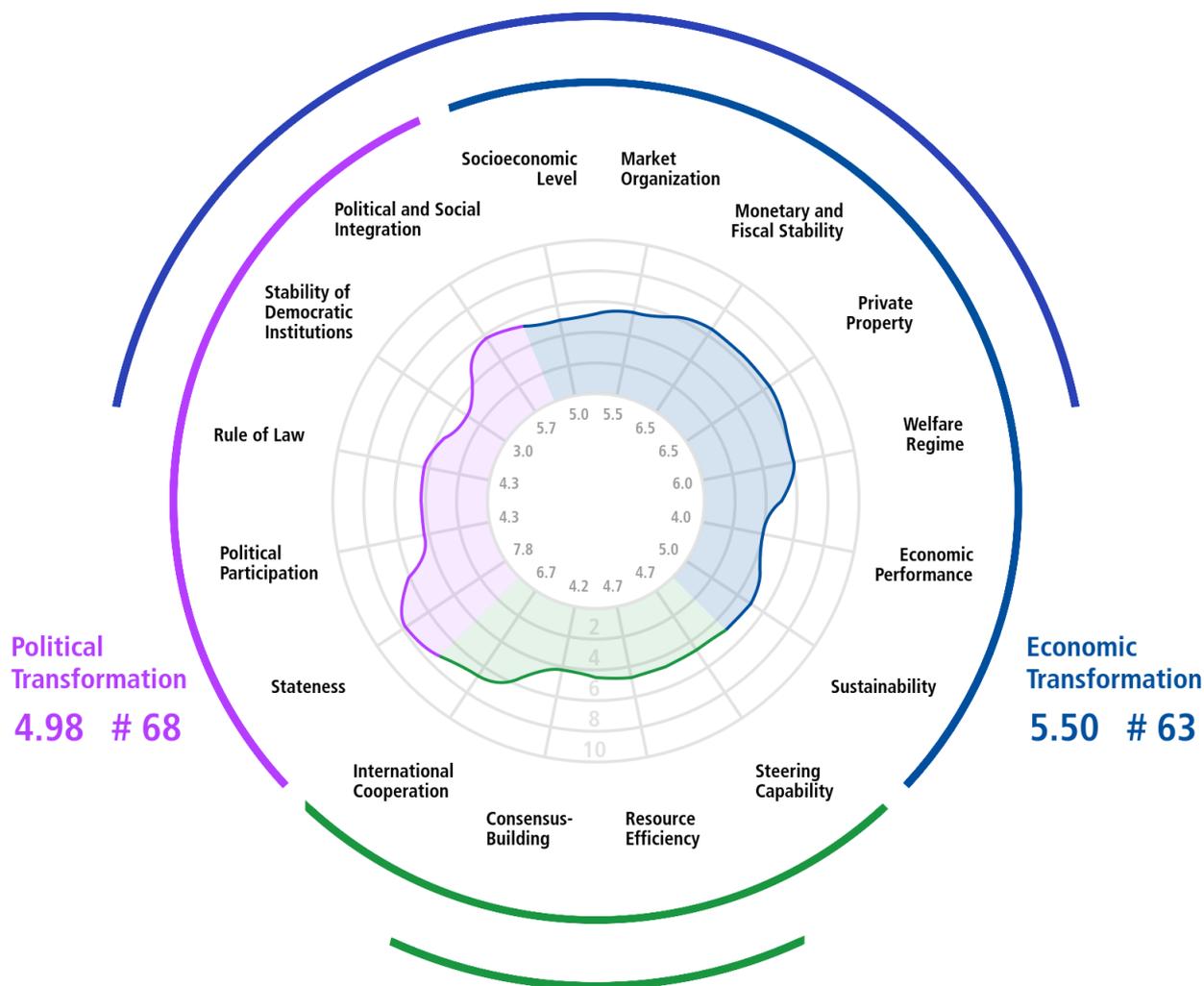


Tunisia

Status Index

5.24 # 65

on 1-10 scale out of 137



Political Transformation
4.98 # 68

Economic Transformation
5.50 # 63

Governance Index

4.55 # 78

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2024**. It covers the period from February 1, 2021 to January 31, 2023. The BTI assesses the transformation toward democracy and a market economy as well as the quality of governance in 137 countries. More on the BTI at <https://www.bti-project.org>.

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Key Indicators

Population	M	12.4	HDI	0.731	GDP p.c., PPP \$	12490
Pop. growth ¹	% p.a.	0.8	HDI rank of 189	97	Gini Index	32.8
Life expectancy	years	73.8	UN Education Index	0.676	Poverty ³	2.2
Urban population	%	70.2	Gender inequality ²	0.259	Aid per capita \$	89.2

Sources (as of December 2023): The World Bank, World Development Indicators | UNDP, Human Development Report 2021-22. Footnotes: (1) Average annual growth rate. (2) Gender Inequality Index (GII). (3) Percentage of population living on less than \$3.65 a day at 2017 international prices.

Executive Summary

Tunisia – once the most hopeful offspring of the 2011 Arab uprisings – has regressed dramatically with regards to multiple indicators in less than two years.

The COVID-19 pandemic weakened an already fragile economy and sparked widespread dissatisfaction, resulting in chaotic management of the health crisis. Despite a relatively successful containment strategy, this created an opportunity for President Kais Saied to invoke exceptional measures on July 25, 2021 – the anniversary of the establishment of the republic in 1957. These measures dissolved most of the country’s elected authorities and solidified his rule as sole decision-maker. President Saied declared a state of emergency under Article 80 of the constitution, dismissed the Mechichi government, and suspended the elected parliament – an institution that had increasingly lost credibility as a forum for democratic debate. The ongoing exhibition of political squabbles had prepared the public to embrace this action, which was seen as a necessary step, although cautioning voices expressed concerns about the broad scope of the announced measures and the president’s unconvincing legal interpretations.

Today, democracy and civil rights are more threatened than at any point since 2011. Arbitrary detentions, house arrests, and travel bans or deputies of the now-dissolved parliament, journalists and activists have become commonplace. Military trials of political opponents and lawyers have brought back memories from the Ben Ali era. Police abuse – which was increasing even before Saied took power – is rampant and continues to stir civil unrest, especially in disenfranchised neighborhoods.

Saied’s takeover resulted in a top-down constitution adopted in July 2022 after a sham referendum and parliamentary elections in December 2022 (with a run-off at the end of January 2023) with the lowest turnout ever. The newly elected assembly, comprised of individual candidates since no parties were allowed to participate, constitutes only one chamber of the recently established bicameral legislative body proposed in the new constitution. The timing and methodology for the election of the second chamber are still uncertain.

In October 2021, Najla Bouden became prime minister – the first woman to hold this position in the Arab world. While this is a notable development, she is a mere puppet to the president.

On the economic front, Saïed’s transformation of the political system, which was intended to address a decade of parliamentary bickering and dysfunction, has had no positive effect. Despite the consolidation of power in the executive branch, its performance remains weak. The war in Ukraine has further complicated the country’s economic outlook. Recurrent shortages of dairy products, bottled water, sugar, tobacco, wheat, and other essential commodities have occurred. In an effort to defend himself rhetorically, Saïed consistently delivers monologues to the Tunisian people, addressing illegal speculators and branding all critics traitors and unpatriotic enemies of the state.

The 2023 budget law alleviates fiscal pressure while the government grapples with increasing debt and the declining Tunisian dinar. The country’s ability to seek assistance from other partners is hindered by a setback in international aid from the IMF. The World Economic Forum’s 2023 Global Risks Report identifies the top three threats to Tunisia as the debt crisis, the possibility of state collapse and severe commodity supply constraints. These are followed by the cost-of-living crisis and inflation.

History and Characteristics of Transformation

A decade after the series of popular revolts that reshaped the Arab world, the instigating spark – Tunisia – seems to have taken a sudden, different direction from the one it has followed since 2011.

After ousting the dictator Zine El Abidine Ben Ali, who had been in power for 23 years, Tunisians encountered difficulties establishing a balance between the contrasting interests and perspectives of secular and conservative groups and class and geographical divisions that reflect the diversity of Tunisian society. In addition to political controversy and an economy in need of revitalization, the country also encountered a security vacuum. In 2013, two leftists, Chokri Belaïd and Mohamed Brahmi, were assassinated and there was a surge in terrorist attacks. These attacks primarily targeted foreign tourists and national security forces, such as those at the Bardo Museum in Tunis and at a beach resort in Sousse in 2015, as well as a national guard bus in the same year. Additionally, in 2016, a border town in Ben Guerdane was assaulted by a commando that entered from Libya.

Ennahda’s victory in the 2011 elections of the constituent assembly and the Islamist-led coalition government (so-called “Troika”) marked a unique occurrence in the country’s history. Despite political infighting culminating in the 2013 Bardo crisis, key stakeholders finally agreed to move forward with the stalled constitution-making process. This resulted in a consensual, highly progressive and inclusive constitution adopted in January 2014. It also allowed for a proportional electoral system and power-sharing mechanisms that promote broad representation and pluralism to prevent a return to an autocratic presidential system.

Paradoxically, such a configuration weakened the executive and created an unstable arrangement that made decisive policymaking difficult. “Consensus politics” between ideologically diverse political actors – first within the Troika and then between Ennahda and late President Beji Caid Essebsi’s Nidaa Tounes’ party – became the hallmark of Tunisia’s transition. On one hand, it helped find a way out of recurrent political crises. On the other, it prevented the adoption of major, much-needed structural reforms. As a result, the political system born out of the uprisings and those actors enacting it were held responsible for the continuous political stalemate and the slow pace of reforms, thus favoring the opposite, namely the return to a “strong man.”

The country nevertheless took essential steps toward political freedoms. Several independent authorities were created, such as the Independent High Authority for Elections (Instance supérieure indépendante pour les élections, ISIE), the Independent High Authority for Audiovisual Communication (Haute Autorité indépendante de la communication audiovisuelle, HAICA), the National Anti-Corruption Authority (Instance nationale de lutte contre la corruption, INLUCC) and the Access to Information Authority (Instance d’access à l’information, INAI).

Unfortunately, the economy has not kept pace with progress in political and civil rights. The country’s performance deteriorated in the aftermath of the uprisings, not least because of political instability and the endemic corruption that was “decentralized” after the fall of the governing Ben Ali and Trabelsi families. Between 2016 and 2020, successive governments promoted a number of reforms to improve investment conditions and the business climate. Nevertheless, the country was not resilient enough economically or politically.

When the COVID-19 pandemic first hit, Tunisia reacted swiftly and was able to contain the virus by implementing stringent confinement measures. However, following internal political quarrels, Ennahda and its allies lobbied for the government’s resignation amid suspicions of a conflict of interests involving former Prime Minister Elyes Fakhfakh. This proved to be a fatal error as the subsequent government led by Hichem Mechichi failed to effectively contain the virus or vaccinate the population. As the health crisis grew increasingly deadly and the economy continued to decline, the political landscape descended into spectacle politics and exacerbated popular frustration.

The BTI combines text analysis and numerical assessments. The score for each question is provided below its respective title. The scale ranges from 1 (worst) to 10 (best).

Transformation Status

I. Political Transformation

1 | Stateness

The state has full control over its territory, except for a few enclaves where armed terrorist groups challenge the state's monopoly. These include fighters from Jund al-Khalifah (JAK-T, Soldiers of the Caliphate) affiliated with the Islamic State (IS) group of Iraq and the Levant and jihadists from the Katiba Okba Ibn Nafaa group linked to al-Qaeda in the Islamic Maghreb (AQIM). In particular, terrorist groups continue to operate in the Nafusa Mountains and Chaambi Mountain National Park.

