



Tunisia Country Strategy 2026-2031

Approved by the Board of Directors on 11 February 2026



European Bank
for Reconstruction and Development

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		AFD	Agence Française de Développement	KfW	Kreditanstalt für Wiederaufbau
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		ASB	Advice for Small Businesses	NPL	Non-Performing Loans
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		COO	Countries of Operations	ODC	Offices des Cereales
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		E&S	Environmental & Social	PPP	Private-Public Partnership
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		EFSD	European Fund for Sustainable Development	R&D	Research and Development
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		EU	European Union	RSF	Risk-sharing Framework
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		FI	Financial Institution	SME	Small and Medium sized Enterprise
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		GDP	Gross Domestic Product	STEG	Société tunisienne de l'électricité et du gaz
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		GET	Green Economy Transition	TC	Technical Cooperation
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		GVC	Global Value Chain	TMT	Telecommunications, Media and Technology
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		IEA	International Energy Agency	VC	Venture Capital
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		IFI	International Financial Institution	WIB	Women in Business Programme
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		IMF	International Monetary Fund		
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Executive Summary

Tunisia's commitment to and application of the political principles stated in Article 1 continued in the period since the adoption of the previous country strategy. Notwithstanding certain achievements, further improvements are needed in several Article 1 areas.

Tunisia's central location in North Africa and proximity to Europe have historically granted it a prominent socio-political role within the Arab world as well as between the Arab world and Europe. This influence has been reinforced by the country's efforts in advancing gender equality, building strong health and education systems and a sophisticated public administration, and fostering a strong civil society.

Tunisia demonstrated resilience and progress in key areas despite economic challenges during the previous country strategy period. Notably, the construction of the ELMED electricity interconnector marks a major step forward in Tunisia's green transition, reinforcing energy security and paving the way for greater renewable energy adoption. While the private sector withstood the COVID-19 pandemic and the war on Ukraine, these external shocks deepened fiscal vulnerabilities and heightened concerns over debt sustainability. Growth remains constrained by regulatory inefficiencies, including over-regulation in various sectors, limited access to finance and the significant presence of state-owned enterprises (SOEs) in the economy. Although SOEs continue to play a crucial role in public utilities and social services, their financial weaknesses have increased fiscal pressure, underlining the need for reforms to improve governance and efficiency. A challenging macroeconomic environment weighed on pre-existing underperformance of foreign direct investment (FDI) flows, while weak logistics services and frequent changes in trade policy limited the further integration of Tunisian companies into global value chains. The launch of the first private-sector renewable energy projects underscores Tunisia's commitment to advancing the energy transition. Looking ahead, further efforts in renewable energy adoption, water stress mitigation, and energy efficiency improvements—especially in electricity and heat generation—will be critical for Tunisia's sustainable development.

The Tunisian economy has weathered a period of significant external economic challenges and is actively rebuilding its foreign exchange buffers. While the country continues to navigate structural complexities, it benefits from a young and growing population and holds significant untapped potential in key sectors such as ICT, renewables, agribusiness and agri-tech and sustainable tourism. These strengths position Tunisia well for future economic growth and transformation. At the heart of Tunisia's commitment to long-term, sustainable development is "Vision 2035," a comprehensive strategy aimed at enhancing human capital, fostering a knowledge-based digital economy, strengthening social justice, and accelerating private-sector growth—particularly in the green economy. Complementing this long-term vision, the 2026–2030 Development Plan provides a concrete, medium-term roadmap to operationalise these ambitions. The Bank remains committed to help Tunisia unlock its transition potential, with a particular focus on improving economic governance, promoting competitiveness, advancing the green transition, and enhancing internal and external economic integration. In alignment with the country's own reform agenda, the Bank will pursue the following strategic priorities in Tunisia in 2026-2031:

- Enhance competitiveness and facilitate private sector growth through diversified financing, good governance, and human capital development
- Support the green transition and climate resilience
- Enhance external and internal integration and ensure inclusive regional development

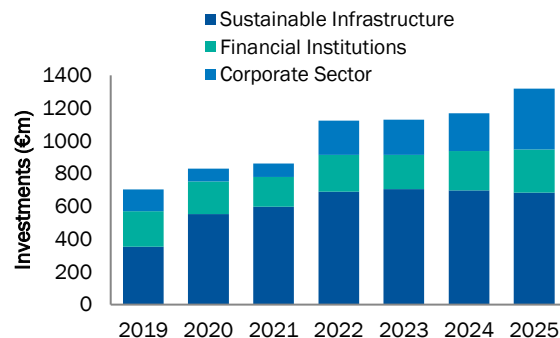
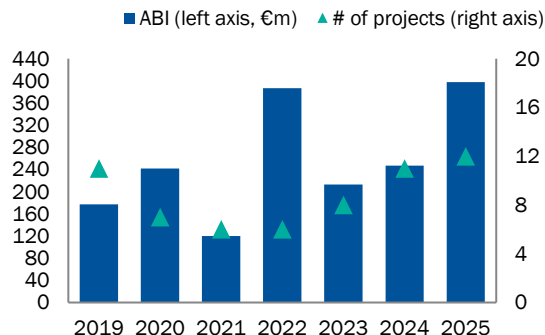
Tunisia – EBRD Snapshot

EBRD investment activities in Tunisia (as of December 2025)

Portfolio	€1,318m	Active projects	61
Equity share	4%	Operating assets	€530m
Private Sector Share ¹	63.1%	Net cum. investment	€3,014m

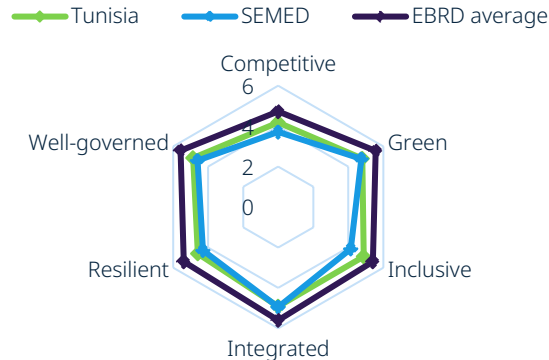
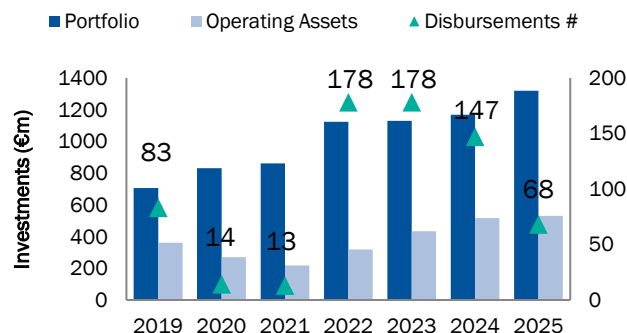
ABI and operations

Portfolio composition



Portfolio dynamics

Transition Gaps²



Tunisia context figures

	Tunisia	Comparators
Population (million) ³ (2023)	12.5	Jordan (11.3) Morocco (37.8)
GDP per capita (PPP, USD) ³ (2023)	13,682	Jordan (10,452) Morocco (9,743)
New Business Density ⁴ (New registrations per 1,000 population, 2022 or latest)	1.67	Jordan (0.40) Morocco (2.57)
Unemployment (%) ⁵ (2023)	15.1	Jordan (16.6) Morocco (8.9)
Youth unemployment (%) ⁵ (2023)	38.5	Jordan (38.8) Morocco (22.0)
Female labour force participation (%) ⁵ (2023)	26.8	Jordan (15.9) Morocco (19.7)
Energy intensity TES/GDP (GJ/2015 \$) ⁶ (2019)	10.3	Jordan (8.25) Morocco (7.7)
Emission intensity/GDP (kgCO ₂ /2015 \$) (2020) ⁶	0.6	Jordan (0.5) Morocco (0.5)

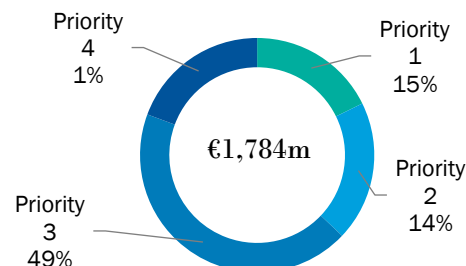
1 Cumulative Bank Investment: 5 year rolling basis on portfolio; 2 Cf. EBRD Transition Report 2024-2025; 3 IMF WEO; 4 WB Entrepreneurship Survey and database; 5 ILO; 6 IEA

1. Implementation of Previous Strategy (2018-2025)

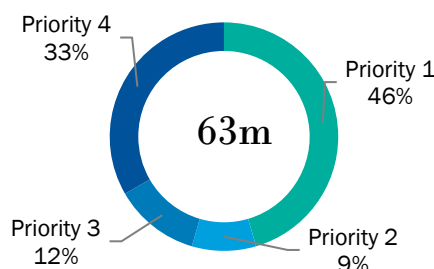
1.1. Key Transition Results Achieved during Previous Strategy (1/3)

Strategic alignment 2018-2025

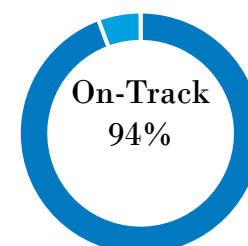
Cumulative Business Investment



Technical assistance and co-investment funds¹



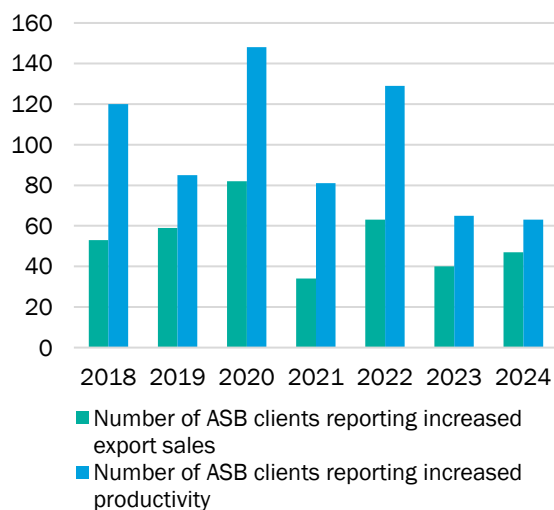
Transition impact performance²



Priority 1

Support Tunisia's Competitiveness by Opening Markets, Strengthening Governance, and Levelling the Playing Field

