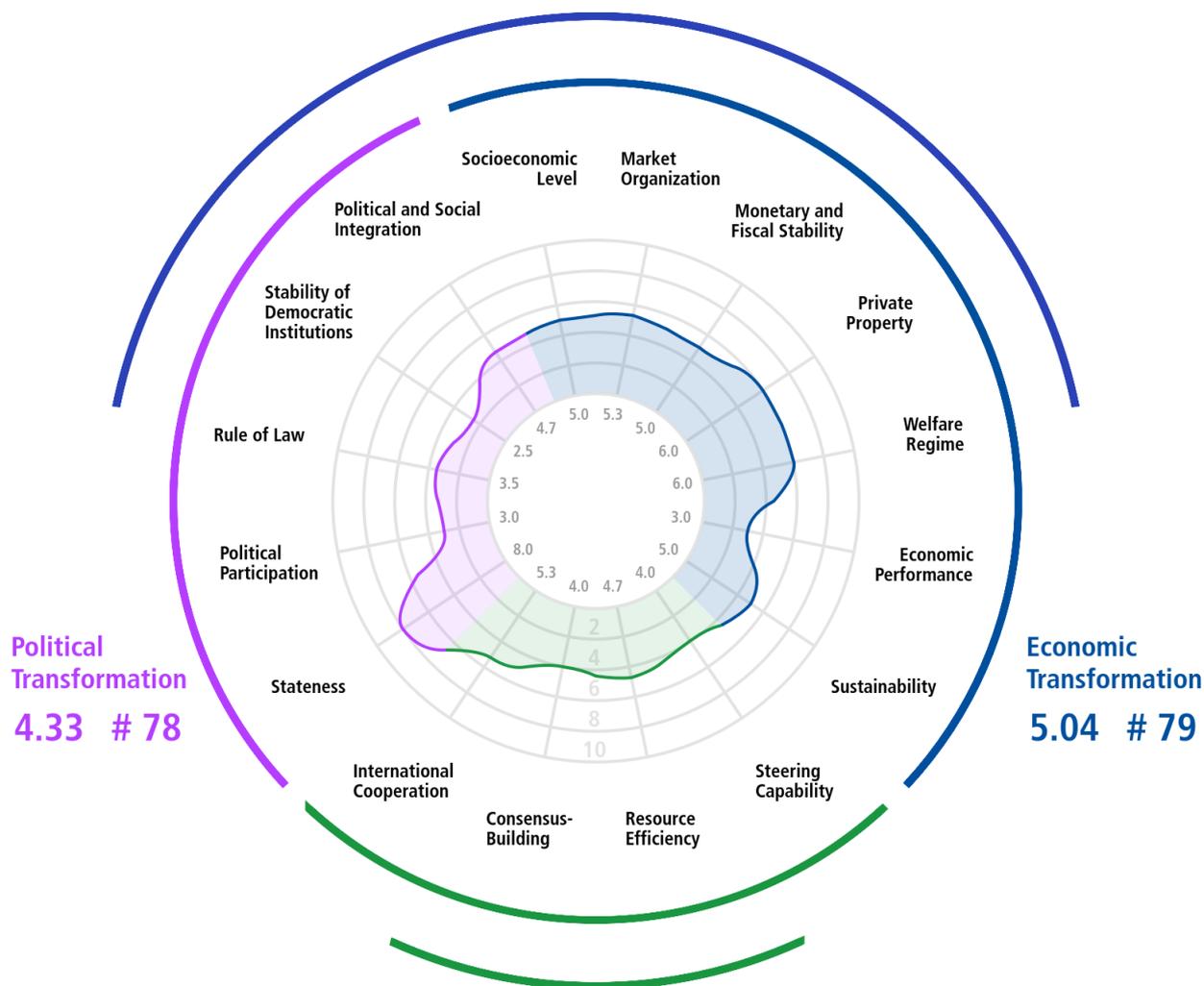


# Tunisia

## Status Index

**4.68 # 82**

on 1-10 scale out of 137



**Political Transformation**  
**4.33 # 78**

**Economic Transformation**  
**5.04 # 79**

## Governance Index

**4.05 # 93**

on 1-10 scale out of 137

This report is part of the **Bertelsmann Stiftung's Transformation Index (BTI) 2026**. It covers the period from February 1, 2023 to January 31, 2025. 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	<b>12.3</b>	HDI	<b>0.746</b>	GDP p.c., PPP \$	<b>14451</b>
Pop. growth <sup>1</sup>	% p.a.	<b>0.6</b>	HDI rank of 193	<b>105</b>	Gini Index	<b>33.7</b>
Life expectancy	years	<b>76.5</b>	UN Education Index	<b>0.661</b>	Poverty <sup>3</sup>	% <b>2.0</b>
Urban population	%	<b>70.9</b>	Gender inequality <sup>2</sup>	<b>0.238</b>	Aid per capita \$	<b>100.5</b>

Sources (as of December 2025): The World Bank, World Development Indicators | UNDP, Human Development Report 2025. 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

During the review period, President Kais Saied consolidated his autocratic rule in Tunisia. The president presented himself as embodying the will of the Tunisian people and the idea of “Tunisianité,” a specific form of Tunisianness. The foundations of the new regime, formally established in the 2022 constitution, rest on a personalist and discretionary governing style.

The main events on the political front were local elections in December 2023 and the presidential election in October 2024. These developments completed the institutionalization of regime change that began in July 2021, when the president dissolved the democratically elected parliament and dismissed the government, overriding the 2014 constitution. The local elections took place amid a power vacuum at the local administrative level after Saied also dissolved the democratically elected local councils in March 2023. The opposition boycotted the elections, and the turnout rate was just 11.3% (slightly higher than the corresponding rate for the 2022 legislative elections). The presidential election was marked by repression directed against opposition candidates, many of whom either boycotted the polls or were barred from participating through administrative and judicial procedures. The president was re-elected with 90.7% of the vote, with a turnout rate of 28.8%. Leaders of political parties across the ideological spectrum faced imprisonment, as in the case of Ennahda leader Rached Ghannouchi and Parti Destourien Libre (PDL) leader Abir Moussi, or went into exile, as did former President Moncef Marzouki. The crackdown on civil liberties also affected journalists, lawyers, judges and political activists.

The political consolidation and new constitutional order driven by President Saied did not prevent poor governance outcomes. Policy implementation was hindered by personalistic rule, high staffing turnover in ministries, interinstitutional conflict and, at times, erratic decisions. In August 2023, Prime Minister Najla Bouden Romdhane was dismissed because of the country’s poor economic performance and replaced by Ahmed Hachani, who was in turn replaced a year later by Kamel Madouri.

The political instability also hindered Tunisia's international cooperation, which particularly undermined foreign investment in sectors such as renewable energy. In 2023, President Saïed's racist campaign against immigrants, which led both to verbal and violent physical attacks on Black communities, provoked a strong response from the African Union and the World Bank. The latter institution imposed a months-long freeze on cooperation with Tunisia. However, this did not prevent the European Union from strengthening security cooperation with the aim of curbing irregular migration. Given its deteriorating international image, Tunisia sought to restore its reputation and attract foreign investment by turning to Saudi Arabia and the United Arab Emirates.

The economic situation deteriorated over the observed period. The country did not experience a full post-COVID-19 recovery, instead suffering from very slow growth and high inflation rates. Budget deficits remained elevated, and public indebtedness reached a record, surpassing \$40 billion and a level equivalent to 90% of GDP by the end of 2023 (including the debt of public companies). As a result of these dynamics, interest rates and debt-service costs continued to rise. Against this backdrop, rating agencies downgraded Tunisia's credit rating in 2023. Yet that same year, President Saïed announced the suspension of negotiations with the International Monetary Fund (IMF) for a \$1.9 billion loan, despite having struck a staff-level agreement in 2022. Substantive economic reforms were shelved for fear of social and political destabilization. Instead, the state increasingly turned to domestic financing, and in 2023 the Tunisian parliament amended legislation twice to allow the central bank to finance the state directly. Macroeconomic indicators showed a modest improvement in 2024. However, the structural foundations of the Tunisian economy remained weak, and prospects for reform were limited by poor governance and a lack of clear political direction.

## History and Characteristics of Transformation

After Tunisia gained independence from France in 1956, the Free Destourian Party and its leader, President Habib Bourguiba – now regarded as the founding father of modern Tunisia – dominated politics. His secularizing policies, reformist vision of Islam and developmentalist economic strategy defined post-independence Tunisian identity. A palace coup in 1987 brought Zine El Abidine Ben Ali to power; he ruled the country for 23 years until the 2011 Arab uprisings, which were sparked in Tunisia.

After the ousting of the dictator in January 2011, the Ennahda party's victory in the 2011 constituent assembly elections and the formation of the Islamist-led coalition government (the so-called Troika) marked a unique moment in the country's history. Despite political infighting that culminated in the 2013 Bardo crisis ("Bardo" here refers to the Tunisian parliament), key stakeholders ultimately agreed to advance the stalled constitution-making process. Prominent civil society organizations known as the Tunisian Quartet successfully pressured political parties to move forward, an effort recognized by the 2015 Nobel Peace Prize awarded to the Quartet.

Negotiations resulted in a consensus-based, highly progressive and inclusive constitution adopted in January 2014. It provided for a proportional electoral system and power-sharing mechanisms that promoted broad representation and pluralism – an absolute novelty for Tunisia, if not for the entire Arab world.

Paradoxically, this configuration weakened the executive and created an unstable arrangement that made policymaking difficult. “Consensus politics” between ideologically diverse political actors – first within the Troika and then between Ennahda and the late President Beji Caid Essebsi’s “Nidaa Tounes” (Call of Tunisia) party – became the hallmark of Tunisia’s transition. While this model offered a way out of recurrent political crises, it also prevented the adoption of major, much-needed structural reforms. As a result, both the political system born of the uprisings and the actors who had enacted it were held responsible for the ongoing political stalemate and the slow pace of reforms.

Moreover, the economy failed to keep pace with the progress being made in the realm of political and civil rights. The country’s performance deteriorated after the uprisings, not least because of the political instability and the endemic corruption that was “decentralized” after the fall of the governing Ben Ali and Trabelsi families. From 2016 to 2020, successive governments promoted reforms to improve investment conditions and the business climate. However, the country proved to be neither economically nor politically resilient enough.

In this context of economic uncertainty and increasing disdain for political parties, support for populist and anti-establishment politics in the country surged. In the 2019 presidential election, Kais Saied won a landslide victory based on promises to crack down on corruption and engage in political restoration. His term was then marked by increasing polarization and confrontation with parliament and the government, as he progressively escalated his rhetoric against checks and balances and representative democracy. The COVID-19 pandemic weakened an already fragile economy and heightened dissatisfaction, and the country’s management of the health crisis was chaotic. Despite a relatively successful containment strategy, the situation created an opportunity for Saied to invoke exceptional measures on July 25, 2021 – the anniversary of the republic’s establishment in 1957. These measures dissolved most of the country’s elected authorities and solidified his rule as sole decision-maker. Saied declared a state of emergency under Article 80 of the constitution, dismissed Prime Minister Hichem Mechichi’s government and suspended the elected parliament – an institution that had increasingly lost credibility as a forum for democratic debate in the eyes of many Tunisians.

President Saied governed in a legal vacuum until 2022, when a new constitution was adopted that centralized power and subordinated institutions to the will of the executive. Since then, authorities have focused on consolidating the new autocratic rule that has emerged in Tunisia by repressing the opposition and institutionalizing the regime. This has in part been done through the creation of the 25th July Movement, the president’s political platform, which defends his agenda in parliament as well as at the regional and local levels.