The strategic strengthening of Tunisia's security apparatus, including the army, long underfinanced and underequipped, has resulted in remarkable progress, particularly in dismantling terrorist cells and tightening surveillance over the country's porous borders. Over the past two years, continuing a previous, albeit recent, trend, the Tunisian authorities – particularly the Ministry of the Interior – have repeatedly issued bulletins announcing the arrests of suspected terrorists and foiled attacks.

Although statehood is not contested, it is true that some regions have had troubled relations with central authorities. Southern governorates like Tataouine or Medenine, Kasserine and Sidi Bouzid (cradle of the 2010 – 11 uprisings) are well-known hubs of instability due to their socioeconomic marginalization and protests. Moreover, the ruling elites long ago adopted a narrative to legitimize a preferential allocation of resources and coercive responses to the “rebellious” south, further nurturing local feelings of abandonment and neglect by the central authorities. This stigmatizing discourse at the national level, conflating the “south” (broadly understood) with terrorism and smuggling, continued even after 2011.

In March 2016, when a commando of jihadists entering from Libya attempted to seize the border town of Ben Guerdane to make it a stronghold of the Islamic Caliphate in Tunisia, it called on local inhabitants to rise up against the central Tunisian state in the hope of capitalizing on widespread local feelings of abandonment. Contrary to expectations, the attack failed, thanks to the unexpectedly prompt reaction of security

Question
Score

Monopoly on the
use of force

8



1

forces and civilian resistance. At a time of great political, economic and social crisis, this episode became a fetish of national union and harmony between law enforcement and citizens, with Ben Guerdane turning into a bulwark against terrorism.

The population overwhelmingly accepts the nation-state as legitimate. The absence of major ethnic, linguistic and religious cleavages is often regarded as a mark of a unified identity and a strength that has spared the country from civil conflicts. Some issues, however, remain controversial. From an ethnic perspective, most Tunisians identify as Arab and, to a lesser extent, as Arab-Berber. However, a debated 2017 genetic study National Geographic conducted revealed that the current population is mainly (88%) descendants of Amazighs (Berbers), indigenous inhabitants of north Africa.

While no official statistics on the Amazighs of Tunisia exist, their number is estimated at 10% of the total population. Like the 2014 constitution, the new constitution obscures the country's Amazigh (historical, cultural and linguistic) dimensions. Although Tunisia voted in favor of the U.N. Declaration on the Rights of Indigenous Peoples in 2007, there is denial in the political arena and society that overemphasizes the country's cultural homogeneity.

Children born to Tunisian parents or born in Tunisia to stateless parents residing in the country for at least five years are Tunisian citizens. Citizenship can also be obtained by marriage or adoption and may be granted to foreigners who have resided in the country at least five years, "provided exceptional services for Tunisia" or whose naturalization is otherwise beneficial to the country.

Tunisia has a long, rich Islamic history dating back to the seventh century. Zaytouna University in Tunis is the oldest center for Islamic education in the Arab world. The city of Kairouan in the center-east is considered the first Islamic capital in the Maghreb and one of the holiest cities in the Muslim world.

Despite this, Tunisia became known for its secularism under the French Protectorate and even more so after independence in 1956, when its first president, Habib Bourguiba, dismantled the traditional Islamic establishment and enacted secular modernization policies. While he never got rid of religious references, Tunisia, though a Muslim-majority country, has never adopted Islamic law (Shariah).

The 2022 new constitution dropped the mention of Islam as the "state religion" that was in the 2014 constitution, which nonetheless affirmed Tunisia as a civil state founded on citizenship. By contrast, Article 5 claims that "Tunisia is part of the Islamic Ummah" (the community of faithful Muslims), which has Islam as its religion, thus restricting the country's identity to the Arab and Islamic world and not mentioning its religious or ethnic diversity (like the approximately 1,400 Tunisian Jews, most of whom live on the southern island of Djerba, the estimated 7,000 Christians, mainly Anglicans and Protestants, or the Berbers). According to the same article, it is up to the state to realize the purposes (maqāsid) of pure Islam in preserving the soul, honor, finances, religion and freedom.

State identity

9



1

No interference of religious dogmas

7



1

Article 88 reiterates that the president must be Muslim (a disposition previously contained in Article 74 of the 2014 constitution and the 1959 constitution). Although this text is more religiously conservative than anything Tunisian Islamist parties have ever implemented, how such phrasing will be interpreted and the extent to which it will be put into practice is unclear. For example, while officially emphasizing the separation between the state and Islam, President Saied repeatedly rejected gender equality in inheritance, arguing for equity instead.

Tunisia's administrative infrastructure remains effective throughout the country's territory. Frequent disruptions affect the quality and equitable distribution of services, which remain geographically differentiated, with the coastal cities being the administrative nerve centers and better served than the long-forsaken interior regions. Several episodes have particularly impacted administrative services. For instance, the judges' strike in June 2022, lasting four consecutive weeks after President Saied arbitrarily sacked 57 of them, profoundly affected the justice sector and resulted in a massive backlog of pending cases, the effects of which were still felt months after the strike had ended.

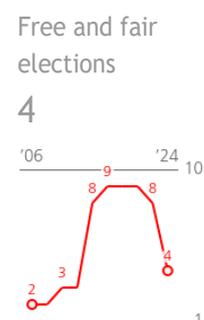
Potable water distribution has also been disrupted several times. The country endures alarming hydric stress. Dammed reservoirs have reached worryingly low levels because precipitation has been low. However, as of 2021, access to drinking water ranged from 93.6% in the center west to 100% in the Tunis district.

Moreover, stark differences persist between coastal cities and the hinterland. The systemic regional disparities that were an underlying factor in sparking the 2011 uprising have not been adequately addressed. Unemployment rates are upwards of 26% in the northwest regions and 21% in the southern areas, with even higher rates in specific towns, compared to the national average of around 15%. The country's overall deterioration is further advanced in the interior regions. Coastal regions, for example, comprise more than 80% of urban areas, 85% of businesses operating in all sectors and 90% of overall employment.

2 | Political Participation

President Kais Saied's rule has marked a profound deterioration in political participation in Tunisia in the past two years. Dissimilar to three free and fair rounds of legislative elections (2011, 2014 and 2019), two presidential elections (2014 and 2019) and municipal elections (2018), the 2021 election was widely seen as a backslide in which a democratic façade served to legitimize authoritarianism, while parliament represents no one.

After the dissolution of parliament in summer 2021, Tunisia held new legislative elections for the lower house on December 17, 2022 (and a run-off on January 29, 2023). Not-yet-established regional committees will indirectly choose the newly introduced upper chamber, though the timing and modalities of voting still need to be clarified.



Under the new institutional framework, emerging from the 2022 constitution and the new electoral law Saied designed, only 11% of eligible voters participated, the lowest number ever. Gender parity rules were removed from the electoral law and candidates were overwhelmingly male and in the 40 to 60 age bracket. Remarkably, citizens could vote only for individual independent candidates in their district and not for a party or national electoral list. Political parties were, in fact, prohibited from running lists and funding candidates. As a result, all political parties except for two boycotted the process.

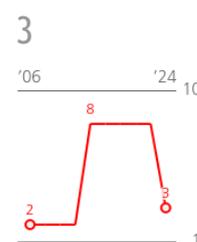
In light of this, it is almost certain only independents will fill the 161 seats (down from 217 in the previous legislature) in the Assembly of People, which is now the lower house of what was previously a single-chamber parliament. As of January 2023, the final election results have not yet been released, and a second round of runoffs is expected.

Of the 151 districts located in Tunisia, 10 had just one candidate running. Moreover, these are the country's most populous constituencies, nine located in Greater Tunis and the tenth in the deep south. Furthermore, seven of the 10 districts for the many Tunisians living in Europe and elsewhere had no candidates. For the rest, the candidates were mainly largely unknown Saied supporters and loyalists.

With the European Parliament refusing to observe the election, the international observers were mainly teams from Russia and the African Union. A handful of local Tunisian CSOs, including Mourakiboun, followed the elections, albeit with limited observational capacity. As some country experts note, in the month before the elections, the ISIE (Tunisia's once-independent elections management body) "visibly moved from being passively dominated by Saied to actively enforcing his authoritarian decrees." ISIE's President Farouk Bouasker filed several court complaints against individuals and entities that criticized the High Authority of Elections by invoking Saied's Decree-Law No. 54 of September 13, 2022, against spreading false information and rumors online, with prison sentences of up to 10 years.

Until July 2021, the political landscape remained largely unchanged compared to previous years. However, since July 25, 2021, and Saied's coup, the power to govern has substantially changed. Being democratically and directly elected, Saied holds the legitimate, effective power derived from his office. Decree No. 117 of September 22, 2021 – enacted as a transitional governing tool after the 2014 constitution was suspended – broadened the scope of presidential authority. So did the new constitution of 2022, which he single-handedly drafted and enacted after a cosmetic referendum in July 2022. Since then, Saied has had the power to govern the new political configuration with virtually no accountability.

Effective power to govern



His expansion of power goes hand in hand with halting the democratic process. The other elected body – the Assembly of the People’s Representatives – was suspended in July 2021 and dissolved in March 2022, despite the illegality of this action under the 2014 constitution and Saied’s admission. The effective power to govern held by democratically elected officials has diminished drastically since July 2021.

At the same time, the influence of non-elected actors considerably shrank after Saied’s coup due to the concentration of powers in his hands.

Over the past two years, the civil liberties that have expanded over the last decade have been seriously threatened.

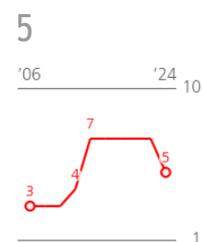
Since the COVID-19 pandemic erupted in Tunisia, protests and gatherings have been largely banned as part of the sanitary measures. Despite this, Tunisians kept protesting and security forces made multiple arrests. If limitations on association and assembly rights may have been justified as part of the exceptional measures undertaken to mitigate the effects of the pandemic until the end of 2021, there was no longer any legitimate explanation for this once the population was largely vaccinated and COVID-19 was under control. Many, therefore, consider this part of Saied’s power grab.

Accusations of treason and unpatriotic behaviors, chiefly aimed at any critics and especially at the parties formerly represented in the now-dissolved assembly, have largely defined political discourse since July 2021. Saied has adopted hostile rhetoric toward the very concept of political parties as vectors of the democratic exercise of citizens’ participation. He showed no support for what he refers to as “intermediary bodies,” and his followers have advocated anti-partisan discourse in the media. The new law on elections redesigned the political system to limit the influence of all parties and to elect representatives individually, which caused the vast majority of existing parties to boycott it.

Several political activists have been prosecuted in military courts, arbitrarily detained, arrested or banned from traveling. Lawyers, especially, have been prosecuted after participating in protests, such as Abderrazak Kilani, former minister, ambassador and president of the Tunisian Bar Association. Other examples include Seif Eddine Makhlouf, a member of the Dignity Coalition, a satellite party to Ennahda, and Mehdi Zagrouba, a lawyer who represented Makhlouf before the military tribunal.

