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# Tunisia : A Dynamic Evolving Globalisation in the Lap of Rich Heritage<sup>1</sup>

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#### Abstract

The Paper discusses the politico-social and economic changes in Tunisia both pre and post 1987. It outlines changes in level of education, life expectancy, living standards, infant mortality, poverty, social security and the means adopted in achieving them. It also highlights the role of women in building the nation and its industries and outlines the externalities of economic policies of trade links and FDI. Tunisia has been focusing on micro lending at low interest rates and on micro projects since 1998, who now contribute significantly to the Tunisia's GDP. Tunisia has developed a new concept of solidarity among all levels of society and all regions for sustainable and equitable growth. The success of National Solidarity Fund (NSF), Tunisian Solidarity Bank and National Employment Fund led the United Nation to provide for World Solidarity Fund in 2002 now called as UNDP Trust Fund. A Tunisian Growth Model is presented based on understanding & observations of the author during his visits post 2001.

#### I. Introduction

TUNISIA A NATION that is a dynamic evolving globalization in the lap of Rich Heritage, where in the Tunisians have had a landmark shift marking the beginning of a pattern of wide-ranging political, economic and social reforms as the 1987 Change. It was on November 7, 1987 that with new presidency of the republic, that the country saw an aversion from the specter of fundamentalist extremism and economic meltdown that was hovering over the country 20 years ago. In last three decades, Tunisia has observed progressively transformation in the lives of its citizens and forged a new identity and role in both the Mediterranean region and the world.

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The approach followed since 1987 has combined the best of Tunisia's rich history and culture with openness to the modern world, a spirit of tolerance and moderation, a rejection of extremism and a confident embrace of global developments. The Change has affected all aspects of life, starting with a sustained program of political and economic reform, including ground breaking improvements in the legal and social status of women, which remains the most advanced in the Arab world. It also includes enthusiastic and effective adherence to the principle of solidarity to ensure that all Tunisians benefit from the progress achieved by the country in all sectors of activity. Tunisia has taken a strong stance in the fight against extremism, one that does not solely rely on the security dimension but tackles the issue at its roots by eliminating pockets of poverty, promotes the emancipation of women and educational reform, and advocates a comprehensive development process that encompasses all regions and all social groups within the country.

## 1.1 Overview, History and Societal Setup

Today Tunisia is an independent republic. Yet during its long history many cultures and regimes, which have arrived and paved the path of a multi-cultural tolerant society of Tunisia. The French were the last of the regimes, who incorporated Tunisia in their sphere (1881-1956). Also many Italians came to settle. Before, the Ottoman Turks had seized lasting control from a Spanish occupation in 1574 and then ruled indirectly, e.g., via the Husaynid Beys and the Turks, which arrived a multi-ethnic influx. The long medieval era had seen a cultural renaissance also under regimes of native Berbers, already Arabized: first the Zirid, then the Almohad, and later the Hafsid (Wikipedia).

The Early History of Tunisia includes the last millennia of prehistory and the earliest recorded history of its native Berber people (in the 10<sup>th</sup> Century BC). This period observed the progressive mix of religion, social organization, as well as tribal confederacies. Perhaps eight millennia ago, already there were prior peoples established here, amongst whom the proto-Berbers (coming from the east) mingled and mixed, and from whom the Berber people would spring, during an era of their ethno-genesis. Today most people living in the Republic of Tunisia consider themselves to be Arab-Berber, sometimes called Arabized Berber. The Islamic era had opened with the arrival of the Arabs, who brought their language and the religion of Islam, and its calendar. During the last pre-Islamic centuries the Byzantines ruled along with Berber vassals, and before them the Vandals. Over two thousand years ago the Romans came and their cosmopolitan Empire long governed the region as part of the Mediterranean world. The Phoenicians arrived by sea from the east about three thousand years ago and later founded here the celebrated city of Carthage. Also came migrations from the Sahel region of Africa. Perhaps eight millennia ago to find that already there were peoples established there among whom the proto-Berbers (coming overland from the east) mingled and mixed, and from whom the Berbers would spring, during an era of their ethno-genesis.

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It is no coincidence that rising levels of education<sup>1</sup> and improved living standards<sup>2</sup> have gone hand-in-hand in Tunisia over the past five decades since independence in 1956. Education has proven to be the best illustration of the principle of equal opportunity for all citizens. Today's Tunisian lives in a different world<sup>2</sup>.

