

# IBRD/IDA Operations

## Introduction

Over the last decade, the Republic of Tunisia has undergone a profound economic transformation. The country's considerable efforts towards reform have led it to have the most advanced and liberalized economy in North Africa. Many of the country's reforms, such as introducing convertibility of the Tunisian dinar, have sent a clear message to the international community that Tunisia is serious and committed to economic progress. This, in turn, has laid the groundwork for continued economic development in the future.

The direct result of Tunisia's reforms has been undeniable. The country's reentry into international financial markets in 1992 was a success, and this greater access to international financing has facilitated the diversification and development of the country's economy. Although the country's financial system remains somewhat underdeveloped, both domestic and foreign investors have provided much support and investment. The result has been a reduction of the number of Tunisians living in poverty. Much to the country's credit, Tunisia boasts social indicators far superior to those of neighbouring countries.

Having crossed the long and difficult stabilization period, Tunisia is now ready to embark on the next step - the post-adjustment phase. More particularly, social and economic improvements must continue, the remains of the close regulation era must be eliminated, and the privatization process must be accelerated. Environmental issues also need to be addressed. Although much remains to be done, Tunisia is one of the best performing countries among Bank members and is poised to further integrate its economy more fully with that of the rest of the world.

## Country Assistance Strategy

The World Bank has historically played a major role in Tunisia's development. But as Tunisia's development needs evolve, so too will the priorities of the World Bank for this country. The projects that the Bank will choose to finance will reflect the changing priorities of Tunisia in helping restore sustainable growth, increasing competition, attracting private