It is concerning that the official position of the Tunisian Bar Association, represented by President Ibrahim Bouderbala, has been unconditional support for Saied for the past two years, which marked a rare instance in which the Tunisian lawyers’ representative body abandoned its critical and independent stance toward the country’s political developments under any administration, pre- or post-revolution.

Association /
assembly rights



On March 18, 2022, two days before Tunisia’s Independence Day, the Saied-appointed governor of Tunis forbade political protests on the symbolic avenue, Habib Bourguiba, in downtown Tunis. The creation of new NGOs and associations has slowed in the past few years, even before Saied’s coup.

The 2022 elections promulgated the blow to the country’s freedom of expression and information. Candidates could not speak to foreign media, and journalists could barely report on the electoral campaign. Capitalizing on the already-mentioned Decree-Law no. 54 on cybercrime issued on September 13, 2022, after the elections, the ISIE filed dozens of complaints with the Court of First Instance of Tunis against anti-Kais Saied Facebook pages with charges of insults, defamation, foreign financing, spreading intoxicants and political advertising, among others.

In addition to the 2022 elections, freedom of expression has been severely curtailed through intimidation tactics and legal instruments, allowing dubious, if not entirely arbitrary, detentions and arrests. Prominently, Decree-Law No. 54 allowed for the opening criminal investigations against journalists, lawyers, parliamentarians, political figures, students and a former president over their public criticism of top government officials and the president. Some of the country’s leading labor unions, including the Tunisian General Labor Union (UGTT), the Tunisian Order of Lawyers, the National Syndicate of Tunisian Journalists and the Tunisian Human Rights League condemned the decree, together with other civil society organizations and NGOs like Amnesty International, as the latest attack on legislative safeguards for human rights and a repressive way to silence opposition. Military courts have targeted civilians with accusations of defamation, insults and threats to public order and state security. Despite Article 37 of the 2022 constitution guaranteeing “freedoms of opinion, thought, expression, media,” citizens’ rights to freedom of expression and public assembly are de facto denied. Several media outlet headquarters were shut down by authorities, such as those of al-Jazeera, al-Zaytouna TV and al-Arabi TV.

This harsh climate and legal framework likely lead to self-censorship. They also weigh on a media environment already struggling to emancipate itself from the rigid control and constraints of the pre-revolutionary years.

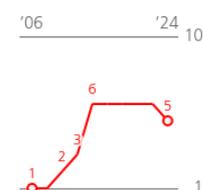
3 | Rule of Law

The new 2022 constitution concentrates all powers in the hands of the president of the republic, making a farce of the separation of powers by downgrading them to “functions.” Remarkably, the constitution’s preamble iterates its commitment “to a political system based on the separation of the legislative, executive and judicial functions, and to establishing a genuine balance between them.”

Although restoring a presidential system is not a problem in itself, the system Saied created removes all the checks and balances typical of democratic presidential systems. The constitution provides no means of holding the president accountable, even in severe breaches, as previously guaranteed by Article 88 of the 2014

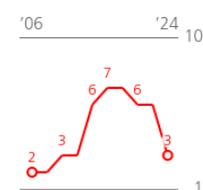
Freedom of expression

5



Separation of powers

3



constitution, which allowed parliament to present a motion of impeachment. In turn, the president is entitled to dissolve parliament and dismiss both the head of government and the other members of the executive, who are accountable to the president instead of to parliament. The latter is weakened to irrelevance, acting as a rubber-stamp entity since it cannot enact laws but only suggest legislation for the government to enact. Moreover, it has no say in financial matters.

The new constitution also eliminated the autonomy of entities such as the High Authority for Elections and the Judicial Council.

Since Saied seized power in July 2021, the independence of the judiciary has been exponentially eroded to the point of elimination. On February 13, 2022, presidential decree 2022-11 dissolved the High Judicial Council (HJC; Conseil supérieur de la magistrature, CSM), Tunisia's highest judicial body. Under the 2014 constitution and Organic Law 2016-34, the HJC was mandated to ensure the proper functioning of the judicial system and respect for its independence through its supervisory and advisory roles. It oversaw the appointments, discipline and careers of both judges and prosecutors.

At first, a “temporary HJC,” partly appointed by the president, replaced the HJC.

On June 1, 2022, Saied issued Decree-Law No. 2022-35 that further undermined the judiciary by giving the president authority to dismiss magistrates summarily. Saied sacked 57 magistrates that same day, accusing them of corruption and stalling on terrorism cases.

The 2022 constitution reduces the judiciary to a mere “function” of the state. Although it formally calls the magistracy “independent” and subject only to the authority of the law (Article 117), it also subordinates it to the control of the executive, exercised by the president with the assistance of his administration (Article 87). Its independence as a separate and independent branch of the state is thus substantially threatened.

The new constitution also transfers the power to appoint judges to the president. Article 120 provides for all judges to be appointed by presidential decree based on a proposal from the HJC. By contrast, under the previous constitution, judges were nominated by presidential decree based on a concurrent proposal from the HJC, entailing a necessary correspondence of intents. Currently, the president can choose to adopt the HJC's recommendation or not. The stipulation that senior judges, formerly nominated by presidential decree and in consultation with the head of government only by recommendation of the HJC, was removed. Judges are also deprived of the right to strike (Article 41). Crucially, all articles regulating the HJC are entirely absent from the new constitution.

Independent
judiciary

4

'06 '24 10



1

Between January 2021 and January 2023, accountability considerably deteriorated. Despite the existence of a legal framework with a criminal code and the 2018 law against corruption and conflict of interests, corrupt public officeholders remain largely untouched, mainly due to their influence on the media, the administration – essentially the police – their political connections and the inherently dysfunctional judiciary. The multiple prosecutions that occurred after Saied’s power grab were conducted hastily and primarily for political reasons, often by military tribunals, thus tainting the credibility of the process. Fighting corruption was the leitmotiv behind Saied’s takeover. However, by dissolving the HJC by force and sacking 57 judges without due process, he further weakened the judiciary and undermined its capacity to exact justice against corrupt officials.

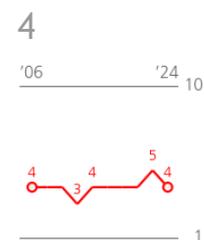
Moreover, Saied suspended the INLUCC, the anti-corruption authority, in August 2021 and sacked its secretary-general. The INLUCC remains suspended, although a new director was appointed in October 2022. I-Watch, a Tunisian anti-corruption watchdog NGO, pointed out that Saied violated his legal obligation to renew his declaration of possessions and interests, as required by the anti-corruption law of 2018, which expired in December 2022, and would require him to pay a penalty. Furthermore, the new minister of commerce was sworn in without declaring her interests and possessions, violating the same law.

President Kais Saied’s constitution, in its preamble, claims to embody “true democracy,” the political success of which depends upon its social and economic dimensions. It incorporates all the rights and freedoms guaranteed by the 2014 constitution but without any independent institutions to enforce them since the elimination of autonomous entities like the ISIE and the HJC.

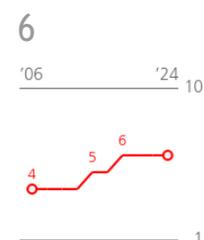
In the past two years, women’s rights have been especially under threat. Saied is extremely conservative in social matters. Despite his reassurances and the appointment in 2021 of a female prime minister, Najla Bouden, the first in North Africa, women’s rights have neither expanded nor been secured. The legal system continues to discriminate against women’s inheritance rights since the parliament never adopted the 2018 bill introduced by former President Beji Caid Essebsi to make equality in inheritance rights the default. Instead, Saied expressed firm opposition to reforming inheritance laws. There are no policies protecting pregnant girls’ right to education. Many shortcomings persist in implementing the 2017 Violence Against Women Law.

Moreover, the new constitutional provision in Article 5, stating that Tunisia belongs to the Islamic world community and that the state is responsible for realizing Islam, can be used to curb rights, notably women’s, for religious reasons. LGBTQ+ people’s right to privacy is particularly exposed to digital targeting, used more and more by authorities to prosecute them based on Article 230 of the penal code that punishes consensual same-sex conduct.

Prosecution of office abuse



Civil rights



4 | Stability of Democratic Institutions

Despite improvements in the performance of democratic institutions since the fall of Ben Ali's regime in 2011, growing friction between and within democratic institutions has recently marked political and social life. The political class was fractured and polarized around what appeared to be personal rivalries, incompatibilities and power struggles rather than ideological or programmatic issues. This conflictual situation unfolded not only among political parties but also institutional offices – president, prime minister and speaker of the parliament – and among different ministries, which resulted in recurring institutional crises and stalemates, further complicated by the lack of a constitutional court to settle disputes. For example, Kais Saied, as the head of state, and Rached Ghannouchi, Ennahda's leader and speaker of the parliament, sought to capitalize on their powers and overstretch them. Before the suspension of the parliament in summer 2021, personal attacks between the two highest state offices were the norm rather than the exception, despite institutional protocol.

Hichem Mechichi's premiership, from September 2020 until President Kais Saied's power grab in July 2021, followed six other administrations in a decade, not to mention minor cabinet reshuffles that made medium- and long-term policymaking complicated, further diminishing already-low levels of trust in democratic institutions. The slow pace of reforms enacted by newly democratic institutions indicated the "dysfunctionalities" of the system in place. The interwoven powers invested in the heads of the executive branch, the prime minister and the president, and constitutional parliamentarism were held responsible for blocking government action.

President Kais Saied never made a secret of his desire to revise the constitution. He seized power in a July 2021 coup, dismissing Prime Minister Hichem Mechichi, and froze the parliament instead of negotiating a constitutional revision. Broad initial support for Saied has dwindled over time. Several leading civil society actors, such as the influential General Tunisian Workers' Union (UGTT), have decried the illegitimacy of Saied's power and Bouden's unilaterally nominated cabinet, considered a puppet of the president. Likewise, political parties overwhelmingly boycotted the 2022 elections to signal their illegitimacy.

While these actions can be understood as an indirect call for democracy, the army and the security services have thus far supported the president's decisions and carried out his orders, especially against judges, politicians and other opponents. However, there is no guarantee that such support will last.

Performance of democratic institutions

3

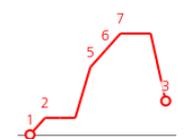
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Commitment to democratic institutions

3

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5 | Political and Social Integration

Saied's power grab partly disrupted the political and partisan landscape in the period under review. The new election law designed by Saied, who is openly disdainful of political parties, prevented them from being on the ballot in the 2022 election.

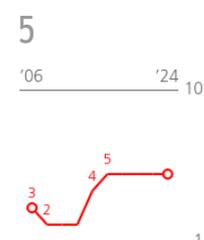
The dissolved parliament, elected in 2019, was the most fragmented ever. After the regime's fall in 2011, dozens of parties of varying strength emerged due to political liberalization. With the hegemonic party formally banned, the mushrooming of political formations made the partisan landscape extremely fragmented, especially the anti-Islamist camp. Whereas between 2011 and 2014, the number of parties with representation in parliament decreased from 27 to 18, with the emergence of two main poles and fewer independents, as many as 31 formations entered parliament in 2019. There was also a considerable increase in independent candidates (about one-third of the total).

The differences between the leading two parties narrowed considerably, as media tycoon Nabil Karoui's emerging Qalb Tounes (Heart of Tunisia) followed Ennahda with a 5% difference in the share of votes. In 2011, Ennahda outdistanced its runner-up, the human rights activist Moncef Marzouki's Congress for the Republic, by an impressive 28%, whereas in 2014, Nidaa Tounes defeated Ennahda with 10% more votes.