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

Tunisian state authorities maintained a monopoly on the use of force during the period under review. Border regions with Libya and Algeria saw increased deployments of the military and the National Guard, a militarized police force that patrols rural areas. In the past, border regions such as the eastern governorate of Kasserine and Tataouine in the south suffered incursions by armed radical Islamist groups, such as the Islamic State (IS) group-affiliated Jund al-Khilafah Brigade and the al-Qaeda-affiliated Ansar al-Shariah. However, local resistance forces, the National Guard and the military have battled radical Salafist groups in remote areas, especially in mountainous regions, such as Mount Chambi and Mount Semmama, where terrorist cells have maintained a now-diminished presence.

Over time, a stronger presence of security forces, significant security assistance from international donors, and cooperation with Western and Algerian intelligence services have reduced the influence of radical Islamist groups along the Algerian-Tunisian and Libyan-Tunisian borders. However, these areas continue to experience high levels of illicit trafficking in arms, drugs and migrants, activities which sustain local economies and clientelist networks. The southern regions have been severely affected by unemployment and drought, and their socioeconomic indicators have starkly contrasted with those of Tunis and the northern coastal areas, leading to grievances toward the central authorities. While the security situation improved across the country during the review period, with numerous terrorist cells dismantled by the national police and fewer attacks occurring, terrorist organizations still maintain some operational capacity and influence. On May 9, 2023, a member of the Garde Nationale killed five people in an attack on the Jewish community in Djerba, targeting the El Ghriba synagogue.

Question  
Score

Monopoly on the  
use of force

9



1

A large majority of the population accepts the Tunisian state and national identity. The country is relatively homogeneous in linguistic and religious terms, with Arabic (Tunisian dialect) and Sunni Islam predominant. Formal Arabic is used in religious, administrative, academic and political contexts. French is also spoken, especially in urban centers and in academic and economic contexts. The most important ethnolinguistic minority is the Amazigh, who are considered Tunisia's indigenous people. The number of speakers is estimated to be between 10,000 and 50,000, according to the Minority Rights Group. However, these figures are disputed, in part because many citizens who identify as Amazigh do not speak the language. Nevertheless, neither the 2014 nor the 2022 constitutions have recognized its use, and it is not protected by Tunisian law. Arabic is the official language (under Article 6 of the 2022 constitution), and French is used in education and administration contexts. The political mobilization of the Amazigh minority has been relatively weak, and did not represent a challenge to official Tunisian discourse on cultural homogeneity based on the Arabic language and the inclusion of Tunisia in the Muslim Ummah, both traits of Tunisian identity recognized in the 2022 constitution. Regarding religion, Tunisia has historically been home to a significant Jewish minority, but migration to Europe and Israel since independence has diminished the size of the community, which is now estimated at 1,500 to 2,000 people, mostly living in Tunis and Djerba. Tunisian authorities consider the Jewish community to be an integral part of the nation. However, despite protection provided by security forces, the community has been targeted by radical Islamists, with multiple violent attacks against community members and religious sites.

The most important challenge to Tunisian identity and statehood – which are based on the idea of a civil state and secularism – has come from radical Islamist groups. To some extent, these groups challenged the state in the early years of the democratic transition through the use of terrorist methods and the presence of cells in the country's geographic periphery, such as along the Libyan-Tunisian and Algerian-Tunisian borders.

The state and religion are separated in the constitution, which means Shariah is not the main source of law, although the constitution recognizes the importance of Islam as an element of Tunisian identity (Article 5). However, the 2014 constitution stated this separation more explicitly in its Article 2. In terms of legislation, the civil code, known in Tunisia as the Code of Personal Status, dates to 1956 and is inspired by President Habib Bourguiba's secularization policies and reformist vision of Islam. For instance, it bans polygamy, allows both spouses to divorce in secular courts and sets the minimum age of marriage at 18, making it the most progressive code for women in the Maghreb. However, the code does not grant men and women fully equal rights. In 2018, there were political debates about the need to reform it to eliminate discriminatory articles, especially concerning inheritance rules (women inherit only half of what men inherit). The moderate Islamist party Ennahda opposed

#### State identity

9



1

#### No interference of religious dogmas

7



1

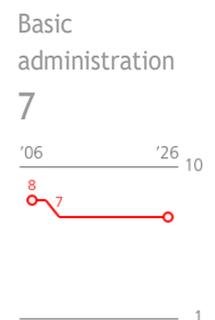
the reform, arguing that inheritance rules in the civil code should be inspired by the Quran. President Saïed does not appear willing to reform the civil code in this sense either.

Nevertheless, moderate Islamists and liberal parties agreed on the limits of religious influence and the civil character of the state in the context of the democratic transition and the 2014 constitutional drafting process. Moreover, some Ennahda figures appeared open to discussing the reform of heritage in a liberal sense, and in 2016 the party decided to abandon the “Islamist” label and embrace the idea of Muslim democrats. After the 2019 legislative and presidential elections, polarization around questions of Muslim identity intensified with the surge of support for Abir Moussi’s Parti Destourien Libre (PDL), which favors a ban on Islamist organizations, as well as with the emergence of the al-Karama coalition to the right of Ennahda. After President Saïed’s 2021 power grab, the question of Islam and the state remains a topic of debate, with the president taking a conservative position but from a secularist standpoint.

Imams are paid and appointed by the Ministry of Religious Affairs, and the grand mufti – the highest religious authority in the country – is directly appointed by the president. While these prerogatives allow authorities to control and maintain a moderate line among imams, they also encroach on the freedom of expression and marginalize imams who might oppose the establishment.

The Tunisian public administration has been implemented effectively throughout the national territory, which is divided into 24 governorates responsible for overseeing health, educational and social services. The administration additionally manages the central state bureaucracy at the regional level. In 2023, President Saïed introduced a reform that created a new administrative level of five districts to coordinate the actions of governors.

During the period from 2011 to 2021, authorities embarked on comprehensive decentralization reforms seeking to alleviate regional disparities and democratize local administration. The 2014 constitution devoted a chapter to this issue, and the first democratic local elections took place in 2018. That year, parliament also approved legislation defining the role of local councils and giving them decision-making authority over a number of important areas affecting citizens, such as waste and water management and urban planning. According to World Bank data for 2022, 97.2% of the country’s population had access to a basic water source (with a share of 74.3% having access to safely managed water), 97.4% had access to basic sanitation (81.1% to safely managed facilities) and 100% had access to electricity. In addition, the country has seen a growing number of activist mobilizations for the right to access water amid periods of intense drought, especially in areas where rural communities rely on irrigation to grow crops. However, local development strategies have now



been recentralized in the country. President Saied halted the decentralization process and dissolved the democratically elected councils in March 2023. In December 2023, new local elections were held, but this time in a context of a lack of effective local autonomy and amid a boycott by political parties. The turnout rate was only 11.7%.

Public sector employment in Tunisia – including teachers, health staff and employees of public companies – constitutes approximately 20% of all employment, roughly the OECD mean. These workers have mobilized politically to demand higher salaries and to reject the International Monetary Fund (IMF) stabilization program. Public sector salaries as a percentage of GDP in Tunisia are higher than in OECD countries, largely due to the economy’s relatively small size and the expansion of the public sector in the years following 2011 – often fueled by the clientelist alliances maintained by various governments.

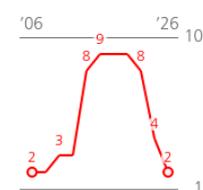
## 2 | Political Participation

When legislative elections were held in December 2022, top-ranking politicians who had held government positions during the period from 2011 to 2021 were in exile or in jail. These were the first legislative elections after President Saied closed parliament in July 2021 under emergency powers. During the period from July 2021 to December 2022, President Saied adopted executive orders that diminished the influence of the opposition and used the police and the prosecutor’s office to detain or force into exile political figures from the democratic transition period. In the December 2022 legislative elections, political parties across the ideological spectrum were barred from participating in elections for the lower chamber. The electoral law, modified by presidential decree, allowed only independent candidates. As a result, the turnout rate was only 11.3%, and the resulting chamber was fully aligned with President Saied’s political agenda.

Moreover, the upper chamber – the National Council of Regions and Districts, a new institution established by the 2022 constitution – is elected indirectly, according to a principle of territorial representation of local councils and regions. However, the local councils and regions have lost the autonomy gained during the democratic transition initiated in 2011 and the first democratic local elections in 2018. In March 2023, President Saied dissolved the democratically elected local councils. New elections for local councilors were held in December 2023, but these revised local administrations were no longer granted effective financial and administrative autonomy. Opposition parties boycotted the vote, which saw a very low turnout rate of 11.7%. Independent and pro-president candidates won the vast majority of seats. In March 2024, local councilors elected regional and district councilors, who in turn elected the 77 members of the upper chamber, which held its first session in April 2024.

Free and fair elections

2



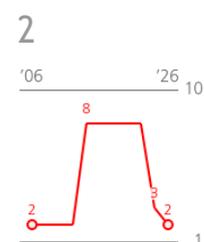
In October 2024, the country held new presidential elections, completing the institutionalization of the new regime in Tunisia following the adoption of the 2022 constitution. Opposition candidates were barred from participating. The Independent High Authority for Elections (ISIE) – whose members have been directly appointed by the president since 2022 – rejected the candidacies of Imed Daimi, Mondher Znaïdi and Abdellatif Al Mekki, approving only Saïed and two other candidates. The three opposition candidates appealed the decision to an administrative court. Although they won this appeal, the ISIE refused to comply with the judiciary’s ruling. Before the vote, one of the two alternative candidates, Ayachi Zammel, was arrested and sentenced to 12 years in prison. President Saïed ultimately won with 90.7% of the vote. The turnout rate was 28.8%.

Since Saïed’s coup in July 2021, the president has gradually consolidated his one-man rule in Tunisia, backed by the security apparatus including the military – a process best described as democratic backsliding. The 2022 constitution legally cemented this autocratic shift in Tunisian politics, and was accompanied by a crackdown on opposition parties. In 2023, legislative and local elections solidified the new political system’s main institutions, all of which are now under the president’s effective control. The process culminated with the presidential election in October 2024.

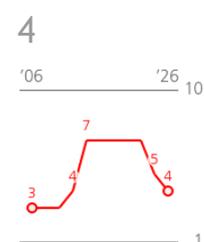
Decree Law 88 of 2011 and the 2022 constitution (Article 42) protect the rights of association and assembly. Demonstrations took place in Tunis and other cities during the review period, including farmers’ demonstrations and those organized by the Tunisian General Labor Union (Union Générale Tunisienne du Travail, UGTT). These were usually tolerated. Nevertheless, environmental activists calling for the right to access water were met with repression in Siliana in March 2023 and again in Sfax in June 2023. Moreover, while demonstrations were tolerated, activists’ freedom of expression was severely curtailed. Attacks were often directed toward activists or figures with senior roles in civil society organizations (CSOs). In a number of cases, charges were brought for money-laundering or accepting funding from foreign third parties, as in the cases of Sherifa Riahi, coordinator of Terre d’asile Tunisie, and Saadia Mosbah, coordinator of Mnementy, both of whom have been imprisoned since May 2024.

Prominent CSOs such as the Tunisian League of Human Rights, the Forum Tunisien pour les droits économiques et sociaux and the UGTT continued to work independently. While CSOs were free to speak out against corruption, conservative social practices or police abuses after the 2010/11 revolution, increasingly dysfunctional checks and balances since Kais Saïed’s 2021 power grab, as well as police actions and judicial proceedings against individuals who criticize the president, have today seriously curtailed their space to act. Intimidation against activists, journalists and bloggers has undermined the capacity of CSOs to speak out about gender-based discrimination and violence, sub-Saharan refugees’ problems, and the harassment of LGBTQ+ people.