The education students receive in Tunisia has been progressively transformed through a series of reform programs. The first reform was introduced in 1956 when a new national education system extended primary education to all 6 to 12-years-olds. The second reform came from 1989-91 and included the introduction of free, compulsory education for all 6 to 16-years-olds and the development of a new curriculum that included human rights education. The most recent reform program was carried out between 2002 and 2007 under the title "*Toward a Society of Knowledge and Skills*." It has placed a strong focus on the social development of students and on preparing them to play a constructive role in Tunisia's political life. A third key element in the reform has been to develop an education system that can prepare students to contribute to, and benefit from Tunisia's economy. Students graduating from secondary school now have a minimum of three languages, Arabic, French and English, and are all well trained in information technology.

The 11<sup>th</sup> Development Plan for 2005-11 describes Tunisia's human capital as "the real wealt." of the country, the driving force behind development and development's ultimate aim". This clarifies the intent to service the society and take it to a higher level of societal setup fostered by the mission and vision of the Government.

# 1.2 Anchoring Democracy through Youth and Political Reform

The era of political and economic reform began by the foot paths laid down by President Ben Ali in growth and development for the national and its people together. The role which came to become more clearer with the first step towards the Declaration of November 7, 1987, which set out basic principles that included Tunisia's independence; a Commitment to a Republican System; the People's Sovereignty; the Plurality of Political Parties and Popular Organizations; and the Respect of Law. A tall order, which the the government committed itself too, that clearly marked the presence of "Service before Self" and "Equitable Growth & Respect for All".

The Declaration won overwhelming support from all elements of Tunisian society and, combined with a National pact that defined the common denominators uniting all Tunisian men and women, set in the train a process for reforms, starting with a key decision in 1987 to abolish the system of life presidency. Other legal reforms allowed the opposition to enter Parliament for the first time in 1994. A further amendment in October 1997 enlarged the scope of referendums in constitutional and legislative fields, thus giving the people of Tunisia a greater role in constitutional reform. Along with the abolition of the life presidency, a number of steps

have been taken to open the election for the presidency. The constitution was amended, to allow leaders of the opposition to run as presidential candidates. This allowed the first contested presidential elections in the country's history to take place in 1999. It would take decide before true form of democratic setups are observed, however the seeds have been borne well.

Further reforms to the political system over the past decades have helped to ensure free and fair elections, strengthening the role of political parties in ensuring pluralism in the Chamber of Deputies of the National Parliament and at the level of municipal councils as well. The establishments of the Chamber of Advisers in 2005 was another major step in developing the political system. The new Chamber is essentially an open door to political pluralism that expands the representation of different forces in the legislature.

Tunisia's process of decision-making and consensus-building has also moved outside the formal framework of the Parliament to include a system of collective participation and specially youth. This has been fostered in keeping with the overall focus on the welfare and development of Tunisia's youth and the tomorrow being theirs. The national youth consultation is usually held before the preparation of the five-year economic development plans with the participation of a sample of 10,000 young men and women aged between 15 and 25. Here, the Government, may want to introduce in Tunisia what India had introduced as a Rolling 5 year plan as an extention to what is currently in place, which has brought forth consistency and sustained growth making India a Self Sustained Nation as against a 98% importing country at the time of Independence in 1947.

## II. Women's Contribution in Building Tunisia

Women have played a critical role in the emergence, growth and development of Tunisia. Going back to the 8<sup>th</sup> Century BC when Queen Dido (commonly known as Elissa) laid the foundation of Tunisia by establishing Carthage as its 1<sup>st</sup> founding Queen. Civilization started to grow and strengthen with prosperity, hope and happiness. Also the goddess worshipped then were the Pantheon Middle Easter Goddess – Baal and Tanit. Tunisia henceforth saw a ray of challenging periods which have contributed to the Tunisia we see ntoday beginning with Berber (in 10<sup>th</sup> BC), Roman (2<sup>nd</sup> BC), Vandals (5<sup>th</sup> AD), Belisarius (6<sup>th</sup> AD), Arab Muslims (7<sup>th</sup> AD), Sicily (12<sup>th</sup> AD), coming back of Berber (1230-1574), Spain (16<sup>th</sup> AD), Turkish Ottoman (1705-1957), French (1880), Transition to Independence (April 1955-56), Republic of Tunisia (March 20<sup>th</sup>, 1956).

