



NATIONAL
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FOR INTERNATIONAL AFFAIRS

TUNISIA



In Search Of A Brighter Future

CITIZEN IDEAS FOR MAKING TUNISIA'S ECONOMY DELIVER

*Conducted January – February 2020
Gabès – Mahdia – Kairouan – Jendouba*



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DELIVER**

Summary of Qualitative Public Opinion Research Findings

FINDINGS FROM FOCUS GROUPS IN TUNISIA

Conducted January - February 2020

Gabès - Mahdia - Kairouan - Jendouba

National Democratic Institute



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PREFACE

Tunisia has undergone a relatively successful democratic transition since the fall of Ben Ali's authoritarian regime in 2011, with the establishment of an elected Constituency Assembly in 2011, the ratification of a Constitution in 2014, municipal elections in 2018, and presidential and legislative elections in 2014 and 2019. Over time, independent constitutional bodies have gradually formed and taken on substantive responsibilities. Tunisians voted for a new parliament and president in 2019, ushering in a new class of elected officials from across the political spectrum. Civil society organizations continue to operate as a nonpartisan check on political processes. Despite this democratic progress, however, Tunisia continues to face political, economic and social challenges.

The economic situation in Tunisia remains at the forefront of political debate. Despite the successful conduct of the 2014 and 2019 national elections, Tunisia has been unable to address its underlying economic weaknesses. Since the 2011 revolution, GDP growth has hovered around 2 percent and official figures place the unemployment rate around 15 percent, disproportionately affecting the interior regions of the country. Inflation, despite the efforts of the Central Bank of Tunisia, is still at harmful levels for purchasing power and economic activity. As a result, the social landscape remains volatile. Demonstrations and social movements take place periodically to denounce the economic crisis, the lack of public and private investment, as well as the development gap between coastal and interior regions.

Major shifts in the political scene occurred as a result of the 2019 election, including the election of politically unaffiliated Kaïs Saïed as president and the loss of parliamentary seats by many establishment political parties. These changes reflect Tunisians' discontent with the status quo. By voting in a new class of political leaders, Tunisian voters hoped to empower new voices who could change the economic, political and social situation in Tunisia.

No sooner than Tunisia's new government was formed in February, the country began to confront the global COVID-19 pandemic. While at the time of this publication Tunisia appears to have avoided the worst impacts of the health crisis, the economic and social effects of the pandemic are likely to have long-lasting and profound implications. While the attitudes and aspirations expressed by Tunisians in this report predate the crisis, the issues raised have become even more pressing. The challenges explored throughout the report will likely be exacerbated by the effects of the crisis, making the survey participants' proposed solutions even more relevant.

CONTEXT

The following report represents a sample of Tunisian public opinion at the end of January and the beginning of February 2020. Twelve focus groups brought together 119 Tunisian participants to discuss their visions for economic challenges facing Tunisia. This report will detail those visions, as well as participants' expectations and propositions on how to improve the economic situation of the country.

Contextual shifts in Tunisia before, during and after these focus groups were conducted are serve to clarify the sociopolitical landscape within which participants were responding. Notable political developments included:

- The first round of the presidential elections took place on September 15, 2019. The second round took place on October 13, 2019. These elections resulted in the victory of Kaïs Saïed who became the president of the republic in October. Saïed won 72 percent of the popular vote in the second round.

- Between the first and the second rounds of the presidential elections, legislative elections took place on October 6, 2019. As such, a new parliament has been in place since early November 2019, and Ennahdha was called upon to propose a head of government.

- On November 15, 2019, Ennahdha proposed Habib Jomli as head of government. Kaïs Saïed officially invited him on the same day to form his government in accordance with the constitution.

- On January 10, 2020, the government proposed by Habib Jomli failed to win a majority vote in parliament.

- Kaïs Saïed therefore requested to appoint a candidate for head of the government himself, in accordance with the constitution. Kaïs Saïed nominated Elyes Fakhfakh on January 20, 2020 to form a government.

- The focus groups took place after Elyes Fakhfakh was tasked with forming a government but before a vote was taken in parliament to confirm or reject his proposal. The parliament ultimately voted to grant confidence to the Fakhfakh government on February 27, 2020.

- In March, Tunisians began to experience the health and economic consequences of the COVID-19 pandemic. At the time of this publication, the Tunisian government has lifted all lockdown measures due to a rapid decline in cases. The long-term economic ramifications of the health crisis remain to be seen, however, with a Tunisian government and UN Development Program study predicting that the unemployment rate in Tunisia could increase to 21.6 percent by the end of this year.

SUMMARY

The National Democratic Institute (NDI) conducts periodic, nationwide public opinion research in Tunisia to provide political and civic leaders with objective data on citizens' attitudes. According to public opinion polling conducted in recent years, the central political concerns of Tunisian citizens are economic. In the twentieth round of focus group research conducted by NDI in Tunisia, the Institute focused on economic topics, particularly the economic challenges facing Tunisia in the wake of the 2019 national elections. The study aimed to highlight the expectations of citizens for their newly elected officials regarding economic issues such as: unemployment, sectoral reform, public enterprises, the informal economy, purchasing power, and social security.

The majority of focus group participants expressed an overall negative perception of the country's direction - a finding consistent with past NDI focus groups in Tunisia. However, following the fall elections, Tunisians believe that President Kaïs Saïd is spearheading positive changes. Tunisians view freedom of speech, progress on human rights, and the success of past elections as an achievement for Tunisia's democratic transition and a reason to feel optimistic about the future.

Despite these positive strides, Tunisians remain concerned with the socio-economic challenges facing the country that directly affect their daily lives. Focus group participants demonstrated a wide breadth of knowledge concerning the economic issues affecting the country. While acknowledging the need to cater economic reform to the specific needs of diverse regions across Tunisia, participants agreed on main priority areas to stimulate economic growth detailed below. To capture these sentiments, this round of focus group research focuses on the challenges facing Tunisia's economy, and participants' proposed solutions to those challenges.

According to participants from each region, age group and gender, the main barriers to economic growth in Tunisia are high rates of unemployment, particularly among youth and across underdeveloped regions outside the capital; high costs of living; underdeveloped social and economic sectors, especially the agricultural sector; public and private sector corruption and bureaucracy; and lack of entrepreneurship opportunities.

The vast majority of participants think that the state bears the primary responsibility for improving Tunisia's economy, and identified numerous national- and local-level actions for the government and municipal councils to undertake to stimulate economic growth. These include increasing investment in job opportunities, resolving regional disparities, reducing bureaucracy and improving laws related to entrepreneurship. In order to facilitate local government responses to economic issues, participants urged the national government to fully implement the decentralization process.

The remainder of this section summarizes the report's findings.

Overall Political Trajectory

Participants' views over the general trajectory of the country differed. The majority believe that Tunisia is moving in the wrong direction. On the political level, they cite rampant corruption and the pursuit of personal interest by decision makers and politicians as inhibiting factors. On the economic level, participants cite a sense of overall crisis, rising prices, high rates of unemployment and a lack of investment opportunities to explain their pessimism. Finally, participants also mentioned an ongoing social crisis precipitated by failing healthcare and education systems, an increase in suicides and general insecurity across the country. However, those who think that Tunisia is moving in the right direction overwhelmingly use political motivations to justify their position. For these participants, President Kaïs Saïed's election stands as a source of optimism, and a sign that substantive freedom of expressions currently exists. They also believe that, relative to other countries in the region, Tunisia has successfully transitioned to democracy. According to them, patience is essential to allow for further economic and social progress.

Economic Challenges Facing Tunisia

Participants found consensus in the negative impact of rising prices and cost of living in Tunisia. Participants cited several related phenomena, such as the disappearance of the middle class, the informal economy and low salaries that do not cover basic living expenses. According to participants, the decreasing value of the Tunisian dinar is at the heart of the nation's economic challenges. In addition, some focus groups discussed the role that rising national debt plays in the ongoing economic crisis.

Employment

Participants' economic concerns overwhelmingly revolve around the issue of unemployment. According to participants, the Tunisian government is the primary actor responsible for job creation. The state must promote the economy, improve national infrastructure and attract private investments to reduce unemployment.

Difficulties faced by job seekers fall into three categories: those generated by the business environment broadly, employer-driven difficulties (present in both the private and public sector) and those generated by job-seekers themselves:

- A difficult business environment in Tunisia makes job searches significantly more challenging. According to participants, overall shortages of economic opportunities and regional disparities in economic development across governorates contribute to unemployment. In addition, cumbersome and complicated bureaucratic procedures inhibit job creation. Taxes also impose a burden on business owners.
- Participants believe that a significant amount of the difficulties faced by job seekers originate from the hiring practices of individual companies, or are employer-driven. In certain regions, particularly Jendouba, individuals with university diplomas find themselves overqualified for available job opportunities. Employer-mandated age limits also pose restrictions in the public sector and prevent older individuals from applying to jobs.
- In addition, focus group participants cite that exploitation of and insufficient salaries plague the private sector. Corruption and favoritism are common in selection processes for jobs in both the public and private sector. For example, participants from Gabès declared that they face discrimination when applying for jobs.
- Finally, some older participants claim that job seekers also share responsibility. According to them, young people lack the entrepreneurial spirit and have a tendency to wait and not actively pursue employment.

Proposed Solutions to Unemployment:

Participants proposed various national and municipal-level actions to reduce unemployment in Tunisia.

National-level:

- Offer tax benefits to encourage capital investment and business creation;
- Simplify the administrative procedures governing investments and the creation of businesses;
- Reform the higher education system, making it more compatible with the job market;
- Reform vocational training programs and promote the development of technical skills by revitalizing technical high schools; and,
- Reorganize the business environment to attract foreign investors.

While participants recognized that parliament has a role to play in reducing unemployment in Tunisia, they did not mention a large number of concrete recommendations targeting the legislative body. Two main conclusions were to pass a law easing the process of retirement, and to better represent their particular region concerning specific issues of unemployment affecting their constituents.

Municipal-level:

- Accelerate the decentralization process to grant the mandate to municipal councils to create jobs within their constituencies;
- Promote local economic and job opportunities by enhancing archaeological, tourist and natural sites in certain regions;
- Fundraise to finance municipal projects and public works; and,
- Listen and respond to constituents to properly address the needs of their communities.