Effective power to govern



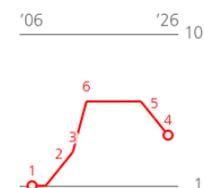
Association / assembly rights



The freedom of expression is protected in the Tunisian constitution under Article 37. However, authorities made extensive use of Executive Decree 2022-54 to sanction comments on social networks criticizing the president or the government, resulting in the indictment of journalists, lawyers and bloggers. In February 2023, Noureddine Boutar, the director of Mosaïque FM, the most popular radio station in the country, was detained on money-laundering charges and released in May. That same month, a Mosaïque FM journalist, Khalifa Guesmi, was sentenced to five years in prison for a piece on the dismantling of a terrorist cell that a tribunal deemed to violate the Anti-Terrorism Law. In May 2024, lawyer Sonia Dahmani was detained for criticizing the president on TV. Political militants and bloggers were prosecuted under military jurisdiction, including Chaima Issa, who was sentenced to 12 years for criticizing the authorities. These practices have contributed to self-censorship in private media, which, combined with the government's tight control over the state media, has undermined the overall quality and freedom of public debate. Nevertheless, academic and artistic freedom have for the most part remained unaffected by censorship.

Freedom of expression

4

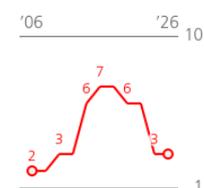


### 3 | Rule of Law

The 2022 constitution reinforced the president's powers within the Tunisian political system, in contrast to the 2014 constitution, which granted the president a more balanced role alongside the Assembly of Representatives of the People (ARP) and the prime minister elected by that legislative body. For instance, it eliminated the possibility of impeachment by the legislature and expanded the president's authority over the government. Nevertheless, even after the new constitutional order had already diminished the roles of the government and the legislative chambers, President Saied worked to undo the checks and balances in the constitution, such as adopting an electoral law that barred political parties from participating in legislative elections, suppressing democratically elected local councils and ending the autonomy of the electoral authority.

Separation of powers

3



The president gained full control of the legislative branch in 2024 after only independent candidates were allowed to run in the 2022/23 elections, the majority of whom explicitly supported the president.

The Bar and the Association of Tunisian Judges have opposed the president's gradual encroachment on other branches of government. In response, President Saied moved to purge the judiciary of judges perceived as critical of the country's autocratic shift. Under Executive Order 2022-35, 57 judges and prosecutors were expelled from the judiciary in 2022. An administrative tribunal ordered the Ministry of Justice to reinstate them, but the executive decision has since prevailed. Furthermore, many of these judges have faced prosecution on various charges, including adultery and bribery. In this climate of pressure on the judiciary, prominent political opposition figures as well as second-rank members of political parties from across the political

spectrum were prosecuted and imprisoned in 2023 and 2024. This list includes moderate Islamists, left-wing and liberal secularists, as well as far-right secularists. Important cases have included Rachid Ghannouchi, Ennahda's secretary-general and the former president of parliament; several former Ennahda and Nidaa Tounes ministers; and prominent anti-Islamist opposition leader Abir Moussi. Other opposition leaders are in exile, including former President Moncef Marzouki, who was sentenced to prison in absentia in 2024, as well as former Prime Minister Youssef Chahed and former Justice Minister Bhiri. Furthermore, courts issued numerous sentences against political opposition figures, journalists and lawyers for criticizing the president or government ministers. The charges against them often included alleged offenses such as terrorism, drug possession or attempts to change the form of the state. This repression, already significant in 2023, intensified in 2024 during the presidential election.

Formally, the judiciary continued to function as a separate body from the executive. However, compared with the 2014 constitution, the 2022 constitution granted the president greater powers to intervene in the judiciary, including the power to influence decisions of the constitutional court. These constitutional prerogatives were expanded further when the president issued a series of decrees to purge the judiciary of judges perceived as sympathetic to opposition parties, including Ennahda, or to human rights groups. In 2022, 57 judges and prosecutors were dismissed despite protests from the Bar Association, the Association of Tunisian Judges and human rights organizations. The decision was justified on the grounds that these judges were obstructing cases involving alleged terrorists or corruption, though in reality they were political opponents of the president. That same year, the Tunisian Administrative Court ordered their reinstatement to the judiciary, but the ruling has since been ignored by the Ministry of Justice.

Since this initial purge, the government has continued to order the transfer, dismissal or penalization of judges perceived as opposing the president, while promoting those aligned with him. In this context, the judiciary has operated under political pressure, issuing rulings in line with the president's interests, including the indictment of artists, journalists, opposition leaders and human rights activists on various charges for criticizing him. Judges who have dared to speak out against the president or rule against his decisions have faced disciplinary action, defamation campaigns and even prosecution. One such example is Judge Anas Hmedi, president of the Association of Tunisian Judges, who has endured these actions from the government since organizing a judicial strike in the summer of 2022 to defend judicial independence.

Independent  
judiciary

4

'06 '26 10



1

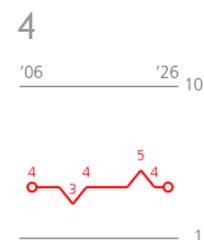
Many observers saw Kais Saied's first election victory in the 2019 presidential election as due to his promise of political renewal and anti-corruption measures. His landslide victory – winning more than 70% of the vote in the second round – demonstrated Tunisians' eagerness to end the clientelism and misconduct among the politicians who had held power since 2011. Since then, some officeholders who have broken the law have been prosecuted. However, anti-corruption measures and prosecutions for abuse of office have often been applied arbitrarily against opposition figures in a context of democratic backsliding. Ordinary and military tribunals have used corruption charges, often connected to campaign financing, to persecute political opponents such as Rached Ghannouchi and Abir Moussi. Moreover, political parties have suffered smear campaigns linking their strategies to the will of international patrons such as Qatar and the United Arab Emirates. Beyond the unresolved question of the veracity of these claims, anti-corruption efforts were not carried out in good faith or in accordance with the rule of law. Moreover, some of the control mechanisms established during the democratic transition, such as the Instance nationale de lutte contre la corruption (INLUCC), have ceased to function. At other times, the president and his allies did not follow transparency and accountability rules, for instance with regard to disclosing financial assets. In the Arab Barometer 2023 report, 94% of the public said they believed corruption to be prevalent in state institutions – a figure higher than in 2019 (90%), the year of Kais Saied's election, or in 2011 and 2013 (both 69%), at the beginning of the democratic transition. Yet the share of people holding the perception that the government is cracking down on corruption also rose to 68% in 2023, compared with 44% in 2019.

Civil rights in Tunisia were increasingly curtailed in the years under review. In 2023 and 2024, political opposition figures continued to face threats, prosecution and exile. CSOs saw their space for action shrink as militants faced threats and harassment by police and presidential sympathizers, as well as arbitrary detention or judicial proceedings before military tribunals. Detainees, regardless of their political affiliation, reported torture by police and security officials to prominent organizations such as the World Organization Against Torture (Organisation mondiale contre la torture, OMCT) and Amnesty International. According to OMCT, mistreatment and torture by police officers are commonplace in Tunisian prisons.

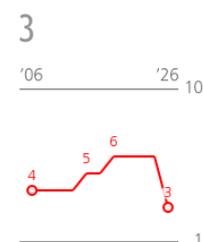
The situation for sub-Saharan migrants and asylum-seekers in Tunisia was especially complex following a series of racist comments made by President Saied in February and March 2023. After these statements, mobs attacked Black people, often with the complicity of the police. Migrants and asylum-seekers have often been held in administrative detention and mistreated before being expelled from the national territory to desert areas with insufficient food and water. According to the UNHCR, at least 28 migrants have died as a result of these expulsions.

LGBTIQ+ groups continued to face harassment, while homosexual relations remained criminalized under Article 230 of the criminal code. Women's rights were protected by the constitution and Tunisian law to a certain extent; however,

#### Prosecution of office abuse



#### Civil rights



differences remain in terms of inheritance, with women inheriting only half as much as men, as well as in the realm of political representation, with few women serving in parliament. The human rights situation was especially dire for women migrants and asylum-seekers, who were often victims of sexual and gender-based violence, as well as for female agricultural workers, who were often exposed to work accidents and low wages. The 2017 Law Against Gender-based Violence was a milestone for women's rights in the country. However, under President Saied, implementation of the law remains selective and patchy, with victims generally assisted by CSOs. Moreover, President Saied has expressed conservative views on the issue of gender equality, for instance by rejecting modifications to the existing inheritance rules.

#### 4 | Stability of Democratic Institutions

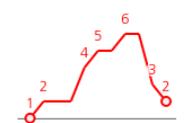
The Tunisian parliament remained closed by executive decree from July 2021 through March 2023. Similarly, democratically elected local councils were placed under the authority of the Ministry of Interior in November 2021 and definitively dissolved in March 2023. These moves ended the democratic institutions created by the 2014 constitution as well as the political transition process initiated in 2011. After the adoption of the 2022 constitution – single-handedly drafted by President Saied – authorities engaged in a process of institutional normalization, holding legislative elections in December 2022, local elections in December 2023 and the presidential election in October 2024. Although these institutions formally operate under the democratic principles stated in the 2022 constitution, they do not qualify as such given the lack of participation by opposition parties in the elections and the continued persecution of critics of the president. In this sense, 2024 was the year of autocratic consolidation in Tunisia.

Opposition political parties and political figures who served in various governments during the period from 2011 to 2021 continued to support a democratic institutional framework for the country – and, despite the dysfunctions of the political system under the 2014 constitution, remained committed to democratic change. The same was true of prominent CSOs, which were very active during the period from 2011 to 2021, but saw their political influence diminish after President Saied's power grab in July 2021. By contrast, President Saied, the rest of the executive and the legislature all demonstrated disregard for the democratic principles of the 2014 constitution. The new political system is based on one-man rule. Autocratic consolidation has received the support of the security apparatus – both the military and the police – and, to a lesser extent, of the business elite, which did not oppose the constitutional changes introduced by Kais Saied.

Performance of democratic institutions

2

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Commitment to democratic institutions

3

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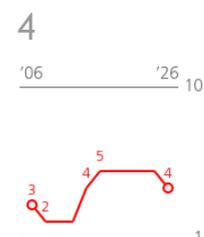
## 5 | Political and Social Integration

After the 2010/11 revolution and the first democratic elections in October 2011, Tunisia's party system was structured around the secularist-Islamist cleavage and the left-right cleavage on socioeconomic matters. The constitutional assembly had almost equal representation of Islamists – with the moderate Islamist Ennahda hegemonic in this camp – and of more fragmented secularist parties. This power balance, together with the objective of creating stable democratic institutions, made consensus between moderate Islamists and secularists, including left-wing and center-right parties, the key guiding principle of the political transition. Nevertheless, between 2011 and 2013, the country also saw a rise in polarization between the Islamist and secularist poles, in a context of terrorist attacks and the assassination of a left-wing activist by radical Islamist groups. Pressure from civil society made it possible to overcome this situation and adopt the 2014 constitution. After that time, Ennahda and the secularist Nidaa Tounes party came to dominate political life. The two parties agreed to a coalition government whose members had no significant differences on socioeconomic matters but had different views on the role of Islam in society. However, conflict between the government partners was the norm over the following years, and many reforms stalled. The 2019 elections saw a rise in fragmentation and the surge of populist movements such as the radical Islamist party al-Karama and – at the other extreme of the political spectrum – the Parti Destourien Libre (PDL) of Abir Moussi. Moreover, the moderate secularist camp split into several small parties. The fragmentation resulted in very complex political equilibria in parliament and instability in government, which in turn led to more political paralysis and further delegitimization of political parties and of democratic institutions. Moreover, the economic crisis and COVID-19 pandemic helped radical parties – secularist and Islamist alike – polarize the political scene.

