

Tunisia Tourism 2035

National Sustainable Tourism Strategy

Working Together to Build a 21st Century Travel Destination



الجمهورية التونسية
وزارة السياحة والصناعات التقليدية
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INSPIRING
Tunisia



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Foreword Letter from the Head of Tunisian Government

Since Tunisia's independence, the tourism sector has played a significant role in Tunisia's economy and has been an important source of income and employment. Through developing the sector, foreign direct investments and tourism revenue have allowed Tunisia to diversify its economy and capitalize on the richness of our natural and cultural resources, which attract millions of tourists from all over the world.

We are proud of our country and what we can offer to our visitors. Tourism is much more than the number of arrivals or its economic value. Tourism provides a way for Tunisians to share our richness, landscapes, culture, and values with the world. As Tunisians, we always aim for excellence, and we are mobilized to build a tourism sector that reflects our ambitions. It is therefore in the interest of all government departments to design new national strategies with the aim of strengthening Tunisia's capabilities and achieving prosperity to meet the challenges of the 21st century.

To lead Tunisia's tourism sector into the future requires cooperation by all of society and collaboration between public and private sectors. It also requires a concrete roadmap to guide Tunisia's development into a sustainable, high quality, and innovative destination. Thus, this strategy, which was developed during the National and Regional Workshops of Tunisian Tourism, pursues both ambitious growth and sustainability through investing in, diversifying, and marketing our tourism offer to achieve greater benefits for our people and competitiveness in the global tourism market. The process of developing this strategy brought together a variety of stakeholders, testifying to the effectiveness of an inclusive and collaborative approach.

The Tunisia National Tourism Strategy 2035 aligns with the ambitions of the Tunisian government to prioritize dialogue and recover the economy quickly and sustainably to make Tunisia a strong republic and an aspiring destination. Through this strategy, tourism will benefit our country in all areas, supporting economic and social development, while also responding to the needs and interests of our visitors. I am confident that our collective efforts will be rewarded and that together we can celebrate the diversity of our country through supporting our tourism sector.



Najla Bouden

Najla Bouden
Head of Tunisian Government

Foreword Letter from the Minister of Tourism and Handicrafts

Tourism is an important aspect of the Tunisian economy and way of life. It provides jobs and economic opportunity for our residents, while showcasing our country's natural beauty and cultural heritage to visitors from all around the world.

The COVID-19 pandemic has radically altered our country. Every facet of our modern economic system – interconnected borders, international travel, the office workspace – has been changed irrevocably. No single sector has been spared, but perhaps no sector as affected as the tourism industry.

To help the industry recover we must take a “whole of government” approach, recognizing that every government department has a role to play in driving forward recovery efforts. This is why this Tunisia Tourism 2035 National Tourism Strategy is so important. It provides our country with an overarching framework for growing Tunisia's tourism industry in a manner that celebrates cultural heritage, protects the environment, and benefits Tunisians. The Strategy has been developed to share both a long-term vision and near- and medium-term objectives that will help the tourism sector recover and prosper, while conserving our natural resources and cultural heritage.

My vision, and the ultimate goal of this government, is to not only build a tourism industry that achieves greater sustainability, but one that improves the lives of our people through greater inclusivity. I am therefore very pleased that this National Tourism Strategy 2035 has not been created within a silo, but rather with the input and collaboration from our tourism businesses, partners, and the wider community. This spirit of inclusivity and support is crucial to ensuring we achieve our aims and capitalize on future opportunities.

I thank the many individuals and organizations who contributed to the process by attending the meetings and offering their suggestions. The result is an excellent plan, and I am confident it will serve us well as we strive to continually renew, rebuild, and reinvigorate our tourism industry and product.



Mohamed Moez Belhassine

Mohamed Moez Belhassine
Minister of Tourism and Handicrafts

List of Abbreviations

AARU	Urban Rehabilitation and Renewal Agency	MF	Ministry of Finance
AFMT	Training Agency for Tourism Professions	MEP	Ministry of Economy and Planification
AFT	Tourism Real Estate Agency	MCDE	Ministry of Trade and Exportations Development
AMVPPC	Agency for the Promotion of Heritage and Cultural Development	MARHPM	Ministry of Agriculture, Water Resources and Fisheries
ANGED	National Waste Management Agency	MS	Ministry of Health
ANPE	National Environment Protection Agency	MES	Ministry of Higher Education & Scientific Research
APAL	Coastal Protection and Development Agency	MJS	Ministry of Youth and Sports
APIA	Agricultural Investment Promotion Agency	MTC	Ministry of Technology and Communication
ATFP	Tunisian Vocational Training Agency	MAS	Ministry of Social Affairs
BCT	Central Bank of Tunisia	MT	Ministry of Transportation
CC	Cultural City	MEH	Ministry of Equipment and Housing
CCI	Trade and Industry Chambers	ME	Ministry of Environment
CGDR	General Commission of Regional Development	MAC	Ministry of Cultural Affairs
CNI	National Center of Information	MEFP	Ministry of Employment and Vocational Training
CNFCP	Promotion and Continuing Training National Center	OACA	Civil Aviation and Airports Office
CRTs	Regional Commissions of Tourism	OMPP	Merchant Navy and Ports Office
CTN	Tunisian Navigation Company	ONTT	National Office of Tunisian Tourism
DGD	General Director of Customs	ONAT	National Office of Tunisian Handicraft
DMC	Destination Management Committee	ONPFT	National Office of Land Borders Posts
DMO	Destination Management Organization	OTE	Office of Tunisians Abroad
ENPFECA	National Company of Festivals, Cultural and Artistic Events	OTH	Thalassotherapy and Hydrotherapy Office
Fi2T	Interprofessional Federation of Tunisian Tourism	PPD	Public Private Dialogue
FIPA	Foreign Investment Promotion Agency	PPP	Public Private Partnerships
FTAV	Tourism Association of Travel Agents	RFR	Rapid Railway Network of Tunis
FTH	Hotel Federation of Tunisia	SGM	General Secretary of the Sea
IGPPP	Public Private Partnerships General Authority	SME	Small Medium Enterprise
IHET	Sidi Dhrif Higher Institute of Tourism Studies	SNCFT	National Company of Railways
INC	National Consumer Institute	SNTRI	National Company of Interurban Transportation
INP	National Institute of Heritage	STA	Tunisia Highways Company
INS	National Institute of Statistics	STT	Tunis Transportation Company
ITES	Institute of Tourism Studies & Strategies	TIA	Tunisia Investment Authority
ITCEQ	Tunisian Institute of Competitiveness and Quantitative Studies	UNWTO	United Nations World Tourism Organization
MTH	Ministry of Tourism and Handicrafts	USAID	United States Agency for International Development
MI	Ministry of Interior		
MAEMTE	Ministry of Foreign Affairs, Migration and Tunisian Abroad		

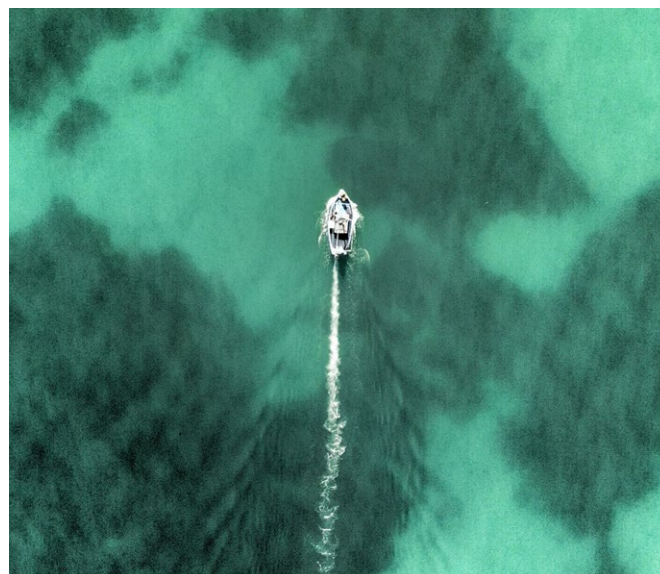
Purpose of the Plan

Over the past six decades, the Tunisia travel and tourism sector has grown from a small cottage industry into one of the most essential components of the national economy. A simple vision drove that growth – develop and promote a beach resort industry focused on Western European holidaymakers, in a destination with low operating and development costs, short travel times, beautiful beaches, a warm and welcoming culture of hospitality, and better weather than most of the Mediterranean.

While that formula continues to work today, several important challenges have emerged that threaten its long-term viability:

- › Shifting demographics and travel motivations in major outbound markets toward more authentic, more immersive experiences (site doing vs. sightseeing).
- › Commoditization and vertical integration of the resort industry, with competition now based primarily on price, for large, mass market-oriented hotels.
- › The significant, recurring capital costs of modernizing and maintaining older resort properties to compete with newer properties in competing destinations.
- › A maturing of significant segments of the global travel market toward more immersive, authentic, experiential travel focused on culture and nature.

Tunisia has all the ingredients needed to compete in a post-COVID-19 environment. One of the most significant opportunities for growing the value and importance of Tunisia's tourism industry lies in developing and promoting the country as a cultural



heritage destination. This can be achieved through the creation of unique, memorable visitor experiences around those iconic, uniquely Tunisian assets and by creating synergies between the resort industry and these newer forms of travel.

The purpose of the National Tourism Strategy is to define, through a consensus-oriented process, a road map to unite the government and the private sector around the action steps needed to maximize and spread the benefits of tourism development throughout the country through the development of cultural and adventure tourism. Through extensive interviews with tourism industry experts and private sector leaders, this strategy seeks to forge a common path for effective and equitable tourism development through 2035.

The Ministry of Tourism and Handicrafts (MoTH), in partnership with the USAID Visit Tunisia Activity, brought together tourism stakeholders and other government departments to develop the Tunisia Tourism 2035 National Tourism Strategy. The actions in this strategy are guided by the National Sustainable Tourism Strategy Working Group and identify critical challenges and actionable solutions for addressing these challenges. These strategies are designed to support the tourism industry's recovery while enhancing the quality of life for all Tunisians. The strategy takes a Sustainable Destination Management approach intended to address negative impacts from the industry, while creating positive impact for local residents, the environment, and cultural heritage. The National Sustainable Tourism Strategy intends to align goals with the government of Tunisia's priorities.

Methodology

This document is the culmination of on-the-ground consultations, statistical analysis, extensive desk research, review of sector data, scenario modeling, and the review of previous national tourism strategies to align a modern vision for tourism with current development plans and the national government's objectives for the industry.

A National Strategy Working Group was established of the following stakeholders to guide the development and consultation process on the strategies and action matrix:

- › National Tunisia Tourism Office (ONTT)
- › Ministry of Tourism and Handicrafts (MOTH)
- › Agency for the Development of Heritage and Cultural Promotion (AMVPPC)
- › Tourism Land Development Agency (ATF)
- › National Establishment for Promotion of Festivals, Cultural & Artistic Events (ENPFMCA)
- › Hotel Federation of Tunisia (FTH)
- › Tunisian Association of Travel Agents (FTAV)
- › Interprofessional Federation of Tunisian Tourism (Fi2T)
- › Fédération de l'Artisanat
- › National Heritage Institute (INP)
- › Minister of Transportation
- › Ministry of Agriculture
- › National Tunisia Artisan Office (ONAT)

To develop a comprehensive understanding of the nature of current tourist demand in the country, a market research study and segmentation analysis were undertaken to determine the outbound markets and buyer personas with the most growth potential. With an understanding of these personas, along with their

travel behaviors and motivations, strategic marketing, and branding efforts were developed alongside this document to help inform the strategic interventions and help Tunisia effectively reach its target markets.

In October of 2021, a series of destination assessments and regional workshops were first held in the following locations to meet with over 500 stakeholders and understand key challenges and opportunities:

- › Tabarka
- › Kairouan
- › Tozeur
- › Kebilli
- › Dahar/Tataouine
- › Djerba
- › Sousse
- › Tunis

These consultations were designed to facilitate discussion and consensus around identifying the key challenges impacting the tourism sector and the solutions required to address these challenges. Participants also shared their dreams and vision for the future, describing Tunisia's tourism industry in the years to come.

Once a strategic framework was drafted, the second series of in-person consultation workshops were organized from May to June 2022 in the same 8 locations to present the draft vision statement, objectives, strategic initiatives, and action matrix for validation and prioritization. A total of 465 participants joined the regional workshops in Djerba, Gabès, Sousse, Sbeitla, Tozeur, and Tabarka, and 204 participants gathered in Tunis. These discussions were led within four breakout sessions, covering each of the strategic objectives (Competitiveness, Diversification, Investment, and Marketing).

In addition to the in-person consultation workshops, an online survey provided another opportunity for stakeholders' contribution, including international partners. This survey collected the opinions of 354 individuals from various sectors of the tourism industry (169 from Tunisia, 63 from Asia, 94 from Europe and 28 from the rest of the world). The three rounds of consultations demonstrate that developing a National Tourism Strategy for Tunisia was indeed a collaborative process.



Executive Summary



The Tunisia National Sustainable Tourism Strategy 2035 is built on four strategic objectives: compete, diversify, invest, and market. These strategies are designed to support the sustainable recovery of the tourism industry from the COVID-19 pandemic while enhancing the quality of life for all Tunisians. The strategy takes a Sustainable Destination Management approach designed to address negative impacts on the industry while creating positive impacts for local residents, the environment, and cultural heritage. The National Sustainable Tourism Strategy intends to align it with the government of Tunisia's priorities.

Part 1 of the strategy provides an overview of the tourism situation in Tunisia, starting by placing Tunisia's tourism industry within a historical context and describing how it has grown to be one of the most critical components of the national economy. Part 1 also builds a shared understanding of Tunisia's tourism sector trends, including its assets, visitor profile, infrastructure, services, access, and policy and institutional context. This, along with an analysis of supply, demand, and the market, provides context for the strategy's vision, objectives, and action plans.

Part 2 of the strategy provides an in-depth analysis of Tunisia's competitive position.

Part 3 provides an opportunities assessment, including overall opportunities and the constraints that limit these opportunities.

Part 4 provides exploratory scenarios on the horizon of 2035, in which four scenarios for the direction of

Tunisia's tourism sector are explored and considered. This section ends with a recommendation for the scenario that is most in line with the country's vision for its tourism sector, taking a viable approach that shifts the industry toward higher yield markets, diversification of tourism offerings, and sustainable development of tourism with continued attention to and management of traditional tourism to coastal resorts. The actions which make up the recommended scenario are elaborated in Part 5 of the strategy.

Part 5 of the strategy outlines the 2035 vision for the tourism section, strategic objectives, targets and key performance indicators, strategic initiatives, and a detailed action matrix. The vision states that *by 2035, Tunisia will sustainably grow and diversify its product offerings beyond the beach to become a clean and thriving tourism destination that preserves our cultural and natural heritage for current and future generations. This will be achieved through creating businesses and employment opportunities for residents that spread the benefits of tourism growth across broad sections of Tunisian society that deliver memorable experiences to visitors.* The action matrix at the end of the strategy is meant to be used by stakeholders' implementation, prioritizing the most urgent actions in the near term and identifying what steps can be accomplished in the mid-to-long term.

In conclusion, this national tourism strategy is a guide for the long-term sustainable growth of Tunisia's tourism sector. Going forward, Tunisia will need to support the tourism sector in a way that creates more impact through greater diversification of its tourism product and

inclusivity of its destinations and assets while moving away from reliance on beach tourism. This strategy describes a development approach designed to support the traditional coastal tourism industry while attracting new markets that will create more value for Tunisia and

Tunisians. Its success will depend on several factors, including implementation, continued stability, effective tourism institutions and capacity, adequate funding, productive public-private partnerships, and monitoring and reporting of the strategy.

VISION

Growing Tunisia’s tourism industry in a manner that celebrates cultural heritage, protects the environment, and benefits Tunisians

OBJECTIVES

Compete	Diversify	Invest	Market
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STRATEGIC INITIATIVES

Regulation Reform	Product Development	Cultural Sites	Tourism Marketing Fund & Board
Human Capital Development	Festivals & Events	Protected Areas	Tunisia Tourism Brand
Destination Development	Agritourism Development	Walkable Tourism Districts/Areas	Annual Marketing Plan
Industry Association Strengthening	Heritage Villages	Tourism SME Investment Fund	Digital Marketing Transformation
Air Services Development	Creative Cities	HOPE Fund	Media Partnerships & Earned Media
Protection of Natural and Cultural Resources	Visitor Service Concessions	Investment Promotion	Travel Trade Partnerships
Standards Development & Upgrading	Tunisian Cultural Experiences	Tourism Asset Upgrading	Market-Based Representations
Destination Beautification	Convention & Sports Bureau	Cruise & Yachting Port Facilities	Digital Nomads Visa Program
Tourism Research	Thematic Routes & Trails	Public Transportation	Regional & Destination Marketing
Public Awareness	Made in Tunisia	Utilities & Security Infrastructure	Retire in Tunisia Program

Part 1 The Tourism Situation in Tunisia



1.1. History of Tourism in Tunisia and Major Shocks

After gaining its political independence in 1956 and with the aim to restructure its post-colonial economy, the Tunisian state embarked on a national strategy to invest in the development of the tourism sector. The strategy for the next 20 years concentrated efforts in generating a competitive ribbon coastal beach resort tourism development model taking into account its extensive coastline, climate, its geographic position on the Mediterranean Basin, and proximity to the European continent. Progressively, the sector began and continues to play a fundamental role in the Tunisian economy, especially as a source of foreign currency inflows and employment. However, the various political, security and health crises, as well as the changing consumer behavior, have significantly contributed to the decline of the sector's participation in the country's overall economy. A brief overview of the sector's evolution aims to better understand the overall context in which the present National Sustainable Tourism Strategy has been developed.

a. Stage 1 (1956–1972): Development of the First National Tourism Strategy

In the 1950s, European tourism and seaside destinations were booming in the Mediterranean Basin, especially in the southern regions of Portugal, Spain, and France, and all along the coastal areas of Italy, Turkey, and Greece. As a result, Tunisia quickly

took advantage of this trend, by creating the National Office of Tunisian Tourism (ONTT) and supporting the establishment of the Société Hôtelière du Tourisme Tunisien (SHTT), with the objective of developing the first state-owned hotels, the training of the first hotel managers and the creation of local jobs. By 1962, the SHTT was responsible for holding 90% of the country's hotel capacity which was mainly concentrated in the following tourist areas that had been developed thus far to meet European demand: Tunis, Hammamet-Nabeul, Sousse-Monastir, and Zarzis-Djerba. Although the initial impulse came from the state authorities, by 1968 almost 83% of the accommodation sector was privately owned. During the decade of the 1960s, foreign direct investment in the tourism sector stood at around 3%, but by the early 1970s and with the assistance from International Financial Institutions (IFIs) such as the World Bank, investment grew 10%.

b. Stage 2 (1972–2000s): Attempt to Change Tourism Strategy

Since 1972, Tunisian state authorities also implemented the same policy of market liberalization and, in addition, pursued the investment of petrodollars from the Organization of Petroleum Exporting Countries (OPEC) to invest them in the so-called enclave "integrated resorts," whereby, hotel units, apartment hotels, restaurants, shops, golf courses, marinas, and luxury residential areas were integrated into self-contained areas. Examples of these resorts are Sousse with 13,600 beds, Montazah-Tabarka with 5,500 beds,

and the man-made resort of Yasmine-Hammamet with 46 units comprising 25,000 beds.

By 1977, petrodollar finance became a major source of foreign direct investment bringing the total up to 11.7%, which grew again to 32% in the early '80s. Between 1970 and 1995 bed capacity in the country as a whole grew by 127,201, almost five times the capacity in 1970. By the late 1970s, Tunisia was one of the fastest growing tourist destinations in the world. The "opening" of the sector to foreign investment and concentrating it in the urbanization of seaside towns along its extensive coastline with the necessary basic infrastructure allowed the construction of standardized hotels designed for the European middle class. Building hotels and resorts according to European consumer preferences significantly attracted compelling numbers of visitors from this region, as well as other international visitors. The strategy of managing charter flights and the selling of tour operators' package tours at low prices favorable to the outbound tour operator has defined, partially, the Tunisian tourism model for more than three decades.

c. Stage 3: (2000s-2020s) Political Conflicts, Terrorism and Decline of Tunisia as a Country Destination

At the beginning of the 21st century, Tunisia and its neighboring countries underwent many crises that negatively affected their respective travel industries. Although limited in scope, the country has experienced various terrorism episodes, most notably the border attack in Tozeur in 1995, the Djerba Synagogue bombing of 2002, and the Soliman shootings of 2007. Subsequently, the Jasmine Revolution in 2011–2012 that ousted the long-time regime of Zine El Abidine

Ben Ali and the terrorist attacks in 2015 that killed dozens of tourists in the beach hotel in Sousse and in the Bardo National Museum have marked the image of the country as unstable and contributed to the vulnerability of the destination.

When tourists view a destination as unsafe, especially when it has experienced terrorism, they rethink their travel plans and adopt risk-reducing strategies, such as replacing the destination with others they consider safer. In doing so, this change in behavior can damage entire destinations and regions that are affected by violence or that tourists consider threatened by terrorism. Tunisia as a destination lost much of its attractiveness as a result of these crises. Demand (tourist arrivals) and prices went down; so did quality in services and investments in aging infrastructure, which was compounded with a lack of diversification of its tourism mass coastal product. As a consequence, the main markets from Europe (France, Germany, United Kingdom, etc.) have progressively been replaced by its neighboring North African markets (Algeria, Libya), as well as by an increase in domestic tourism. To exacerbate the decline, Tunisia's tourism sector has also been subject to the same COVID-19 related declines in visitor arrivals and revenues that the rest of the global tourism industry has experienced over the past two years. The Minister of Tourism and Handicrafts has witnessed a -64% decline in tourism revenue and a -79% fall in tourist arrivals between 2019 and 2020. With the aim to restart the sector, in addition to the current National Tourism Strategy, a recovery plan post-COVID-19 has been presented in the course of 2022 by the Minister of Tourism and Handicrafts.

1.2. Macro Analysis

a. Evolution of Tourism Visitation

Tunisia is a destination that has attracted millions of tourists each year since the beginning of the 1960s. Until the pre-pandemic situation of 2020–2021, Tunisia was among the most visited countries in Africa, having reached a peak of 9.4 million international visitors at the end of 2019. The implementation of the country's Seventh National Development Plan of 1987–1991 marks the soaring of international tourism visitation to the country, as a result of the important and new tourist areas that were planned and developed along its coastline to attract the ever-increasing number of visitors from Europe and neighboring African countries. The graph chart below displays the evolution of both the global and European flow of the international inbound of tourism visitors to Tunisia from 1990 until 2021, as well as highlights the series of crises registered during a 30-year period (1990–2021), and the overall tourism arrivals for said period. Despite the



pullbacks marked by the following crises: (i) the Gulf War of August 1990-February 1991; (ii) the September 11, 2001 Terrorist Attacks; (iii) the global financial crisis of 2008–2009; (iv) the Arab Spring events of 2010–2011; and (v) the terrorist attacks at the Bardo Museum in March 2015 and at the resort area within Port El Kantaoui in June 2015; international tourism visitation continued to grow at a rapid pace, slightly above the international rate of 4%, whereas visitation flows from Europe during this period oscillated below said rate, as demonstrated in the chart below.

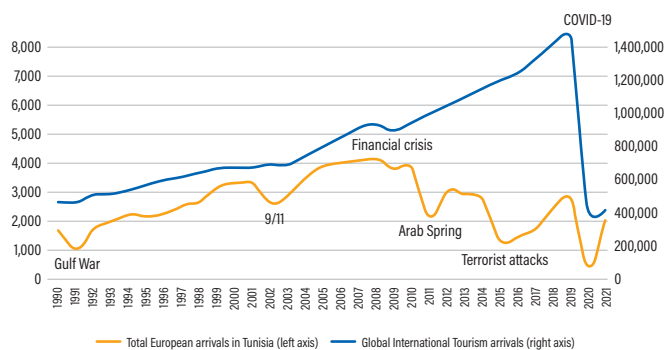


Figure 1: European tourism arrivals in Tunisia vs. global international tourism arrivals, 1990–2021 (in thousands)

Due to the slow COVID-19 virus containment, low traveler confidence and important restrictions on travel due to the pandemic, Tunisia in 2020 underwent a 79% radical decline in international arrivals in 2020, associated with a decline of 60% in arrivals from Tunisian international residents, the latter being a significant component of arrivals for Tunisia. These declines have significantly impacted employment, foreign exchange earnings, and the profitability of the largest segment of the country’s tourism industry, the beach resort sector. The impacts of this profound and catastrophic decline are further explained in the following sections of this document.

b. Sector Share of GDP, Exports, Foreign Exchange, and Macro Reforms

The tourism sector plays a significant role for many economies in the world, as demonstrated by the following bar graph chart that compares the contribution of the tourism sector to global GDP.

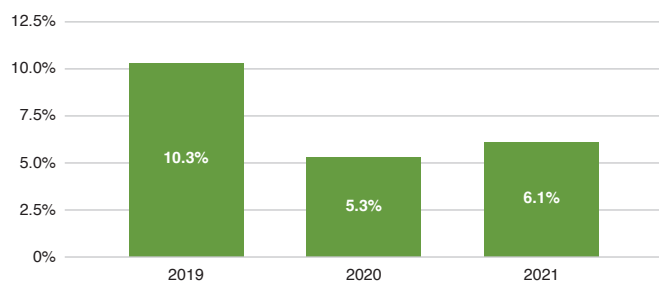


Figure 2: Travel and tourism contribution to global GDP, 2019–2021 (% of the total economy)

According to the World Travel and Tourism Council, in 2021, while still recovering from the global pandemic health crisis, the travel and tourism industry contributed 6.1% to global GDP, whereas in pre-COVID 2019, that number reached 10.3%. In comparison, according to the World Bank and UNWTO, in Tunisia, tourism accounted for up to 6.4% of the GDP in 2019. During the height of the pandemic in 2020, tourism’s contribution to GDP declined to 2.38%. Tourism has always been in the top 3 tier of exports in Tunisia. In 2019, 5,628.4 million TND of international tourism revenue was generated.

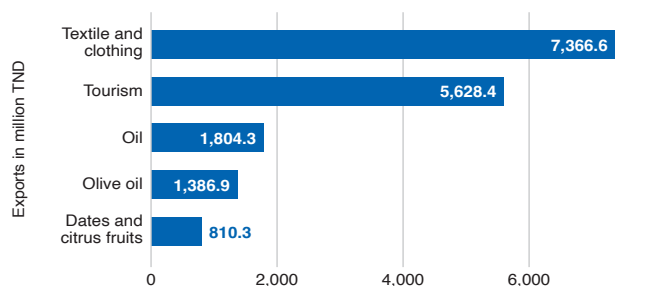


Figure 3: Top Tunisian exports in Tunisia, 2019 (in million TND)

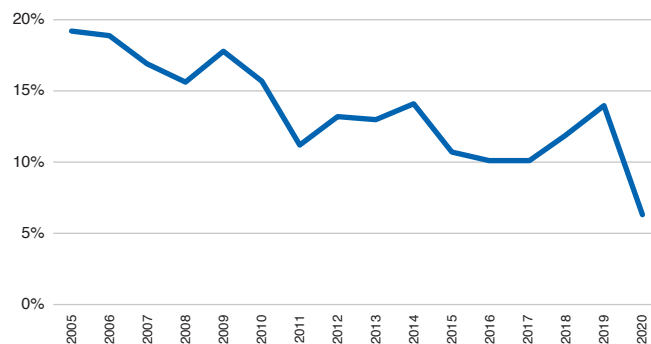


Figure 4: Tourism contribution in total exports in Tunisia, 2005–2020 (in %)

Furthermore, in terms of its share of foreign exchange reserves, the tourism sector occupies an important position as it contributed 44% of total foreign exchange from services in 2019 with 5,628 million TND in tourism receipts, which subsequently dropped in 2020 by 63.9% to 2,030 million TND due to the global pandemic. By contributing to the country’s foreign exchange reserves, tourism provides hard income support to its local dinar currency, and this, in turn, increases the country’s capacity to better manage the cost of importing durable goods, among other impacts. In 2021, however, the continuation of the pandemic has undermined tourism activity in Tunisia, thus negatively affecting the sector’s revenues by more than 50 percent, at a time when the country is in a state of economic and financial imbalance. While revenues grew by nearly 60 percent over the past 10 years (2010–2019), expressed in TND, foreign exchange earnings (euros) have declined by 25 percent.

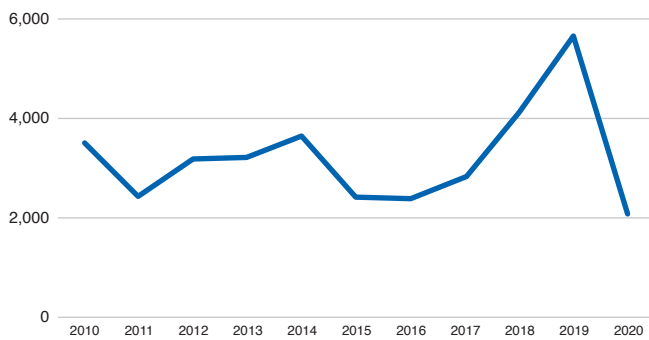


Figure 5: Touristic foreign exchange earnings, 2010–2020 (in million TND)

According to statistics published by the Central Bank of Tunisia, tourism revenues fell by about 52 percent, during the first four months of 2020 to 476 million TND (174.8 million USD), compared to the same date of 2019.

It should be noted that the country is undergoing structural reforms under the supervision of the International Monetary Fund (IMF) with the aim of addressing deep macroeconomic disequilibria, a weak growth in spite of its strong potential, a high unemployment rate, weak investment, and social inequality, as well as the impact of the pandemic and the war in Ukraine.

In its discussions with the IMF and in order to restore macroeconomic stability, as well as for improving the efficiency of state-owned enterprises, and strengthening the competitiveness of the economy, the Tunisian authorities are slowly embarking on the need to reduce the fiscal deficit through equitable taxation reform, a stricter control over the public sector wage bill, better targeted subsidies, and deep reforms of state-owned enterprises. Initiatives aimed at enhancing competition and the business climate are also critical to boost the country's potential growth and job creation.

c. Contribution to Employment

According to the National Institute of Statistics (INS) 2020 figures, Tunisia has a labor force of 3.4 million, 26 percent of which are women and 74 percent men. The number of unemployed in 2020 reached 721,000 people. The official 2020 unemployment rate was 17.4 percent (representing the unemployment rate for the fourth quarter of 2020). Official statistics do not count underemployment or provide disaggregated data by geography. In spite of all the crises the country has experienced since 1970, the creation of employment generated by the tourism sector has been steady and moderately resilient up until the pre-crisis pandemic level of 2018, whereby 137 thousand jobs were registered. Between 2019 and 2020, however, with a 79% decline in international arrivals, and the lack of mobility for domestic visitors due to COVID government

restrictions, the number of jobs created registered a sharp decline of almost 60%, whereas in FY 2021 the number of jobs increased in annual variation of around 40% to reach almost 93,000 full-time equivalent jobs, which was significant compared to its pre-crisis level.

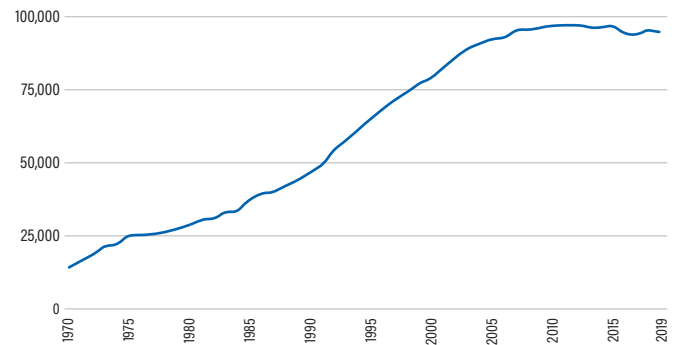


Figure 6: Direct employment generated by tourism, 1970–2019

The number of tourism jobs increased in the main employing sub-sectors of accommodation and food and beverage, which also witnessed the bulk of job losses in 2020, since there are about 20,000 fewer employees in the accommodation sector. As a result, the share of tourism employment in total employment gained 0.9 percentage points in 2021.