The formal structure giving respect and special status to women recognizing their contribution in Nation Building has been with the establishment of Rights of Women (in 1956) un-match with any Arabic / Muslim State. This and the statistics of integrated women work force (i.e. >10,000 women as heads of businesses) in Tunisia are two strong marks for the equitable growth Women has seen in Tunisia, despite it being a Muslim state.

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These both formal states are impressive, but to get from one to the other it has required a steady program of legislative development between 1956 and 2007. The Code of Personal Status introduced by President Habib Bourguiba started the process by enshrining the principle of equal rights and giving men and women the same right to vote and stand for office. When President Zine EI Abidine Ben Ali, took office in 1987, he immediately said that he intended to build on the achievements of the Code and strengthen them to have women contribute more as an integrated process to Tunisia's Tomorrow. In March 1988, the government declared "The Code of Personal Status is a civilizational gain to which we are faithful and committed, and of which we are proud. There will be no renunciation or abandonment of Tunisia's achievements for women and the family." This commitment can be seen through the legislative changes, which have fostered in the past two decades.

It is pertinent to mention that in 1992, all paragraphs of the United Nations Convention on the Rights of Women were incorporated into Tunisian legislation. In 1993, an amendment to the Code of Personal Status included an obligation upon spouses of "treating each other with mutual respect and assisting each other in managing the household and the children's affairs." Then in 1997, an amendment to Article 8 of the Tunisian Constitution mandated political parties to respect the established principles governing personal status. The legislative improvement has been supported by the growing number of women who are active in the political arena.

It would not be just if we do not mention some of the amazing numbers and position attained by women in Tunisia given the reform process initiated two decades back

i. Women in legislative and Advisory bodies are

- 7 Women in the Cabinet (2 Min & 5 Sec State),
- 22.7% in the Chamber of Deputies,
- 15% in the Chamber of Advisors,
- 7.4% in municipal councils,
- 20% in the Economic and Social Council,
- 13.3% in the Higher Council of the Judiciary,
- 12% among ministry departmental staff
- 26.4% of the RCD Central Committee.

ii. Women also constitute

- 29% of judges & 31% of lawyers
- 42% of the medical profession & 72% of pharmacists
- 34% of journalists
- 21% of the staff in the public service
- 51% of basic education instructors
- 48% of Sec. teachers & 40% of Univ. professors
- 16.7% in agriculture and fisheries
- 26.4% in die sector of manufacturing industries
- 46.9% in commerce and services.

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#### III. Economic Growth, Reforms, Social Development in Tunisia

3.1 Economic Development & Trade

The Five Year Economic Plan has paved the path for equitable inclusive growth in Tunisia. While good economic growth has been an essential underpinning of Tunisia's progress since 1987, the government has also placed a strong emphasis on social and cultural development. The country's development has been the primary focus over the past two decades to encourage global cooperation and interdependence.

Tunisia has been the first country in the Southern Mediterranean to sign a Free Trade and Association Agreement with the European Union. Based on that agreement, all tariffs on manufactured goods have been dismantled by January 1st, 2008. Tunisia has been a member of the WTO since 1995 and has signed free trade agreements with several Maghreb and Arab countries. A major focus of economic development has been the promotion of a Knowledge Economy. There have been steady increases in government spending on education, the percentage of students going on to higher education, spending on R&D and the number of researchers, research centers and laboratories. Knowledge Economy sectors now account for 20 percent of gross domestic product. From 1997 to 2005, their growth rate was 9 percent annually, compared with an overall GDP growth rate of 5 percent. Employment in these sectors rose by 5 percent annually during this period, compared with just 2.75 percent for the overall economy. These have been a resultant of the benefits of modern information technology, which has been spreading to citizens via cheap loans for the purchase of PCs and easy Internet access through public Internet centres and community and youth centers. Cultural events and festivals have been sponsored throughout the country. Events such as the Carthage International Festival and the Carthage Theater Days now enjoy an international as well as local reputation and audience.