Key quantitative results



Key transition results

- Supported SOE reform through targeted engagements, including the first-ever sub-sovereign EBRD transaction in Tunisia's telecom sector, a €300m restructuring loan to state-owned electricity and gas company STEG to support the stability of Tunisia's energy sector and a €150m working capital loan to the Office des Céréales, coupling these with comprehensive sector reform roadmaps to advance corporate restructuring, strengthen governance and financial management as well as facilitate private sector participation in these sectors
- Launched the Regional Small Business Programme in 2020. Provided advisory services to over 600 SMEs to strengthen competitiveness, including trainings for over 250 SMEs on export promotion and digital transformation, agile project management and carbon footprint calculation
- Strengthened governance and digitalisation by:
 - launching a Rapid Advisory Response to assess the digital maturity of investment-related services offered by different government agencies;
 - supporting the Tunisian Investment Authority (TIA) improve its on-line public-private consultation platform and digital guide for investors; and
 - supporting SME-access to newly decentralised public e-procurement services
- Helped key local business expand and modernise their business operations, including through a €11m loan for cheese producer Land'Or, and a €3.4m loan for leading pharmaceutical company Teriak. Delivered the first investment in the phosphate sector, aimed at modernising the sector and improving water management recycling and sustainability practices.
- Engaged with the CBT to increase its authorised ceilings for FX loans, helping further internationalise Tunisian companies
- Provided financial support to the Tunisian olive oil sector, including a €6.2m loan to COGIA SA to expand operations and exports, as well as policy engagement with FAO on value chains and quality enhancement

1. Cumulative figure based on earmarks for 2018-2023. 2. Transition impact performance reflects how likely projects are to achieve the transition impact expected of them at signing. Calculated based on active mature (> 2 years) portfolio

1. Implementation of Previous Strategy (2018-2025)

1.1. Key Transition Results Achieved during Previous Strategy (2/3)

Priority 2

Promote Economic Inclusion for Women, Young People, and Populations Living In Remote Areas through Private Sector Engagement

Key quantitative results

Results Indicators	2018-2024
No. of women-led businesses accessing advisory services	180
No. of youth enhancing skills as a result of training	890

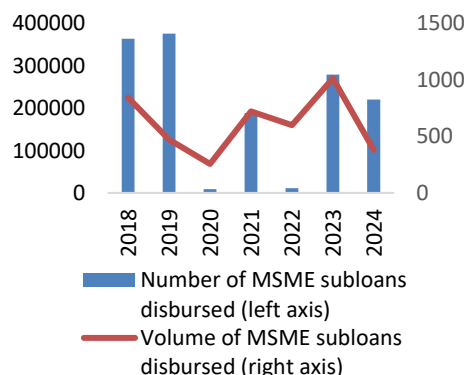
Key transition results

- Disbursed and guaranteed financing lines under the FIF and the RSF frameworks to support MSMEs outside of Greater Tunis with a focus on women-led businesses, including a €3m line to Advans that aims to address regional and gender disparities and enhance access to finance for underserved communities. Launched the first Youth in Business programme with two micro-finance institutions Enda and Advans to promote financial inclusion and entrepreneurship for underserved groups.
- Supported over 270 SMEs outside Greater Tunis through advisory services, and continued the roll-out of Women in Business (WiB) programme, providing advisory services to over 90 women-led SMEs
- Provided tailored trainings to over 350 women entrepreneurs on financial management, digital marketing, HR and leadership
- Launched the Star Venture Programme, providing local and international advisory, training and mentoring to high-potential and innovative start-ups from several sectors, including aviation, food tech, health care and manufacturing
- As part of a €45m loan to public transport company Transtu, provided TA to enhance women's access to urban transport services, focusing on women's safety and security as well as promoting gender equality across the company's workforce
- Signed a €75m loan with Tunisia's national sanitation company ONAS – the first co-financing with AfDB in Tunisia - to rehabilitate the sewage network in 33 Tunisian cities of less than 10,000 inhabitants, helping improve wastewater services for an estimated 192,000 inhabitants in rural areas
- As part of the engagement with STEG, the Bank is supporting the development of National Occupational Skills Standards, designing accredited training programmes on green and digital skills for young energy engineers and developing an Equal Opportunities Action Plan and HR policies on strategic workforce management
- Disbursed 10 credit lines with several PFIs for a total amount of €128m to enhance MSMEs financing

Priority 3

Strengthen Resilience of the Financial Sector and Broaden Access to Finance

Key quantitative results



Key transition results

- Provided trade facilitation support across over 1,100 transactions for a total volume of €1bn.
- Signed a €20m risk-sharing facility with Attijari Bank in 2022 to support SMEs' access to finance by providing a guarantee for up to 50%, which was increased to €40m in 2024.
- Conducted a review of the legal and regulatory framework for capital markets and led the development of a roadmap, adopted in 2020, outlining areas to be reformed, including improvements to the 1994 law on financial markets, the creation of a legal framework for short-term debt instruments and updates to the regulation on derivatives
- Supported the modelling of a sovereign benchmark yield curve in Tunisia, a crucial building block for the development of capital markets
- Helped the CBT lead the financial sector's towards IFRS, so as to align local accounting standards with international best practices by strengthening its regulatory framework and supervision function and by assessing the impact of IFRS implementation on FI's financial statements
- Launched the RSPB Tunisia, an online training programme dedicated to financial sector staff with total registrations reaching 3k users to date, trained accounting professionals in the FI sector on IFRS norms; delivered trainings and promoted best practices across SMEs on risk analysis
- Secured EU funding to provide a guarantee for TCX, facilitating the partial hedging of TND-EUR swaps and allowing TCX to lower the overall cost of LCY lending by partner banks involved to unlock green financing in Tunisia.

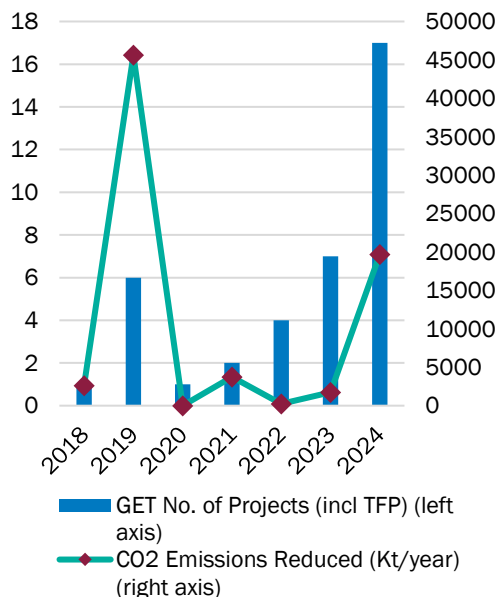
1. Implementation of Previous Strategy (2018-2025)

1.1. Key Transition Results Achieved during Previous Strategy (3/3)

Priority 4

Support Tunisia's Green Economy Transition

Key quantitative results



Key transition results

- Engaged actively with the authorities on renewable energy, leading to the launch of tenders for the country's first 500 MW in 2019, and further support for the first round of the 1.7 GW wind and solar programmes launched in 2022; EBRD was also invited to lead, alongside IFC and EIB, a review of the legal and contractual framework underpinning the programmes
- Signed a €45m loan with STEG to co-finance the Tunisia-Italy electricity interconnector ELMED, which will link Tunisia's electricity network in the European grid and green value chains, as well as an MOU in the energy sector focused on developing low-carbon pathways, the adoption of guarantee of origins and carbon credit mechanisms in line with EU operating standards
- Advocated and advised the Ministry of Energy and the PM Office on the Omnibus Bill, adopted in April 2019 and revised further in 2022, which significantly enhanced the renewable energy regime by allowing private-to-private sale of electricity via improvements to concession documents and PPAs in Tunisia
- Signed a €75m loan with ONAS to decrease the amount of untreated sewage discharged into watercourses, help alleviate soil contamination and waterbody pollution in concerned areas, and address water stress by increasing the amount of treated wastewater by 7.71 million m3 per year
- Devised a comprehensive technical assistance package to help the Ministry of Agriculture, Hydraulic Resources and Fisheries (MAHRF) to: (i) develop a long-term sustainable strategy to address water scarcity in four water-scarce southern governorates of Tunisia - Gabes, Gafsa, Kebili, and Tozeur; (ii) improve water application techniques; and (iii) implement a tailored ESAP
- Provided a €45m sovereign loan to Transtu to finance the renewal of the urban train fleet to reduce car and minibus traffic and will lower carbon emissions by an estimated 8,037 tonnes of CO2 per year
- Promoted private sector participation in the Tunisian power sector by financing EUR 25m for the construction and operation of two solar photovoltaic power plants (50MW each) developed by private RE developer Scatec in the areas of Tozeur and Sidi Bouzid and providing EUR 7.8m to private RE company Qair to finance two greenfield PV plants (10MW) in Feriana
- Signed two GEFF loans with Amen Bank and UBCI, totalling €20m, to support investments in climate mitigation and climate adaptation projects supported by the EU. This programme is provided in synthetic local currency thanks to a tripartite agreement signed with EU and TCX funds

1. Implementation of Previous Strategy (2018-2025)

1.2. Challenges to Implementation and Key Lessons

Context for implementation

Tunisia demonstrated resilience and progress in key areas despite economic challenges during the previous country strategy period. Notably, the construction of the ELMED electricity interconnector marks a major step forward in Tunisia's green transition, reinforcing energy security and paving the way for greater renewable energy adoption. While the private sector withstood the COVID-19 pandemic and the war on Ukraine, these external shocks deepened fiscal vulnerabilities and heightened concerns over debt sustainability. Growth remains constrained by regulatory inefficiencies, including over-regulation in various sectors, limited access to finance and the significant presence of state-owned enterprises (SOEs) in the economy. Although SOEs continue to play a crucial role in public utilities and social services, their financial weaknesses have increased fiscal pressure, underlining the need for reforms to improve governance and efficiency. A challenging macroeconomic environment weighed on the pre-existing underperformance of foreign direct investment (FDI) flows, while weak logistics services and frequent changes in trade policy limited the further integration of Tunisian companies into global value chains. The launch of the first private-sector renewable energy projects underscores Tunisia's commitment to advancing the energy transition. Looking ahead, further efforts in renewable energy adoption, water stress mitigation, and energy efficiency improvements—especially in electricity and heat generation — will be critical for Tunisia's sustainable development.