Taking into account both direct and indirect employment in 2020, according to the World Travel & Tourism Council (WTTC), there was a substantial decline of jobs compared to 2019, i.e., a loss of 89,900 jobs, which represented a decline of 23.4%. This in turn, impacted the sector's contribution to the Tunisian GDP with a decline of 58.6%. In 2021, however, tourism slightly recuperated by providing 10.2% of the job market in Tunisia, which translated to more than 345,000 direct and indirect tourism and travel jobs, thus representing 6.3% of total exports in comparison to 10% in 2019. Undoubtedly, the pandemic has had a massive economic and social impact for the country in terms of employment and revenues.

d. Levels of Tourism Investment

In the chart below, the investment that has taken place in the tourism sector during the indicated 20-year period, has remained relatively flat yet stable and constantly under the 100 million TND threshold (400 million TND), with the exception of the 2017 peak year, whereby investments surpassed these thresholds only to fall back in 2018 and 2019 to similar levels attained during the 2011 and 2015 crises. During the peak of 2017, the investment level attained represented an increase of 71.3%. However, in 2018, the investment level decreased by a significant 51.6%. Analyzing the period from 2007 to 2010 there was an accumulated increase of 66.8%, which drastically declined in 2010

by 44.7%. Subsequently, in 2014 and 2015, investment contracted by 4.4% and 20%, respectively.

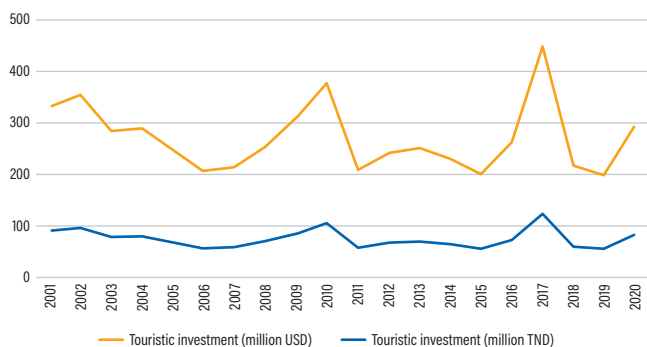


Figure 7: Touristic investments, 2001–2020 (in million USD and million TND)

According to INS data, in 2019, 196.3 million TND was invested in the tourism sector, which represented a decrease of 9.3% compared to the 216.3 million TND registered in 2018.

By comparing the investment undertaken in 2010 vis-à-vis in 2019, new tourism-related investment has declined both in TND by 41% and in Euro 71%. Such a decrease was due to the pandemic situation coupled with structural financial challenges the government authorities are addressing to improve the country's overall investment climate.

In terms of the geographical distribution of the investments for 2019, the largest amount went to Tunis with 116.9 million TND and the remaining balance were concentrated in the regions of Nabeul (21.6 million TND), Monastir (15.6 million TND), Gafsa (14.4 million TND), Médénine (7.4 million TND), Sfax (6.2 million TND), and Sousse (6.1 million TND). Despite the unprecedented GDP contraction of 8.8% in 2020, the investment obtained for the tourism sector in this year amounted to 295 million TND, an increase of 33.4% over the previous year. Out of this total, the amounts invested were concentrated in the accommodation sub-sector with 276 million TND and 19 million TND in the food and beverage and entertainment sub-sectors.

As mentioned before, most of the investment that has occurred since the 1980s until now has been concentrated in the build out of the accommodation sector in the seaside towns along the country's coastline with the two-fold objective of: (i) increasing bed capacity to accommodate the increases in international tourism flows; and (ii) addressing the issue of aging infrastructure and the number of distressed resort hotel properties that has grown significantly over the past decade. The decline in new investment has increased the temporary and permanent closing of numerous resort hotel rooms (see section on accommodation), and an increasing

amount of non-performing loans currently on bank/government books (see following paragraphs).

Many of the properties still operating were constructed in the 1970s and '80s, and are becoming increasingly outdated, which is more broadly impacting the country's competitive position within the region. With Mediterranean countries and Gulf States investing billions of dollars in new resort development targeted at Tunisia's primary source market, Europe, that competitive position held by Tunisia in the short and medium term will continue to weaken over time.

One of the main issues that continues to hamper private sector investment and development in the sector are the Non-Performing Loans (NPLs). This outstanding credit continues to impact the balance sheets of the public banks, who have been the largest providers of credit to the tourism sector and where the NPLs are disproportionately concentrated.

This has been an ongoing problem for the last two decades, which explains why the levels of investment are relatively flat, thus posing a significant burden for the private sector to access finance. Several factors have contributed to this situation, such as government supported subsidies in the form of unrestricted credit requirements, loan guarantees, and preferential interest rates, as well as relaxed loan classification rules. As a consequence, the country's banking system has developed a comparatively disproportionate high exposure to the sector, which in turn, has led to high and rising NPLs ratios. Resolving the issue of NPLs is considered crucial for allowing the private sector investment to grow in the tourism sector.

As previously indicated, government authorities continue to advance much-needed structural reforms to improve the country's business climate, including an improved bankruptcy law, investment code, a law enabling public-private partnerships, and a supplemental law designed to improve greater transparency. These reforms are intended to help Tunisia attract both foreign and domestic investment.

e. Short- and Medium-Term Outlook

At a global level, following a loss of almost 4.9 trillion USD compared to pre-COVID-19 levels (-50.4% decline from 2019), a +21.7% rise in travel and tourism's contribution to GDP in 2021 was registered, indicating that the tourism industry is on a slow recovering pace. While Tunisia was finally experiencing significant tourism growth especially after 2017 and undergoing numerous conflicts of the past decades, the pandemic has significantly undermined all of Tunisia's efforts to achieve the performance indicators mentioned above related to

employment generation, foreign exchange reserves, and investment. The sector's strength for the next three to five years will depend on the diversification of its current coastal development model, renovating its aging infrastructure, accessing other European, African, and Middle-Eastern markets, improving the capacity of its tourism workforce, and enabling a better business and investment climate.

1.3. Supply Analysis

Main Tourist Attractions and Destinations

Though a small country compared to the other North African nations, the tourism opportunities presented by Tunisia are vast. Its diverse landscapes, white-sand beaches, rolling desert dunes, bustling medinas, film sites, dense forests, refreshing oases, religious sites, preserved ruins reflecting millennia of history, and much more ensure a never-ending list of places to visit. Tunisia boasts 17 National Parks, 8 World Heritage Sites, 1,147 km of coastline, 8 marinas, and numerous golf courses. International visitors still have not discovered many of the captivating things to do in Tunisia.

Tunisia's tourism offerings reflect its varied history and culture. For thousands of years, Carthaginian, Roman, Vandal, Jewish, Christian, Arab, Turkish, French, and native Amazigh have all called Tunisia home. This unique mixture of cultures is still visible throughout the country, from French bakeries in Tunis, Roman ruins in Dougga, historical mosques in Kairouan, Amazigh ksours in the Dahar region, the famous El Ghriba synagogue in Djerba, St. Louis Cathedral of Carthage, and more. Some of the best places to explore this interwoven heritage are Tunisia's museums, namely the Bardo Museum in Tunis, Musee de Guellala in Djerba, Sousse Archaeological Museum, Museum Dar Essid, and Archaeological Museum of El-Djem.

Also bringing history and culture to life are the numerous annual festivals across Tunisia. From small rural events to large international festivals drawing tens of thousands, tourists have many occasions to celebrate and enjoy culture, music, film, food, religion, gender, nature, hiking, and sports. Some of the most recognizable are held in Carthage each summer and fall – the Carthage International Music Festival and the Carthage Film Festival. Other prominent events are Sbeitla's Spring International Festival, the International Festival of Sahara in Douz, the Tabarka Jazz Festival, the Choufouhonna Festival, and Islamic holidays.

The following sections identify major attractions, UNESCO World Heritage Sites, existing major destinations along the coast, significant marinas, and destinations and attractions with potential for development and growth.

Major Attractions

- › Tunis with its lovely northern suburbs of Carthage, Gammarth, Sidi Bou Said, La Goulette, and La Marsa, as well as its medina
- › Sahara Dunes (Grand Erg Oriental): a popular destination for many tourists who travel to see desert dunes, ride on 4X4 vehicles, take a camel ride, or take a carriage to an oasis
- › The remains of old Amazigh villages that sit atop arid hillsides in Southeast Tunisia, such as the town of Chenini
- › The Northwest and its beautiful forests and mountainous coastal region near Tabarka
- › The religious city of Kairouan, where one of the oldest mosques in Africa is located, is the Great Mosque of Kairouan
- › The National Bardo Museum: one of the best museums in Africa, with a rich collection of mosaics and intricate Roman and Byzantine artistry
- › Nabeul, Hammamet, and surrounding areas on Cape Bon: Nabeul is known for its agricultural riches and beautiful mosaics, painted dishes, potteries, and wall tiles
- › Mediterranean beach resorts
- › *Star Wars* filming locations, such as the famous Tataouine

UNESCO World Heritage Sites

Tunisia has 7 UNESCO World Heritage Cultural Sites and 1 Natural Site. There are 16 sites on the tentative list. See below for a list of the eight sites:

- › Carthage: Found in the northern suburb of Tunis, Carthage is a series of archaeological sites that were once prominent buildings in the capital city of the ancient Carthaginian civilization.
- › El Djem Amphitheater: often referred to as the "Little Colosseum," El Djem Amphitheater is a well-preserved ancient Roman theater.
- › Dougga is located in the northwest region of Tunisia. Dougga is home to 75 hectares of old Roman ruins. The city has been recognized as a UNESCO World Heritage Site since 1997 and is considered the most magnificent Roman site in Africa.
- › The Tunis medina: In the old center of the city, tourists can discover the medina's alleys, souks, mosques, and restored dars (traditional houses).
- › Ichkeul National Park contains Ichkeul Lake and the surrounding wetlands. This area is the destination for hundreds of thousands of migrating birds, including ducks, geese, storks, and pink flamingos.

- › Medina of Sousse: The Medina of Sousse is an excellent example of a town from the early Islamic period. During the 9th century, Sousse was an important commercial and military port.
- › Kairouan: Once one of the most important cities in the Islamic World, Kairouan is the religious heart of the country. As a UNESCO World Heritage Site, the city offers stunning mosques, colorful houses, and narrow streets to explore.
- › Punic Town of Kerkouane and its Necropolis: The ruins of the Punic Town of Kerkouane are located at the tip of Cape Bon on a cliff that overlooks the sea. The town was abandoned in the 3rd century BC and is an excellent example of Phoenician-Punic town planning.

Existing Destinations along the Mediterranean Coast

Each of these well-known coastal destinations lies along the Mediterranean Coast:

- › Sidi Bou Said: a small, picturesque cliffside village with a vibrant art scene.
- › Djerba: a Mediterranean island known for its beautiful beaches and friendly townspeople. Djerba also has well-known restaurants and craft markets for visitors to enjoy.
- › Hammamet: Tunisia's most famous beach resort town is well known for its warm, beautiful waters.
- › Mahdia: a small town with white-washed houses on a rocky cliff edge. With ultra-clear water and bountiful weather, it is the top diving spot in Tunisia.
- › Sousse: a resort area with fantastic beaches and vibrant history. Many of the medina's historic buildings have been built in the Arabo-Muslim and Mediterranean architecture style. Because of it, UNESCO considers the city a typical example of a town from the first centuries of Islam.
- › Monastir: another popular seaside resort area on the central coast of Tunisia. Monastir is a very old city rich in history and characterized by beautiful buildings, such as the Habib Bourguiba Mausoleum and the Ribat, which have been used as filming locations.
- › Sfax: this old city is marked by its picturesque fish market, Arab-Moorish architecture, Great Mosque and Kasbah (citadel), and the Dar Jellouli palace. Sfax is also the olive oil capital of Tunisia, where a visit to a traditional oil mill is a popular attraction.

Marinas

Tunisia's advantageous position on the beautiful Mediterranean Sea makes it an ideal coastal destination to enjoy via water. The country's seven marinas make it an attractive destination for sailing

and cruises. Additionally, tourists arriving by air can enjoy day trips via boat to explore many of the most picturesque views of the coastline:

- › Yasmine Hammamet Marina
- › Bizerte Marina
- › El Kantaoui Marina
- › Sidi Bou Said Marina
- › Gammarth Marina
- › Marina Cap, Monastir
- › Djerba Marina

Destinations with Potential for Development and Growth

- › Tabarka is the most northwestern region, situated between the coast and the forest, making it an area full of natural beauty and history. There are many hiking trails here for outdoorsy visitors. Tourists also have the opportunity to see a Genovese Fort.
- › Bizerte is a coastal town an hour west of Tunis. It is one of the oldest known settlements in Tunisia, with a rich culture and history. It is also popular for the sandy beaches and rocky coves in the summer months, and for surfing during the month of December.
- › El Kef is the principal city in the mountainous region of northwest Tunisia. El Kef offers an array of outdoors activities, as well as cultural ones, such as the Ottoman fortress and the local Museum of Arts and Traditions.
- › Tozeur is a desert oasis town with palm trees and traditional brick architecture from the old Arabic world.
- › Matmata is a small Amazigh village in the Dahar highlands of Southern Tunisia. It is known for ancient underground houses and cave dwellings belonging to the local community, some of which were used as *Star Wars* filming locations.
- › Korbous is an area renowned for its seaside hot springs, located in the Cap Bon peninsula.
- › El Haouariaa is a picturesque cliff town with plenty of ruins and historical sites, as well as hiking, trails, and beaches to explore.
- › Douz is the gateway to the Sahara and the sweeping sand plains of the Jebel National Park, where local guides provide excursions to the desert.
- › Ain Draham is a mountain village in the forest near the border with Algeria. From the city as a base, there are many recreational opportunities to hike, swim, or mountain bike.



Attractions with Potential for Development and Growth

- › Chott El Djerid is a salt basin that is just a short trip from Tozeur. Depending on the season, tourists can experience glittering, moonlike surfaces and salt columns or a perfectly reflective pond.
- › The Djebel Bou-Hedma Biosphere Reserve and National Park is a stunning park of great ecological value and famous for containing rare plant and animal species.
- › Dahar Grand Traverse is a recently inaugurated 194-km hiking trail allows people to explore the region by experiencing the beautiful rocky landscape and meeting the local communities who live here.
- › El Ghriba Synagogue is a site of both historical and religious importance. A tour of the area gives visitors a glimpse of life in Tunisia's Jewish settlements through the years.
- › Sbeitla (Sufetula) is a well-preserved ancient Roman city boasting a forum, arches, temples, and baths.
- › Cap Angela is the northernmost point in continental Africa with beautiful seascapes, a lighthouse, and a statue for photo opportunities.
- › Erriadh Village (Djerbahood) is an urban art gallery of street murals painted on the facades of traditional buildings.
- › Bulla Regia is a vast archaeological site where you can walk around well-preserved underground Roman houses.
- › Chebika Oasis is a dramatic formation of waterfalls, canyons, and date palms located at the foot of Djebel El Negueb in northern Tunisia.
- › Tamerza is the most extensive mountain oasis in Tunisia and a popular attraction for those who love outdoor activities.

- › Canyon Sidi Bouhel is a vast natural area near Tozeur that has been used as a filming location for many recognizable international films.
- › Kelibia is a Mediterranean beach town near Cap Bon with white sand beaches and clear blue waters.

a. Situation of the Accommodation Sub-Sector

In 1981, 336 accommodation establishments were registered and licensed to operate. This number grew progressively to reach 876 in 2020. Of these 876 establishments, 82% are located along the coastline, and only 14% in the country's interior, which again exposes the enclave tourism policy supported throughout various decades by the Tunisian authorities of creating exclusive beach tourism destinations to attract mass European visitors.

With this total number of establishments, Tunisia has been able to meet demand with a tourist accommodation capacity of 236,000 available beds, which peaked at 241,400 in 2015. Since then, however, it has declined. As far as type of accommodation, 4-star and 3-star hotels dominate the market share, with 36% and 24% respectively. The 5-star hotels capture 15% of the market, whereas 2-star only 10%, and 1-star a minimum of 3%. An additional 2.9% beds are in apart-hotels, 2.5% in holiday villages, and 1.5% are in family pensions. Categories that fall under 1% of the total inventory are guest rooms, timeshare, hotels of charm, farmhouses, and camps. Table 1 below shows the number of establishments in each of the accommodation categories.

Total hotel accommodations: 566	
Five stars	71
Four stars	167
Three stars	137
Two stars	109
One star	82
Total other accommodations: 310	
Family guest houses	62
Hotels without classification	94
Apartment hotels	42
Timeshares	7
Camping sites	17
Tourist villages	8
Bed and Breakfasts	20
Home rentals	52
Charming hotels	6
Motels	2

Table 1: Repartition of accommodation establishments

The charts below display the distribution of hotels by category per bed capacity for 2019, their geographical concentration and market share. The majority of bed capacity in the country is concentrated in Djerba-Zarzis with 144 establishments and 53,071 beds, followed by Nabeul-Hammamet with 130 establishments and 41,259 beds, and Sousse with 37,194 beds. There are 9,277 beds in unclassified hotels (almost 4% of the total). Additionally, there are 492 Airbnb listings in the country, with a total of 1,790 beds.

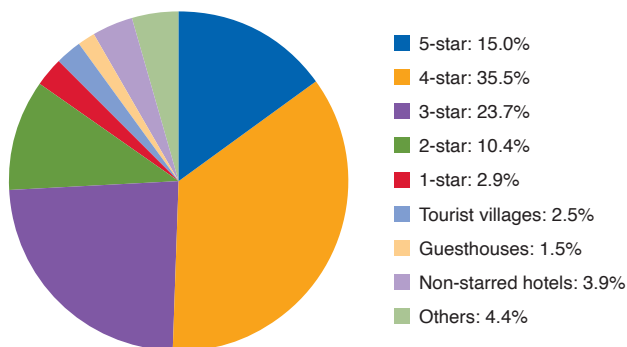
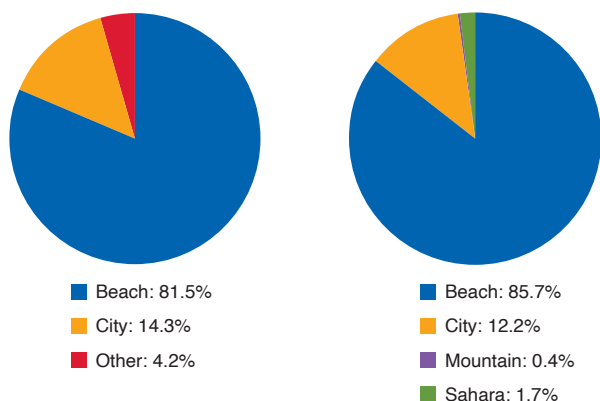


Figure 8: Repartition of hotel category in Tunisia (per bed capacity), 2019



Figures 9 and 10: Repartition of hotel category in Tunisia (per bed capacity) and share of demand per hotel category, 2019

In terms of bed capacity, at the end of 2020, total accommodation capacity diminished to 122,113 beds from a grand total of 230,903 beds reached the year before. A total of 311 establishments were closed, which represents 37% of the total number of hotels. These hotels have been closed for the following reasons:

- 181 closures following the coronavirus health crisis, i.e., 58% of the total number of closed units/ establishments
- 42 closures for financial difficulties, i.e., 14% of closed units/establishments
- 30 seasonal closures, i.e., 10% of closed units/ establishments
- 29 closures by Ministerial decision (penalty), i.e., 9% of units closed units/establishments

- 29 closures for renovation, i.e., 9% of closed units/ establishments

Despite this dismal situation, 6 new establishments opened in 2020 with a total capacity of 140 beds distributed over all tourist areas. No data for 2021 was available. However, the outlook for 2022 and beyond are showing positive signs. Since March of this year, hotel reservations worldwide have been on par with pre-pandemic 2019 booking levels and in April 2022, it was the first month to surpass 2019 occupancy levels and continued to climb in May, hitting a new high of 63%, compared to 60% in May 2019. High performing markets are North America and Europe, followed by the Asian-Pacific region and the Middle East. Forward looking on-the-books data tells a similar story globally with the summer months of June, July, and August currently tracking just 1% off 2019 levels.

As mentioned throughout the various sections of this document, this National Tunisian Strategy 2035 aims to attract travelers seeking alternative experiences to beach tourism in order to take advantage of the variety of tourism products that Tunisia has to offer and to develop a sustainable and diversified tourism sector. However, the current state of the accommodation sub-sector reveals that Tunisia is not yet ready to welcome a different clientele. As consumer trends have been changing over the past years toward more sustainable and authentic experiences, the accommodation sector needs to keep track of the evolution and prepare to meet the needs of the target markets. Therefore, the government must put in place measures to encourage innovation and sector development in line with the new vision (guest houses, boutique hotels, camping sites, apartment-hotels, agrotourism, etc.) and thus reduce the dependence on 3- and 4-star hotels (accommodation offerings corresponding mainly to tour operators' and travel agencies' deals).

b. Large Brand Operators already in Market

Some of the notable large brand operators already in the Tunisian market include Mövenpick, Four Seasons Laico, Anantara, Marriott, Steigenberger, Sheraton, Radisson Blu, Ibis, Novotel, Golden Tulip, and Iberostar.

c. Tour Agencies, Tour Guides, and Tour Operators

Local Tour Agencies

The total number of local travel agencies in Tunisia as of July 2022 was 1,397 (1,106 in Category A and 291 in Category B). In Tunisia, there are two categories for licensure for travel agencies, Category "A" and Category "B."

Category "A" travel agencies can conduct the following activities:

- › Booking and sale of stays in tourist establishments.
- › The sale of tickets of any kind,
- › Transportation services for tourists
- › Reception and assistance of tourists during their stays
- › The fulfillment on behalf of the customers of the formalities of insurance for any form of risk which derives from the tourist activity
- › Representing other local or foreign agencies to provide these various services on their behalf.

Category “B” travel agencies can conduct the following activities:

- › Booking and sale of stays in tourist establishments
- › The sale of tickets of any kind
- › Representing an “A” travel agency to provide these services on its behalf

Local Tour Guides

To become a professional tour guide in Tunisia, guides must be issued a tourist guide license (card) by the ONTT. To be given a license, the applicant must meet one of the following conditions:

- › Be a graduate of tourist training centers (Kerkouan and Bellarigja) with the specialty “Tourist Guide”
- › Have successfully passed the tourism guide recruitment exam organized by the Tunisian National Tourist Office

There are currently 1,000 tour guides in Tunisia, 823 of which are professional tour guides. Table 2 below shows the number of guides in each tour guide category.

Total 1,000	
Professional guides	823
Teaching assistant guides	100
Assistant guides	26
Local guides	15
Site guides	3
Saharan guides	33

Table 2: Tour Guides in Tunisia per Category

International Tour Operators

Major international tour operators who organize all-inclusive beach resort vacations to Tunisia from Europe include Club Med, Kuoni, Havas Voyages, Thomas Cook, and TUI, among others. These tour operators organize packages to various beach destinations, which often include flight,

accommodation, meals, and transfer. The average cost per day of these beach packages was 61 euros in 2021, which is lower than the price per day for trips to other major beach destinations organized by the same operators such as Morocco, Greece, Egypt, Malta, and Canary/Balearic Islands.

Major tour operators from Europe that offer adventure and heritage circuits in Tunisia include Bestway Tours & Safaris, Evaneos, Havas Voyages, SKR Reisen, Voyageurs du Monde, and Wildfrontier, among others. These tours often include oasis visits, villages, beach, desert, archaeology, culture, mountain treks, medina tours, gastronomy, and more. The average cost per day for culture circuits or culture/beach circuits organized by these tour operators was 152 euros in 2021. The price per day for the culture and beach circuits offered by these operators in Tunisia were lower than other major destinations in the area including Greece and Egypt, but higher than Morocco.

From the North American market, major international tour operators include Goway, Atlas Obscura, Adventures Abroad, and Travelverse and arrange a mixture of culture and beach trips. The average cost per day of trips organized by these tour operators was 208 euros in 2021.

1.4. Demand, Market Share, and Tourism Revenues

This section provides an overview of the importance of international designated markets that constitute the main visitation and revenue drivers for Tunisia, its impact on the accommodation sub-sector in terms of occupancy rates per geographic distribution, as well as seasonality, average length of stay and potential target market segments. Finally, an assessment is delivered on the challenges in developing a tourism development strategy from a demand perspective.

The following two charts highlight the top 10 most important designated markets registered in 2010 and 2019, and their respective market share. The usefulness of market share is that it serves as a proxy to determine the competitiveness of tourism destinations based on an historical empirical analysis, and especially for target marketing purposes to increase visitation flows. The majority of the visitors who visited Tunisia in 2010, originated in neighboring states led by Libya (30.1%) and Algeria (17.5%), which is a significant element for addressing destination seasonality. The visitation from inbound markets in 2010 was led by France (22.8%), the most important source market for Tunisia, followed by Germany (7.6%), United Kingdom (5.8%), and Italy (5.8%). The remaining share of 10.4% was evenly distributed by Russia, Belgium, Poland, and Scandinavia with 2.6% respectively.

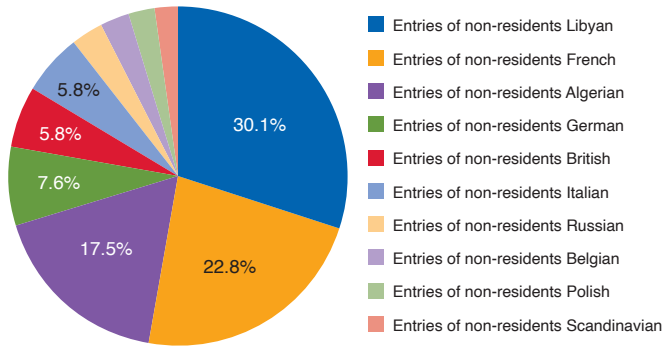


Figure 11: Market share of the top 10 source countries (2010)

The following pie chart for 2019, highlights the shift in both market share and generating inbound markets. Within a 10-year period, the bulk of the market share has shifted away from European countries to the neighboring regional market countries of Algeria and Libya, that combined with visitation from Tunisians living abroad comprised 67% of total visitation to Tunisia in 2019. Nearly 5 million tourists from these two neighboring countries visited Tunisia in 2019, registering an increase of 15.5% from the previous year. This market has the advantage of being a constant market which does not depend on seasonality.

In the case of the European markets, France continued to prevail with 12.2% of the market, followed by an increasing market share from Russia (8.6%) and diminishing returns from the German, British, Italian, and Belgian markets. This dynamic change once again demonstrates the volatility of tourism demand due to internal factors at the destination level, such as political and socio-economic turmoil crises, and external ones such as COVID-19.

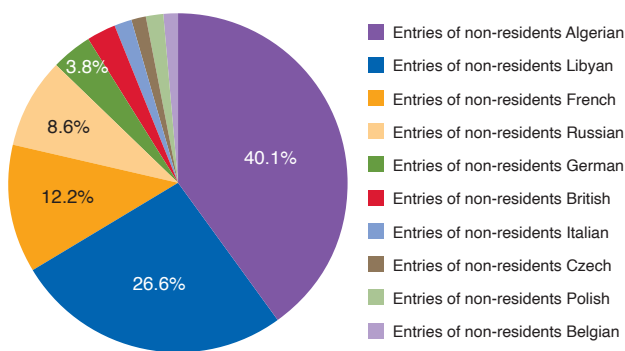


Figure 12: Market share of the top 10 source countries (2019)

To better appreciate the aforementioned volatility, the following chart exhibits the fluctuations, over a 10-year period, both for the upward and mostly downward decreasing trends of the top five European markets that are considered essential for the continuation of the development and sustainability of Tunisia's tourism sector.

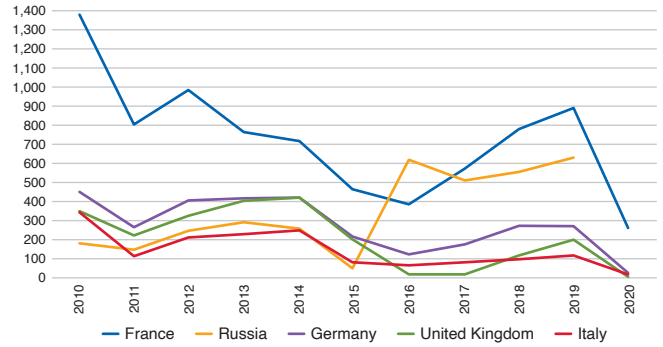


Figure 13: International tourist arrivals by major travel markets (2010-2020)

As previously noted, whereas the French market diminished its share, the Russian market increased its market participation. However, with the recent COVID-19 outbreak, in 2020 Tunisia suffered a 79% decline in international arrivals, compounded with a radical 99% decline among Russian visitors and a 94% decline among those from the United Kingdom. This trend among these two latter markets will continue to decline following the collapse of the Thomas Cook tour operator for the British market, as well as the recent Russian invasion of Ukraine.

On the other end of the spectrum, arrivals from Tunisian international residents fell by 60%. It should be noted that in 2019, a total number of 2.5 million national tourists visited their own country, representing 36% of total visitors. This share is very likely to increase in the coming years, as domestic tourism has risen due to the effects of the COVID-19 pandemic and the unfavorable foreign exchange rate of the dinar vis-à-vis the euro.

The following bar graph is a snapshot for the year 2019. It displays the importance of tourism revenues of the main inbound markets for Tunisia in millions of dinar, which are commensurate with their respective market share. It also demonstrates the value the French market has for Tunisia, in terms of generating the most revenue i.e., over a billion TND.

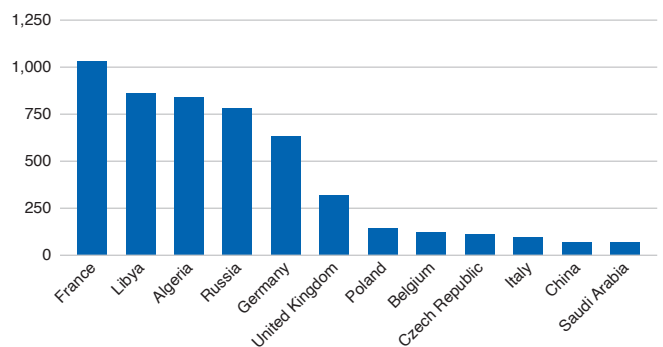


Figure 14: Tourism revenues per country of origin (in million TND, 2019)

It should be noted (see Figure 15 below), that in 2019, pre-pandemic Tunisia domestic spending generated 3.088 billion USD, whereas the 9.4 million international arrivals generated 2.9 billion USD of expenditures, which accounted for nearly 4% of Tunisia's total imports. In 2020, domestic tourist spending in Tunisia accounted for nearly \$1.7 billion USD of expenditure, whereas international visitors instead, contributed around 967 million USD, as of the same year. However, both types of tourist expenditure decreased drastically compared to 2019 due to the COVID-19 pandemic.

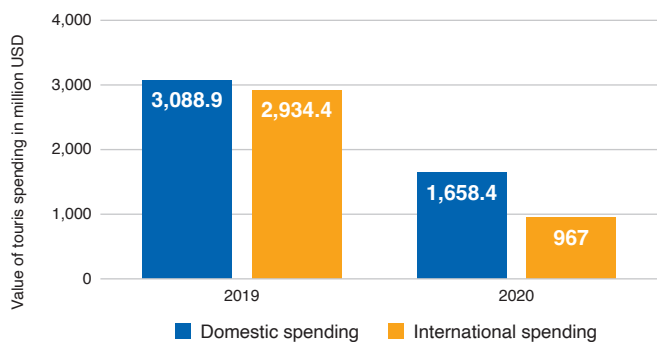


Figure 15: Value of domestic and international tourist spending in Tunisia (2019–2020)

1.5. Seasonality, Occupancy, and Length of Stay

All tourism destinations face the challenge of seasonality. One of the main challenges is sustaining a year-round constant flow of arrivals, especially in destinations with pronounced high and low seasons. Seasonality impacts the length of stay of visitors which, in turn, affects revenues and the seasonal cycle of employment. In the case of Tunisia, climate, and its geographical location in relation to Europe, are significant factors among others that influences visitation, as demonstrated below by both the monthly international visitation flows for 2019 (Figure 16) and the high occupancy rates registered in the accommodation sub-sector (Figure 17).

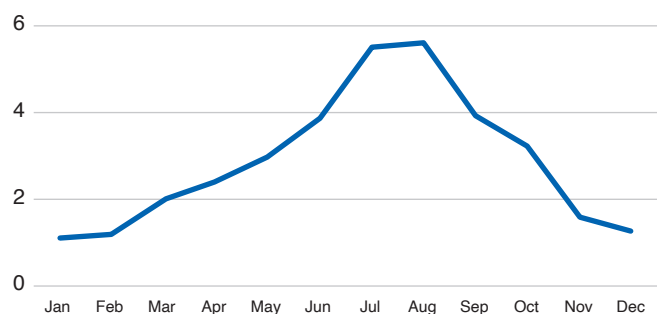


Figure 16: International tourist arrivals by month, 2019

The high seasonality occurs mainly during the summer months of June through August, as well as during the early fall months of September and October, accounting for nearly 50% of annual tourism receipts.