Vocational Training

Although focus group facilitators raised the topic of vocational training, it is worth noting that several participants spontaneously mentioned it as an important solution for reducing unemployment and increasing job creation. The main conclusions concerning vocational training are as follows:

- Vocational training remains an important tool for access to employment. Participants agree that there is a higher chance of being able to find a job with a professional degree than a university degree.
- While vocational training provides a second chance for young people who were not able to succeed in a traditional academic path, a negative public perception towards vocational training deters participation. As such, participants in certain focus groups expressed that vocational training needs to be invested in, and technical careers need to be de-stigmatized through education and awareness-raising.
- According to the majority of participants, the main problem of vocational training is the lack of resources in public training centers and the depreciation of infrastructure.

Solutions proposed to promote vocational training are as follows:

- Establish vocational training centers in high schools and middle schools;
- Update the available vocational training options and align them to demands of the job market;
- Facilitate access to financial support so vocational training graduates can launch businesses;
- Support young people who chose to pursue a vocational training program by funding their related

travel and residence expenses;

- De-stigmatize vocational training as a viable and respectable career path; and,
- Upgrade the infrastructure at vocational training centers.

Job-Creating Sectors

When asked to identify the sectors that could potentially galvanize job creation, participants listed the following sectors disaggregated by region:

Gabès Governorate	Mahdia Governorate
<ul style="list-style-type: none"> • Industry (textile) • Tourism (medical, seaside and Saharan) • Services (entertainment places for children) • Handicrafts (Jewelry, Pottery) • Agriculture (Potatoes, olive, vegetable, crops, dates, pomegranate trees, livestock) 	<ul style="list-style-type: none"> • Industry (textile) • Handicrafts • Services (entertainment) • Trade • Seaside tourism • Fishing / aquaculture • Agriculture
Kairouan Governorate	Jendouba Governorate
<ul style="list-style-type: none"> • Agriculture (olive, almonds, vegetables) • Handicrafts (carpets, copper utensils) • Cultural tourism • Industry • Services (technology, transit) 	<ul style="list-style-type: none"> • Agriculture • Tourism • Industry • Food industry • Handicrafts

Despite the diversity of participant-identified sectors across the regions, three are shared across the study's governorates:

- All groups cited agriculture as a priority sector. Although particular agricultural products differ from region to region, participants cited poor irrigation and water availability as the most common problems inhibiting job growth.
- Participants cited tourism as another priority sector for encouraging regional development and job creation. Tourism has varied forms such as cultural, ecological, seaside, or Saharan. However, tourism in Gabès was discussed at length in focus groups because of the limitations that severe pollution imposes on development of the sector. Unfortunately, the seasonal nature of tourism, which does not allow offering stable and long-term jobs, was also noted by participants.
- Lastly, all participants cited handicrafts as a priority sector. Intimately connected to the tourism sector, distinct expertise in certain crafts exists in each of the four regions, from carpets in Kairouan to pottery in Gabès.

Entrepreneurship and Business Creation

Participants identified the following as obstacles to creating businesses in Tunisia:

- Difficulty financing projects;
- Long and complex administrative procedures;
- Corruption in administrative units (public institutions, funders, tax administrations, etc.);
- Lack of skilled workers; and,
- Fear of failure in an unstable economic environment.

Participants prioritized facilitating access to funding sources, simplifying administrative procedures and strengthening vocational training to build skills among entrepreneurs as the main solutions to promote entrepreneurship.

Public Enterprises and Privatization:

The majority of participants cited a negative impression of public enterprise service delivery. The majority of participants mentioned the poor quality and timeliness of service delivery, negative interactions with service delivery agents, poor governance/management of public enterprises, and corruption and favoritism in distributing public services to select clientele.

Participants provided the following recommendations to improve the performance of public enterprises:

- Decrease the benefits provided to employees of public enterprises;
- Significantly improve services offered by enterprises; and,
- Equitably distribute public services and public enterprise job opportunities;

When asked about whether public enterprises should be privatized, the majority of participants opposed privatization, favoring structural reforms to improve the operation of public enterprises. Participants said privatizing public enterprises would raise prices and make these services inaccessible to many Tunisians. Those participants in favor of privatization (a clear minority), argue that the state is unable to improve public enterprises and that the private sector would be better suited to manage them.

Informal Economy

Participants listed a range of products—such as fuel, tobacco, clothes, technological devices, alcohol, and medications—that are typically traded in the informal economy, many of which they believe to be sourced from Algeria.

Participants had varying perspectives on the informal economy. For example, some participants noted that the informal economy offers job opportunities for lower-income groups who cannot handle the heavy burden of taxes in the formal economy. They also noted that the informal economy protects the purchasing power of lower-income communities since it provides a wide range of products that are cheaper and more affordable. However, other participants point to the state's inability to collect taxes from the informal sector as a restraint on the country's development. These participants also noted that the absence of social welfare benefits for workers in the informal sector leads to high safety risks, and the products that are marketed in the informal economy are not regulated by the state and can be harmful to the customers who use them.

When given the choice, the majority of participants preferred to pay taxes and benefit from social security by participating in the formal economy rather than receiving a higher income without benefits in the informal economy. This trade-off was consistently cited with the condition that taxes must be allocated correctly and

collected in a fair and non-abusive manner.

The majority of participants believe that the state has no clear vision for integration of informal markets into the formal economy. Among other reasons, participants that many key figures in these sectors are protected by the state and hold positions of power and influence in the government.

Participants cited several solutions to reduce informal trade:

- Eliminate customs tax, particularly for neighboring countries;
- Reform the security sector and the customs authority;
- Create commercial spaces for traders in the informal sector;
- Reform the legal framework to allow for the integration of informal sector workers into formalized markets;
- Create “producer-to-consumer” supply chains to counter distribution monopolies;
- Reduce the tax burden for traders and small farmers; and,
- Strengthen inspection procedures.

Social Security

Participants agreed on the root of social security issues in Tunisia:

- Corruption and mismanagement of funds;
- Decreasing participation in the social security system;
- Dissatisfactory services;
- Low threshold for reimbursement of costs; and,
- As with public enterprises, the social security sector also poses challenges to job growth (corruption in recruitment, recruitment freeze, favoritism).

The majority of participants recommended more rigorous state oversight to fight corruption in these establishments. There have also been recommendations for cash injection on the part of the government. A minority of participants proposed the possibility of increasing the retirement age as a solution, though most participants refused this idea.

Subsidies and Purchasing Power

The majority of participants described state subsidy policy as unfair and unjust for disproportionately benefiting upper classes and businesses, instead of those most in need. The majority of participants do not think state compensation policy should shift from subsidies to allowances given directly to low-income groups, due to lack of trust in institutions that would be responsible for distributing allowances. Corruption and nepotism would hinder a transparent and just process of social aid. Instead, participants would rather see state subsidy policy improved. Their arguments against such a shift are as follows:

- Identifying the most appropriate recipients is challenging. Several participants cited their own position, mentioning that they consider themselves in a precarious economic situation while the government would not. Therefore, those in need would likely not benefit from such an institutional shift.
- A lack of confidence in the government left several participants unsure that money would be distributed fairly and without favoritism.
- Participants cited the possibility of irrational spending by heads of household as a justification for avoiding direct remuneration. Subsidizing individual products was one method proposed to avoid this, as it guarantees the correct allocation of the subsidy. Participants were concerned that the spending decisions of heads of households could risk penalizing the household.

Fiscal System

While understanding of the Tunisian tax system varied among participants, the majority of participants expressed a negative view of the tax system. Participants expressed that the system is not adequately transparent, is difficult to understand, and is not fair overall. For example, workers are obliged to pay taxes while tax evasion by businesses and the informal sector is common.

Participants in the focus groups identified a number of problems related to the tax system:

- Lack of transparency concerning tax rates;
- Corruption and tax evasion; and,
- Insufficient state action to combat tax evasion

Participants proposed the following solutions:

- Implement tax amnesties to encourage citizens to pay taxes; and,
- Raise citizen awareness of their responsibility to pay taxes and how paying impacts Tunisian society.

RESULTS

Overall Political Trajectory

Participants had varied views on whether Tunisia is headed in the right or wrong direction. For those who believe that the country is moving in the right direction, the election of President Kaïs Saïed is a source of optimism. They also believe that, relative to the other countries in the region, Tunisians have safeguarded freedom of expression and developed strong democratic institutions. According to these participants, patience is essential to realizing long-term benefits of the democratic process.

The majority of participants, however, believe Tunisia is moving in the wrong direction. Politically, they explain that corruption and the pursuit of self-interest among decision-makers and politicians continues to be a severe obstacle to real progress. Some blame Kaïs Saïed's lack of political control for continued levels of corruption. Economically, rising prices, increasing unemployment, and decreasing investment and job opportunities remained sources of pessimism among participants. Finally, failing health and education systems, increasing rates of suicide and general insecurity negatively affected participants' outlook on Tunisia's overall trajectory.

Areas of Concern Disaggregated by Gender and Age

When asked about what issues concern them, participants' responses varied to some degree by gender and age:

Women: Women in the four target governorates were highly concerned with overall **security**. They cited the deterioration of the security situation in the country and view delinquency as an increasingly important issue. Women were also concerned about **rising prices** and unaffordable **costs of living**. Numerous women cited issues concerning **education** and **health**, as well as the rising cases of suicide among youth.

The following direct quotes from participants illustrate the issues pertinent to participating Tunisian women:

"My daughter studies in Tunis. Someone stole her phone when she was trying to call me."

Woman, 45, housewife (Jendouba)

"Before, things were not going well. However, we felt safe at least. Now women have to go home and not go out again after 5 p.m. We can be kidnapped in broad daylight."

Woman, 58, worker (Mahdia)

"It is becoming increasingly difficult to live in Tunisia. Everything is getting more and more difficult. My son is 40 years old. He still lives with me and he is not married because life is hard for him."

Woman, 56, housewife (Kairouan)

"Health, education and many other sectors are deteriorating. Things are not what they used to be. Statistics confirm it. Child suicide cases are increasing as well."

Woman, 56, housewife (Kairouan)

"Suicide is increasing in Tunisia and it is due to pessimism. 11-year-old children are killing themselves."