Implementation challenges

- Fragmented investment ecosystem, regulatory uncertainty and uneven governance inhibit local and foreign private investment
- Lack of resources and limited capacity, particularly of mid-level administration, hinder reform implementation
- Challenges accessing local currency continue to limit private sector financing, particularly in the Corporate, FI and SME sectors
- Unattractive pricing conditions for FX hedging for the financial sector
- Regulatory and structural challenges hold back the participation of the private sector and the uptake of renewables
- Cautious approach to commercialisation and governance challenges have resulted in the slow pace of SOE reforms
- Limited fiscal space coupled with wide availability of IFI concessional finance constrain the implementation of EBRD's public sector portfolio
- An outdated regulatory framework that undermines the mining sector competitiveness

Key lessons & way forward

- Support key governance reforms to facilitate greater competition and increase investor confidence, continuing to collaborate with the Tunisian Investment Authority to improve the investment climate
- Capitalise on ongoing good collaboration with the government and enhance IFI coordination, complementing public sector investment with capacity-building where possible
- Improve access to local currency through innovative arrangements, such as direct swap facilities and the roll-out of RSFs to new PFIs
- Seek opportunities to tackle FX hedging issues to unlock IFI financing for commercial banks and deploy FI products (e.g. WiB, GEFF, YiB)
- Leverage strong potential on renewables uptake and phosphate mining, capitalising on experience gained via the ELMED project and continuing to advocate for increased private sector participation
- Continue to promote SOE reform and governance improvements leveraging examples of successful collaboration with STEG and ODC
- Continue advocating for the shared benefits of increased private sector participation in key sectors (e.g. renewable energy, infrastructure) in a context of increasing public debt, and mobilise co-investment grants where possible
- Advance the review of the new Mining Code to modernise the sector's regulatory framework and strengthen sustainability

2. Economic Context

2.1. Macroeconomic Context and Outlook for Strategy Period

Tunisia – Main Macroeconomic Indicators

	2020	2021	2022	2023	2024
GDP growth (% y-o-y)	-9.0	4.7	2.8	0.2	1.6
CPI inflation (% avg.)	5.6	5.7	8.3	9.3	7
Government balance (% of GDP)	-9.4	-7.6	-7.9	-7.6	-6.4
Current account balance (% of GDP)	-6.0	-6.0	-8.8	-2.2	-1.5
Net FDI (% of GDP) [minus indicates inflow]	-1.4	-1.1	-1.3	-1.4	-1.4
External debt (% of GDP)	98.8	87.5	90.4	87.0	79.9
Gross reserves (% of GDP)	21.5	18.5	17.7	18.8	17.3
General government gross debt (% of GDP)	77.7	79.2	82.4	84.6	84.9
Unemployment rate (%)	17.4	16.2	15.2	16.4	16.5
Nominal GDP (\$bn)	42.5	46.8	44.6	48.5	52.9

Output growth continued to recover in the first three quarters of 2025. Real GDP grew at 2.4 per cent year-on-year (YOY) over Jan-Sep 2025, up from 1.0 per cent over the same period the preceding year, driven by a continued recovery in agriculture and expansions in the trade, construction and mechanical and electrical industries. Unemployment declined to 15.4 per cent in Sep 2025 from 16.0 per cent a year prior.

Inflation has almost halved since its peak in 2023. Consumer prices rose at an average of 5.4 per cent YOY in 2025, down from 7.0 per cent the preceding year. Inflation has been on a downward trajectory since peaking at over 10.0 per cent in early 2023. Easing food prices helped drive recent declines. In December 2025, the Central Bank of Tunisia dropped its policy rate by 50 basis points to 7.0 per cent.

Public finances remain constrained despite improvements in revenue mobilisation and lower basic goods subsidies. The fiscal deficit is projected to fall to 5.6 per cent of GDP in 2025, down from 6.4 per cent the preceding year. Public debt is projected to fall to 80.5 per cent of GDP in 2025 from 84.9 per cent the preceding year, with a shift in composition towards domestic debt.

Tunisia's external position has improved but remains vulnerable. The current account deficit widened to 1.9 per cent of GDP over Jan-Sep 2025, compared to 0.9 per cent over the same period the preceding year. Higher tourism and remittances receipts are supporting the external position, with each rising by over 6.5 per cent YOY as of December 2025. International reserves stood at USD 8.5 billion in December, 3.4 per cent lower than their level a year prior.

The medium-term outlook is mixed, with several external and domestic vulnerabilities. Growth is expected to recover to 2.1 per cent in 2026 though regulatory constraints on businesses, FX controls, and ongoing fiscal and external pressures may constrain performance. The government turned to borrowing from the central bank to address the budget deficit. If repeated, this may raise concerns around monetary autonomy and risk de-anchoring inflation expectations. Progress on structural reforms will likely be needed to significantly accelerate growth.

Source: National authorities, IMF

2. Economic Context

2.2 Key Transition Challenges (I/II)

Competitive (3.91)

- Labour productivity growth has slowed significantly, falling from 2.3% over 2000-2010 to 0.7% since 2011. Firm-level productivity fell across all sectors, likely due to complex regulations, corruption and skills mismatches.
- Despite challenges, Tunisia has improved its international competitiveness in some respects by developing knowledge-based capabilities and capitalising on its high-skill population, raising its ranking on the Economic Complexity Index from 72nd in 2000 to 56th in 2023.
- The private sector is constrained by a business environment dominated by SOEs and large politically-connected firms, leading to high market concentration
- Access to finance is a major constraint, with 47% of SMEs reporting it as a challenge, compared to a regional average of 27%, as a result of complex application procedures, unfavourable interest rates and excessive collateral requirements.

Well-governed (4.88)

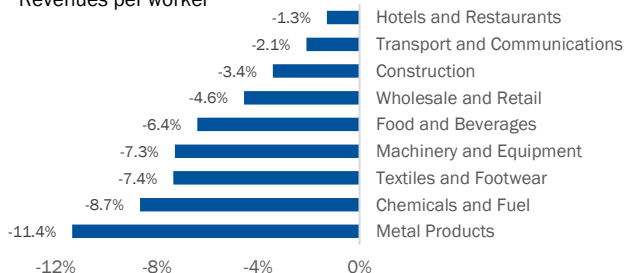
- Barriers to entry and uneven level playing field favour SOEs with monopoly rights, subsidies price, trade restrictions, controls and exemptions from the Competition Law
- SOEs have an outsized impact on Tunisia's economy compared to the private sector, generating over half the turnover of the 100 largest enterprises and employing one-fifth of the workforce as of 2019. SOE governance in Tunisia is based on outdated legal frameworks, limited strategic planning, and poor coordination among state agencies
- Corruption remains a significant challenge, with 56% of private companies identifying it as a major constraint in 2020 (up from 36% in 2013), compared to a regional average of 44%.
- Tunisia has made some progress in improving governance standards (including anti-corruption campaigns and e-governance initiatives), but the Competition Council remains understaffed, under-resourced, and lacks independence from the Ministry of Trade and Export Development (MCDE).

Green (4.79)

- The energy sector is dominated by state-owned STEG whose operational inefficiency, financial underperformance and monopolistic position limits private sector participation, while renewable energy remains underdeveloped at only 3% of electricity generation.
- While Tunisia's total emissions are relatively small globally (0.08%), its energy intensity remains high with hydrocarbons accounting for 88% of total energy supply and natural gas providing 96% of electricity generation.
- Water scarcity is a critical issue with significant regional disparities in access to safe drinking water (as low as 42% in rural areas). The country faces increasing challenges from depleting aquifers, lower rainfall and climate risks threatening coastal water resources.
- Tunisia faces significant physical climate risks, including to its coastline (75% of coastal water resources expected to be lost by 2050 due to aquifer salinization) and agricultural output (30% expected fall in cereal and olive oil yields by 2050).

Annual growth rate of labour productivity, 2013-2020

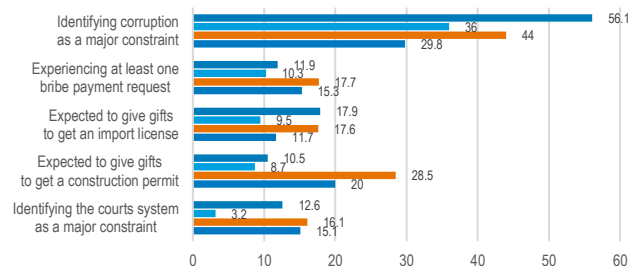
Revenues per worker



Source: World Bank Enterprise Surveys

Regulatory obstacles to entrepreneurship

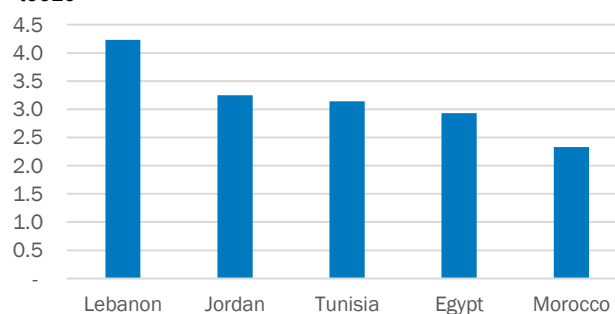
■ Tunisia (2020) ■ Tunisia (2013) ■ MENA (2020) ■ World (2020)



Source: World Bank Enterprise Surveys

GHG emissions per capita, 2022

tCO2e



Source: Climate Watch

2. Economic Context

2.2 Key Transition Challenges (II/II)

Inclusive (4.96)

- Human capital in Tunisia faces significant skills mismatches due to the limited market relevance of education and training programmes.
- High youth unemployment (38.5% in 2023), particularly among university graduates, is driven by a preference for public sector jobs and the private sector's inability to create opportunities for high-quality, formal employment.
- Tunisia has one of the highest female labour force participation rates in SEMED (27%) yet women remain underrepresented in formal employment and decision-making roles, with tertiary educated women more than twice as likely to be unemployed than men (31.5% vs. 14.2%).
- Regional disparities between coastal urban centres and rural western/southern regions are considerable, with unemployment nearly three times higher in southern governorates compared to coastal regions and with lower access to basic services.

