

Tackling Regional Inequalities in Tunisia

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Key messages

<p>Tunisia's new constitution aims for more equitable distribution of prosperity and opportunities across regions. This is hampered, however, by both structural and political constraints.</p>	<p>Tunisia's current decentralisation policies have hindered emergence of 'developmental' subnational actors with sufficient autonomy and accountability to catalyse local-level development.</p>	<p>A territorial approach to local development in Tunisia could help pinpoint opportunities for local agency and partnerships geared to unleash local potentials – particularly in terms of economic growth and jobs. It could also provide incentives for enactment of enabling national policies, such as development-friendly decentralisation reforms and strategies for urban and rural economic growth.</p>	<p>As donor agencies adopt their 'second generation' of regional development programmes in Tunisia, clear opportunities are available for better integrating the spatial dimension of development into national and sector policies.</p>
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1. Introduction

Tunisia's political transition was crowned with the Nobel Peace Prize in 2015, though reactions to the award were mixed within the country. In 2016, the country's political transition was still on track, but economic development remained slow and uneven. Moreover, the deteriorating security situation increasingly dominated public debate, and Tunisia's inland regions remained cut off from economic development. In January 2016, a wave of protests regarding unemployment began in the eastern city of Kasserine. These quickly spread, leading to clashes between unemployed youths and the police in the capital and beyond. This recent wave of unrest exposed the deeper socio-economic malaise in the country's interior and was illustrative of the profound spatial and social inequalities prevalent in Tunisia today (*Le Monde Afrique* 2016).

Local development in Tunisia has, paradoxically, always been the responsibility of the central state. The centralist system was inherited upon independence in 1956, and further cemented in the decades following. An export-oriented economic model was adopted during these years, with investment and growth concentrated in the coastal regions and a bourgeoisie elite controlling the political and economic heart of the nation. Broadly speaking, the country had two distinct partitions. There was the coastal zone, which was increasingly integrated into the global economy. Then, there were the inland regions, dependent on state support in the form of social transfers and assistance policies. Politically, the municipal level had little decision-making power, and local government links with citizens were tenuous at best.

Consensus, however, has now emerged that development will need to come from below, in tandem with appropriate government policies. Tunisia's new Constitution of 2014 stipulates that local authorities be empowered to tackle local development issues; indeed, it posits this as critical for socio-economic development. The political decentralisation process, nonetheless, is moving painstakingly slowly, and municipal elections have been repeatedly pushed back.

In 2015, the Tunisian government presented a national strategic development plan for 2016–2020 (MDICI 2015). That plan outlines a number of economic and social reforms with a local or territorial footprint, while also restating the government's aim and constitutional obligation to find adequate solutions to the challenges of regional inequalities. Some aspects of the plan have been criticised as overly ambitious and economically unrealistic. Certainly, the projected annual growth figure of 5% may be a stretch; but this is not the key to solving the inequality issue.

This paper addresses decentralisation as a political process of empowerment of citizens and local authorities. It argues that, especially in view of the need to reduce regional inequalities and improve social cohesion in Tunisia, a territorial approach to local development could be as much a bottom-up process as a matter of centrally-driven political reform. As part of ECDPM's expanding work on territorial approaches to local development, this paper seeks to reframe issues associated with regional disparities and explore options and opportunities for a spatially-integrated perspective on regional development in the country. A more explicit territorial approach could advance various ongoing processes, including reforming the fiscal system and social policies, decentralisation of service delivery through public–private partnerships (PPPs) and even revamping customs legislation. Donor agencies have invested heavily in the Tunisian political transition and are well placed to engage in a spatially integrated approach to strengthening local development and even local governance.

2. Local development in Tunisia: Aspirations versus political and economic realities

The economy remains the sore thumb of Tunisia's transition. From 2011 to 2015, economic growth in the country averaged only 1.5%, and unemployment rose from 13.0% in 2010 to 15.3% in 2015. This meant that two out of every five young Tunisians were jobless. Unemployment hit those with a higher education degree hardest, as more than 30% were jobless in 2015, according to figures from the Tunisian National Statistical Institute (INS). Unemployment rates were also particularly high in the Central-West and Southern regions.

Throughout Tunisia economic and social opportunities have continued to lag far behind demand. Nonetheless, the poorest regions – the North-West, Central-West and South-West – were home to 70% of the country's extreme poor and 55% of all of the poor in 2015, although they accounted for only 30% of the total population.

