institute)	Mr. Jalleledine Ben Rejeb, Director General Mr. Hamouda Ben Lamine, Director of statistics coordination and international cooperation M. TahaKhsib Mr. Hassen Arouri Mr. Helel Yemen Mr. Ferchichi Arbia, Gender Focal point
UTSS (Union Tunisienne de Solidarité Sociale)	Ms. Latifa Rahmani Project Coordinator Ms. Samia Mzoughi, Financial Management Specialist

Private Sector

Amen Bank	Mr. Boutheima Bouhlel and Rejeb Chebel
Attijari Bank	Ms. Neijla Aissa
BIAT (Banque Internationale Arabe de Tunisie)	Mr. Masmoudi Zied, Director General
Hexabyte	Mr. Nassr Hidoussi, Chairman & CEO
Mr. Slim Chaker	Former counterpart on export-promotion projects
IM Bank (International Maghreb Merchant Bank)	Mr. Hichem Ben Fadhl, CEO
L'Institut Arabe des Chefs d'entreprises (Arabic Institute of Business Managers)	Mr. Ahmed Bouzguenda, Président
Tunisie Telecom	Mr. Mohamed Fadhel KRAIEM, Deputy CEO
Mr. Mohamed Fadhel KRAIEM, Deputy CEO	Mr. Khaled Ben Younes, Director ICT
Orange Tunisie	Mr. Didier Charvet, Chairman & CEO
Tunisie Cable	Mr. Hedi Sellami
Private export company	Mr. Ahmed Belkhodja
Lawyer, Ferchiou& Associés Avocats & Conseils Juridiques	Mr. Noureddine Ferchiou

Hospitals

Hôpital Charles Nicolle	Dr. Amel Ben Said, Physician and Administrator

National Companies

Office de développement sylvo-pastoral du nord (ODESYPANO)	Mr. Kamel Aloui, Coordinator Mr. Ahmed Bousselmi, Fourth Northwest Mountainous and Forested Areas Development Project Manager Ms. Amouri Amel, Sociologist
Office national de l'assainissement (ONAS)	Mr Khalil Atti, Chairman & CEO Mr. Najib Abid, Director of Studies Mr. Ali Chaabi, Regional Director Mr. Nefza Jamel, Regional Director Mr. Soussi Mohamed, Counselor
Société nationale des Chemins de Fer Tunisien (SNCFT)	Mr. Chedli Guizani, Chairman & CEO
Société nationale d'Exploitation et de Distribution des Eaux (SONEDE)	Mr. Adned Boubakeur, Director of Studies

Higher Education

Institut préparatoire aux écoles d'ingénieur (Preparatory School of Engineers)	Mr. Moncel Boughtir, Director
University of Carthage	Université de Carthage
Universities	Mr. Mohamed Ben Romdhane, Professor in

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Civil Society

Democratic Control of Armed Forces (DCAF)	Mr. Jonas Loetscher, Regional representative Prof. Haykel Ben Mahfoudh, Senior Advisor Dr. Lina Zekri, "Gender and Security" Project Manager
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Touensa	Mrs. HajerTrabelsi, Head of Projects, Access to Information
ENDA	Mrs. Saloua Saidi, Branch Supervisor Mrs. Asma Bahia, Chief Audiovisual Communication Officer Mr. Hassen Jami, ENDA Agent at ENDA Sidi Hassine Branch Mr. Fadhel Briki, Marketing, études and nouvelles technologies
Center of Arab Women for Training and Research (CAWTER)	Dr. Soukeina Bouraoui, Executive Director Mr. Malek Baklouti, Project Coordinator
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Endnotes

[1] In this note, *assistance program* refers to products and services generated in support of the economic development of a country over a specified period.

[2] The CAS commits the Bank to close cooperation with the EU, the AfDB and the IMF, but also with bilateral donors (AFD and GTZ, in particular), Arab funds (such as Arab Fund for Economic and Social Development) and the IDB.

[3] The NDP prioritized employment and set out a strategy to establish a high added-value, knowledge-based economy, with a focus on human capital development.

