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**DOCUMENT OF THE EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT**

STRATEGY FOR TUNISIA

**REPORT ON THE INVITATION TO THE
PUBLIC TO COMMENT**

PUBLIC

1. INTRODUCTION

The objective of this report is to summarise key comments received from stakeholders during the consultation period on the Bank's Strategy for Tunisia and provide the Bank's management responses. The comments received during the public consultation period were reviewed by the Bank's management and reflected in the Strategy as appropriate.

In accordance with the EBRD Public Information Policy (PIP), the draft Strategy for Tunisia was posted on the EBRD website in English and French for 45 calendar days from 5 October 2018. The public was invited to submit comments on the draft Strategy no later than 19 November 2018.

Information about the public consultation process was posted on the EBRD's dedicated webpage "Have your say", which highlights the latest opportunities for the public to comment on the Bank's policies and strategies under review. The Communications Department also advertised the public consultation on social media. In addition, targeted notifications of the consultation process were sent to local and international civil society organisations (CSOs) that have expressed interest in the Bank's work in the country.

Two sets of written comments on the draft Strategy for Tunisia were received during the public consultation period.

In line with the Bank's increased efforts to involve civil society at an early stage of country strategy development, the EBRD organised a consultative meeting with civil society organisations on 14 June 2018 in Tunis to gather civil society's feedback during the preparatory phase for developing the draft Strategy. The consultation provided a platform for dialogue between civil society representatives and EBRD staff and management involved in the strategy preparation process. A summary of the meeting and the list of participating organisations are provided in the Annex to this Report.

2. PUBLIC COMMENTS AND STAFF RESPONSES

Comment	EBRD Response
Key messages from Civil Society to EBRD	
According to a CSO, digitalization is necessary to implement public administration reform and improve good governance. In particular, it is necessary to ensure digital traceability of money flows within the public system to tackle corruption.	The EBRD provides technical assistance to improve the good governance, including through digitalisation, upon request from relevant authorities or other entities. In Tunisia, the EBRD has and will continue to support the implementation of the electronic platform TUNEPS for public procurement.
One CSO suggested supporting the integration of green economy as part of the national school curricula for management and economics.	The EBRD welcomes all activities of the Tunisian government to promote the development of a green economy. Whilst the EBRD does not work in the area of public education, it engages on this issue with a variety of stakeholders across the country.
Inclusive growth and inclusion of vulnerable groups in the market economy is regarded by a variety of CSOs as fundamental for the development of the country. A CSO representative stressed the importance of strengthening and investing in the public education system to facilitate the integration of young people into the labour market. The CSO also asked the EBRD to promote local development at regional level with the objective to provide opportunities and incentives for young people to stay in their regions of origin.	The economic inclusion of young people in the labour market is a key priority for the EBRD in Tunisia. The Bank will address this issue in line with its mandate, which includes the use of tailored instruments such as the Advice for Small Businesses (ASB) Programme, the Women in Business (WiB) Programme and the SEMED Youth Employment Programme. As the only international financial institution (IFI) in Tunisia with a resident office outside of Tunis, namely in Sfax, the EBRD is well-placed to invest in regions across Tunisia.
In relation to Annex 1, political assessment in the context of Article 1, it is noted that the following challenges in the area of human rights could be integrated: - Absence of a constitutional court; - Functioning of the judicial system, also including considerations on transitional justice; - Harmonisation of the penal code and its procedures with international human rights treaties ratified by Tunisia, for the protection of gender rights and the prosecution of threats to individual freedoms, and use of violence and torture.	The political assessments integrated in the context of EBRD Country Strategy follow the political methodology of the Bank as set in the strategic document entitled The Political Aspects of the EBRD mandate, which can be found at the webpage https://www.ebrd.com/news/publications/institutional-documents/political-aspects-of-the-mandate-of-the-ebrd.html. According to this methodology, political assessments are carried out according to 14 different criteria, which also includes human rights considerations of the current circumstances in the country. The wide spectrum of human rights issues cannot always be fully reflected in the political assessments for the sake of brevity.