By contrast, after the 2019 elections, popular preferences were dispersed among various actors with similar strengths in parliament. This testifies to high voter volatility and confirms a low degree of party institutionalization. Despite its declining popularity, Ennahda was still the most significant force in the now-dissolved parliament with 52 seats, making it the best-organized and socially rooted party. Tunisian parties are highly leader-centric, regardless of whether they are Islamist or not. Compared to its counterparts, Ennahda displays lower levels of clientelism, confirming that support for Islamist parties is not primarily about patronage but programs and values, as some studies have noted.

In light of plummeting credibility, major political parties decided to mobilize "the street" to demonstrate their popularity and legitimacy beyond the ballot box. After months of uncoordinated responses by the government to the COVID-19 crisis, the political parties took to the streets and joined the protests. In late February 2021, Ennahda and the Free Destourian Party (PDL, Parti Destourien Libre) organized counter-protests within days of each other in Tunis and Sousse, respectively.

Party system



Differences in society, even resulting in social conflicts, are pronounced. Significant differences remain, especially at the regional level, with southern and inland areas continuing to suffer more marginalization than coastal areas. The actors taking to the streets in continuous protests are incredibly diverse, not only in terms of whether they are organized or spontaneous groups or individuals, but also in terms of social class or working status. This variety implies that they represent a plurality of interests.

This was evident in the most recent sectoral demonstrations, when the Bar Association protested the three-week strike by judges in June 2022 against Saied’s measures, accusing them of paralyzing justice. While the UGTT remains the country’s main labor union, police unions have been increasingly in the spotlight in recent years for their brutality against even peaceful demonstrators and lobbying deputies and judges. In August 2022, police unions refused President Kais Saied’s plan to converge into a unified union organization under the name of the Tunisian Union of General Internal Security Forces, an attempt to rationalize their disproportionate numbers (more than 100 base-level unions have emerged since 2011 for different units and regions) and set out clear limitations on the actions of the police.

Nevertheless, Saied’s “marriage of convenience” with security services is still in place. Since July 2021, the president has relied heavily on the police to enact the sweeping measures he introduced to counter corruption, enforce house arrests and travel restrictions, and round up the politicians and business leaders accused of wrongdoing.

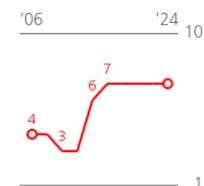
The early enthusiasm for President Saied’s constitutional coup was rooted in a growing disenchantment with Tunisia’s decade-long democratic transition that failed to deliver tangible economic benefits, not least because of parliamentary bickering and dysfunction. Many Tunisians have come to believe that political parties – regardless of their positions on the ideological spectrum – and democracy are inefficient and will provide no real solutions to Tunisia’s structural problems, such as the weak economy, widespread inequality and corruption.

At the beginning of the review period, Tunisia’s leading opinion polling company Sigma Conseil showed that political parties and parliament were considered “to have performed well” or “rather well” by only 13% and 11% of respondents, respectively. According to the Arab Barometer (Wave VII, as of January 2023), between two-thirds of Tunisians agree that “democratic regimes are indecisive and full of problems” and “not effective in maintaining order and stability.” A closer look reveals, however, that nearly three-quarters still believe “democratic systems may have problems, yet they are better than other systems.”

Over time, Saied and his supposedly visionary project lost popularity among Tunisians, signaling persistent disapproval of the system of governance. This is clear from the turnout for the 2022 elections, the lowest ever since 2011: 11% of voters

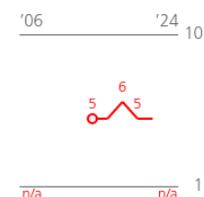
Interest groups

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Approval of democracy

n/a



came out to cast their votes. This is also evident from the increasing number of protests from political parties, CSOs, women's rights groups and others who view Saied as a threat to democracy and civil rights. Furthermore, the results of public opinion polls conducted over the last two years indicate that his popularity is in free fall. In January 2022, an Insights TN's survey revealed that popular support for Saied had decreased by 20% in just four months. More recently, despite nearly 95% of voters approving Saied's new constitution, turnout stopped at 30.5%, less than in any other election, thus anticipating diminishing approval.

According to the Arab Barometer, interpersonal trust has been progressively decreasing. In 2022, less than 7% of Tunisians affirmed that "most can be trusted." By correlation, around 93% felt that "one must be careful." As a comparison, in 2011, the same figures were approximately 36% and 63%, respectively. Data from the survey show that almost 59% of respondents do not trust at all or do not have much trust in civil society organizations. A survey conducted in November 2021 commissioned by the Center for International Private Enterprise revealed that 62% of Tunisians distrust unions to various extents.

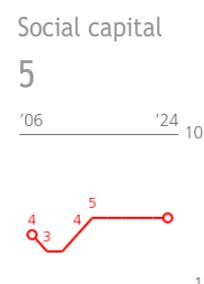
Despite the modest numbers reflecting limited trust in civil society, there was a significant increase in autonomous organizations after 2011, both quantitatively and qualitatively. Several organizations are widely recognized nationally (and abroad) as reference points for accountability and anti-corruption, such as I-Watch and al-Bawsala. Distrust among Tunisian youth in formal politics has led them to engage in civil society and various autonomous organizations instead.

II. Economic Transformation

6 | Level of Socioeconomic Development

In early 2022, Minister of Social Affairs Malek Zahi revealed that the number of poor and marginalized people in Tunisia had risen to four million (approximately 34% of the population), corresponding to 963,000 families. Other statistics based on the national poverty line projected a poverty rate of 17.2% in 2021, a decrease of 1.9% compared to 2020. In 2015 (latest available figures), 2.2% of Tunisians lived on less than \$3.20 a day (at 2011 international prices adjusted for purchasing power parity, PPP), a number well below the average of 29.1% in all countries listed in the poverty indicator.

Although Tunisia was not heavily affected by COVID-19 like many other countries in Europe, Asia and the Americas, its impact resonated broadly and dramatically. The pandemic further exposed structural problems in the Tunisian economy, such as its high dependence on foreign sources. Countermeasures like social distancing and



home confinement disproportionately impacted already-vulnerable groups, including daily and seasonal workers, as well as those in the informal sector, which comprises approximately 40% of the economy. Additionally, the decrease in remittances, which serve as a crucial safety net for many impoverished and marginalized families, reinforced a destructive cycle by exacerbating economic hardships for already-fragile segments of the population. According to the World Bank's collection of development indicators, remittance inflows accounted for 5.6% of Tunisia's GDP in 2020.

In addition, geographical cleavages account for significant disparities among the population, especially in relation to an urban-rural divide and a nationwide differentiation that contrasts a more prosperous "north" (including coastal areas and the Sahel) with inland and southern regions. Individuals in these latter regions and those residing in the countryside experience greater discrimination in terms of job opportunities and access to health and education facilities than do those living in the former regions.

In 2021, Tunisia's Human Development Index (HDI) was 0.731, with a Gender Inequality Index subcategory score of 0.259. According to World Bank data from 2015, Tunisia had a Gini Index of 32.8.

Economic indicators		2019	2020	2021	2022
GDP	\$ M	41905.6	42538.5	46687.3	46664.9
GDP growth	%	1.6	-8.8	4.4	2.5
Inflation (CPI)	%	6.7	5.6	5.7	8.3
Unemployment	%	15.1	16.4	16.3	16.1
Foreign direct investment	% of GDP	1.9	1.4	1.1	1.5
Export growth	%	-4.2	-20.0	11.8	5.9
Import growth	%	-8.4	-16.6	10.9	9.5
Current account balance	\$ M	-3390.6	-2533.5	-2781.0	-
Public debt	% of GDP	67.3	77.6	79.9	79.8
External debt	\$ M	39380.5	41046.6	41607.8	-
Total debt service	\$ M	3209.7	3252.6	4324.5	-

Economic indicators		2019	2020	2021	2022
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	18.8	21.6	21.0	19.7
Public education spending	% of GDP	-	-	-	-
Public health spending	% of GDP	2.8	3.7	-	-
R&D expenditure	% of GDP	0.7	-	-	-
Military expenditure	% of GDP	2.4	2.7	2.6	2.5

Sources (as of December 2023): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

7 | Organization of the Market and Competition

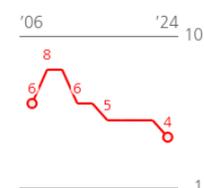
Despite several waves of privatization, particularly in the mid-1980s and mid-2000s, and a commitment to market-based mechanisms, Tunisia's economy continues to be characterized by significant government control through price regulations and subsidies. State-owned institutions have a stronghold on key economic sectors, such as finance, pharmaceuticals, hydrocarbons and utilities. The government also regulates the prices of essential commodities, such as flour, sugar, milk, cereals and gasoline. These subsidies, which are crucial for maintaining social stability, are accessible to all households, regardless of income.

According to the 2023 budget, published by the Ministry of Economy in December 2022, Tunisia intends to reduce subsidy expenditure by 26.4% to TND 8.8 billion (approx. \$2.88 billion). The announcement of highly unpopular reforms, such as cutting food and energy subsidies, came as Tunisia was reaching a staff-level agreement with the International Monetary Fund for a \$1.9 billion rescue package and was in sight of closing the deal. The Tunisian government has also committed to overhauling public companies.

According to the U.S. International Trade Administration, Tunisia's authorities announced in June 2021 that they were eliminating government authorization requirements for 27 business activities across different sectors in order to enhance the country's investment climate. Presidential Decree No. 2022-317, issued on April 8, 2022, also amends the list of economic activities that require authorization for investments as stated in Decree No. 2018-417, dated May 11, 2018.

Market organization

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High barriers to entry for new businesses and cumbersome administrative procedures contribute to the state's strong presence. A critical aspect of Tunisia's economy, also linked to state control, is the continuation of a captured economy and crony capitalism from the previous regime. Despite some reforms, the rentier economy, which largely benefited a privileged group of influential business clans and families, remains intact. Although restructured, this cartel system has strongly resisted change. The most common example of this captured economy are the "authorisations" (French for authorizations), legal and administrative licenses required to enter the market, which hinder new entrants and investment in the economy and have long been monopolized by a small group.

For onshore investment primarily directed toward the in-country market, foreign investors are often required to partner with a local Tunisian firm, subject to some exceptions. Tunisia's central bank may impose restrictions on foreign exchange accounts and operations, except for specific foreign investors. According to the new law on investments, the repatriation of funds and assets is free for all non-resident companies, specifically for those firms that have more than 66% foreign ownership. Otherwise, the central bank needs to authorize repatriation upon a specific request.

Foreign franchising can operate similarly to other forms of foreign investment in the onshore sector, with the exception of food and beverage, real estate and advertising. In these areas, government authorization (Ministry of Commerce) is required. Meanwhile, the Tunisian authorities offer substantial incentives for investment in the tourism sector.

According to Tunisia's central bank (CBT), a new foreign exchange law is underway, which could be a significant turning point in the country's investment landscape if it provides better access to hard currency by lifting the existing restrictions. This would enable local businesses to connect to the global economy and buy goods and services in a streamlined way. Enabling accounts in foreign currency might also help the country capture hard currencies that are traded or held informally and illegally outside the banking system. This would boost the central bank's reserves and potentially alleviate the importing difficulties of recent months. The tense political climate, however, may have an adverse effect on the situation. It remains to be seen to what extent the new law will enable businesses.