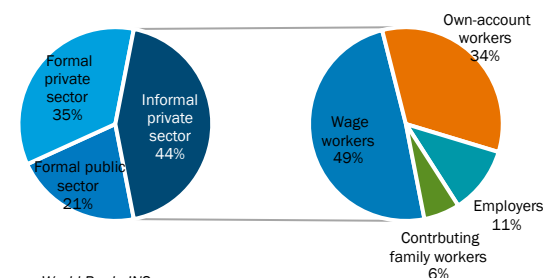
Integrated (4.89)

- Tunisia's dual onshore-offshore system has helped improve export performance (68% of total exports in 2022) and supported a relatively high level of trade openness, but there are limited linkages between them and high trade barriers (average tariffs of 11% alongside non-tariff costs).
- Exports market concentration (France, Italy, Germany, and Spain account for 62% of exports), leaves Tunisia vulnerable to external shocks, while trade with neighbouring African countries remains low (10.5% of exports).
- The ICT sector has high export orientation but faces constraints including limited access to high-speed internet (ranking 161st globally for fixed broadband speeds) and significant gender and regional disparities in internet access.
- E-commerce shows potential but remains underdeveloped (only 0.16% of total traded goods and services in 2021) due to both supply-side issues (low adoption of digital technologies) and demand-side challenges (low customer confidence, limited payment transparency).

Resilient (4.00)

- The banking sector dominates the financial system (representing 100% of GDP vs. 4% for non-bank institutions) but suffers from poor capitalization and high fragmentation (30 banks with state-owned banks controlling 37% of assets).
- The banking sector's exposure to sovereign debt has more than tripled between 2015 and 2023 and stands at 22% of total assets). Lending to the public sector reached an all-time high of 26% of total loans, crowding out the private sector and generating significant concentration risks.
- Non-performing loans at 14% in 2023 are the highest in EBRD's regions (far from the 7% target for 2027), with inadequate provisioning at 53% (below the central bank's 70% target).
- Capital markets remain underdeveloped with outdated regulations (1994 Financial Markets Law), low stock market capitalization (20% of GDP), minor corporate bond markets and limited foreign investor participation due to tightly controlled FX regime.

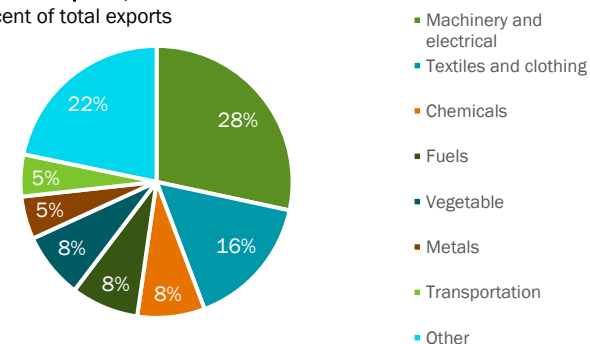
Employment by formality status, 2019



Source: World Bank, INS

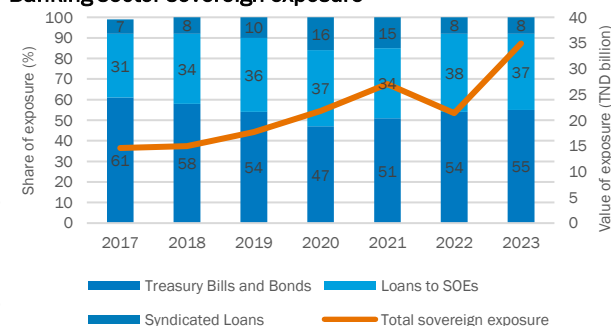
Tunisian exports, 2022

Per cent of total exports



Source: World Bank, World Integrated Trade Solution

Banking sector sovereign exposure



Source: Central Bank of Tunisia

3. Government Priorities and Stakeholder Engagement

3.1 Government Reform Priorities

Tunisia's development ambitions are articulated in the '**Vision 2035**' agenda, which has the overall objective of ensuring a decent life for every Tunisian and strengthening their resilience in the face of crises. This means eradicating extreme poverty, reducing social and spatial disparities, and creating decent and sustainable jobs for women and youth. The vision is broken down into six pillars: promoting human capital; developing a more knowledge-based, digital economy; creating a competitive and diversified economy that fosters private initiative; strengthening social justice; green economy and climate change; fostering equitable regional development and inclusive territorial development.

In the short to medium term, the **2026-2030 National Development Plan** lays out a strategy for revitalising the economy and reducing unemployment via a bottom-up approach focused on local, regional and national economic and social priorities. The plan centres around **fostering inclusive and sustainable growth** through targeted investments in different focus areas. Key priorities include advancing Tunisia's **energy transition and enhancing climate resilience**, particularly via scaling up renewable energy capacity and reducing natural gas consumption. The government is also committed to developing **critical infrastructure**, particularly enhancing water management systems, and **improving the business climate** to attract **private investment** and FDI. The plan also focuses on supporting **small and medium-sized enterprises (SMEs)**, reforming **public enterprises**, and **simplifying administrative processes**. Significant emphasis is placed on social equity, aiming to reduce **regional disparities** and improve living standards across the country.

Other key government priorities include **digitalisation**, including reviewing the legal framework around **digital governance**; providing **high-speed broadband** to all regions; developing network infrastructure and **improving connectivity**; enhancing **cybersecurity** and increasing **digital literacy**. Tunisia has also embarked on a programme to improve **food security**, via the **Emergency Food Security Support Project (PAUSAT) 2022-2026**, a coordinated effort between development partners designed to enhance food security and self-sufficiency by strengthening resilience to climate and external shocks.

3.2 EBRD Reform Areas Broadly Agreed with Authorities

- Support for Tunisia's green transition and climate resilience, particularly via scaling up renewable energy, decarbonising the energy and industrial sectors and providing further assistance to address water stress
- Reducing regional disparities by focusing on skills and human capital development
- Supporting infrastructure development to enhance regional integration and connectivity, including through improved and greener transport links
- Strengthening partnerships in areas related to digitalisation and innovation
- Enhancing food security and supporting the agricultural sector

3.3 Key Messages from Civil Society to EBRD

- CSOs supported the focus on promoting human capital, inclusive development, green transition and climate resilience. They stressed that Tunisia's economy could be strengthened by building the capacities of civil society and the public and private sectors, promoting the rule of law and transparency, advancing inclusion and digitalisation, and improving access to financial instruments.
- CSOs encouraged to green the economy and ensure climate resilience by (i) investing in renewables and sustainable tourism, (ii) improving access to financing, and (iii) fostering a green ecosystem and engaging local communities in green initiatives.
- CSOs advised to support public-private dialogue, development of local communities, economic inclusion of youth and vulnerable groups, and digital solutions and AI. Civil society also requested capacity-building support to foster civic space and accountability.

4. Defining Tunisia Country Strategy Priorities

What needs to change? (Country Diagnostic)	Can it be changed? (Political Economy)	What can the Bank do? (Institutional Capabilities)	Strategic Priorities (2026-2031)	What We Want to see in 2031
<ul style="list-style-type: none"> Onshore/offshore system limits benefits to local economy, including productivity gains Exports concentrated in a few markets, increasing vulnerability to external shocks High NPLs in SOBs (but increasing in private banks), thin capitalisation and extensive sovereign lending imperil the banking sector Gaps remain in access to finance for women, youth, and those in rural areas MSMEs struggle with access to finance FX restrictions and underdeveloped capital markets constrain financing options Business environment hampered by burdensome procedures and corruption Extensive SOE presence distorts the economy Poor corporate governance at SOE/firm level Major skills mismatches, resulting in highest youth unemployment within SEMED and underrepresentation of women in labour force 	<ul style="list-style-type: none"> Recent increase in value-added exports, e.g., machinery, electric and transport equipment Strong growth potential of ICT sector, with new Digital Tunisia 2025 Strategy launched Some progress on reforms to improve public administration, subsidies system, FX regime Complex system of authorisations and other tax and investment barriers remain in place Recent efforts to advance digitalisation and promote e-governance, including through new interoperability platform and Digital Investor Platform SOEs key providers of employment, making reforms a contentious social issue Limited technology and skills transfer to local market from offshore companies Youth and financial inclusion remains a government priority 	<ul style="list-style-type: none"> Effective instruments to support SMEs, including dedicated credit lines, with a focus on underserved entrepreneurs Well-tailored products to support firms (e.g., value chains, exports), including advisory to improve corporate governance and standards Experience in developing capital markets and expanding financial product range Focused policy engagement to strengthen the business climate and attract FDI EBRD can support digital transition in the private and public sectors Strong track record of supporting commercialisation and improved corporate governance in SOEs, incl. strategic workforce management and skills development Support for TVET reform and private sector-led skills solutions, incl. in digital 	Enhance competitiveness and facilitate private sector growth through diversified financing, good governance, and human capital development	<ul style="list-style-type: none"> Increased access to finance, entrepreneurship and skills Improved economic governance and investment climate SOE reform and greater private sector participation
<ul style="list-style-type: none"> Despite untapped solar and wind potential, only 3% of generation from renewables Uptake of renewable energy still slow, with limited private participation and further regulatory improvements (e.g., establishment of an independent regulator) needed STEG financial sustainability and independent regulation are critical to energy transition to strengthening energy sector governance Persistent energy intensity from hydrocarbons Highly vulnerable to climate risks, including flooding, rising sea levels and severe droughts Water scarcity poses a challenge to intensive industries and sustainability of urban services 	<ul style="list-style-type: none"> The current Solar Plan and Renewable Energy Law, targets 35% of electricity generation from RES share by 2030 Potential to scale up renewable energy via ELMED interconnector, strengthened grid infrastructure and potential green hydrogen Engagement with STEG can serve as blueprint for future SOE reform EU CBAM will impact the industrial sector Tunisia's updated NDC (45% carbon intensity reduction by 2030) requires mobilisation of US\$19.3 billion; climate goals outlined in 2050 Carbon Neutrality & Climate Resilience Strategy 	<ul style="list-style-type: none"> Strong track record of advancing renewable energy and market reforms in SEMED Institutional, financial and technical support for climate resilience and decarbonisation, incl. low carbon pathways and market rules Continued institutional, financial and technical support for sector restructuring EBRD can facilitate green investments and strengthen energy and resource efficiency Experience developing sustainable infrastructure via dedicated frameworks (e.g. Green Cities) and innovative green finance EBRD technical assistance can help local authorities improve water management and promote less-water dependent economic opportunities 	Support the green transition and climate resilience	<ul style="list-style-type: none"> Increased renewable energy capacity and regional energy integration Strengthened climate resilience response Improved quality and sustainability of municipal infrastructure
<ul style="list-style-type: none"> Strong regional disparities in access to labour and infrastructure, particularly in the south Poor infrastructure quality, especially ports and railroads, and inadequate logistics limit trade and GVC integration Disparities in broadband penetration and internet access across regions Rural areas characterised by high informality, with women particularly affected 	<ul style="list-style-type: none"> Government ability to fund needed infrastructure improvements is constrained by fiscal consolidation programme and debt sustainability targets Large export potential, including from Tunisia's geographic proximity to Europe and sub-Saharan Africa National Development Vision 2035 aims to reduce regional disparities and reduce informality 	<ul style="list-style-type: none"> EBRD can support transport and logistics infrastructure to enhance trade and connectivity EBRD can promote the development of new economic opportunities in disadvantaged regions 	Enhance external and internal integration and ensure inclusive regional development	<ul style="list-style-type: none"> Greater integration and connectivity More equal access to services and sustainable, formal employment

