Tunisia Case Study

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The Center for International Private Enterprise is a non-profit affiliate of the U.S. Chamber of Commerce and one of the four core institutes of the National Endowment for Democracy. CIPE is currently undertaking 113 projects in 64 countries. CIPE works in developing countries, involving the private sector in policy advocacy and institutional reform, improving governance, and building understanding of market-based democratic systems. CIPE provides management assistance, practical experience, and financial support to local organizations to strengthen their capacity to implement democratic and economic reforms.
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Since the revolution in 2011 that ousted then-President Zine El Abidine Ben Ali’s regime from power, many in the international community have watched closely as Tunisia works towards establishing a full-fledged democracy that delivers opportunity for all. If Tunisia is successful in this transition, it could demonstrate a framework for many other nations in the Middle East and North Africa (MENA). To that end, the Center for International Private Enterprise (CIPE) sought to build the capacity of Tunisia’s private sector to lead an inclusive, bottom-up National Business Agenda (NBA) effort to serve as a model for issue-based policy advocacy and a democratic, citizen-centric approach to reform. Although economic hardship had been one of the major reasons for the 2011 revolution, delays in establishing a permanent government meant that key economic decisions were repeatedly deferred following the ouster of Ben Ali’s regime. Tunisians felt that long-term reforms needed to wait until permanently elected representatives took office. The first free parliamentary elections since 1956 were held in October 2014 and presidential elections took place the following month. Still, the Tunisian economy was failing its people with high unemployment, soaring prices, and slow economic growth that needed to be addressed. The protracted economic difficulties in turn raised the risk of popular frustration and potential unrest and even radicalization, undermining the prospects of Tunisia’s transition.
THE NBA PROCESS

For reforms to be effective, the broad-based business community needed to be involved in identifying the most important economic challenges, developing reform recommendations, and then advocating the implementation of reforms. The NBA process began when a longtime CIPE partner Arab Institute for Business Leaders (Institut arabe des chefs des entreprises - IACE) signed a Memorandum of Understanding (MoU) with the Tunisian Office of the Presidency in 2014. In addition, two of the country’s most prominent private sector organizations also signed the MoU, thus kick starting the process of developing an NBA. They were the Tunisian Union for Industry, Commerce and Handicrafts (Union tunisienne de l’industrie, du commerce et de l’artisanat - UTICA) and the Tunisian Union for Agriculture and Fishing (Union tunisienne de l’agriculture et de la pêche - UTAP).

In July 2015, CIPE then met with key stakeholders to ensure they clearly understood the NBA process they were about to embark on. While IACE was the most familiar with CIPE’s NBA model, UTAP and UTICA also expressed support for the effort. However, the two organizations did have some concerns about finding consensus on reform priorities, since the UTAP’s members are mostly farmers and fishermen, while UTICA’s members mainly consist of firms in the trade, industry, and handicraft sectors. CIPE undertook several activities, including organizing an NBA workshop, that increased the understanding and readiness of IACE, UTICA, UTAP, and government representatives to effectively participate. Afterwards, all parties committed to supporting an inclusive NBA process where the needs and concerns of all stakeholders would be taken into account.

Collectively, these efforts laid the foundation for the process and allowed for Tunisia’s NBA effort to take shape. IACE was able to establish an NBA Steering Committee with a common understanding of the NBA process. The Committee includes representatives from IACE, UTICA, UTAP, and the Office of the Presidency. It meets regularly to coordinate NBA efforts, discuss substantive issues, oversee progress, and approve key strategic decisions. This structure allows for communication and coordination both among Committee members and between private and public sector representatives. This responsive structure helped the various stakeholders build trust and work collaboratively, ultimately instilling the value of collective action into all organizations involved.
Tunisia’s NBA is unique. A classic NBA process that CIPE has supported in countries around the world involves business-led bottom-up consultations with local businesses on concerns and priorities, formulating holistic reform recommendations by theme and priority, and developing proposed draft laws and advocacy campaigns. That consultative process took place as a part of Tunisia’s NBA, yet key innovations made it more dynamic in nature. Unlike traditional NBA efforts, the outcome here is not a static document presented to the government but a dynamic “umbrella” initiative seeking economic in the short and longer terms, working with a variety of stakeholders from the private, public, and civic sectors. On one level, IACE used the NBA mechanism to implement “quick wins” to reduce citizens’ frustration with government inaction on the economy. On another, the dynamic process preserves the NBA’s crucial democratic spirit through bottom-up information gathering through private sector surveys, ongoing dialogue with the government, and fact-based advocacy to drive systemic reform over time.