Table 1: Unemployment in Tunisia (%)

	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
Unemployment rate	12.5	12.4	12.4	13.3	13.0	18.4	17.1	15.9	15.1	15.3
Unemployment rate (those with higher education degree)	17.0	18.7	20.6	23.4	23.3	34.0	31.8	32.5	30.9	30.2%

Source: National Statistical Institute (INS), Tunisia; www.ins.nat.tn/indexfr.php.

While political transition has remained on-track and legislative reform has continued following the constitutional process, the country seems unable to provide better opportunities for its population. The security situation has deteriorated, with recent incidents of violence overshadowing development aims. In November 2015, a state of emergency was declared following a series of deadly attacks. At the same time, civil unrest about the lack of jobs gained momentum. In January 2016, the protests became violent, leading to imposition of a nationwide curfew (*New York Times* 2016). Demand for jobs and prospects for the future have continued to mobilise citizens by the thousands in Kasserine, Sidi Bouzid, Regueb, Jebeniana, Hamma, Gafsa, Jendouba, Ghar Dimaou, Tibar, Siliana, Beja, Jendouba, Kef and Tunis.

In Kasserine, unemployed youths gathered to vent their rejection of the centralist approach to regional issues, denouncing the heavy-handed and often corrupt bureaucracy that continues to cripple the region's development potential. Demonstrators, often led by the labour union UGTT (Union Générale Tunisienne du Travail) and the Tunisian Human Rights League, demanded a meeting with Kasserine's governor to discuss ideas for regional development, civil society involvement and employment. These meetings never took place, however; and the situation in Sidi Bouzid was much the same (*Nawaat* 2016). In Tunis, demonstrations were organised by a union of unemployed graduates (the Union des Diplômés Chômeurs) and the UGET student union (Union Générale des Etudiants de Tunisie). These again underlined the need to create jobs and real opportunities, regardless of the political framework.

2.1. Spatial inequalities with negative spill-over effects on social cohesion and development

Tunisia's wider socio-economic disparities are rooted in dichotomies deeply entrenched in the Tunisian model:

- *economic duality*, with a dynamic export-oriented sector in the coastal regions alongside protected and stagnant interior regions;
- *spatial dichotomy*, with thriving regions along the coast and impoverished interior zones;
- *a differentiated labour market*, with secure jobs, mostly in the public sector, in contrast with rising unemployment and job insecurity in the private sector – particularly affecting young and more educated Tunisians (IBRD et al. 2015).

A 2014 World Bank study concluded that behind the façade, 'Tunisia's economic environment was (and remains) deeply deficient' (ibid.: 6). The country's urban and coastal elites had retained their strong influence on economic activities, decision-making and politics. In the past, economic and regulatory policies were designed to maintain the privileges of the elite class, and even today they continue to produce social and economic exclusion of the majority of Tunisians.

Consumption in Tunisia has grown since the early 2000s, but this has not reduced regional disparities. While income inequality did diminish somewhat overall between 2000 and 2010,¹ gaps between regions widened significantly over the same period.² Unemployment remained especially high in the rural areas of the interior. No official poverty figures are available for the country after 2010. However, in the absence of official data, the World Bank estimated that poverty had increased immediately after the January 2011 revolution, as the economy plunged into recession, contracting by 1.9% (IBRD et al. 2015). Tunisia's

¹ The Gini index went from 0.375 to 0.358 in those years.

² North-West and Central-West Tunisia went, respectively, from 14.2% and 22.0% poor in 2000 to 19.1% and 27.7% in 2010.

National Statistical Institute (INS) reported increased unemployment, from 13% in 2010 to 18.4% in 2011. By 2015, joblessness had stabilised at 15.3% -- significantly higher than before the transition.