It was in this context that Kais Saied dissolved the parliament in July 2021 and was able to consolidate his power following the adoption of the 2022 constitution. In the next legislative elections, political parties were barred from participating. Instead, independent candidates were elected amid a very low turnout rate of only 11.3%, with many of the new lawmakers affiliated with President Saied's 25th July Movement. This anti-Islamist political platform provides support for Saied's political agenda in parliament, but otherwise has only loose ideological lines.

Outside parliament, political parties are still legal, but their leaders and even low-ranking members face prosecution, often for crimes tied to illegal funding of electoral campaigns during the period from 2011 to 2019. Even with many of its leaders in prison or in exile, Ennahda remains one of the most influential parties because it is rooted in the long tradition of political Islam. However, the delegitimization of the party due to its governing responsibilities during the democratic transition has eroded its support base. Moderate secularist parties, among them Nidaa Tounes, Tahya

Party system



Tounes and Qalb Tounes, have lost influence because of the fragmentation of this political family, a phenomenon also observable on the left. The PDL, which ranked first in the polls before parliament's closure in 2021, retains the capacity to mobilize its militants, even though its leader, Abir Moussi, is in jail. Five parties from different political families, including Ennahda, al-Karama, Qalb Tounes and the smaller secularist parties Hizb el-Harak and al-Amal, formed the National Salvation Front (NSF) to coordinate the efforts of parties opposing the autocratization process initiated by President Saied. Some of this entity's members have been prosecuted for various crimes. The group's headquarters were closed in April 2023, and President Saied has at various times described the NSF as a band of criminals paid by foreign forces.

Since parliament's closure in 2021 and the subsequent steps taken by President Saied, the space for civil society groups has shrunk significantly. Civil rights organizations have had to carefully calibrate their criticism of the new authorities, as bloggers and activists have frequently been prosecuted under military jurisdiction. In this new context, the most influential organizations remain the UGTT and UTICA, respectively representing employees and employers. The authorities continue to rely on these bodies for social dialogue, facilitating negotiations and coordination between them at both the national and sectoral levels. In recent years, this has become particularly important as the government has been engaged in negotiations with the IMF for a bailout. The agreement would require reducing the wage bill of Tunisian public servants and implementing economic liberalization reforms, including cuts to energy and food subsidies. In April 2023, President Saied rejected the agreement with the IMF in part due to pressure from the UGTT.

Although imperfect and economically underperforming, Tunisia was considered a democracy with relatively high human rights standards until July 2021. Among the general population, however, democracy came to be associated with mismanagement. Political parties like Ennahda and Nidaa Tounes were blamed for being unable to address the country's structural challenges, including major regional disparities in service provision, persistent unemployment, both petty and grand corruption. This was reflected in various Arab Barometer surveys, in which the public's commitment to democratic institutions continuously declined, while the idea that a powerful figure was needed to solve problems gained popularity. The share of respondents expressing trust in the government fell from 62% after the 2010/11 revolution to just 20% in the year Kais Saied was elected president. Many citizens perceived him as an alternative to the sterile infighting among political parties, and the share expressing confidence in government subsequently rose to 41%. Similarly, the share expressing trust in the parliament was very low in 2021 – only 9% – increasing to (only) 22% in 2023 in the context of President Saied's institutional reforms.

The institutional architecture of the country has changed since July 2021 over the course of a rapid autocratization process, including the suppression of the opposition's political representation in parliament. Most if not all expert observers

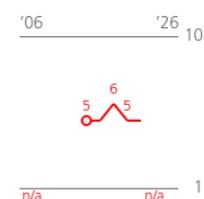
#### Interest groups

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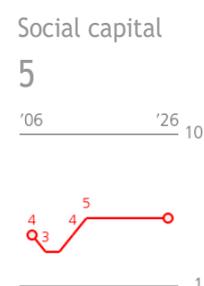
#### Approval of democracy

n/a



and international democracy indexes agree that Tunisia can no longer be defined as a democracy. The change in the political system is due in part to the low rates of public approval of the democratic institutions set out in the 2014 constitution. Citizens perceived the political establishment as being unable to overcome deadlocks and stimulate economic growth. This was reflected again in the results of the latest Arab Barometer survey for 2023, published in March 2024. About 70% of Tunisians polled said they thought democracies were associated with weak economic performance and were full of problems and indecision. In contrast, trust in President Saied continued to be very strong, with 83% of respondents expressing such confidence in 2021 and 77% in 2023. Nevertheless, 79% of Tunisians continued to indicate that they believed democracy to be the least bad political system.

Tunisia has a tradition of voluntary and autonomous organizations that safeguard cultural heritage and protect the environment. In recent years, the latter has gained particular attention from activists. There has been a surge in mobilization against the mismanagement of toxic waste from heavy industries and mining, as well as the intensive use of water in the country's extensive agricultural sector. Tunisian youth are more broadly engaged in CSOs than in formal politics and political parties, which are largely perceived as corrupt. However, despite being very active after 2011, CSOs do not enjoy high levels of trust either. In the Arab Barometer survey taken in 2023, about 40% of the respondents said they trusted civil society organizations, up 10 points from 2011. This indicated at least some increased support after more than a decade of active, free associationism in the country following the fall of Ben Ali. Regarding social trust, or trust among citizens, the 2022 Tunisia Arab Barometer country report showed that social trust had declined in the country compared to the early days of the political transition. About 93% felt that "one must be careful" and only 7% acknowledged that "most can be trusted," in contrast with the 2011 figures of 36% and 63%, respectively. This could be the result of economic stagnation, an effect of the pandemic and/or the consequence of the deterioration of the political situation.



## II. Economic Transformation

### 6 | Level of Socioeconomic Development

Inequalities in Tunisia have worsened in recent years due to high inflation rates of 9.3% in 2023 and 7% in 2024, partly driven by the war in Ukraine. This situation compounded the economic shock of the COVID-19 pandemic, which had already severely affected those in precarious employment, which is common in the informal sector and in tourism-related activities. This was reflected in the Gini index, which rose from 32.8 to 33.7 between 2015 and 2021, and the rate of people living on \$2.15 or less per person per day (in 2017 PPP terms), which increased from 0.1% of the population in 2015 to 0.3% in 2021. However, there are positive signs, as the World Bank shows that the share of people living in poverty based on the standards for upper-middle-income countries (\$6.85 per person per day in 2017 PPP terms) returned to pre-COVID-19 levels, and was expected to decline to 14.7% in 2025. In 2022, Tunisia's Human Development Index (HDI) score was 0.732, with a Gender Inequality Index score of 0.237 and an overall loss of 21.6% due to inequality.

Poverty disproportionately affects the rural population. Official figures from 2021 showed that 24.8% of the rural population lived with incomes below the national poverty line, compared with 12.7% in urban areas. Rates were lower in coastal regions such as Grand Tunis (4.7%) and higher in peripheral areas such as the center-west region (37%). These disparities were also evident in unemployment rates. For instance, in Siliana, in the northwest, the unemployment rate reached 20.5% in 2024, significantly higher than in Tunis and above the national average (16%). Among different groups, rural women in seasonal agricultural work are particularly vulnerable, as they are exposed to transport accidents, informality, low wages and dire working conditions. These disparities stem from the economic dynamism of urban coastal areas as well as from differences in the quality and variety of public services, with rural areas having historically received less attention from governments in Tunisia.

After President Saïed's severe racist comments in March 2023 unleashed violent clashes against immigrants, Black Tunisians were also affected and feared being attacked.

Question  
Score

Socioeconomic  
barriers

5

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Economic indicators		2021	2022	2023	2024
GDP	\$ M	47073.2	44948.8	48196.3	<b>53410.0</b>
GDP growth	%	4.7	2.7	0.0	<b>1.4</b>
Inflation (CPI)	%	5.7	8.3	9.3	<b>7.2</b>
Unemployment	%	16.6	15.3	15.1	<b>16.2</b>
Foreign direct investment	% of GDP	1.2	1.4	1.5	<b>1.4</b>
Export growth	%	11.9	17.3	10.6	<b>-0.8</b>
Import growth	%	10.9	11.6	5.5	<b>4.6</b>
Current account balance	\$ M	-2770.1	-3969.2	-1110.5	<b>-775.3</b>
Public debt	% of GDP	79.7	83.0	84.0	<b>83.4</b>
External debt	\$ M	43022.0	41001.5	41278.7	-
Total debt service	\$ M	4373.4	4183.6	4926.9	-
Net lending/borrowing	% of GDP	-	-	-	-
Tax revenue	% of GDP	-	-	-	-
Government consumption	% of GDP	20.8	20.3	19.4	<b>18.6</b>
Public education spending	% of GDP	6.7	6.8	6.7	-
Public health spending	% of GDP	4.1	3.9	-	-
R&D expenditure	% of GDP	-	-	-	-
Military expenditure	% of GDP	2.6	2.5	2.4	-

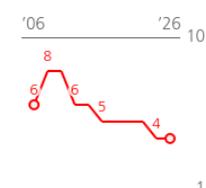
Sources (as of December 2025): The World Bank, World Development Indicators | International Monetary Fund (IMF), World Economic Outlook | Stockholm International Peace Research Institute (SIPRI), Military Expenditure Database.

## 7 | Organization of the Market and Competition

Despite a wave of privatizations in the 1980s, state involvement in Tunisia's economy remained significant. Large companies, both private and public, acted as cartels in highly regulated sectors, barring entry to new private business entities. This economic structure had its roots in the Ben Ali regime's political economy, characterized by support for crony capitalist rule over privatized sectors or sectors controlled by public companies. According to the World Bank, these companies accounted for 50% of the country's economic output. Competition is restricted by law in many markets that are nevertheless fully privatized or liberalized, such as electricity production,

Market organization

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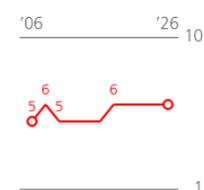
telecommunications, tourism, advertising, health, education, vocational and professional training, real estate, road and air transport, the extensive agricultural sector, fisheries, retail and distribution. In other sectors, such as water, electricity distribution, gas, railways and tobacco, the state retains a monopoly through various public companies. In addition to cartelized sectors, informality has continued to be very important in the Tunisian economy, accounting for 43.9% of the economy, according to 2023 World Bank data, and 36.9% of employment, according to 2019 ILO data. Small and medium-sized enterprises (SMEs) have found it difficult to operate because they are squeezed by competition from informal businesses on one side, and by the barriers in highly regulated sectors dominated by large private and public companies on the other.

In addition to market barriers, the latest World Bank Enterprise Survey (2020) finds that access to finance is the most significant constraint for small, medium and large companies, followed by corruption and political instability. Low levels of private investment are the result of large state fiscal deficits and reduced domestic savings due to squeezed middle-class incomes amid high inflation. Moreover, bureaucratic barriers and regulatory policies limiting competition hinder growth and foreign direct investment, which in 2023 was only 0.8% of GDP, compared with 2% in 2012 and an average of 4% during the previous decade. Despite some reforms aimed at attracting foreign investment, such as the liberalization of the electricity production sector, foreign companies producing goods or services for the domestic market as a general rule need government authorization to operate and are required to partner with local companies, usually those with market power. Moreover, the Tunisian central bank limits the repatriation of capital by foreign companies. These constraints are much less stringent for foreign companies that produce goods exclusively or almost exclusively for export to international markets.