The informal sector comprises a substantial portion of the national economy. According to the latest data from the Quarterly Informal Economy Survey (QIES) by World Economics (2022), the size of Tunisia's informal economy is estimated to be 30.4% of GDP, which equates to approximately \$52 billion at GDP (PPP) levels. Other qualitative accounts suggest that the share may be even higher, up to 40%, varying significantly depending on the region. While somewhat outdated, the International Labor Organization's last indicator for informal employment (2014) was 61.3% of total employment.

The 2022 OECD review report on Tunisia’s competition law and policy notes that it was among the first countries in Africa and the Middle East to adopt one in July 1991. After several subsequent revisions, the most recent code (Act No. 2015-36 of September 15, 2015) incorporates “all the principles related to restrictive competition practices, prohibiting anti-competitive or discriminatory practices, and establishing oversight over mergers.” The institutional framework includes an independent authority with jurisdictional and advisory functions – the Competition Council (Conseil de la concurrence tunisien, CCT) – as well as a competition department within the Ministry of Trade (Direction générale de la concurrence et enquêtes économiques, DGCEE), which primarily oversees the development, implementation and enforcement of competition rules.

The CCT lost tremendous influence after its president, Ridha ben Mahmoud, ended his term in February 2022, along with his two deputies and the secretary-general, with no successor appointed. All these posts remained vacant as of the end of the period under review. As media reports suggest, a conflict over the nomination of the next president – previously a judge but now an appointee from the Ministry of Economy – was behind this paralysis. At a time of high inflation and widely felt price hikes, the CCT’s malfunction was particularly pernicious.

The December 2021 report by the Tunisian Institute of Competitiveness and Quantitative Studies ranks it 25th out of 28 countries, with particular reference to the European market, in terms of competitiveness – a disappointing result, although better than its previous performance. This indicator takes into account internal and external competitiveness, the financial system, macroeconomic stability, economic dynamism and the country’s attractiveness.

Tunisia is a founding member of the World Trade Organization (WTO), formed in 1995, and has been a member of GATT since 1990. Import restrictions have been progressively eased, although certain strategic sectors continue to have restrictions that require prior authorization. Specific domains, such as automotive and agricultural imports, are subject to non-tariff barriers, such as import licenses and quotas. For instance, importing small-engine passenger cars is limited by quotas determined by the utilization of Tunisian-produced automobile components in the design of foreign-manufactured automobiles. Additionally, agricultural products face high import duties and quotas. The domestic pharmaceutical industry in Tunisia is highly protected, with the Central Pharmacy of Tunisia, a government entity under the Ministry of Health, having a monopoly on the import of pharmaceutical products. Its establishment, as the “Pharmacie Centrale des Hôpitaux du Royaume de Tunisie,” dates back to 1938.

Competition policy

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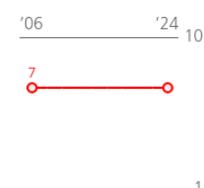


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Liberalization of foreign trade

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In addition, import tariffs can be as high as 200% – depending on the product. Some products, such as gas generators, steam and hydraulic turbines, and oil motors, also benefit from a total tariff exemption.

Imports from the European Union often enjoy a significant price advantage compared to other countries. Since the Association Agreement entered into force in 2008, most (non-food) EU products are exempt from import duties. The European Union remains Tunisia's largest trade partner, accounting for nearly 58% of its trade in 2020. According to the European Commission, 48.3% of Tunisia's imports came from the European Union in 2020, while 70.9% of its exports went to the EU.

The standard rate of VAT is 19%, although lower rates of 13% and 7% apply in specific cases. VAT is calculated on the goods' base price plus any import duties, surcharges and consumption taxes. These latter apply to certain imported items and similar locally produced ones. The highest consumption tax rates (up to 360%) concern luxury items and automobiles with large engines.

Tunisia's banking system is state-dominated. However, certain well-known families hold crucial positions on the boards of prominent banking groups, such as the Amen Bank and the COMAR insurance company (Ben Yedder's family), as well as the Attijari Bank and the UIB–Union Internationale de Banques (Mzabi's family). Particularly since 2011, major private corporations in Tunisia, including the Poulina Group, Loukil Group, Amen Group and Bouchamaoui Industries, have increasingly ventured into the financial sector, advocating for a diverse range of actors, including banks and insurance companies.

Tunisia's banking sector has had relatively high non-performance, with a gross non-performing loans (NPLs) ratio of 13.6% and a coverage ratio of 55.5% at the end of 2020 (Islamic International Rating Agency, June 2022).

According to the same report, in 2021, the banking sector's credit to the Tunisian economy expanded by 4.6%, along with an increase of 8.4% in the deposit base and a 4.6% increase in credit portfolios.

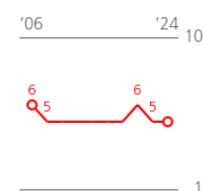
As early as 2021, the CBT called for revising the methodology for calculating collective provisions after conducting stress tests between May and September 2020 to assess the banking sector's resilience during the COVID-19 pandemic. General provisions have been increased to ensure sufficient coverage.

In 2020, the total assets of the country's banking sector accounted for 95.51% of its GDP, representing an increase over the previous year, when it reached a low of around 80% (Statista 2022).

On January 27, 2023, Moody's Investors Service downgraded the government of Tunisia's long-term foreign currency and local currency issuer ratings to Caa2 from Caa1 and changed its outlook to "negative." According to Moody's, "very tight domestic and external funding conditions and the Tunisian government's challenging debt-service profile elevate refinancing risks," especially since a new IMF program

Banking system

5



has yet to be secured. Further protracted delays, Moody's continues, risk eroding foreign exchange reserves through drawdowns for debt service payments. Governance weakness, political uncertainties and social risks are severe challenges to the new government's agenda to redress the country's fiscal and external imbalances.

As a member of the Basel Committee, Tunisia is expected to align its banking practices with the international standards and principles outlined in the Basel Accords. The CBT, responsible for overseeing and implementing these standards in the banking sector, insists that the country's reserves and balance sheets comply with international standards.

8 | Monetary and fiscal stability

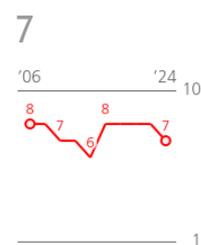
Tunisia's CPI inflation in 2021 was 5.7%, 0.1% higher than the previous year (IMF World Economic Outlook, October 2022). The same source demonstrates fluctuations from one year to the next over the past decade, ranging from a low of 3.2% in 2011 to a peak of 7.3% in 2018. Examining the month-by-month data provides a less favorable view. Tunisia's National Institute of Statistics highlights that the annual inflation rate has surged for the 15th consecutive month, reaching 10.1% in December 2022, the highest level since the same month in 1984.

This trend reflects the sustained depreciation of the unpegged Tunisian dinar (TND) against major foreign currencies such as the euro and the U.S. dollar. According to CBT data, as of December 12, 2022, a dollar was traded for TND 3,170, while it was worth TND 2,904 in December 2021. Additionally, the value of the euro increased from TND 3,254 TND in December 2021 to TND 3,349 one year later. Inflation also mirrors higher energy and food prices. According to Trading Economics, upward pressure mainly comes from the cost of food and non-alcoholic beverages, transport, furnishings and household equipment.

Rising food prices and shortages (primarily sugar, vegetable oil, rice and bottled water) have sparked social discontent. Throughout the country, sporadic protests and clashes with police over these issues have taken place, especially since autumn 2022. Since the onset of the war in Ukraine in February 2022, Tunisia's concerns about food insecurity and reliance on imports have become more significant in public discourse. The consequences of the conflict are evident since Tunisia obtained nearly 40% of its wheat imports from Ukraine from 2016 to 2020.

Tunisia's overall trade balance is negative. As of December 2022, it recorded a trade deficit of TND 1.9 billion. According to the latest World Bank report, the country's real effective exchange rate was 85.9 in 2021.

Monetary stability



Tunisia's public debt accounted for 81.8% of GDP in 2021, a decrease of one percentage point over the previous year. However, the situation has significantly deteriorated over the years, with public debt almost doubling. It is noteworthy that, in 2011, public debt accounted for “only” 47% of GDP. As demonstrated in the previous BTI country report, Tunisia had to modify its policy in response to the challenges posed by COVID-19. The country predominantly relied on domestic borrowing to finance its increase in spending in 2020, while also seeking emergency loans from the IMF.

Tunisia's current account balance in 2021 was -\$2.78 billion, while its external debt reached \$41.61 billion. Furthermore, the total debt service reached an unprecedented \$4.32 billion in 2021. In 2021, government consumption accounted for a significant portion of GDP, 21% compared to the 16.4% recorded in 2011. Additionally, the country's total reserves amounted to \$8.45 billion.

In 2022, discussions continued on the IMF's support for Tunisia and the authorities' comprehensive economic reform program. Specifically, IMF staff and Tunisian authorities announced in mid-October 2022 that they had reached a staff-level agreement to support Tunisia's economic policies with a 48-month arrangement under the Extended Fund Facility (EFF) of approximately \$1.9 billion. Headlines alleged conflicts between Kais Saied and CBT Governor Marouane Abassi, hinting at sustained CBT independence.

9 | Private Property

Based on the Heritage Foundation's 2022 Index of Economic Freedom, Tunisia's economy is the 128th freest worldwide. Its score decreased from 55.8 in 2020 to 56.6 in 2021 to 54.2 in 2022, reaching its lowest level since 2017. It is ranked 10th out of 14 countries in the Middle East and North Africa (MENA) region, below the regional and world averages.

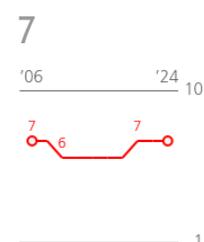
Other indexes are similar. In 2022, Tunisia's score on the International Property Rights Index decreased by 0.468 to 4.626, making it 11th out of 15 countries in the MENA region and 76th in the world out of 129 countries assessed. The overall score remained unchanged at 5.094 in the previous two years (2020 and 2021). The Physical Property Rights Subindex decreased to 4.637, a particularly low score, especially in the category of Access to Financing (3.995). The Intellectual Property Rights Subindex is also low, with the weakest score in Copyright Protection (2.700).

While intellectual property protection remains imperfect, especially for artistic creation, physical property is highly protected. The legal framework for land property has not resolved the issue of “frozen titles,” caused by discrepancies between the material reality of the property and the title – an issue that impacts the economic value

Fiscal stability



Property rights



and circulation of titles. However, it does not violate the constitutionally protected right to private property. Protection of property rights still requires further clarity regarding the ownership of titles, particularly in cases of collective land.

State expropriation is regulated and conditioned by just compensation, and private owners have a protected recourse before the Administrative Tribunal.

Private enterprise is protected and fostered in Tunisia, although much remains to be achieved. Tunisia has undertaken several initiatives to promote private initiatives, with the most notable being the streamlining of business licenses initiated in 2018 through Decree No. 2018-47. The objective of this decree is to establish a restricted list of licenses and authorizations, thereby freeing private initiatives from regulatory requirements for all activities not included in the list. In 2022, an additional group of licenses was streamlined as a continuation of this reform.