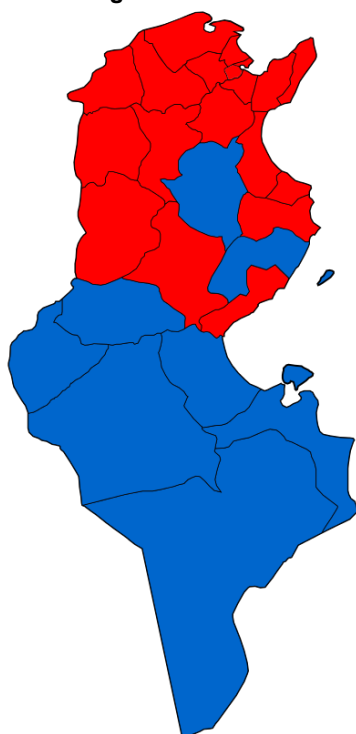
Tunisia's economy has remained characterised by heavy state regulation and elite capture of opportunities. Vested interests, poor institutional arrangements and an overly-centralised, top-down governance model continue to hamper prospects for large-scale reform (ibid.). Similarly, current economic policies have entrenched and at times even exacerbated regional disparities (World Bank Group 2014). Thus far, neither economic policies nor the approaches taken by international partners have yielded accelerated growth or more equitably shared prosperity.

2.2. Tackling regional disparities: Constitutional development and long-awaited decentralisation

Tunisia's new constitution, adopted by the National Constituent Assembly in 2014, prescribes that a balance be maintained between the regions, to achieve social justice. Praised as one of the Arab World's most progressive constitutions, it ascribes decentralisation a major role as one of its general principles (Title 1, Art. 14), while also underlining the importance of local authorities (Title 7, Art. 131–142).³ Yet, even though decentralisation is anchored in the constitution, the country has struggled to let go of its centralist heritage, especially since the 2014 elections. Figure 1 presents the geographical division of the country's two major political blocs, roughly between the coastal north and the southern interior.

Shortly after Beji Caid Essebsi's inauguration, demonstrations and riots erupted in several southern towns with protesters accusing Nidaa Tounes of bringing back Ben Ali's old guard (EFDS 2015). Decentralisation, therefore, touches on major political fault lines in the country. Empowering local authorities in this context would alter Tunisia's political balance. Progress therefore has been slow because of political foot-dragging and administrative resistance from the Ministry of the Interior, though the latter has been mandated to enact decentralisation reforms.

Figure 1: Voting results in Tunisia's 2014 parliamentary elections.



Red governorates were won by Nidaa Tounes
Blue governorates were won by Ennahdha.

³ https://www.constituteproject.org/constitution/Tunisia_2014.pdf

Box 1: Decentralisation in the Tunisian Constitution of 2014

The Tunisian Constitution of 2014 foresees a decentralisation process aimed at improving equality and solidarity between the regions. Article 12 stipulates that the state seek to achieve social justice, sustainable development and a balance between the regions. Article 131 states that decentralisation should be achieved through local authorities (comprising municipalities, districts and regions). To implement these constitutional provisions and actually improve local governance for more equitable economic development, these constitutional mandates will need to be converted into legal obligations (Nawaat 2015).

A number of legislative changes have been under development since 2014. In January 2016, a draft law on local authorities was presented in parliament (GOT 2015). Translating the constitutional objective of territorial decentralisation into legislation, however, has been difficult. The issue is sensitive, and a number of fundamental questions have remained:

- What is the strategic vision for decentralisation?
- How can capacity constraints and lack of competences on the ground be addressed (these are often the result of the prevailing geographical disparities)?
- What kinds of social transfers and social policies would a decentralised Tunisia need?
- How can municipalities' weak organisational, financial and political capacities be remedied?
- What role should local authorities play in local development?

In 2013, the International Development Centre for Innovative Local Governance (CILG) assessed the institutional, operational and financial capacity of 12 Tunisian municipalities, bringing critical shortcomings to light regarding leadership, strategic planning and PPPs (CILG 2013). Few local authorities were adequately equipped to support vulnerable groups. Most relied on the highly contested municipal investment programmes (*Programme d'Investissement Communal*).

The first article of the 1975 law governing municipal organisations did foresee local authorities' participation in economic, social and cultural development, in contribution to national development plans. However, municipalities have been unable to play this role due to a lack of local leadership and no clear mandate. The isolated initiatives that municipalities have undertaken were often poorly organised and structured. CILG concluded that 75% of municipalities did not have personnel qualified in strategic planning in their employ. Sparse municipal communications was a contributor to low citizen participation rates. None of the municipalities examined in the CILG study had a local economic development plan; and few carried out analyses of the local economic situation.

Of course, there is a budgetary aspect to the weakness of Tunisian municipalities. Municipal budgets represent only 4% of the country's total public spending. The huge differences in budgets between the urbanised coastal municipalities and those in the interior are emblematic of regional inequalities (*A/Huffington Post* 2016). In this context, political reform has remained a matter largely driven from the capital city, though decentralisation reforms have been continually delayed by political divisions. Regional development thus continues to be seen as a national competence.