The Directorate General for Competition and Economic Affairs (DGCEE) and the Competition Council oversee anti-competitive practices. According to the OECD, the country's regulations are in line with international standards. However, competition authorities do not have a clear methodology for sanctions and hardly ever impose fines on companies that abuse their market power. This situation discourages the use of reporting mechanisms and creates impunity for companies that engage in abusive practices. Moreover, the lack of clarity in the roles of the DGCEE and the Competition Council hinders the implementation of regulations against anti-competitive practices. Innovative SMEs are currently the most disadvantaged, given that well-established large companies are allowed to retain market power and act as cartels in strategic sectors. Innovation and the internationalization of firms are hindered by the difficulties SMEs face. The system is reinforced by ties between the bureaucratic elites in charge of competition policy and the owners of large corporate groups, with corruption being one of the main constraints companies encounter.

#### Competition policy

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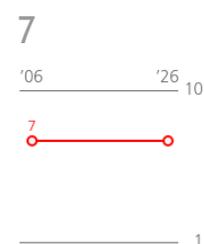
Moreover, in addition to large, dominant firms, SMEs face competition from informal small businesses that escape the state's fiscal control. As a result, the Tunisian economy lacks SMEs that generate jobs and internationalize the economy. According to the World Bank, 86% of Tunisian firms are one-person enterprises, while the small share of companies with more than 100 workers – 0.4% of the total – account for more than a third of jobs.

Tunisia began liberalizing its trade policy in the late 1980s. In 1995, the country signed an association agreement with the European Union, its primary trading partner, that eliminated tariffs on industrial goods. In 2023, the European Union was the origin of 43.8% of the country's imported goods and the destination of 72% of Tunisian exports. However, the association agreement does not cover agricultural products, given the European Union's reluctance to open its own single market to external competition in this sector. In 2016, the European Union started negotiations on its Deep and Comprehensive Free Trade Agreement (DCFTA) with Tunisia as a positive incentive for the country's democratization. The draft treaty liberalized trade in agricultural products, a Tunisian demand, but ultimately was not ratified because of concerns about the competitiveness of Tunisian food industries and opposition from the UGTT and other civil society groups. Moreover, southern European olive oil producers mobilized to block the agreement on the EU side. DCFTA negotiations definitively lost political impetus after the election of President Saied in 2019. The simple average most-favored-nation tariff rate applied in 2023 was 19.5% (30.3% for agricultural products and 17.8% for non-agricultural products).

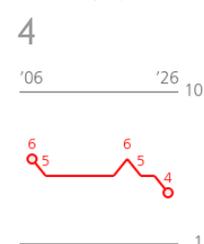
The state largely controls the banking system through ownership of three of the country's five largest banks. Public banks account for 36% of the market. Alongside them are more than 30 banks of varying size, resulting in a fragmented banking system with little capacity to serve as a lever for investment in large infrastructure projects. Another problematic issue is the close ties between banks and companies with significant market power in key sectors of the economy. This undermines competition and SMEs' access to credit. According to a 2023 OECD report, customers lack high-quality information about bank products and face monetary and non-monetary barriers to switching current accounts. While SMEs had limited access to lending, five industrial groups accounting for 60% of total turnover in the country controlled the largest private banks and enjoyed preferential access to credit. These included the Poulina Group, Loukil Group, Amen Group, Mzabi Group and Hédi Bouchamaoui Group holding companies.

The sector has benefited in recent years as national banks have become the state's primary lenders in a context of high interest rates. In 2023, public debt accounted for 20.7% of the banking system's assets and 73% of its capital base. However, many observers warn that this has created a systemic default risk that could spread to the Tunisian banking system. In addition, public companies' debt reached a record high in 2023, totaling \$7.2 billion, of which \$2.6 billion was held by national banks.

#### Liberalization of foreign trade



#### Banking system



Tunisia's banking sector has exhibited relatively high levels of non-performance, with a gross non-performing loans (NPL) ratio of 15.6% and a coverage ratio of 52% at the end of 2023.

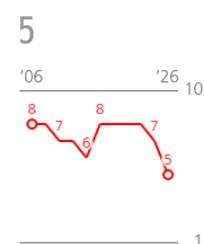
## 8 | Monetary and fiscal stability

The independence of the Central Bank of Tunisia (CBT) was established by law in 2016 and included a prohibition on direct lending to the state treasury. However, this prohibition was circumvented during the COVID-19 pandemic through a legal loophole. What was initially described as an exceptional measure for exceptional times has since been used by President Saied as a precedent to fund the state's growing debt and as an alternative to an IMF restructuring program. This has increased the risk of future monetary instability. In February 2024, parliament passed an amendment to the 2016 law allowing the CBT to finance the state treasury with \$2.25 billion. One week later, President Saied appointed Fethi Nouri as the new governor of the CBT. In December, parliament approved another \$2.2 billion loan through an addendum to the 2025 budget law. On the same day, President Saied celebrated the decision alongside the new CBT governor, affirming that monetary policy must align with economic policy.

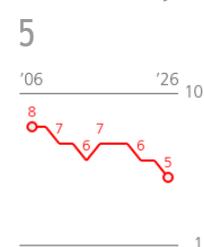
The real effective exchange rate index was 85.7 in November 2024, and the inflation rate (CPI) for 2024 was 7%, down from 9.3% in 2023 but still very high for food products – more than 8% – due to the effects of drought and reduced imports. In 2023, parliament began discussing the possibility of liberalizing the foreign-exchange law as a means of attracting investment. However, the draft law was rejected at the end of 2024. Finance Minister Sihem Boughdiri Nemsia argued that such a reform would fuel the parallel foreign-exchange market and further depreciate the Tunisian dinar.

Tunisia's public debt amounted to 84.3% of GDP in 2024, an increase from the already high 80.2% level reached in 2023. If the debt of public companies is also included, that percentage surpasses 90%. In contrast, in 2011, public debt accounted for just 47% of GDP. In 2023, fiscal revenues were at the highest level in Tunisian history – 30.1% of GDP – as a result of the generalization of the 19% value-added tax rate and a notable improvement in tax collection. However, this was overshadowed by record-high public expenditure of 37.2% of GDP. The current account deficit that year was \$1.31 billion – 7.1% of GDP – while total external debt reached \$42.5 billion. Moreover, expenditure was concentrated to a large extent on subsidies, including electricity and gas, which alone amounted to 10% of GDP. For its part, spending on the public investment necessary to build and maintain infrastructure amounted to just 3.5% of GDP in 2023. Debt servicing was already the third-largest state expenditure (10.4%) after subsidies (20.5%) and salaries (40.6%). The continuation of an expansive economic policy in the 2024 budget resulted in the further deterioration of these macroeconomic indicators and increased reliance on the

### Monetary stability



### Fiscal stability



central bank, which began directly lending to the treasury. Economic observers have warned that the decision will come at the cost of future inflation and the availability of foreign-exchange reserves, which amounted to \$8.45 billion in 2024.

In April 2023, after much hesitation, President Saied ultimately rejected the country's agreement with the IMF. As a result, the state turned to domestic borrowing, increasing systemic risk in the event of default and reducing access to credit for the private sector. Domestic borrowing averaged 52.6% of all state borrowing between 2021 and 2023, exceeding external borrowing. In 2023, Moody's and Fitch downgraded Tunisia's ratings to Caa2 and CCC-, respectively. In September 2024, Fitch revised its rating to CCC+. The firm considers that despite the risk of default and the government's reluctance to negotiate with the IMF, Tunisia remains committed to meeting external debt obligations and is able to find limited but persistent external financing sources.

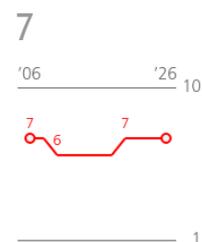
## 9 | Private Property

The Heritage Foundation's 2024 Index of Economic Freedom rated Tunisia as "mostly unfree" on its property rights subindex with a score of 59.3, after categorizing it as "moderately free" for the previous three years. Similarly, in 2024, Tunisia's score on the International Property Rights Index decreased by 0.048 to 4.657, ranking it 10th out of 15 countries in the MENA region and 70th in the world out of 125 countries assessed. Its score on the physical property rights subindex fell to 4.526, a particularly low level of performance, especially in the category of access to financing (3.995). The country's score on the intellectual property rights subindex was also low, with a score of just 2.700 in the areas of copyright protection.

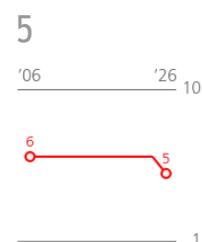
While intellectual property protection remains imperfect, especially for artistic creation, physical property is highly protected. The legal framework for landownership has not resolved the issue of "frozen titles," caused by discrepancies between the material reality of the property and the title as registered. This affects the economic value and circulation of titles. However, this issue does not violate the constitutionally protected right to private property. Protection of property rights still requires further clarity regarding title ownership, particularly in cases of collective land. State expropriation is regulated and conditioned on just compensation, and private owners have protected recourse before the Administrative Tribunal.

Private enterprise is protected and fostered in Tunisia, although considerable room for progress remains. Tunisia has undertaken several measures to promote private enterprise, the most notable being the streamlining of business licenses in 2018 through Decree No. 2018-47. The decree aims to establish a limited list of areas in which licenses and authorizations are necessary, thereby freeing private enterprise from regulatory requirements for activities not included on the list. In 2022, additional licenses were streamlined as a continuation of this reform.

### Property rights



### Private enterprise



The privatization of state-owned enterprises (SOEs) remains a delicate issue – and often a point of contention – between the government and the private sector on the one hand, and the unions, particularly the UGTT, on the other. SOEs account for about 13% of GDP and 4% of employment. The financial situation of SOEs has deteriorated in recent years, with their total debt reaching 14% of GDP in 2023.

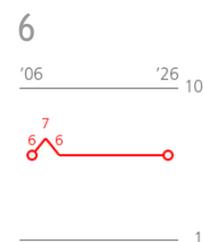
IMF discussions with Tunisia also covered the privatization of specific SOEs. The government took a nuanced stance, offering assurances that none of the “strategic” SOEs would be privatized, while Saied’s public statements were categorically opposed to privatization, causing doubt among both the UGTT and observers about the entire process. In October 2022, Tunisia reached a staff-level deal with the IMF for a \$1.9 billion loan. However, public opposition mounted in response to the associated reforms, which included reductions in subsidies, privatization of SOEs and reductions in the state’s salary mass. In April 2023, President Saied fervently rejected the bailout, denouncing the “diktats of the IMF” and their likely effects on Tunisian society. Later in October, the president dismissed Finance Minister Samir Saied after he affirmed that an agreement with the IMF would be vital to secure access to foreign financing.

## 10 | Welfare Regime

The 2022 constitution reaffirms social protection and health rights. It recognizes the right to health and stipulates that the state will ensure free health care for people who lack support or have insufficient resources. It also guarantees the right to social coverage (Art. 43). The constitution guarantees the right to education – including free public education at all levels – and provides the resources necessary for quality education, teaching and training. It outlines children’s rights and requires the state to care for “abandoned children or children of unknown parentage” (Art. 52), provide assistance to elderly people who lack support (Art. 53) and protect people with disabilities from discrimination (Art. 54).