Woman, 45, housewife (Jendouba)

"Because of his poor living conditions, a boy committed suicide in the courtyard of his school in Sidi Bouzid, three days ago."

Woman, 52, maid (Jendouba)

"The high cost of living, low purchasing power, high prices...health, education, nothing is satisfactory. The essential components of a decent life are absent."

Woman, 37, commercial representative (Gabès)

Men: For male participants interviewed, two key concerns arose frequently: **delinquency** and the overall **political situation**. Many participants perceive changing principles/morals and a deterioration of the Tunisian value system to be at the root of rising crime rates, leading many to the conclusion that the country is going in the wrong direction. Male participants also identified corruption and the pursuit of personal interests among politicians as an alarming sign that the political situation in Tunisia is moving in a negative direction.

The following quotes illustrate the issues pertinent to male participants:

"Delinquency is everywhere. Our media are spreading bad attitudes."

Man, 43, worker (Kairouan)

"Delinquency is everywhere and our morals are deteriorating."

Man, 55, bookstore manager (Jendouba)

"Delinquency has spread. Young people no longer respect others."

Man 47, architect (Jendouba)

"Before, we had a presidential regime. Now with this parliamentary system, many people are taking advantage of their immunity. There is no longer any regard for the law."

Man, 53, employer (Mahdia)

"People who take high positions pursue their own interest and that of their families."

Man, 35, unemployed (Kairouan)

"Politicians are always the same; same leaders, same electoral promises, same lies."

Man, 30, project manager (Kairouan)

Youth: Young participants showed themselves to be generally **more optimistic** than other groups of participants. They were the most likely to have a positive view of the current situation in Tunisia. **Democracy, elections** and, particularly, the victory of **Kaïs Saïed** appeared to motivate youth optimism among participants. In addition, by comparing themselves to other countries in the region, the vast majority of youth participants expressed that they are happy with the current situation in Tunisia. However, they still cited concerns such as **unemployment, high costs of living and rising prices** as economic issues that need to be addressed.

The following quotes illustrate the issues pertinent to youth participants:

"I think it is better to live under a democratic regime with freedom of expression, than to live a luxurious life but under the oppression of an autocratic regime."

Woman, 23, student (Jendouba)

"I trust Kaïs Saïed."

Woman, 22, student (Mahdia)

"I would say that our situation is excellent. Look at what's going on in Libya and Syria."

Woman, 22, student (Mahdia)

"We have succeeded while other countries have failed. We were victorious with the election of Kaïs Saïed."

Woman, 27, unemployed (Mahdia)

Economic Challenges Facing Tunisia

The participants unanimously agreed that the **increase in prices** and **unreasonable costs of living** in Tunisia are two of the largest economic challenges facing the country today. Several related phenomena were cited during focus groups, such as the disappearance of the middle class, problems with the informal economy and insufficient wages. Additionally, participants cited the **falling value of the dinar, unemployment** and increasing **national debt** as key economic challenges.

Employment

Participants cited unemployment as one of the chief economic concerns facing the country. Participants identified the following challenges to reducing unemployment:

The general business environment: Participants faulted the lack of opportunities within the business environment, the economic disparities between the inland regions and the coastal regions, as well as difficulties faced by businesses themselves as reasons for unemployment. Participants view regional disparities as a significant issue for job seekers in Tunisia. Even Mahdia, a coastal region, is considered disadvantaged according to participants from the governorate. Participants in this region emphasized that their status as a favored coastal region has deprived them of access to key investment programs despite its development and infrastructure being on par with interior regions. Additionally, participants identified the following difficulties faced by businesses: administrative burdens, lack of funding for the creation of new projects and a lack of assistance for small and medium-sized enterprises. Participants also indicated that the private sector competes with a highly competitive informal sector. They also pointed to a lack of infrastructure that could improve business's access to key services.

"In Jendouba, the brick factory, the steel factory and the oil refineries are all closed. If they were still active, there would be no unemployment in the governorate."

Man, 27, student (Jendouba)

"There is no unemployment in coastal regions.»

Man, 36, employee (Kairouan)

Strict recruitment requirements: Several participants consider educational requirements as a barrier to job opportunities, while others cited age and years of experience as barriers. Several national hiring competitions impose an age limit, depriving older unemployed people the opportunity to work. Participants also acknowledged that these same problems exist in the private sector, as well as the public sector.

"Having a diploma is an obstacle to employment. All available positions are intended for those with the BAC without exception.»

Woman, 38, employee (Kairouan)

"If you want to be recruited, you must accept a position below what your level of education warrants. You are also obliged to sign contracts preventing you from asking for a salary that matches your skills."

Woman, 24, student (Jendouba)

Precarious working conditions: Many participants cite poor working conditions, including: exploitation, long working hours and insufficient or inconsistent wages. Moreover, these conditions push the labor force to favor employment in the public sector, where they believe that they will find better working conditions.

"Working in the public sector has become a dream. There is too much exploitation in the private sector."

Woman, 35, life coach (Mahdia)

"I work in the tourism sector. I never get contracts longer than six months.»

Man, 31, tourism (Kairouan)

Corruption, favoritism and discrimination: Participants viewed recruitment in the public and private sectors as corrupt and unfair, citing favoritism in both private and public sector hiring processes. Various participants, mainly men, mentioned that union members are able to pass their jobs down to their children. Participants reported that such patterns of inheritance are typically limited to large companies and public institutions (Social Fund, the Tunisian National Railway Society (SNCFT), Tunisair, Tunisian Electricity and Gas Company (STEG), etc.). Participants also reported discriminatory hiring practices based on region of origin or skin color.

“Many people without the necessary qualifications are hired while others with higher qualifications are unemployed.»

Woman, 23, unemployed (Gabès)

“I want to mention racism. When you are looking for a job, the first question that you are asked is: where did you come from? They want to know right away if you are from the north or the south. Employers avoid people of different color.”

Woman, 22, student (Mahdia)

Long, complicated procedures to start a business and heavy financial burdens: The majority of participants considered the procedures for setting up a business to be an overwhelming burden. Also, once created, the business and its owner are hindered by taxes and other various financial obligations to the national government. These financial and administrative burdens impede private sector growth for entrepreneurs and investors alike, constituting an obstacle to job creation as well. Several participants spoke to their own difficulties starting businesses. In addition, several women aged 35 and older expressed a desire to start their own businesses, but they were discouraged by the lengthy and complicated procedures necessary to do so.

“One of my acquaintances, a higher education graduate, was forced to move towards selling traditional bread. Despite this, the state forces him to pay taxes. There are no longer any prospects in this country.»

Woman, 42, worker (Mahdia)

Attitude of job seekers: Participants cited a lack of entrepreneurial spirit and work ethic among job seekers as a reason for unemployment. Although relatively few participants raised this issue, some spoke of the passivity of young people. They consider that while external obstacles exist, young people do not make necessary efforts to find a solution of their own and do not invest in the job search nor in the creation of businesses.

“Our children tend to rely on us too much.”

Man, 56, teacher (Jendouba)

Youth Perceptions of Employment

Disaggregating statements by participants during the focus groups by age shows that youth participants' sentiments concerning issues of employment are highly distinct from the older generations' perspectives. Private sector exploitation: Many youth referenced exploitation as the main difficulty faced by job seekers. While job opportunities may be available, young people often feel exploited, a condition that reduces

motivation during the job search overall, as even those opportunities that are available lose their appeal. Exploitation, as described by youth participants, takes the form of low wages, unreasonably heavy workloads or inappropriate or unreasonable tasks.

«Apart from the problems of the north and the south, there are the problems of exploitation.»

Woman, 24, trainee (Gabès)

“There is exploitation. People work for too low wages. Instead of being paid 700 or 800 DT, we pay them 200 or 300 DT.”

Man, 28, project manager (Gabès)

“Exploitation is the first problem faced by job seekers: very long working hours in return for wages that are too low.”

Woman, 22, technician (Kairouan)

«Employees are exploited, and when it is time for them to benefit from tenure, they are expelled.»

Woman, 24, unemployed (Kairouan)

“Exploitation is present, especially in the private sector. They force you to work the way they want. And if you refuse to comply with their conditions, they tell you that other people are waiting for your place.”

Man, 30, security guard (Mahdia)

“They hire you to take advantage of an internship (Stage d’insertion dans la vie professionnelle or SIVP) contract. When the contract is over, they kick you out. Wages are very low. They are not even enough to cover transport costs.”

Woman, 27, unemployed (Mahdia)

Corruption and discrimination: According to youth participants, job seekers face corruption on a daily basis. Youth participants said that paying outright to get a job is not uncommon practice. In addition, many cited north-south discrimination, especially in Gabès, where they think that being from the south of Tunisia is an obstacle to finding employment. Some spoke of gender discrimination as well, with employers preferring women over men.

“I think there is a lot of corruption in the job search. For example, the Ministry of Education promises individuals that they will hire them but never does. They do not hire qualified people (...) all you need is someone’s push. Corruption is ruining this country.”

Woman, 21, student (Gabès)

«Discrimination—if you want to be hired, you need a network and a boost, otherwise you can suffer years of unemployment»

Woman, 22, student (Mahdia)

“Gender discrimination exists. Employers prefer women. They do not look at your CV but at what you look like.”

Man, 21, trainee (Mahdia)

Lack of job opportunities: Participants criticized a lack of work opportunities in their regions largely due to the lack of investment and the closure of several existing businesses.

“All the job opportunities are in the north. There is no opportunity in the south.”

Woman, 23, unemployed (Gabès)

“When I got my degree in 2016, I started looking for a job and I could not find any in Jendouba. There are no opportunities here. The only alternative available is the cable factory. Even there, they will not accept you if you have a higher diploma because you will ask for a salary that matches your level of education.”

Man, 27, master student (Jendouba)

“Employment opportunities are rare. This pushes people to accept any kind of work.”

Woman, 27, unemployed (Mahdia)

Responsibility Creating Jobs

A large number of participants agreed that the national government holds primary responsibility for job creation in Tunisia, ranking the private sector's role as secondary.

“The state must ensure equal opportunities. On an economic level, Jendouba is disadvantaged compared to other governorates such as Sfax, Sousse or greater Tunis.»

Man, 70, retired (Jendouba)

A minority of participants believe that job seekers themselves are responsible for creating opportunities, in particular by starting businesses.

