

World Bank and Tunisia Sign \$430 Million Agreement to Modernize Energy Sector and Accelerate Renewable Transition

November 11, 2025



The World Bank and the Government of Tunisia have signed a financing agreement for the Tunisia Energy Reliability, Efficiency, and Governance Improvement Program (TEREG), a five-year initiative worth US\$430 million, including US\$30 million in concessional financing. The program aims to deliver a sustainable, reliable, and affordable electricity supply by accelerating renewable energy deployment, strengthening the performance of the national electricity utility (STEG), and improving overall energy sector governance.

Aligned with Tunisia's **Energy Transition Strategy**, TEREK seeks to enhance STEG's operational and financial sustainability, attract private investment, and reduce the carbon intensity of power generation, while ensuring dependable electricity access for households and businesses. The program will also support key reforms to boost renewable energy production, improve efficiency, and modernize Tunisia's electricity infrastructure.

"By fostering renewable energy development, TEREK will strengthen Tunisia's position in clean energy, creating economic opportunities and ensuring long-term energy security," said **Alexandre Arrobbio**, World Bank Country Manager for Tunisia. "This project reflects our strong partnership with Tunisia and supports its sustainable development goals. It builds on our long-standing engagement in Tunisia's energy sector and complements ongoing initiatives like the Tunisia-Italy Electricity Integration Project (ELMED), the Energy Sector Improvement Project, and advisory services from the International Finance Corporation and the Multilateral Investment Guarantee Agency, aligning with Tunisia's Country Partnership Framework and its commitments under the Paris Agreement."

The program is expected to help Tunisia mobilize **US\$2.8 billion in private investment** to install **2.8 gigawatts of new solar and wind capacity by 2028**, creating more than **30,000 jobs**, mainly during the construction phase of renewable projects. It will also help **reduce electricity supply costs by 23 percent**, improve **STEG's cost recovery from 60 to 80 percent**, and **cut energy subsidies by TND 2.045 billion** from the national budget.

"This is the first project to benefit from the World Bank's Framework for Financial Incentives, receiving rewards for its size and long-term benefits in recognition of its impact on reducing greenhouse gas emissions," said **Amira Klibi**, Senior Energy Specialist at the World Bank and Task Team Leader for the project. "The program's reforms—such as reducing technical and commercial losses and increasing the share of renewables—are expected to deliver lasting improvements in the operational and financial performance of the sector, making electricity more affordable and reliable for households and businesses across Tunisia."

The TERE program represents a significant step in Tunisia's clean energy transition, reinforcing national efforts to achieve energy security, economic resilience, and climate sustainability.