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Enhancing the energy transition and climate governance in Tunisia:

Achievements and lessons learned from the NDC Support Programme



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1. Introduction

The climate crisis poses a fundamental challenge to global development, with far-reaching consequences for economies, societies and ecosystems. Climate change impacts, including rising sea levels, extreme weather events, biodiversity loss and resource scarcity, disproportionately affect the most vulnerable populations. To address these challenges, the Paris Agreement, calls for countries to develop and implement Nationally Determined Contributions (NDCs). These NDCs serve as policy instruments for realizing climate action, integrating climate change mitigation and adaptation into national planning, and mobilizing the necessary investment to achieve low-carbon, climate-resilient development. This requires a whole-of-government and whole-of-society approach, ensuring inclusive governance, robust investment frameworks and strong institutional coordination.

In light of these challenges, in 2017, UNDP launched the US$74.7 million NDC Support Programme (NDC SP), funded by the European Union and the governments of Germany and Spain. The goal of the programme was to support governments to achieve transformational change by scaling up public and private investments in climate change actions to deliver long-term sustainable development and championing the benefits of low-carbon, climate-resilient development.

The programme focused on nationally-driven priorities and initiatives, ensuring country ownership of climate action, and provided long-term support, recognizing that transformational change requires sustained investment, technical assistance, and institutional strengthening over multiple years. It supported interlinked topics such as governance, policy coherence, finance, private sector engagement, capacity-building and gender equality and inclusivity to create a cohesive and effective response to climate challenges.

Over its lifetime (2017-25), the NDC SP supported 47 countries and territories. This case study explores the comprehensive work undertaken in Tunisia and illustrates the activities, outcomes, achievements and key lessons from the implementation of the NDC SP. In doing so, it highlights in-country successes, while also identifying insights gained during the programme's design and execution.

2. Context and collaboration

Tunisia's participation in the NDC SP has played an important role in the energy transition, strengthening climate finance governance, institutional coordination and private sector engagement. The country's energy sector is characterized by a growing dependence on imported fossil fuels and increasing energy demand, which poses significant challenges to energy security and contributes substantially to national greenhouse gas emissions. As a result, the transition towards renewable energy, energy efficiency and low-carbon technologies has become a central pillar of the country's mitigation policy and a key driver for achieving its NDC targets. In this context, the engagement of the private and financial sectors is essential, as they play a key role in financing and accelerating Tunisia's energy transition and mitigation efforts. However, before the programme's intervention, the financial sector had limited capacity and knowledge regarding climate change risks, the opportunities presented by the energy transition, its role in mobilizing green investments, and the application of sustainable finance principles and decision-support tools.

Within this context, the NDC Support Programme facilitated a collaborative process involving the NDC Partnership, UNDP and the Deutsche Gesellschaft für Internationale Zusammenarbeit (GIZ) to support the Government of Tunisia in the development of its NDC Partnership Plan. This process aimed to enhance coordination among stakeholders, identify priority areas for support, and align technical and financial assistance with national climate objectives.

Private sector engagement in Tunisia's climate strategy was also limited due to financial risks, regulatory uncertainty and insufficient investment incentives. Given that over 70 percent of Tunisia's NDC commitments require private sector financing, the programme prioritized strengthening public-private partnerships and green financial instruments and engaged egulatory bodies and financial institutions, including UTICA (Union of Tunisian Industry, Trade, and Handicrafts) and Conseil Bancaire et Financier. The programme identified the key barriers preventing the integration of climate change considerations into the investment strategies of financial institutions and limiting the financial sector's contribution to the implementation of Tunisia's NDC. Based on this assessment, it supported the development of a roadmap for 2025–2028 aimed at promoting sustainable finance in Tunisia and strengthening the financial sector's capacity to contribute effectively to the country's ambitious climate objectives and NDC implementation.

As a first step, the programme conducted an assessment of the Tunisian economic landscape to identify and target the categories of private sector companies that should be prioritized for support in adopting voluntary carbon neutrality approaches. It also defined the key strategic directions and recommended measures for establishing a voluntary corporate carbon neutrality programme targeting private sector companies.

3. Key outcomes and achievements

The programme has made a significant contribution to strengthening Tunisia's climate finance ecosystem. It did so by proposing a governance framework for climate finance and developing a climate-focused sustainable taxonomy, together with a roadmap for its formal institutional adoption.