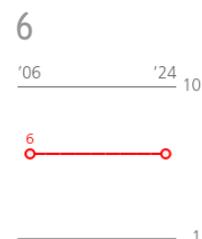
The privatization of state-owned companies (SOCs) remains a delicate issue and often acts as a point of contention between the government and the private sector, on one hand, and the unions, particularly the UGTT labor union, on the other. Allegedly, the IMF discussions with Tunisia also covered the privatization of specific SOCs. The government took a nuanced stance, assuring that none of the “strategic” SOCs would be privatized, while Saied’s statements were categorically opposed, causing doubt among both the UGTT and observers regarding the entire process.

10 | Welfare Regime

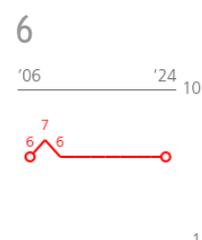
Discussing the significant increase in poverty, Minister of Social Affairs Malek Zahi attributed this, in early 2022, to the increasing corruption and “sabotage” observed over the past decade. However, he also emphasized the influential role of social justice and the state’s social responsibility under President Kais Saied. Nevertheless, it remains unclear how the government will enhance social protection during times of necessary austerity.

The 2022 constitution reaffirms the inclusion of social protection and health rights. It acknowledges the right to health by stipulating that the state ensures free health care for individuals lacking support or with insufficient resources. Additionally, it guarantees the right to social coverage (Article 43). The constitution also guarantees the right to education, including free public education at all levels and the provision of necessary resources for quality education, teaching, and training. It further emphasizes the “Arab and Islamic identity” of younger generations (Article 44). Furthermore, the constitution addresses access to a healthy environment and potable water (Articles 47 and 48). It also outlines the rights of children and mandates that the state take care of “abandoned children or children of unknown parentage” (Article 52), offer assistance to elderly individuals lacking support (Article 53) and protect individuals with disabilities from discrimination (Article 54).

Private enterprise



Social safety nets



Compared to the average among the MENA countries, Tunisia's social protection system is generally considered to be advanced and protective, according to the International Labor Organization (ILO). Half of Tunisians are covered by social protection. Tunisia has two contributory social insurance funds, both administered by the Ministry of Social Affairs. One is the National Pension and Social Insurance Fund (Caisse Nationale de Retraite et de Prévoyance Sociale, CNRPS), established in 1985. The other is the National Social Security Fund (Caisse Nationale de Sécurité Sociale, CNSS), which was set up in 1960. These funds provide pension schemes, health insurance, maternity benefits and paid leave. However, they do not cover informal workers, who make up a significant portion of Tunisia's labor force.

Article 51 of the 2022 constitution stipulates the state's commitment to protecting the rights of women, consolidating and promoting those rights, and ensuring equal opportunities for both men and women in all sectors. Additionally, the state is required to establish gender parity in elected assemblies. The 2022 elections, which can be viewed as an initial test of the new system, have already revealed a significant discrepancy between theory and practice. Specifically, the number of female candidates declined considerably compared to previous electoral cycles. Furthermore, President Saied has consistently opposed reforms to inheritance laws.

Among rural and informal workers, women have been disproportionately affected by the COVID-19 pandemic. They face the greatest disadvantages and bear the brunt of its impact. For instance, fewer than one-third of rural women are enrolled in the social security system. Despite the occurrence of significant security incidents that deeply shocked public opinion in 2019 – when 12 women farm workers lost their lives in a road accident in the Sidi Bouzid region – little meaningful progress has been made.

The expansion of education arguably positively affected women's socioeconomic status, as evident in the ratio of female to male enrollment – 1.0 for primary education, 1.1 for secondary and 1.5 for tertiary education.

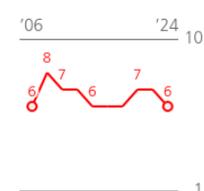
When it comes to the labor market, things are, however, different, highlighting a gap with the education system. The female workforce accounted for 29.4% (29.1% in 2020) of the total labor force in 2021, according to World Bank data.

11 | Economic Performance

Tunisia's economic performance has been declining and is reaching a critical point. The country was already struggling after the COVID-19 pandemic. The July 2021 coup dealt a dramatic blow to its image as a transitioning democracy. As Saied's political agenda advanced, along with his concentration of powers in his own hands and incapacity to grasp the complexities of economic challenges, things continued to deteriorate. According to the most recent World Bank data, Tunisia's GDP value in 2021 was \$46.69 billion, with a GDP per capita of \$3,807. GDP grew by 3.5% in 2021, following a devastating contraction of -9.5% in 2020.

Equal opportunity

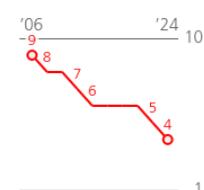
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Output strength

4



1

At the close of Q3 2022, unemployment reached 15.1% and growth was 2.9%, according to the Tunisian National Statistics Institute, projected at 2.5% for 2022. Foreign direct investments were low, accounting for 1.1% of GDP in 2021.

In December 2022, inflation was 10.1%. Throughout the past two years, the country has faced multiple shortages of essential products, including dairy, vegetable oil, petrol, sugar, bottled water, wheat and coffee. The war in Ukraine is partly responsible for these shortages, as it disrupted the supply of fodder and drove up prices, leading to an imbalance in the milk-pricing structure. The challenging international situation has had a significant impact on Tunisia, which is expected to be one of the last countries to recover from the economic consequences of COVID-19.

12 | Sustainability

Tunisia is highly dependent on natural gas imports and should be particularly interested in developing renewable energies. However, in the Maghreb area, Morocco has advanced the most, and even a traditional energy giant like Algeria has recently embarked on ambitious energy diversification programs, while Tunisia lags behind.

Yet, Tunisia has become the first country in the region to acknowledge climate change in its 2014 national constitution, ensuring the right to participate in climate protection (see former Article 45). The 2022 constitution continues to uphold the right to a healthy, sustainable environment and commits to both safeguarding it and eradicating pollution (Article 47). Furthermore, the preamble notes that social and economic progress must be achieved in harmony with the sustainable development of “our beautiful, green Tunisia.”

The top two environmental challenges, according to the latest Arab Barometer (Wave VII), are pollution of drinking water and waste management. These findings are consistent with previous local surveys, such as a 2017 report from the Heinrich-Böll Stiftung that noted Tunisians associate the environment primarily with rubbish (nearly 56%) in open-ended responses and pollution (“only” 6.4%). Similarly, when asked how concerned they are about the environment, almost 60% of citizens responded that they are “very sensitive” to it, while 25% said they are “quite sensitive.” Meanwhile, dissatisfaction with various public institutions’ management of the environment is very high. However, when questioned about their country’s priorities, the environment ranks extremely low, at 0.6%, compared to other concerns.

The environment is still not a priority for the government. After the introduction of Decree 2020-32 in January 2020, which banned the manufacture, import and use of conventional single-use plastic bags, Minister of the Environment Leila Chikhaoui announced on May 11, 2022 the launch of a nationwide communication campaign titled “Let us be responsible” to promote compliance with the new law.

Environmental
policy

5

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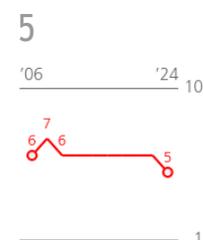
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The education sector has received significant attention since the country's independence in 1956. Broadening access to education – long seen as a social lift – has raised the expectations of young Tunisians, increasing their frustration at the lack of a match with the world of work. A recent report by the International Labor Organization (ILO) pointed out that more than 40% of the population has completed at least intermediate (28%) or advanced (13%) education. Meanwhile, Tunisia's labor market continues to be characterized by slow job creation and “skills” mismatches. Based on the United Nations Education Index, Tunisia scores 0.676, slightly above the general average of assessed countries, which is 0.629.

The last available data from the World Bank shows that Tunisia spent 7.3% of its GDP on education in 2015. In 2019, the government's expenditure on Research and Development (R&D) was 0.75% of GDP, marking an increase compared to the previous year (0.6%). According to the Arab Barometer, Tunisia is one of the biggest education spenders in the Middle East and North Africa. However, it is worth noting that the world average, based on 88 countries, is 1.13%.

Data released in 2021 by the Arab Barometer (Wave 6) shows that 70% of Tunisian respondents are dissatisfied with the education system. One reason is that there was no commensurate improvement in quality despite the increase in the number of graduates. Additionally, the standard of education has declined significantly, according to some international metrics such as the Program for International Student Assessment (PISA) and the Trends in International Mathematics and Science Study (TIMSS).

Education policy /
R&D



Governance

I. Level of Difficulty

In the review period, Tunisia had to deal with the post-pandemic fallout and recover from trade disruptions, rising prices, a highly indebted tourist sector – which accounts for approximately 14% of Tunisia’s GDP – and the deepening economic crisis. Tunisia’s governments continue to be trapped between the need to maintain social peace through subsidies and capped prices and resorting to austerity measures to obtain loans from international bodies like the IMF.

A significant constraint that no administration has yet tackled is the structure of the economic system and the enormous public debt. Foreign dependence, especially in terms of food sovereignty, hampers the economy. The war in Ukraine exposed Tunisia’s supply chain vulnerabilities, with heavy repercussions on inflation and the prices of basic foodstuffs. The infrastructure continues to fail in the interior and the southern regions, while the specter of terrorism, especially against tourists, has dramatically diminished.

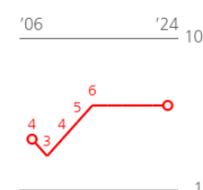
Tunisia’s relationships with its neighbors strongly affect the country. Tunisia and Algeria’s silent crisis since 2020, the two-year closure of the land borders – officially because of health measures – has heavily affected the country, which relies on open borders for tourism and trade.

Despite declining trust in civil society organizations (CSOs), non-governmental organizations (NGOs) and social capital, civil society played a proactive, leading role in the democratic transition. It acted as a watchdog of parliamentary and government activities and a power broker, mediating competing political interests and conflicts during some of the country’s critical junctures.

In this regard, the “Quartet” awarded the 2015 Nobel Peace Prize is a prominent example. It comprised the primary workers’ association (the Tunisian General Labor Union, UGTT), the employers’ association (Tunisian Confederation of Industry, Trade, and Handicrafts, UTICA), the League of Human Rights (LTDH) and the Bar Association (ONAT). At the apex of the 2013 political deadlock, known as the “Bardo crisis,” these four CSOs launched a National Dialogue forum, bringing the country’s leading social and political forces to the negotiating table to resolve the crisis. In this case, civil society positively influenced political action by depolarizing the political arena.

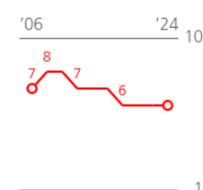
Structural constraints

6



Civil society traditions

6



The flip side is the excessive influence some unions have (consider the prominent role of the UGTT or the increasing role of police unions), which can also lead to paralysis in decision-making processes when cross-vetoes are created. These unions play a decidedly political role without taking responsibility for governance or being held accountable.

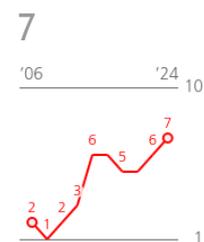
At least for CSOs and NGOs, things are changing fast as President Kais Saied continuously demonizes them by accusing them of being the arm of foreign powers. Due to his conspiracy rhetoric, many organizations were targeted in their daily operations. For example, the National Guard prohibited the Citizens Against the Coup coalition from holding a public meeting in a private space in Ben Arous. Saied's hostile stance toward CSOs and foreign aid in general, as well as the erosion of Decree-Law 2011-88 and the more recent Cybercrime Decree-Law 2022-54, prevent such groups from functioning freely, largely constraining their potential impact on political action.