Solutions to Reduce Unemployment

Participants were asked to propose solutions to reduce the issue of unemployment in Tunisia. They provided the following recommendations in three categories: actions to be taken by the national government, the parliament and municipalities. These suggestions are as follows:

Government:

- Tax relief and simpler administrative procedures;
- Additional training and financial support for entrepreneurs;
- Reorganization of higher education to promote an education environment compatible with the job market, producing graduates with marketable skills ready to enter the workforce; and,
- Improving vocational training schools to promote technical careers.

«The state must move towards a policy for promoting small trades.»

Man, 40, entrepreneur (Kairouan)

Overall, participants agreed that the national government must take a more direct role in bettering the business environment. It must encourage all sectors to invest in the creation of Tunisian jobs. Participants felt that the current business environment does not encourage investors. Participants referred to the role of the Minister of Foreign Affairs in attracting foreign investors as well.

Parliament:

- Effectively represent the interests of constituents and propose actionable solutions within parliament that will improve the employment situation in their communities.
- Some participants hold the opinion that parliament does not have any role in employment.

"We elected [MPs] to solve our problems. As soon as they were inaugurated, we never saw them again.»

Man, 35, accountant (Jendouba)

«[Parliament] has no role. It must be dissolved and the prerogatives must be given to the president.»

Man, 27, student (Jendouba)

Municipalities:

- The effective implementation of the political decentralization process;
- The enhancement of archaeological, tourist and natural sites in certain regions to generate employment and wealth;
- Source funds to create local projects that can employ young people; and,
- Organize discussion groups and forums in order to collect citizens' proposals and report them to the government.

Vocational Training

In each focus group, the majority of participants expressed that vocational training could be an effective solution to reducing unemployment and better adapting the labor force to the demands of the labor market. However, at the same time, participants discussed its deficiencies and ineffectiveness.

Positive Perception of Vocational Training

Participants identified two main factors contributing to the effectiveness of vocational training:

- Improved chances of finding a job with a vocational training diploma.

"Vocational training is effective. I am currently working thanks to my professional diploma."

Woman, 46, kindergarten teacher (Jendouba)

"I stopped studying and headed for vocational training. It was the right choice. It allows young people to immigrate by giving them the skills to find work contracts abroad."

Man, 21, trainee (Mahdia)

"I regretted having finished my studies. My neighbor is barely 23 years old. Thanks to professional training, he already has his own house.»

Man, 27, student (Jendouba)

- Gives young people who drop out of school an opportunity for social mobility and improved better self-esteem.

«Instead of feeling of having missed his life, vocational training allows young people to keep their self-esteem.»

Woman, 22, student (Mahdia)

Negative Perception of Vocational Training

Some participants, however, emphasized negative perceptions of vocational training among the population, with several mentioning that vocational training is socially demeaning and equate the pursuit of vocational training with academic failure. The trades that are the subject of vocational training are also losing value in society (plumbers, masons, carpenter, etc.). Thus, parents try to keep their children out of vocational training programs, and often children themselves avoid vocational training, preferring to pursue more socially valued professions.

Participants repeatedly noted two specific shortcomings for vocational training in Tunisia. They are as follows:

- Vocational training produces the same outcome as a diploma: either unemployment or exploitation.

«Vocational training does not allow you to have a job; that is no longer the case.»

Woman, 43, secretary (Kairouan)

«The young people from vocational training are also exploited by employers.»

Man, 28, project manager (Gabès)

- Vocational training centers also do not have the means for effective operation. Participants noted that some centers were abandoned or closed, or no longer provide adequate or quality training. For those in operation, participants noted their low capacity for trainees and low retention rates. Participants raised regional disparity in regards to vocational centers as well, with participants identifying that the most effective training centers are in Tunis.

“Several training centers are closed. The only center that is still in operation contains almost no material for training young people.»

Man, 58, farmer (Gabès)

“Vocational training is a neglected sector. The trainers are not competent.”

Man, 53, employee (Mahdia)

“There is no training in agriculture, even though it is the most important sector in our region.»

Woman, 56, housewife (Kairouan)

Proposed Solutions for Vocational Training

- Merge vocational training centers with high schools and middle schools;
- Set up vocational training programs that focus on skills that will meet the demands of the labor market; and,
- projects for young people who complete vocational training programs.

“The state must finance collective projects of four or five women artisans for example. It could start by funding the necessary equipment.”

Woman, 41, craftswoman (Gabès)

- Help young people bear the costs of transportation and accommodation during their vocational training programs;
- Change the common negative perception towards vocational training and encourage young Tunisians to pursue it. This includes the creation of a professional status for artisans; and,
- Upgrade the infrastructure at vocational training centers.

Sectors Promoting Job Creation

Those sectors promoting job creation are very similar from one governorate to another. While the table below outlines those deemed most crucial for the creation of jobs in Tunisia, participants believe that all sectors are capable of creating employment.

Gabès Governorate	Mahdia Governorate
<ul style="list-style-type: none"> • Industry (textile) • Tourism (medical, seaside and Saharan) • Services (entertainment places for children) • Handicrafts (Jewelry, Pottery) • Agriculture (Potatoes, olive, vegetable, crops, dates, pomegranate trees, livestock) 	<ul style="list-style-type: none"> • Industry (textile) • Handicrafts • Services (entertainment) • Trade • Seaside tourism • Fishing / aquaculture • Agriculture
Kairouan Governorate	Jendouba Governorate
<ul style="list-style-type: none"> • Agriculture (olive, almonds, vegetables, crops) • Handicrafts (carpets, copper utensils) • Cultural tourism • Industry • Services (technology, transit) 	<ul style="list-style-type: none"> • Agriculture • Tourism • Industry • Food industry • Handicrafts

Table 1: Preeminent sectors contributing to job creation in each governorate, according to participants.

Gabès Governorate: In Gabès, participants cited manufacturing as the primary sector to promote job creation. Women participants often demanded more activity in the textile sector and more places for recreation and leisure, particularly for children. Young people called for more industrial opportunities and increased investment in tourism.

“We can enhance textiles.”

Woman, 60, hairdresser (Gabès)

“We are a purely agricultural region.”

Man, 58, retired (Mahdia)

“We are always lagging behind when it comes to tourism. We have many pristine natural sites. It is a potential that we should develop.”

Man, 46, teacher, (Mahdia)

“We are missing a purely Tunisian product. In hotels, there is no purely Tunisian or purely Tunisian handicraft factory. ; They should think about this sector and value it”

Woman, 27, association founder (Mahdia)

Kairouan Governorate: The male participants in Kairouan repeatedly cited the handicraft sector. Although the region has hundreds of experienced artisans, participants expressed concern that the industry is witnessing a decline. The participants are concerned that expertise will disappear soon along with workers willing to engage in the sector. Women cited this sector once, a much lower rate than men.

“A lot of know-how has disappeared. Traditional handcraft products are in decline compared to before.”

Man, 60, retired (Kairouan)

“We are among the best countries in terms of crafts. The government should create a market for the sector and finance artisans and makers.”

Man, 46, trader (Kairouan)

“Many craftsmen have given up and changed trades. Lack of funding, expensive equipment and the lack of a market for their products contributed to this.”

Man, 46, shopkeeper (Kairouan)

“Kairouan is known for these handicrafts. Carpet and copper utensils. Why don't we invest more in these sectors? It was a source of income for several families.”

Woman, 42, housewife (Kairouan)

Jendouba Governorate: Men and youth participants from Jendouba repeatedly cited agriculture as a sector eligible for job creation. Participants regret the lack of food processing in their region, that requires them to send their agricultural products to Tunis for processing. In addition, participants noted industry, tourism and crafts as specific sectors eligible for growth, with men and women largely in agreement.

“Jendouba is known for agriculture. We are the leading producers of tomatoes nationwide. Why do our tomatoes go to Tunis to be processed? We have the raw materials. Why lose money in transportation. We have to create processing units here in Jendouba.”

Man, 27, student (Jendouba)

«As we are an agricultural region, we must encourage people to have their own agricultural projects.»

Man, 27, unemployed (Jendouba)

“Jendouba is an agricultural region. The state must develop the agricultural sector.”

Woman, 42, housewife (Jendouba)

“Jendouba is a magnificent region for tourism. The State must enhance our natural sites.”

Woman, 39, engineer (Jendouba)

Participants made suggestions for ways to promote specific sectors and stimulate job creation in their regions. Their suggestions are listed below, disaggregated by sector.

Agriculture

- Modernize irrigation systems and improve the capacity to distribute water to land that remains under-utilized.
- Encourage young people to become agriculturalists by facilitating their access to land.
- Encourage food processing development in agricultural areas.

- Encourage organic farming.
- Improve the infrastructure of agricultural areas.
- Develop distribution channels for agricultural products to break down current distribution monopolies that exploit small farmers.
- Fight pollution in agricultural areas.
- Encourage investment in safe transport of all farmers, especially women, for whom current means of transport is often unsafe.
- Diversify agricultural products.

Tourism

- Diversify tourism: cultural tourism, religious tourism (Kairouan) and ecological tourism.
- Enhance and maintain archaeological sites.
- Improve infrastructure overall.
- Develop infrastructure for cultural tourism (festivals, theatres, cultural cities, etc.).
- Promote tourism to attract more tourists to destinations other than beaches.

Handicrafts

- Provide micro-finance mechanisms for artisans.
- Promote crafts and local products.
- Create regional platforms for the marketing and export of craft goods.
- Set up vocational training programs to train young people in handicrafts.

Entrepreneurship

Participants identified obstacles to creating businesses in Tunisia including:

- Difficulty financing projects;
- Long and complex administrative procedures;
- Corruption in administrative units (public institutions, funders, tax administrations, etc.);
- Lack of skilled workers; and,
- Fear of failure in an unstable economic environment.

Availability of Project Funding

“I wanted to create a project to raise animals. The charges were very high and I didn’t have enough money to start it»

Woman, 36, housewife (Gabès)

“I wanted to create a project in electricity. The procedures for obtaining funding from BTS are very difficult. So, I abandoned the idea.”

Man, 50, worker (Gabès)

“I wanted to create an agricultural project and dig a well. To get funding, I would have had to mortgage a piece of land. So, I gave up on the idea.”