[4] EU and AfDB participated to both DPLs while AFD financed the 2011 Governance and Opportunity DPL.

[5] Precise allocation of WB resources across sectors and pillars would be somewhat arbitrary as the three Economic Policy DPLs committed to FY05-13 ($1,250 million representing 62.6% of total commitment) in fact operate on a multi-sector basis.

[6] Three projects totaling $170m (in the tourism, water and health sectors) were dropped after the government lost interest. Another two projects planned for the FY05-08 period were eventually launched FY09-10. Another task related to vocational training was initially planned, but never materialized due to lack of funding.

[7] One of IFC's recent investments involved the commitment of US$22 million to support a North Africa regional fund focused on investing in SMEs in Tunisia (the 2012 MPEF III Project)

[8] A single IFC investment in 2008 accounted for seventy seven percent of IFC net commitments to Tunisia in the decade prior to 2011.

[9] Some 19 percent of all closed projects in Tunisia were rated fully satisfactory and 63 percent moderately satisfactory.

[10] Econometric analysis shows that a 1 percent reduction in growth in the EU leads, on average, to a 0.66 percentage point reduction in Tunisia's growth, all else being equal

[11] <u>*Source*</u>: PAD, GO DPL, pp 16.

[12] Monetary policy was relaxed to stimulate demand by reducing reserve requirements from 10.5 to 2 percent. It also reduced its main interest rate from 4.5 to 3.5 percent to boost access to credit and investment. The CBT also provided substantial short term loans to banks to increase their liquidity.
[13] Tunisia was unable to finance such growing requirements from traditional capital market sources, as major rating agencies continued to downgrade Tunisia's sovereign debt ratings. Moodys downgraded Tunisia immediately after the revolution, followed by Fitch and S&P in March 2011. In December 2012, Fitch downgraded again its rating to BB+ with negative outlook, motivated by the ongoing social and political tensions while S&P downgraded its rating to BB-following the political crisis after the assassination of Chokri Belaid. The political situation also led Moody's to lower its ratings on Tunisia and on the Tunisian Central Bank into junk territory and to place them under surveillance for a possible new downgrading.

[14] This section draws heavily on Tunisia's Global Integration: Second Generation of Reforms to Boost Growth and Employment- World Bank Report, May 2008

[15] Source PPAR (2004), pp 8

[16] Source: WTO

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[17] Source: DPR Exports (draft, 2013).

[18] This section had made extensive use of the analysis in DPR-Exports (draft, 2013)

[19] Herfindahl index is calculated as the sum of squared shares of the individual 2-digit sectors. It would be equal to 1 if one sector accounted for all exports, whereas it would be close to zero if exports were evenly spread across many sectors.

[20] The Economic Complexity Index, recently developed by Ricardo Hausmann and César Hidalgo (2011a), is designed to measure complexity in a country's economy, where complexity is defined as the ability to export many different products and especially the more complex products. A country has a high value of the index if it exports many products, if it exports products that few other countries export, and if it exports products typically exported by complex economies.

[21] ICL PD para 45.

[22] This is a composite index of twelve factors that influence the macro-economic and micro-economic foundations of national competitiveness.

[23] For example, some tax concessions with regard to VAT reimbursements for onshore producers were implemented over the years, but these are not significant compared to the tax holiday that off shore exporters get.

[24] SMEs, defined as enterprises with less than 100 employees, account for at least 97.8 percent of Tunisian firms (across all sectors). SMEs' ability to obtain financing for their business operations and investments is therefore crucial to Tunisia's future economic development.

[25] Quasi money comprises time, savings and foreign currency deposits of resident sectors other than central government and is an indicator of the confidence in the banking sector.

[26] Tunisia did better than Algeria and Libya.

[27] In the landlord port model, the port authority acts as a regulatory body and as a landlord, while port operations, especially cargo handling, are carried out by private operators. In this model, government-built infrastructure is leased to private operators.

[28] Railway freight traffic was adversely affected by the contraction of phosphate export demand in 2008-09. Though traffic picked up in 2010 (to 8.1 million tons from 7.2 million tons in 2009), domestic disturbances caused rail freight traffic of phosphates to drop to less than 3 million tons per year in 2011-12.