On the Fiscal side of Tunisia, we get to see low inflation, a strong budget position and a healthy average GDP growth rate of 5 percent annually over the past decade, a figure well above the country's population growth rate of 1.1 percent annually, and one that would be the envy of many emerging economies. It is not resting on its laurels, however, and is now aiming for the higher growth needed to create the jobs for the 70,000 educated young Tunisians who enter the job market each year. The 5 percent GDP growth given global trends and regional growth patterns, has been good. The 11<sup>th</sup> plan targets to accelerate growth to 6.1 percent or more annually, and the 12<sup>th</sup> plan will target 6.5 percent as outlined by the director general of foreign investment at the Ministry of Development and International Cooperation's. According to government's objectives it is necessary that they create enough jobs and reduce unemployment. Hence they have been quite bullish that higher growth targets will bring forth increase in the levels of foreign direct investment, employment and standard of living for people at large.

Tunisia's trade and economic growth has been fostered through its most enthusiastic investors, which has traditionally been its near neighbors in Europe, notably France, Germany and Italy. Its Association Agreement with

the European Union, which will lead to totally free trade in industrial goods by 2008, has been a major incentive in attracting further FDI into the country. This clearly put forward a stand that Tunisia welcomes trade relations with the world at large and would welcome investment and flows from organization and nations, who would like to utilize and provide for induced growth through its enriched skilled work-force and natural resources in agriculture produce (dates, olive oil, khuskus, textiles), mining, energy, education, tourism (with 1300 km of coastal line of soft white sand), petroleum and the manufacturing sector.

Table I							
	Main Economic Indicators						
	1996	1997	1998	1999	2000	2001	2006
GDP 1	9066.20	20898.20	22580.60	24671.50	26923.30	29423.40	40309.90
(at Mkt Price)							
Net Foreign	805.90	858.90	930.80	1041.20	1145.10	1243.70	1965.00
transfers							
Gross 1	8862.00	20755.40	22569.50	24697.90	26976.20	29483.00	40471.20
Disposable NI							
N. Savings	23.70%	24.50%	24.50%	6 25.10%	6 25.509	% 25.80%	6 21.40%
(% of GDP)							
Invst. Rate	23.20%	24.70%	24.90%	6 25.40%	6 26.209	% 26.40%	6 22.70%
(% of GDP)							
Cur Deficit	-2.60%	-3.20%	-3.50%	6 -2.20%	6 -3.209	% -3.00%	6 3.00%
(% of GDP)							
Ext Debt	50.50%	51.80%	48.10%	6 51.90%	6 51.309	% 48.90%	6 49.20%
(% of GDP)							
Rate of Inflati	on 3.70%	3.70%	3.10%	2.70%	2.90%	6	4.20%

Source: National Institute of Statictes

It is clearly visible from the policy documents and trade affiliates done in the last two decades that Tunisia's stands committed towards its traditional investors and the rest of the world to explore new opportunities for partnership.

# 3.1 Education, Employment Growth and Socio-Economic Growth

Education has always been at the heart of the Tunisian project, and the country devotes some 30 percent of its annual budget to the sector. However, it now has to deal with the consequences of its success in the form of the growing number of tertiary graduates coming onto the job market each year. In the 1980s, there were about 6,000 graduates annually, now the figure is 60,000 to 70,000. Apart from the fact that numbers are achieved in growing the population base for graduates passing out, the government has also developed a range of programs to provide practical support through its "Active Policy for Employment" includes three categories of programs: short courses to improve employability, such as language training, computer skills for management courses; programs that provide financial incentives for local companies to hire graduates; and measures to encourage them to go into business for themselves. Under the second category, the government

subsidizes the salaried of graduates while at the same time employers are exempted from paying social security taxes. This approach has helped to cut unemployment and also makes companies more competitive, so it has been positive for both sides. The third has been to motivate entrepreneurial skills in graduates and provide them with financial environment to grow. Tunisians running their own businesses can go to the Tunisian Solidarity Bank for support. The TSB began operations in 1998 and provides microcredit for small projects and micro-lending at low interest rates and without guarantees to enable people to start or maintain a small business.