Man, 30, security guard (Mahdia)

Long, complicated procedures

“I wanted to start a children’s club. The procedures were complicated. The requirements are difficult to apply for and involve many expenses. So, I gave up on the idea.”

Woman, 35, life coach (Mahdia)

"I started to create a poultry house, but it turned out that the state, through the BTS, no longer funds poultry projects."

Man, 35, unemployed (Kairouan)

"I wanted to start a chicken farm. The procedures were very complicated and many guarantees were needed even though I had a plot of land for the project."

Woman, 42, housewife (Jendouba)

Corruption

"I trade by importing Algerian goods. I have to pay money at each security checkpoint. It's hellish."

Woman, 42, shopkeeper (Gabès)

"I had a gold medal in an international cooking competition, but now, access to artisanal production centers is difficult because of corruption."

Woman, 49, head chef (Mahdia)

Lack of Training and Human Resources

"I wanted to develop my business by acquiring two new machines. These machines required special training programs. The only center available was in Tunis and I couldn't move there."

Man, 64, retired (Mahdia)

"Starting a business is easy at first. I created a real estate promotion business. But I am suffering when it comes to workers. They all prefer to receive the unemployment compensation they were awarded by environmental companies."

Man, 32, shopkeeper (Gabès)

Self-imposed Limitations and a Fear of Failure

"I'm afraid I won't be able to repay the bank loan."

Woman, 41, craftswoman (Gabès)

Support to Entrepreneurship

Participants often had difficulty identifying existing programs or support mechanisms for entrepreneurship. Women over the age of 35 were overall the least knowledgeable about support institutions and programs. However, it should be noted that focus groups of women contained numerous successful businesswomen, showing that knowledge of these mechanisms was not prohibitive to their success. Participants often stated that the government has made efforts to encourage business leaders, but accepted that these efforts often do not come to fruition.

Programs	Public Structures	Support mechanisms	NGOs / Private Banks
<ul style="list-style-type: none"> •Raïda •Forsati •Start-up Act (cited only in response to the moderator) 	<ul style="list-style-type: none"> • BTS • ANTI 	<ul style="list-style-type: none"> • Tax credits for regional development zones • Financing of agricultural equipment • Mechanism 16 	<ul style="list-style-type: none"> • ENDA • Zitouna tamkeen • GIZ • Mercy Corps

Table 2: Distribution of entrepreneurship support programs as cited by participants.

Proposals to Promote Entrepreneurship

Participants were unanimous concerning the solutions related to the problems of entrepreneurship. Project funding was the main obstacle cited in all focus groups. Thus, participants proposed **facilitating access to funding** as the primary solution towards entrepreneurship. Participants also proposed **easing administrative procedures** and **strengthening vocational training** to encourage entrepreneurship.

Priority Sectors and Economic Recovery

In general, apart from a limited collection of local priorities, the four target governorates shared the same concerns in terms of priority sectors.

Agriculture suffers from three fundamental problems according to the participants: lack of access to water, substandard distribution channels and harmful actions of intermediaries, and lack of financing for agricultural activity. The funding problem is caused by the tenure situation of most of the agricultural land, according to the participants.

Industry is the sector which, apart from the structural problems that have affected it for decades, still suffers from the consequences of the revolution. The factory closures and the lack of investment, particularly in the food and processing industries, hinder the sector.

Tourism also suffers, according to participants in several regions, from the lack of development and maintenance of tourist sites. Participants recommended that the state invest in and promote tourist regions abroad. Participants in Jendouba discussed the potential of ecological tourism and mountain tourism. Several participants from this region also spoke of the region of Tabarka and Aïn Drahem as an example of abandoned and undeveloped tourist cities. Tourism also suffers from seasonality. Participants recommended a diversification of tourism products and more promotion of Tunisian tourism outside the traditional seasons (mainly summer) to extend the sector's operating period throughout the year.

Handicrafts also experience several difficulties including a lack of interest in the trade among young people, the rise in raw material prices and the lack of state support and funding.

For more information on the inventory of priority sectors in each governorate, as well as the participants' proposals, please consult Annex 1.

Public Enterprises and Privatization

Public Awareness of Public Enterprises

In most focus groups, participants had difficulty giving examples of public enterprises. They often brainstormed for industrial examples, and neglected to discuss service providers. The public enterprises identified by focus group participants in each governorate are listed as follows:

Gabès	Mahdia
<ul style="list-style-type: none"> • STEG (Société Tunisienne d'électricité et de Gaz) • SONEDE (Société Tunisienne d'Exploitation et de Distribution des Eaux) • ONAS (Office National de l'Assainissement) • Tunisie Telecom • Société Régionale de transport • SNCFT (Société Tunisienne des Chemins de Fer Tunisiens) • Groupe Chimique • STB (Société Tunisienne de Banque) 	<ul style="list-style-type: none"> • STEG (Société Tunisienne d'électricité et de Gaz) • SONEDE (Société Tunisienne d'Exploitation et de Distribution des Eaux) • STS (Société de transport du Sahel) • SNCFT (Société Tunisienne des Chemins de Fer Tunisiens) • Tunisie Telecom
Kairouan	Jendouba
<ul style="list-style-type: none"> • STEG (Société Tunisienne d'électricité et de Gaz) • SONEDE (Société Tunisienne d'Exploitation et de Distribution des Eaux) • Société Régionale de Transport • La Régie Nationale des Tabacs et des Allumettes (RNTA) 	<ul style="list-style-type: none"> • STEG (Société Tunisienne d'électricité et de Gaz) • SONEDE (Société Tunisienne d'Exploitation et de Distribution des Eaux) • Carrières (marbre) • Tunisie Telecom • Société Régionale de transport • SNCFT

Table 3: Public enterprises as cited by the participants when asked to respond to the following prompt.

Assessment of the Performance of Public Enterprises

Participants had a negative perception of the overall performance of public enterprises due to the following factors:

Poor services: Participants cited poor attentiveness from public employees, delays in service provision and an overall bad attitude from officials as factors contributing to poor service delivery from public enterprises. For example, participants criticized transport companies for poor bus conditions and common delays. They also criticize STEG for employees' bad behavior and frequent delays in intervention in the event of a power cut.

“Services are poor. At their offices, they do not respect citizens. There is a lack of rigor.”

Man, 31, waiter (Gabès)

“We don't feel that there is any motivation in the public enterprises. They receive a salary without giving anything in return.»

Man, 45, accountant (Gabès)

«At the SNCFT, services are poor and citizens are not safe on trains.»

Man, 56, teacher (Jendouba)

Limited hiring capacity: Participants criticized the fact that national companies can no longer absorb the flow of unemployed people in target regions due to the rise in unemployment. Participants considered that human resources staff in these companies are old and that there is no turnover in their teams. Also, on many occasions, participants noted a tendency in these companies to frequently hire children of current employees in what has become a common practice of nepotism.

“There is a lot of corruption in the recruitment process. Employees tend to leave their jobs to their children.”

Woman, 35, life coach (Mahdia)

«In the entrance exams for STEG, I know that there is a law which stipulates that 30% of the successful candidates must be the children of employees.»

Woman, 24, unemployed (Kairouan)

Corruption and mismanagement: Participants often stated that national and regional enterprises are subject to mismanagement and corruption, such as RNTA in Kairouan.

Proposed Solutions to Improve Public Enterprises

Restructuring: Participants proposed a comprehensive reform of public companies, which involves administrative, human resources and management procedure changes.

«They need administrative reform, the introduction of technology into work procedures and the training of human resources staff.»

Woman, 38, employee (Kairouan)

Reduce advantages enjoyed by employees: Participants perceive that employees of public enterprises receive many advantages such as administrative cars, gas vouchers and additional bonuses. Participants stated that these advantages disincentivize high performance from employees and unnecessarily increase expenditures in public enterprises that are already struggling financially.

“The advantages of working in public enterprises must be reduced. Employees are there only to benefit.»

Man, 40, entrepreneur (Kairouan)

“We need to create a general administration of STEG in Kairouan. Until now, Sousse's general administration has been covering our region.”

Man, 36, waiter (Kairouan)

Participants also put forward the following additional suggestions and recommendations for public enterprises:

- Reduce the number of unnecessary and unproductive employees that burden public enterprises with heavy expenses and little return;
- Retrain existing staff and hire new staff to modernize services;
- Encourage public enterprises to compete on open markets to encourage improved services. It should be noted that participants mentioned that Tunisie Telecom had to improve its services following the introduction of Orascom and Orange into the Tunisian telecommunications market;
- Improve the punctuality of public transport, particularly of trains moving between cities;
- Reduce outages of key services, such as power and water; and,
- Digitize public enterprise services where possible.

Privatization

Arguments against privatization

In general, the majority of participants were opposed to privatization. Participants presented the following arguments against the privatization of public enterprises:

Restructuring is a better alternative: Participants believed that there are other possible solutions that should be fully explored before privatization, such as reforms and restructuring.

“The situation is bad, but it is not beyond repair. It can be corrected before resorting to privatization.”

Man, 28, project manager (Gabès)

“The state must play its role by giving responsibility to competent executives and by carrying out strict control and supervision.»

Man, 56, teacher (Jendouba)

Negative attitudes toward private investors: Participants stated that private investors tend to exploit human resources, increase the costs of services, and attempt to avoid paying taxes.

“Private enterprises exploit employees, while the state is a good employer.»

Woman, 51, housewife (Gabès)

“Taking a stance on privatization is difficult. In the private sector output increases, but the exploitation of the employees will take place.”

Man, 60, retired (Kairouan)

“After privatization, the poor will no longer be able to pay for the services of STEG, SONEDE....»

Woman, 53, housewife (Jendouba)

“Private enterprises do not ensure quality, what interests them is revenue.”

Man, 58, farmer (Gabès)

False depictions of the financial difficulties of public enterprises: Some participants expressed that the financial difficulties that public enterprises are facing are falsely evaluated so that unscrupulous investors can purchase public enterprises below market price.

“The country has been given entirely to France. The financial difficulties of these companies are only a decoy, a trick to sell them.”

Man, 40, project manager (Kairouan)

Arguments in favor of privatization

Some participants supported privatization with the following arguments:

A history of government failures to improve public enterprises: Given past government failures to adequately reform public enterprises, some participants believed that the best alternative would be to privatize them.