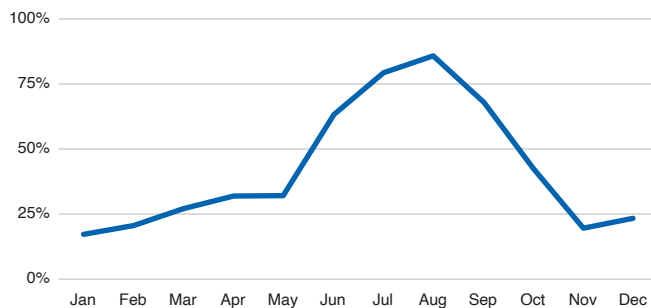


Figure 17: Occupancy rate per month (in %) 2019

Figure 18 below, corroborates the fluctuation in revenues, as a result of the seasonality phenomena experienced by the accommodation sector.

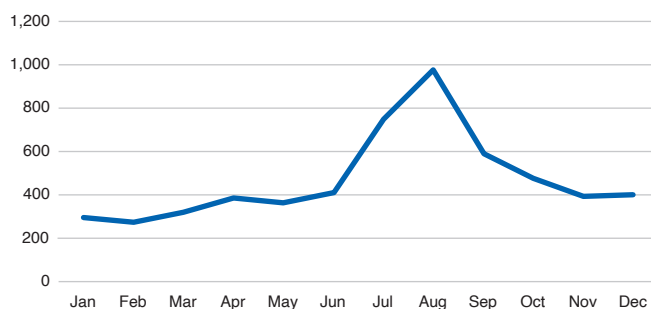


Figure 18: Seasonality: total tourism revenues per month (in million TND), 2019

The following graph bar chart below displays the occupancy rates for 2019. According to data from the ONTT, the average occupancy rate for the year across Tunisia was 44.6%, which is considered an adequate average threshold in terms of hotels being able to operate profitability above their breakeven point. The highest occupancy rates per region ensued as follows: (i) Tabarka Ain-Draham - 58.1%; (ii) Djerba Zarzis - 55.8%; (iii) Yasmine Hammamet - 48.2%; and (iv) Sousse - 47.6%.

These results are not surprising due to the fact that these regions are responsible for the bulk of the tourism sector's bed capacity, as mentioned before in the supply section of this document. It should be noted that these rates are pre-pandemic, therefore registering higher thresholds, as a result of the substantial increase of international arrivals attained in 2019, which amounted to 9.4 million visitors.

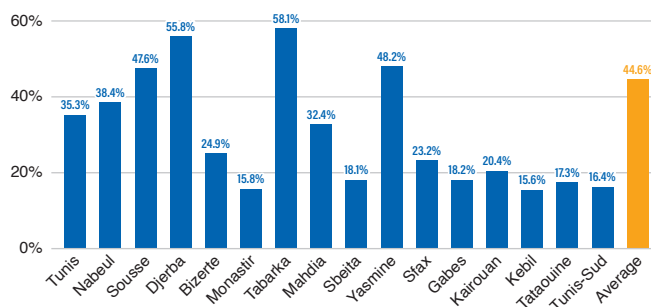


Figure 19: Occupation rate per region in %, 2019

As noted before, the recent COVID-19 coronavirus outbreak caused a severe 79% decline in international arrivals in 2020. For instance, in September 2020, Tunisia counted only 84,600 international tourists compared to over 1.1 million in the same month of the previous year. This drastic situation obviously affected the occupancy rates for the entire accommodation sub-sector, registering only an average occupancy rate of 11.1%, which translated to a decline of 33.5%, compared to 2019. In 2020, of the categories of accommodation, the highest occupancy rate in the country was in 5-star hotels at 14.9%, followed by 4-star hotels at 13.9%. The lower occupancy rate out of the categories of accommodation was camping grounds at 1.2 percent, followed by guest rooms at 3.0 percent. The following bar chart demonstrates the average length of stay for the leisure market during a significant 26-year period. It demonstrates a disadvantageous downward trend since, generally, the longer the visit, the greater the opportunity to spend and, as a direct consequence, a higher level of economic impact is generated in the location where the spending occurs. For many destinations, increasing the length of stay becomes a priority.

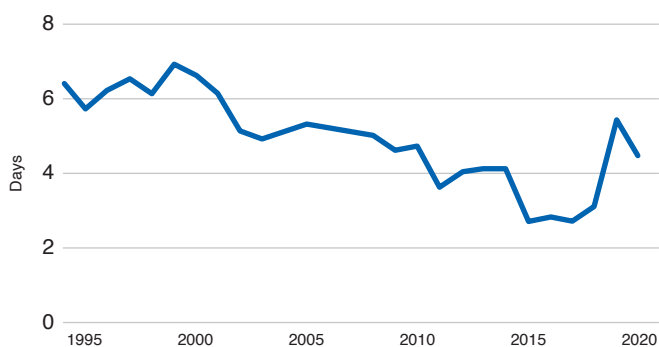


Figure 20: Average length of stay in Tunisia (1994–2020)

Furthermore, visitors who stay longer in a destination will obviously have more time to interact with the local resident population and get to know them better and accordingly, begin a process of cultural communication and understanding in contrast to short-stay visitors who make limited contact. Long-stay visitors may also have a significant influence over the ecological and environmental quality in the destination by showing a greater concern for the impact they have on the structure and environment of the locality.

Moreover, the length of stay is a determinant of destination demand rather than a demand characteristic. The length of stay is largely explained by the socio-demographic profile of the tourist, and moderated by the perceived characteristics of the destination. As exhibited in Figure 20 above, the average stay for international travelers attained in 2019 was 5.4 nights. The breakdown per nationality was as follows:

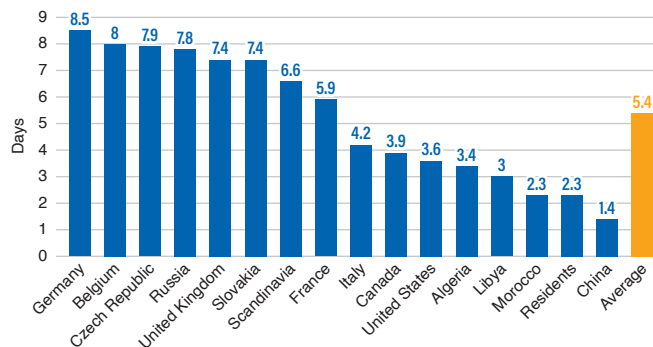


Figure 21: Average length of stay in Tunisia per nationality (2019)

As noted, countries with above-average lengths of stay were Germany with 8.5, followed by Belgium with 8, Czech Republic with 7.9, Russia with 7.8, United Kingdom and Slovakia with 7.4, Scandinavia with 6.6, and lastly France with 5.9. These numbers are the result of the clearly higher lengths of stay recorded in the coastal regions, led by Monastir, Mahdia, Djerba, Nabeul-Hammamet, Tunis-Sud, and Yasmine-Hammamet, which together were above the national average of 2.3. The following bar chart (Figure 22) exhibits the average expenditure undertaken per person in the country from both the European and the North American markets in 2019.

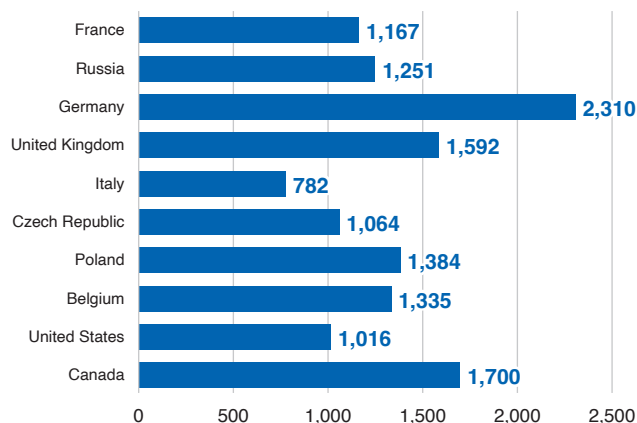


Figure 22: Average expenditure/person from European and North American Market, 2019 (TND)

Based on the above, the German tourists were the highest spending group having spent, during 2019, the equivalent of €790, followed by the Canadians €605, the British €545 and closely to the latter, the Polish €474, and the Belgians €456. It should be noted that there is no data to pinpoint the distribution of this spending in terms of what percentage of this expenditure was spent in the main categories of accommodation (lodging), transportation, food and beverage, shopping, and entertainment. It is safe to assume, however, that a large percentage of this expenditure was spent for overnight stay and food and beverage at the main coastal tourist destinations, as evidenced by the hotel occupancy rates mentioned previously.

Based on the aforementioned, it is important to indicate that there is no data regarding purpose/motive of travel, points of interest visited (attractions), spend per head/day/trip, spend by component (accommodations, food and beverage, shopping, casino, etc.), trip patterns (touring, stop over, single or multiple destination), type of groups or segments of visitors, party size, demographics (age, gender, marital status, education level, occupation, household income, etc.), and other trip variables (e.g., sources of information used for visiting the destination, media habits, visitor satisfaction, etc.).

Therefore, there is a dire need for Tunisian tourism authorities to undertake more research and have statistical methods to collect data in the form of time series surveys for both travelers and businesses that travel to a site, region, and destination and their preferences for specific destinations and/or products.

By providing information on socioeconomic aspects, opinions and attitudes of travelers, geographic facts regarding origins, destinations, and places/sites visited, mode of transportation, and overall information about the trip characteristics, tourism managers at the governmental and destination level will be better assisted and equipped in using statistical information to analyze trends, seasonality, and cycles in demand, which is constantly changing and is central to the development of marketing strategies, as well as managing impacts at the destination level.

1.6. Market Access: Airlift

Airport infrastructure from a tourism development perspective is crucial not only for receiving both domestic and international flows, but also for increasing the efficiency of production, distribution, and delivery of tourism services. Moreover, they are considered catalysts for tourism growth as well as key to improving a country's national and international trade relations.

Within this context, Tunisia possesses nine major international airports as follows: Tunis-Carthage, Monastir-Habib Bourguiba, Djerba Zarzis, Tozeur-Nefta, Sfax-Thyna, Tabarka -Ain Draham, Gafsa El Ksar, Gabès Matmata, and Enfidha-Hammamet. The airlift capacity of these international airports can accommodate 19.55 million travelers per year. Of these, seven airports are managed by the Tunisian Office of Civil Aviation and Airports Authority (OACA) with an airlift capacity of 11.05 million passengers per year. Two airports with an airlift capacity of 8.5 million passengers per year were conceded to and managed by TAV Airports Holdings. In 2019, a total of 46,409 international flights were registered into Tunisia, with nearly six million passengers. It should be noted that airlift capacity is a key tourism metric for government

authorities to implement strategic planning and actions that will maximize air lift and consequently grow the tourism economy.

In order to appreciate Tunisia's air traffic evolution, Figure 23 illustrates the oscillated growth during an 11-year period (2010–2021). As can be observed, air traffic grew steadily from 2016 to 2019 after a drop in the arrival of passengers in 2015 due to security concerns following terrorist attacks. In 2019, the number of passengers reached 8.686 million, its highest peak since 2010 before dropping again, this time dramatically, to 2.602 million passengers in 2020, due to the COVID-19 pandemic. The number of passengers has been recovering since 2020 with a slight increase to 3.386 million passengers in 2021.

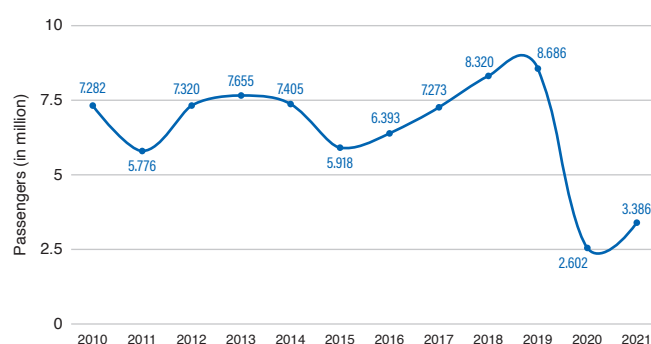


Figure 23: Number of passengers (in million), 2010-2021

The COVID-19 pandemic led to a dramatic reduction of seats available on flights to Tunisia. In 2019, Tunisia had a high load factor of 6.34 million available seats with the largest volume coming from France, Germany, and Russia. In 2021, Tunisia's load factor dropped to 3.07 million available seats, which represented a decline of 48% compared to 2019. However, the availability of seats to Tunisia steadily increased to 5.1 million available seats in 2022 (80% of 2019). In 2022, the largest volume of seats is from France, Libya, and Germany. The highest growth origin countries by volume and year-on-year (YOY) growth include France, Germany, Algeria, UK, and Turkey, whereas seats available from Russia, Mali, and Serbia declined.

According to an analysis of the top-ranking international origin markets for flights into Tunisia, these come from Continental Europe, North Africa, and the Middle East, as illustrated by Figure 24 below, the city of Paris leads in terms of number of passengers per day into Tunisia. In 2019, an average of 2,078 passengers departed daily from Paris to Tunisia. In 2020, because of COVID-19, fewer passengers arrived per day, registering 1,766. Lyon followed Paris with 547 passengers per day (Y2019) and Tripoli with 505 passengers per day (Y2019). For the North American market, a non-stop flight from Montreal has positioned the city as the principal outsource market in North America.

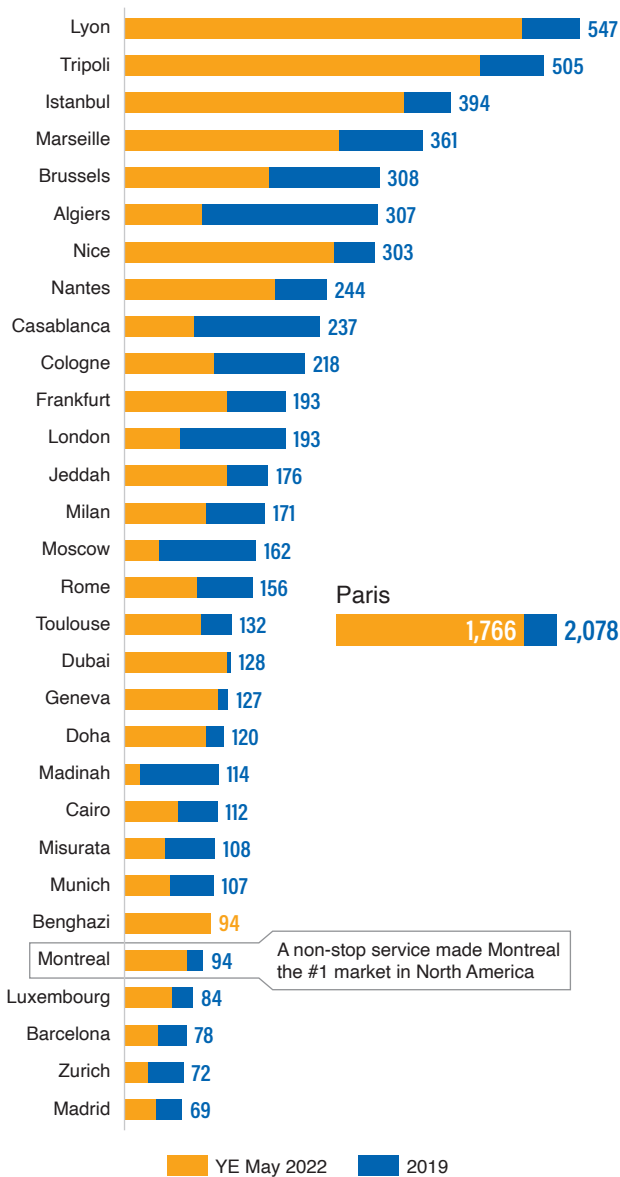


Figure 24: Top 30 Tunisia-international origin markets

Air connectivity is key to unlocking a country's economic growth potential, in part because it enables the country to attract business investment and human capital. An increase in air connectivity also spurs tourism, which is vital to many countries' economic prosperity. The International Civil Aviation Organization (ICAO) defines it as an indicator of a network's concentration and ability to seamlessly move passengers from their origin to their destination.

On a global scale, the International Air Transportation Association (IATA) estimates that around 54% of international passengers are leisure travelers, while in regard to trade, 35% of the global trade is transported by air. The following chart exhibits the number of flights flown into Tunisia in 2019 based on its major source markets. As explained before, this metric is decisive for strategic tourism planning and development.

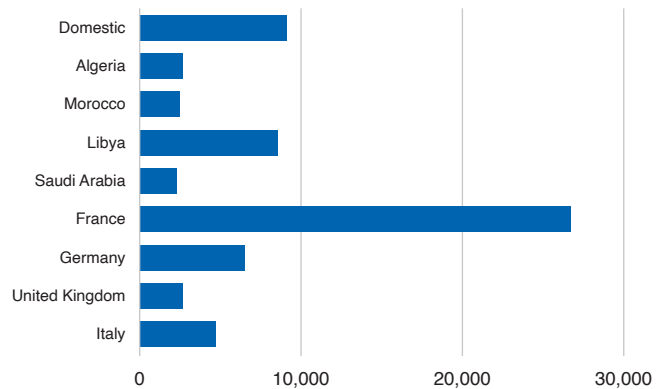


Figure 25: Aircraft movements per major source countries (number of flights) 2019

Based on the data, France continues to lead the most international flights, followed by domestic flights and its neighbor Libya. The domestic component is very important since the movement of national residents represents a key tool for regional growth and development. It should be noted that in 2019, a total number of 2.5 million national tourists traveled throughout the country, representing 36% of total visitors and generating 3,088 billion USD of expenditures (see Figure 15 – Value of domestic and international tourist spending in Tunisia (2019–2020)). As an increasing number of households in emerging economies reach higher income thresholds, more disposable income becomes available for discretionary spending, travel being one of the most important, thus contributing to sustained growth in domestic travel spending.

1.7. Policy and Institutional Context

a. Existing Tourism Policy, Master Plan, and Strategy

The Global Economic Vision of Tunisia 2035 developed by the Ministry of Economy and Planification announces the need to design a new economic model for Tunisia built on six pillars:

- Human capital development
- Knowledge economy
- Competitive and diversified economy
- Green Economy and climate change
- Social equality
- Regional development and urban planning

In this new vision, the role of tourism in economic growth is discussed as well as policies that interact with the tourism industry. The new vision calls for the transformation of the tourism industry into a more profitable and adaptable industry able to withstand international and national changes.

Furthermore, the vision champions the private sector as the “most important partner for the state in shaping general trends and formulating public policies.” As much of the growth and diversification of the tourism sector in Tunisia will be private sector-led, the emphasis on stimulating the climate for investment and private initiative will support the needs for finance of the tourism sector.

The new vision also addresses the agricultural sector and suggests approaches to fortify the sector from various forms of risks such as climate changes and global markets to become a guarantor of food security in the country. To protect the country’s natural resources, the new economic growth paradigm is based on changing production and consumption patterns, improving the use of natural resources, and supporting the country’s ability to adapt to climate changes. The future plan will focus on treating waste, developing the circular economy, promoting renewable sectors, and green growth. This focus will support developing the tourism sector in a more sustainable way that can better withstand the shocks related to climate change and withstand the increased demand on resources that tourism can bring.

b. Major Public Institutions in the Sector

MOTH: Ministry of Tourism and Handicrafts -

The Ministry of Tourism ensures the general mission of implementing the government’s policy in the field of tourism.

ONTT: National Tunisia Tourism Office - The ONTT is a public establishment placed under the supervision of the Ministry of Tourism. The ONTT’s main mission is to implement Tunisia’s tourism sector strategy in the country. It is in charge of planning and development of the sector, including the regulation and control of tourist activity, as well as promoting the product and ensuring training for all subsectors of the tourism industry.

AMVPPC: Agency for the Development of Heritage and Cultural Promotion - The Agency’s mission is to implement government policy in the various cultural fields, particularly those connected with the development of cultural heritage in all its forms and the management of various archaeological sites, monuments, and museums throughout the Republic of Tunisia.

AFT: Tourism Real Estate Agency - The AFT’s mission is to acquire land for tourism purposes, conduct development plans, execute necessary infrastructures, and other responsibilities in the field of land management in tourism.

ENPFMCA: National Establishment for the Promotion of Festivals and Cultural and Artistic Events - This institution is responsible for the management and

promotion of cultural and artistic events under the supervision of the Ministry of Cultural Affairs.

INP: National Heritage Institute - The INP is a Tunisian public administrative institution responsible for dealing with historical, civilizational, and artistic heritage under the Ministry of Culture.

Ministry of Transportation - The Ministry of Transportation of Tunisia is in charge of, among other things, defining, implementing, and monitoring the transport policy of the Tunisian government

ONAT: National Tunisia Artisan Office - The ONAT has the main mission to implement the strategy of the State as regards safeguarding and development of the Tunisian handicrafts sector.

OCAA : Office of Civil Aviation and Airports -

The OCAA is responsible for the planning, operation, maintenance, and development of airports and their facilities and equipment, as well as the regional and local control of the air navigation, and the implementation of measures to facilitate the arrival, departure, and parking of aircraft.

c. Major Private Institutions in the Sector

FTH: Hotel Federation of Tunisia - The FTH has the mission to support the development of the hotel and tourism industry in Tunisia.

FTAV: Tunisian Association of Travel Agents - The FTAV is a professional syndicate organization that defends the interests of travel agencies.

Fi2T: Interprofessional Federation of Tunisian

Tourism - The Interprofessional Federation of Tunisian Tourism is an independent interprofessional employers’ union that has the particularity of bringing together various operators (legal entities, individuals, associations, unions, NGOs)

d. Major Regulatory Constraints and Issues Related to the Sector

Besides the constraints associated with an industry dedicated to beach tourism as mentioned in this diagnosis (seasonality, abandonment of the country interior, low tourist spending, impact of COVID-19, low development of cultural activities and services to the visitor, limited air connectivity, etc.) and safety and security perceptions of Tunisia, other regulatory dimensions hamper the sustainable development of the Tunisian tourism sector:

Access to finance and business climate: The large amount of non-performing loans (NPLs) in the tourism sector is a significant problem for developing and

diversifying the tourism industry in Tunisia. As noted previously in this document, several factors have led to the consistently high NPLs in Tunisia's tourism sector. In the early 1980s, the government engaged the public banks in subsidizing the expansion of the tourism sector. Public banks eventually had disproportionately high exposure to the sector and also engaged in poor lending decisions. When the tourism sector went into a severe recession following the 2011 turmoil amid political instability and 2015 terrorist attacks, NPLs started to gradually increase.

Most of the NPLs are associated with traditional hotel development projects. However, banks are now wary of the tourism sector, which affects small-to-medium enterprises (SMEs) in the tourism sector from accessing finance. While employment and hotel room growth have been relatively flat over the decade, new tourism-related investment has declined both in dinar (-41%) and euro (-71%) terms (2010 vs. 2019). These constraints must be addressed to ensure the sector can grow sustainably and diversify. As noted earlier in this document, government authorities continue to advance much-needed structural reforms to improve the country's business climate, including an improved bankruptcy law, investment code, a law enabling public-private partnerships, and a supplemental law designed to improve greater transparency. These reforms are intended to help Tunisia attract both foreign and domestic investment.

Environment: An identified threat to tourism in rural areas of the country is the abundance of trash littered

across the landscape. Tunisia's municipalities took over responsibility for handling local solid waste management in 2018 from the central government. However, municipalities often lack the resources and capabilities to handle the waste, and there is insufficient funding from the central government. Thus, there is a need for a national strategy for the management of household waste and mobilization of resources for implementation. Moreover, tourism is vulnerable to climate change and also contributes to it, especially when it comes to mass tourism concentrated along the coastal areas (increasing urbanization of the coasts; pollution of the air, soil, and marine environment; overconsumption of water and energy resources; high risk of natural disasters; etc.). Although several studies on ecotourism have been conducted by the Ministry of Environment, increased support is needed for companies and municipalities to strengthen their efforts to limit the negative consequences of tourism on the environment.

Workforce: Although tourism is a major employer in Tunisia, there is a deficit of qualified personnel due to a mismatch between graduates' skills and the needs of the labor market in terms of quality and technical focus. Improvements in the governance and management of vocational training centers is needed as well as updated curriculum that will match the fast-changing nature of the sector. In addition to the current lack of skills in the market, the tourism sector is losing its attractiveness – it is therefore necessary to improve the working environment and employment conditions to create more appealing jobs.



Part 2 Analysis of Tunisia's Competitive Position



2.1. Global Rankings and Analysis

This part introduces three important global reports and rankings - the Travel & Tourism Development Index from the World Economic Forum (WEF), Doing Business from the World Bank, and the Adventure Travel Development Index from the Adventure Travel Trade Association. All these reports allow tourism sector stakeholders and decision makers, each year, to analyze the contextual situation of each country and to benchmark the tourism competitiveness on specific topics (i.e., tourism sector and its indicators, business activity, adventure tourism). After presenting the three different reports with the respective competitive advantages and disadvantages of Tunisia, this section features an analysis of its main competitors, as well as a description of the major challenges of the tourism sector in the country.

a. WEF Ranking with Competitive Advantages and Disadvantages

The Travel & Tourism Development Index (TTDI) 2021 is a strategic benchmarking tool to advance the future development of the travel and tourism sector by providing unique insights into the strengths and development areas of each country to enhance the realization of the sector's potential and growth. The TTDI benchmarks and measures "the set of factors and policies that enable the sustainable and resilient development of the T&T sector, which in turn contributes to the development of a country."

The index allows the analysis of any country's tourism sector in the following areas: (1) enabling environment, (2) policy and enabling conditions, (3) infrastructure, (4) demand drivers, and (5) sustainability.

The Middle East and North Africa region (MENA), to which Tunisia belongs, recorded a performance that is below the global average score. Tunisia is the North African country that depends the most on Travel and Tourism. Overall, North African economies – Egypt, Morocco, and Tunisia – have gaps in air, tourist, health and ICT infrastructure, and access to qualified labor. However, they lead the MENA region in price competitiveness. The TTDI report indicates that MENA countries need to increase their international openness, invest more in ground services and tourist infrastructure, and focus on promoting and establishing cultural and, in particular, natural attractions.

In the latest report (2021), Tunisia has been ranked 80th out of 117 countries, with a score of 3.6/7. The ranking and scoring detail allow us to analyze the performance of Tunisia in the different tourism topics. In short, Tunisia is ranked among the best in Price Competitiveness (13th) and Prioritization of Travel and Tourism (15th). By contrast, Tunisia is poorly placed in a number of areas that need to be considered to upgrade the quality of the tourism offer and to ensure a more sustainable tourism approach. In the "Enabling environment" section, Tunisia is positioned between 78th and 86th for its business environment, safety and security, health and

hygiene, human resources and labor markets, and ICT readiness. The scores in the “Infrastructure” section are substantially low as well, which demonstrates that there are some conditions to improve in air transport (83rd), grounds and ports (92nd), and tourism services infrastructures (70th). As described in the report for the MENA region, Tunisia is among the countries with the lowest score for “International Openness” (104th). The same case applies to the “Demand Drivers,” with poor offers in natural, cultural, and non-leisure resources compared to the rest of the world. Finally, the environmental sustainability (85th) and the demand pressure and impacts of the Travel and Tourism sector (114th) need to be monitored to minimize the risks related to tourism development.

Tunisia’s performance in the TTDI report and the implications on selected areas and challenges for the tourism sector will be analyzed later in Section 2.2.

b. World Bank Group Doing Business Ranking

Doing Business registers and documents changes in regulation in 12 areas of business activity in 190 economies, and measures the different processes from starting and opening a business to operating it in a secure environment. This report allows the benchmarking of business regulations across countries. Out of 190 countries analyzed, Tunisia is in the first half of the Ease of Doing Business ranking with the 78th position.

According to the main findings of the report, from May 2018 to May 2019, Tunisia implemented three positive reforms:

- Starting a business: more services into the one-stop shop and reducing fees



- Registering property: streamline of the internal process to transfer property, more transparency of the land administration through the publication of statistics tracking property transactions at the Land Registry
- Paying taxes: implementation of a risk-based tax audit system

While Tunisia is ranked among the best in Starting a Business (19th) and Dealing with Construction Permits (32nd), it has reached an intermediate position in most areas - Getting Electricity (63rd), Protecting Minority Investors (61st), Resolving Insolvency (69th), Enforcing Contracts (88th), Trading across Borders (90th), and Registering Property (94th). Finally, the report underlines that it remains financially difficult to manage a business (Getting Credit (104th) and Paying Taxes (108th)).

c. Adventure Travel Development Index with Competitive Advantages and Disadvantages

The Adventure Travel Development Index is a global ranking from the Adventure Travel Trade Association and George Washington University International Institute of Tourism Studies (GW IITS) that assesses adventure tourism competitiveness of countries around the globe. Using a wide range of subjective and objective data, the ATDI ranks countries based on their scores in the following 10 pillars: Sustainable Development Policy, Safety & Security, Health, Natural Resources, Cultural Resources, Adventure Activity Resources, Entrepreneurship, Humanitarian, Tourism Infrastructure, and Image. The ATDI can be used as a tool for tourism destination stakeholders to measure their adventure competitiveness and identify their strengths and weaknesses in the sector.

The ATDI makes a distinction between developing and developed economies. As a result, Tunisia was ranked 69th out of 163 developing countries in the latest 2020 report. In the full ranking comprising both categories, Tunisia’s position was 97/191. The main findings of this report are that Tunisia is, as for the TTDI, for the majority of cases in the middle of the ranking. Conversely, this is not the case for the pillar “Adventure Activity Resources” where Tunisia is surprisingly ranked 12th in the world, meaning that it recorded a low score in the number of species in danger and the forest area coverage change. Tunisia is placed at mid-range for its cultural resources (UNESCO list and proportion of protected areas), infrastructure, natural resources (population density, coastline area, urban concentration), as well as its health context. The other side of the coin, however, reveals rather disappointing scores in terms of safety, humanitarian presence, country’s image and sustainable development (environmental performance and unemployment rate).

2.2. Benchmarking Competitive Position

The Travel and Tourism Development Index (TTDI) is an efficient and reliable strategic tool that can be used to benchmark Tunisia and its competitors in the tourism sector and the drivers of its development.

Country	Rank	Score	Change since 2019	
			Rank	Score
Spain	3	5.2	+2	0%
France	4	5.1	+2	-0.2%
United Arab Emirates	25	4.5	+1	+0.7%
Greece	28	4.5	0	+0.2%
Saudi Arabia	33	4.3	+10	+2.3%
Malta	35	4.3	-3	-1.9%
Turkey	45	4.2	+4	+1.3%
Egypt	51	4.2	+6	+4.3%
Jordan	64	3.9	-1	-0.6%
Morocco	71	3.8	-4	-2.1%
Tunisia	80	3.6	-3	-0.5%

Figure 26: Competitors' list and TTDI 2021 respective ranking

The competitors of Tunisia were selected from their geographic positions compared to Tunisia as well as their relationship to the leading source markets visiting Tunisia. The direct competitors are Egypt and Morocco, for their proximity to Tunisia and their similarity to the Tunisian tourism set of products. As Tunisia competes against beach destinations close to the European market, France, Spain, Malta, and Greece have been selected to represent the competitive set in Europe. The United Arab Emirates has been an important destination in the Middle East, especially for European tourists. Saudi Arabia is becoming a major competitor as well, due to its strong growth in tourism investments in recent years, particularly the implementation of the Red Sea Project, a luxury and co-responsible resort project planned for late 2022. Finally, Jordan and Turkey complete the competition set, with Jordan attracting tourists from all over the world to its archaeological and cultural sites such as Petra, and Turkey being a leading world destination in the middle of two continents with its seaside resorts located on the Aegean and Mediterranean Sea coasts. It should be mentioned that other emerging destinations might become important competitors to consider in the near future, such as Algeria. This benchmark must thus be regularly monitored and completed according to the trends of the sector worldwide.

a. Competitive Set

Morocco



Due to its proximity to Europe and particularly Spain, combined with its mix of culture and exotic appeal, Morocco has enjoyed a very favorable tourist climate in recent years. According to the World Bank, international tourism revenues in Morocco reached 9.95 billion USD, while Tunisia recorded a total of 2.68 billion USD. At the end of the 20th century, Tunisia and Morocco were recording a rather similar amount of tourism revenues, but Moroccan tourism has skyrocketed ever since, though experiencing some downturns like Tunisia over the last decade. The international arrivals are even more representative of the competitive situation between the two countries: in 2019, Morocco welcomed 13,109,000 international tourists versus 9,429,000 for Tunisia. Yet, until 2005, Tunisia was much more popular than Morocco to the eyes of the international public, with more than 4 million arrivals in 1995 for Tunisia and only 2.7 million for Morocco. Moroccan tourism is very similar to Tunisian tourism in the eyes of Europeans – sand dunes, seaside resorts, imperial cities and their medinas, and other cultural similarities that attract those interested in visiting exotic countries just a few hours from home. France, Spain, and Germany are the top three source markets of Morocco. The major tourism strengths of Morocco, unlike Tunisia, are characterized by its culture with its ancient Roman and Islamic sites, ancient cities, history, and strong identity – strong assets that have been developed and promoted to transform the country into one of the most popular destinations in Africa.