## 3.3 Key Observable Contributions of the Economic Reforms

The 7<sup>th</sup> November 1987 marked the emergence of the New Era of Economic Reforms and Development in Tunisia with the emergence of New Political Parties and Release of Political Prisoners. To induce transparency, the media has been justly strengthened, with over 266 domestic publications and 1100 Foreign Newspapers and magazine) with over 1063 journalists including 70 foreign correspondents in 2007. The emergence of Hammamet as an International Conference Hub to preserve Heritage, enhance tourism and induce modernity is an innovative means of dealing with Tourism and Security issues.

The economic reform of the last two decades can be seen with the striking changes as observed through

- Democratic Reforms
- Skilled Human Capital
- Average GDP Growth Rate of 5% (since 1987)
- Inflation at 2.5%
- Poverty at 3.8% (as against 85 % in 1956)
- Life Expectancy 74 years
- Illiteracy Rate at < 20% (as against 12% in 1980)</li>
- Over 2800 Foreign Firms with FDI / JVs
- 5 million tourist every year

Given the forte's achieved in a short period, Tunisia has moved up the Competitiveness Chart where in 2007, it is ranked as the 1<sup>st</sup> in Africa, 1<sup>st</sup> in the Arabic World and 29<sup>th</sup> Globally. This has been a pure outcome of the government and the confidence that it has been able to gain from the people of Tunisia, who work together to achieve newer heights.

#### 3.4 Demographics & its Advantages

Tunisian's are proud to quote the statistic that just 3.8 percent of the population lives in poverty, they are work very hard to not to leave this situation unchallenged. The concept of solidarity among all levels of society and all regions of the country has been a key element of government policy throughout the past two decades. This is reflected in national policies that have seen education, health care, transport and other infrastructure extended to all corners of the country through the National Solidarity Fund (NSF).

Some of the key demographic advantages Tunisia has today are

- Committed English cum French/Arabic Speaking Workforce (both men and women)
- High Literacy Rate
- 80% Population as Middle Class
- Life Expectancy at 74.2 (2007)
- Female Student (52% at Secondary & Higher Edu. Level)
- HDI at 0.76 (ranking Tunisia at 87 out of 117 Nations)
- Un-explore Natural Resource
- 1300 kms of Coast Line available for Tourism & Trade
- Diverse cultural heritage of over 2000 years well preserved and reflected through Cartage, Jerba, Sousse, Sfax, Tabarka, Hammamet, Nabeul, Kairouan, Sidi Bou Said, Tunis and Eljem.

## IV. Tunisia's Solidarity Fund Model

The Tunisian NSF 26-26 fund is unique in that, although the government has provided funds, it relies heavily on contributions from the public to finance its work, an approach that resulted in it being named "26-26" after the postal code of the bank that accepts donations. Tunisia now has an annual National Solidarity Day on December 8th, with a major awareness campaign carried out in the media and through schools, mosques and community organization. Over the years, Tunisians have developed the habit of supporting the fund which received 31 million Tunisian dinars (US\$25 million) from four million people in 2006, a more than six fold increase from the five million Tunisian dinars in donations from 1,82,000 people in 1994. The NSF's remit is to tackle the effects of poverty at all levels, including housing, the provision of water, electricity, health care facilities, schools, recreation and culture. It has certainly proven its worth since 1992 by contributing to reducting poverty among some 2,55,000 families in 1,870 locations throughout the country. To NSF was developed to Channel Donations and Extra-Budget Allocations for serving the most needed areas poverty and in-equality through reduction in un-employment and education. Newer funds created based on the concept to meet needs of employment and education : (a) In 1997, Tunisian Solidarity Bank (for micro-credit finances for education and SMEs); (b) In 1999, National Employment Fund (21-21 Fund). NSF model success has reaped fruits within Tunisia.

The Tunisian Solidarity Fund provided the model for the United Nations World Solidarity Fund, which was adopted by the General Assembly in 2002, following President Ben Ali's initial suggestion in 1999. Since 2004, Tunisia has contributed 10 percent of its own National Fund resources to the UN Fund. Over the past two decades, Tunisia has moved its economy away from a heavy reliance on state control, toward market principles and integration into the global economy. It has moved cautiously to ensure that economic liberalization remains balanced with social and political stability. At the same time, the state has progressively pulled back from many areas of economic activity by privatizing state assets and opening more activities to the private sector. It is now seen as one of the leading emerging economies.