Given Tunisia's centralist history, the transfer of competencies to the local level cannot be expected to happen overnight. However, a top-down decentralisation process might be created that includes both strengthening the competencies of local authorities and targeted, bottom-up initiatives involving local actors in various stages of planning and implementation.

Box 2: Citizen views on local democracy and economic development

Many consider Tunisia's democratic transition to be as yet incomplete, as borne out by citizen polls and communiqués of international institutions and bilateral partners active in the country. These sources also indicate that local economic development is seen as the biggest challenge Tunisia faces today. Several polls, moreover, indicate dwindling confidence in the economic recovery and in democratic development. Trust in authorities is particularly low at the local level.

A greater share of older Tunisians (54%) perceive democracy as generally preferable to other types of governments, compared to young Tunisians (43% in the 18–29 age bracket). A 2014 Pew Research Center study among Tunisians suggests that attitudes towards form of government may be associated with availability of opportunities and economic prospects. A 2015 Gallup World Poll confirmed diminishing confidence among Tunisians in their economy (Fakhreddine and Owen 2015). Some 45% said they expected 2016 to be worse for them personally than 2015, and 61% expected the economy to deteriorate in 2016 (Al Huffington Post 2016).

While trust in the economy was generally low, most rural Tunisians (92% of rural women and 82% of rural men) believed that communal organisations (organisations communautaires) could be an important force for local development. However, young Tunisians strongly doubted whether their voices would be heard. Rural and urban areas exhibited considerable differences on this too, again attesting to regional disparities and social exclusion. Three times more young people in urban areas expected to be able to influence local development. This was the case for only 11.5% of young men and 12.4% of young women in rural areas, compared to 38.0% of the men and 38.9% of the women in urban areas (IBRD 2014).

The challenge posed by regional disparities is substantial. Some 56% of the population and 92% of all industrial firms are located within an hour's drive of Tunisia's three largest cities: Tunis, Sfax and Sousse. These coastal urban centres are hubs of economic activity, accounting for 85% of the country's GDP (World Bank Group 2014). Fiscal and financial incentives have proven unable to attract more than 13% of foreign firms to establish themselves in the 'regional development zones'. Similarly, income disparities between the regions remain high, even extreme.

The Tunisian government released its national strategic development plan through the Ministry of Development, Investment and International Cooperation (MDICI) in late 2015 (see MDICI 2015 for a synthesis in French). This ambitious plan projects a 5% average economic growth rate for 2016–2020 and identifies regionalisation as one of its cornerstones, under the heading of achieving regional objectives (*'concrétiser les ambitions des régions'*).

The same document announced a review of the territorial reorganisation (*'aménagement du territoire'*), development of an adequate financing system for regional development, and new impetus to the decentralisation process. Scenarios were presented for a new communal organisation (*'nouveau découpage communale'*) and studies outlined for defining the respective roles of the central government and regional and local authorities. While the plan has been criticised as overly ambitious and premised on flawed economic projections, it does restate the government's objective and constitutional obligation to find adequate solutions to the challenges of regional inequalities.

To this end, a multi-track, integrated territorial approach to local development could be exploited, with bottom-up initiatives providing testing grounds for future national reforms. However, strengthening the territorial dimension of domestic reform agendas will be feasible only with continued government commitment to genuine regionalisation and decentralisation. This constitutional obligation features prominently in the emerging national development strategy. However, democratic decentralisation has important electoral implications for the country as well.

The last parliamentary elections show supporters of the two, currently largest political parties as geographically split between the northern coastal regions (won by Nida Tounes' secularist government party) and the southern interior regions (won by the Ennahda Movement, of the Islamist opposition party). Democratic decentralisation and political empowerment of regional and local authorities will therefore inevitably entail a reshuffling of the political cards, which could affect the political willpower to carry it through. Decentralisation will also require effective engagement of partners. Frameworks such as Tunisia's five-year strategic development plan, scheduled for presentation at the 2016 spring meeting of the World Bank and International Monetary Fund (IMF) in Washington, DC, could provide scope for increased local development support.