5. Activities and Results Framework (1/3)

Priority 1: Enhance competitiveness and facilitate private sector growth through diversified financing, good governance, and human capital development

Key Objectives	Activities	Tracking Indicators
Increased access to finance, entrepreneurship and skills	<ul style="list-style-type: none"> Provide financing as well as advisory services to corporates and MSMEs, including in food and agribusiness, real estate, manufacturing and TMT, support their human capital development efforts Strengthen intermediated financing of SMEs through dedicated credit lines to PFIs, with a focus on competitiveness and green transition, underserved segments (e.g., women, youth and regions), and explore similar products for digital along with risk-sharing and capacity-building activities for PFIs Look to foster greater competitiveness and increased competition in concentrated sectors by scaling up SME advisory and developing the start-up ecosystem, including via the Star Venture and Blue Ribbon programmes Support efforts to facilitate access to alternative forms of financing, including venture capital and equity funds Promote the development of the non-bank financial sector, including leasing and factoring Facilitate FDI attraction and support stronger linkages between onshore and offshore sectors to drive innovation and knowledge transfer Promote private sector-led skills development and develop new occupational skill standards in collaboration with MEVT and relevant agencies, including for digital skills 	<ul style="list-style-type: none"> Number of ASB clients reporting increased turnover / productivity Volume / Number of MSME sub-loans disbursed Number of new financial products or services introduced or expanded Number of individuals enhancing their skills after training
Improved economic governance and investment climate	<ul style="list-style-type: none"> Subject to sufficient reform progress, look to support further FX liberalisation and explore options to improve access to local currency Foster the development of financial and capital markets via policy support Continue to support improvements to the investment climate, including the development of digital investment and interoperability platforms to enhance e-government services Look for other opportunities to further advance Tunisia's digitalisation agenda 	<ul style="list-style-type: none"> Legal, institutional or regulatory improvements to the business environment
SOE reform and greater private sector participation	<ul style="list-style-type: none"> Explore opportunities to support greater SOE commercialisation through targeted investments, including improvements in financial and operational performance, as well as enhancements in corporate governance, strategic workforce management, skills development and reforms to the SOE legal and regulatory framework Facilitate increased private sector participation and competition through reforms in state dominated sectors, including via working with sector regulators to strengthen the level playing field, continued support for PPP and IPP development in infrastructure segments (e.g., ports, water, energy), and social infrastructure (e.g., schools, hospitals), including capacity building and project preparation, and policy engagement on business environment Promote municipal finance solutions and decentralisation efforts to strengthen local governance as well as greater institutional capacity to support project implementation 	<ul style="list-style-type: none"> Improved corporate governance of SOEs with EBRD assistance Regulatory reforms and SOE operational performance Number of PPPs or concessions implemented

5. Activities and Results Framework (2/3)

Priority 2: Support the green transition and climate resilience

Key Objectives	Activities	Tracking Indicators
Increased renewable energy capacity and regional green energy integration	<ul style="list-style-type: none"> Continue to finance private renewable energy projects (wind, solar and BESS) and support gradual market opening for renewable energy, including capacity building of the energy regulator, development of a contractual framework for self-consumption regime, adoption of market rules for exports to Europe and other policy engagement to open the sector to private investment Look to increase grid and storage capacity through investment and policy engagement to integrate renewable energy into the national electricity system and support renewable-based decarbonisation such as green hydrogen Support increased regional energy integration, including further development of interconnectors, including via renewable energy attribution schemes Continue to provide financing and assistance to STEG to improve financial viability and strengthen commercialisation and corporate governance (including climate corporate governance, equal opportunities, and expanded access to green skills) Support further reforms in the energy sector with the Ministry of Energy, STEG and other key stakeholders, including planning and delivery of a sectoral decarbonisation investment roadmap 	<ul style="list-style-type: none"> Renewable capacity installed (MW) Renewable energy-electricity produced (MWh/year) Legal/institutional/regulatory improvements to energy sector
Strengthened climate resilience response	<ul style="list-style-type: none"> Support energy and resource efficiency improvements in digital infrastructure, buildings and businesses Promote green exports and integration into green value chains, including advisory support to help businesses anticipate and adjust to carbon pricing schemes (e.g., EU-CBAM) Support the sustainable exploration and development of phosphate mining, including implementation of an LCP and other reforms to strengthen and modernise governance of the minerals sector and open it to private investment Support modernisation of water and wastewater infrastructure, promote sustainable use and enhance the resilience of water-intensive industries to external and climate-related shocks Explore opportunities to further promote decarbonisation, climate resilience and adaptation, including in the water and agri-food sectors 	<ul style="list-style-type: none"> Total CO2 reduced (ton/y) CO2e emissions reduced (Ktonnes/year) Water saved (m3/y) Number of clients introducing improved climate business practices
Improved quality and sustainability of municipal infrastructure	<ul style="list-style-type: none"> Support further development of green, sustainable and inclusive urban infrastructure, such as water and wastewater networks, solid waste, district cooling, street lighting, and urban transport (incl. potential support for e-buses), while promoting EBRD Green Cities for capacity building and enhanced city-level engagement Promote decentralisation efforts and strengthen institutional capacity to enhance local governance and improve service delivery in urban infrastructure 	<ul style="list-style-type: none"> Number of individuals with improved access to municipal services



5. Activities and Results Framework (3/3)

Priority 3: Enhance external and internal integration and ensure inclusive regional development

Key Objectives	Activities	Tracking Indicator
Greater integration and connectivity	<ul style="list-style-type: none"> Support further development of transport and logistics infrastructure, including modernisation and upgrade of warehouses, railways, ports, aviation and roads, to enhance export capacity and strengthen regional connectivity Continue to expand TFP finance and advisory services to boost export competitiveness Look for opportunities to further enhance domestic and international digital connectivity, including by expanding broadband coverage to underserved regions and supporting the modernisation of the network Promote FDI and integration with European players, particularly in the automotive sector 	<ul style="list-style-type: none"> Number of individuals with improved transport infrastructure Number of people benefitting from better digital coverage
More equal access to services and sustainable, formal employment	<ul style="list-style-type: none"> Look for opportunities to address regional disparities and strengthen social inclusion by strengthening access to human capital development and capacity building opportunities in underserved regions through targeted initiatives such as the Regional Small Business (RSBP) programme, infrastructure development and other projects to strengthen access to sustainable, formal economic opportunities (e.g., Southern Oases) Promote equality of opportunity policies in the public and private sector to ensure inclusive economic participation, including via local community engagement and by addressing legal barriers to women's participation in the economy Promote inclusive and gender-responsive service delivery in municipal and transport projects 	<ul style="list-style-type: none"> Number of women-led businesses accessing advisory services Number of clients with improved equal opportunity policies and practices



6. Mapping of International Partners' Complementarity in EBRD Business Areas

EBRD Business Areas

		Sectors								Cross-cutting Themes				
		Corporate Sector					Sustainable Infrastructure		FI		Strategic Initiatives			
Indicative annual average annual investments/ grants (€m, 2019-2023)		Food & Agribusiness	Manufacturing & Services	Real Estate	TMT	Natural Resources	Energy	Infrastructure	Banking	Non-Bank FIs	Green Economy	Inclusion & Gender	Local Currency & Capital Markets	Small Business
AfDB	168	€					€P	€	€	€	€P	€P		€
EIB	59	€		€			€	€	€		€	€P	€	
EU	333	€					€	€			€	€		
IFC	52	€	€				€P		€P		€P	€		
KFW	60						€	€		€	€	€P		€
WB	457	€			€		€	€	€		€	€		€
EBRD	228	€P					€P	€	€	€	€P	€		€

€ Area of significant investments

P Area of significant policy engagement

● Focus mostly on private sector

○ Focus mostly on public sector

Note: Partner activity mapping based on publicly available information. Significant investment defined as projects exceeding 5% of annual investments signed from 2019. FW data from 2018 to 2022 due to data availability.