Egypt



According to the TTDI insights, Egypt has had the second greatest percentage improvement (+4.3%, 57th to 51st) in the entire index. As one of the oldest countries in the world and retaining impressive traces of its past, Egypt has become a popular destination for international tourists, with over 13 million international arrivals in 2019. The country's long and rich cultural tradition has kept up with years of modernization and foreign influence, ensuring it remains one of the most diverse destinations. The country has many tourist assets, whether culturally to bask on the many beaches of its coasts or to enjoy its nature (desert, Nile, Red Sea). Just like all the countries of the Middle East, the last decade was eventful, but Egypt still records a steady growth, going from 3 million tourists in 2000 to 14 million in 2010 in just 10 years. Moreover, although Tunisia seemed slightly more popular at the end of the 20th century, tourism revenues have always been higher in Egypt than in Tunisia, although

the October 2015 crash in Egypt's Sinai crushed the economy in 2016 before quickly recovering to its previous figures by 2019. The major source markets in 2019 were Germany, Ukraine, and Russia. In the last TTDI report, Egypt was ranked 2nd in Prioritization of Travel & Tourism, 6th in Price Competitiveness, and 18th in Cultural Resources, demonstrating the importance of tourism in Egypt's economy and the highly competitive situation it shares with Tunisia.

Turkey

Turkey attracted around 51 million tourists in 2019, becoming the 6th most visited destination in the world.



The Mediterranean nation balances cultural and natural attractions, receiving visitors from all over the world, most of whom come from Russia, Germany, Bulgaria, UK, and Georgia. Tourism in Turkey is focused largely on a variety of historical sites spread around the country – the major cities being Istanbul and Antalya – and seaside resorts along its 7000-km Aegean and Mediterranean Sea coasts, which generated a total of 41 billion USD of tourism receipts in 2019. Located in the midst of Asia and Europe, Turkey's historical and geographical influences offer a rich culture which can be experienced through many tourism activities in the country. Turkey undoubtedly has a leading position by its number of annual visitors from which Tunisia could be inspired to combine its seaside offers with new cultural possibilities.

Jordan

Jordan is best known for the outstanding archaeological site of Petra – one of the seven wonders of the world – but many other ancient and medieval sites, cultural and religious activities, and natural attractions also attract travelers. This Middle Eastern country offers visitors a variety of activities ranging from adventure tourism in the Wadi Rum desert, to beach tourism on the shores of the Red Sea and the Dead Sea, to cultural and religious tourism. In 2010, before the outbreak of a series of geopolitical conflicts, almost as many tourists visited Tunisia and Jordan (7.8 million and 8 million, respectively). However, while Tunisia has been able to increase its international arrivals to 9.4 million in 2019, Jordan has often been overlooked. Hence, in 2019, Jordan had only 5.3 million tourist arrivals, which appears to be a very low number compared to all competitors listed in this section. Conversely, if we take into account tourism revenues, Jordan received 6.7 billion dollars in 2019 compared to only 2.6 billion for Tunisia. This contrast is particularly interesting in this competition analysis and can probably be explained by the tourism model implemented in the country and/or the outbound markets in Jordan (with 40% of the market coming from the Middle East in 2019, which



is twice that of Tunisia). Major investments are also being made in Jordan as in the rest of the Middle East, with current tourism and real estate infrastructure projects such as Marsa Zayed (a 10 billion USD marina community with 300 yacht berths and luxury accommodations for more than 50,000 people).

The United Arab Emirates



In the TTDI report, the United Arab Emirates is the best performer in the MENA region (25th). The country is one of the safest destinations in the world (2nd in the TTDI ranking), with a very advantageous business environment. Its aviation infrastructure is among the best in the world (1st in the ranking, thanks to its strategic geographical position and the large investments made in this field). The UAE has only started to invest in tourism in earnest since 2005 – before that, tourism revenues were more or less equal to those of Tunisia. In 2019, the UAE recorded a total of 38 billion in tourism receipts (11.6% of GDP) and 25,282,000 international arrivals. While the country is the major tourist destination in the Arab world, particularly with the development of tourism in Dubai, tourism in the UAE can be compared to Tunisian tourism because of their beach and luxury tourism offerings.

Saudi Arabia



By opening their borders to more tourists from the US, UK, and Schengen Area countries in 2020 and making major investments in culture, leisure, and entertainment projects, Saudi Arabia is on the verge of becoming an important tourism force in the Middle East in the coming years, though it already receives 20 million visitors per year and almost 20 billion USD only through business and religious travels. The TTDI insights revealed that Saudi Arabia has had the biggest leap in the rankings in a year (+2.3%, 43rd to 33rd), with a particularly remarkable performance in sustainability, ranking 1st in the world in T&T Demand Pressure and Impact. Saudi Arabia is developing large-scale projects in the tourism sector, such as the "Middle East Riviera," which is expected to generate 2,500 luxury hotel rooms by 2028, or the "Red Sea Project," which will include 90 islands to visit in a luxury and co-responsible resort project. NEOM, a 500 billion USD futuristic city, is another 26,500-km² massive project that will shape the future of tourism in Saudi Arabia with the goal to target 1 million visitors by 2025 and 5 million by 2030 with the necessary infrastructure (airport, port, stadium, conference and convention centers). Such heavy investments will obviously change the future of tourism in the Middle East, creating major competition to the United Arab Emirates and therefore to smaller destinations such as Tunisia.

**Malta, Greece, Spain, etc.
(Southern Europe)**

Europe remains the TTDI's top-performing region, as well as the most developed in the world, boasting some of the highest scores in every indicator. Mediterranean destinations have been and will always be popular in Europe for close, culturally rich vacations and ideal for local beach tourism. Even if Tunisian culture is different from Europe and the comparison is to a certain extent limited, the main reason for the majority of the vacationers remains the research of seaside experience combined with a culture which allows one to escape from one's working environment. As presented in Part 1 of this document, while Tunisia was among the leading beach destinations near Europe in the 20th century, tourists have developed and revealed new cultural and natural expectations for destinations in the last decades that rapidly made Tunisia off-trend. Thus, it is essential to consider in the set of competitors not only destinations from the Middle East, but also European destinations that largely fulfill the expectations of most travelers.



b. Price Competitiveness

In the TTDI 2021, Tunisia ranked 13th out of the 117 economies in Price Competitiveness. The indicators used were the following ones: ticket taxes and airport charges, hotel price index, purchasing power parity, fuel price levels, and short-term rental prices. Price competitiveness is the only area in which Tunisia performs better than all its competitors. This proves that low pricing has been one of the characteristics of the country and one important reason to visit it – a consequence of the development of beach infrastructures adapted to mass tourism. This score, however, should not be carefully taken as a reference in tourism planning – as a matter of fact, the most expensive destinations are most of the time, part of high-income economies and among the leaders of this index. Low prices are often correlated with weak infrastructures, sustainability policies, and labor conditions. Being a price competitive destination also means limiting the monetary value created by the tourism industry.

Recent research into beach resort vacation package pricing to Mediterranean destinations also shows similar pricing across destinations, and prices that are, at best, only covering fixed operating costs or simply meeting debt service obligations at many of these properties. A bright spot uncovered, as a result of conducting European package pricing research, was the identification of tour packages being sold at as much as five times the price of beach-only resort packages currently on offer. While these packages

include stays at beach resorts, the primary focus of these trips is Tunisia's rich cultural and natural heritage. With a total of 2.68 billion USD in tourism receipts in 2019, Tunisia is by far the country with the lowest amount of tourism income among all the competitors analyzed in this section. Throughout the National Sustainable Tourism Strategy, it is believed that Tunisia can reposition itself among its competitors by proposing more diversified quality tourist offers, which will undoubtedly impact on tourism contribution to GDP.



Figure 27: Average package cost per day, beach holidays vs. cultural/beach circuits (as of December 2021)

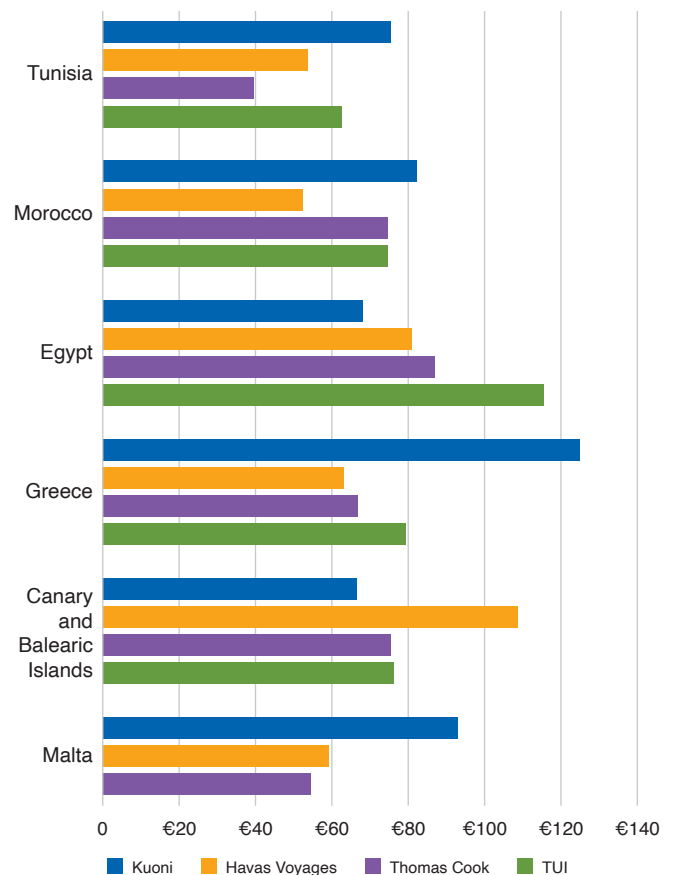


Figure 28: Average package cost per day, beach holidays from major outbound European tour operators (as of December 2021)

c. Safety and Security

Safety and security are significant issues in Tunisia that have turned the Tunisian tourism sector upside-down over the years about the various events and crises that have endangered many lives, including tourists. The macro-analyses presented at the beginning of this chapter have detailed how unstable the tourism situation has been in recent decades in Tunisia. Although 2019 recorded the highest number of visitors per year with nearly 9.5 million international arrivals, the Tunisian economy has yet to recover its peak economic performance recorded in 2008 with 3.9 trillion TND in tourism revenues (not to mention the implications of COVID-19). However, Tunisia is still in a political and structural transition phase that can be reflected in tensions and social movements at any time throughout the country, particularly at the Libyan and Algerian borders.

The recovery of the sector's growth is highly dependent on the geopolitical situation in the region and consequently on the level of safety and security to which visitors are exposed. In addition, the TTDI 2021 results are not encouraging, compared to the 2019 edition, with a slight decline in most of the scores of indicators included in the Safety and Security area (reliability of police service, safety walking alone at night, homicide cases, global terrorism index, and organized violence) – positioning Tunisia 10th out of 12 MENA countries in 2021, significantly behind all its competitors in tourism.

d. Tourism Sector Prioritization

The Tunisian government has made progress in tourism sector prioritization over the years, reaching among the best scores in the world in the Prioritization of Travel and Tourism. While Egypt and Saudi Arabia take the lead in the MENA ranking through their significant tourism investments mentioned above, Tunisia has spent up to 7.6% of its annual budget on travel and tourism expenditure and 7.5% of its total investment in travel and tourism capital investment. By continuing on this path and prioritizing the tourism sector's development and diversification, the Tunisian government and the public and private actors will ensure the validity of the strategy proposed in this document and enable the right business and investment climate for the future.

e. Quality of Tourism Sector Policy Rules and Regulations

Rules and regulations in the tourism sector policy have a determining role in the success of a destination and the ability to welcome international visitors. Dispositions such as visa requirements, number of bilateral air services, or degree of financial openness are evaluated in the TTDI. The latest report indicates that Tunisia ranks only 104th in the world, far behind the global average. While Saudi Arabia is developing a remarkable open-border policy that will completely change the international climate of the country and the tourist projections in the Middle East, Tunisia must be careful to progress in this area and succeed in opening up more internationally. The tourism



policy also includes a set of other strategic aspects in the financial and legal field (e.g., taxes, incentives, licensing, certifications, environmental protection, etc.) that will all affect the travel and tourism sector.

f. Quality of Tourism-Related Infrastructure

Despite Tunisian significant tourism sector investments, infrastructure quality remains lower than the global average. In general, tourism infrastructure in Tunisia (air transport, ground and port, tourism service infrastructure, digitalization) is not ready to efficiently accommodate the demand, placing Tunisia in the three last economies of the MENA group.

For example, the system of air transport in Tunisia is one critical infrastructure that must be improved not only to increase the number of international arrivals and ensure easier accessibility but also to remain competitive with new markets that have developed massive international hub airports such as Dubai and Istanbul – and soon in Saudi Arabia. Transforming the airlift capacity through the revision of several indicators, some of which are included in the TTDI, such as the efficiency of air transport services, seat availability, number of operating airlines and flights, or airport connectivity.

The same case applies to the quality of road infrastructure. Tunisia needs to keep monitoring the road conditions across the country and investing in better efficiency and accessibility of public transport to become more competitive in the region. In March 2022, the African Development Bank and Tunisia signed a loan agreement for a total of 335 million TND to finance the second phase of the Modernization Project of Road Infrastructure (PMIR-II), which plans to rehabilitate 230 km of roads that are primarily located in the inland governorates.

By developing roads that are less endowed with economic infrastructure than coastal regions, the project contributes to cultural, ecological, and Saharan tourism development projects. The ADB has expressed its intentions to support other projects in transport infrastructure



g. Quality of Human Resources

In 2019, 1 in 10 jobs (333 million jobs) were provided by the travel and tourism industry globally. While employment numbers have been steady until the pandemic, the TTDI revealed that there are still improvements to make in the Tunisian labor market to align employees' skills with the needs of international demand. It is among the last in the MENA (78th in the world), still 10 places ahead of Morocco. TTDI's Human Resources and Labor Market pillar measures the availability of quality employees and the labor market's dynamism, efficiency, and productivity. According to the ONTT's website, Tunisia has a tourism institute, three training centers, and four hospitality schools spread over six governorates. Nevertheless, in the TTDI, Tunisia's mean years of schooling, the extent of staff training in companies, and the education system's ability to meet needs are all indicators that score below the global average. To align the Tunisian human capital with the demand needs, new professional training in tourism and improvements in quality education are thus needed to improve the tourism services.

h. Digitalization of Marketing Efforts

In an effort to rebuild the post-COVID-19 economy and respond to new trends that have emerged in recent years, many destinations have reallocated their traditional marketing spend to digital promotional strategies – upgrading digital communication channels, developing tools dedicated to mobile users, implementing online campaigns with tangible elements of community engagement, re-engaging with opinion influencers, content on social networks, booking online experiences and services. Indeed, to cope with the sudden halt in tourism activities during the COVID-19 pandemic and to best prepare for the recovery, destination promotion agencies had no choice but to leverage digital trends. In Turkey, for example, the ministry indicated in early 2021 that a promotional strategy for the tourism sector would be based on new technological tools. To that end, Turkey's Tourism Promotion and Development Agency (TGA), has created an advanced user experience for the "Go Turkey" website and launched Live Turkey, a video platform that provides a single point of access to social media content and more. Greece also leveraged this digitalization shift to launch a 2020 multipurpose app to get information about COVID-19, book experiences, enter contests, view a calendar of events, and many other features to accompany the visitor in all stages of travel (dreaming, planning, booking, experiencing, and sharing).

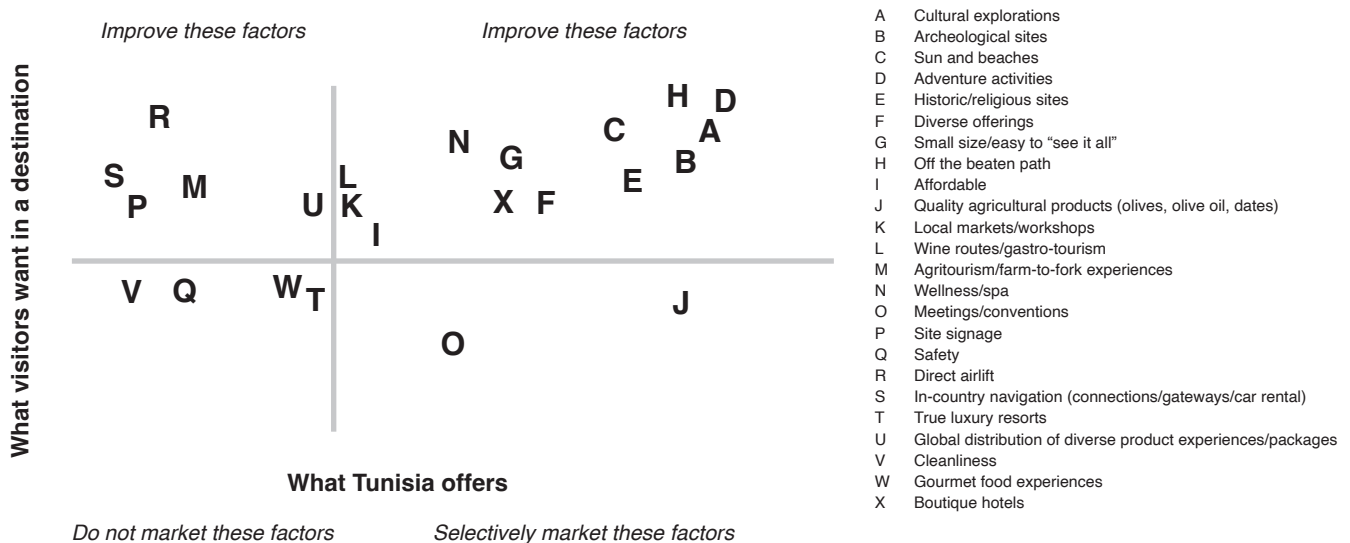
Digitalization is no longer an option for Tunisia, and the ONTT must now take radical and innovative steps in its marketing efforts to live up to the expectations of target markets, including redesigning the promotional site for a high-quality user experience and developing effective digital marketing campaigns.

2.3. Positioning

The place of Tunisia in relation to its competitors is clear: in order not to lag further behind and to meet the challenges ahead, Tunisia must position itself by acknowledging and capitalizing on the assets of the country.

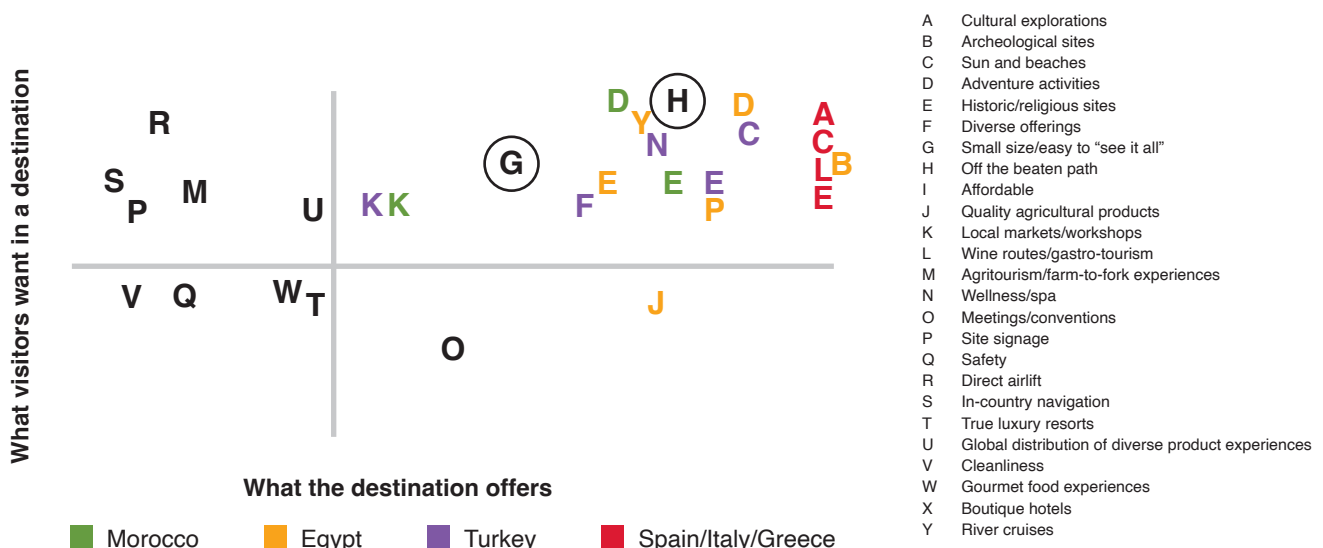
When matching what visitors want in a destination with what Tunisia offers, it's important to see how interesting each factor can be for potential travelers and how developed Tunisian assets are now. As presented in the quadrant table below, the factors to market lean strongly towards adventure activities and historic/cultural experiences. Tunisia has an opportunity for branding the country as a place that provides a variety of interesting attractions beyond its beaches, providing almost year-round sunny weather, great diversity of products, friendly people, and amazing food. The potential becomes even more apparent when highlighting Tunisia's unique accessibility and products that are off the beaten path.

Tunisia Factors to Market



Comparing these factors with their equivalent in competitor countries, it is clear that Tunisia is practically alone in two categories. Although a small country, Tunisia has a wide variety of easily accessible assets and remains an off-the-beaten-path destination, offering travelers less crowding, ease of visit, and a high level of authenticity. The following section presents a list of economic growth opportunities, new/expanded products, and new/expanded markets that will allow Tunisia to take advantage of a positioning that matches its assets and global trends.

Tunisia Competitive Positioning



Part 3 Opportunities Assessment



3.1. Overall Country Opportunities

a. Potential New Sources of Economic Growth

The first two parts of this National Sustainable Tourism Strategy, the tourism situation in Tunisia (Part 1) and the analysis of Tunisia's competitive position (Part 2), served as a comprehensive overview of the destination Tunisia which simultaneously allows identifying number of challenges to be addressed to grow the value and importance of Tunisia's tourism industry. Among these challenges, it is worth highlighting the image of Tunisia as an unstable and unsafe destination due to the historical context and the various downturns caused by the numerous terrorist events in the region. In addition, the state and situation of Tunisian tourism infrastructure, which were initially designed to meet the demand for mass beach tourism, no longer meet the needs of significant outbound markets. Tunisia has been positioned as a destination almost solely for low-priced beach vacations, which explains its relatively weak competitive position compared to the developed and emerging destinations in the region. While Tunisia has been heavily affected by the COVID-19 downturn, as has the rest of the world, the coming years offer unique opportunities to take advantage of the numerous challenges and further enhance tourism in Tunisia to compete as a more diversified destination.

Tunisia has all the ingredients to compete in a post-COVID-19 environment by capitalizing on its potential to develop and promote the country as a cultural heritage

destination. Trends and shifts in consumer demand toward more authentic and immersive experiences focused on culture and nature can be an advantage and a catalyst to prepare Tunisia to attract and welcome new and expanded markets with higher purchasing power while ensuring the retention of major markets that have driven tourism demand in Tunisia up to now.

These potential market opportunities, and consequently the creation of new products and services, as well as the adaptation of the infrastructure and the accommodation offer, will aim to increase the number of tourism arrivals in Tunisia, which will support the broader economic development of the country. The importance of tourism and its role in economic growth have been studied extensively over time. There is a substantial body of literature that have already proven the linkages and the bi-directionality causality between tourism and economic development, particularly for developing countries, meaning that supportive tourism policies will increase economic growth and, in turn, economic growth will contribute to higher tourism demand. As presented in Part 1, the World Bank and UNWTO estimated that tourism accounted for 6.4% of Tunisian GDP before COVID-19. In addition, tourism contributes to foreign exchange earnings and government revenues, stimulates investments in new infrastructure, increases competition, strengthens human capital, and creates employment opportunities. Many direct and indirect impacts have been consequently linked to the economic engine that tourism development has on the overall economic growth of a country.

In 2015, governments around the world adopted the 2030 Agenda for Sustainable Development, along with the Sustainable Development Goals (SDGs). Tourism has been documented to contribute, directly or indirectly, to all these 17 goals and 169 targets. Through the implementation of the National Sustainable Tourism Strategy, Tunisia will harness the benefits that tourism generates, therefore contributing to the Sustainable Development Goals, and, as a result, foster economic growth and development at all levels in the country. As per UNWTO's mission, sustainable tourism has a crucial role in the 2030 Agenda, reducing national poverty and inequalities, promoting entrepreneurship and small businesses, empowering minority groups, integrating sustainable agriculture in the tourism value chain, investing in education and training, conserving marine and coastal ecosystems, as well as many other benefits. Shifting towards sustainable tourism will integrate more community development, which will engage more participation and create tangible benefits for its residents.

A Steering Committee composed of representatives of ONTT, and the USAID Visit Tunisia Activity is developing a two-year National Tourism Marketing Plan (2022–2024). The Plan addresses four major themes of development (diversification, sustainability, digitalization, and domestic travel) and has identified new/enhanced product opportunities and markets that will be presented in detail below.

b. Potential New/Expanded Product Opportunities

Tunisia is mainly known as a sun and sand beach resort destination, and this has been the country's tourism development model since the 1960s. Tunisia possesses an array of beautiful beaches that rival other world-known beach destinations, especially those found in acclaimed destinations such as Hammamet, Sousse, Monastir, Djerba, Kelibia, El Haouaria, and Sfax. Over the years, these destinations have received the necessary investments to attract national and international travel markets. With the proposed National Sustainable Tourism Strategy, this comparative advantage will need to be sustained and enhanced to remain competitive.

Notwithstanding the aforementioned, Tunisia needs to capitalize on other competitive assets that it currently possesses. In addition to historical and religious sites, others are located within the rural interior of its territory that needs to be developed into tourism products. Therefore, strengthening the diversification of its current coastal development model through the creation and enhancement of its existing cultural and natural heritage iconic assets will result in attracting the demand for newer forms of travel, diversify the market base, and reduce the seasonality of visitor arrivals, which will also improve the profitability of

the accommodation coastal resort sub-sector. The following section describes the diverse opportunities that will allow the capitalization of Tunisia's cultural and natural assets and potential niche products.

1. Heritage and Culture

Tunisia has witnessed and been traversed by a plethora of civilizations starting with the Caspian Era, the Phoenicians, the Greco-Roman Era, the Byzantine Era, the Caliphate Era, the Aghlabid dynasty, the Norman Era, the Almohad Empire, the Hafsid Dynasty, the Ottoman Empire, and the French Protectorate. The historical legacy of these civilizations have definitely left a mark on its territory with over 30,000 archaeological sites and monuments, from which seven are inscribed in the UNESCO World Heritage List, thus making Tunisia a "must-see/visit" historical/cultural destination. Three of its most outstanding World Heritage Sites are the Archaeological Site of Carthage, the El Jem Roman Amphitheater, and the Punic Dougga/Thugga Site.

In addition, Tunisia is enthroned with different religious sites across the entire country. To name a few, the Zitouna Mosque is the country's most famous and oldest mosque, followed by the sacred city of Kairouan, considered the fourth holiest place of Islam, which continues to host annual pilgrimages within its numerous mosques and religious sites. El Ghriba Synagogue in Djerba Island is the oldest African synagogue that received between three and four thousand of visitors this past May 2022. In Tunis, the 19th Century Roman Catholic Cathedral of St. Vincent de Paul is another example of Tunisia's historical and religious legacy. Furthermore, Tunisia possesses countless Medinas – with their well-known narrow streets and alleyways, fountains, palaces, and mosques – which constitute and add to the country's cultural offerings.

However, despite copious government efforts to manage and enhance these cultural heritage assets throughout the country, UNESCO, for nearly 20 years, has been recommending the establishment of public/private partnerships for the preservation and enhancement of ancient sites and monuments along with legal, institutional, and administrative frameworks to guarantee the durability of the sites and monuments that could be ceded in concession to the private sector, as well as their cultural function. This is an issue that needs to be addressed to make sure that Tunisian historical and cultural assets can be supported and managed and thus be transformed into viable tourism products jointly with Tunisian handicrafts, culinary arts, festivals, and events, as well as its arts and entertainment sub-sector since they constitute vital assets that need to be "placed on the map," i.e., marketed and supported with a trained labor force.

Based on shareholder inputs, there is a dire need to share and bring forth Tunisian culture through its arts, languages, religious beliefs, music, customs, and traditions. Within this context, the strengthening of local entrepreneurship in developing local cultural and natural heritage assets is considered crucial for creating and producing innovative content and personalized experiences.

This, in turn, will allow visitors to participate actively in learning activities and experience the uniqueness of the Tunisian tangible (historical and religious sites) and intangible heritage resources (art, design, film, gastronomy, music, and others).

2. Nature/Outdoor

As reported by the World Bank's collection of development indicators, compiled from officially recognized sources, the world average percentage of total protected land area in 2018 was 14.6%, and the average for lower middle-income countries (Tunisia included) was 13.1% for the same year. Terrestrial protected areas (% of total land area) in Tunisia reported in 2021 was at 8%.

According to UNESCO's World Heritage Sites, there is only one natural site in Tunisia on the list, namely the Ichkeul National Park, home to a lake and wetland that is a central stopover point for hundreds of thousands of migrating birds. In addition to this site, there are 17 national parks in Tunisia, 42 RAMSAR sites, and 148 protected areas. This natural patrimony is considered the foundation to attract the birdwatching and adventure market segments, contributing to the diversification of the current coastal sun and sand tourism product.

As previously mentioned in Section 2.1 above, Tunisia was ranked 69th out of 163 developing countries in the latest 2020 Adventure Tourism Development Index report, and, in the full ranking comprising all categories, Tunisia's position was 97/191. For the pillar "Adventure Activity Resource," Tunisia surprisingly ranked 12th in the world, meaning that aside from recording a low score in the number of species in danger and the forest area coverage change, the potential to develop nature-based adventure experiences is genuinely viable. Both trekking and climbing are two adventure activities currently taking place in the different ecosystems offered by the national park system. One concrete example is the visitation at the National Park of Djebel Zaghouan, which attracts trekkers and mountain climbers to the mountain by the same name and is the highest point in Eastern Tunisia at 1,295 m.a.s.l.

The Tunisian Sahara is an essential component of the adventure segment. Forty percent of the country's territory is composed of the Saharan desert. Currently, the experience offered includes the following activities: a camel ride and a hike through the sand dunes, the discovery of an oasis and troglodyte village, and star gazing. Furthermore, the Sahara experience is also known for practicing extreme sports such as rallies, quad bikes, motorbikes, 4X4, and even wind skateboarding on the southern Tunisian salt lake of Chott el Jerid.

However, the scale of these activities is still limited and needs to be further developed to attract more significant numbers in conjunction with the necessary infrastructure and services to accommodate demand. Moreover, land use and visitation impact management plans will be required to protect these natural assets.

3. Niche Products

MICE: The Meetings, Incentives, Conference, and Exhibitions (MICE) subsector is wide-ranging, and it is mainly associated with travel for business purposes. As globalization drives the rise in undertaking business overseas and creating the need for more meetings, conferences, and exhibitions, this demand creates a range of opportunities for Tunisia, which should be taken advantage of, not only to change the image of the country, but also to shape the future of the industry by strengthening the value chain of buyers, suppliers, agencies, and intermediaries, which are key elements for creating more job opportunities. Moreover, it is an opportunity to professionalize the services of the MICE host organizers to meet and satisfy higher consumer demands and expectations and prepare future university students in the field of event management. In addition, it opens up the prospect of using more ICT services and adopting green, eco-friendly best practices to reduce waste, conserve energy, and diminish CO₂ emissions, which should enhance brand image and environmental sustainability at the destination.