Throughout the process, the NBA Steering Committee has remained responsive to ongoing reform issues in Tunisia and identified openings to engage various branches of the government on a wide range of issues, such as the Investment Law and ongoing negotiations on the Deep and Comprehensive Free Trade Area (DCFTA), a proposed trade agreement between the EU and Tunisia that has been under discussion since October 2015. The NBA has begun fostering new, inclusive mechanisms for governance. Instead of the government consulting experts and telling citizens what needs to happen, policymakers are increasingly basing their decisions on what they hear from the private sector and citizens. At the same time, businesses across Tunisia are learning that their civic participation can have an impact.
The framework for the NBA involved three complimentary pillars: Addressing Urgent Needs (Pillar 1), Advancing Reforms Underway (Pillar 2), and Driving Long-term Reform Efforts (Pillar 3).

**Pillar 1: Addressing Urgent Needs**

For too long, the government failed to meet the basic needs of the people and as a result frustration led Tunisians to the streets in protest in 2011. Although the NBA aims to establish long-term economic reforms, the Steering Committee realized that citizens also needed more tangible evidence that the government was working to make things better for citizens. To address this concern, IACE, with CIPE’s support, developed SOS IJRAAT, a service to help businesspeople across Tunisia resolve bureaucratic inefficiencies and barriers they encounter in real time. Each call to the SOS IJRAAT hotline or application on the service’s website is turned into a case file, which the NBA Committee reviews and then sends to the relevant government agencies for specific action. Each step of this process is recorded so that those who filed the complaints so businesspeople can track their problem’s resolution online.

Since SOS IJRAAT’s launch in November 2016, over 1,200 businesses have reported the bureaucratic barriers faced, and roughly 40 to 50 cases were resolved over three years in collaboration with the responsible ministries or government agencies. This mechanism allowed for “quick wins,” such as helping business owners negotiate loan terms, solve customs issues, and receive payment for completed work done under public contracts, so citizens could see the government responding to their needs and making progress. IACE and the government also used the calls and online reports to identify systemic problem areas and began engaging in wider reforms.

**Pillar 2: Advancing Reforms Underway**

Pillar 2 of the NBA focuses on reform efforts that are currently underway in Tunisia. IACE has conducted a series of surveys that provide vital private sector feedback to the government on Tunisia’s most urgent economic issues. The first survey, conducted in May 2016, included over 500 businesses of various sizes and sectors across Tunisia and focused on the free trade agreement Tunisia is negotiating with the European Union. The survey showed that the Tunisian industrial sector was much more open to the agreement than the agricultural sector. IACE offered the results of the survey to policymakers to help them determine their negotiating positions for the agreement.
The second survey, conducted in September 2016, asked 540 small, medium, and large companies from major sectors of the Tunisian economy for their feedback on the government’s progress in fulfilling economic promises made in the so-called Carthage Accord. The Carthage Accord, signed in 2016 by Tunisian political parties, the national labor union, and two business associations (UTICA and UTAP), laid the foundation for the formation of a unity government, and set out the objectives for lifting Tunisia out of its prolonged economic, political, social, and security uncertainty. IACE compiled and used this data to create a private sector Government Satisfaction Index (GSI), which has been updated quarterly to evaluate the government’s improvements and its ability to enact its strategy over time.

The third survey, the Quality of Administrative Services (QAS) Survey conducted in the summer of 2017, was fielded to 400 Tunisian businesspeople, collecting opinions on the overall performance of Tunisian ministries, the business community’s satisfaction regarding the services delivered by the ministries, and constraints faced by business when trying to use these services. Respondents rated private sector-focused ministries and government services on a range of characteristics – efficiency, transparency, corruption, competency of personnel, quality of service and hospitality, timeliness, proximity to business centers, existence and accessibility of online information, and quality of communication. IACE plans to undertake this survey annually, giving the private sector and the government the ability to compare changes in performance year after year.