3. Territorial development and the spatial dimension of domestic reform and international support in Tunisia

Like many African countries (particularly the French-modelled ones), Tunisia has taken a strictly phased approach to its political transition. Decentralisation is the subject of ongoing political negotiations at the central level – regarding enactment of a decentralisation law, redrawing municipal and/or regional boundaries and reassessment of local authorities' competencies. Passing national reforms is considered a precondition for any form of local development initiatives to be effective. However, understandings of decentralisation and its links with local development have evolved significantly in recent years.

3.1. Current thinking on territorial development

The traditional perspective on decentralisation looks at local authorities through a purely managerial lens, considering decentralisation as a technocratic, public sector reform geared towards redrawing boundaries and readjusting local competencies by transferring responsibilities from one layer to another. This massive political undertaking tends to require huge amounts of political capital, both at the national level and locally. Substantial legislative change is also usually involved, to accommodate administrative, fiscal and, in some cases, political and democratic decentralisation reforms.

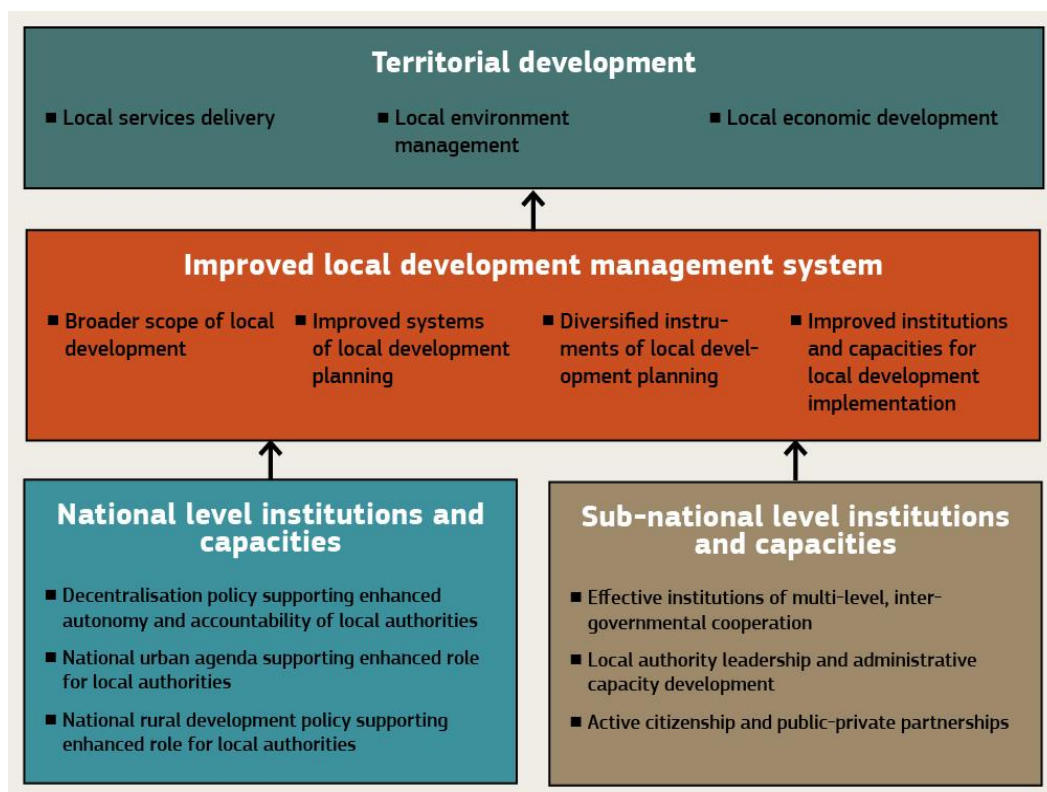
Increasingly, however, donor agencies and governments are moving towards a more developmental view of decentralisation, seeing it more as a political process of empowerment of citizens and local authorities. Local authorities are then considered instruments for this empowerment. Such a view shifts the debate from the transfer of competencies to the developmental role that local authorities might play in relation to other key social actors, including civil society and the local private sector. Rethinking the concept of local governance as the interactions between citizens and authorities for and in association with their development allows local authorities to be recast as potential development agents, regardless of the state of public sector reform in a country. It also makes circumventing local governance systems, however weak or promising they may be, a less favourable option for donors. Engaging with local systems is thus no longer dictated by efficiency considerations, but instead becomes a key component of local development.