Cruise/boating/marine activities: Tunisia has an advantage as to its geographical location in the Mediterranean Basin. By sea, it is easily accessible for any cruise and/or small boat stop. It is also next to Malta, Marseille, Sardinia, and Sicily. The global cruise tourism market is expected to grow incrementally between 2018 and 2022 by 6%. According to the 2018 Cruise Industry News Annual Report, the most significant growth in passenger numbers will come from Europe. By 2027, 51% of cruise passengers will probably be coming from North America (14% in 2019), 31.5% from Europe (7.17% in 2019), and 17.5% from Asia-Pacific (5.7% in 2019). That means that the growth rate of cruise tourism in Europe is anticipated to be bigger than in the U.S. and Canada. Still, the number

of cruise passengers in Europe will not exceed that in North America. Currently, Tunisia's La Goulette port possesses two berths that can safely accommodate the docking of mega-ships such as the *Oasis* and lesser size cruise ships like the *Excellence* and *Meraviglia*-plus class. With two terminal buildings, La Goulette Cruise Port can easily handle the operations of the cruise ships and all the guests brought to Tunisia. In March 2022, with its 724 passengers, the *Spirit of Discovery* was the first ship of the season and the first ship in seven years to call in the Tunisian port.

In addition to continuing to target the European cruise industry, there is an ample opportunity to attract the small boat market, which in the case of Europe, is estimated to amount to 5.16 billion USD. The global small boat market is projected to grow from 26.89 billion USD in 2021 to 57.78 billion USD in 2028 at an annual growth rate of 11.0% in the forecast period 2021–2028. To take advantage of this market, Tunisia needs to continue to attract this lucrative market by enhancing its existing 30 harbors and seven marinas infrastructure and improving the quality of the equipment and services associated with this particular market and expanding it by building with public-private investments in other areas designated along its 1,250-km Tunisian coastline and islands and islets. Furthermore, regattas and races should be further promoted by the Tunisian Sailing Federation, which organizes these types of events.

There are also opportunities for the development of sustainable tourism products in some marine activities, such as fishing. The aim is to give a tourist character to certain marine activities that are still carried out only by locals. Pescaturism, or fishing tourism, gives local fishermen the opportunity to welcome tourists onboard to discover the sea and the corresponding profession, while making the tourist aware of the importance of preserving the marine environment and cultural heritage.

Agritourism: Agritourism is a flourishing product in Tunisia and around the world. This niche product is defined as any agriculturally based operation or activity that brings visitors to an agricultural setting. Tourists often travel to a rural, agricultural area to experience and share in that place's knowledge, landscapes, social practices, products, and cultural heritage. For farmers or others involved in agriculture, offering a tourist experience or service within their agricultural structures can provide additional income. The services offered are generally centered on accommodation and food services but can also include the distribution of local products or leisure activities. Various forms of accommodation are often offered in agritourism, including bed and breakfasts, guest houses, vacation homes, cabins, campsites, or other unique accommodations.

Agritourism can be packaged and promoted in a way that ensures farmers can benefit from the social, cultural, and environmental aspects of their agricultural activities. Many development factors, including labor, training, infrastructure development, and the protection of land and traditional practices, must be addressed to ensure the quality of this niche product in Tunisia. In addition, Tunisia must further develop the regulatory framework related to the sector. Investments and efforts to build agritourism can be an excellent opportunity to reduce the tourist arrival gap between coastal areas and the country's interior.

Wellness and health: The global wellness economy was valued at 4.9 trillion USD in 2019 and then declined to 4.4 trillion USD in 2020 due to the widespread impacts of the COVID-19 pandemic. The Global Wellness Institute (GWI) predicts that the wellness economy will return to its robust growth as the pandemic begins to decrease. The GWI projects a 9.9% average annual growth, with the wellness economy reaching nearly 7.0 trillion USD in 2025. The wellness economy represented 5.1% of global economic output in 2020. Out of the eleven sectors that comprise the wellness economy, it is worth noting that there are several key segments of this economy that Tunisia can take advantage of and thus capitalize on, given the significant value of these segments and the fact that Tunisia has a track record in attracting these segments. These are (i) wellness tourism estimated at 436 billion USD; (ii) traditional and complementary medicine at 413 billion USD; (iii) wellness real estate at 275 billion USD; (iv) spas at 68 billion USD; and (v) thermal/minerals springs at 39 billion USD.

For many years, since 1994, Tunisia has been busy and active in pursuing the wellness tourism/spas/thermal/minerals spring segments by adopting the 2015 published International Standardization Organization (ISO) 17680: Tourism and Related Services – Thalassotherapy – Service requirements. The implementation of this standard has allowed the country to maintain its thalassotherapy centers (60) with high-quality services and to maintain its world ranking for thalassotherapy. What is needed is the establishment of a national certification system based on the five pillars/criteria of the ISO standard, which in turn would allow existing suppliers to continue delivering the vast diversity of personalized treatments the market is demanding, as well as expanding new centers and generating qualified employment. Pursuing this segment will raise the country's profile as a significant wellness tourism destination.

Health tourism, also known as medical tourism, has gained a significant place in the Tunisian tourism industry. This niche market, which is defined by the act

of traveling to receive medical care abroad (cosmetic care, dental care, surgery, etc.), is a booming business worldwide. Thanks to modern infrastructures equipped with state-of-the-art technologies as well as advanced skills in the medical sector, Tunisia has become a pioneer destination in Africa for health tourism, attracting new European and Maghrebian markets in search of quality medical facilities accessible at low prices. It is therefore essential to ensure not only the continuity of this niche market through the constant optimization of infrastructure, technology, and qualifications of medical staff, but also to facilitate the accessibility of the markets concerned on the Tunisian territory (visas, direct air routes, transport services and accommodation, etc.).

Car and motorbike exploration: Tunisia offers approximately 20,000 km of a road network appropriate for scenic drives, races, and rallies for different types of vehicles including automobiles, motorbikes, or all-terrain vehicles (ATVs). The Tunisian Automobile Federation organizes annual events (around 30) including the Tunisia Rally or Tunisia Challenge. There is an opportunity to grow this particular niche market segment. Women's motorcycle clubs for fans of rallies and parades are also part of the car and motorbike exploration niche product.

Golf: Golfing in Tunisia is a well-recognized sport and golfing destination, especially for the Scandinavian golf market. Ten golf courses are dispersed throughout the country (Carthage, Hammamet, Sousse, Tabarka, etc.). Golfing is appreciated in Tunisia, considering the all-year-round favorable weather and the challenging golf courses designed by internationally reputed architects. Further developing this sport with the facilities, equipment, and services necessary to attract regional markets, mainly from Europe, it has the potential positioning Tunisia as an exclusive world-class golf destination.

Film production/sites: Tunisia is known to be the location to produce internationally well-known movies such as *Star Wars* and *The English Patient*. Tunisia has multiple and diverse landscapes and sceneries to capture on film. This niche segment is worth the investment since it could attract a sizable amount of tourists/students of cinema interested in filming. It has a direct and vital impact. The challenge is to develop a plan similar to Morocco's, a country that has been successful in this area. It should also be noted that Tunisia has the most extensive collection of *Star Wars* film sites, drawing tourists interested in seeing these iconic locations.

Hunting: Hunting is a niche product that has existed since the 1970s. Given Tunisia's diverse landscapes

consisting of forests, mountains, and the Sahara, hunting wild game within appropriate designated areas and necessary permits and licenses could represent a viable product by mainly attracting European hunters who give particular importance to the type and abundance of prey of boar and birds. Sport hunting, especially Sloughi dog hunting, is integral to Tunisia's cultural heritage.

Digital nomads: Tunisia can leverage its reputation as a technological enabled country to attract the growing number of digital nomads, i.e., people who earn a living working online in various locations of their choosing (rather than a fixed business location). One example is Costa Rica, where legislation has recently been approved that allows remote workers and digital nomads to stay in Costa Rica for up to a year with the possibility to extend their stay for another year. They need to have a monthly income of at least 3,000 USD per month (4,000 USD for families) to be eligible. They will be exempt from paying income tax or any duties on any equipment they need to do their work (computers, etc.). The new bill also eliminates the need for applicants to present a criminal record certificate. It is expected that with the new law, it will make a significant difference in the arrival of long-stay tourists and increase the possibilities for development and employment in various tourist regions of the country.

Retirees: Every country has its own residency requirements for people that desire to retire overseas in a country different from their own. There are many countries that cater to this market and constitute benchmarks to be followed. Tunisia could be a candidate given its climate, low cost of living, proximity to Europe, and other amenities. However, to entice individuals and couples who have reached the retirement age of 65 and over, the country has to have an exceptionally well-defined set of rules regarding entry/residency requirements, safety, high-quality and comprehensive health care system, monthly minimum income requirements, affordable housing for purchase or rent and other elements that would attract retirees for long term stays – 4–6 months per year, or year-round. Therefore, Tunisia would have to develop and market a plan for this ever-increasing market segment.

Sports training: Tunisia is gaining popularity as a location for sports teams to train in their off-season and when intensely training for competition.

To develop all these product opportunities, certain infrastructure needs to be created or improved to accommodate the markets' needs. Any destination must feature certain types of infrastructure that are essential for tourism and the local population, such as transport facilities (roads, airports, bus stations, public services,

etc.), accommodation and leisure (hotels, camping grounds, restaurants, sport centers, convention centers, galleries, etc.), common services (banks, travel agencies, tourist guides, etc.) and essential installations (water and power supplies, waste management, ICTs, etc.).

To seize the opportunity to market niche tourism products, it is therefore necessary to invest in the development or upgrading of additional infrastructure. The following table displays some of these examples:

Product opportunities	Examples of infrastructure/ services needed
Heritage and culture	<ul style="list-style-type: none"> › Cultural centers and museums › Fair and festival grounds › Improved visitor services (including interpretation, accessibility, guides) › Signage › Public services (parking, bathrooms, wifi, etc.)
Nature/outdoor	<ul style="list-style-type: none"> › Trails and signage, bike routes › Rental services › Tourist guide station/park visitor center › National parks, marine parks, natural reserves
MICE	<ul style="list-style-type: none"> › Convention centers and meeting spaces › Development of small and large event venues › Internal airport infrastructure › Private and public transportation
Agritourism	<ul style="list-style-type: none"> › Accommodation, accessibility
Cruise/boating/ marine activities	<ul style="list-style-type: none"> › Yacht facilities and improved marinas
Wellness and health	<ul style="list-style-type: none"> › Health centers, clinics, hospitals, spa facilities
Car and motorbike exploration	<ul style="list-style-type: none"> › Rental services, public roads, and trails
Golf	<ul style="list-style-type: none"> › Golf courses
Film production/ sites	<ul style="list-style-type: none"> › Appropriate signage, interpretation, tour guides
Hunting	<ul style="list-style-type: none"> › Nature conservation measures › Physical boundaries
Digital nomads	<ul style="list-style-type: none"> › Co-working spaces with efficient technologies and adapted infrastructure
Retirees	<ul style="list-style-type: none"> › Housing and public services
Sports Training	<ul style="list-style-type: none"> › Sports fields and training facilities

c. Potential New/Expanded Market Opportunities

New and expanded tourism products are needed in response to new trends and changing tourist behavior. The targeted markets must therefore be reconsidered, while keeping in mind the major markets which are the

basis of the tourist demand until now in Tunisia. Two main markets categories (International and Domestic/Regional) and two sub-categories (Leisure and MICE) have been used to visualize the new markets needed to cover the variety of trip purposes.

International

The international market is characterized by tourists coming from major outbound markets, such as France, Germany, United Kingdom, Italy, Scandinavian countries, etc. It should be noted that neighboring countries of Tunisia such as Algeria, Libya, and Morocco are not included within this market in the respective segmentation. Building demand for Tunisia among the international market has always been and will continue to be a priority.

The French market, sourcing 12.2% of the market in 2019, generated over a billion dinar in the same year for the Tunisian economy, which highlights the value of the international market. However, it has been observed that the top European markets have decreased in arrival numbers in the past decade due to the strained regional context. However, these markets are essential for the continuation and the sustainable development of the tourism sector, and the opportunities to develop new/expanded products presented in the previous section are inherently related to the development of market opportunities.

Market research during the pandemic has emphasized the desire for sustainable travel that benefits local communities as a growing interest among travelers. The research also indicates that nature-based tourism will be among the earliest to recover. The international leisure market comprises FIT (Free Independent Travelers), who are seeking these innovative and iconic experiences that can be enhanced from natural and cultural assets in Tunisia, as well as Tunisians living abroad that are also an important target to consider to introduce them to new experiences and provide them with more tools to serve as “tourism ambassadors” to the international market.

In addition, the International MICE market is a niche market with high potential since Tunisia competes with its proximity to Europe and short flight times from major European capitals. This represents a significant opportunity to promote the destination to international associations, international federations, and corporations for organizing their business events. In 2021, up to 38% of total spending originated from business trips (with a 3% increase since 2019), which is a positive share considering the effects of the pandemic on business travel globally

As part of the Tunisia National Marketing Plan 2022–2024, detailed discussions and consultations have been held with the ONTT to determine the priority markets for international marketing efforts and for which increased air services should be prioritized. It should be noted that these markets were selected based on their proximity and access, propensity to travel and population size, familiarity/relative awareness of Tunisia, high potential for return on investment, and the opportunity for repeat visits. The selected markets will contribute significantly to sustainable economic growth. In this regard, the ONTT has classified the international markets into several categories (Tier 1 includes countries with the most developed air accessibility):

Tier 1: France, Germany, United Kingdom, Russia

Tier 2: Italy, Belgium, Poland, Czech Republic/
Slovakia

Tier 3: Spain, Sweden, Netherlands, Portugal,
Austria, Scandinavia, Hungary

Tier 4: United States, China, Canada, Japan,
South Africa

Domestic and Regional

Domestic

The Domestic market has become very important in the last few years, most notably witnessing the effects of the COVID-19 pandemic on the travel world. In every country, with the impossibility to travel abroad due to COVID-19 travel restrictions, domestic travel increased and allowed residents from all over the world to discover their own country. Although international tourism is highly necessary for the Tunisian economy, it is worth mentioning again that Tunisians tend to spend on average twice as much as international tourists according to 2019 figures. In addition, in 2021, domestic spending represented 65% of total tourism spending in Tunisia versus 35% for international spending. It is therefore fundamental to maintain a high flow of residents traveling within the country.

The main domestic leisure target should be Tunisian families that seek to entertain their children and find a space to rest, but also to discover new experiences (discover nature and share memorable moments together). Travelers are looking more than ever at experiential travel and nature-based travel. Other targets are young couples and solo travelers aged 18–25 that are searching for romantic experiences (thalassa and spa, gastronomy) or more unique cultural experiences, as well as discovering the country through adventure experiences and events; or expats, interested in exploring the country through cultural tourism and niche tourism experiences

The Domestic MICE market is also an important opportunity to diversify the flow of tourists, as there is a consistent demand for corporate meetings and training events in Tunisia. Tunisia has also increased its MICE infrastructure, with nearly 70 hotels offering large conference rooms and several congress centers all over the country (UTICA International Convention Center (Tunis), Kram Exhibition Center (Tunis), Nour Palace in Mahdia (1,100 seats), Azur Complex or Medina Convention & Expo Center (2,500 seats) in Hammamet, and El Mouradi Congress Center in Port el Kantaoui (1,200 seats).

Regional

As analyzed in Part 1, neighboring regional visitors from Algeria and Libya have been coming in large numbers to Tunisia, with nearly 5 million tourists in 2019, occupying two-thirds of the outbound market. Visitors from the regional markets of Algeria and Libya are familiar with Tunisia. They arrive independently, mainly by road as well as by air, and have a high repeat visiting factor. This market, which presents the advantage of reducing the dependency to seasonality, represents high opportunities to develop diversified experiences that will bring a new essence to their travels. Travel to Tunisia to undertake elective medical procedures is an important regional niche market with potential for growth.

3.2. Major Constraints

a. Policy and Institutional Constraints

For the tourism industry to grow and be transformed into a more profitable and adaptable industry, one that is able to withstand international and national change, both government and tourism sector authorities need to improve the overall “enabling environment” of both its policies and institutional framework. Specifically, the government needs to be more proactive in terms of developing and improving a better business environment, infrastructure, safety and security, health and hygiene, human resources, and labor markets, as well as ICT readiness for the tourism sector.

As mentioned in the two initial sections of this document and summarized from the consultation process organized with Tunisian stakeholders, Tunisia’s tourism sector policies are directly constrained by the following factors that need to be addressed:

Governance: The UNWTO defines tourism governance as the process of managing tourist destinations through synergistic and coordinated efforts by governments (at different levels and in different capacities), civil society (living in the destinations), and the business community. In Tunisia, however, there is a lack of mechanisms to facilitate coordination on tourism management between

government ministries and departments. There are also very few local destination management organizations (DMOs) that help bring tourism stakeholders together to work collaboratively and facilitate public-private collaboration. In addition, national tourism associations are not financially sustainable and do not provide sufficient value to its members. Managing local public lands and attractions is also a challenge for local municipalities as the implementation of PPP concessions is complicated. Some regulations are overlapping and outdated which makes compliance and investment procedures difficult. Foreign control and right to private ownership and establishment is limited and finally, a variety of stakeholders expressed the need for more private sector engagement and participation in the design and execution of ONTT marketing activities.

Public Infrastructure: Providing and maintaining existent public infrastructure (water and sanitation, public transportation, telecommunications, power supply, roads, and ports) is a key factor in a destination's success in attracting tourists. The government must commit to improve its tourism infrastructure in various ways: (i) public transportation is limited, therefore leaving many urban and rural areas without affordable or convenient transport options – the current Tunisian bus system is not appropriate for foreign visitors willing to use this service to visit popular tourism destinations; (ii) road infrastructure is still not adequate in the inland governorate, thus limiting accessibility; (iii) the current sewage and solid waste disposal systems are major issues for all municipalities that must be tackled to improve visitor experience and local quality of life, and protect natural resources; and (iv) renewable energy solutions are under-exploited.

Accommodations: Since most tourists visiting Tunisia stay overnight, the accommodation sub-sector is central to the development of the tourism industry. To ensure that the supply meets demand, there are several challenges that need to be addressed for this sub-sector: (i) the current tourism law requires updating to accommodate for the rise in home sharing – home sharing sites like Airbnb and HomeAway should be seen as partners that can assist with licensing enforcement and collection of occupancy taxes; (ii) there is also a need for new sustainable, low-density, luxury hotel investments in new tourism destinations; and (iii) many hotels have closed in the past years for financial reasons, legal problems or other personal issues. This represents the showcase of Tunisian business tourism and that compromises the proper marketing of national and international brands that are located there. There is the need for the government to attract FDI and allow PPP partnerships to develop or reposition the right kind

of accommodation based on the targeted market segments that are needed to diversify the current tourism product.

Services and Retail: Visitors should experience modern and high-quality service during their stay. However, there are services that are still limited in terms of meeting international standards. For example: (i) taxi standards are not enforced, vehicles are often rundown, and rates are not posted or meters used – taxis could also benefit from adoption of new technologies; (ii) tour operators and guides require training and adherence to regulations established to minimize their impact on the environment and cultural sites; and (iii) travelers are increasingly searching for specialized guides based on their interests (birdwatching, heritage, etc.), in different languages, but there is currently a lack of a specialized guide development and certification programs to meet these demands.

Workforce: (i) Tunisia's education system does not prepare the workforce, as employees' skills are not aligned with the ever-increasing needs demanded by the international traveling markets; (ii) more vocational training institutions are needed and university curricula revised and aligned with private sector needs; (iii) moreover, the tourism industry would benefit tremendously if more young Tunisians and retirees were attracted to the industry and willing to work part-time and seasonally where workforce demand is highest; and (iv) the work permit system needs to be updated since it currently impedes the entry of specialized workers that can assist with the training of Tunisian workforce.

Destination Management: Destination management consists of the coordinated management of all the elements that make up a tourism destination. Among the elements that need to be improved in Tunisia, stakeholders have identified the following issues: (i) increased airlift is a priority as the number of bilateral air service "open skies" agreements, airlift capacity and air transport, ground, and port infrastructure are limited; (ii) ONTT's statistics and research department regularly collects and reports on some of the direct impacts of the tourism industry; however without a Tourism Satellite Account or regular Economic Impact Studies, the industry and ONTT is not able to articulate the true economic value of tourism; (iii) the image of the country must be quickly improved, concentrating visitor safety and security efforts to provide a sound environment to the visitors; (iv) although the first Tunisia Convention Bureau has just been launched in Tunisia (2022), it is necessary to catch up and implement other organizations in the country to ensure the management and promotion of the MICE sector.

Destination Marketing: With good reason, Tunisia is known as one of the premier Mediterranean beach destinations in the world. However, because of this, many travelers, media, and travel trade partners perceive the country as only a beach destination: (i) this must be tackled through the creation of a clear brand strategy and image; (ii) in parallel, incentives must be created to attract demand in slow months to tackle the challenge of seasonality; (iii) ONTT does not partner with international tour operators to create incentives and co-op marketing programs; (iv) it is also difficult for a traveler to plan and book a multi-destination trip in Tunisia, limiting independent vacations in Tunisia; (v) tourism signage, walkable tourism areas, trails, and bike lanes are all public infrastructure that need to be improved to create a sense of place and enhance the visitor experience.

Digitalization: The global trend toward digitalization affects all sectors of the economy, including tourism. The majority of tourists have changed the way they travel and have integrated digital technologies in one way or another when visiting a destination (inspiration or research on the destination, booking, organization, and experience of the trip, etc.). As a result, new needs in terms of communication and information strategy have emerged, particularly in the context of the COVID-19 pandemic, implying that professionals in the sector have to adapt their business environment and their approach to digitalization. In 2020, Tunisia developed a National Strategic Plan to position Tunisia as an international reference for digital development in Africa and to leverage socio-economic development. By embracing digitalization as a lever of development and as a way to meet the new expectations of consumers, the Tunisian tourism economy demonstrates its ability to adapt to change.

Digitizing tourism processes presents several advantages and requires collective efforts to maximize the added value on the Tunisian economy: (i) the digital transition creates many jobs but must be accompanied by adequate training to prepare students and tourism professionals for the digitalization of tools, techniques, and content; (ii) entrepreneurs and startups have an essential role in the technological evolution and must be encouraged economically and politically to contribute to the tourism industry; (iii) digitizing tourism processes reduces the dependency on intermediaries in the tourism sector (tour operators, travel agencies) and allows small players to interact directly with target tourists, but these SMEs must be able and trained to shift toward a digital approach; (iv) a less paper-based environment is possible, if the government ensures an inclusive and collective digital transition; (v) the data collected on customers from and through the development of these new

technologies can be very useful for target definition, marketing, and sales, but this data must also be protected by law, controlled, and used ethically.

b. Other Sector–Related Constraints

Many challenges concern not only the public sector but also the private actors who must work together to improve the tourism offer. The consultation process has revealed that there is a lack in visitor services in cultural and natural sites, such as interpretation which highly contributes to the tourism experience or more general services (bathrooms, visitor centers, F&B, parking, etc.). Additionally, there are few if any tours that offer immersive experiences that provide the opportunity to interact with and meet Tunisians. Niche and special tourism experiences lack animation and management to provide unique moments to visitors. There is also a limited offer of large-scale signature events that would bring people to Tunisia (festivals, sport events, political conferences, to name a few). Finally, most souvenirs sold in Tunisia are imported, making handicrafts barely distinguishable from each other.

3.3. Summary SWOT Analysis

A SWOT analysis is an effective way to see where improvements can be made and where the best opportunities for growth lie by analyzing Tunisia's main strengths, weaknesses, opportunities, and threats. Tunisia's tourism strengths range from pleasant weather year-round to rich cultural heritage sites, welcoming residents, international cuisine, and natural attractions. Tunisia faces weaknesses such as safety and security perceptions, a limited destination branding strategy, and a series of abandoned hotels. Given the weaknesses stated, there are several opportunities to further enhance tourism in Tunisia. Rich, intangible cultural heritage gives the opportunity for tour operators to create diversified tourism products or services.

A shift towards sustainable tourism and integrating more community development will engage more participation and create tangible benefits for residents. With the increased collaboration among different regions and stakeholders, Tunisia can create a comprehensive branding and image strategy based upon the uniqueness of Tunisia's natural and cultural assets. There are also external threats that Tunisia must be aware of. Safety concerns including terrorist attacks and crimes against visitors are contributing factors to the decline in visitation over the past few years. In addition, Tunisia's assets are also vulnerable to climate change, natural disasters, unsustainable use of water, and the ongoing impacts of the COVID-19 global pandemic.

a. Strengths

Tunisia enjoys ...

- › 1000+ kms of beautiful Mediterranean coastline and beaches
- › Year-round warm and sunny weather
- › Affordable and family-friendly beach resorts
- › Proximity to Europe
- › Geographic diversity with vastly different landscapes
- › Ease of travel around the country
- › Warm and welcoming hosts and communities
- › Diverse product offering
- › Towns with historic charm
- › Access to the Sahara experience
- › Rich archaeological sites and Roman ruins
- › Largest collection of *Star Wars* film sites
- › International cuisine with amazing seafood

b. Weaknesses

Tunisia tourism is challenged by ...

- › Brand position as only a beach holiday
- › Safety and security perceptions
- › Limited number and frequency of flights to and within the country
- › Trash and littering problems
- › An industry impacted by COVID-19
- › High levels of unemployment
- › Bankrupt and abandoned hotels
- › Limited visitor services and interpretation at cultural sites
- › Complicated and confusing regulations
- › Access to financial capital
- › Inter-agency/ministry coordination
- › Dependency on expensive imports
- › Expensive operating environment

c. Opportunities

Tunisia can potentially take advantage of ...

- › Post-COVID-19 travel trends
- › Offering a differentiated beach holiday
- › Government's prioritization of tourism
- › A welcoming and tolerant society
- › Development partners' support of tourism
- › Promoting sustainable tourism
- › Rich intangible cultural heritage
- › Tunisians' entrepreneurial spirit
- › Europe's low-cost airlines
- › Adventure travel opportunities
- › Investments in cultural site enhancements
- › Sport tourism
- › Marinas and cruise tourism
- › Festivals and events

d. Threats

Tunisia tourism can be affected by ...

- › COVID-19 travel restrictions
- › Overtourism and crowding of important sites
- › Unsustainable use of natural resources (water)
- › Climate change
- › Terrorist attacks
- › Pollution
- › Increased destination competition with large marketing budgets
- › Government stability and ability to reform
- › Change in residents' attitudes towards visitors
- › Unmanaged tourism development and management
- › Natural disasters
- › Crimes against visitors
- › Loss or degradation of local values and cultural spaces



Part 4 Exploratory Scenarios on the Horizon of 2035



4.1. Introduction

As mentioned throughout this document, the Tunisian tourism economy has been severely impacted by the coronavirus (COVID-19) pandemic, low traveler confidence, and important restrictions on travel implemented by government authorities to contain its spread. The 79% decline in international arrivals in 2020, associated with a decline of 60% in arrivals from Tunisian international residents and the downturn in 2021, are testimony to this crisis. These declines have significantly impacted GDP growth, employment, foreign exchange earnings, and the profitability of the largest segment of the country's tourism industry, the beach resort sector.

The impacts of this profound and catastrophic decline have compelled both the Government and the tourism and travel industry to rethink the strategy that will be required to take decisive action to accelerate and/or redirect the industry in the short and medium-long term. To this end, it was deemed necessary to carry out an assessment of the tourism sector in Tunisia. The first parts of this strategy have provided a strategic diagnosis of the tourism sector in Tunisia. By analyzing the historical context of the sector, macroeconomic data, supply and demand, political and institutional context, and competitors, the strengths, weaknesses, opportunities, and threats of tourism in Tunisia have been defined. As demonstrated in the third part "Overall Country Opportunities," the opportunities for the development of the sector are abundant and can drastically change the image of Tunisia to become an exemplary and

sustainable destination. Although the Tunisian authorities, as noted in this analysis, have consistently prioritized tourism (7.6% of the government's annual budget is spent on tourism and travel and 7.5% on capital investment in the sector, and many structural reforms to improve the business climate and infrastructure are underway), still, a number of constraints must first be addressed to ensure the added value and success of a multidisciplinary, organized, and clearly defined national effort.

From this strategic diagnosis, it is possible to imagine the future of tourism in Tunisia in different ways, subject to the turn of future events and the repercussions on the sector. The following section has the main objective of assisting the central government and the Ministry of Tourism and Handicrafts authorities, as well as the industry's stakeholders, to consider four destination development scenarios over the next 15-year period with the aim of presenting plausible potential futures with a range of alternatives. The final goal is to identify the most desirable scenario and its associated opportunities, while identifying potential risks that can be mitigated through key short and medium-long term strategies, planning processes, and interventions that will contribute to arrive at the best future possible.

4.2. The Logic of the Four Scenarios

To frame the tourism scenarios, the Four Archetype method has been followed, whereby the future tends to unfold into one of four major patterns of change (or a combination thereof) over time.

The main themes that guided the construction of these scenarios takes into account the stakeholder inputs that emerged from the consultation process, such as the Vision Statement and its four goals and the Strategic Objectives of the National Sustainable Tourism Strategy. In addition, data from key demand drivers such as international arrivals, revenue, airlift capacity, hotel capacity, and the tourism sector’s contribution to GDP growth is used to justify the different scenarios that will assist in shaping the future of the national and local tourism industry. Supply elements such as tourism infrastructure (airports, cruise docking berths, marinas, hotel, restaurants), assets (e.g., World Heritage Cultural Sites, parks, and thalassotherapy and spa centers), and existing tourism policies are also taken into consideration to establish the four scenarios over a 15-year period from 2020 until 2035. A brief general summary of the four scenarios follows:

- a. **Maintenance scenario:** This scenario is also known as a continuation scenario or business as usual, whereby the tourism sector moves along without any major changes or shocks to the sector. It is often characterized by a return to business as usual in the mid-term without major gains in the long-term, since few strategic development objectives are implemented to align the sector with global tourism trends.
- b. **Worst-case scenario:** This scenario is characterized by government inaction and inability to prepare for global events such as the Russia/Ukraine conflict and potential global or local events such as another pandemic restricting international travel or terrorist attacks. In this scenario, there is weak growth of tourism and an inability to effectively meet challenges. As a result of inaction, short-term solutions are chosen, and tourism competitiveness declines resulting in stagnation.
- c. **Desirable scenario:** This scenario is characterized by an approach to rapid and sustainable tourism development in which risk is managed and measures are applied with corrective action in the medium-term allowing the sector to be more competitive on a regional basis. In this scenario, sustainable development is rooted in implementable government state policies. Although the focus is clearly on high-yield (FIT) tourists, a balance is struck to keep the current mass-tourism market coming where and when needed, acting as a base business. Feedback from the consultations with tourism stakeholders conducted in locations around the country support an approach that both directs the industry to greater competitiveness and ability to capitalize on global travel trends and high yield consumers and manages the traditional coastal tourism so as to make improvements and maintain this market as a base. In this scenario,

regional tourism planning and development, as well as structural policy reforms, are implemented.

- d. **Disruptive scenario:** This scenario is characterized by a risky approach to disruptive change in the tourism industry in which strong political involvement of both the state and the industry are required. In this scenario, stakeholders are committed to a new set of rules that disrupts the status quo, moving from mass tourism to high-yield consumers. Mass tourism is severely restricted, while at the same time, extensive spending takes place with rapid deployment of investment in infrastructure, marketing to high-yield consumers, and training of the tourism workforce to provide better quality of services. This rapid shift brings about certain areas of risk related to losing the coastal mass tourism base before gaining new high-yield consumers.

4.3. The Four Tourism Scenarios

The main drivers or metrics used to build the scenarios were the international visitor arrivals data, tourism expenditure, airlift capacity, hotel capacity, projected GDP growth, and tourism contribution to GDP. To develop the four different scenarios, it was deemed necessary to first analyze and configure the historical time series for both international arrivals, as well as registered GDP growth since 2011. The year 2020 was used as the baseline for calculating the different iterations and the mapping of the trends and projections changing over the 15-year time period (2020–2035). This baseline took into account the historical tourism arrivals from 2011 until right before the pandemic in 2019. The following chart depicts the historical trend line (in blue) for international arrivals, including a downturn in 2015 due to terrorist attacks and the downturn as a result of COVID-19 in 2020. The blue line then continues in 2022 to establish a projection of continued growth as if COVID-19 had not occurred. In addition, the graph exhibits how the maximum capacity to welcome tourists, namely through airlift, passenger load capacity, and available hotel rooms, is constrained (red line) for Scenarios 1 and 2 and increased for Scenarios 3 and 4 (purple line).