“There are no reforms in sight for the transport sector. It is better to privatize it.”

Woman, 21, student (Gabès)

“The state has no concrete solutions to fight corruption. It must give way to the private structures to eradicate corruption in these companies.”

Woman, 42, shopkeeper (Kairouan)

The private sector performs better than public enterprises: Many participants in favor of privatization think that privatizing would improve the services provided and ameliorate performance deficiencies that currently run rampant among public enterprises.

«In the private sector, the return is five times higher than in the public sector.»

Man, 47, employee (Mahdia)

«It is better to transfer them to the private sector. They will manage them better and the services will be better.”

Man, 37, employee (Jendouba)

Informal Economy

Advantages of the Informal Economy

Lower prices for the consumer: Participants agreed that lower prices for products in the informal sector was a major advantage of the informal economy. In an economy with a high inflation rate weighing heavily on the purchasing power of consumers, the availability of more affordable products is a significant advantage.

Employment: The informal economy is often a last resort for people from all age groups who have not found a job in the formal sector and need a source of income.

«It creates jobs and it is good for the consumer.”

Man, 32, trader (Gabès)

Disadvantages of the Informal Economy

Diverts revenue away from the government: As actors in the informal sector do not pay taxes, participants cited reduced state revenue as a shortfall of the informal sector that weakens the national government over time.

“[The informal sector] supports thousands of families. But it is harmful for the economy.”

Woman, 42, shopkeeper (Gabès)

“[The informal economy] gives the impression that the state is absent!”

Man, 58, retired (Mahdia)

Unfair competition: Participants discussed that formal traders who are burdened with taxes and various administrative charges must compete with informal actors who are able to sell products at lower price points.

“There were fuel distribution companies that protested the informal sale of gasoline. It made them suffer losses.”

Man, 30, project manager (Kairouan)

The informal sector produces poor quality products at higher rates: As products sold informally are not subject to regulatory scrutiny by the government, lower quality products appear on informal markets more frequently, including products that can be harmful to consumer health. Participants cited that the range of available on the informal market is constantly widening. The participants mentioned pharmaceutical products, baby formula, para-pharmaceuticals and food products as being potentially hazardous, since deserve strict scrutiny concerning their expiration dates.

“It is harmful to the economy and the country. The products are of poor quality.”

Woman, 21, student (Gabès)

Illicit goods pass through the informal sector: Participants often expressed worry that the informal sector could facilitate the flow of illicit goods, including weapons and the movement of terrorists across borders. These activities heighten the overall risk of participating in informal trading.

«My father was hit by a car that was transporting gasoline. They were working in the informal sector. They fled. He has had amnesia for six months.»

Woman, 22, worker (Mahdia)

Informal Goods Mentioned by Participants

- | | |
|--|---|
| <ul style="list-style-type: none">• Fuel• Tobacco• Clothing• Second-hand goods• Food products• Mobile phones• Informal transport | <ul style="list-style-type: none">• Cosmetics• Baby formula• Tires• Cleaning products• Alcohol• Medication |
|--|---|

Many participants stated the preeminence of Algerian products in Tunisia’s informal markets. This is also the case for participants in Gabès, which is relatively far from Algeria.

The State and the Informal Sector

Participants primarily agreed that the Tunisian government **does not have a clear vision** for the informal sector or, if it has one, it is **unable to execute it**. For participants, the government’s interaction with the informal sector is primarily through security and customs activities. Many participants stated that major players from the informal sector have even risen to the highest ranks in government and parliament, intimately tying the two.

“The state wants the informal sector to exist. As it is unable to secure employment for all Tunisians. It is this sector that substitutes the state’s role in providing employment.»

Woman, 24, student (Gabès)

“Security forces protect the informal sector.»

Man, 62, retired (Gabès)

“The state has a vision. However, it cannot apply it. The informal sector is stronger than the state.”

Man, 28, project manager (Gabès)

«The parliament are the representatives of the people and they themselves are actors of the informal sector.»

Man, 41, project manager (Mahdia)

«There is an illicit partnership between the major players of the informal sector and the state.»

Woman, 23, student (Kairouan)

“Corruption is omnipresent in Tunisian customs.”

Man, 55, project manager (Jendouba)

Merging Informal and Formal Economies

The majority of participants were in favor of transitioning informal economic activities to the formal market. Overall, the majority of participants think that such a transition would be **good for the national economy**. They also think it could help to **lower prices** overall.

However, according to participants, the following conditions are necessary for such a transition to be successful:

- The abolition of tariffs, especially with neighboring countries;
- Security sector reform, especially customs processes;
- Create commercial spaces for traders in the informal sector, especially special economic zones, near Algeria;
- Create more opportunities for “producer to consumer” product/service delivery, without the need for intermediaries;
- Encourage informal sector actors to integrate within the formal sector through programs that include financial amnesties, exemptions or tax breaks;
- Reduce tax burdens on small traders and farmers; and,
- Empower customs authorities to more strictly control informally distributed products.

Payment of Taxes and Social Security

When asked if they would rather have social security and pay taxes, or neither pay taxes nor have social security, the vast majority of participants preferred the former. However, this question raised **a confidence crisis** between citizen and the government, as participants’ desire to pay taxes was conditional on their receipt of government services promised to them.

“I chose the first sentence without hesitation, provided that the taxes go where intended.”

Man, 41, project manager (Mahdia)

Social Security

Systemic Issues

Participants agreed that the three national funds that make up the Tunisian social security program are facing major financial difficulties. The following factors contribute to this:

Corruption and mismanagement of funds: Several participants expressed that these difficulties come mainly from financial mismanagement and citizen tax evasion. Participants claimed that employee benefits for employees for these funds are disproportionately large given the financial strain faced by the country. Men over the age of 35 were the most likely to mention corruption and mismanagement and often cited concrete examples from their lives.

“The CNSS and the CNRPS do not pay enough money to the CNAM. This generates difficulties and leads to liquidity crises.”

Man, 75, retired (Gabès)

“At the beginning, the system was good. Little by little, the services became poor”

Woman, 51, housewife (Gabès)

“In the past, the CNSS was one of the most prosperous funds in Tunisia. Corruption has made it what it is now.”

Man, 72, retired (Mahdia)

«There is no state oversight over what happens in these funds.»

Woman, 30, employee (Jendouba)

“There are too many benefits for fund employees as a result of poor fund governance.”

Man, 39, employee (Kairouan)

“Members of the system do not pay their membership fees. It then becomes the citizen who steals from the citizen.”

Woman, 43, employee (Kairouan)

Unsatisfactory Services: Participants declared that services provided under social security do not currently meet the needs of those who subscribe to the programs. For example, participants cited insufficient annual allocations for medicine and long response times, among others. Service shortcomings were mentioned much more among participants aged 35 and over, as young people experience chronic health conditions at lower rates and seek social security benefits less frequently than older individuals.

«I had a work accident. When my contract ended, I was still treating my leg and it cost me a lot of money. Except that the CNAM has stopped taking care of my situation.»

Woman, 38, shopkeeper (Mahdia)

¹Tunisia has three social security funds: (1) The National Fund for Social Security (CNSS); (2) The National Fund for Retirement and Welfare (CNRPS); (3) The National Fund for Health Insurance (CNAM).

Improvements to Social Security

Participants offered the following proposals to improve the current social security system in Tunisia:

A return to the former system: Several participants regretted the abandonment of the previous system, claiming that it had worked quite well. As such, some participants suggested abolishing the CNAM.

“Go back to the old process. The CNRPS used to provide good services but not anymore. There must be separation between the private and the public because if they are mixed together it would be difficult to enjoy from good services. The union wanted to reduce the retirement age. Concerning manual labor, the retirement age went down from 55 years to 35 years. These funds struggled with such decisions. So now, they increased the ages once again.”

Man, 60, retired (Kairouan)

Increased Government Control: Participants agreed that the government must exercise strict control over national funds, cracking down on corruption to ensure that social security programs are governed well.

Subsidies

Impact of Current System

Participants expressed that the current subsidy system for essential goods is not fair, citing that businesses, hotels and restaurants have access to more benefits than those in need. Many also claimed that the system disrupts distribution these products and can lead to shortages, leaving poor families unable to find products that they need on the market.

«The compensation system must be directed towards the citizen and not businesses and taxis (gas).»

Man, 32, trader (Gabès)

«This system gives a huge advantage to supermarkets.»

Man, 50, worker (Gabès)

“The citizen no longer finds key products in the market. Hotels and restaurants consume everything.”

Woman, 41, craftswoman (Gabès)

«There is a lot of corruption in this system. »

Man, 50, worker (Gabès)

Subsidy Reform

Generally, participants were against the replacement of the current subsidy system with the payment of allowances directly to families to subsidize the costs of these goods for the following reasons:

The complexity of determining need: Participants stated that determining which Tunisians are most in need is difficult, especially given the shrinking of the middle class, and the fact that public workers and employees are facing rising costs of living as well. Participants were concerned that they would not be included in the

categories or Tunisians able to benefit from such a policy shift.

Lack of confidence in government: Overall, participants did not display trust in the government, claiming that high levels of corruption and embezzlement have tainted the government's ability to manage these systems effectively.

“The products are not really subsidized. You only have to look at the sugar prices on the international stock exchanges.”

Man, 32, trader (Gabès)

«If we remove the subsidies on products, who's to say that the money will really go to needy families.»

Woman, 24, student (Gabès)

«I don't trust these systems.”

Woman, 43, unemployed (Mahdia)

Lack of confidence in beneficiaries: Participants raised concerns that if recipients have the freedom to choose how they spend their money, they would be able to purchase illicit goods, such as drugs or alcoholic beverages.

Many participants suggested reasons why direct disbursement of subsidy funds would not be an effective policy solution and named alternatives to the current subsidy system:

Pre-charged subsidy cards: Participants suggested that the government should allocate consumption quotas for each family and distribute cards that allow families to purchase specific goods at subsidized prices up to those pre-determined quotas. When the quota is exceeded, families could purchase these products at their normal price. This would prevent businesses, hotels and restaurants from taking advantage of the subsidized prices. This solution does not, however, address the challenge of determining levels of need.

«You have to use an electronic card system now.”