The proposal for setting up "World Solidarity Fund" following the basic principal of NSF was duely accepted by UN General Assembly followed the basic principles as

i. The WSF Fund is based on

- Donations (individuals, businesses & organization)
- Fiscal Allocations
- Know-how and Technology Resource sharing
- Special Taxes (like pollution tax and others)
- State Allocations by Budgets

ii. the WSF Fund Allocation involves following steps

- Identifying Shadow Areas (SAs)
- Identifying the needs and resource applications of SAs.
- Inducing Public-Private partnership to develop applications for mobilization of resources to meet needs of the SAs.
- Conducting a Cost-Benefit analysis to re-modute / replicate the steps in other SAs.

The WSF [refered as the UNDP Trust Fund after the acceptance in the UN General Assembly] is expected to

- To integrate all regions in the Economic Growth process based on globalization of markets and raising standard of living.
- The WSF is to benefit destitute regions in eradicating poverty and inequality in the world based upon humanist vision of globalization.
- Replicating the NSF model to WSF
- 10% of the donations received on the National Solidarity Day (December 8, 2004) were allocated for WSF by Tunisia.

## V. Conclusion : Tunisia's Growth Model

The global world and economies are faced with challenges before sustainable development with volatile markets and bullish emerging economies. Though it is the responsibility of every citizen of the global world to adapt and develop resilence towards socio-economic challenges, however the duty primarily rests on the shoulders of governance bodies to play a proactive role in providing directions to industry and the society at large. With the changing structure of world investment, trade, capital flow and the need for deeper integration, strengthening regulatory framework and signaling system is greater. Globalization has altered the economic frameworks of both developed and developing nations in ways that are difficult to comprehend. Also the emergence of unregulated global markets appears to have moved towards a more stable and growth oriented economic globe.

The new roads that snake out across the varied landscape of Tunisia are not simply a means for people to move from one place to another, they are important tools that would build upon the medium that all Tunisians have the opportunity to share in their country's economic and social development. It is difficult to comprehend as to the certainty of how technological possibility will play out in the future to provide a balance for the need for survival vis-àvis equitable growth in Tunisia. Overall, these developments should ensure

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that everyone in business, from the farmer in the remote area taking his olives to market to the high-tech manufacturer sending aircraft parts to a global manufacturer in Europe or the United States, can move their good quickly and efficiently. Based on the understanding the Tunisian Growth model, the following segments are observed to be contributing to the Socio-Economic growth of the Nation (see Figure 1).

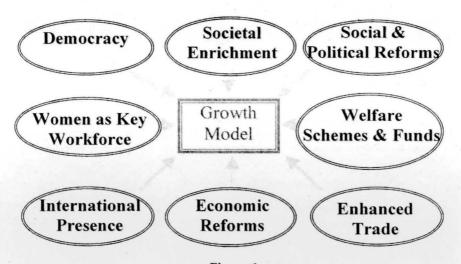


Figure 1 Tunisian Growth Model

Tunisia, a nation of over 2000 years of history & culture, societal foundation based on freedom, democracy, pluralism and respect for human rights, strong believer of tolerance, consensus, mutual respect, global partnership & inter-dependence, reformist philosophy of change to induce Growth, Employment, Solidarity, Sovereignty, Social Equality and respect for Women and a financially stable development policy framework is expected to carve growth path to an adaptive and rich cultural society.

#### Notes

- 1. At the end of the 10<sup>th</sup> Development Plan in 2006, life expectancy stood at 73.9 years, infant mortality was down to 20.3 per thousand and Tunisia had a doctor for every 1,000 inhabitants. An estimated 80 percent of the populations today own their own homes and social security coverage extends to over 90.4 percent. Just 3.8 percent of Tunisians are now considered to living in poverty. Special programs, including the Tunisian Solidarity Fund, have been developed to tackle these particular needs.
- 2. On the education side, the percentage of children aged 6-11 in full-time education are now above 97.4 percent, against just 13 percent in 1956, while 34.3 percent of students go on to higher education, compared with just 0.5 percent in 1956. The government target is to have 50 percent of students in higher education by the end of the decade. Illiteracy rates declined dramatically, from 84.7 percent for all Tunisians aged 10 years and more in 1956 to just 21.9 percent by 2005. Most of the illiterate can now be found among the country's older generations only.

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