[29] SRTG refers to 12 regional transport companies serving 12 Governorates.

[30] Gouvernement de la Tunisie : Portail de l'Agriculture. This slow rate of relative decline is indicative of a slow rate of structural transformation for both agriculture and the entire economy. http://www.agriportail.tn/index.php?option=com_content&task=view&id=98&Itemid=62

[31] FAO-World Bank-Agence Française de Développement, le 7 mai 2012. *Rapport Technique Complet. P15-16*

[32] World Bank, July 2006: 62-63.

[33] More details on these loans in World Bank. 2004. *Tunisia: Rural Development and Poverty Reduction 1990-2003 – A Country Assistance Evaluation.* (See Annex B)

[34] Joint World Bank-Islamic Development Bank Evaluation of Assistance. 2005. T*unisia: Understanding Successful Socioeconomic Development*

[35] For example, in the wholesale market in Tunis, representatives of the Ministry of Trade check prices every day. (FAO-WB-AFD, mai 2012; 14).

[36] République Tunisienne. Décembre 2005. *Revue du Secteur Agricole –Etude de la Filière Fruits et Légumes*, MARH. (pp 6).

[37] World Bank. July 2006. *Tunisia: Agricultural Policy Review.* Report no. 35239-TN. (Tab 6 and 7)

[38] ONH is accused of making these allocations in a non-transparent way.

[39] World Bank. January 2010. *Republic of Tunisia: Development Policy Review--Towards Innovation-driven Growth.* Report No. 50847-TN "Only 2.3 percent of arable land is in humid or sub humid zones with at least 600 mm of rain per year and 78.6 percent is located in arid or desert areas with rainfall lower than 300 mm per year." (World Bank, Jan 2010: 55)

[40] World Bank. 2010. *NORTHWEST MOUNTAINOUS AND FORESTRY AREAS DEVELOPMENT PROJECT;* (PNO3). April 27, 2010. Report No: ICR00001314 Project ID: P072317

[41] World Bank. May 7, 2012 *Tunisia: Agricultural Finance Study. Main Summary* Report. Report # 62471-TN Sustainable Development Department, Middle East and North Africa Region. (Para 21 and fig 1)

[42] World Bank. July 2006. *Tunisia: Agricultural Policy Review.* Report no. 35239-TN. – Fig 1

[43] Source: Development Policy Review (2010).

[44] The Tunisian counterparts are: Maamri Akremi and Boubaker Thabet in conversations of April 22 and 24, 2013 respectively. (See email for above dates copied to selected Tunisia CPE team members)

[45] There were also unfavorable weather conditions for the cropping seasons 2007/08, 2008/09. (FAO-WB-AFD, mai 2012: fn # 4) CIF prices of soft wheat rose from around USD 150/ton in the spring of 2006 to USD 380-390/ton in December 2007 to rise still further to USD 500/ton in March 2008. (World Bank, May 2009: 5).

[46] The Economist. Joe Romm, Feb 07, 2011. "The high cost of food is one reason that protesters took to the streets in Tunisia and Egypt". http://thinkprogress.org/climate/2011/02/07/207444/economist-krugman-high-cost-of-food-extreme-weather-climate-change-tunisia-egypt/?mobile=nc. Indeed, food price crises and food insecurity are becoming a chronic concern of the entire global community. http://www.fao.org/publications/sofi/en/

[47] IMF Country Report # 12/255. September 2012. Tunisia : 2012 Article IV Consultation.

[48] World Bank. *MAI 2009* DÉVELOPPEMENTS RÉCENTS DE LA FILIÈRE AGROINDUSTRIELLE DU SECTEUR CÉRÉALIER Actualisation de la Revue Sectorielle Agricole de 2006. P11-13

[49] Rolland, Jean-Pierre, juillet 2010. *Comptabilité des Mesures de Politique Agricoles avec les Engagements Commerciaux Bilatéraux et Multilatéraux : Note Thématique.* Ministère de l'Agriculture, des Ressource Hydrauliques et de la Pêche (DGEDA), Agence Française de Développement, CIRAD, GRET, IRAM. P8

[50] FAO-WB-AFD, may 2012; 14.