This is where territorial or spatial development comes in. In many countries, not least Tunisia, development and opportunities are unevenly distributed geographically. Rapid urbanisation has further deepened inequalities between regions. Traditional responses to spatial inequalities in Tunisia – as elsewhere – have been public investment schemes, infrastructure works and social transfers from the public purse to local entities.⁴ These centrally-steered initiatives have tended to have limited effect, however, as they target symptoms rather than looking at why and how territorial differences exist.

The territorial approach has been defined in multiple ways, often according to the sector in which the term is used (Romero 2014). Here, in addition to framing the objective of local development as a gradual and fundamentally political process across sectors, we consider the territorial approach to local development simply as adding a spatial dimension ('where', 'how' and 'why'). It takes real territorial entities as its starting point, with the defining socio-economic, geographical and/or environmental characteristics of each (so, not merely official boundaries). This produces a more realistic and cross-sector view of local development. Reframing the issue of local development within territorial realities also allows a more diversified approach to local development. Avoiding the traditional, phased approach built on transfer of competencies and funds, the territorial approach places the focus on opportunities at the local level. Territorial development in essence is a multidimensional endogenous process involving a range of sectors and building blocks. From a territorial perspective, a variety of national and subnational thematic and sectorial policies can be addressed, regardless of the state of a top-down decentralisation process (Figure 2). The following section illustrates application of this approach to a number of pressing issues in Tunisia, to identify opportunities for applying a territorial approach with effective results.

⁴ In absolute terms, fiscal transfers from the central budget have increased by 8% since 2010, however, there has been no increase in their impact on the functioning of local authorities. For an overview of fiscal transfers and investment schemes in Tunisia, see Turki and Verdeil (215:11-45).

Figure 2: Building blocks of territorial development, integrating a spatial component into subnational and national policies



Source: Framework developed and used by the European Commission (DEVCO Unit B2) in regional seminars on territorial approaches to local development.

3.2. Territorial dimensions of ongoing domestic reform processes

Implementation guidelines for the 2016–2020 national strategic development plan describe the plan as an ‘integrated societal development project’ (MDICI 2015). This refers to the plan’s incorporating regional dimensions with economic, environmental and social dimensions. An underlying principle is ‘inclusion as a basis for social justice’. This narrative of an alternative and integrated development model could pave the way for a less technocratic interpretation of the administrative, economic and social reforms being proposed by the current government. Figure 3 presents the reform proposals that are currently on the table, albeit in varying levels of detail.

Figure 3: Proposed economic and social reforms in Tunisia

Source: MDICI (2015: 14).

Many of the national reform proposals have a fundamentally local or territorial footprint. Obvious examples are the reform of the public investment code, fiscal reforms and the new customs legislation, though other sensitive issues are also being tabled, like the more than 40-year-old compensation fund which subsidises basic commodities like grain, flour, cooking oil and school utensils.⁵ Broadly speaking, the investment code reforms are aimed to attract foreign and domestic investors through deregulation and providing fiscal incentives for companies to invest in certain sectors. The current draft identifies regional development as a priority. However, the language remains vague and local/regional inputs to the draft have been limited to consultations.

Another national reform with local implications is the law recently adopted on PPPs. The new legal framework seeks to facilitate delegation of public services and infrastructure works to the private sector to improve efficiency and boost the profitability of key sectors. Examples are green energy, transport infrastructure and waste management (Chandoul 2015). Most PPPs are essentially local. At this decentralised level, local authorities have a strong role to play, alongside other stakeholders, in enabling these partnerships to yield real development results.

In a similar vein, a strong territorial vision will be needed in the ongoing revision of the customs law, to tackle the particular challenges that face the country's border regions. Tunisia's economic structure differs in fundamental ways from those of its neighbours, which has fuelled informal cross-border trade, smuggling and crime.⁶ In this context, customs reform should ideally be part of an integrated territorial approach that takes local realities as its starting point to transform local border economies.

These reform projects, as well as many other sector reform initiatives, could provide valuable testing grounds for a territorial approach to local development. Sector reform also has the potential to gradually empower local authorities and strengthen their decision-making capacities, even if only in an implementation mode.

⁵ Some 20% of the state's budget was allocated to the '*caisse de compensation*' in 2013. Neighbouring countries had similar schemes, but for different products, fuelling smuggling of subsidised goods. Many people continue to rely on these subsidies, making reforms a sensitive matter.

⁶ To illustrate, the import duties on basic products such as bananas, tea, refrigerators and air conditioners were typically more than 30% higher in Tunisia than in Libya. See Rouine (2015).