Compared with the MENA-region average, Tunisia’s social protection system is generally considered to be advanced and protective, according to the International Labour 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), established in 1960. These funds provide pensions, health insurance, maternity benefits and paid leave. Life expectancy at birth in Tunisia is 74.3 years, and public expenditure on health amounts to 4.1% of GDP. However, there is a perception that the authorities mismanaged the response to the COVID-19 pandemic, and that the health system is suffering both from a chronic lack of sustained

### Social safety nets



investment, especially in rural areas, and from brain drain to Europe. Moreover, informal workers, who make up a significant portion of Tunisia's labor force, are often not covered by social protection programs.

In addition to the National Pension and the Social Insurance Fund, the Ministry of Social Affairs runs a social assistance program called AMEN. It was established with assistance from the World Bank and has provided cash transfers to poor households since 2017. In 2023, the program reached a record number of beneficiaries: 330,000 households (over 10% of the population) received monthly cash transfers, and 620,000 households received free or subsidized health care.

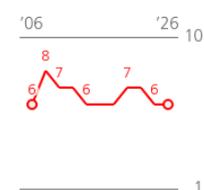
Article 51 of the 2022 constitution enshrines the state's commitment to protecting the rights of women, to consolidating and promoting those rights, and to ensuring equal opportunities for men and women in all sectors. The state is also required to establish gender parity in elected assemblies. However, the parliament saw a sharp decline in women's representation in the 2022 legislative elections and in the 2024 indirect election to the upper chamber. In the 2014 and 2019 legislative elections, a "zipper system" had provided greater gender parity. The same pattern was repeated after the dissolution and election of new local councils in 2023. Although many female council members and mayors, including Tunis Mayor Souad Abderrahim, were elected in the 2018 local elections, President Saied's administrative reforms led to a higher ratio of male officeholders in local and regional politics as well as in the upper chamber.

According to World Bank data, the expansion of education in recent decades arguably had positive effects on women's socioeconomic status, as evidenced by the female enrollment ratio reaching almost 100% at the primary level of education and 90% at the lower secondary level (compared with 71% for males). In 2022, women's literacy rate was 92.6%, compared with 78.35% for men. Tunisia is among the countries with the highest percentage of women in traditionally highly male-dominated professions, such as engineering (44%, compared with 13.7% globally in 2023). According to ILO data from 2023, 34.3% of women had advanced education, compared with 14.9% of men. However, the ratio of female to male labor force participation rates was 41.1% in 2023. The share of women in vulnerable employment fell to 12% in 2023, but rural women continued to face dire working conditions, especially among seasonal agricultural workers and migrants.

Moreover, during the period, migrants suffered severe social exclusion. Their rights were systematically denied, and they were subject to arbitrary detention and torture; in many cases, they were deported to desert border areas along the border with Libya. In 2023, President Saied made severe racist comments and launched an institutional campaign against irregular migrants, with police raids and detentions targeting people of sub-Saharan origin. The president's rhetoric additionally sparked social tensions, and mobs lynched migrants and asylum-seekers in several towns, including Sfax. Tunisia's crackdown on migrants drew international backlash from several African nations and the African Union. As a result, the World Bank froze its cooperation with Tunisia for months, until 2024.

Equal opportunity

6



## 11 | Economic Performance

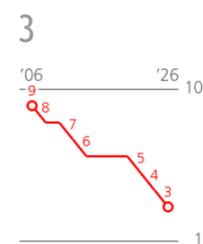
The economy, which was severely affected by the COVID-19 pandemic in 2020, did not fully recover from the shock due to rising food and hydrocarbon prices following the outbreak of the war in Ukraine. GDP contracted by 9% in 2020, then grew by 4.7% in 2021 and 2.7% in 2022. In 2023, conditions were particularly bad for the Tunisian economy. Growth remained weak at 0.4%, paired with a high inflation rate of 9.3% and a high unemployment rate of 15.11%, placing the country in stagflation. GDP per capita declined by 0.6%. Meanwhile, subsidies for electricity, fuel and food increased and reached 12% of GDP. As a result of poor macroeconomic indicators and continued growth in state spending, the deficit rose to 7.7% of GDP. Given high interest rates and rising total debt, a future default on Tunisia's foreign debt is a possibility. However, in both 2023 and 2024, the government rejected a bailout from the IMF because the state continued to be able to finance its debt externally and increasingly domestically.

Macroeconomic indicators improved in 2024, with an estimated growth rate of 1.6% and inflation moderating to 7%, according to the IMF. Nevertheless, the country faces the same structural challenges, and growing reliance on the central bank and the domestic banking sector to finance the state is reducing the availability of financing for the private sector. This factor and the low public investment rate (3.5% in 2023) are compromising future growth. According to a 2024 OECD report, gross fixed capital formation as a share of GDP declined over the last decade, reaching 15.9% in 2023, compared with 26% in 2010. This indicator has not been offset by stagnant foreign direct investment, which amounted to just 1.5% of GDP in 2022. In 2023, the situation improved, with foreign direct investment reaching a total of about \$806 million – a notable 13.5% increase – driven by increased investment in the manufacturing sector.

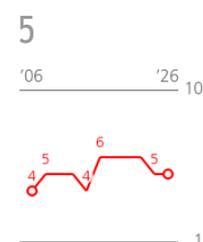
## 12 | Sustainability

The constitution addresses access to a healthy environment and potable water (arts. 47 and 48). However, meeting these legal requirements has become increasingly difficult because of the growing impact of climate change and related extreme weather. In March 2023, the national water supply society, SONEDE, announced that it would implement night-time water supply cuts. Water use reductions were also imposed on the agricultural sector well into 2024, affecting Tunisia's export sector. This marks a deterioration in a water supply system that was once among the most developed in the region, and which reaches nearly the entire population. Drought and water supply cuts continued well into 2024. Tunisian activists, along with the U.N. special rapporteur for the right to water, have highlighted the fact that the country's water supply has been prioritized for industrial and agribusiness uses at the expense of domestic use. Authorities increased the cost of drinking water by 16% in March 2024.

Output strength



Environmental policy



The latest Nationally Determined Contribution presented by Tunisia (2021) sets a target of a 45% decrease in its carbon intensity by 2030 compared with 2010. A 27% reduction is unconditional, and a further 18% reduction is conditional on international support (\$11.1 billion in the form of grants and loans). The lion's share of these emissions reductions is seen as coming from the deployment of renewable energy in the country. However, Tunisia is lagging behind schedule in this regard. It continues to depend on natural gas for 97% of its power generation, with most of this imported from Algeria, though some is produced domestically. In 2012, a Solar Plan was adopted with the goal of reaching 30% renewables by 2030, but the country's current share of renewable electricity production remains stuck at 3%, in sharp contrast to countries in the region such as Morocco and Egypt. In 2024, new calls for tenders under the Public-Private Partnership (PPP) modalities have been launched, but this capacity will not be fully connected to the grid until 2026. The deployment of renewable energy has been held back in part due to resistance by the UGTT and the state-owned STEG power utility company to the liberalization of electricity production, bureaucratic bottlenecks in calls for tenders, and the slow rollout of regulations favoring renewables due to political instability and continuous changes at the ministerial level.

One long-awaited reform, the creation of an independent regulatory authority for the electricity sector, was submitted to the prime minister for approval in April 2024. The acceleration of renewable energy deployment in Tunisia has taken on more strategic importance since 2023, given the entry into force of the first phase of implementation of the European Union's Carbon Border Adjustment Mechanism. This imposes a new tariff on non-renewable energy-intensive goods imported into the European single market, such as fertilizers, ammonia, steel and cement. Initial estimates indicate that heavy industries in EU-neighboring countries such as Morocco, Egypt and Tunisia will be adversely affected.

The education sector has received significant attention since the country's independence in 1956. Broadening access to public education – long seen as a means of social elevation – has raised the expectations of young Tunisians, increasing their frustration at a mismatch with the world of work. According to 2023 UNESCO data, 91.6% of the population had completed at least lower secondary education, and 97.2% had completed primary education. According to 2023 data from the International Labour Organization (ILO), 20.4% of the population had completed advanced education. In the U.N. Education Index, Tunisia scores 0.67, slightly better than Algeria and Morocco.

Meanwhile, Tunisia's labor market continues to suffer from slow job creation and skill mismatches. Unemployment among college graduates is particularly acute, with the rate reaching 25% in 2024 and disproportionately affecting women. These conditions have prompted the creation of the association Union des Diplômés Chômeurs, which is active in demanding better economic opportunities for youth and within the interior and southern regions.

Education policy /  
R&D

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The latest available UNESCO data shows that Tunisia's education spending amounted to 6.7% of GDP in 2023. In 2019, government spending on research and development (R&D) amounted to 0.8% of GDP, compared with 1.5% in 2011. According to the Arab Barometer, Tunisia is among the largest spenders on education in the Middle East and North Africa. However, data released in 2024 by the Arab Barometer (Wave 8) shows that 70% of Tunisian respondents are dissatisfied with the education system. One reason is the lack of commensurate improvement in quality despite an increase in the number of graduates. In addition, Tunisia has not participated in the International Student Assessment (PISA) program since 2016, nor in the Trends in International Mathematics and Science Study (TIMSS) since 2011. In the World Economic Forum's 2023 classification of higher education quality, Tunisia ranked 84th globally and seventh among Arab countries.

## Governance

### I. Level of Difficulty

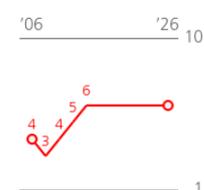
The structural constraints faced by Tunisia stem from a socioeconomic situation that put the country in an impasse that was difficult to resolve. The country was highly indebted and increasingly dependent on domestic borrowing. To some extent, President Saïed inherited this situation, as the country experienced weak economic performance after the 2011 revolution and subsequent governments expanded state spending without increasing fiscal capacity. Moreover, the pandemic dealt a severe blow to the economy, given Tunisia's dependence on a tourism sector that accounts for 14% of GDP and the importance of remittances from Tunisian migrants in Europe and elsewhere. As a result, many young Tunisians have opted to migrate to Europe, causing a brain drain particularly among health professionals and engineers. Although the economic situation pushed authorities to turn to the IMF (Tunisia signed loans in 2011 and 2016), the government was hesitant to cut social spending such as subsidies, given the precarious social situation. Moreover, the UGTT firmly rejected an IMF bailout due to the reforms associated with it. Nevertheless, weak public finances and a reluctance to increase competition in sectors controlled by private and public monopolies hindered private and public investment.

The situation in Libya has also negatively affected economic prospects and political stability in Tunisia for over a decade. A 2017 World Bank report estimated that civil war and state collapse in the neighboring country could have cost Tunisia about 24% of its own GDP growth between 2011 and 2015, which were crucial years in the Tunisian democratization process. Moreover, since 2023, the entry into force of the European Union's new Carbon Border Adjustment Mechanism (CBAM) tariff, which targets non-renewable energy-intensive industrial products, has put an extra burden on the Tunisian economy. This vulnerability is due in part to the European Union's failure to engage with Tunisian authorities more constructively during the democratic transition under the "more for more" conditionality scheme. Proximity to Europe creates both opportunities and vulnerabilities, since changes in priorities in Brussels directly affect Tunisia, for instance the European Union's shift from supporting democratic change and economic resilience to a focus on migration management.