[51] EU 27 accounted for 74 percent of all Tunisian exports (2011). (Data dated 23 May, 2013) http://trade.ec.europa.eu/doclib/docs/2006/september/tradoc_122002.pdf

[52] Rolland, Jean-Pierre, juillet 2010. *Comptabilité des Mesures de Politique Agricoles avec les Engagements Commerciaux Bilatéraux et Multilatéraux : Note Thématique.* Ministère de l'Agriculture, des Ressources Hydrauliques et de la Pêche (DGEDA), Agence Française de Développement, CIRAD, GRET, IRAM. Table 7

[53] World Bank, July 2006. p 6-7

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54 High border protection is an integral component of GOT's food security policy. « *Adapter la politique d'importation aux risques liés à l'instabilité des marchés et à l'objectif de souveraineté alimentaire » (*Rolland, 2010 : 19).

55 African Economic Outlook – Tunisia (2012)

http://www.africaneconomicoutlook.org/en/countries/north-africa/tunisia/

56 World Bank. January 2010. *Republic of Tunisia: Development Policy Review--Towards Innovation-driven Growth.* Report No. 50847-TN. "Yet, Tunisia's tariff policy remains highly distortive and has arguably become even more so with the preferential liberalization vis-à-vis the EU. In the extreme, imports from third countries are liable to duties of 43 percent, while the same product could enter the Tunisian market from the EU duty free." p32

57 World Bank, May 2012. p2.

58 The structure of production has remained fairly unchanged for decades, with the main subsectors (in percent of agricultural GDP and in descending order of magnitude) being livestock; fruits and vegetables; cereals, and fish. In terms of arable land (4.4 million ha) use, the main crops are fruit trees, cereals; leguminous crops; and vegetables. (FAO-WB-AFD, may 2012 - p16-17)

59 A Domestic Resource Cost (DRC) above 1 means the country has a comparative disadvantage in the production of that commodity; it costs more to produce it domestically than to import it. In other words, the country loses by its domestic production of that good. A DRC of less than 1 means the country has a comparative advantage; and a DRC of 1 means it has neutral advantage.

60 World Bank. June 2009: Tab 1 & 2.

61 Due to the sharp and frequent annual fluctuations, only data on long-term trends, spanning several decades at least, can serve as meaningful indicators of productivity.

62 Source: PAD of the Second Higher Education Reform Project Support. Annex 10 Financial and Economic

63 *Ministère de l'Education, Statistique Scolaire* 2011/12.

64 Out of the 43,000 kids that drop out, in college, 25000 drop-out on average after the first year of college.

65 ICR EQIP I, 2007 p17.

66 Sub component A1 (cf p7) describes the objectives. Annex 2 of the ICR which describes outputs by component failed to report specifically on what was done at the upper basic education level..

67 WB AM May 2011 p 24).

68 ICR, Higher Education Reform Support project, Report 3252).

69 See study on Governance of Universities. Some improvements are recorded in terms of management. The president of universities and chairmen of departments (establishment) are now elected with greater participation of the academic staff and on the basis of detailed job posting. Members of the board are now selected by committees and do not need to be academics and to belong to the university. Their mandate are below 4 years but can be renewed. Nevertheless, supervision and evaluation of personnel remained centralized. Regarding autonomy, the overall score mask some differentiation between academic autonomy (e.g. cursus, introduction of new program, assessing learning outcomes) which is greater than financial autonomy and personnel management. Universities have less flexibility to hire administrative staff or new professors. In terms of accountability, fewer universities monitor their students' insertion rate, average wage in the job

market. Regarding participation, students and private sector are now members of the board with no voting rights. The private sector is also part of academic council but can't vote.

[70] World Bank 2012

[71] Negative growth (-1.8 percent) following the revolution has to be taken into account, but unemployment among university graduates has been trending upwards for many years e.g. 46.600 in 2006, 64.900 in 2010, 184.300 in 2011 and 193.400 in 2012 registered at ANETI.