Potential Areas of Cooperation



Green

- Seek cooperation opportunities with partners on renewables and water security



Competitive

- Continue pursuing collaboration with partners (e.g., IMF, AfDB, WB) on SOE reform
- Seek further cooperation with the EU on SME engagement



Integrated

- Look for opportunities to engage with partners on strengthening infrastructure connectivity



Well-Governed

- Collaborate with WB on the digitalisation of public services and e-government to improve service provision, transparency and accountability



Inclusive

- Continue to explore partnership opportunities areas related to gender and human capital development

7. Implementation Risks and Environmental and Social Implications

Risks to the strategy implementation	Probability	Effect	Environmental and social implications
<ul style="list-style-type: none"> Political and socio-economic challenges, including sensitivities around structural reforms could slow down the reform process 	Medium	Medium	<ul style="list-style-type: none"> Assessment and Management of Environmental & Social Impacts, Stakeholder Engagement: Ensure that direct, indirect, cumulative and transboundary E&S impacts of projects are appropriately assessed and mitigated in accordance with EBRD's ESP and PRs. Ensure meaningful stakeholder engagement is carried out in a gender inclusive manner and with vulnerable people. Provide capacity building to ensure adoption of best international practice in terms of E&S management systems and contractor management.
<ul style="list-style-type: none"> Challenging business environment and fragmented investor ecosystem may deter foreign investors and increase the credit risk profile of potential clients 	Medium	High	<ul style="list-style-type: none"> Labour and Working Conditions: Ensure that clients' labour practices comply with EBRD's PR2; in particular, non-discrimination and freedom of association, labour standards of contracted workers and migrant workers, child labour and forced labour risks in primary agriculture and manufacturing, wages and benefits, and promotion of equal opportunities.
<ul style="list-style-type: none"> Limited public borrowing space may prevent expenditure on critical sovereign infrastructure projects, necessitating grant resources or concessional finance 	Medium	High	<ul style="list-style-type: none"> Resource Efficiency and Pollution Prevention and Control: Identify investments that support a circular economy, resource efficiency and prevent environmental (air, water, soil) pollution. Support transition to a diversified low carbon and resource efficient economy (focus on investments such as wind/solar energy, water and energy efficiency), and strengthen resilience to the climate change. Explore potential capacity building and policy dialogue initiatives on Best Available Techniques for industrial pollution prevention and abatement in line with the EU Industrial Emissions Directive
<ul style="list-style-type: none"> Lack of resources and implementation capacity at SOEs could cause delays in project preparation and implementation 	Medium	Medium	<ul style="list-style-type: none"> Health and Safety: Improve occupational and community health and safety, including prevention of gender-based violence and harassment, with specific focus on construction and transport sectors. Road safety and prevention of workplace accidents are priority issues for infrastructure projects and may require TC funds.
<ul style="list-style-type: none"> Vulnerability to climate change may negatively affect the Bank's ability to invest in private sector projects, particularly in agribusiness 	Medium	High	<ul style="list-style-type: none"> Land Acquisition, Involuntary Resettlement and Economic Displacement: Ensure that any projects requiring acquisition of land comply with compensation and livelihood restoration requirements of the Bank. Encourage clients to improve consultation, access to information and identification of all affected people, with special focus on informal land users and vulnerable groups.
			<ul style="list-style-type: none"> Biodiversity Conservation and Sustainable Management of Living Natural Resources: Support clients with assessments to ensure protection of species and habitats of conservation importance and sustainable and resilient management of ecosystem services and natural capital, especially in sectors such as renewable energy, municipal services, and infrastructure.
			<ul style="list-style-type: none"> Cultural Heritage: Ensure that appropriate assessment processes and mitigation plans are in place to protect tangible and intangible cultural heritage. Work with clients to identify potential cultural heritage issues on Bank's projects as well as avoid and mitigate impacts on sensitive heritage by consulting with key stakeholders in accordance with the Bank's Policy. TC activities may be considered to mitigate any identified risks and explore utilising cultural heritage for economic and community enhancement.
			<ul style="list-style-type: none"> Financial Intermediaries: Ensure that FI partners have adequate E&S capacity and risk management procedures in place.
			<ul style="list-style-type: none"> Monitoring and supervision: Work with clients to monitor E&S performance and address legacy issues associated with the Bank's portfolio

 High
  Medium
  Low

8. Donor Partnerships Assessment

Needs Assessment for the New Country Strategy Period

To achieve the goals of the new country strategy, donor funds may be required to support several key activities:

- Supporting advisory services and capacity building for MSMEs and FI development through TC and concessional loans.
- Utilising risk sharing, capex grants, and TC to support financial sector growth, and enhance the business environment and digital governance.
- Promoting private sector involvement and partnership development with capacity building and TC project support.
- Enhancing renewable energy and green municipal infrastructure (wastewater, waste, transport) through risk-sharing, capex grants, and investment incentives, as well as using Green Cities TC for financing capacity building.
- Financing transport and innovative digitalisation to boost exports through the Trade Facilitation Programme and the Trade and Competitiveness Programme supporting SMEs operating in various value chains.
- Improving skills training and financial inclusion by promoting equality through WiB and YiB and address regional gaps in finance and services using TC.

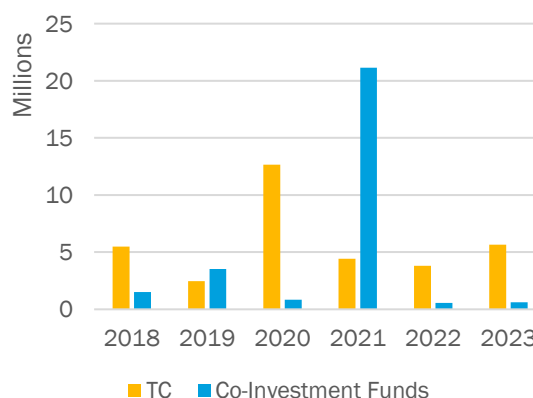
Potential Sources of Donor Funds

- The EU is anticipated to continue its support in municipal infrastructure, industrial resilience, digital transformation, renewable energy and financial inclusion through the EFSD and EFSD+ instruments. It will involve TC grants and co-investment instruments. Also, the Neighbourhood Investment Platform can also provide investment and/or TC grants for digital, infrastructure, biodiversity, and green economy projects.
- Major bilateral donors include Switzerland and Japan. They are likely to continue providing TC to support various development projects and policy reforms. Climate-related projects can receive assistance from the High-Impact Partnership on Climate Action (HIPCA), a multi-donor initiative, backed by donors like Finland and Spain.
- TC, risk sharing, and investment incentives are expected through the Global Infrastructure Facility, SEMED Multi Donor Fund, Shareholders Special Fund, SME Local Currency Special Fund, and the Small Business Impact Fund. These funds will support various areas fostering economic and sustainable growth.
- The GCF, GEF, and Climate Investment Funds are expected to remain key for green initiatives by providing concessional resources. They will also support project preparation, implementation, and provide TC for policy advice.

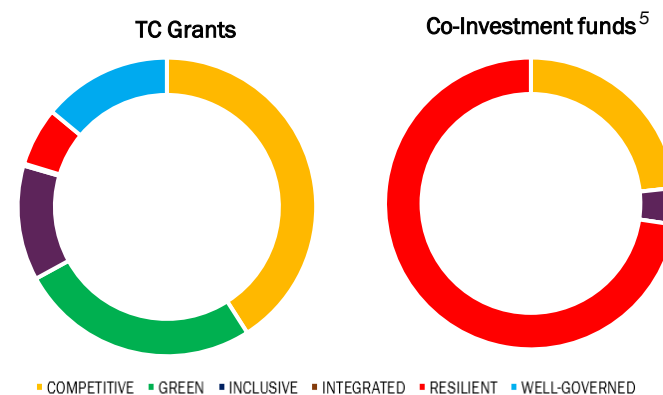
Selected Affordability Indicators

	EBRD regional percentile rank ¹	
GDP per capita (PPP, current. \$) ²	13,682	16%
ODA Country	Yes	N/A
ODA as share of Gross National Income (%) ³	2.4	52%
ODA per capita (\$ - current prices) ³	89.2	58%

Donor finance during last strategy (€m)⁴



Use of funds in 2019-2023⁵



1. Simple percentile rank reported as the share of EBRD economies represented below Tunisia. 2. WDI (2022) 3. OECD (2021) 4. Chart refers to amounts earmarked in the period 2018-2023. 5. Based on the primary Transition Quality of concessional resources. 5. *Please note this figure does not show 243,661 € under the SBI SEMED Risk Sharing Project, as the TQ is marked as "Other".

Annex



European Bank
for Reconstruction and Development

Annex 1 – Political Assessment in the Context of Article 1 (1/8)

Tunisia's commitment to and application of the political principles stated in Article 1 continued in the period since the adoption of the previous country strategy. Notwithstanding certain achievements, further improvements are needed in several Article 1 areas.

In the period since the last country strategy, Tunisia has undergone major political changes. In July 2021, after a period of repeated political deadlocks, the President of the Republic issued a decree dismissing the Government that was formed by the Parliament elected in 2019 and suspending the Constitution. The President announced a new political transition process, which culminated in a new Constitution that transformed the political system from parliamentary to presidential.

Legislative and presidential elections took place in 2022 and 2024 respectively, as well as a referendum on the new Constitution in 2022. A large number of political parties boycotted the legislative election citing major concerns. Turn out rates in the elections and referendum were notably low compared to elections and polls held in the period since the 2011 revolution.

The process of forming the Supreme Council of the Judiciary, the highest judiciary body in the country, was changed, and new Council members were appointed by presidential decree. New laws were enacted including a cybercrimes law that triggered major debates in the country, including criticisms from rights group.

Conditions affecting civil society and human rights have witnessed challenges since the previous country strategy.

Tunisia launched several governance initiatives in a major effort to combat corruption.

Geopolitical tensions in parts of North Africa and in the Sahel region resulted in an increase in irregular migration to Europe, which has put socioeconomic pressures on Tunisia as large numbers of aspiring migrants entered the country.

Free Elections and Representative Government

Free, fair and competitive elections

The Constitution ensures universal suffrage, endowing the right to vote to all Tunisian citizens over the age of 18 years.