Expanding private sector engagement in Tunisia's climate action. The programme endeavoured to mitigate financial barriers and regulatory uncertainties. This effort led to the introduction of sector-specific green financial instruments and risk-sharing mechanisms. It was achieved through the enhancement of awareness and consultation processes with stakeholders in the financial sector. Additionally, a robust legal and regulatory framework was proposed to integrate environmental and social standards and a private sector engagement strategy was prepared.

Comprehensive capacity-building for financial instiutions. Capacity-building covered the integration of climate risks into investment portfolios, carbon footprint assessment, ESG reporting, and the development of transition plans to support decarbonization strategies. In doing so, it aimed to facilitate access for local financial institutions to international sustainable development mechanisms, particularly in sectors such as energy and land use, among others. These achievements provide key foundations for aligning the financial sector with national climate objectives, enhancing climate-related disclosures, and mobilizing investments towards a low-carbon and climate-resilient economy.

More informed energy transition. A portfolio of energy projects was developed to support NDC priorities and combat energy insecurity. The NDC SP also supported the update and and assessment of the macroeconomic impacts of Tunisia's updated Long-Term Low-Emission Development Strategy (LT-LEDS) for the energy sector, in terms of GHG emissions reduction, GDP creation, investment and employment, using the ThreeME computable general equilibrium model adapted to the Tunisian context. It also strengthened the evidence base for policymaking by identifying the conditions required to maximize socio-economic benefits while achieving significant emission reductions. These results support decision-making, such as informing the 2030 energy strategy on combating energy poverty, and reinforce the case for accelerating investments in the energy transition (see Box 1).

Box 1 Enhancing Tunisia's NDC implementation in the energy sector

Objective

To strengthen Tunisia's capacity to **meet its energy-related climate commitments and improve access to international climate finance**, in line with updated NDC targets to reduce emission intensity (CO_2 per unit of GDP) by 41 percent by 2030, compared to the 2010 baseline year.

Key activities

- Led broad **stakeholder consultations on energy** during the design of the NDC Partnership Plan with the National Agency for Energy Conservation.
- Identified pilot **companies** and defined the institutional, technical and operational measures required to support their **transition** towards carbon neutrality.
- Developed a **portfolio of priority mitigation investments** and a project to mobilize private investment in the energy sector.
- Supported the development of the **2030 energy poverty strategy**, including the analysis of international experiences in policies to combat energy poverty.
- Updated and expanded **GHG simulations for the energy sector (up to 2050)** to inform the National Low-Carbon Strategy, including sectoral, climate and socio-economic impact assessments.
- Developed **project portfolios** to support NDC implementation and accelerate the transition to clean energy.

Key outputs

- Updated **GHG simulations** informing the National Low-Carbon Strategy and long-term carbon neutrality pathway.
- Defined **mitigation outcomes and outputs** under Tunisia's NDC Partnership Plan to promote renewable energy.
- Developed a **pipeline of energy sector projects** to support NDC implementation, reflecting the country's commitment to transitioning to cleaner and more sustainable sources of energy.
- Promoted the **integration of energy (fuel) poverty** into national social, economic and environmental policies.

Key outcomes

- Strengthened Tunisia's institutional and technical capacity to **deliver on NDC targets in the energy sector**, including improved coordination across stakeholders and more robust planning tools.
- Increased ability to **mobilize national and international climate finance**, through the development of NDC-aligned bankable project pipelines and clearer investment priorities.
- Development of a roadmap for the implementation of measures aimed at **addressing energy poverty**, and proposing the design and operationalization of a monitoring and evaluation system to track the implementation and effectiveness of the national energy poverty policy.

Decentralizing climate governance also marked a major shift in Tunisia's approach, enhancing regional and municipal involvement in climate finance planning. Recognizing the need for subnational climate action, the programme ensured that local governments were integrated into national policy frameworks, facilitating better alignment between regional climate vulnerabilities and national strategies. Box 2 illustrates how the NDC SP supported this work.

Box 2 Decentralizing climate governance in Tunisia

Objective

To integrate **regional and municipal governments into climate planning,** ensuring that local climate action aligns with national policy frameworks and is **responsive to territorial vulnerabilities.**

Key activities

- Conducted regional **consultations and capacity-building workshops** for local governments.
- **Strengthened coordination** between national and subnational authorities on climate strategy implementation.