[72] A large majority of employed individuals (about 65%) is working as informal wage earner or self-employed. Informality rates are higher among younger and less educated individuals.

[73] The survey is conducted every five years. The last was completed in 2010 and covered 13392 households.

[74] The methodology for deriving the food poverty line is different from the previous methodology in two ways. First, the calculation of energy (and hence calorie) requirement is based on the ideal weight of the individual and not the actual weight as was done earlier. Second, the cost per calorie consumed was estimated on the basis of the median cost for the poorest 20 percent of the population. In the old methodology, the reference group was defined as are households whose total expenditure per capita was between DT 360 and 480 per year.

[75] Communal areas (*milieu communal*) are defined as large cities (*grande villes*) and average commune (*Moyennes Communes*). Non Communal areas include the rest.

[76] Source: Labor Markets in Tunisia: Recent Trends and Policy Options, World Bank (2011)

[77] Ben Farhat, E. et al. (2012). Reduced maternal mortality in Tunisia and voluntary commitment to gender related concerns. International Journal of Gynecology and Obstetrics. 116 (2012) 165–168.

[78] The remainder was split between the national budget and social security.

[79] In 2005, freedom was rated 5.5, Civil Liberties 5 and Political Rights 6.

[80] The Global Integrity Report assessed Tunisia performance in 2008. The Global Integrity Report provides quantitative data and qualitative reporting on the health of a country's anti-corruption framework. Each country assessment contained in the Global Integrity Report comprises two core elements: a quantitative Integrity Indicators scorecard and a qualitative Reporter's Notebook. The scorecard assesses the existence, effectiveness, and the citizen access to key governance and anti-corruption mechanisms through more than 300 actionable indicators. It examines issues such as transparency of the public procurement process, media freedom, asset disclosure requirements, and conflicts of interest regulations. Scorecards take into account both existing legal measures on the books and de facto realities of practical implementation in each country.

[81] The # symbol is commonly referred as a *hashtag on Twitter and is* used to mark keywords or topics in a Tweet.

[82] Please note that the numbers in this table combine votes from an Arabic and French polls ran separately on this question.

[83] Tunisia ISN 13-14, pp.14.

[84] Consultations with IEG staff in Tunis in July 2013.

[85] http://www.middle-east-online.com/english/?id=60775

[86] Tunisia, CAS 2005-2008, pp.14.

[87] Tunisia, Health DPL (cancelled), pp.vi.

[88] Tunisia, Health DPL (cancelled), pp.6.

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[89] Tunisia, Health DPL (cancelled), pp.6.

[90] May 2013 ISR, JSDF project
[91] Tunisia, Community Health Collaborative JSDF, ISR, May 2013, page 2-3.

[92] Tunisia, Governance and Opportunity DPL, Implementation and Completion Report (ICR), pp.10.

[93] EQIP 2, ICR page 5
[94] EQIP 2, ICR page 5

[95] Enda clients have more than doubled since 2007 (from 63,000 clients in 2007 to with 220,000 clients in 2012).

[96] Enda Project, Expanded Project Supervision Report (XPSR), 2012. Pp.10.

[97] Enda's Sidi Hassine Branch

[98] Opening Doors, Gender Equality and Development in the Middle East and North Africa, The World Bank, 2013, pp.3.

[99] Tunisia 2013 DPR Draft, Chapter 1, pp.9.

[100] Tunisia 2013 DPR Draft, Annex 5.1 (based on authors' calculations of Tunisia Labor Force Survey, 2005, 2010, 2011).

[101] Tunisia 2013 DPR Draft, Annex 5.1 (based on authors' calculations of Tunisia Labor Force Survey, 2005, 2010, 2011).

[102] Governance, Opportunity, and Jobs DPL, pp.4.

[103] Tunisia ISN FY 13-14, pp.8.

[104] Tunisia 2013 DPR Draft, Chapter 1, pp.9.

[105] ICRR, Employment DPL.

[106] National Union of Tunisian Women (UNFT) is the first non-governmental organization working to improve women's status in society and under the law since 1956.