The idea of Tunisianité, a distinctive culture of moderation and consensus attributed to Tunisian national identity, has become the hegemonic discourse in the country. Despite the mutual animosity between political parties, especially Islamists and anti-Islamists, the intra-elite “politics of consensus” and compromise at all costs are considered the hallmarks of post-revolutionary Tunisia. Ideological rivalries that were instrumentally emphasized during electoral campaigns, recomposed afterward in cross-ideological coalition governments, prevent both descent into political and social chaos and necessary structural reforms that are needed to translate citizens' needs and high expectations into government programs and actual policies.

At the beginning of 2021, Tunisia's streets were again on fire. By decreeing a four-day national lockdown on the 10th anniversary of the revolution and banning demonstrations for health reasons, Hichem Mechichi's technical government provoked a contrary, much more dangerous reaction. In the poor suburbs of Tunis and many cities across the country, hundreds of youths clashed with police during night-time riots. The violent crackdown and escalation of protests into looting and vandalism marked a bitter commemoration. Several months of political turmoil and uncoordinated responses to the COVID-19 crisis broke a fragile social and political balance. Protests did not cease even after Saied's power grab. Indeed, conflict between rival factions intensified. Conflict intensity is not related to major social, ethnic or religious differences but to those still supporting Kais Saied and those against him.

Throughout 2021 and 2022, protests erupted monthly across Tunis – and beyond – both for and against the president's actions, with the opposition calling it a “coup” and calling on him to step down. Pro-Saied groups showed up as well, cheering on their leader, causing police to separate the two groups.

Conflict intensity



A demonstration took place on January 14, 2023, commemorating the revolution and Ben Ali's departure before Saied changed the anniversary date to December 17, Mohamed Bouazizi's self-immolation. Thousands of protesters crowded Tunis's central Habib Bourguiba Avenue, the traditional site for significant demonstrations, waving national flags amid chants of "The people demand the fall of the regime."

II. Governance Performance

14 | Steering Capability

The steering capabilities of successive governments have been waning for much of the decade since the 2011 uprisings. In the last two years, however, they have reached an all-time low.

Mechichi's government was starkly different from the Fakhfakh government in office when COVID-19 first hit Tunisia. The latter worked in an "all hands on deck" mode, securing a legislative mandate from the assembly to use decrees instead of laws and effectively reallocating governmental resources to optimize its actions. For instance, legal advisers in various ministries formed a focus group and worked remotely and collectively on virtually all decrees during that period, regardless of departmental divisions. The Mechichi government returned to a normal functioning mode, unsuitable for the crisis. It displayed a nonchalance that irritated the public, contributing to the celebration of its dismissal by President Saied on July 25, 2021. With Saied at the helm, however, governmental prioritization is even worse.

Saied's priority is exclusively his personal and unorthodox vision, such as the marginalization of political parties, the new cooperative-like "domestic corporations," public consultations that mobilize significant state resources and the constitutional reforms he claims were by popular demand. However, a mere 4.4% of the population participated in the national consultation, with 36.5% favoring a new constitution, while 38% preferred to amend the existing one.

The Ministry of Economy and Planning announced in January 2023 a national strategy to improve the business climate through public-private collaborations. The outputs and recommendations overlap with previously identified measures that were not implemented.

Question
Score

Prioritization

4

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During the review period, Tunisia’s government struggled to implement effective, transparent policies. The stark contrast between Saied’s political omnipotence since July 2021 and the lack of economic and social progress highlights a severe absence of implementation capabilities. The discussions with the IMF dragged on for months, and, even after reaching a staff-level agreement, poor commitment to the requested reforms has put the process on hold.

None of the announced goals Saied used as justifications for his coup were achieved. Although he announced a war on corruption and controlled the judiciary both before and after the adoption of the new constitution, he failed to make any significant arrests of known traffickers or corrupt economic actors. Conversely, the anti-corruption authority INLUCC remains shut down, and political accountability and whistleblower protection are virtually suspended. On another note, Saied blocked the “judicial movement,” the annual assignment of judges, advocating a vetting of the corps. However, by simply refusing to appoint judges, his anti-corruption policy remains ineffective and degrades the already dysfunctional judiciary system.

There is a marked difference between the policy learning methods used by bureaucratic structures and political leadership over the past decade and the methods of President Saied, who favors individual processes. While he initially relied on loyal experts to work in committees that designed economic and political reforms and the new constitutional text, he later dismissed their input and drafted the July 2022 constitution single-handedly. Yet, the methods various levels of government use show an ability for policy learning, although flexibility has diminished due to the absence of a legislative body. The legislature used to interview external experts frequently and had the advantage of different actors with multiple expertise that allowed for debate and concerted action and fostered learning. This occurred despite the low quality of political action and discourse in the last elected assembly.

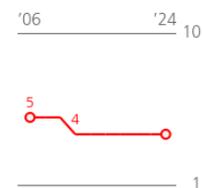
Administrative leaders rely on previous experience and data-based evidence within the moderate capabilities of the state to learn and develop new policies. Participatory dialogue between the public and private sectors is a standard tool for designing policies and fostering buy-in.

15 | Resource Efficiency

The use of government human resources has been chaotic. Several diplomatic positions remain unfilled in foreign capitals such as Doha, Rome and Beijing. Domestically, the Presidency of the Republic has no head of cabinet, over a year after Nadia Akacha’s resignation over “fundamental differences” with President Saied. Multiple vacancies in the judiciary have dramatically affected the course of justice, as Saied refused to sign the annual nominations after his sacking of 57 judges triggered a profound crisis. Some positions, such as governors of the country’s regions, remain vacant after Saied demoted former officials, as in the governorates of Kef and Sfax, whose last governor was a hardcore supporter of Saied.

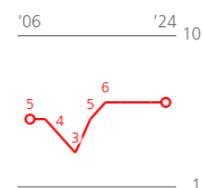
Implementation

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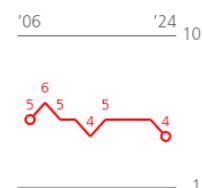
Policy learning

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Efficient use of assets

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The administrative organization has deteriorated, especially since the president enacted the 2022 constitution, which dramatically restricts decentralization. By contrast, a chapter was dedicated to decentralization and local government in the 2014 constitution. Saied has repeatedly emphasized that Tunisia is a unified country and attacked decentralization as a form of state dismantling.

After years of discussion, Tunisia and the IMF reached a staff-level agreement in October 2022 to secure \$1.9 billion in funding for a program of economic policy reforms. However, the IMF board postponed its meeting in Tunisia in December, with speculations about the international institution requesting a signed letter of intent from the Tunisian president since he is the real head of the executive branch. Not only has he, as per the 2022 constitution, general regulatory powers, but ministers have no decision-making ability without his authorization.

After July 2021, the institutional organization shifted from a fragmented political system where executive power was shared between the president of the republic and the government to one-man rule. The new constitution vests more powers in the government than does Decree No. 117 of September 2021, which was the transitional framework until July 2022. The president overpowers and remains unchecked by a weak bicameral parliament. This structure allows for robust decision-making and coordinated policy, although these policies are primarily particularistic and aimed at consolidating the president's power.

With a feeble institutional opposition, weak oversight from the judiciary and no legislative assembly, there are no actual checks and balances to the administration's actions. It is able to design and implement its policies with almost complete freedom, save for the UGTT labor union, which remains the most vigorous opposition voice, which at times opposed the IMF discussions and threatened to strike over sectoral negotiations.

Compared to previous years, however, there is no catalyst for effective opposition or checks and balances. Despite this configuration, government actions lack coherence, not due to a lack of coordination potential but because of a grave deficit in vision, prioritization and implementation capabilities.

Tunisia's struggle with corruption is a root cause of its abysmal economic performance in recent decades. Anti-corruption efforts by successive governments have been insufficient, with the media and civil society playing a more significant role in driving this effort. The related legal framework includes the High Authority of Financial Audit within the Presidency of the Government, the Court of Accounts, and general and special legal texts.

Several aspects of public life are strictly regulated. For instance, TUNEPS, the online national public procurement platform, has enhanced transparency and equity in public procurement processes. Political campaigns are also under the scrutiny of the Elections Authority (ISIE) as well as the Court of Accounts for funding and spending. The Court of Accounts is also tasked with judicial auditing of all public institutions,

Policy
coordination

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Anti-corruption
policy

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while the General Authority of Public Spending Audit is affiliated with the Prime Ministry and tasked with preventive control of public spending, management of regulatory compliance and documentary control, and auditing of public expenses. While the existing legal and institutional framework is theoretically adequate, it remains prone to political influence, which affects the enforceability of decisions and the effectiveness of the execution of its mechanisms, including judicial oversight.

A new embryonic integrity system began to form with the INLUCC, the anti-corruption authority created in the aftermath of the 2011 revolution. Law No. 2018-46 against illicit enrichment and conflicts of interest became the reference point for political actors, media figures, high-level civil servants and many other key players. However, after the 2021 coup, Saied suspended the INLUCC and sacked its leadership. In October 2022, he appointed a new director, but the institution is still inactive.

The dissolution of the Higher Judiciary Council and the notorious dismissal of 57 judges without due process weakened the judicial system and its capacity to prosecute corruption cases, despite the official narrative that the dismissal was a vetting of corrupt judges. President Saied also sacked the members of the ISIE and single-handedly appointed a new board, undermining the institution's independence, credibility and subsequent electoral processes.

As noted above, Saied failed to renew his declaration of possessions and interests at the three-year mark of his office and appointed a new Minister of Commerce, who took her oath without filing a declaration, violating the 2018 law. These indicators show a disregard for the existing framework of the law.

Saied began implementing his policy of criminal reconciliation, which will supposedly attract corrupt businessmen to reinject ill-gained money into the economy in exchange for plea deals and a reconciliation process under the oversight of a specially appointed commission. However, as revealed by the I-Watch organization, the president of this commission, who is a judge, was facing accusations of violating public domain lands and is the subject of a request to lift his immunity from the charges.

Endemic corruption is also manifested in the football federation. Its president, Wadi Jarii, has since 2017 been involved in various scandals of match-fixing by influencing referees, with help from his brother living in France. Yet, Saied's anti-corruption actions did not extend to Jarii, indicating that these policies are partial.

16 | Consensus-Building

Most significant political actors in Tunisia share a consensus on the need for democracy and a market economy, with various degrees of divergence under the spectrum of the rule of law. Parties like the Free Destourian Party (PDL, Parti Destourien Libre), a remnant of the Ben Ali regime, have an openly exclusionary discourse toward Islamists in general and Ennahda in particular. The al-Tahrir (Liberation) party is a Salafist group that openly attacks democracy and advocates theocratic rule, despite being a licensed political party, but remains too marginal and inherently contradictory to have any practical influence.

When Saied used Article 80 of the 2014 constitution to declare a state of emergency and suspend the parliament, there was a large plebiscite from large political and social groups, namely political parties in the opposition, the labor union UGTT, the media, the Bar Association's president and the UTICA, the employers' union. At the time, there was an underlying consensus that the presidential measures were temporary and aimed at moving beyond procedural democracy to genuinely democratic processes. However, Saied's project is on an opposing trajectory. He is hostile to participatory and collaborative approaches. He repeatedly claims that he is restoring true democracy by redesigning the political system toward more direct popular sovereignty. The online consultation and subsequent referendum on the constitution are used as proof of this. However, his theories and conceptions of democracy, representation and accountability are fringe and unorthodox, and only a core group of his loyalists accept them. Save for the latter, the entire political spectrum, including the PDL, Ennahda, and even former allies such as Attayar and the UGTT, are now openly opposed to Saied's political project.