As the legislative follow-up to the constitution becomes more tangible and legislative projects are adopted, there will be opportunities to review this ensemble through a territorial/local development lens. Many of reforms will benefit from a degree of regionalisation, and indeed, many seem to already integrate at least the language of decentralisation. The shape of the territorial dimension of these reforms now needs to be defined, addressing the respective roles of subnational and local authorities.

3.3. No local development without citizens

Civil society is another key player in domestic reforms and other policy changes. Tunisia has a rich history of civil society action at the national and local level. It was civil society that mediated and brokered the country out of crisis. Yet, Tunisian civil society has been tightly regulated in the past, its role limited mainly to charity work and assistance in basic service delivery.⁷ Since 2011, considerably greater space has been opened for civil society to engage in politics. Whereas involvement in political consultation used to be reserved for social dialogue partners, today, every statement made in the Tunisian national political arena is scrutinised by an increasingly mature body of civil society organisations (CSOs) and special interest groups. As such, most of the reform projects mentioned in the previous section continue to be the subject of intensive public debate.

At the local and regional level, however, this is not yet the case. A territorial approach to sector and administrative reform would require local authorities to engage with citizens on a new basis. An organised civil society that can monitor and advocate locally will therefore be a key component of any territorial strategy.

Today only a limited number of Tunisian CSOs are equipped to take on the role of facilitator at the local level. Nonetheless, experimental forms of bottom-up facilitation involving Tunisian CSOs and the international community could provide important learning opportunities for local development. Transparency in decision-making, municipal communication, social dialogue and municipal investment planning at the local level are all structural entry points that could be approached regardless of progress on national reforms.

Citizen participation in municipal affairs is not an end in itself. But given the tense relationships between local authorities and citizens in many places, sector initiatives could bring local authorities out of their isolation and participation in local service delivery could build a level of trust. Water management, waste management and basic infrastructure projects concern large segments of the population and already fall within the purview of local authorities.⁸ Initiatives that build a participatory local governance dynamic, even on a small scale, can break through the isolation, the climate of mistrust and the strong sense of marginalisation existing in many of the less affluent regions. Working from the bottom up with citizens and local authorities could pave the way for larger-scale sector reform.

3.4. Policy renewal by donor agencies: Opportunities in 2016

The year 2015 was a turning point for international cooperation in Tunisia. Finalisation of the constitutional process and election of a new government in 2014 shifted attention from political transition back to economic development. This has necessitated new approaches among donor agencies. A number of European development partners, including Denmark, the Netherlands, Sweden and Switzerland, conducted reviews of their interventions since 2011. The results, however, paint a rather disappointing picture of European engagement in North Africa. Of course, as the only country in peaceful transition, Tunisia is touted as the region's success story. However, its economic malaise begs a more sombre analysis of almost half a decade of support to transition.

⁷ *Observatoire Tunisien de la Transition Democratique* (2011).

⁸ An example is CILG's work on municipal waste management in Médenine, as part of the Danish-funded "Support for Urban Democratic Governance and Local Economic Development in Tunisia (PAGUDEL) programme.

Virtually every European donor agency, political foundation and development partner has established a country or regional programme in Tunisia since 2011. Yet, coordination between donors continues to present major difficulties. EU member states do share information relatively systematically, but real coordination of interventions remains rare. Among smaller funding organisations, such as political and private foundations, competition for capable implementing partners has fragmented operations, likely diluting their impact.⁹

Many international interventions can be linked to tangible results, especially the technical support provided to the transition process and support to Tunisian local actors. However, overall the picture is one of a rather fragmented collection of efforts, particularly where local development is concerned. Though many interventions have produced clear outputs and were generally well implemented, their sustainability and structural contributions could reasonably be questioned (see, e.g., DANIDA 2015).

With this in mind, a number of major donors are revamping their country policies and operations. The World Bank itself is developing a new support strategy for Tunisia. However, in October 2015 it had already approved a US \$500 million loan for 'governance, opportunity and jobs development policy' to help cope with the economic fallout of the recent terrorist attacks (World Bank 2015). In 2015, the European Union not only revised its Neighbourhood Policy to address political shortcomings in its involvement in the region, it also approved €116.8 million in new funding to strengthen the security sector and support socio-economic and regional development (EC 2015a).¹⁰ These interventions -- in addition to a €300 million loan (EC 2015b) -- are now being elaborated, meaning that their priorities and orientation are still being defined. A number of other development partners, such as the Swiss and Dutch are also reviewing or have recently reviewed their regional or country strategies to better respond to the new realities in North Africa.