Elections for the Assembly of Representatives (the lower house of Parliament) were held in December 2022 with run-offs in January 2023, under a new electoral system based on individual candidacies rather than the previous party-lists system. Although the elections saw the emergence of new political movements, a large number of political parties had boycotted the elections citing major concerns about the law and the process. The “Independent High Authority for Elections” announced that the turnout was slightly above 11 percent within the country and circa 1.5 percent without, significantly below the 41 percent in the 2019 elections and the 67.7 percent turnout in the 2014 elections.

In April 2022, the President issued a decree to amend the composition of the Independent High Authority for Elections, establishing a seven members commission, including three judges and a number of specialists, all appointed by presidential decree.

Tunisia held presidential elections in 2024, the first since the coming into effect of the 2022 constitution. The Independent High Authority for Elections disqualified most of the candidates that had applied to run, whom it deemed had not fulfilled all of the requirements set by the Authority, and confirmed three. This was followed by a legal process contesting the decisions of the High Authority. A large number of political parties boycotted the elections. A few weeks before the election, one of the three approved candidates was sentenced to jail on charges of falsifying voters' signatures. President Kais Saied won the election by 91% in a turnout the Elections Authority reported was circa 29%.

Annex 1 – Political Assessment in the Context of Article 1 (2/8)

The African Union Election Observation Mission to the 2024 Presidential Election noted that the “election was organised in conformity with the legal framework and respect of the different phases and activities outlined on the electoral calendar published by the Independent High Authority for Elections”, and reported “an efficient, well-organised and transparent voting process”. In its conclusion, the Mission “noted with satisfaction the peaceful atmosphere in which the presidential election was held”.

The Mission also noted that the election “took place within a tense political environment”, highlighting “the detention and arrest of journalists and activists” on allegations of forgery and other offences, as well as noted amendments in laws and transfer of jurisdictions which “further heightened concerns within the public opinion.” The Mission also noted that it was informed that Tunisian civil society organisations which have previously been involved in citizen election observation were not able to receive their accreditation.¹

In its report on the Human Rights Council Working Group on the Universal Periodic Review, 41st session, the Office of the United Nations High Commissioner for Human Rights recommended that Tunisia ensure the effective and independent functioning of the Independent High Electoral Commission. In October 2024, the UN High Commissioner for Human Rights raised serious concerns about the conditions surrounding the 2024 elections², which the Tunisian authorities described as inaccurate and unfounded.³

1. Preliminary Statement. African Union Observation Mission to the 6 October 2024 Presidential Election in the Republic of Tunisia. 9 October 2024.
2. Press release: Office of the United Nations High Commissioner for Human Rights: [Türk calls on Tunisia to uphold rule of law and democratic freedoms | OHCHR](#)
3. In a statement in February 2025, the Tunisian Ministry of Foreign Affairs expressed the Tunisian Authorities’ “deep astonishment” at these criticisms and described them as inaccurate and unfounded, and reaffirmed Tunisia’s commitment to human rights, emphasising that the ongoing legal proceedings pertained to violations of criminal law, not political opinions or media activities, and stressed that Tunisia did not need to reiterate its dedication to the protection of human rights as it abides by the provisions of the Constitution, national laws and international commitments.
4. Tunisia’s 2022 Constitution.
5. Article 87 of the Tunisian Constitution.
6. National report submitted to the Human Rights Council Working Group on the Universal Periodic Review, Forty-first session. November 2022.

Separation of powers and effective checks and balance

The Constitution limits presidential terms to only two, consecutive or separate, and enshrines separation of legislative, executive, and judicial powers, and “installing genuine balance between them”.⁴

In July 2021, the President of the Republic issued an emergency declaration relieving the then Prime Minister, who was confirmed by the Parliament elected in the 2019 legislative elections, from his post, and froze the work of Parliament. In September 2021, a Presidential Decree continued the suspension of Parliament and invested the President with legislative powers. In December 2021, the President announced that Parliament would remain suspended until citizens voted on a new Constitution in a public referendum (which took place in July 2022) and elected new representatives (which, as mentioned above, took place December 2022/January 2023).

In 2022, the President appointed a Commission to draft the new Constitution. A number of civil society organisations, including the country’s labour union, the largest civil society organisation in the country, refused to participate in the consultation. The new Constitution has changed the country’s political system from parliamentary to presidential, stating that the “President of the Republic exercises executive authority with the assistance of the Government, presided over by the Chief of Government.”⁵

The Tunisian Authorities stated that the country entered, in July 2021, “a comprehensive process of reform and a calendar of political phases was established”.⁶

Following an online consultation that involved answering questions related to the political system and economic, social, cultural and educational affairs, in which circa six percent of adults over 16 years of age participated, a referendum on the Constitution took place in July 2022, which the Supreme Independent Authority for Elections oversaw. The official turnout was 30.5 per cent, with 94.6 percent approving the new Constitution.

Annex 1 – Political Assessment in the Context of Article 1 (3/8)

Effective Power to Govern of Elected Officials

The elected President of the Republic holds major executive powers as per the 2022 Constitution. The Constitution guarantees freedom of parliamentary debates, and the rights of members of Parliament to express their opinion and undertake their legislative and oversight prerogatives with freedom and independence. Judicial proceedings against members of Parliament can only be pursued subject to the legislative stripping members of their legislative immunity in accordance with the provisions of the Constitution.

Civil society, Media and Participation

Scale and independence of the civil society

Tunisia has long had a large, varied, and active civil society. The Law prohibits public authorities from directly or indirectly obstructing or impeding the activity of associations. Thousands of CSOs, NGOs, and cooperative societies operate in Tunisia, in sectors ranging from education, health, development, emergency relief, and others.

The country's largest labour union, the country's largest civil society organisation, has, in the past decade, played a notable role in the country's political life. Following the political process that started in July 2021, the Union continued to take notable positions, including announcing, in June 2021, a nation-wide strike in campaigning for public-sector wage-increases.

The Government has worked with members of the civil society to review the public funding structures of associations, to create a legal system governing the operations of international NGOs in Tunisia, and to create an online platform for the submission of applications from civil society organisations.⁷

7. National report submitted to the Human Rights Council Working Group on the Universal Periodic Review, Forty-first session. November 2022

8. Letter from the UN High Commissioner for Human Rights to the Tunisian Minister of Foreign Affairs, 17 July 2023.

9. Letter from the UN High Commissioner for Human Rights to the Tunisian Minister of Foreign Affairs, 17 July 2023.

10. Press release. The Office of the United Nations High Commissioner for Human Rights. Türk calls on Tunisia to uphold rule of law and democratic freedoms | OHCHR

11. نقابة الصحفيين تدعو رئيس الجمهورية إلى سحب المرسوم عدد 54 - النقابة الوطنية للصحفيين التونسيين

In his letter to the Tunisian Authorities, in July 2023, following the undertaking of the fourth cycle review of Tunisia by the Universal Periodic Review Working Group, the United Nations High Commissioner for Human Rights urged the Tunisian Authorities to “ensure a free and safe space for civil society”.⁸ During the UPR Working Group discussions, the Tunisian Delegation announced that a follow-up work plan covering the accepted recommendations would be prepared in consultation with the Tunisian civil society.⁹ In October 2024, a press release from the Office of the UN High Commissioner for Human Rights noted that there was “increasing pressure on civil society over the past year.”¹⁰

Independent, Pluralistic Media that Operate without Censorship

Tunisia has a varied media scene with tens of newspapers, radio and TV stations, and online platform that regularly engage in debates concerning political, economic, and social concerns.

International rights groups have raised concerns about the 2022 cybercrime law. Although they acknowledge that the law contains provisions that are in line with human rights protections, such as the criminalisation of unauthorised disclosure or use of personal information collected in criminal investigations and concerning child abuse material, they consider that the law does not provide for adequate human rights safeguards. International rights groups criticise that the law imposes prison sentences based on what they consider are vague terms such as “spreading fake news”, and that they consider threaten freedom of expression and privacy. According to the National Syndicate of Tunisian Journalists, several cases have been brought against journalists and bloggers, including under the 2022 cybercrime law and the 2015 counter-terrorism law. In September 2022, the Syndicate called on the President of the Republic to withdraw the law.¹¹

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The Office of the United Nations High Commissioner for Human Rights noted concerns raised by the UN Human Rights Committee concerning the conditions of journalists and human-rights defenders.

¹² The Tunisian Ministry of Foreign Affairs condemned, what it described, as the inaccuracy of this assessment.

Multiple channels of civil and political participation

Tunisia held legislative and presidential elections in the past two years.

Civil society organisations, including labour unions and professional syndicates, participate in debates on political, economic, and social matters.

Freedom to form political parties and existence of organised opposition

The Constitution guarantees the right to form political parties. The Venice Commission supported Tunisia with the adoption of an opinion on the draft law on the organisation of political parties.¹³

Rule of Law and Access to Justice

Supremacy of the Law

The Constitution enshrines the supremacy of the law.

The Constitution stipulates that the Constitutional Court is an independent judicial entity, whose members, appointed by presidential decree, are drawn from the most senior judges in three specialised courts. Members of the Constitutional Court elect its President and Deputy.

¹² Complication of information prepared by the Office of the United Nations High Commissioner for Human Rights. Human Rights Council. Working Group on the Universal Periodic Review. Forty first session. November 2022.

¹³ Council of Europe report, on 18 March 2022: [RAPPORT SUIVI Tunisie - GR-EXT - EN](#)

¹⁴ Letter from the UN High Commissioner for Human Rights to the Tunisian Minister of Foreign Affairs, 17 July 2023.

¹⁵ Complication of information prepared by the Office of the United Nations High Commissioner for Human Rights. Human Rights Council. Working Group on the Universal Periodic Review. Forty first session. November 2022.

The independence of the judiciary

The Constitution enshrines that the judiciary is independent and that judges undertake their job under the sole authority of the law.

The Supreme Council of the Judiciary oversees the work of the courts and the undertaking of justice and considers disciplinary cases within the judiciary. It has specialised committees to develop and implement its procedures and the judges' code of conduct.