**Pillar 3: Driving Long-Term Reform Efforts**

The third pillar of Tunisia’s NBA closely mirrors the “classic” NBA model and includes research and multi-stakeholder consultations on economic concerns and priorities, in order to synthesize this information into a series of thematic policy papers that lay out major problems, their causes, and proposed solutions.

One NBA working group was established to focus on the issue of self-employment. Comprised of members from various government ministries (Finance, Investment, and Justice), as well as UTICA, UTAP, IACE, and Uprod’it (Tunisia’s biggest association of freelancers), the working group first developed a policy paper and then a draft law, which was submitted to the Tunisian parliament for discussion. The NBA Steering Committee also submitted a draft law to the government’s administrative tribunal to reform the right-of-appeal process for businesses, and a special government commission has been set up to examine the issue.

A finalized NBA document synthesized all the NBA’s work into one document, with key reform areas explained, major laws analyzed and specific, technical recommendations presented. Now, IACE is continuing to work with allies to advocate specific reforms, and to hold roundtables with private sector constituents to get their feedback. Furthermore, the NBA is making some progress in becoming an embedded and institutionalized mechanism: it is mentioned in Tunisia’s new, long-awaited investment code. The new law establishes an investment body within the Ministry of Investment, and states that this body should use the NBA as the preferred source for investment-related policies and reforms that it proposes to Tunisia’s High Council on Investment.
In 2017, CIPE leveraged the NBA experience to help local stakeholders begin to undertake Regional Business Agenda (RBA) efforts in the regions of Sousse, Bizerte, and Kef. These RBAs were seen as the first steps to establish a more local dynamic to the Tunisian NBA – one that would both increase regional-level efforts to improve the business environment, while also increasing the bottom-up dynamic of the whole NBA effort.

With IACE support, each region formed a multi-sector RBA Committee. Over the course of several roundtables, each region agreed on one major local issue they wished to address. For Sousse, the weekly open-air market was the priority issue to address; its chaotic and unregulated nature hampered business, encouraging corruption and informality, and posing both health and security risks to merchants and clients alike. Bizerte focused on its technology parks – or technopoles as they are called. These properties are designed to group together firms and research centers related to one or more technology sectors, to facilitate knowledge sharing and innovation. In Kef, participants agreed to address the issue of desertification and the olive sector. They proposed a project to advocate planting of 40,000 hectares of olive trees in the southern part of Kef. Such efforts help anchor and restore the soil, and olive trees can go into production after only three to four years. In turn, olive production helps boost the sector’s larger value chain and create jobs.

While none of the three regions developed formal agendas, each built consensus on the need to address one major issue, researched solutions, consulted stakeholders, and developed recommendations. More importantly, these local leaders got to know each other, built trust, learned to work together, and made progress for their regions based on their own priorities. To reinforce regional efforts and encourage national-regional links within the NBA, IACE also held a Regional Business Agenda strategy session in October 2018. The event gathered 16 members from the three RBA Steering Committees and the NBA Steering Committee. RBA representatives presented their regional issues to all present, after which the NBA Steering Committee presented its own work thus far. These presentations, in turn, stimulated lively discussions among regional and national actors about issue choices, advocacy approaches, and the potential for future synergies among regions and between the national and regional advocacy levels.
The NBA process in Tunisia has established itself as a successful public-private dialogue mechanism, adapted to Tunisia’s context and flexible enough to respond to its complex environment. Through its three-pillared structure, it has been able to both tackle immediate barriers faced by individual business people while also strengthening links between the private sector and policymakers and fostering extensive and productive exchange on the economy. In total, NBA consultations, roundtables, committees, and working groups have so far convened over 1,400 people to discuss reforms and specific economic issues, and IACE surveys have consulted over 2,000 more business leaders nationwide.

As it has supported collaborative economic action, the Tunisian NBA process has also reinforced inclusion and collaboration among NBA Steering Committee members from different sectors, as well as engaging other ministries and private sector organizations in substantive discussions. Moreover, NBA actors are being recognized at the highest levels as productive and respected stakeholders in economic reform. As a result, IACE has been granted an observer status with the Tunisian Parliament’s Economic Committee – the only private sector actor so far accorded this privilege.

This new public-private dynamic is not just helping find consensus on, and solutions to, the biggest economic challenges facing the country, but also reinforcing the kind of ongoing multi-stakeholder collaboration that is key to good governance and democratic development.