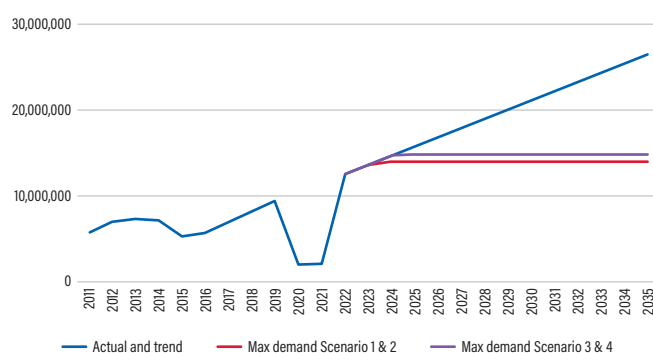


Figure 29: Tunisia arrivals historical and trend

In terms of revenues, which are reflected in each one of the four scenarios, they are a function of the demand model and price that early adopters and followers would pay (see Table 3 below). Early adopters are visitors who travel to destinations as soon as local conditions are appropriate at the destination and where price and safety and security are, among others, significant decision-making travel variables. They also include repeat visitors particularly in the case of Scenarios 1 and 2. Followers are travelers who visit the destination after the early adopters have returned home and encourage family and friends to follow and are lured with effective marketing campaigns. As a result, the spending per day per tourist evolves over time based on the mix between early adopters and followers and based on inflation.

Traveler	Scenario 1	Scenario 2	Scenario 3	Scenario 4
Early adopter spending per day	€500	€300	€700	€800
Followers spending per day	€450	€300	€600	€700

Table 3: Average spending per travel by scenario

It should be noted that for each scenario, a “base model” was selected as an adequate and acceptable representation of the consumers’ behavior in the case of new or renewed product introduction to a competitive market. The main advantage of the base model is that it requires only three parsimonious variables to calculate.

The maximum capacity that Tunisia offers for tourists are two coefficients, one Early Adopter arrivals coefficient and one for the Follower’s coefficient. The Early Adopter coefficient represents the tourists that are aware of Tunisia already and see an opportunity in visiting as soon as it reopens. These tourists do not need much marketing. Conversely, the followers are tourists that need to be convinced by word of mouth or marketing actions to visit Tunisia.

The model has an overall “S” shape and loads heavily on Early Adopter first, and then on Followers until the demand reaches a point at which it is tangent to the maximum, but not reaching it due to the difficulty to obtain laggard visitors, i.e., those who take more time than necessary to decide to travel and visit Tunisia. This model is better appreciated and reflected when all four scenarios are compared graphically at the end of this section.

a. Maintenance Scenario

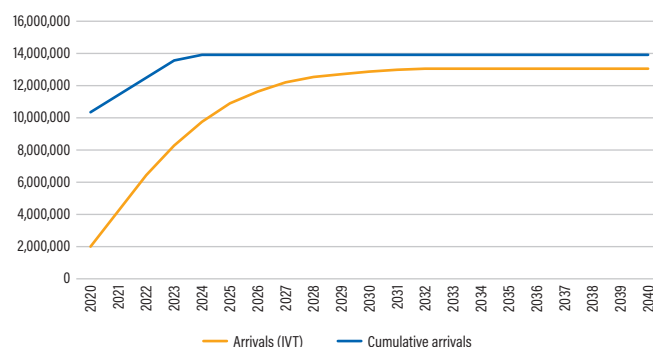


Figure 30: Maintenance scenario (Scenario 1) arrivals

This first scenario, namely “maintenance” and/or “business as usual,” is characterized by lack of implementation of strategic development objectives to align the sector with global tourism trends. However, in this scenario, the Tunisian government effectively manages different changes and shocks to the tourism industry, such as mitigating the coronavirus through coordinated measures with the World Health Organization. In this scenario, both lack of skilled and available labor and inflation persist without any intervention. Furthermore, necessary structural reforms to improve the transparency and the investment regulatory framework and overall business climate are stifled or extremely slow to implement. In addition, the tourism sector has not adapted and has not taken advantage of the digital and ecological evolutions and changing market preferences, thus falling behind on the international scene and displaying an outdated, technologically weak, and unsustainable tourism offer. A new pandemic or disruptive global event could once again result in a fatal decline for the industry.

In this scenario, international arrivals do not reach 2019 levels until 2024, thereby affecting tourism revenue and consequently reducing its contribution to GDP growth, which for this scenario is estimated to grow at an annual rate of 2%. Average spending per day for early international arrivals (2020–2023) is estimated at €486 (on average) and afterwards growing slowly to reach €613 in 2035. During this scenario, tourism authorities focus on bringing back pre-COVID employment levels, especially in impacted beach resort hotels and encourage the accommodation sub-sector to re-initiate relationships with the traditional tourism feeder markets and operators to renegotiate and encourage price-based incentives for travel, i.e., reduction in price packages to stimulate demand. In addition, it stimulates domestic tourism demand through hotel and travel incentives, whereby accommodation and travel are subsidized. In the same context, although the number of passengers arriving by air is gradually increasing and quickly returning to pre-pandemic levels, airlift capacity

is left unchanged over time. Indeed, the maintenance scenario is characterized by minimal investment in air infrastructure improvements, limited support for open skies policies, and few air traffic development measures.

Within this context, contemplated and agreed upon key strategic objectives for the Tunisian National Sustainable Tourism Strategy (undertaking investment and marketing promotion; establishing both an SME Investment Fund and a financial mechanism to buy, manage, and sell distressed assets related to the hospitality sector; and investing strategically in tourism asset upgrading, cultural sites, protected areas, public transportation and utilities, and security infrastructure) does not take place within the short-term or next three to five years.

Based on this scenario, it is plausible for the tourism sector to recover to pre-pandemic levels in a span of two to three years post-implementation. The key assumption is whether the tourism authorities support the measures mentioned in the paragraphs above yet, by primarily reconnecting with its feeder markets and tour operators, promoting domestic travel with incentives for the accommodation sub-sector, and providing safe havens for the international leisure travel market. Even though recovery is possible within said time period, the potential revenue from tourism and tourism’s contribution to GDP are significantly lower than Scenario 3 and 4, in which more actions are taken to adjust to global tourism trends and thus prepare Tunisia to capitalize on higher-yield travelers. See the following table, which shows key economic indicators predicted if this approach is adopted.

Time to recover to pre-pandemic arrivals	2–3 years
Cumulative arrivals as of 2035	13,105,618
Average receipts per international visitor by 2035	€613
Tourism’s GDP contribution as of 2035	13%
Tourism revenue as of 2035	€B 8.033

Table 4: Key indicators for maintenance scenario

b. Worst Case Scenario

The “doomsday” or “worst-case scenario” is a scenario characterized by government inaction or unpreparedness combined with global and local shocks such as COVID-19, Russian/Ukraine conflict, and terrorism attacks. Government authorities embark on a crisis management mode through which recovery measures are prioritized and implemented at the expense of the necessary economic structural reforms mentioned in Scenario 1, which come to a halt. As a

result, loss of market share and closure of hotels over and beyond 2020 levels ensues. It is plausible for a volatile and high political risk situation to emerge, whereby political changes may occur and, as a result, political instability ensues which translates to a severe socio-economic downturn.

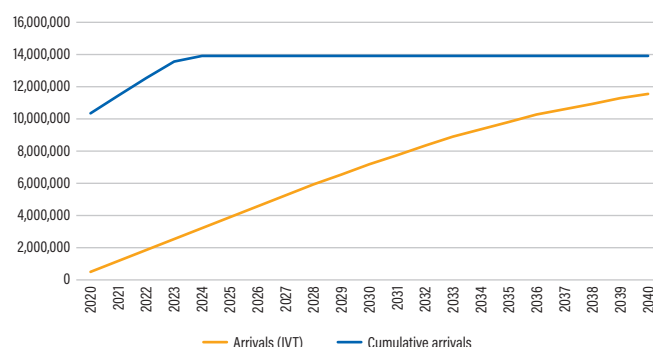


Figure 31: Worst-case scenario (Scenario 2) arrivals

International arrivals are unable to grow back to 2019 levels, whereby pre-COVID levels are not attained until 2027. Tourism revenue declines as a result, and average spending per day for early international arrivals diminishes to €300 and slowly grows to €348 for the remaining years of the scenario. In this scenario, bed capacity, which diminished from 230,903 in 2019 to 122,113 in 2020 due to the COVID-19 pandemic, slowly returns to pre-pandemic levels but overall capacity does not significantly increase due to a lack of attention to and investment in new and diversified accommodations. The potential effect of the Russia/Ukraine conflict, as well as the failure of tourism authorities to support labor and infrastructure, are shown through this scenario, as well as the incapacity to spend sufficient marketing resources to bring back demand. Geopolitical conflicts and perceptions of danger keep visitors away, as does the lack of efforts to mitigate climate change and environmental degradation. GDP growth is estimated to grow at an annual rate of 1%. The labor market becomes unstable, as people are not ready and no longer want to work in the tourism industry or do not have the required skill set to work in the tourism industry. As a result, labor shortage in the tourism industry creates stress in operations, lack of service, and low quality.

A piecemeal approach for marketing and investing in the sector’s assets and infrastructure is adopted. The accommodation and food and beverage sub-sectors, together with the local transport and tour operators take drastic measures to adapt to constrained budgets and unanticipated disruptions within their respective value supply chains. Structural reforms and investments to improve the country’s infrastructure and general accessibility are sidelined. Moreover, industry players increase their communication

efforts to promote evolving/advancing health and sanitation practices to attract customers – and frontline employees – who will have increased concerns about their safety and well-being. Competitors, especially Morocco and Egypt, are successful in attracting tour operators that were typically providing tours in Tunisia during pre-pandemic times.

Based on this scenario, the tourism sector enters a grim crisis worse than the COVID years of 2020–2021, thus hindering all efforts to recover to pre-pandemic levels in a span of 12–14 years. This is a scenario where tourism authorities are overwhelmed by external threats that cripple decisive action. This situation leads to the greatest decline ever in travel and, as a consequence, the industry players, especially the private sector is forced to allow more interference from the government in terms of taking more control and yielding more influence on the sector’s future. The table below displays the key indicators for this worst-case scenario.

Time to recover to pre-pandemic arrivals	12 years
Cumulative arrivals as of 2035	9,822,858
Average receipts per international visitor by 2035	€348
Tourism’s GDP contribution as of 2035	6.35%
Tourism revenue as of 2035	€B 3.421

Table 5: Key indicators for worst-case scenario

c. Desirable Scenario

The desirable “safer” or “new equilibrium” scenario is one whereby both government and tourism sector authorities move forward in partnership to strive for a new balance where compromises and interventions are rapidly made to preserve the structure of the existing mass coastal tourism system, especially after going through a major two-year health crisis shock. Specifically, the government and the private sector and other key stakeholders become more proactive to mitigate the coronavirus mutations and variants earlier than expected, as well as resolve the major policies and institutional framework constraints that are currently hindering the growth and sustainability of the Tunisian tourism and travel industry (see sections 1.5, 2.1, and 3.2).

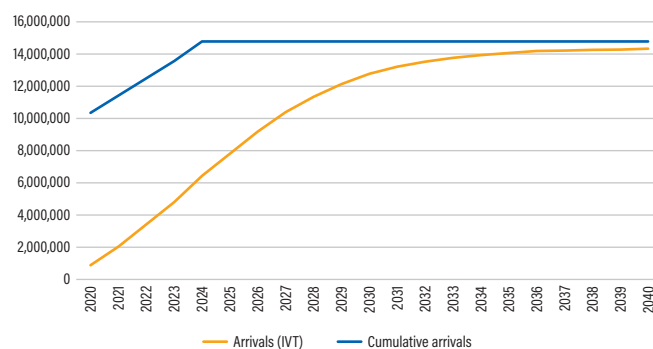


Figure 32: Desirable scenario (Scenario 3) arrivals

This decisive action enables the continuation of attracting both the low- to middle- and high-yield visitors to ensure the survivability of the existing 3- and 4-star accommodation sub-sector infrastructure, while establishing the foundation to diversify its current tourism coastal beach resort development model. This implies the undertaking of: (i) increasing both airlift load and hotel room capacity by 6% in 2023 and maintaining it on a yearly basis throughout the scenario’s 15-year time period; (ii) consequential and noteworthy investments of resources within a time period of one to two years in order to renew the declining tourism infrastructure and maintain 50% occupancy rates; (iii) establishing new designated tourism areas with the necessary basic infrastructure and generating the conditions to attract foreign investment that will accommodate new niche traveling markets such as the cultural and adventure segments; and (iv) providing substantial marketing resources on a yearly basis to attract high-yield Free Independent Travelers (FITs) and enabling the ease of their travel planning and independent travel through digitalization of processes required for trip planning.

International arrivals in this scenario recover substantially surpassing pre-COVID levels in the year 2027, with an average spending per day of €650 for the earlier arrival period of 2020–2023, followed by an increase to €800 per day, and leveling off to €942 by the year 2035. The goal is to reach a revenue of €1,000 per FIT visitor per day by the end of the scenario’s 15-year time period. The economy recovers during this time period with an estimated GDP annual growth rate of 3 to 5%.

Structural reforms are implemented, and the composition of the economy begins to change substantially with a strong increase in business startups that allow to diversify the tourism economy. Airlift capacity is strengthened by an ambitious open skies policy, which is rapidly improving airport infrastructure and encouraging many airlines to add Tunisian airports to their international routes. This significantly increases the number of arrivals and tourism revenues. The following table includes the 20 priority markets and

air arrivals estimates for 2030 and 2035. Scenario 2 (worst-case scenario, no seat capacity increase) and 3 (desirable, open sky policy) demonstrate the difference between an open skies and non-open skies approach.

Priority Markets	Historic Benchmark	Scenario 2 (Worst Case) Projection	Scenario 3 (Desirable) Projection	Scenario 2 (Worst Case) Projection	Scenario 3 (Desirable) Projection
	Air Arrivals 2019	Air Arrivals 2030	Air Arrivals 2030	Air Arrivals 2035	Air Arrivals 2035
France	845,559	712,045	1,912,252	1,022,670	2,451,749
Germany	269,524	226,966	609,535	325,978	781,501
United Kingdom	203,278	171,180	459,718	245,857	589,417
Russia	633,009	533,057	1,431,565	765,599	1,835,448
Italy	105,640	88,959	238,907	127,767	306,310
Belgium	92,117	77,572	208,325	111,412	267,099
Poland	106,280	89,498	240,355	128,541	308,165
Czech Republic	107,351	90,400	242,777	129,837	311,271
Slovakia	19,363	16,306	43,790	23,419	56,144
Spain	22,039	18,559	49,842	26,655	63,903
Scandinavia	28,396	23,912	64,218	34,344	82,336
The Netherlands	26,954	22,698	60,957	32,600	78,155
Portugal	28,001	23,580	63,325	33,866	81,191
Austria	19,363	16,306	43,790	23,419	56,144
Hungary	14,727	12,402	33,305	17,812	42,702
United States	25,278	21,287	57,167	30,573	73,295
China	29,778	25,076	67,344	36,015	86,343
Canada	21,100	17,768	47,718	25,520	61,181
Japan	8,031	6,763	18,162	9,713	23,286
South Africa	50,063	42,158	113,219	60,549	145,161
All	2,655,851	2,236,492	6,006,271	3,212,146	7,700,799

There is a net decline of the informal economy, and the transition to a digitized economy begins to accelerate and is completed within this time period. SMEs can take advantage of the country's move to digitalization and are able to offer online bookings, information sharing, and communication with potential customers instead of relying on large tour operators and agencies. Investments in Research and Development (R&D) increase at a faster pace at more than 1% of GDP. The adaptation of new technologies and new organizational approaches improve the performance of Tunisian businesses across all sectors. In addition, policies establish a guide and resources for developing tourism in a sustainable way that limits the negative consequences of tourism on the environment and encourages development in the direction of sustainable resource management. Tourism can develop in a context where waste management is addressed, providing clean landscapes for tourists to enjoy.

Based on this scenario, it is plausible for the tourism sector to recover beyond and above the pre-pandemic levels in a span of only four years, thus enabling it to

compete with Morocco and Egypt on a more stable and consistent basis. As revenues increase, more financial resources become available for investing in market research and monitoring, as well as to develop and implement product development road maps for established and new specialized niche tourism products, thus contributing to the strategic objective of diversification. In addition, as the arrivals return to pre-pandemic levels and then start to exceed them in 2027 in this scenario, so does the bed capacity due to the increased demand and investment in new accommodations.

Time to recover to pre-pandemic arrivals	4 years
Cumulative arrivals as of 2035	14,107,313
Average receipts per international visitor by 2035	€942
Tourism's GDP contribution as of 2035	16.38%
Tourism revenue as of 2035	€B 13.287

Table 6: Key indicators for desirable scenario

d. Disruptive Scenario

The fourth and final scenario, also known as the “disruptive,” is characterized by a new set of rules that contribute extraordinarily to changing the tourism system to attract high yield consumers with more niche products in the span of five to six years. It is disruptive because the decisions that need to be “conquered” consist in rapidly shifting the existing mass market to new niche markets in order to accelerate the sector’s competitiveness position vis-à-vis its neighbors, namely Morocco and Egypt.

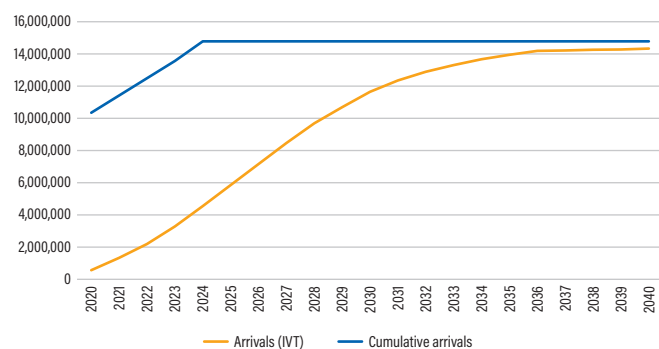


Figure 33: Disruptive scenario (Scenario 4) arrivals

Shifting the market to the new markets implies substantial financial resources to undertake an aggressive yet effective marketing campaign to attract high-yield niche tourism with opportunistic development from feeder markets at the expense of redirecting resources away from the existing beach resort mass tourism development model. This puts the sector at risk due to a loss of the base business before the new market and niche products are in place.

This course of action also suggests effective public-private partnerships for the efficient management and allocation of resources deemed necessary for rapid development of niche infrastructure along with a well-trained tourism workforce. One essential advantage in this scenario is that the country is quickly moving away from mass tourism and protecting the environment through sustainable, inclusive, and environmentally-friendly tourism measures and initiatives aligned with the global objectives. The tourism facilities in the interior of the country are developed and well managed, balancing the growth spread throughout the country. Hotel room capacity will be increased in this scenario but primarily through smaller boutique hotels, guest houses, and niche establishments. This scenario factors in an increase in hotel room capacity as well as occupancy rates.

As a result of the drastic shift from mass tourism to the niche high-yield FIT market, the international arrivals within this scenario lag behind the previous scenarios. However, the time to recover to pre-COVID levels in terms of revenue is driven by the per visitor receipts

levels which see increases to a maximum level of €1,500 consequently increasing tourism revenue and contributing significantly to GDP (see Table 7 below). It should be noted that a 6% increase is factored for airlift load through numerous aviation development strategies. This scenario develops with an economy characterized by a new and strong political impetus to achieve the sustainable development goals with a robust GDP level of growth greater than 8% over a long period.

Time to recover to pre-pandemic arrivals	5–6 years
Cumulative arrivals as of 2035	13,903,685
Average receipts per international visitor by 2035	€1,461
Tourism’s GDP contribution as of 2035	14.76%
Tourism revenue as of 2035	€B 20.312

Table 7: Key indicators for disruptive/transformational scenario

e. Scenarios Compared

Below is a chart that displays the comparison of the four scenarios. The red line is the maximum number of international arrivals (14+ million visitors) that Tunisia could have achieved pre-COVID. It then levels off in 2023 and remains constant due to Tunisia’s constrained capacity of both airlift load and hotel room capacity. It should be noted that this particular projection takes into account expected market volatility.

As indicated, the red line projected is the benchmark to be achieved. In terms of tourist arrivals, Scenario 3 has the highest projected arrivals in 2035 at 14.1 M, followed by Scenario 4 at 13.9 M, Scenario 1 at 13.1 M, and Scenario 2 at 9.82 M. Although little investment is needed in Scenario 1, this maintenance scenario does provide an avenue for continued growth of tourist arrivals as long as the situation stays stable and there are no major shocks to the tourism industry. However, in the following sections, the case will be made for shifting the national tourism strategy away from the maintenance scenario as the potential for growth of tourism revenue and contribution to total GDP are highest in Scenarios 3 and 4, which involve a shift to higher-yield consumers (FIT).

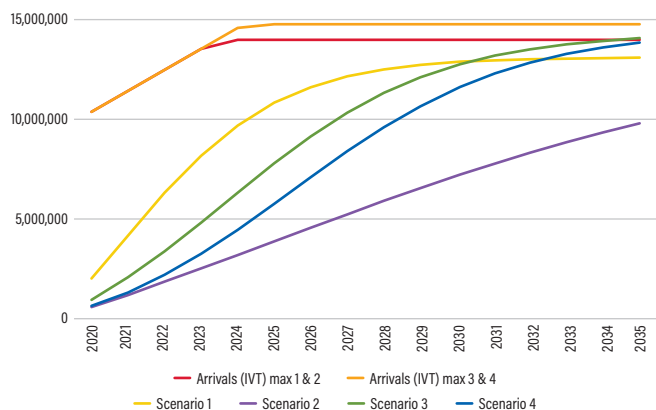


Figure 34: Comparison in arrivals by scenario, 2020–2035

f. Projected Tourism Revenues by Scenario

Thus far, each scenario has been described, including the key actions to be taken, and the projected outcome in terms of years to recover to pre-pandemic arrivals, projected revenue, and tourism’s projected contribution to GDP. In this section, we will provide a comparison of each scenario’s projected potential for tourism revenue from 2020 to 2035 to provide further evidence for a recommended course of action and key strategic actions. As can be seen in Figure 35 below, Scenario 1 projects quick revenue growth within the first five years but then levels out for the following 10 years. This is largely due to the lack of strategic actions taken in Scenario 1, which does not lead to growth of the tourism industry or shifting the focus to higher yield markets. It should be noted that Scenario 1 does not take much investment on the part of the government, but only what is needed to maintain course from before the pandemic. If this course is taken, in 2035, total revenue from the tourism industry is projected to be €8.034 B. As can be seen from the figure below, Scenario 2 projects very slow growth of revenue from tourism over time. Scenarios 3 and 4 have the most positive projections for growth of total revenue from tourism over the time period of 2020–2035. Scenario 3, the desirable scenario, projects slightly faster revenue growth than Scenario 4 for the first five years. This is due to the maintenance of the traditional coastal mass tourism market while also developing new markets and niche products. The projected total revenue from tourism in 2035 for Scenario 3 is €13.287 B. As can be seen, this scenario provides impressive gains in revenue when compared to Scenario 1. The gains are achieved by increasing investment in tourism to shift focus to FIT and higher yield markets. Scenario 4 shows the most gains in total revenue from tourism by 2035, but this scenario does not come without risk and requires drastic and rapid changes to the current tourism industry, requiring extensive investment. The projection for Scenario 4 in 2035 for total revenue from tourism is €20.312 B, surpassing Scenario 3’s projected revenue by €7 B.

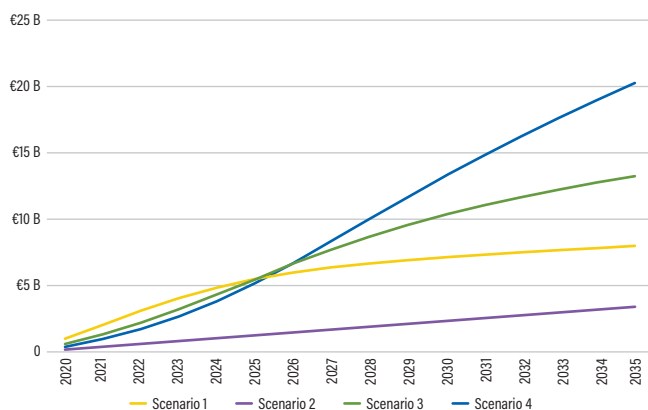


Figure 35: Tourism revenues by scenario, 2020–2035

g. Projected Tourism Contribution to GDP by Scenario

The final method in which the four scenarios are compared is through their projected contribution to Tunisia’s total GDP from 2020 to 2035. Figure 36 below shows each of the scenarios’ GDP contribution from tourism over a period of time. As with growth in revenue, Scenario 1 leads in immediate growth of GDP contribution from tourism but then levels off in 2025 with hardly any growth until 2035 when contribution reaches 13.0%. In Scenario 2, GDP contribution from tourism grows steadily at a slow rate resulting in a projected contribution of 6.4% in 2035. In Scenarios 3 and 4, growth is similarly positive. Although in Scenario 4, revenue is projected to outperform Scenario 3, contribution of tourism to GDP in Scenario 3 is projected to outperform Scenario 4. This is due to the assumptions that overall GDP growth is different for each scenario. In Scenario 3, GDP growth is projected at 4%, whereas in Scenario 4, GDP is projected at 8%. Thus, in Scenario 3, projected contribution to GDP in 2035 is 16.4% whereas projected contribution to GDP of Scenario 4 is 14.8%.

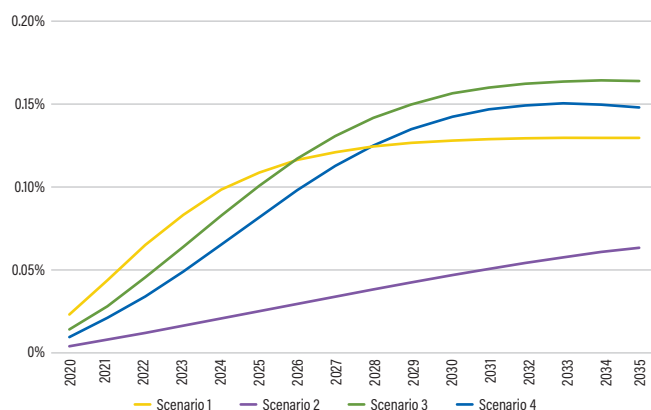


Figure 36: Tourism as % of GDP by scenario, 2020–2035

4.4. Micro-Scenarios and Global Scenarios on the Horizon 2035

A number of micro-scenarios and global scenarios are possible within the 2035 timeframe of the scenario

model. Tunisia's tourism sector has already faced numerous crises in the last two decades. As has been discussed in the situation analysis, the 2015 terrorist attacks led to a reduction in tourist arrivals, and the COVID-19 crisis led to a collapse in tourist arrivals. The current recovery from COVID-19 is a slower process than the recovery after 2015, as the pandemic closed feeder markets for a period of time. In addition, the ongoing Russia/Ukraine conflict is negatively affecting the arrival of Russian travelers, a previously growing market for Tunisia. On the horizon, another global health crisis, natural disasters, political instability, and economic recession are potential shocks that can have an immediate negative impact on the tourism sector and the projected outcomes of the four scenarios.

If the global tourism sector recovers quickly from the pandemic and avoids another global shock in the next few years, the number of international tourist arrivals is estimated at 2.1 billion in 2035 (which represents approximately 3.3% annual growth). In the analysis of the third scenario, the desirable scenario, it is projected that more than 14 million tourists will visit Tunisia in 2035, which represents 0.7% of the world market.

To the extent the tourism industry is able to survive and then rebound from these shocks is difficult to predict. However, government investment and management of tourism at a national and regional level are important to ensuring that recovery is possible. As recommended in the action matrix in Section 5.7, as part of destination development, it is recommended that the ONTT and CRTs facilitate PPD and PPPs at the destination level to decentralize destination planning, development, management, and marketing. This local management and planning can include plans for mitigating challenges, managing natural resources, and leveraging marketing and media to rebound in the face of challenges.

4.5. Recommended Action Steps for Scenario 3

Although Scenario 1 seems the easiest to implement, there is a risk that this approach could lead Tunisia to becoming a distressed tourism country among its competitors, which might shift the country to Scenario 2 as a result. Scenario 2 is to be avoided altogether, while scenario 3 is most desirable because of its positive potential for revenue growth and GDP contribution and the approach is in line with the strategic vision of the country

Scenario 4 has potential to increase revenue growth significantly but represents risk in terms of shifting from traditional coastal tourism to new markets too quickly. Thus, we recommend undertaking strategic actions included in the third scenario. Scenario 3 provides an

achievable way forward that shifts the industry toward the FIT market, higher-yield markets, diversification of tourism offerings, and more sustainable tourism but with continued attention to and management of traditional tourism to coastal resorts.

The suggested direction of tourism for Tunisia as outlined in Scenario 3 relies on a number of near-term (2023–2025), mid-term (2026–2030), and long-term (2031–2035) actions that are described in detail in an action matrix in Section 5.7. As an introduction to this action matrix and the strategic objectives proposed in Section 5, we will use this section to provide an overview of the major strategic actions included in Scenario 3 that will lead to the projected outcomes. The recommended strategy focuses on developing a sustainable and profit-oriented tourism model that aims to increase the number of international travelers by attracting higher-spending tourists. The recommended strategic actions are grouped together under four strategic pillar objectives, namely Compete, Diversify, Invest, and Market.

Compete

Under the strategic objective of Compete, one of the prioritized near-term actions is regulation reform that enhances the business environment in Tunisia by updating regulations to facilitate compliance and increased investment in the tourism sector. While the MoT drafts amendments and clauses to tourism-related regulations in the near-term, an important mid-term strategy would be for the ONTT to lead the creation of a “one-stop shop” online system that can integrate government databases and provide tourism businesses and investors with a clear way to understand and comply with development applications, licensing, work permit applications, and online payments.

As identified in the situation analysis in this strategy, an important challenge to developing tourism in Tunisia is the mismatch between need for and availability of skilled labor. Thus, another important near-term action that can improve Tunisia's competitiveness is to ensure that tourism education programs meet the needs and expectations of employers and facilitate the certification and licensure of the Tunisian workforce. In the near-term, the MFPE can develop a National Tourism Workforce Development Plan to understand the current needs and demands of employers, potential barriers to entry, training needs, supply constraints, and other variables and take action to connect skilled job seekers with employers as soon as possible. In the mid-term, the plan would lead to training programs and materials for the human resources managers, faculty, and tutors delivering certification programs, an online platform for hosting

these trainings, and tourism schools with relevant material and diplomas/certifications

Key to Tunisia's ability to compete with its competitors for the high-yield market is the development of destinations. This action is important to begin as soon as possible through facilitating PPD and PPP at the destination level to create a shared vision for infrastructure improvements, new and more diversified accommodations leading to increased bed capacity, digitalization of trip planning, bookings, and communication, and priority actions in the destinations. To guide thoughtful and strategic development of destinations, expanded tourism data and measures of industry performance are needed in the near-term. Furthermore, as destinations are being developed throughout the country, access to these destinations must also be improved. This is why we suggest the expansion of the number of flights coming to Tunisia and within the country as a strategic action to start in the near-term but focus on in the mid-term. On a related note, the implementation of the e-visa system which was announced in 2017 would further facilitate improvement of competitiveness.

Diversify

Under the strategic objective of Diversify, there are a number of important near-term actions that are needed to attract new markets and to ensure high visitor satisfaction. First, product development will be needed in the near-term, specifically identifying the opportunities for niche products and accommodations with the most potential and then establishing and promoting a tourism product development grant in the near-term to mid-term. Simultaneously, the ONTT can invest in product development as is feasible.

Furthermore, the MICE subsector is wide-ranging and rapidly growing, and it is mainly associated with travel for business purposes. As globalization drives the rise in undertaking business overseas and creating the need for more meetings, conferences, and exhibitions, this demand creates a range of opportunities for Tunisia. One recommended near-term strategic action to ensure the MICE sub-sector can be captured in Tunisia is to establish a Convention & Sports Bureau as a quasi-public/private organization to bring meetings, conventions, and sports events to venues across Tunisia.

A recommended approach to developing heritage cities in the country to attract tourists to locations away from the coast is to identify, protect, develop, and market authentic heritage villages in Tunisia as a collective brand. This approach could also lead to potentially gaining an additional UNESCO World Heritage Site as management of these areas will be improved. In the near-term, these cities can be

identified by the AMVPPC according to established criteria. Products and infrastructure needs can also be identified for investment by the ONTT. Furthermore, Tunisia can celebrate its rich culture through developing Tunisian cultural experiences that both safeguard them and present them as visitor experiences that are promoted as a brand. Finally and importantly, the MoC and MARHP must develop a visitor service concessions process in the near-term to guide and promote private investments at historic/cultural sites and in protected areas through PPP.