The Supreme Council of the Judiciary was restructured in 2022. In February of that year, the President issued a decree dissolving the Supreme Judicial Council, which was replaced by a new Council. As per the Constitution, the President appoints judges based on nominations by the Supreme Judicial Council.

In June 2022 over fifty judges were relieved from their positions on charges including obstructing terrorism-related investigations and corruption. The Tunisian Judges Association announced a four-weeks strike.

In his letter to the Tunisian Authorities, in July 2023, following the undertaking of the fourth cycle review of Tunisia by the Universal Periodic Review Working Group, the United Nations High Commissioner for Human Rights encouraged guaranteeing the separation of powers, in particular the independence of the judiciary.

¹⁴ And the report prepared by the Office of the High Commissioner notes that the UN Human Rights Committee recommended that Tunisia take measures to “strengthen the protection of judges and prosecutors against any form of political pressure”. ¹⁵ The Tunisian Ministry of Foreign Affairs condemned, what it described, as the inaccuracy of this assessment.

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Government and citizens equally subject to the law

The Constitution enshrines equality before the law.

The Ministry of Justice continues the implementation of its strategic plan, which aims to “guarantee the values and principles of independent judiciary and building trust in the judiciary and in judicial institutions”.¹⁶ The Ministry set up fast-track units in the Office of Public Prosecution.

Several programmes in partnership with the European Union and the Council of Europe are being implemented with the objective of supporting structural and staffing reform of the judiciary and to enhance the capacities of a number of Tunisian courts, including the Court of Cassation.¹⁷

Tunisia ratified the Protocol to the African Charter on Human and Peoples’ Rights on the Establishment of an African Court on Human and People’s Rights accepting the competency of the Court to receive complaints submitted by individuals and non-governmental organisations.

Civilians can be prosecuted before military courts in cases related to threatening national security and public order.

Effective policies and institutions to prevent corruption

The preamble to the Constitution emphasises that corruption increased in the period from the 2011 revolution to July 2021, and highlights that fighting corruption and illegal acquisition of public funds and wealth were primary reasons for the “correction that took place in July 2021”.¹⁸

The Constitution mandates the Legislative with overseeing the Government’s undertaking of its functions, and with reviewing and validating the national budget with a minimum required quorum and approval threshold.

The President of the Republic has repeatedly strongly emphasised that “the Tunisian people demand accountability, and that it is long over-due”.¹⁹

The Tunisian Authorities have undertaken an active anti-corruption campaign targeting major sectors of the economy. A number of high-profile criminal investigations have been initiated and resulted in convictions. Significant asset recoveries from members of the regime that the 2010/2011 Tunisian revolution removed have been successful, and legislations to strengthen governance, such as the access to information and whistle-protection legislations, have been positive steps.²⁰ However, Transparency International notes that, despite these steps, several of the anti-corruption bodies that have been established have insufficient resources. In its Corruption Perceptions Index 2024, Transparency International ranked Tunisia 92 out of 180 countries, with a single point lower than the score in the previous year.²¹

16. National report submitted to the Human Rights Council Working Group on the Universal Periodic Review, Forty-first session, November 2022.

17. National report submitted to the Human Rights Council Working Group on the Universal Periodic Review, Forty-first session, November 2022.

18. Preamble to the 2022 Constitution.

19. Broadcast of a meeting on 10 February 2023 between the Tunisian President and the Minister of Justice.

20. Transparency International Knowledge Hub: [Transparency International Knowledge Hub | Knowledge Hub](#)

21. Transparency International Knowledge Hub: [Transparency International Knowledge Hub | Knowledge Hub](#)

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Civil and Political Rights

Freedom of Speech, information, religion, conscience, movement, association, assembly and private property

The Constitution enshrines personal rights and freedoms, and mandates judicial entities to protect rights and freedoms from any abuse. The Constitution underscores that Laws must be faithful expressions of the will of the people, and that “true democracy” would only succeed if accompanied by social and economic democracy that guarantees people’s rights to free elections, political accountability, and freedoms.

A number of political figures from the period from the 2011 revolution to July 2021 were detained in criminal and anti-terror investigations, with some indicted in court cases.

In his letter to the Tunisian Authorities, in July 2023, following the undertaking of the fourth cycle review of Tunisia by the Universal Periodic Review Working Group, the United Nations High Commissioner for Human Rights encouraged “adequately protecting human rights and fundamental freedoms”.²² He continued: “in that context, the Authorities are urged to guarantee that the rights to freedom of expression, assembly and peaceful association are in line with international standards, including under emergency measures.”²³ The Office of the UN High Commissioner for Human Rights noted “serious concerns about restrictions on freedoms, including house arrest without formal notification or explanation, and arbitrary arrests and detention”.²⁴

22. Letter from the UN High Commissioner for Human Rights to the Tunisian Minister of Foreign Affairs, 17 July 2023.

23. Letter from the UN High Commissioner for Human Rights to the Tunisian Minister of Foreign Affairs, 17 July 2023.

24. Complication of information prepared by the Office of the United Nations High Commissioner for Human Rights. Human Rights Council. Working Group on the Universal Periodic Review. Forty first session. November 2022.

25. National report submitted to the Human Rights Council Working Group on the Universal Periodic Review, Forty-first session. November 2022.

Political inclusiveness of women, ethnic, and other minorities

The 2022 Constitution recognises the equality of all citizens and underscores the “State’s obligation to protect, uphold, and promote the acquired rights of women, and guarantees equal opportunities for men and women to access positions of responsibilities in all areas, and to strive to achieve gender parity in all elected assemblies”.²⁵ There have been notable milestones, particularly in women representation in municipal councils, comprising over 47 percent of the total.

The Tunisian Gender Equality Programme, funded by the European Union, continues to be implemented.

Tunisia ratified the Protocol to the African Charter on Human and Peoples’ Rights on the Rights of Women in Africa. Tunisia established the National Authority for Combatting Trafficking in Persons, and has put into the effect the Act on the elimination of violence against women, adopted in 2017, and the Act on the elimination of all forms of discrimination, adopted in 2018. Also, a National Observatory for Combating Violence against Women has been established.

Tunisia’s domestic legislation has been reinforced with the enactment of new laws on combatting violence against women, and by the creation of the Authority for Sustainable Development and the Rights of Future Generations.

In December 2021, the Tunisian National Authority against Trafficking in Persons and the Council of Europe launched the National Referral Mechanism, the first framework of its kind in the Middle East and Africa for identifying and referring potential victims

of trafficking in persons.

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The UN Special Rapporteur on education considered that Tunisia had succeeded in establishing “a very extensive educational infrastructure and was an example in that regard for other African and Arab countries” .²⁶

Beginning in 2024, the Amazigh culture has been included as an optional supplement to the official educational study programme.

However, women’s representation in Parliament has been reduced following the latest legislative elections.

Islamic jurisprudence is a source of legislation in Tunisia, which determines specifics of the legal approaches and wider social attitudes to family, gender, and sexual matters.

Freedom from harassment, intimidation, and torture

The 2022 Constitution reinforces the protection of human rights, prohibits physical and moral torture, and excludes the crime of torture from statutory limitations.

Tunisia’s High Authority for Human Rights and Fundamental Freedoms, which was created in 2008, continues to function, and has the right to propose legislations.

The National Authority for the Prevention of Torture, which began operations in 2016, has a broad-ranging mandate, and an annual allocation from the public budget. It works with the UN Subcommittee on Prevention of Torture and Other Cruel, Inhuman, or Degrading Treatment or Punishment, most recently during the latter’s visit to Tunisia in 2022.

There has also been updating to the national human rights strategy in cooperation with the Arab Institute for Human Rights.

A new Directorate of human rights was established within the Ministry of Interior and is mandated with addressing human rights-related complaints.

A national committee has been created to oversee the harmonisation of laws with the objective of making proposals to bring existing legal texts, particularly bearing on human rights, with international treaties and standards.

Tunisia established the National Authority for the Prevention of Torture in 2020, which was welcomed by the United Nations Subcommittee on Prevention of Torture. The Authority works with the Ministry of Justice in matters relating to conditions of detention. The Public Authority for Prisons and Reform examines complaints and allegations of ill-treatment, of which hundreds have been investigated.

The Optional Protocol of the Convention against Torture and Other Cruel, Inhuman or Degrading Treatment or Punishment has been incorporated into the human rights curricula at the National School for Prisons and Reform, and a number of judges and forensic doctors have received training in identifying torture.²⁷

Training on human rights is a “fixed part” of training programmes for judges including military judges as well as in police and security academies.²⁸

26. Compilation of information prepared by the Office of the United Nations High Commissioner for Human Rights. Human Rights Council. Working Group on the Universal Periodic Review. Forty first session. November 2022.

27. National report submitted to the Human Rights Council Working Group on the Universal Periodic Review, Forty-first session. November 2022.

28. National report submitted to the Human Rights Council Working Group on the Universal Periodic Review, Forty-first session. November 2022.

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The Office of the United Nations High Commissioner for Human Rights noted that the National Counter-Terrorism Commission was “more open to civil society and the media and that the research fund on violent extremism has been established”, but also that the “Human Rights Committee noted that torture continued to be practiced in the security sector”.²⁹ The United Nations Special Rapporteur on terrorism recommended reviewing the definition of terrorism in the counter-terrorism law and bringing it in line with the relevant provisions of the Human Rights Council resolutions.³⁰ Also, in its compilation in the forty-first session of the Working Group on Universal Periodic Review, the Office of the UN High Commissioner for Human Rights noted that the UN country team recommended changes to migrants-deportation practices.

The Tunisian Ministry of Foreign Affairs maintains that Tunisia is striving to manage the situation of migrants from Sub-Saharan Africa on its territories, while respecting human dignity and international conventions, in cooperation with UN Agencies present in the country, and within the framework of cooperation with its partners, including the European Union.

29. Compilation of information prepared by the Office of the United Nations High Commissioner for Human Rights. Human Rights Council. Working Group on the Universal Periodic Review. Forty first session. November 2022.

30. Compilation of information prepared by the Office of the United Nations High Commissioner for Human Rights. Human Rights Council. Working Group on the Universal Periodic Review. Forty first session. November 2022.