Climate also poses a structural constraint on Tunisia's development. According to the International Panel on Climate Change (IPCC), the Mediterranean is one of the fastest-warming regions in the world, and has already reached 1.5 C above preindustrial levels. Thus, Tunisia – like the entire region – will be severely exposed

Structural  
constraints

6

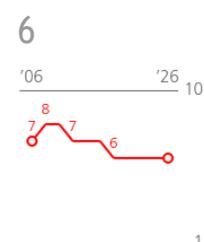


to longer, warmer summers and extreme weather events. A report by Forum Tunisien pour les droits économiques et sociaux (FTDES, Tunisian Forum for Economic and Social Rights) indicates that severe droughts and wildfires during the summer are already affecting the livelihoods of rural communities. Most notably, since 2023, Tunisia has been affected by the most severe drought in recent history, which has regularly forced the government to implement water cuts that affect citizens and industries.

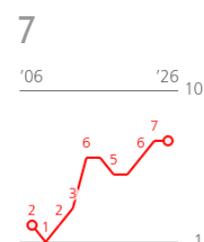
Tunisia has had a very active civil society, with numerous new groups and organizations created after the 2010/11 revolution and older ones able to operate freely since then. These changes resulted in the emergence of a vibrant culture of participation across the country. In 2014, key civic groups including the powerful UGTT trade union; the Tunisian Union of Industry, Trade and Handicrafts (UTICA) employers' organization; the Tunisian League of Human Rights; and the Bar Association put pressure on political parties to overcome political deadlock and adopt the 2014 democratic constitution. This group, known as the Tunisian Quartet, was awarded the Nobel Peace Prize in 2015. Other prominent groups include influential feminist organizations such as the Tunisian Association of Democratic Women (ATFD); the Tunisian Forum for Economic and Social Rights (FTDES); the Shams organization (a legally recognized LGBTQ+ organization); and al-Bawsala and "I Watch," both of which focus on transparency and accountability. While these organizations continue to function today, they have seen the space available for their operations shrink in the context of President Saied's power grab. Nevertheless, the UGTT and UTICA continue to be influential, and the government consults with them regularly to try to moderate social tensions and avoid alienating large Tunisian companies.

In post-revolutionary Tunisia, politics swung between consensus-building and polarization. If the years between 2011 and 2013 were marked by polarization, recurrent protests, sit-ins and even political assassinations by extremist Islamist groups, 2014 and the following years were characterized by coalition governments and agreement among social actors. Yet beneath the surface, social discontent mounted. Amid the COVID-19 lockdowns and an evolving economic crisis, youth riots broke out in impoverished neighborhoods. The emergence of new populist actors on the political scene in 2019 also shook Tunisia's consensus-based politics. In particular, the PDL of Abir Moussi and President Saied clashed with the short-lived governments of prime ministers Elyes Fakhfakh (February – September 2020) and Hichem Mechichi (September 2020 – July 2021), both supported by Ennahda. When Kais Saied dissolved parliament in July 2021, protests erupted across Tunis – and beyond – for months against him, with the opposition calling the political move a "coup." Pro-Saied groups showed up as well, cheering on their leader, causing police to separate the two groups. Pro- and anti-Saied protests continued to take place well into 2023. However, they diminished as the president appeared to have consolidated his power with the adoption of the 2022 constitution and the holding of

#### Civil society traditions



#### Conflict intensity



new legislative elections. Moreover, repression against the opposition intensified in 2023. Authorities cracked down on political parties and on the organizers of the National Front of Salvation. However, the collectives affected by new restrictions on liberties, such as journalists, lawyers and judges, continued to take to the streets in 2023 and 2024 to demand the liberation of colleagues and the restoration of democratic freedoms.

## II. Governance Performance

### 14 | Steering Capability

Strategic policy planning during this report's assessment period was obstructed by frequent changes in government posts. In August 2023, Prime Minister Najla Bouden was dismissed because of the country's poor economic performance and replaced by Ahmed Hachani, who was in turn replaced a year later by Kamel Madouri. Similarly high turnover also affected ministries and key economic institutions, such as the Central Bank of Tunisia (CBT) and the National Institute of Statistics. These institutions were placed under the president's control in 2024 when the directors of both institutions, who had held their positions before Saied's power grab in 2021, were dismissed. Other independent institutions created after 2011, such as the INLUCC anti-corruption office, were not reopened, which further limited the capacity to discuss and develop strategic priorities. The temporary dissolution of parliament additionally contributed to these conditions.

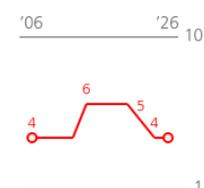
Following the 2022 publication of Tunisia's grand national development strategy, "Tunisia Vision 2035," a key achievement was the adoption of the development plan for the period from 2023 to 2025 in January 2023. The plan places special emphasis on improving the business climate through public-private collaborations, although many of its outputs and recommendations overlap with previously proposed but unimplemented measures. In April 2023, the Ministry of Industry, Mines and Energy updated the national energy strategy for 2035, raising the renewable energy target to 30% by 2030.

During the period under review, authorities struggled to implement the president's political agenda in key areas. On the economic front, negotiations with the IMF stalled, and an agreement was eventually abandoned after years of talks. Moreover, although the country needed international investment, cooperation with the World Bank was suspended for months in 2023 because of racist and anti-immigration comments by the president. Constant turnover within the executive branch also hindered progress toward economic goals. The president seemed to rely on select members of his entourage to implement his political agenda rather than on a stable

Question  
Score

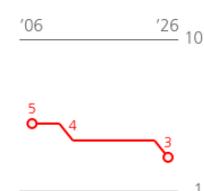
Prioritization

4



Implementation

3



bureaucratic apparatus. As a result, when objectives were not met, officials in key positions were quickly dismissed, including prime ministers – three between January 2023 and January 2024 – as well as ministers and directors of public companies and state agencies. To implement policy, President Saied also relied on ad hoc commissions, which again did not produce the expected results, as in the case of the Penal Reconciliation Committee. Policy inconsistencies and economic difficulties have caused the national development strategy adopted in 2022 for 2035, the 2023 development plan (covering 2023 – 2025), and the 2023 energy strategy for 2035 to either miss deadlines or confront the harsh reality of Tunisia’s dire financial situation.

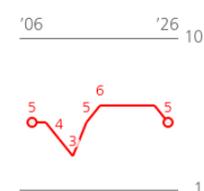
Administrative leaders routinely rely on previous experience and data-based evidence – within the state’s moderate capabilities – to learn and develop new policies. Participatory dialogue between the public and private sectors is a standard tool for designing policies and fostering buy-in. However, under the leadership of President Saied and his personalist ruling style, evidence-based public policy and policy learning deteriorated, due to a great extent to a lack of continuity among officials in key positions, but also to pressure to meet the president’s expectations and reliance on individual processes rather than standardized bureaucratic procedures. For instance, in March 2024, the head of the National Statistics Institute (INS), Adnen Lassoued, was dismissed by the president. The agency is in charge of providing macroeconomic statistics, including growth rates and inflation, and had clashed with the Ministry of Finance over its economic growth forecasts for the 2023 budget, set at 0.8%, which the INS correctly estimated at a significantly lower 0.4%.

## 15 | Resource Efficiency

The government’s human resources were to some extent reorganized after the two chaotic years that followed the closure of parliament in 2021 and the dismissals of several public officials. For instance, diplomatic positions were filled in foreign capitals such as Doha, Rome and Beijing in July 2023 after being vacant for almost two years in some cases. Domestically, multiple vacancies in the judiciary have dramatically affected the course of justice, as President Saied refused to sign the annual nominations after his sacking of 57 judges triggered a profound crisis. Some positions, such as governorships of the country’s regions, remained vacant for a long time after Saied demoted former officeholders, as in the governorates of Kef and Sfax. In September 2024, Saied appointed new governors for all 24 governorates, filling vacant positions and replacing some who had been in place for only a short period. Also, new local and regional councilors, as well as district managers, were appointed, completing the territorial administrative structure of the 2022 constitution. This framework contrasts with the 2014 constitution in its high degree of centralization and the high discretionary power accorded to the president. The personalization of power in Tunisia has also affected asset-use efficiency, resulting in sudden changes in policy orientation and preferences. For instance, while a staff-

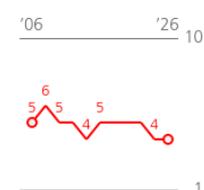
### Policy learning

5



### Efficient use of assets

4



level agreement was reached with the IMF in October 2022, the formal agreement with the IMF was completely rejected in April 2023, together with the economic reforms that had been discussed at the ministerial level for years, such as the reduction of subsidies and the liberalization of key economic sectors.

Given the country's feeble institutional opposition, weak judicial oversight and the control of the parliament by political allies of the president, there are no checks and balances on the administration's actions. President Saied can design and implement his policies with almost complete freedom, save for the influence of UGTT – the most vigorous opposition voice – which opposed the outcomes of IMF discussions and has threatened to strike over sectoral negotiations. There is no catalyst for effective opposition or for checks and balances. Despite this configuration, government actions lack coherence, not because coordination is impossible but because of grave shortcomings with regard to vision, prioritization and implementation capacity.

Policy inconsistencies were most pronounced in the economic domain, where the Central Bank of Tunisia (CBT) clashed with the Finance Ministry and parliament over monetary policy. Tensions also emerged between the Finance Ministry and the presidency over the IMF agreement and between factions within the Finance Ministry and in parliament over whether to support or reject economic liberalization policies. In the energy sector, the renewable energy agenda stalled because of social tensions and resistance from the national electricity company, STEG, which has been reluctant to give up its monopoly. This put both the company and trade unions at odds with Prime Minister Bouden. Such conflicts have typically led to policy paralysis and a high turnover in senior positions.

The Cour de Comptes is Tunisia's constitutionally mandated supreme audit institution. However, its effectiveness is hindered by limited financial resources, politically driven inaction and a leadership vacuum since July 2021. Moreover, prosecution of abuse of office has been seriously hindered by the president's encroachment on the independence of the judiciary, despite some high-profile cases, such as the 2024 detention of Khaled Chelli, president of the national air carrier Tunisair, for his involvement in a corruption scheme. According to the World Bank Enterprise Surveys, state relations with big business continued to be defined by patronage and the grant of immunity for tax evasion, much as under Ben Ali. Moreover, corruption in the public sector continued to be identified as one of the main factors hindering investment in the country. In the face of this situation, President Saied launched a Penal Reconciliation Committee in March 2022 to allow businessmen with connections to the Ben Ali regime to regularize their status in exchange for the repatriation of assets held outside the country and the payment of illegally obtained benefits. However, the initiative ultimately proved ineffective, as businessmen under investigation simply fled the country. Following this, the committee's president was dismissed in 2023, and one of its members was dismissed in 2024.

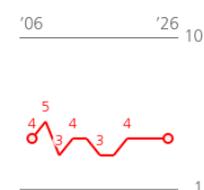
Policy  
coordination

6



Anti-corruption  
policy

4



## 16 | Consensus-Building

When the COVID-19 pandemic hit the country and the economy slipped into stagnation, populist actors that had emerged since the 2019 elections, such as the PDL and President Saied, seized the opportunity to mobilize the electorate against political elites who had agreed to the 2014 democratic constitution. The closure of parliament and Saied's dismissal of the Mechichi government in 2021 had the explicit objective of ending "consensus politics," which had been the leitmotif of the Tunisian democratic experience since 2011. The 2022 constitution and the legislative and local elections in 2022 and 2023 reinforced the new political system, which is now based on one-man rule. During the period under review, decision-making was centralized in the person of President Saied to the extent that consensus-building was perceived as unnecessary.