The diversification of tourism offerings will rely on the natural assets and heritage of each region. Taking into account national and international tourism trends and the different needs for sustainable development in various ecosystems will be essential parameters to guide the development of new tourism offers. These values and trends will also guide the types of new accommodations that are encouraged with a focus on sustainable, low-density accommodations such as boutique hotels, luxury hotels, guest houses, bed and breakfasts, etc.

Invest

Under the strategic objective of Invest, there are a number of important near-term and mid-term actions that are needed to ensure emerging destinations and products are ready and available to new markets. As a mid-term strategy, the INP should invest in improved infrastructure, preservation efforts, visitor services, training, and continual research and excavation in Tunisia historic architecture and cultural heritage sites while MARHP invests in protected area management, visitor services, and improved infrastructure. These assets are key for attracting target markets interested in cultural/heritage tourism and adventure- and nature-focused tourism. In addition, an SME Investment Fund can be established for providing access to finance and grants for tourism SMEs. As a near-term and mid-term strategic action, investment in public infrastructure of tourism municipalities would improve the visitor experience creating walkable tourism districts, boardwalks, souks, and promenades. This strategic action can also include beautification efforts to ensure landscapes and destinations are free of trash.

Land use planning, or the organization and coordination of the built environment and the distribution of facilities and infrastructure over the territory, is an important element in identifying investment needs. Any investment project must be carried out through harmonized land use planning, ensuring as much as possible the conservation and enhancement of the territory's natural resources. Hence, land use planning should be governed by a legislative framework established and adapted

by the Tunisian authorities in order to harmonize new constructions and transformations of existing infrastructure and prevent damage to the landscape. In addition, it is important to emphasize the importance of spreading the benefits of investments throughout the country, including in the inland regions that have demonstrated little development to date, as presented in the previous sections.

As Tunisia's coastline and charming coastal cities provide the opportunity to attract high-yield consumers via cruise and yacht activity, the OMPP can lead an analysis of existing cruise and yachting port facilities and the potential market and meet with cruise line representatives to understand interest, needs, and potential to invest. As directed by the analysis, the OMPP can then lead investment in cruise and yachting port facilities to boost the cruise and yacht industry to capture high-yield consumers, directing them to areas with sufficient infrastructure. Similarly, Tunisia's comparative advantage of its beautiful Mediterranean coast will need to be sustained and enhanced to remain competitive. In the near-term, the ATF can promote investment opportunities in the tourism sector and provide facilitation services to Tunisian and international investors, enticing investment in sustainable hotel products. Finally, as described in the situation analysis, security and utilities infrastructure are key to ensuring a sustainable, stable, and thriving tourism industry and attracting higher-yield consumers. Therefore, it is recommended that the MoF increase investments in public utilities, including waste

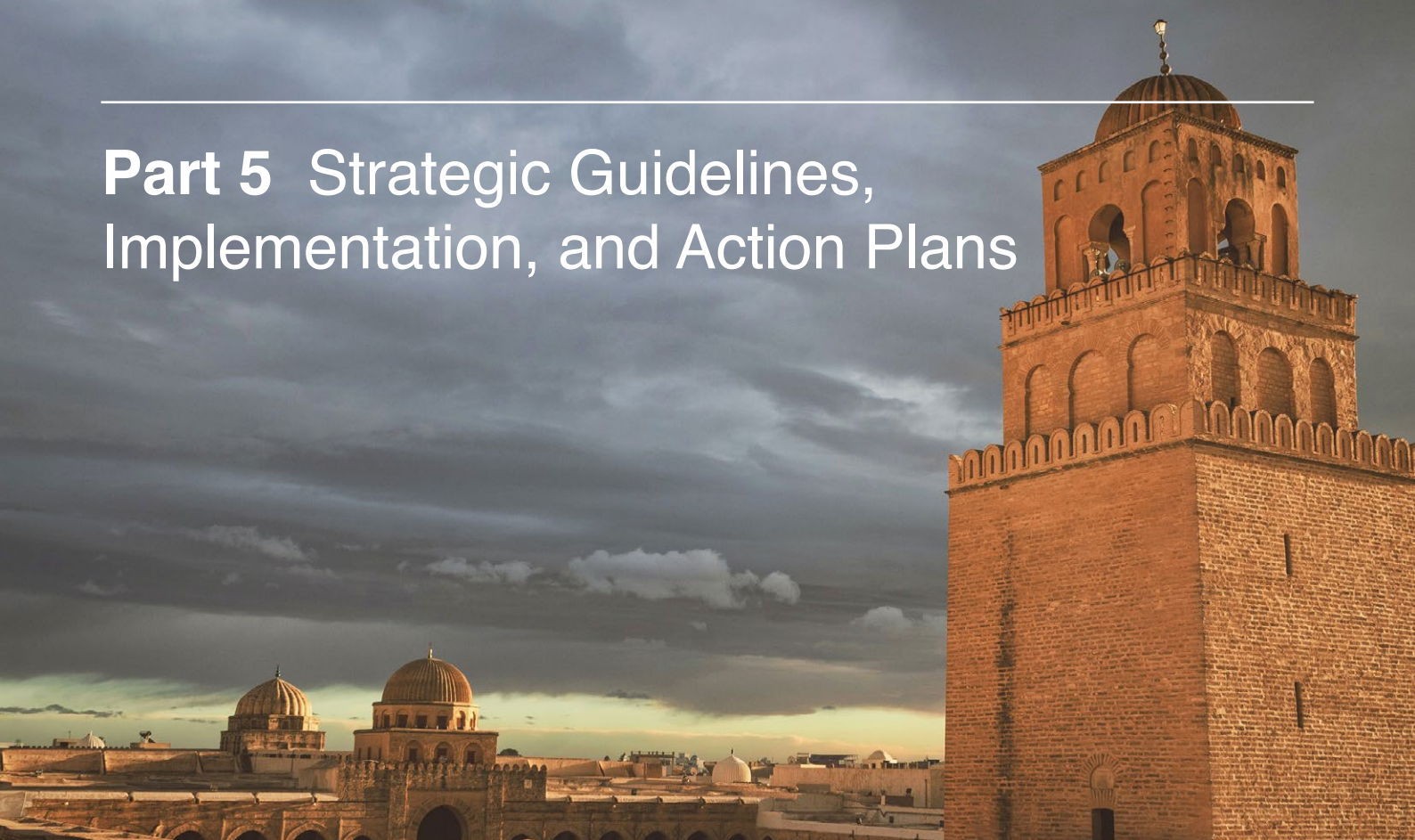
management and security infrastructure in priority tourism destinations.

Market

Marketing will be key to ensuring that Tunisia can shift the tourism industry away from relying primarily on the traditional mass coastal tourism to a more sustainable, diversified sector with niche experiences that attract higher-yield consumers. First, in the near term, the ONTT should create a National Marketing Strategy to position Tunisia as a quality destination, offering a unique and authentic feel as a country with unique coastal, natural, heritage, cultural, and adventure experiences, including a sound website and revenue management strategy. Following the strategy, an annual marketing plan is needed for strategy implementation and target market prioritization and clear actions. Also, in the near-term, digital marketing capacity in the country must be improved and tools must be available for the public and private sector to reach target markets through digital channels. Finally, at a regional and destination level, tailored marketing is needed to support the development of regional and destination brands through PPPs to ensure demand is created for the new experiences created under the Diversify objective. Establishing travel trade partnerships as well as market-based representatives are also needed to ensure Tunisia is being marketed to the full extent. In the mid-term, these strategic actions can help support marketing and sales efforts of Tunisia and involve marketing agencies, diplomatic, and diaspora representatives in international promotional activities.



Part 5 Strategic Guidelines, Implementation, and Action Plans



5.1. Tunisia 2035 Vision Statement

By the year 2035, tourism will be an important driver of economic, social, and environmental development throughout the Tunisian territory.

Tunisia will be positioned among the most competitive and sustainable destinations in the world, by diversifying its product offerings to become a clean and thriving tourism destination that preserves our cultural and natural heritage for current and future generations. This will be achieved through creating businesses and employment opportunities for residents that spread the benefits of tourism growth across the Tunisian society and that deliver memorable experiences to visitors.

5.2. Guiding Principles

Through an extensive process of consultation between government, industry, and civil society, the following 10 principles were identified to guide the strategy implementation:

1. **Private Sector Driven** - Tourism development should be market-driven and industry-led, in partnership with government and civil society.
2. **Whole of Government Approach** - Successful tourism development requires the involvement of all parts of government, at the local and national level, working in harmony to support a competitive industry.
3. **Focused on Sustainability** - Tourism planning and development must take full account of Tunisia's current and future economic, social, and environmental impacts, addressing the needs of visitors, the industry, the environment, and host communities.
4. **Destination Regeneration** - Visitor spending should be contributing to improving the destinations they visit and creating benefits for local communities.
5. **Support Entrepreneurs and Business Startups** - Grow the country's entrepreneurial base, through the development and marketing of new types of travel experiences that are much less costly to develop.
6. **Distribute Tourism Benefits beyond the Coast** - Expand tourism development efforts and benefits beyond the coast and the capital to achieve more balanced growth.
7. **Prepare for Shocks and Crises** - The industry and government needs to be prepared to promptly respond to disaster events in an adequate way to minimize the negative impact to visitors and the tourism industry.
8. **Diversification and Innovation** - Diversify and grow the country's market base in response to changing market profiles and preferences.

9. **Foster Collaboration** - New models of tourism governance are needed to foster collaboration between the private sector and with the government.
10. **Destination Stewardship** - Tourism growth must be balanced with the protection of natural and cultural resources and the aspirations of host communities.

5.3. Strategic Objectives

The following strategic objectives have been established to frame the actionable steps and achieve the desired vision:

Strategic Objective 1: Compete through strengthening an enabling environment with sound travel and tourism policies that allows the private sector to grow tourism in a way that maximizes economic benefits while reducing negative impacts to the natural and cultural environment.

Strategic Objective 2: Diversify the country's tourism offer to grow its market base, by appealing to a broader cross-section of demographic profiles and travel motivations.

Strategic Objective 3: Invest in modernizing the resort industry and providing the access improvements and visitor services needed to develop new forms of tourism.

Strategic Objective 4: Market Tunisia by creating and promoting thematic circuits and packages that combine the beach resort experience with cultural, historical, and nature-based attractions within the interior.

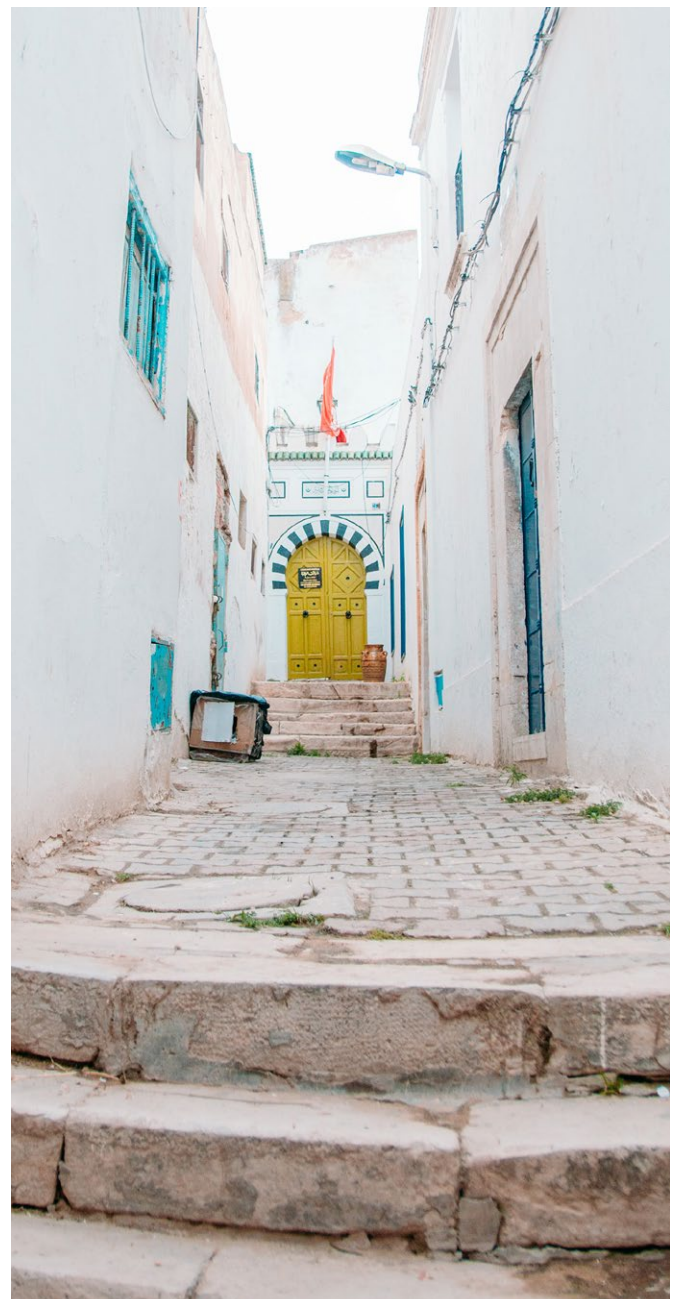
5.4. Targets and Key Performance Indicators

Successful implementation of this strategy should be measured through a set of meaningful indicators useful for evaluating and measuring tourism competitiveness in Tunisia over time and to guide the government in their policy choices. The following indicators and targets have been organized by the following major categories:

- › **Tourism Economic Performance and Impacts:** Increasing the economic value of tourism through its contribution to job creation and GDP
- › **Enabling Environment:** Measuring the general conditions necessary for operating a tourism business in Tunisia
- › **Travel and Tourism Policy and Enabling Conditions:** Measuring specific policies or strategic aspects that affect the travel and tourism sector more directly
- › **Tourism Infrastructure:** Measuring the availability and quality of physical infrastructure needed for tourism competitiveness.

- › **Travel and Tourism Demand Drivers:** Measuring the principal "reasons to travel"
- › **Travel and Tourism Sustainability:** Measuring the current or potential Travel and Tourism sustainability challenges and risks.

Economic impact indicators are systematically collected and reported by the government which allows for easily measuring and monitoring the economic performance of the industry over time. To realize the 2035 vision described in this strategy, additional indicators must be monitored and measured to demonstrate successful implementation of the tourism strategy. The strategy calls for the use of the World Economic Forum Travel & Tourism Development Index (WEF TTDI) to measure the set of factors and policies that enable the sustainable and resilient development of Tunisia's Travel and Tourism sector.



Indicators for measuring the implementation of the Tourism Strategy 2035

Category	Key indicators	Measurement source	Baseline 2019	Target 2035
Economic Impacts of Tourism	Direct contribution of tourism to gross domestic product (% of GDP)	TSA, World Bank, ITES	4.5% 2.2% (in 2021)	15.0% of GDP
	Tourism arrivals	ONTT Statistics	9.4 M	13.3 M
	Overnights in all types of accommodations	ONTT Statistics	30 M	50 M
	Tourism receipts	CBT Statistics	5.63 B TND	12.21 B TND
	Tourism revenue	TSA (INS)	13.65 B TND	46.58 B TND
	Tourism contribution to employment	TSA (INS)	4.4% of total employment	10% of total employment
	Contribution to tax revenues	Ministry of Finance/INS	Need baseline	1.398 B TND
	Foreign direct investment	FIPA/ONTT statistics/ OECD	202 M TND	3.5% of GDP
Enabling Environment	Business environment	WEF TTDI Score	3.7	4.0
	Safety and security	WEF TTDI Score	5.0	5.5
	Health and hygiene	WEF TTDI Score	4.4	4.8
	Human resources and labor market	WEF TTDI Score	4.0	4.5
	ICT readiness	WEF TTDI Score	4.3	5.2
Travel and Tourism Policy and Enabling Conditions	Prioritization of travel and tourism	WEF TTDI Score	4.9	5.5
	International openness	WEF TTDI Score	2.3	4.0
	Price competitiveness	WEF TTDI Score	6.0	6.5
Tourism Infrastructure	Air transport infrastructure	WEF TTDI Score	2.6	3.2
	Ground and port infrastructure	WEF TTDI Score	2.8	3.6
	Tourist service infrastructure	WEF TTDI Score	3.2	4.4
Travel and Tourism Demand Drivers	Natural resources	WEF TTDI Score	2.0	2.5
	Cultural resources	WEF TTDI Score	2.1	3.0
	Non-leisure resources	WEF TTDI Score	2.8	3.5
Travel and Tourism Sustainability	Environmental sustainability	WEF TTDI Score	3.8	4.6
	Socioeconomic resilience and conditions	WEF TTDI Score	4.0	4.4
	Travel and tourism demand pressure and impact	WEF TTDI Score	3.3	4.3

5.5. Strategic Initiatives

Strategic Objective 1: Compete

1.1 Regulation Reform - Enhance the business environment by updating overlapping and outdated regulations to facilitate compliance and increased investment in the sector.

1.2 Human Capital Development - Ensure that tourism education programs meet the needs and expectations of employers and facilitate the certification and licensure of the Tunisian workforce.

1.3 Destination Development - Facilitate public-private dialogue and public-private partnerships at the destination level to decentralize destination planning, development, management, and marketing. Support “clustering,” or the continuous engagement of all stakeholders to work collaboratively.

1.4 Industry Association Strengthening - Support institutional strengthening of national tourism associations to increase value to members and achieve financial sustainability.

1.5 Air Services Development - Promote expansion of the aviation sector and the number of flights coming to Tunisia and within the country.

1.6 Protection of Natural and Cultural Resources - Create and implement management plans for cultural sites and protected areas to ensure sustainable use of Tunisia’s natural and cultural assets.

1.7 Standards Development and Upgrading - Develop quality, safety, and sustainability standards and certification programs for the tourism sector.

1.8 Destination Beautification - Implement activities such as litter and graffiti cleanup; adding plants, flowers, and signage; and establishing maintenance programs to ensure destinations are well kept and clean.

1.9 Tourism Research - Expand and enhance Tunisia’s ability to collect and analyze tourism data and measure industry performance.

1.10 Public Awareness - Engage local communities and the Tunisian public at large to communicate the importance of the sector and influence behavior and attitude change.

Strategic Objective 2: Diversify

2.1 Product Development - Create a program to cluster niche tourism actors together to develop and implement product development roadmaps for established and new specialized niche tourism products.

2.2 Festivals & Events - Strengthen the organization and delivery of cultural festivals to attract and appeal to visitors and attract international events and sporting competitions to take place in Tunisia.

2.3 Agritourism Development - Support existing and future agritourism activities through improved processes for agritourism businesses and promotional tools.

2.4 Heritage Villages - Develop a program to identify, protect, develop, and market authentic heritage villages in Tunisia as a collective brand.

2.5 Creative Cities - Support cities and towns to develop their creative economies through culture and the arts by celebrating and strengthening their unique identity.

2.6 Visitor Service Concessions - Promote private investments at historic and cultural sites and in protected areas through public-private partnerships.

2.7 Tunisian Cultural Experiences - Develop a program to identify, document, safeguard, and present Tunisian intangible cultural heritage as a visitor experience and promote it as a collective brand.

2.8 Convention & Sports Bureau - Establish a quasi-public/private organization to bring meetings, conventions, and sports events to venues across Tunisia.

2.9 Thematic Routes and Trails - Create thematic tourism routes that cluster attractions and develop hiking and biking trail systems.

2.10 Made in Tunisia - Develop and promote a certification program to promote artisans and retail stores that only sell Tunisian handicrafts.

Strategic Objective 3: Invest

3.1 Cultural Sites - Invest in improved infrastructure, preservation efforts, visitor services, training, and continual research and excavation in Tunisia historic architecture and cultural heritage sites.

3.2 Protected Areas - Invest in protected area management, visitor services, and improved infrastructure (roads, trails, picnic areas, visitors’ centers, bathrooms, and parking) while creating new protected areas that support tourism development and conservation.

3.3 Walkable Tourism Districts and Areas - Invest in public infrastructure of tourism municipalities to create walkable tourism districts, boardwalks, souks, and promenades to create a sense of place and enhance the visitor experience.



3.4 Tourism SME Investment Fund - Provide access to finance and grants for tourism small- and medium-sized enterprises (SMEs) in partnership with national banks and development partners.

3.5 HOPE Fund - Establish a Hospitality Opportunities Private Equity (HOPE) Fund to buy, manage, and sell distressed assets related to the hospitality sector.

3.6 Investment Promotion - Promote investment opportunities in the tourism sector and provide facilitation services to Tunisian and international investors by providing information, connection to partners, and access to government incentives for their investments.

3.7 Tourism Asset Upgrading - Provide investment incentives to help the tourism sector invest in improvements to hotels and transportation vehicles.

3.8 Cruise & Yachting Port Facilities - Invest in cruise berths and yacht public facilities to boost the cruise and yacht industry and improve the visitor experience.

3.9 Public Transportation - Invest in ferries, public bus stations, and services to improve public transport options for visitors.

3.10 Utilities & Security Infrastructure - Invest in public utilities and security infrastructure to ensure tourism destinations have adequate sewer systems, water, electricity, internet, telecommunications, and security services.

Strategic Objective 4: Market

4.1 Tourism Marketing Fund & Board - Establish a quasi-public/private organization to market and promote Tunisia internationally and domestically.

4.2 Tunisia Tourism Brand - Build and manage a recognizable and inspiring national tourism brand.

4.3 Annual Marketing Plan - Establish and implement a detailed annual destination marketing strategy with target market prioritization, clear actions, private sector co-investment opportunities, and measures of success.

4.4 Digital Marketing Transformation - Improve the capacity and tools available for the public and private sector to reach target markets through digital channels.

4.5 Media Partnerships and Earned Media - Partner with media companies to reach targeted audiences while generating earned media through public relations efforts.

4.6 Travel Trade Partnerships - Establish and nurture relationships with international travel trade organizations to support their marketing and sales efforts in Tunisia.

4.7 Market Based Representatives - Involve marketing agencies, diplomatic, and diaspora representatives in international promotional activities.

4.8 Digital Nomads Visa Program - Develop a program to attract digital nomads to Tunisia through a special visa and marketing program.

4.9 Regional & Destination Marketing - Support the development of regional and destination brands through public-private partnerships.

4.10 Retire in Tunisia Program - Develop a program to attract retirees to Tunisia through a special visa and incentives including a one-time exemption of duties on the importation of already-owned household goods and discounts offered by industry partners.

5.6 Implementation Plan

Upon the ratification of the National Tourism Strategy by the Council of Ministers, the following recommended actions will ensure the successful implementation and continued coordination and collaboration within the government and with the tourism industry.

1. Creation of a High Council of Tourism chaired by the Prime Minister to lead the strategy implementation, policy reforms, and a Whole of Government approach to addressing the issues impacting the industry. The High Council of Tourism should meet at least once per year to review the implementation progress and address challenges that are impacting the successful implementation of the Strategy.
2. Establish a dedicated unit for Strategy implementation within the Ministry of Tourism. This unit will be responsible for ensuring the Strategy is implemented and commitments made are fulfilled.
3. Transition the inter-agency and ministerial NTS working group that lead the development of this Strategy into the National Tourism Strategy Implementation Committee (NTSIC). This public-private committee should meet quarterly to review implementation progress and coordinate joint activities.
4. Require government agencies that are responsible for implementation actions to submit annual progress reports on the Strategy implementation to the High Council of Tourism.
5. Establish a section of the Ministry of Tourism's website to publicize the NTS, set up an online reporting dashboard to monitor implementation performance, and share stories of implementation success.

The following Action Matrix provides a road map to realize the Tourism Vision 2035 and achieve the strategic objectives. It outlines the actions that must be completed, the timeframe by which they should be completed, the institution in charge of carrying them out, and an estimated budget. The budgets that are offered in this action matrix are preliminary and will need to be confirmed before being completed.

The Strategy calls for a substantial investment in the sector by both the public and private sector. An objective of the Action Plan is to provide an enabling environment to encouraging private sector led initiatives and investment.

In order to monitor the activities outlined in the Action Matrix and ensure that they are appropriately carried out within the specified time frame and, where applicable, the budget indicated, it is suggested in this Strategy that the National Tourism Strategy Implementation Committee keep track of how the strategy was being implemented and, when necessary, provide corrective action.



5.7 Action Matrix

ID	Strategic Objectives > Strategic Initiatives > Key Actions	Lead	Involved	Near Term	Mid Term	Long Term	Illustrative Budget
SO 1	Compete through strengthening an enabling environment with sound travel and tourism policies that allow the private sector to grow tourism in a way that maximizes economic benefits while reducing negative impacts to the natural and cultural environment.						
SI 1.1	Regulation Reform - Enhance the business environment by updating overlapping and outdated regulations to facilitate compliance and increased investment in the sector.						
A 1.1.1	Seek consultation with tourism industry associations to identify regulations that require amendments	MoTH	FTH, FTAV, Fi2T	●			325,000 TND
A 1.1.2	Draft and publish a discussion paper that summarizes the proposed amendments and frames consultation questions to stakeholders to identify potential impacts on the industry and visitor experience	MoTH	FTH, FTAV, Fi2T	●			
A 1.1.3	Draft proposed amendments and clauses to tourism-related regulations	MoTH	FTH, FTAV, Fi2T	●			
A 1.1.4	Conduct process re-engineering based on the review of requirements of the tourism private sector made by the government with the aim of reducing their number of regulations and facilitating compliance through redesign, elimination of redundant steps, and use of technology	ONTT	FTH, FTAV, Fi2T	●			
A 1.1.5	Develop a “one-stop shop” online system to integrate government databases and provide tourism businesses and investors with a seamless way to understand and comply with development applications, licensing requirements, work permit applications, and online payments to governments	ONTT	FTH, FTAV, Fi2T	●	●		
SI 1.2	Human Capital Development - Ensure that tourism education programs meet the needs and expectations of employers and facilitate the certification and licensure of the Tunisian workforce.						
A 1.2.1	Develop a National Tourism Workforce Development Plan to understand the current needs and demands of employers, potential barriers to entry, training needs, supply constraints, and other variables	MFPE	MHESR, MoTH, FTH, FTAV, Fi2T	●			1,250,000 TND
A 1.2.2	Form an Employers Workforce Development Steering committee made up of industry human resource (HR) professionals and experienced training providers	MFPE	MoTH, FTH, FTAV, Fi2T	●			
A 1.2.3	Prepare a training program and materials for the HR managers, faculty, and tutors delivering these certification programs.	FTH	MFPE	●			
A 1.2.4	Prepare job competencies portfolio and trainee manuals for employees	FTH	MFPE		●		
A 1.2.5	Establish an online platform to host the training and assessments	FTH	MFPE		●		
A 1.2.6	Develop a tourism job board to connect industry and job seekers	MoTH	MFPE, MHESR, FTH, FTAV, Fi2T	●			

SI 1.3	Destination Development - Facilitate public-private dialogue and public private partnerships at the destination level to decentralize destination planning, development, management, and marketing. Support “clustering,” or the continuous engagement of all stakeholders to work collaboratively.						
A 1.3.1	Through public-private dialogue (PPD), create destination development plans for specific tourism destinations to create a shared vision for infrastructure investments and priority actions in the destinations	ONTT CRTs	CDGR, MARHP, INP, LG, AMVPPC	●			300,000 TND
A 1.3.2	Create Destination Management Committees (DMC) made up of key public and private stakeholders from the local destination to lead and coordinate tourism development and management efforts	ONTT CRTs	FTADD, CDGR, MARHP, INP, LG, AMVPPC	●			
A 1.3.3	Support destination branding and marketing efforts for specific destinations	ONTT CRTs	FTADD	●			
A 1.3.4	Establish legislation to enable the creation of Tourism Improvement Districts that will create a funding model to support DMO formation and sustainability	MoTH	MRDP		●		
A 1.3.5	Assist DMOs to meet UNWTO-QUEST standards for excellence in DMO management	ONTT CRTs	FTADD	●	●		
SI 1.4	Industry Association Strengthening - Support institutional strengthening of national tourism associations to increase value to members and achieve financial sustainability.						
A 1.4.1	Develop an association strengthening technical assistance program to assist tourism associations increase value to members and achieve financial sustainability	MoTH	FTH, FTAV, Fi2T		●		150,000 TND
A 1.4.2	Establish a tourism federation that brings together national tourism associations to have a single voice to advocate to government about the industry’s needs	MoTH	FTH, FTAV, Fi2T		●	●	
SI 1.5	Air Services Development - Promote expansion of the aviation sector and the number of flights coming to Tunisia and within the country						
A 1.5.1	Conduct an analysis of Tunisia's air service metrics and composition (average fares, yield by market, traffic capture by airline, load factors, fleet composition, yield vulnerabilities, and the origin-destination shares, etc.) to identify airlines to target	OACA	ONTT	●			1,000,000 TND
A 1.5.2	Conduct a business case to determine potential return on investment and GoT and private sector willingness to offer airline partners a minimum revenue guarantee agreement and other potential incentives	OACA	ONTT	●			
A 1.5.3	Conduct meetings with targeted airlines to negotiate increased air service	OACA	ONTT		●		
A 1.5.4	Establish air service agreements with targeted airlines	OACA	ONTT		●	●	
A 1.5.5	Develop a strategic action plan to improve internal Tunisian airports and to attract flights to these airports	OACA	ONTT	●			
A 1.5.6	Establish a strategy to attract tour operators to include flights to internal Tunisian airports	OACA	ONTT	●			
SI 1.6	Protection of Natural and Cultural Resources - Create and implement management plans for cultural sites and protected areas to ensure sustainable use of Tunisia's natural and cultural assets.						

A 1.6.1	Conduct an analysis to identify which cultural sites and protected areas have management plans in place and which need upgrading or improvements	INP	AMVPPC	●	●		300,000 TND
A 1.6.2	Through public-private dialogue, update and/or develop management plans ensuring each has a section that includes visitor management strategies	AMVPPC	INP, LG		●		
A 1.6.3	Implement management plans and visitor management strategies to ensure the protection of natural and cultural sites	INP	AMVPPC		●	●	
A 1.6.4	Promote environmental and sustainable tourism certification (Blue Flag, Travel Life, GSTC)	ONTT	FTH, FTAV, Fi2T	●			
SI 1.7	Standards Development and Upgrading - Develop quality, safety, and sustainability standards and certification programs for the tourism sector.						
A 1.7.1	Establish standard working groups for select tourism industries	ONTT	FTH, FTAV, Fi2T	●			800,000 TND
A 1.7.2	Survey the effectiveness and “fit for purpose” of the current standards and system	ONTT	FTH, FTAV, Fi2T	●			
A 1.7.3	Calibrate the current classification standards with international best practice standards and systems (e.g., EU Hotel Star System)	ONTT	FTH, FTAV, Fi2T	●			
A 1.7.4	Establish a self-assessment process and training program	ONTT	FTH, FTAV, Fi2T		●		
A 1.7.5	Integrate an appeals process and establish an “appeals committee”	ONTT	FTH, FTAV, Fi2T	●			
A 1.7.6	Assist ONTT formally launch new system of classification of hotels	ONTT	FTH, FTAV, Fi2T		●		
SI 1.8	Destination Beautification - Implement activities such as litter and graffiti cleanup; adding plants, flowers, and signage; and establishing maintenance programs to ensure destinations are well kept and clean.						
A 1.8.1	Conduct an assessment and develop a feasibility plan to improve destination beautification that includes a maintenance plan	ONTT CRTs	INP, AMVPPC, MARHP, LG	●			2,500,000 TND
A 1.8.2	Establish a national training program and develop a toolkit and training materials to help establish, design, and implement destination beautification programs	ONTT CRTs	INP, AMVPPC, MARHP, LG		●		
A 1.8.3	Assist cultural site managers, protected area managers, and municipalities in appointing a destination beautification ambassador to attend a training program and learn how to design and implement destination beautification programs	ONTT CRTs	INP, AMVPPC, MARHP, LG		●		
A 1.8.4	Destination beautification ambassadors recruit destination and tourism leaders while conducting outreach to residents to inform about the program and recruit their participation	ONTT CRTs	INP, AMVPPC, MARHP, LG		●		
A 1.8.5	Explore the feasibility to engage at-risk youth, returning citizens from incarceration, and/or people experiencing homelessness to be employed in beautification efforts	ONTT CRTs	INP, AMVPPC, MARHP, LG		●	●	
SI 1.9	Tourism Research - Expand and enhance Tunisia's ability to collect and analyze tourism data and measure industry performance.						