Key outcomes

- **Increased financial institutions, integration in climate governance.** The Roadmap for Strengthening Climate Governance within Tunisian Financial Institutions, provides a structured framework to guide the actions and reforms required to establish an enabling ecosystem for climate and sustainable finance in Tunisia. The roadmap identifies priority measures to strengthen coordination among stakeholders, support the integration of climate and sustainability considerations into financial decision-making, and accelerate the development of sustainable finance practices across the financial sector. Furthermore, the roadmap encourages the alignment of national efforts with emerging international standards and best practices, including the IFRS Sustainability Disclosure Standards (IFRS S1 and S2) and other evolving global frameworks.
- **Strengthened local government capacity** to manage and implement climate finance initiatives, especially by creating clear frameworks and effectively establishing linkages to national plans, particularly for delivering on objectives of the country's 2016-2020 Economic and Social Development Plan.
- **Improved alignment** between national climate objectives and regional priorities, specifically between mitigation benefits with adaptation (NAP) co-benefits that can accelerate and strengthen private sector financing and increase the country's readiness to climate impacts.

Strengthening of Tunisia's Climate Gender Action Plan. The elaboration of a Gender Action Plan for climate change, in line with UNFCCC recommendations, was supported in coordination with the Ministry of Environment and the Ministry of Women, and formally endorsed at the ministerial level. The plan is aligned with the guidance of the UNFCCC Gender Action Plan and is structured around five priority areas, encompassing governance, capacity-building, access to finance, data and knowledge, and monitoring and evaluation. It provides a comprehensive framework to mainstream gender considerations across key sectors, including energy, agriculture, water and land use, ensuring inclusive and equitable climate action.

Bolstered climate negotiators. Over the course of the programme, technical assistance was provided for Tunisia's participation in various COP processes, strengthening national capacities to engage in international climate negotiations and advance gender-responsive climate policies.

More resilient COVID-19 recovery plan. The programme contributed to the integration of climate and environmental considerations into Tunisia's COVID-19 recovery plan, ensuring that recovery efforts aligned with long-term sustainability and climate objectives.

Raising awareness about updated NDC. When Tunisia submitted its updated NDC in 2021, the programme played a key role in raising awareness and disseminating the results of the new 2021 NDC update through the development of communication materials and the organization of workshops with national and regional stakeholders. This strengthened ownership and engagement across different levels of stakeholders.

4. Lessons learned

Tunisia's implementation of the NDC SP provided critical insights into institutional coordination, the energy transition, private sector engagement and decentralized climate action. The lessons learned from Tunisia's experience emphasize the need for policy coherence, predictable financing and multi-level governance in climate action.

Private sector engagement requires structured financial incentives and risk-sharing mechanisms. Tunisia's reliance on private sector financing for over 70 percent of its NDC commitments revealed critical barriers to private sector participation, including regulatory uncertainty, financial risks and a lack of clear investment incentives. The programme highlighted that long-term regulatory clarity, structured financial instruments and public-private partnerships are necessary to scale private sector engagement in climate finance. By introducing risk-sharing mechanisms and green investment guidelines, Tunisia took important steps toward unlocking corporate investment in sustainability initiatives, but further work is needed to institutionalize these frameworks and ensure long-term market confidence.

Decentralized climate governance improves local implementation but requires stronger capacity-building efforts. The NDC SP emphasized the importance of integrating subnational governments into climate finance planning and decision-making processes. While Tunisia made significant progress in decentralizing climate action, municipal governments often lack the technical and financial capacity to fully implement climate strategies. The programme highlighted that ensuring sustained capacity-building, financial autonomy and clear coordination mechanisms between national and regional authorities is crucial for effective local-level climate governance.

Integrating gender considerations enhances the effectiveness and inclusiveness of climate action. The implementation of the Gender Action Plan highlighted the importance of addressing gender-specific vulnerabilities and ensuring equal access to climate finance and decision-making processes. Gender-responsive approaches contribute to more equitable and sustainable outcomes.

Engagement of youth and civil society strengthens ownership and sustainability of climate initiatives. The programme demonstrated that involving youth and civil society organizations improves awareness, innovation and accountability in climate action. Their participation supports community-level implementation, fosters behavioral change and reinforces transparency in policy processes.

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