Man, 35, employee (Jendouba)

Maintain the current system with additional oversight: Some participants proposed to keep the same system with additional oversight from the government. They proposed that such increased control would lead to a restriction of consumption and exclude the use subsidized prices by companies.

«We keep the current system. But the state must exercise a strict control. The compensation must not benefit hotels and restaurants.”

Man, 46, shopkeeper (Kairouan)

Purchasing Power

Consumer prices

Participants in all governorates stated that prices are increasing every day.

« We can no longer eat properly. Fruits, vegetables and food products are expensive.”

Man, 21, trainee (Mahdia)

Causes of Rising Prices

When asked to identify the cause of rising prices, participants suggested the following:

- Decreasing production of goods/supply: participants suggested that, since the revolution, social unrest has contributed to economic difficulties among both private and public enterprises that has
- led to a large decline in output;
- Rising production costs, particularly in the agricultural sector;
- Supply and distribution chains that are inundated with unnecessary intermediary actors;
- Failure to monitor the quality of goods;
- Government budget deficits which lead to rising consumer prices in an attempt to make up losses.

«The state, to make up its deficit and pay its debts, will draw from the pocket of the consumer.»

Woman, 58, tailor (Gabès)

- Inflation;
- High customs tariffs on certain products;
- Ramifications of a global economic crisis; and,
- Illicit economic activities that manipulate the prices of some consumer goods.

Proposed solutions

- Boycott: Participants suggested this tactic primarily for expensive products that are not essential (e.g. bananas or kiwis);
- Tighter government-imposed price controls;

«The State must be present to control prices.»

Woman, 22, employee (Kairouan)

«Prices and wages must not evolve in the same direction.»

Man, 30, project manager (Kairouan)

- **Government support** for small entrepreneurs and farmers;
- **Government promotion of investment** to increase the supply of goods;
- **Government control of distribution channels** and intermediaries; and,
- Increase the value of the dinar

Fiscal System

Perception of the Current Tax System

Many participants, especially youth, admitted that they were not well-versed on taxation in Tunisia. However, those who offered opinions on the issue believe that the **current system is neither fair nor transparent**.

Unfair taxation: Participants cited unfair taxation practices for public workers, entrepreneurs and liberal professions, as well as issues with regionalization and taxation.

«I am a public worker and sometimes I am charged for additional amounts even though the State automatically deducts taxes from my salary.»

Man, 47, employee, (Jendouba)

«The system taxes entrepreneurs more, while public workers collect more money.»

Man, 52, employee (Jendouba)

«There is no equity between governorates in terms of taxation. Why do I pay taxes as much as someone who lives in Carthage?»

Man, 45, accountant (Gabès)

Corruption and tax evasion: Participants believe that the tax system is tainted by corruption, and suggested that financial controllers are complicit in these practices.

“Influential business people don’t pay taxes. It is the ordinary citizen who pays them.”

Woman, 21, student (Gabès)

“Basically, the tax system itself is good. But there is so much corruption and tax evasion.»

Man, 32, trader (Gabès)

“My neighbor is a financial controller. He owns huge real estate and several businesses.”

Woman, 41, civil society (Mahdia)

“Control does not apply to everyone. Large entrepreneurs and businessmen never receive financial controllers.»

Woman, 23, student (Kairouan)

Proposals to Improve the Tax System

Participants offered the following solutions, many of which were repeated across focus groups, for improving the Tunisian taxation system:

Review and restructure the current tax system: Participants view the current taxation system as unfair because it contributes to corruption and tax evasion. Many participants suggested that taxes are quite high compared to the average income of Tunisians, therefore, they argued to decrease tax rates.

«We must remove non-regulatory taxes.»

Woman, 24, student (Jendouba)

Increased government control: Participants voiced that government control over taxation is currently insufficient, and called for increased rigor in the management of the tax system.

«Laws must be reviewed and more control needs to be introduced.»

Man, 37, employee (Jendouba)

«We need to hire more financial controllers.»

Man, 52, employee (Jendouba)

“Our constitution is magnificent. However, it has been established in a country that is not suitable for it. We need laws that match our needs.”

Woman, 23, student (Kairouan)

Modernizing tax administration: Participants suggest that technology could facilitate monitoring tax revenue by making information more accessible and allowing rapid identification of tax evasion.

“We need to update the fiscal system because the State’s systems are very outdated. In order to benefit from the simplest services you need to pay your taxes, in order to get a birth certificate you pay your taxes. We should start from the bottom and most simple, and not let things accumulate. We need to improve the technical tools that we are using, because when we update our tools it becomes harder and harder for people to perform fiscal evasion.”

Man, 36, employee (Mahdia)

Periodically introducing tax amnesties: Some participants believed that amnesty programs that waive past tax debts would encourage Tunisians to pay future taxes.

«It is necessary to use the exemption, reconciliation and the payment in installments of the tax debts.»

Woman, 60 (Gabès)

Raising citizen awareness: Participants proposed more awareness-raising campaigns to help avoid corruption and tax evasion by reminding citizens why paying taxes is an important part of their civic duty.

“We need to educate citizens about the importance of paying their taxes.”

Man, 33, seller (Jendouba)

Annex 1: Priority Economic Sectors and Proposals for Recovery

GABÈS GOVERNORATE

Challenges	Solutions
<p>Agriculture</p> <ul style="list-style-type: none"> • Access to water: “There is a lot of corruption when it comes to water access for farmers.” Woman, 21, housewife (Gabès) • Absence of training and monitoring • Creating a seawater desalination plant to solve the water problem • “The farmlands are far from the town of Gabès. There should be transport to get around.” Woman, 37, employee (Gabès) • The lack of motivation amongst youth: “The State provides land for agricultural project. The youth do not have the will.” Woman, 41, artisan (Gabès) <p>Handicrafts</p> <ul style="list-style-type: none"> • Lack of cross-border marketing <p>Tourism</p> <ul style="list-style-type: none"> • Pollution • Insufficient promotion of Gabès’ tourist sites <p>Industry</p> <ul style="list-style-type: none"> • The closure of several textile SMEs: “Many textile workshops have closed since the revolution.” Woman, 42, trader (Gabès) 	<p>Agriculture</p> <ul style="list-style-type: none"> • Facilitating access to finance for farmers • Provide support from the part of CRDA • Creating a seawater desalination plant to solve the water problem <p>Handicrafts</p> <ul style="list-style-type: none"> • «Create a cooperative to commercialize artisanal products abroad» Female, 47, employee (Gabès)

MAHDIA GOVERNORATE

Challenges	Solutions
<p>Agriculture</p> <ul style="list-style-type: none"> • Poor access to water • Complex distribution channels and increasing numbers of intermediaries cause rising prices • Poor working conditions overall: “The sector mainly employs women. Their work conditions are catastrophic and they do not have social security.” Woman, 42, worker (Mahdia) <p>Fishing</p> <ul style="list-style-type: none"> • Lack of social security for fishermen. <p>Tourism</p> <ul style="list-style-type: none"> • Seasonality • Lack of diverse opportunities 	<p>Agriculture</p> <ul style="list-style-type: none"> • Facilitate access to financing to create agricultural projects: «The state must support more agricultural projects. It can set up a system of unannounced visits to evaluate the farmer’s effort.» Man, 58, retired (Gabès) • «It takes political will to promote the agricultural sector » Man, 64, retired (Mahdia) • Rehabilitate Hiboun’s municipal market <p>Tourism</p> <ul style="list-style-type: none"> • Vary touristic products • Create entertainment and cultural activities • Reactivate the Marina project

KAIROUAN GOVERNORATE

Challenges	Solutions
<p>Agriculture</p> <ul style="list-style-type: none"> • Very few processing industries • Intermediaries have an outsized influence on increasing commodity prices: “Tomatoes are bought from farmers for 50 millimes per kilo. They are re-sold at 20 times the price to consumers.” Man, 43, worker (Kairouan) • Poor rural transport infrastructure (rail, roads, etc.) • Poor access to water • Poorly trained workforce • Imported seeds are replacing locally produced seeds: “Imported seeds, once planted, do not allow local seeds to grow back over the next few years. This is a way of making us dependent on foreign countries.” Woman, 42, trader (Kairouan) <p>Handicrafts</p> <ul style="list-style-type: none"> • Turkish products are competing with locally produced goods <p>Tourism</p> <ul style="list-style-type: none"> • Many historic sites, such as the Aghlabids’ basin, are abandoned and in disrepair • Lack of adequate tourism infrastructure to host visitors: “During religious events, visitors cannot spend the night in Kairouan. There are not enough hotels.” Woman, 35, employee (Kairouan) • There are frequent security incidents and visitors fear for their safety 	<p>Agriculture</p> <ul style="list-style-type: none"> • Programs to modernize the sector • Provide funding opportunities for farmers: “The problem lies in the government, not the farmers.” Woman, 37, employee, (Kairouan) • Rehabilitate the agricultural training center in Kairouan and expand its capacity • Rehabilitate local dam infrastructure to improve access to water <p>Agriculture</p> <ul style="list-style-type: none"> • The government must promote and assist in marketing local handicrafts <p>Tourism</p> <ul style="list-style-type: none"> • Establish clear tourism “circuits” to better guide visitor travel • Restore historic sites • Promote natural and cultural sites • Promote Kairouan abroad

JENDOUBA GOVERNORATE

Challenges	Solutions
<p>Agriculture</p> <ul style="list-style-type: none"> • Infrastructure for processing or producing agricultural products is absent from the region: “The only factor left is the sugar factory. On top of that, it’s a private company.” Woman, 53, housewife (Jendouba) 	<ul style="list-style-type: none"> • Expand the range of irrigation and limit the expansion of residential areas • Provide funding opportunities for farmers • Promote vocational training and establish training centers • Promote agricultural products • Government control over distribution channels and intermediaries • Modernize agriculture overall • Support the start-up of organic farming projects • Set up sales outlets in the delegations • Cleanup the shoreline • Encourage investments that would attract tourists (e.g. a cable car project) • Reopen closed hotels • Develop areas near the Algerian border • Promote tourism as the principal industry in particular regions

