



Two land value capture instruments are used in Tunisia. The national and subnational levels of government use them, the latter with significant autonomy. Although no legal definition of land value capture exists, these instruments are used to expand urban areas, improve public infrastructure and services, control urban growth and for spatial planning. The instruments are used systematically in every redevelopment project but redevelopment projects are infrequent.

The main obstacles to land value capture include the lack of administrative capacity and coordination among public entities, the lack of financing for the acquisition of land, insufficient data, the need for an inventory of public land, resistance by landowners, costs or controversy related to expropriation, lack of resettlement alternatives and the need to protect marginalised populations.

Main instruments

Instrument (OECD-Lincoln terminology)	Local name	National legal provision	Implementation	Use
Strategic land management	Land use planning and urban planning	<i>Spatial Planning and Urban Planning Code (law n° 94-122)/1994</i>	National, local governments	Occasional
Land readjustment	Development of tourist, industrial and residential areas	<i>Law n° 73-21/1973</i>	National, local governments	Rare



Enabling framework

Tunisia is a unitary decentralised semi-presidential republic, with a two-tier system of subnational government: 24 regional-level governorates and 350 municipalities (OECD and UCLG, 2019^[1]). The 2014 Constitution increases subnational governments' competencies in planning, implementing, and delivering public infrastructure and services. Regional and local governments have responsibility over territorial and urban planning, respectively.

There is no legal definition of land value capture nor a national policy document guiding its use. The national government is in principle responsible for creating framework legislation. Public officials have a high level of discretion when granting planning permits.



Land readjustment

The government uses land readjustment for urban expansion and to obtain public land for lease or sale, with national law providing the legal basis. Some portion of readjusted land is usually reserved for public benefit. Public entities typically execute land readjustment projects, but private landowners may also do so under certain conditions. They typically involve local government and special purpose bodies. Local governments must receive approval from the national government, which receives revenues derived from land readjustment.

Jurisdictions can conduct land readjustment when it increases the value of land, when it takes place on land zoned for specific uses or when all plots within the area are in the land registry. Private landowners may do so when they possess a certain share of the area earmarked for land readjustment, with some plots typically reserved for public services to enhance the value of the land.

When executing projects pertaining to housing or economic development, the government seeks broad consent from landowners and often reaches the needed consent levels. However, consent is not sought for public infrastructure projects, and expropriation in exchange for compensation below market rate is an option if landowners resist providing their plots, though this option is never used.

After readjustment, landowners can receive a plot valued in proportion to their original holdings or, if the original plots are smaller than a specific size, cash compensation. However, if the readjusted plots are less valuable than the original ones, landowners are not entitled to compensation, nor are they required to provide compensation if reallocated plots are more valuable. Third party investors can receive readjusted plots in return for their investment in a project, and landowners can exchange reallocated plots for cash.

It is mandatory by law, though not always applied, that 20% of readjusted plots be reserved for public infrastructure and service improvements, including public space, public transport, roads, public utilities, administrative buildings, or services for the neighbourhood (e.g. schools, elderly care). Land in the readjusted and newly planned area typically includes the creation of collectively or publicly owned plots that can be sold or leased. These revenues cover about 5 per cent of the cost of public improvements related to land readjustment projects.

Obstacles to land readjustment include landowner resistance, the lack of a legal framework, an inaccurate land registry, the cost or controversy related to expropriation, lack of resettlement alternatives, the protection of

marginalised populations impacted by land readjustment projects, and that revenues raised do not justify the cost of such projects.

Following an institutional change of 2018, municipalities are now responsible for regional planning instead of the national Ministry of Infrastructure. This has led to transaction costs related to changes in roles, causing the process of land readjustment in Tunisia to take several years. In addition, the unclear legal status of some land has made the process more difficult, which is particularly true of co-owned or community land.



Strategic land management

Strategic land management is used for land consolidation, urban growth control, spatial planning and to capture value gains. The Code of Spatial Planning and Urban Planning Code of 1994 requires urban development plans to reserve space for public purposes. A new code of land use planning and urbanism is under discussion in parliament. The national and local levels as well as independent public entities conduct strategic land management and receive the revenues from sales. However, subnational governments need approval from a higher level of government.

The government often rezones the acquired land, and often develops it before sale. Land acquired for strategic land management is typically zoned for specific uses, including for infrastructure, community and public utility facilities, green spaces, greenfield sites, and public squares, and is usually located within the jurisdiction acquiring it. The government can acquire land by expropriation, or by purchasing it below market rate from landowners, who can receive compensation in cash or a share of the serviced land in exchange. The government can retain land it acquires in this way only for up to 6 years. Land is usually acquired and disposed of through public bids or transferred to other public entities such as local governments or public companies.

Obstacles hindering the use of strategic land management include the lack of administrative capacity and coordination among public entities, the lack of financing for the acquisition of land, the lack of high-quality data to identify land ownership and conduct economic impact assessments of public investment, as well as the lack of an inventory of public land assets.