

## **FOURTH PERIODIC CONFERENCE OF LENDING INSTITUTIONS' CHIEF EXECUTIVE OFFICERS (OPENING)**

**Mr. Mohamed Ghannouchi, Prime Minister opened on Friday 24 September 2010 in Tunis works of the fourth Periodic conference of lending institutions' Chief Executive Officers (CEOs), which took place under the high auspices of the Head of the State (24-25 September 2010).**

Mr. Ghannouchi stated that the target behind holding this conference, organised upon recommendations of the Head of the State, is to thoroughly think about means to boost contribution of the sector to the country's development process.

He conveyed, on this occasion, to the banking sector's officials the President of the Republic's consideration for the efforts they constantly exert to back up the country's development process.

Mr. Ghannouchi evoked particularly efforts deployed, over the last period, in a difficult context marked by the world crisis and its adverse effects which hit the soundest economies in the World.

He pointed out that Tunisia managed to overcome the crisis, to preserve its development dynamics and improve its financial balances thanks to decisions that were timely undertaken to help companies contain the repercussions of this crisis.

In this context, there was a focus on the initiatives taken to fasten the pace of public investment, accompany start-up of major economic projects and adopt a new generation of coherent reforms.

The Prime Minister added that these results are but a ground for pride and an incentive to move ahead on the path of better results and set targets.

He recalled also that the banking sector managed to improve its ranking in the last report of Davos economic Forum thanks to its significant contribution in the national economy over 2009.

Thus, financing to the economy came at 10.2% in 2009 and 12% in the first seven months of 2010 ; while the amount of loans for project financing totalled 7 billion dinars, the major part of which went to regional development zones.

The Prime Minister pointed out that sound performance in the sector, which is exhaustively developed in the last report of the BCT, was not achieved to the detriment of banks' financial balances but it rather contributed to improvement of their financial bases.

He indicated that 2009 was marked by dynamic processing of non-performing loans with the share in total going down from 15.5% to 13.2% and the coverage ratio for these claims improved by 1.5% to reach 58% at the end of the same financial year.

He asserted that such a solid and credible banking sector, which is capable of backing businesses and supporting the country's development process is an achievement in itself for Tunisia and a platform to fulfil the national aspirations.

The Prime Minister underlined that these achievements must not block out the challenges to be taken up, of which mainly, employment that represents an absolute priority in the presidential programme. He indicated that the number of additional job seekers remains high (as estimated at 82 thousand jobs per year).

He pointed out that, while Tunisia managed to bring down the unemployment rate, as it was reduced from 15% to 13.3%, it remains true that greater efforts are required to lower even more that rate, especially by enhancing employability of higher-education graduates who, by the year 2014, will represent 70% of the additional job-seekers.

He reminded that reaching the target set by the Presidential Programme "Together We Meet Challenges" hinges on the resumption of growth so as to strengthen the economy's job creation. The latter, he said, needs reinforcing of scientific branches and technological specialties, the education system's adjustment to the international standards and consolidation of investment in the high added-value technological sectors.

Mr. Ghannouchi added that this approach also touches on those traditional sectors whose share in the economy remains important. It is essential, he pointed out, to improve their added value and concurrently develop the buoyant niches to employ such high-level skills as health, finance, activities linked to international transport and outsourcing services.

He stated in this respect that a study has been conducted to highlight the competitive advantages in this field, and emphasised the role to be played by the banking sector in achieving this target, improving the economy's competitiveness, accompanying businesses and strengthening Tunisia's radiance on the regional level.

He specified that the new approach adopted in project financing is no longer linked to the promoter's financial capacity but rather to the project quality and viability, to assessment of its specificities and the capacity of competences to assume responsibility and implement the targets.

The Prime Minister voiced satisfaction with respect to banking sector adherence to this new approach, specifying that lending institutions resort more and more to studies and research offices and to their own departments of project studies, whose assignment goes henceforth beyond the simple step of mobilising resources and granting loans to that of assistance and accompanying, the target being to guarantee success of the project.

He conveyed to the need to help the business improve its yield, increase productivity and competitiveness, develop its employability, accede to new markets and dare invest in innovative niches, those with high added value.

The Prime Minister said that the 2010-2014 12<sup>th</sup> development plan is a tool for giving concrete forms to the 2009-2014 presidential programme, notably regarding reinforcement of high knowledge-contents activities, to raise their contribution to the GDP from 25% presently to 30% by the end of the five-year period.

Increasing exports of high technology to reach 50% of the total volume of exported goods by 2016, against 25% in 2009, would bolster investments and job creation, as well as boost the economy's resilience, in the face of likely external upheavals.

Mr. Ghannouchi called on all stakeholders to exert greater efforts to improve the banking sector's services and entrench reforms. It is also important to rely more and more on the human skills, draw on the developed countries' experiences and attract more foreign direct investments to boost the economy's capacity and help it integrate the world economy.

Tunisia could achieve this result thanks to the wise and perceptive policy of the Head of the State, aiming to reach a national consensus on all adopted policies, to encourage competitiveness in implementing the set targets and to be aware of challenges. This will indeed boost Tunisia's radiance and its credibility abroad.

He asserted the ongoing concern to meet all conditions for success with a view to achieving more progress in the different areas, satisfying national aspirations and making a better future.

Mr. Taoufik BACCAR, the Governor of the Central Bank of Tunisia underlined for his part that the Conference is an important opportunity for discussing various issues of financial and economic interest and assessing the efficiency of the sector which, according to the Davos Forum Report, has improved its position, going up from rank 87 to the 58<sup>th</sup> advancing thus by 29 ranks.

He also voiced consideration of the banking sector's employees for the interest the President of the Republic takes in this sector and their pride for the successive reforms which have helped this activity hold a better position, to contribute to the country's development process in accordance with the Presidential Programme for the coming stage.