Since taking office, President Saied has not placed economic reforms at the forefront of his agenda, despite the dire state of Tunisia's economy. Instead, expanded social spending has been used to quell potential protests. The president and the UGTT union ultimately aligned on opposition to signing an agreement with the IMF. Moreover, while managing the debt crisis was an important part of public discussion, the public debate was much more centered on President Saied's centralization reforms. Yet voices both from within the government and among outside experts have at times raised concerns about the country's economic direction, arguing that the administration is pursuing ideas perceived as inconsistent with reality. The president 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 real expertise in economic matters. This, combined with his unmistakably despotic attitude and scant involvement of presumably competent bodies or actors, risks having a particularly detrimental effect amid Tunisia's core economic crisis. There is a need for profound economic reforms; however, such proposals have largely been discarded for fear of social and political destabilization.

Political opposition to Kais Saied has been repressed, with many leaders of the governments from 2011 to 2021 today either in jail or in exile. The president has presented the 2022 constitution and subsequent reforms as representative of a bottom-up democracy that does not require political parties, which he views as intrinsically corrupt. Yet the current political system is more accurately characterized as a one-man autocracy. The only remaining form of democratic governance takes place through consultations with social actors such as the UGTT and UTICA, but the degree of trust between these groups and the government is low.

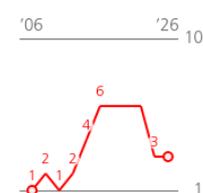
Consensus on goals

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Anti-democratic actors

3



The state's management of conflict has increasingly focused on repressing political opposition to Kais Saied. The secularist-Islamist cleavage and the right-left cleavage remained the most relevant divisions in the country. President Saied, in line with the 2022 constitution, presented himself as being beyond these debates, claiming to represent the will of the Tunisian people and the idea of Tunisianité. However, alongside these old cleavages, a new one has emerged around the democratic character of the state. Opposition parties with different ideologies (secularists, Islamists, left-wing and center-right) united to create the National Salvation Front (NSF), mirroring the transactional tradition of the opposition to Ben Ali. Representatives of this new organization were persecuted during the review period, along with members of other important parties not affiliated with it, most notably Abir Moussi of the PDL. Beyond the realm of party politics, social and environmental conflicts also emerged in 2023 and 2024. The government's strategy varied from concessions and presidential interventions against bureaucrats and governors to the use of police to repress spontaneous protests.

Saied's priorities are defined by his personal, unorthodox vision, which includes marginalizing political parties, creating new cooperative-like "domestic corporations," organizing public consultations that mobilize significant state resources, and enacting constitutional reforms that he claims reflect popular demand. Only 4.4% of the population participated in the national consultation process; 36.5% of these participants indicated that they favored a new constitution, while 38% preferred amending the existing one. Authorities have maintained the past tradition of consulting with the UGTT and UTICA when adopting economic and social policies. Human rights organizations were also very active in holding governments accountable before July 2021. However, while civil society remains active, its space for action has been drastically reduced, and activists are now perceived as being too confrontational and even dangerous to the political system. Although the UGTT has mobilized against the government and in solidarity with jailed politicians, it continues to engage with authorities, together with UTICA, especially the Ministry of Social Affairs. Moreover, pressure from the UGTT was key to inducing Kais Saied to halt negotiations with the IMF in April 2023.

During the period observed, there were no signs of reconciliation on the part of the president. On the contrary, police repression intensified against activists, politicians, the judiciary and journalists. In 2023/24, key public figures were arrested, such as the director of the most popular radio in Tunisia, Mosaique FM, as well as the leader of the Tunisian Association of Judges. The quality of political debate in traditional media has declined amid diminishing liberties. Censorship extended to social media, and bloggers criticizing the government have been tried under military jurisdiction.

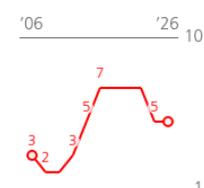
#### Cleavage / conflict management

3



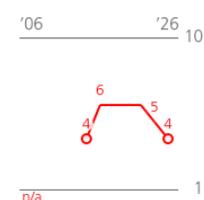
#### Public consultation

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#### Reconciliation

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## 17 | International Cooperation

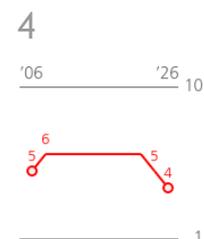
Because of President Saied's power grab, Tunisia lost international assistance in the form of grants and loans. Although international cooperation resumed after he consolidated power following the adoption of a new constitution and legislative elections, it remained less intense than during the period from 2011 to 2021. Moreover, Saied's personalist ruling style and frequent shifts in political and economic strategy led to a further loss of international support. Most notably, President Saied declined to sign a \$1.9 billion loan agreement with the IMF in 2023, despite Tunisia having already reached a staff-level agreement in 2022 after years of negotiations. In 2023, the World Bank suspended cooperation with Tunisia in response to a series of racist comments by Saied that led to a sharp deterioration in relations with the African Union (AU) and several sub-Saharan states.

Saudi Arabia and the United Arab Emirates (UAE), both of which support the regime in Tunis, have provided political and financial support to the Tunisian authorities since July 2021. President Saied has sought further engagement with Gulf partners to boost investment and improve the regime's international standing. Yet Tunisia remains a secondary priority for Saudi Arabia and the UAE in the Maghreb, with their involvement primarily focused on preserving the country's authoritarian stability.

In the field of energy transition, Tunisia has lagged behind in attracting foreign investment – whether in the form of loans or grants – for the deployment of renewables and for the hydrogen sector. In 2023, the country signed a memorandum of understanding with the European Union covering these and other areas. However, cooperation remained less intense than that between the European Union and Morocco or Egypt. Political instability before and after 2021, along with the erosion of democratic freedoms and the rule of law, further deterred investment in Tunisia's energy transition. UAE investment in renewables through the AMEA power company has emerged as an alternative to European investment.

Meanwhile, Tunisia's international partners, including the European Union and the United States, continued to provide effective assistance in the security sector. Notable support included \$45 million in U.S. military aid in 2023 and €150 million in EU budget support in 2024, partly in return for Tunisia's cooperation in curbing migration flows under the 2023 Memorandum of Understanding. However, even in this domain, President Saied's shifting strategies have frustrated allies. In October 2023, he returned €60 million in aid to the European Commission, rejecting it as "resembling charity." In response, the Commission increased the amount to €150 million.

Effective use of support



On the economic and financial fronts, Tunisia's sovereign rating has been downgraded, signaling reduced credibility with international lenders. The negative outlook indicates a high default risk, which affects the country's borrowing capacity. Nevertheless, rating firms continue to affirm Tunisia's capacity and willingness to service its sovereign debt.

At the political level, Saied's autocratic processes drew criticism from international partners and observers. During the 2022 legislative elections, Saied threatened to bar international election monitors. The European Parliament declined to participate, signaling the process' lack of credibility, although international monitoring was eventually authorized. For the 2024 presidential elections, there was no participation by independent international observers.

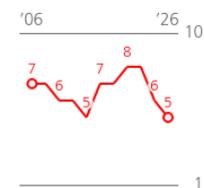
The autocratic turn in the country has broken with Tunisia's post-2011 commitments to comply with international human rights law. Moreover, authorities have declared members of the Council of Europe's Venice Commission to be "personae non gratae" over the release of a report on the 2022 constitutional referendum, and have ignored three rulings of the African Court on Human and People's Rights since July 2021 dealing with the independence of the judiciary and the violation of the rights of detainees.

Tunisia's government lost credibility among its African partners after the racist comments President Saied made in February and March 2023, and the brutal crackdown on migrants created a major diplomatic crisis. Several sub-Saharan states, as well as the African Union, condemned Saied's words, and countries such as Guinea and Ivory Coast quickly organized shuttle flights to repatriate their nationals. The World Bank also reacted by pausing cooperation for months, jeopardizing its programs from 2023 to 2025 in Tunisia. However, the World Bank reestablished relations with Tunisia in 2024.

As political change appeared to be consolidated during the review period, key international stakeholders re-engaged with Tunisian authorities, albeit with different priorities. Whereas a lion's share of EU cooperation aid had been earmarked for democracy assistance and institutional support, the European Union, under pressure from far-right political forces in European countries, shifted to prioritizing migration control and support for the security sector. In July 2023, European Commission President Ursula von der Leyen visited Tunis alongside Italian Prime Minister Giorgia Meloni and Dutch Prime Minister Mark Rutte. This moment symbolized the normalization of relations between European partners and Tunisia after July 2021. Tunisian security forces, especially the coast guard and the National Guard, have benefited from increased European support that has the explicit objective of stopping irregular migration flows to Europe. In contrast, the judiciary, CSOs and human rights programs have lost prominence on European and Tunisian agendas, and the dreadful human rights situation faced by African migrants in Tunisia did not preclude the European Union and its member states from intensifying security cooperation with Tunisia.

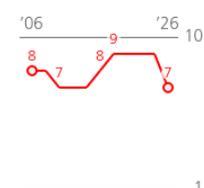
### Credibility

5



### Regional cooperation

7



In February 2023, Algerian authorities protested Tunisia's refusal to deport an opposition activist of Algerian and French nationality who had been allowed to fly to France. Despite strong ties between presidents Kais Saied and Abdelmadjid Tebboune, French pressure was decisive in securing the activist's release. In retaliation, Algerian authorities briefly restricted the entry of Tunisian workers into Algeria. Nevertheless, given ongoing tensions with Morocco, Algeria continued to seek closer cooperation with Tunisia, while Tunisia aimed to revitalize its international relations after 2021. For the rest of the review period, both countries committed to strengthening their ties and collaborating on the development and security of border regions. President Kais Saied remained on good terms with leaders in other Arab countries, such as Egypt and Saudi Arabia, and sought to strengthen cooperation on the economic front to attract foreign investment.

## Strategic Outlook

Beyond the economic and political debate over the need to accept an IMF bailout, Tunisian authorities need to reform the country's economy if they want to revive private investment and employment. In particular, the OECD and the World Bank highlight weak competition as especially problematic. Key economic sectors are controlled by large private and public companies that act as monopolies. In turn, small and medium-sized companies find it very difficult to expand because of bureaucratic barriers and limited access to credit. Private investment has also weakened in recent years as banks have increasingly lent to the state rather than to the productive economy. In the public investment sphere, severe ineptitude is also hindering the state's capacity to pursue future projects. These problems, together with administrative barriers, have slowed Tunisia's plans for renewable energy deployment, leaving it at very low levels even by comparison with other states in the region. Advancing the energy transition would attract foreign investment and reduce fossil fuel imports, making the country less vulnerable to price hikes.

During the period under review, the state enhanced its fiscal capacity, reaching record-high levels of tax revenue. However, spending has also increased. In response, many economic observers, including the World Bank, have recommended gradually reducing generalized subsidies and replacing them with targeted social policies. Shrinking the informal sector, in which rural women are disproportionately active, should be a political priority. Reestablishing the rule of law and democratic governance seems a necessary step to generate the consensus needed to adopt the profound economic reforms that would help manage the state's significant ineptness. Instead, the deterioration of political freedoms and rights is undermining the country's human capital as well as investment opportunities. Overall, the political situation and economic deterioration are diminishing the possibilities for Tunisians to build a decent life. Many are choosing to migrate instead, often risking their lives in the Mediterranean.

Restoring the country's international credibility should also be a priority. The country's rejection of the agreement with the IMF after years of negotiations at the political and technical levels, President Saied's racist rhetoric, and the dismantling of democratic and independent institutions have all contributed to the deterioration of the country's image and reputation in various forums. A first positive sign for both international and domestic audiences would be to restore civil and political rights, reach a consensus on economic reforms, and establish a clear strategy for change that aligns the leadership's political will and the state's administrative capacities.