The Strategy would benefit from acknowledging economic and social rights, and environmental rights as guiding principles of the EBRD operations in Tunisia. In this context, it would be advisable to make relevant references to the interlinkages between the objectives of the EBRD Strategy with the draft law on social and solidarity economy as alternative development model.	The Environmental and Social Policy of the Bank makes reference to all major international human rights conventions and treaties, which are applicable to the EBRD mandate. The Policy applies to all EBRD operations. The Bank closely follows the adoption of legislation having an influence on the economy. Once the law on social and solidarity economy will be adopted and enforced, the Bank - within the scope of its mandate- will consider its implications at operational level.
Tunisia has not yet adopted a strategic approach to development. In such an absence the EBRD support to good economic governance may risk not to achieve a systemic and long-term impact in the country.	Transition is a long term process. Therefore the EBRD believes that remaining engaged in a country can foster the investment and business climate of a given country, including by supporting good economic governance.
The Strategy could reflect on the lack of an impact study on the Association Agreement with the EU (1995), which would shed further light on the challenges presented in the Strategy.	The EBRD takes notes of the comment.
Technology transfer could be regarded as one of the key priority in the country, in particular for what it relates the management of water and energy resources as well as public transport with the objective to increase energy efficiency. The Bank is also urged to support to natural hazard and disaster prevention.	The EBRD recognises in the strategy that the challenges related to the green economy are particularly acute in Tunisia with increasing vulnerability to climate change, water stress and other resource inefficiencies. For this reason, the support to green economy transition in Tunisia is considered a key priority.
While selecting investments in the area of green economy, the EBRD is encouraged to prioritise labour intensive projects in view to support employment.	Economic Inclusion for Women, Young People and Populations Living in Remote Areas Through Private Sector Engagement is a strategic priority of the Bank in Tunisia. Economic inclusion also relates to consideration related to employment.
The EBRD is expected to support women in the workforce on different levels, such as supporting women, especially young women, to access credit; provide capacity building to state owned enterprise on women's rights such as on women's security at work; support the integration of women in the area of digitalisation.	The Strategy defines in Priority n.2 how the EBRD will aim at supporting gender equality in access to economic opportunity. The list of examples provided in the Strategy is not exhaustive but it does contain support to women access to finance and gender responsive service delivery in certain public utilities.

There are a number of issues that the Strategy could consider, including: - Focus on corporate social responsibility; - Fight against informal economy, including by providing incentives to limit capital outflow and the growth of informal economy fuelled by microfinance.	The Bank promotes corporate social responsibility as integral part of the promotion of good corporate governance. The Bank is engaged in the fight against informal economy in a number of ways, such as by promoting economic inclusion of vulnerable groups that tend to be employed in the informal economy (e.g. women and youth) as well as contributing to the fight against money laundering through accurate due diligence.
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Summary of EBRD meetings with civil society on 14 June in Tunis

As part of the public consultation process, the EBRD held a consultation meeting on 14 June 2018 hosted by the Resident Office in Tunis that was attended by representatives of six local civil society organisations. The consultation provided an opportunity to discuss the Bank's suggested strategic priority areas for the forthcoming strategy period of 2019-2022, which were broadly endorsed by civil society participants.

Strategic directions and envisaged activities

Civil society representatives welcomed the Bank's strengthened engagement in Tunisia and urged the EBRD to pay particular attention to social and environmental standards, as well as transparency and good governance, in its investments. They also asked the Bank to place a strong emphasis on promoting reform through policy engagement, in areas such as:

- Microfinance in support of financial inclusion for youth and women;
- Women's economic empowerment, including through gender-disaggregated data;
- Public procurement and governance of major projects – including consultations with local populations;
- Decentralisation and support to local governance, through capacity-building, e-governance and anti-corruption initiatives;
- Environmental risks and disaster risk reduction, in line with Tunisia's leadership within the United Nations International Strategy for Disaster Reduction (UNISDR) regional platform;
- Green cities, climate finance and the need to raise awareness on the Green Economy Transition (e.g. renewable energy, energy and water efficiency).

Attending civil society representatives also recalled the importance of aligning with the overarching UN 2030 Agenda for Sustainable Development, while taking into consideration the situation of Tunisia which still needs to come to terms with its political transition and fully deploy its constitutional and institutional apparatus.

List of CSO represented at the consultation meeting in Tunis

- AEEFG - Association de l'Education Environnementale pour les Futures Générations
- Al Bawsala
- ATB2E - Tunisian Association for Biosafety & Environmental Education
- ATSE - Association Tunisienne Santé Environnement
- CAWTAR - Centre de la Femme Arabe pour la Formation et la Recherche
- Euro-Mediterranean Human Rights