Annex 2: Privatization Exercise

TunisAir

For Privatization (46% of participants)	Against Privatization (54% of participants)
<ul style="list-style-type: none"> • To improve the quality of services • Prominently display's the country's image • To restructure the company, limit corruption, and ensure proper management • Air travel is a secondary sector and should not be publically owned • To improve competition in the market 	<ul style="list-style-type: none"> • High risk of failure • Lost public revenue • Inadequate justification for privatization • Reform and anti-corruption measures would be preferable to privatization • The government must take responsibility for the failures of the company

Société régionale de transport (Regional Transportation Society)

For Privatization (32%)	Against Privatization (68%)
<ul style="list-style-type: none"> • To focus on strengthening current shortcomings • To improve the conditions of buses and other services • To provide more buses • To ameliorate the issue of transport availability on holidays and other high-traffic times • The transportation sector is currently in a situation that requires privatization • To increase competition and quality of service • To create wealth 	<ul style="list-style-type: none"> • Transport must be state-controlled • The revenue raised benefits of low-income citizens • To keep prices low • Public enterprises must be helped and supported, not privatized immediately • The government is capable of resolving current difficulties • Tunisians use it daily, indicating it is a public resource

Compagnie nationale de transport interurbain (National Interurban Transport Company)

For Privatization (33%)	Against Privatization (67%)
<ul style="list-style-type: none"> • To improve the quality of services • The government has proved that it is unable to renew buses • To facilitate more effective work there • To improve services overall • To create wealth • To ensure good management practices • Due to the unavailability of transport on holidays and high-traffic periods 	<ul style="list-style-type: none"> • Ticket prices will go up • It must be managed by the government • The low-income citizen is better able to benefit from its services as a public company • The government should be responsible for such sectors and should reform and fight against corruption as opposed to privatizing directly • To support the private sector would be to devalue the capacity of the government • To privatize would go against the interests of the people, particularly vulnerable members of society

Société nationale des chemins de fer tunisiens (National Society of Tunisian Railways)

For Privatization (29%)	Against Privatization (71%)
<ul style="list-style-type: none"> • To improve the quality of services • There is too much corruption in the sector • To expedite the renewal of railways • To improve cleanliness, timeliness, and availability • To improve the condition of trains 	<ul style="list-style-type: none"> • Ticket prices will go up • The quality of services must be improved as opposed to privatizing directly • Railways are an important public sector • To support private sector intervention would be to devalue the capacity of the government to reform • Trains are a means of transportation for people with limited incomes, and privatization would limit state control of prices

Groupe chimique tunisien (Tunisian Chemical Group)

For Privatization (22%)	Against Privatization (78%)
<ul style="list-style-type: none"> • To better protect the environment • To improve productivity • To control and reduce corruption • Scientific research in chemistry should not be monitored and financed by the state • Plant maintenance is needed that would be more likely under private ownership • Privatization would create jobs • Investors should be involved in the evolution of this sector 	<ul style="list-style-type: none"> • To support private sector intervention would be to devalue the capacity of the government to reform • The government should maintain its monopoly over the market • Public ownership preserves the status of the company as Tunisian property • Privatization would harm the country's economy • Privatization would worsen pollution • To maintain state revenue • Privatization would run against the interests of workers • Chemical production is a sensitive sector that should remain public

Compagnie des phosphates de Gafsa (Gafsa Phosphate Company)

For Privatization (28%)	Against Privatization (72%)
<ul style="list-style-type: none"> • Privatization should only occur, if the government can find businessmen who can properly finance the sector • To improve productivity • To create wealth • To bolster state revenue by raising exports • To resolve company difficulties that the government has failed to overcome so far • To better manage natural resources • To create jobs 	<ul style="list-style-type: none"> • To support private sector intervention would be to devalue the capacity of the government to reform • Privatization would harm the country's economy • To ensure proper management • Phosphate is a rare resource and its management should be the responsibility of the government • The government is in a position to effectively address the concerns • To maintain state revenue • To respect workers' rights and provide them more benefits under a public enterprise

Régie nationale des tabacs et des allumettes (National Authority of Tobacco and Matches)

For Privatization (38%)	Against Privatization (62%)
<ul style="list-style-type: none"> • Industrial machinery is more likely to be renewed under private ownership • Privatization would help to resolve disputes between job seekers in the sector • Financial resources currently being spent on improving the company can be allocated elsewhere • Public ownership should only be for “basic” products and tobacco/matches do not qualify • The company would create more jobs under private ownership • The number of smokers will decrease if prices increase, as expected • Increase economic competition 	<ul style="list-style-type: none"> • The country’s economy benefits from public ownership at present • Citizens derive benefits from public ownership as well • It must only be managed by the State • Fear of the price increases • An opportunity to improve the enterprise • Privatization would increase the availability of tobacco • Private owners are more likely to exploit workers and act in self interest

STEG (Tunisian Electricity and Gas Company)

For Privatization (18%)	Against Privatization (82%)
<ul style="list-style-type: none"> • To improve the efficiency/productivity • Sectoral modernization • Cooperation with the State would still be possible • To improve the quality of equipment • To ensure citizen’s purchasing power through public-private partnership • To improve quality of services 	<ul style="list-style-type: none"> • Electricity and gas are important and strategic public sectors • Reform and anti-corruption measures are preferable to privatization • To support private sector intervention would be to devalue the capacity of the government to reform • The country’s economy benefits from public ownership • Private owners are more likely to act in self interest • Privatizing would increase prices

Annex 3: Study Methodology

Objective: This series of focus group discussions was held by NDI from January through February 2020. Since March 2011, NDI has been conducting qualitative research in Tunisia on a regular basis, in order to provide political and civic leaders with objective data on citizens' attitudes. This study aimed to identify citizens' perceptions on the major economic challenges facing Tunisia and citizens' proposed solutions and priorities at the local and national levels.

Participants have taken part in 12 group discussions, held between January 28 and February 5, discussing the following topics:

- The direction of the country and priorities that affect citizens' daily lives;
- Citizens' views on employment challenges and proposed solutions to these challenges;
- Citizens' access to entrepreneurship opportunities and related support programs;
- Citizens' perceptions on priority sectors in their regions and proposed state-led interventions;
- The performance of public enterprises and possible reforms;
- Citizens' views on the informal economy and its possible integration into the formal economy;
- Citizens' evaluation of social security benefits in Tunisia and proposed improvements;
- Perceptions of citizens on subsidized goods and the cost of living; and,
- Citizens' attitudes towards fiscal system reform;

The Institute commissioned ELKA Consulting—a marketing and public opinion research firm based in Tunisia—to organize the study in four Tunisian governorates.

Focus Group Research: Focus groups are open-ended group interviews directed by a Focus Group Analytical Report moderator and following pre-set guidelines. The purpose of focus group research is to understand the attitudes, opinions, and experiences of respondents who are recruited for the exercise. Focus groups are particularly useful in gaining a deeper appreciation of the motivations, feelings and values behind respondents' reactions. In addition, the group format enables respondents to participate in an exchange of ideas—thus providing a more in-depth understanding of why opinions are held—that may not emerge in individual in-depth interviews or quantitative surveys.

Focus group discussions are comprised of a small number of respondents, typically eight to 12 per group.

Depending on the situation, however, groups may be slightly smaller or larger. For example, a women's group in a more isolated area may benefit from a larger guest list because it is likely that one or more of the respondents will refuse to speak at length, even if pressed.

Focus group findings are only a snapshot of opinions at the moment the research is undertaken. The conclusions of this report therefore only represent opinions held when research was conducted in late January and early February 2020. Qualitative research seeks to develop insight and direction rather than quantitatively projectable measures. Due to the sample size, the special recruitment methods used, and the study objectives themselves, it is understood that the work under discussion is exploratory in nature. The findings are not, nor were they intended to be, statistically projectable to a larger population. This kind of projection is strictly the prerogative of quantitative research.

Method: Before conducting the research, NDI developed a moderation guide that reflected the themes and questions they have come to identify as priorities for their various partners and clients in their day to day work in Tunisia. A test focus group was held on January 27, and based on this session, the draft moderation guide was modified to improve discussion flow and to ensure that the topics could be explored within a two-hour session.

From January 29 to February 8, NDI held 12 focus groups with a total of 117 respondents in four governorates across Tunisia: Jendouba, Kairouan, Mahdia and Gabès. To capture the perspectives of a broad cross-section of Tunisian society, NDI divided respondents at each location into three distinct demographic groups:

- 1) Mixed gender youth (ages 21-34);
- 2) Women 35 years old and older; and,
- 3) Men 35 years old and older.

Each group comprised up to 10 respondents. The final gender breakdown was 50 percent men and 50 percent women. Respondents were selected and pre-screened to ensure gender parity and a diverse representation of neighborhoods, socioeconomic backgrounds, education levels, and professions.

Staffing and Logistics: The Institute commissioned ELKA Consulting to organize the study in four regions across the country. A Tunisian citizen trained in focus group moderation techniques by NDI and ELKA served as the moderator for all focus groups in the series. All groups were conducted in the Tunisian dialect of Arabic.

Group Locations: The 12 focus groups outlined in this report were conducted in four locations throughout Tunisia: Jendouba, Kairouan, Mahdia and Gabès (see map on pg. 2). Locations selected for the study were urban or semi-urban areas. Target cities were selected based on their population size, economic weight, geographical location and types of prevalent economic activity.

- **Jendouba** is located at the furthest northwest part of Tunisia. It provides the national economy with a large proportion of strategic food commodities and offers considerable tourist assets focused on a varied archeological heritage and a wide range of international cultural festivals, such as the Tabarka Jazz Festival.
- **Kairouan** is located at the center of Tunisia, known for its important Muslim cultural heritage and religious tourism. The region is equally renowned for its agricultural and artisan activities.
- **Mahdia** is a coastal city situated in the center-east of the country. The region's economy is based on seasonal tourism, fishing and agriculture.
- **Gabès** combines the entry point to the Tunisian desert and coastal access, located at the south-east of the country. The city is industrial, and is specifically known for the treatment of phosphates, which causes high levels of water and air pollution.

In all locations, appropriate venues for focus group discussions were identified to ensure respondent privacy and sufficient space for indirect observation by NDI staff.

Outside influence: Every effort was made to ensure there was no undue influence exerted on the respondents. Focus group discussion guides were not shared with local authorities prior to the sessions. In this study, there was no case in which the findings from one or more groups differed radically from overall findings, which suggests that any local influence that may have occurred did not impact the research.



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