A 1.9.1	Conduct assessment of ONTT, INS, and industry tourism associations' tourism data collection and analysis efforts and needs	ONTT	INS, FTH, FTAV, Fi2T	●			480,000 TND
A 1.9.2	Develop a road map and confirm commitments to work towards creating a TSA for Tunisia	ONTT	INS, FTH, FTAV, Fi2T	●			
A 1.9.3	Develop a system for collecting and analyzing visitor surveys, tourism business surveys, and surveying/assessing tourism human capital supply and demand (contributing to TSA tables)	ONTT	INS, FTH, FTAV, Fi2T		●	●	
A 1.9.4	Collect and use data to measure tourism marketing performance and economic impact	ONTT	INS, FTH, FTAV, Fi2T		●	●	
SI 1.10	Public Awareness - Engage local communities and the Tunisian public at large to communicate the importance of the sector and influence behavior and attitude change.						
A 1.10.1	Develop and implement a public awareness campaign to champion the role of tourism in Tunisia's economy	ONTT	FTH, FTAV, Fi2T	●			600,000 TND
A 1.10.2	Develop and implement a public awareness campaign to promote tourism as a career choice for students	ONTT	MHESR, MFPE, FTH, FTAV, Fi2T	●			
A 1.10.3	Develop and implement a public awareness campaign to promote no littering	ONTT	ANGed, FTH, FTAV, Fi2T	●			
SO 2	Diversify the country's tourism offer to grow its market base, by appealing to a broader cross section of demographic profiles and travel motivations.						
SI 2.1	Product Development - Create a program to cluster niche tourism actors together to develop and implement product development roadmaps for established and new specialized niche tourism products.						
A 2.1.1	Identify niche products with the most potential alongside tourism industry leaders willing to help develop these products (health and wellness, golf, <i>Star Wars</i> , maritime activities, etc.)	ONTT	FTH, FTAV, Fi2T	●			3,250,000 TND
A 2.1.2	Establish product development working groups with industry experts for each niche product	ONTT	FTH, FTAV, Fi2T	●			
A 2.1.3	Develop an inventory of assets and service providers related to each prioritized and new niche product	ONTT	FTH, FTAV, Fi2T	●			
A 2.1.4	Establish and promote a tourism product development grant program	ONTT	FTH, FTAV, Fi2T	●	●		
A 2.1.5	Identify work completed to date and priority actions and investments needed for each prioritized and new niche product	ONTT	FTH, FTAV, Fi2T	●	●		
A 2.1.6	Invest in at least one action recommended by the working groups to support product development for each prioritized product to support product development for each niche product	ONTT	FTH, FTAV, Fi2T		●		
A 2.1.7	Develop printed brochures, maps, and online content (including video, photos, stories) for each prioritized product and for each niche product	ONTT	FTH, FTAV, Fi2T		●	●	
A 2.1.8	Develop and implement an annual marketing campaign in collaboration with the working group for each prioritized and new niche product	ONTT	FTH, FTAV, Fi2T		●	●	

SI 2.2	Festivals & Events - Strengthen the organization and delivery of cultural festivals to attract and appeal to visitors and attract international events and sporting competitions to take place in Tunisia.						
A 2.2.1	Develop a public call for creating a national event and festival calendar and event/festival training program	ONTT	ENPFMCA, FTH, FTAV, Fi2T	●			3,175,000 TND
A 2.2.2	Organize an event and festival training program for festival organizers	ENPFMCA	Event Organizers		●		
A 2.2.3	Assist festival organizers improve presentation of cultural heritage and appeal to visitors	ENPFMCA	Event Organizers	●			
A 2.2.4	Assist hotels and tour operators develop and promote packages that include cultural festivals	ONTT	ENPFMCA, FTH, FTAV, Fi2T	●	●		
A 2.2.5	Maintain and promote an up-to-date annual calendar of events alongside national tourism marketing efforts	ONTT	ENPFMCA, FTH, FTAV, Fi2T	●	●	●	
A 2.2.6	Identify Tunisia's most successful events and invest in these events so they continue to grow and improve	ONTT	ENPFMCA, FTH, FTAV, Fi2T	●	●		
A 2.2.7	Identify international events and sporting competitions that can be recruited to be hosted in Tunisia	ONTT	FTH, FTAV, Fi2T	●			
A 2.2.8	Recruit signature international events and sporting competitions to be hosted in Tunisia	ONTT	FTH, FTAV, Fi2T		●		
A 2.2.9	Develop, host, and promote new signature events that are based on the unique attributes that only Tunisia offers (e.g., Annual <i>Star Wars</i> Amateur film Festival, Roman Regatta, etc.)	ONTT	ENPFMCA, FTH, FTAV, Fi2T		●	●	
A 2.2.10	Support events organized in Tunisian marinas and participate in global maritime events	ONTT	FTH, FTAV, Fi2T	●			
SI 2.3	Agritourism Development - Support existing and future agritourism activities through improved processes for agritourism businesses and promotional tools.						
A 2.3.1	Establish an interagency working group to review relevant chapters of the Tunisian business registration code to identify opportunities for refinement, enhancement, and modifications to support agritourism	Ministry of Agriculture	ONTT	●			500,000 TND
A 2.3.2	Develop and document a process for the review and approval of agritourism applications	Ministry of Agriculture	ONTT		●		
A 2.3.3	Develop an agritourism application with checklists, instructions, general standards, and links to applicable resources to provide consistency, predictability, and transparency for agritourism businesses and entrepreneurs	Ministry of Agriculture	ONTT		●		
A 2.3.4	Develop a "Beginning Agritourism Guidebook," to provide guidance and resources to farmers on how to develop agritourism business and marketing plans	Ministry of Agriculture	ONTT		●		
A 2.3.5	Identify funding and staff resources to promote and market agritourism to Tunisians and tourists.	Ministry of Agriculture	ONTT	●	●		

SI 2.4	Heritage Villages - Develop a program to identify, protect, develop, and market authentic heritage villages in Tunisia as a collective brand.						
A 2.4.1	Develop criteria to define a Heritage Village	AMVPPC	ONTT, INP	●			800,000 TND
A 2.4.2	Visit potential Heritage Villages and meet with municipal governments, community leaders, and tourism champions to introduce the Heritage Village program and form a Heritage Village Management Committee	AMVPPC	ONTT, INP	●			
A 2.4.3	Develop architecture guidelines to ensure new construction is aligned with historic preservation efforts	AMVPPC	ONTT, INP, LG	●			
A 2.4.4	Identify the investment needs to improve the public spaces, utilities, and parking facilities	AMVPPC	ONTT, INP, CDGR, LG, DMC	●			
A 2.4.5	Assist community members in developing new tourism products, services, and experiences	ONTT	FTH, FTAV, Fi2T		●		
A 2.4.6	Install interpretative and wayfinding signage with the new Heritage Villages brand	ONTT	INP, AMVPPC, CDGR, LG, DMC		●		
A 2.4.7	Promote the Heritage Villages as a collective brand with all tourism marketing efforts	ONTT	FTH, FTAV, Fi2T		●	●	
SI 2.5	Creative Cities - Support cities and towns to develop their creative economies through culture and the arts by celebrating and strengthening their unique identity.						
A 2.5.1	Use the UNESCO Creative Cities Network as a model to create the criteria and application process for the Tunisia program	MoC	CoC, INP, AMVPPC	●			600,000 TND
A 2.5.2	Identify cities and town in Tunisia that have the potential and interest to participate in the program	MoC	CoC, INP, AMVPPC	●			
A 2.5.3	Visit potential Tunisian Creative Cities and Towns and meet with municipal governments, community leaders, and tourism champions to introduce the program and form a Creative City Management Committee	MoC	CoC, INP, AMVPPC	●			
A 2.5.4	Identify and document the creative makers and creative spaces in the city or town	MoC	CMAM, ONAT, AMVPPC, CoC, INP, LG, DMC	●			
A 2.5.5	Assist each participating city/town develop programs to support the development and promotion of the creative economy	MoC	LG, CoC, AMVPPC, ONTT		●		
A 2.5.6	Integrate the cultural makers, cultural spaces, and creative economy into the tourism development and marketing efforts of each city/town	ONTT	DMC, LG, AMVPPC		●		
A 2.5.7	Promote the Creative Cities/Towns as a collective brand with all tourism marketing efforts	ONTT	DMC, LG, AMVPPC		●	●	

SI 2.6	Visitor Service Concessions - Promote private investments at historic/cultural sites and in protected areas through public-private partnerships (PPP).						
A 2.6.1	Develop or refine concession policies at the national level to strengthen and define the PPP concession management system	MoC, MARHP	INP, AMVPPC	●			500,000 TND
A 2.6.2	Identify visitor service needs and opportunities at cultural sites, protected areas, and other state-owned land	ONTT	MoC, MARHP, INPAMVPPC, FTH, FTAV, Fi2T	●			
A 2.6.3	Develop new and transparent regulations for each agency that cover concession contracts	MoDEAF	INPAMVPP, MoC, MARHP	●			
A 2.6.4	Develop tourism service standards and process for conducting periodic evaluations to be included in all new concession contracts to ensure concessionaires are operating at the minimal tourism service standards	ONTT	INPAMVPP, MoC, MARHP	●			
A 2.6.5	Promote PPP investment opportunities and establish concession contracts	MoDEAF	INPAMVPP, MoC, MARHP		●		
SI 2.7	Tunisian Cultural Experiences - Develop a program to identify, document, safeguard, and present Tunisian intangible cultural heritage as a visitor experience and promoted as a collective brand.						
A 2.7.1	Identify and document Tunisia's intangible cultural heritage including the cultural makers and tradition bearers	AMVPPC	CMAM, ONAT, CoC, INP,	●			750,000 TND
A 2.7.2	Develop the program communication materials, criteria, and application guidelines for the program	ONTT, AMVPPC	CMAM, ONAT, CoC, INP	●			
A 2.7.3	Promote the program and process applications	ONTT	AMVPPC		●	●	
A 2.7.4	Develop and deliver a tourism experience development and business incubator program to assist the cultural makers and tradition bearers become market ready	ONTT	AMVPPC		●	●	
A 2.7.5	Promote the program as a collective brand with all tourism marketing efforts	ONTT	AMVPPC		●	●	
SI 2.8	Convention & Sports Bureau - Establish a quasi-public/private organization to bring meetings, conventions, and sports events to venues across Tunisia.						
A 2.8.1	Develop legislation to establish a quasi-public/private organization to bring meetings, conventions, and sports events to venues across Tunisia	MoTH, MoJS	ONTT, FTH, FTAV, Fi2T	●			3,000,000 TND
A 2.8.2	Establish the board of directors to govern the new organization and define the bylaws and operating policies	MoTH, MoJS	ONTT, FTH, FTAV, Fi2T	●			
A 2.8.3	Recruit and hire a CEO to run the organization and build the staff	BoD	MoTH, MoJS	●			
A 2.8.4	Develop a strategic plan/business plan for the organization to guide the activities and measure performance	CEO	BoD	●			
A 2.8.5	Attract meetings, conventions, and sporting events to Tunisia and measure their economic impact	CEO	BoD		●	●	

SI 2.9	Thematic Routes and Trails - Create thematic tourism routes that cluster attractions and develop hiking and biking trail systems.						
A 2.9.1	Conduct research to identify possible thematic routes that could be developed at the local or national level	ONTT	FTH, FTAV, Fi2T	●			500,000 TND
A 2.9.2	Develop a thematic narrative to introduce the trail and how travelers will be able to experience the theme, including identification of possible points of interest to be featured along the trail	ONTT	FTH, FTAV, Fi2T		●		
A 2.9.3	Conduct meetings with tourism stakeholders along the trail to introduce the proposed thematic route, the narrative, and opportunities for participation and collaboration	ONTT	FTH, FTAV, Fi2T		●		
A 2.9.4	Develop the narratives for points of interest along the trail	ONTT	FTH, FTAV, Fi2T		●		
A 2.9.5	Develop interpretative and wayfinding signage along the trail	ONTT	FTH, FTAV, Fi2T		●	●	
A 2.9.6	Develop marketing collateral (including brochures and maps) and online marketing content to promote the trail	ONTT	FTH, FTAV, Fi2T		●	●	
SI 2.10	Made in Tunisia - Develop and promote a certification program to promote artisans and retail stores that only sell Tunisian handicrafts.						
A 2.10.1	Define the criteria and governance of the certification program	ONAT	FTH, FTAV, Fi2T	●			800,000 TND
A 2.10.2	Develop the program communication materials and application guidelines for the program	ONAT	FTH, FTAV, Fi2T	●			
A 2.10.3	Establish an outreach and certification team to visit retailers around the country and promote the program	ONAT	FTH, FTAV, Fi2T	●			
A 2.10.4	Develop marketing materials and promote the program to visitors	ONAT	FTH, FTAV, Fi2T	●			
A 2.10.5	Develop marketing materials and look books to promote the program to hoteliers	ONAT	FTH		●		
A 2.10.6	Conduct periodic spot checks of retailers to ensure compliance	ONAT			●	●	
SO 3	Invest in modernizing the resort industry and providing the access improvements and visitor services needed to develop new forms of tourism.						
SI 3.1	Cultural Sites - Invest in improved infrastructure, preservation efforts, visitor services, training, and continual research and excavation in Tunisia historic architecture and cultural heritage sites.						
A 3.1.1	Invest in current preservation efforts to ensure the sites are protected from visitation, vandalism, looting, natural disasters, and the elements	INP	AMVPPC	●			15,000,000 TND
A 3.1.2	Identify and invest in priority infrastructure improvements that are needed to improve the visitor experience and explore PPP opportunities to create/improve visitor services	AMVPPC	ONTT, FTH, FTAV, Fi2T	●	●		
A 3.1.3	Establish partnerships with Tunisian and international universities to pursue sponsored research funding to support the MoC's priority research and excavation needs	INP	AMVPPC		●		
A 3.1.4	Explore funding strategies and creation of "friends of" groups to provide financial support for investment and maintenance needs	AMVPPC	INP, ONTT, FTH, FTAV, Fi2T	●			

SI 3.2	Protected Areas - Invest in protected area management, visitor services, and improved infrastructure (roads, trails, picnic areas, visitors' centers, bathrooms, and parking) while creating new protected areas that support tourism development and conservation.						
A 3.2.1	Create a land use plan for each protected area to ensure the most desirable social and environmental outcomes of land use as well as a more efficient use of resources.	MARHP	FTAV, Fi2T	●			10,000,000 TND
A 3.2.2	Invest in current conservation efforts to ensure protected areas are protected from visitation, vandalism, poaching, looting, and natural disasters	MARHP	FTAV, Fi2T	●			
A 3.2.3	Invest in improved road access to protected areas and parking facilities	MEHAT	CGDR, MARHP		●	●	
A 3.2.4	Identify and invest in priority infrastructure improvements that are needed to improve the visitor experience and explore PPP opportunities to create/improve visitor services	MARHP	ONTT, FTH, FTAV, Fi2T	●	●		
A 3.2.5	Explore funding strategies and creation of "friends of" groups to provide financial support for investment and maintenance needs	MARHP	ONTT, FTH, FTAV, Fi2T	●			
SI 3.3	Walkable Tourism Districts and Areas - Invest in public infrastructure of tourism municipalities to create walkable tourism districts, boardwalks, souks, and promenades to create a sense of place and enhance the visitor experience.						
A 3.3.1	Review the "tourism municipality" program and enhance the process for municipalities and CRTs to identify and request funding support for infrastructure investments in tourism destinations incorporating public private dialogue into the process	ONTT	MEHAT, CGDR, DC, LG	●			3,000,000 TND
A 3.3.2	Develop land use master plans for priority tourism destinations to identify and designate tourism districts with an emphasis on pedestrian-friendly zones where retail and services are clustered	ONTT	MEHAT, CGDR, DC, LG	●			
A 3.3.3	Explore the use of tax increment financing (TIF) to stimulate private investment in tourism districts through the diversion of future property tax revenue increases; TIF subsidies will not be appropriated directly from the municipality's budget, but the municipality will incur loss through forgone tax revenue	ONTT	MEHAT, CGDR, DC, LG	●			
SI 3.4	Tourism SME Investment Fund - Provide access to finance and grants for tourism small- and medium-sized enterprises (SMEs) in partnership with national banks and development partners.						
A 3.4.1	Develop a Strategic Outline Case (SOC) to define the structure/governance of the proposed fund (modeled after Discover England Fund) the budget, financing, technical assistance, project evaluation, and selection process	ONTT	MoTH	●			1,500,000 TND
A 3.4.2	Secure government funding for the investment fund, initially through the budgetary process, and ideally, beyond the Pilot Project, through a direct funding mechanism (e.g., a small visitor contribution through airport taxes, cruise visitor head tax, hotel bed tax, attractions tax, etc.)	MoTH	ONTT	●			
A 3.4.3	Develop submission guidelines, selection process and criteria, project review and selection panel, deadlines, technical assistance strategy, promotional campaign, etc.	ONTT	MoTH	●			
A 3.4.4	Plan and execute launch event and marketing and public relations campaign to promote the fund to potential applicants	ONTT	FTH, FTAV, Fi2T		●		
A 3.4.5	Receive and review proposals, select grant recipients, announce winners, disburse funds, and implement technical assistance and mentoring components of the program	ONTT	FTH, FTAV, Fi2T		●		
A 3.4.6	Measure results of the Pilot Project, make required program refinements, and launch yearly calls for the grant competition	ONTT	FTH, FTAV, Fi2T		●	●	

SI 3.5	HOPE Fund - Establish a Hospitality Opportunities Private Equity (HOPE) Fund to buy, manage, and sell distressed assets related to the hospitality sector.						
A 3.5.1	Define the business and investment strategy for the fund			●			1,500,000 TND
A 3.5.2	Conduct an analysis of distressed tourism assets and identify ownership			●			
A 3.5.3	Develop the business plan to calculate cash flow expectations and establish the fund's timeline, including the period to raise capital and exit from portfolio investments			●			
A 3.5.4	Establish an external team of consultants that includes independent accountants, attorneys, and industry consultants who can provide insight into the companies and investment opportunities in the sector			●			
A 3.5.5	Establish the Investment Vehicle and fund's legal structure, including the private placement memorandum and any other operating agreements, such as a limited partnership agreement or articles of association				●		
A 3.5.6	Determine provisions related to management fees, carried interest, and any hurdle rate for performance			●			
A 3.5.7	Develop offering memorandum, subscription agreement, partnership terms, custodial agreement, and due diligence questionnaire to raise capital				●		
A 3.5.8	Raise capital and invest in conversion and renovation initiatives of distressed assets				●	●	
SI 3.6	Investment Promotion - Promote investment opportunities in the tourism sector and provide facilitation services to Tunisian and international investors by providing information, connection to partners, and access to government incentives for their investments.						
A 3.6.1	Identify investment opportunities in the tourism sector and prepare investment promotion materials	ATF	ONTT, FTH, FTAV, Fi2T	●			1,250,000 TND
A 3.6.2	Foster the positive image of Tunisia tourism industry and branding it as a profitable investment destination	ATF	ONTT, FTH, FTAV, Fi2T	●			
A 3.6.3	Use direct marketing techniques targeting specific sectors, markets, projects, activities, and investors, in line with national priorities	ATF	ONTT, FTH, FTAV, Fi2T	●			
A 3.6.4	Identify bottlenecks in the investment climate and provide policy recommendations to government to address them	ATF	ONTT, FTH, FTAV, Fi2T	●			
A 3.6.5	Provide investment facilitation, retention, and aftercare by providing support to investors to facilitate their establishment phase as well as retaining existing ones and encouraging reinvestments by responding to their needs and challenges	ATF	ONTT, FTH, FTAV, Fi2T		●	●	
SI 3.7	Tourism Asset Upgrading - Provide investment incentives to help the tourism sector invest in improvements to hotels and transportation vehicles.						
A 3.7.1	Review investment legislation and identify constraints preventing tourism entrepreneurs to upgrade 4x4 vehicles and hotels	MoTH	ONTT, FTH, FTAV, Fi2T	●			
A 3.7.2	Provide policy recommendations to government to establish investment incentives designed to support tourism asset upgrading	MoTH	ONTT, FTH, FTAV, Fi2T	●			
A 3.7.3	Promote the program to tourism entrepreneurs	ONTT	FTH, FTAV, Fi2T	●	●		

SI 3.8	Cruise & Yachting Port Facilities - Invest in cruise berths and yacht public facilities to boost the cruise and yacht industry and improve the visitor experience.						
A 3.8.1	Conduct an analysis of existing cruise and yachting port facilities and the potential market for cruise and yachting	OMPP	ONTT, FTH, FTAV, Fi2T	●			3,500,000 TND
A 3.8.2	Meet with cruise line representatives to understand interest, needs, and potential to invest	OMPP	ONTT	●			
A 3.8.3	Develop plans with community and industry participation	OMPP	ONTT	●			
A 3.8.4	Issue a BOT Concession to a qualified company	OMPP	ONTT, IGPPP	●			
A 3.8.5	Update the “master plan for the development of the Tunisian coastline for yachting and cruising activities” elaborated in 2005 by the ONTT in collaboration with the French Ministry of the Economy and Finance	ONTT	OMPP, FTAV		●		
A 3.8.6	Revise the legislative dimension related to nautical activities	ONTT	OMPP, FTAV		●		
A 3.8.7	Conduct a study for the creation of a national structure for the supervision of maritime activities	ONTT	OMPP, FTAV	●			
A 3.8.8	Improve the digitalization of administrative and customs procedures related to the navigation of recreational activities and marinas via a digital platform	ONTT	OMPP, FTAV		●		
A 3.8.9	Develop professional training in the field of maritime recreational activities, and carry out a sectoral study of the professions related to the recreational nautical activity	ONTT	OMPP, FTAV		●		
SI 3.9	Public Transportation - Invest in ferries, public bus stations, and services to improve public transport options for visitors.						
A 3.9.1	Conduct an analysis of existing public transport facilities (bus terminals, train stations, ferry terminals, and taxi stands) to determine investment needs	MoT	ONTT, FTH, FTAV, Fi2T	●			500,000 TND
A 3.9.2	Develop commercial advertising opportunities and visitor service concessions in public transport facilities to raise funding to support investment and maintenance needs	MoT	ONTT, FTH, FTAV, Fi2T		●		
A 3.9.3	Explore the establishment of a PPPs to create subsidized new tourist friendly bus routes within and between tourism destinations	MoT	ONTT, FTH, FTAV, Fi2T, IGPPP		●		
A 3.9.4	Explore the establishment of rail concessions for tourist-friendly rail services	MoT	ONTT, FTH, FTAV, Fi2T, IGPPP	●			
A 3.9.5	Explore the needs and potential ROI for increasing ferry services	OMPP	MoT, IGPPP	●			
SI 3.10	Utilities & Security Infrastructure - Invest in public utilities and security infrastructure to ensure tourism destinations have adequate sewer systems, water, electricity, internet, telecommunications, and security services.						
A 3.10.1	Evaluate the public utilities and services to ensure “fit for purpose” in priority tourism destinations	CDGR	LG	●			2,000,000 TND
A 3.10.2	Evaluate security infrastructure and surveillance systems to ensure “fit for purpose” in priority tourism destinations	MoI	ONTT, FTH, FTAV, Fi2T, LG	●			
A 3.10.3	Increase investments in public utilities and security infrastructure in priority tourism destinations	MoF	CDGR, LG, MoI	●	●		

SO 4	Market Tunisia by creating and promoting thematic circuits and packages that combine cultural, historical, and nature-based attractions within the interior.						
SI 4.1	Tourism Marketing Fund & Board - Establish a public/private organization to market and promote Tunisia internationally and domestically.						
A 4.1.1	Develop legislation to establish the marketing fund and establish a quasi-public/private organization to govern the fund	MoTH	ONTT, FTH, FTAV, Fi2T,	●			800,000 TND
A 4.1.2	Establish the board of directors to govern the new organization and define the bylaws and operating policies	MoTH	ONTT, FTH, FTAV, Fi2T,	●			
A 4.1.3	Recruit and hire a CEO to run the organization and build the staff	BoD		●			
A 4.1.4	Develop a strategic plan/business plan for the organization to guide the marketing activities and measure performance	CEO	BoD	●			
SI 4.2	Tunisia Tourism Brand - Build and manage a recognizable and inspiring national tourism brand.						
A 4.2.1	Define the Tunisian tourism brand strategy and what differentiates it from competing destinations	ONTT	FTH, FTAV, Fi2T, AMVPPC	●			800,000 TND
A 4.2.2	Ensure consistent delivery of the brand message and identity across all marketing channels and efforts	ONTT	FTH, FTAV, Fi2T, AMVPPC	●	●	●	
A 4.2.3	Provide training to overseas market-based representatives and industry partners on how to communicate the brand strategy	ONTT	FTH, FTAV, Fi2T, AMVPPC	●	●		
A 4.2.4	Create an "in-house" content production team supported by contracted media production companies and freelance writers to develop regular timely brand content and stories about Tunisia to use in marketing efforts	ONTT	FTH, FTAV, Fi2T, AMVPPC	●			
SI 4.3	Annual Marketing Plan - Establish and implement a detailed annual destination marketing strategy with target market prioritization, clear actions, private sector co investment opportunities, and measures of success.						
A 4.3.1	Develop a market selection model that defines criteria that will assist ONTT and industry partners to agree upon and concentrate marketing efforts in the right markets with the right message and right budgets	ONTT	FTH, FTAV, Fi2T	●			150,000 TND
A 4.3.2	Develop a market entry program designed to strategically assist ONTT and industry partners to work together to enter a new market with a set of predefined activities and indicators to measure ROI and evaluate further investments	ONTT	FTH, FTAV, Fi2T	●			
A 4.3.3	Establish marketing partnership programs that allow industry partners to contribute and engage in ONTT's marketing activities that provide exposure for their businesses to international markets	ONTT	FTH, FTAV, Fi2T	●			
A 4.3.4	Shift to a market segmentation strategy to develop and curate marketing content and messages tailored to these segments	ONTT	FTH, FTAV, Fi2T	●			
A 4.3.5	Conduct a brainstorming meeting with tourism marketing professionals to get ideas for new national tourism marketing activities	ONTT	FTH, FTAV, Fi2T	●			
A 4.3.6	Develop and publish an annual tourism marketing plan to share with industry and other government agencies that includes opportunities for the private sector to co-invest in planned activities	ONTT	FTH, FTAV, Fi2T	●			

SI 4.4	Digital Marketing Transformation - Improve the capacity and tools available for the public and private sector to reach target markets through digital channels.						
A 4.4.1	Redesign and promote a new responsive Tunisian tourism website that assists travelers in all stages of travel (dreaming, planning, booking, experiencing, and sharing)	ONTT	FTH, FTAV, Fi2T	●			15,000,000 TND
A 4.4.2	Develop “digital first” marketing campaigns that can be implemented across all markets and with industry partners, focused on creating content audiences will love, engage with, and share	ONTT	FTH, FTAV, Fi2T	●			
A 4.4.3	Provide professional development opportunities for ONTT’s digital marketing team to learn best practices	ONTT	FTH, FTAV, Fi2T	●	●		
A 4.4.4	Invest in digital marketing tools and software to assist ONTT’s adoption of digital marketing	ONTT	FTH, FTAV, Fi2T	●	●		
A 4.4.5	Provide training and tools to assist the Tunisian private sector improve their capacity to conduct digital marketing	ONTT	FTH, FTAV, Fi2T		●		
SI 4.5	Media Partnerships & Earned Media - Partner with media companies to reach targeted audiences while generating earned media through public relations efforts.						
A 4.5.1	Establish agreements with key media companies whose audiences match the target markets and segments identified in the marketing strategy	ONTT	FTH, FTAV, Fi2T	●			10,000,000 TND
A 4.5.2	Develop media materials including new press kits, image gallery, and story ideas, and distribute through a media microsite on the ONTT website	ONTT	FTH, FTAV, Fi2T	●			
A 4.5.3	Develop a media contact database to identify, target, and track media pitches to targeted journalists and influencers	ONTT	FTH, FTAV, Fi2T	●			
A 4.5.4	Host media and influencers to generate paid and earned media placements	ONTT	FTH, FTAV, Fi2T	●	●		
SI 4.6	Travel Trade Partnerships - Establish and nurture relationships with international travel trade organizations to support their marketing and sales efforts in Tunisia.						
A 4.6.1	Develop a Tunisian Specialist Program designed to educate and certify international travel agents and tour operators that take the time to become knowledgeable sales agents	ONTT	FTH, FTAV, Fi2T		●		5,000,000 TND
A 4.6.2	Develop travel trade sales and marketing materials and distribute through a travel trade microsite on the ONTT website	ONTT	FTH, FTAV, Fi2T		●		
A 4.6.3	Attend important travel trade shows to develop and nurture relationship with international travel trade	ONTT	FTH, FTAV, Fi2T	●	●	●	
A 4.6.4	Host familiarization (FAM) trips with vetted international travel trade to introduce Tunisia and help them develop new programs	ONTT	FTH, FTAV, Fi2T	●	●		
A 4.6.5	Organize B2B sales missions in key source markets to assist Tunisian industry establish sales partnerships	ONTT	FTH, FTAV, Fi2T	●			
SI 4.7	Market Based Representatives - Involve marketing agencies, diplomatic, and diaspora representatives in international promotional activities.						
A 4.7.1	Standardize the expectations and reporting process of market-based representatives	ONTT	FTH, FTAV, Fi2T	●			3,000,000 TND
A 4.7.2	Provide a destination marketing toolkit and training to ONTT offices and Tunisian embassies abroad to promote Tunisia effectively and consistently	ONTT	FTH, FTAV, Fi2T		●		
A 4.7.3	Develop a Tunisian Tourism Ambassador program to recruit diaspora to support destination marketing efforts	ONTT	FTH, FTAV, Fi2T		●		

SI 4.8	Digital Nomads Visa Program - Develop a program to attract digital nomads to Tunisia through a special visa and marketing program.						
A 4.8.1	Draft legislation to allow remote workers and digital nomads to stay in Tunisia for up to a year with the possibility to extend their stay	MoTH, Mol, MFA	FTH, FTAV, Fi2T	●			650,000 TND
A 4.8.2	Establish eligibility criteria for long-term visa based on monthly income among other factors	MoTH, Mol, MFA	FTH, FTAV, Fi2T	●			
A 4.8.3	Develop marketing content to target individuals and families able to work remotely and interested in experiencing life in a different place from home for six months to a year	ONTT	FTH, FTAV, Fi2T	●			
A 4.8.4	Include the new digital nomad visa program within the national marketing strategy to attract long-term tourists	ONTT	FTH, FTAV, Fi2T	●	●	●	
SI 4.9	Regional & Destination Marketing - Support the development of regional and destination brands through public-private partnerships.						
A 4.9.1	Develop regional tourism brands and identities for tourism regions	ONTT	FTH, FTAV, Fi2T	●			650,000 TND
A 4.9.2	Develop destination tourism brands and identities for specific tourism destinations	ONTT	FTH, FTAV, Fi2T	●			
A 4.9.3	Facilitate public-private destination marketing partnerships and DMO development	ONTT	FTH, FTAV, Fi2T	●	●		
A 4.9.4	Develop destination and regional marketing content	ONTT	FTH, FTAV, Fi2T	●	●		
A 4.9.5	Develop destination and regional marketing materials	ONTT	FTH, FTAV, Fi2T	●	●		
SI 4.10	Retire in Tunisia Program - Develop a program to attract retirees to Tunisia through a special visa and incentives including a onetime exemption of duties on the importation of already-owned household goods and discounts offered by industry partners.						
A 4.10.1	Benchmark similar programs in other countries to learn from their efforts, requirements, and benefits (Panama Pensionado Visa, Spain non-lucrative visa, Portugal D7 Passive income visa, Ireland Person of Independent Means Visa, Philippine Special Resident Retirees Visa, Malaysia "My 2nd Home" program)	MoTH, Mol, MFA	FTH, FTAV, Fi2T		●		650,000 TND
A 4.10.2	Conduct an assessment of healthcare options for international retirees and develop legislation to establish the Retire in Tunisia Visa, and define requirements	MoTH, Mol, MFA	ONTT		●		
A 4.10.3	Announce the program to the Tunisian private sector, and recruit deals and discounts that will be included as part of the visa program	MoTH, Mol, MFA, ONTT	FTH, FTAV, Fi2T		●		
A 4.10.4	Promote the program internationally and through specialty retire-abroad events and specialty media	ONTT	FTH, FTAV, Fi2T			●	

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