The president's discourse and policies are not strictly opposed to a market economy, but he has advocated ideas that are inconsistent with reality and go beyond social solidarity to impede freedoms and the rule of law. He has implemented a form of cooperative-like corporations run locally by groups of citizens, which he claims can be vectors for economic prosperity. However, it is well known that he lacks any real expertise in economic matters. This, combined with his unmistakably despotic attitude and scant involvement of likely competent bodies or actors, runs the risk of being particularly detrimental in an ever-expanding crisis in which there is a need for profound economic reforms.

Consensus on goals

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President Kais Saied, through his coup, unilateral policymaking and open alliance with the military, has become Tunisia's most potent anti-democratic actor of the past decade. He effectively halted, if not thwarted, the democratic transition. He repeatedly used military courts to retaliate against his critics, such as former members of parliament Yassine Ayari and Seifeddine Makhoul and lawyers Abderrazak Kilani and Mehdi Zagrouba, among others. Saied also cracked down on his former allies and supporters, who initially saw in the coup an opportunity to get rid of Mechichi's highly ineffective government and reshuffle the parliamentary configuration that was causing a political deadlock by running anticipated elections and amending the electoral law to reduce parliamentary fragmentation. The law professors who advocated and engineered his plan and drafted a constitution they believed would be more progressive and less flawed than the previous one could not curb his power grab and guarantee a transition to a new democratic phase. Saied dismissed them and tabled their draft, offering his own for the referendum. No group of reformers could influence Saied, and, according to the election turnout and recent polls, none could oppose him, except perhaps the UGTT.

There are multiple layers of cleavage in Tunisia. At the political level, the most prominent one is between secular/leftist and religious/conservative parties. At the socioeconomic level, the most crucial cleavage is between the relatively more prosperous coastal regions and the systematically marginalized interior ones. An unstable political balance existed between the secular coalitions and the Islamist groups, driven principally by Ennahda. This situation remained unchanged during the first half of 2021. Kais Saied seized power with promises of restoring democracy, popular sovereignty and fighting corruption. However, his discourse quickly became increasingly aggressive and violent, though always unspecific, systematically referring to "known parties" and "enemies of the state" who "instigate shortages and discord" and are yet to be named or identified. He often refers to his critics as traitors, corrupt agents of foreign states and enemies of the people. Saied constantly rejects rational explanations for food and other product shortages and insists that his critics fabricate these crises. He has adopted one of the most violent rhetorics of any political figure in office since 2011 by unequivocally exacerbating divisions through a populist narrative.

Public consultation has become a regular element in Tunisia's policymaking. It became a regulatory requirement for public policies and was organized by Decree 2018-328. Saied has repeatedly asserted that the post-coup agenda will be set in consultation with the population, true to his electoral slogan, "The People Want." He devoted considerable state resources to an online consultation, which he ignored since it was only a pretext for justifying his project. The consultative committees he convened for constitutional drafting were also ineffective, as he dismissed their output and wrote the draft constitution alone.

Anti-democratic actors

3



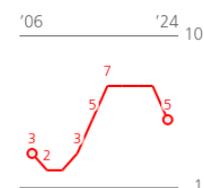
Cleavage / conflict management

3



Public consultation

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Ministries still use participatory and collaborative mechanisms, such as the dialogue on business climate reforms held by the Ministry of Economy and Planning. The Ministry of Finance also consulted with stakeholders about the budget law of 2023. However, the output of such consultations became less meaningful during the review period than previously, as those organizing these collaborative processes are free to disregard them, as evidenced by Saied’s attitude and by the UTICA’s declaration that the Ministry of Finance did not take into account their suggestions.

The space for civil society has shrunk dramatically, and only organizations such as the UGTT, UTICA and professional orders are tolerated, while NGOs, especially those with international funding or branches of international NGOs, are systematically demonized as corrupt and traitors “working against the state’s interests.”

The reconciliation process was rocky with the controversial Truth and Dignity Commission of the late President Beji Caid Essebsi. In March 2022, President Saied presented his project of penal reconciliation, which he had advocated since before he took office. With the parliament suspended and unable to discuss and pass legislation, Saied published a decree-law on March 20, Tunisia’s Independence Day. He dissolved the temporary authority of constitutional oversight in September 2021, thus immunizing his decree-law from legal recourse.

In substance, the concept is very similar to the economic and financial reconciliation law implemented by Beji Caid Essebsi. It proposes the absolution of criminal prosecution in exchange for reimbursement of ill-obtained money derived from public funds, with a penalty. These recovered amounts would be transferred, in the majority, to localities.

Inherent legal and conceptual problems undermine this project. The reconciliation includes acts of corruption and embezzlement, whereas Essebsi’s law excluded these crimes from its scope. Next, the commission overseeing the process is not a jurisdiction of any judicial order, though it has judges as members. This created profound due process problems and infringed on the constitutional principle of a double degree of jurisdiction (the right to appeal).

The project also impedes the transitional justice process, which remains legally valid despite its numerous flaws and has the advantage of requiring an account of the truth and public apologies to mend social rifts caused by past crimes. Saied’s project reinforces impunity for white-collar criminals, while he completely eludes the fundamental problems of non-financial crimes, such as torture and police brutality that continue to occur frequently, with less oversight from state institutions in the absence of parliament, a defanged judiciary and a marginalized civil society.

Reconciliation

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n/a

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17 | International Cooperation

International cooperation mechanisms have been misused during the last two years, particularly since July 2021. Saied has repeatedly tried to reshape existing agreements of support to serve his projects, such as the medical city in Kairouan. The multiple vacancies in embassies in several important capitals (Doha, Beijing, Rome and, for a considerable period, Paris) also weakened Tunisian diplomacy.

The consolidation of one-man rule and regression from democratic choices have led major partners to reconsider their positions. For instance, the Millennium Challenge Corporation (MCC) has been working with Tunisia on a \$500 million grant. The project began in 2016 and, after several rounds of studies and negotiations, was set to be signed in August 2021, until Prime Minister Mechichi was sacked that year. The MCC has suspended the project and remains in cautious observation in light of the autocratic rule in Tunisia and the absence of a parliament to ratify the project, which the U.S. government requires. The loss of one of the most significant instruments of international cooperation is a blow to Tunisia's capacity to retain foreign assistance. The United States has also cut military aid to Tunisia by 50%, which is a dramatic regression since the United States is Tunisia's top defense partner.

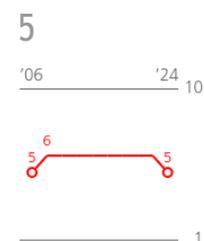
The discussions with the IMF were lengthy but eventually reached a staff-level agreement, although Tunisia has not been on the IMF board's schedule since.

The government's credibility has endured a blow since the power grab, as international cooperation mechanisms have not been effectively used these past two years.

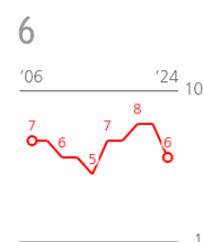
On the economic and financial level, Tunisia's sovereign rating has decreased, denoting a lack of credibility from international lenders. The negative outlook means that Tunisia has a high default risk, which impacts its borrowing capacity.

On the political level, the autocratic process initiated by Saied drew criticism from international partners and observers, who now view Tunisia on a dangerous path toward regression into dictatorship. The electoral process was particularly worrying, as Saied threatened that he would not allow international election monitors. The European Parliament decided not to participate, which indicated the process's lack of credibility, although eventually, international monitoring was authorized.

Effective use of support



Credibility

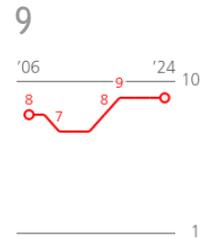


Regional cooperation has suffered setbacks, but Tunisia remains generally cooperative with neighboring countries. The 2022 constitution's preamble affirms that Tunisia is part of the global Arab community with roots on the African continent. It declares that Tunisia refuses to be part of any foreign alliances and insists on respecting international legitimacy. Yet, Tunisian diplomacy sided with Algeria on the highly contentious Western Sahara issue when Saied welcomed Polisario leader Brahim Ghali during the Japanese-African investment summit in August 2022. This step marked a stark contrast with Tunisia's longtime neutral stance on the matter and caused a strong reaction from Morocco, prompting ambassador recalls by both countries. Saied also sided with Egypt on the Renaissance Dam controversy.

Whether these stances are considered diplomatic missteps or strategic strengthening of regional ties, it indicates that Saied is not following an isolationist policy. During the food shortages in Tunisia, Libya sent assistance, indicating continued support and solidarity after previously shipping petrol in November 2022.

Cooperation with European countries remains effective, as several common issues require joint action. One of the most pressing ones is illegal migration, which worries France and Italy, particularly, while causing dramatic fallout in Tunisia with migrants drowning en masse.

Regional cooperation



Strategic Outlook

Tunisia remains highly vulnerable in all domains, so unity of purpose and swift action are needed now more than ever.

According to recent polls, President Saied remains the top choice in the presidential elections scheduled for 2023. This is primarily because there is no viable alternative. In this regard, political parties must overcome their particularist interests and unite behind a single, strong candidate – a feat they currently seem incapable of accomplishing. They persist in their inability to refresh their rhetoric and leadership, thereby creating a void that unpredictable players could potentially fill. The polls indicate a popular preference for non-traditional figures, like the renowned rapper and wealthy philanthropist Karim Gharbi (aka K2rhym), following Saied.

Tunisia needs to establish credibility in medium- and long-term projects. Unity among those opposing Saied – now comprising most of the political and social forces – is crucial to fostering stability and creating a sense of reassurance, both domestically and internationally. The country's economic challenges are becoming increasingly difficult to surmount. The months-long discussion with the IMF ultimately resulted in a staff-level agreement for \$1.9 billion in assistance, contingent upon economic reforms. However, the process is currently at a standstill amidst rumors that the IMF has requested a signed letter of intent from Saied, who wields the actual executive power.

The process is vital for Tunisia as it can open the way to further bilateral aid, which has remained contingent on the IMF deal, as Tunisia becomes an increasingly risky borrower. Moody's rating agency downgraded it to a negative outlook, and observers expect the Paris Club to become a mandatory passage. If the deal goes through, it will provide considerable support but will come at the price of unpopular austerity reforms. In this context, actors such as the UGTT must be vigilant and work with the government, being proactive in suggesting alternative and feasible reforms, even at the cost of being unpopular with its base, and avoiding easy yet unfruitful obstructions.

By showing a greater commitment to the common good – by overcoming mutual differences and mistrust, this time with a focus on the long term – the political class can also help alleviate social tensions fueled by defamation and conspiracy theories during this period of democratic backsliding.

Reinstating the rule of law by initiating a new constitutional process, restoring the 2014 constitution and amending it, or amending the 2022 one, is highly desirable. These steps are necessary to restore checks and balances. The impetus for this reversal may come from parliament, although this is unlikely given its composition and the rules under which it will operate. However, it could find “creative” solutions, similar to Saied's recourse to Article 80 or the historical context of the proclamation of the republic in 1957. Alternatively, it may once again come from the street, side by side with the political class.