Most of these changes can be described more accurately as reorientations than fundamental rethinks. In fact, major donors have for years placed local development and reducing inequalities at the top of their priority lists. Many have provided budget support, project support and technical assistance to the Tunisian authorities to underpin national reforms, while also working locally at the governorate level. So there seems to be no immediate shortage of development initiatives seeking to address regional disparities and uneven economic development. As often the case with bilateral support, however, sector visions on local development are relatively easily developed; effectively linking these to national reforms is the more onerous task.¹¹

As donors are adopting their 'second generation' of regional development programmes in Tunisia, the country's political transition is giving way to a staggering array of administrative, social and economic reforms emanating from the capital in Tunis. Some of these are moving quickly, while others are proceeding at a more gradual pace. Even if the constitutionally-mandated political (democratic) decentralisation process remains somewhat unclear, opportunities remain for strengthening the territorial dimension on a number of highly topical issues. Increased donor presence in the regions, moreover, presents openings for experiments with a spatially integrated approach to local development as a political process of empowerment of citizens and local authorities. Major donors, including the European Union, have the advantage of being present at all levels and in multiple sectors. This positions them to coordinate local level efforts with technical assistance and support to national legislative reforms.

⁹ According to interviews with donor representatives, June 2015.

¹⁰ For a discussion on the new European Neighbourhood Policy, see Galeazzi (2015).

¹¹ According to interviews with donor representatives, June 2015.

4. Conclusion: Summary of main messages

Jobs and local economic opportunities are primary concerns among Tunisia's population and have been for years. New ways to provide these are urgently needed, particularly geographically differentiated approaches that take into account the root causes and full complexity of the spatial inequalities in the country. Fiscal and social transfers are important tools but can work only within a broader facilitative framework. Real, endogenous, local economic development requires creation of local private sector dynamics, localised investment planning and a realistic and long-term approach to demarginalisation of the interior areas. In the long run, this will necessitate empowerment of the regions, their private sectors, and also their citizens and local authorities.

Looking at regional development through the lens of territorial development produces a more holistic picture of the challenges presented by spatial inequalities in Tunisia. With the territorial approach both top-down reforms and bottom-up local development opportunities can be identified, as local empowerment remains intertwined with local agency and the transfer of competencies.

Territorial development can proceed on multiple tracks and at varying speeds. Democratic (political) decentralisation and local elections alone cannot clear away development hurdles. Tunisia's local authorities currently operate in a climate of mistrust and in isolation from citizens. The 2016 social protests – much like those in 2011 – targeted local city and governorate authorities, with these latter in many cases refusing to engage even with the leaders of social movements. Local elections are one aspect of local governance; another is the gradual involvement of citizens in decision-making. Basic service delivery and investment planning and funding are constructive entry points to bring citizens and local authorities closer on specific public concerns. Pilot projects for citizen participation in municipal affairs could help pave the way for more structural reforms.

Tunisia is advancing quickly on a number of the political and administrative reforms enshrined in the Constitution of 2014. Many of the reforms stipulated in the constitution are beginning to take shape. The regional dimension of sector reform has often been underlined, especially since regional development was 'mainstreamed' in Tunisia's 2016–2020 strategic development plan. Whether the decentralisation aims will be fully implemented, however, is still very much an open question. The current political and administrative climate suggests that a 'centralised regionalisation' is likely, entailing a distinct risk of the country ending up with a technocratic solution to a profoundly political problem. Civil society and key political actors, supported by donor agencies can play a major role in ensuring that sector and administrative reforms have a local empowerment dimension. Existing reform projects offer prospects for shaping decentralisation in Tunisia and the respective roles of subnational and local authorities in national development processes.

Donors' adoption of 'second-generation' post-transition support programmes in Tunisia constitutes a clear opportunity for strengthening the territorial dimension of sector support, as well as for boosting support to concrete forms of citizen participation in local governance and decision-making. This will require some diversification of approaches, but even more crucial will be linking Tunis-based support for national reforms with existing and future regional development initiatives. Larger agencies, such as the European Union, have the advantage of being present at all levels. The plethora of 'regional development programmes' in Tunisia may offer creative solutions for bridging the divide between citizens, civil society and (old or new) local authorities.

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