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**INSTITUTIONAL ASSESSMENTS  
AND IMPLICATIONS FOR PROGRAMMING  
IN TUNISIA**

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Over the past seven years the Tunisian structural adjustment program has made considerable headway. Exchange rate reforms, export promotion, liberalization of price and import controls, reduction of subsidies, and limited privatization have contributed to steady economic expansion. Unfortunately, however, the most major tasks of thoroughgoing structural adjustment are yet to be accomplished. Domestic industry remains protected by comparatively high tariff walls. The burden of consumer subsidies is still substantial. Most importantly, privatization has yet to reach the core of the public sector. Only one percent of the book value of publicly owned enterprises has been privatized. Jamal Saghir, author of the World Bank's January 1993 study, *PRIVATIZATION IN TUNISIA*, observed that "Privatization has so far been a marginal phenomenon that in no significant way has reduced the extensive role of the state in the production of goods and services. The share of PE (public enterprise) value added in total GDP remains at about 30 percent." (p. 17). In sum, Tunisia has shied away from tackling the most difficult challenges of structural adjustment, which therefore continue to constrain further economic growth.

The Tunisian government has preferred to confront longer term risks inherent in economic stagnation and rising unemployment rather than to deal with immediate risks attendant upon further structural adjustment. It has done so for the following interrelated political reasons:

- It fears that government imposed economic hardship will fuel the fires of populist Islam, especially if that hardship appears to be connected to foreign involvement;
- Labor market reform, essential to successful privatization and structural adjustment more generally, has been rendered virtually impossible by the marginalization of formal, legal representatives of labor interests and their replacement by potentially volatile, semi-organized groupings whose possible resort to violence constitutes a veto power;
- Crony capitalism, in which the exchange of favors between bureaucrats and businessmen enables "rents" to be extracted from consumers and the government, has created a nexus of interests favoring perpetuation of the status quo;
- Patronage dependent state institutions, including the RCD, have insufficient material, ideological, or organizational resources to impose the government's will;
- Non-Islamist autonomous associations have been so weakened that even were they to support further structural adjustment, presumably in exchange for some political concessions, their collective weight would add little to the political balance.

Given the strength of the Islamist challenge, the government's political infrastructure is too weak to enable it confidently to undertake further economic reforms. Instead of moving ahead economically or politically, it has fallen back on the central pillar of the state, the internal security services, in order to maintain control. Political dependence on the coercive capacity of the Ministry of Interior has resulted in the expansion of that ministry's authority into virtually all areas of even quasi-political activity. Its *Comite du quartier* have moved into

municipalities to root out Islamists. By so doing they have intimidated local citizens and brought voluntaristic activity to a halt. Normally vibrant city streets have become virtually deserted after dark as MOI functionaries impose checkpoints and roadblocks at most major intersections. Safety valves, such as parliament and local government bodies, which could permit some political steam to be blown off, have been plugged by the total domination of the RCD, which increasingly is a junior partner to the MOI. The political base of the government, in short, has been radically constricted since the Ben Ali honeymoon period of 1987-89. That base currently is too narrow for the government to pursue unpopular but necessary economic reforms. Some expansion of the political base is, therefore, a prerequisite to further structural adjustment.

Rapid and widespread democratization is not the way to deal with the problem of inadequate political support for the government, as the Algerian example suggests. Instead, cautious, sequential, and segmented openings to specifically targeted audiences can help to break the political logjam. There is evidence to suggest that the government, no doubt aware of the danger of relying so heavily on state institutions alone, is contemplating precisely these types of initiatives. It is crafting the new election law in such a way as to ensure that the non-Islamist opposition parties gain some representation in the parliament to be elected next year. This would provide visibility at the national level both for the parliament and for the parties, thereby suggesting renewed regime confidence and an easing in the near state of emergency that has prevailed in the past three years.

At the local level there is no similar indication that the government is preparing for a slight opening. Quite the opposite in fact appears to be the case. Frightened by the Algerian example, in which Islamists gained footholds in local government and used that base to launch a broader assault, the Tunisian government has placed that area of politics beyond the reach of virtually all autonomous associations.

The confrontation between Islamists and the government, which has resulted in the weakening of most other political actors and frightened Tunisians generally, is a major cause of the reluctance of domestic investors to risk their capital in Tunisia. Were the government to signal enhanced confidence by permitting greater activity by some autonomous political organizations, such as opposition parties, and allowing more public debate, such as in parliament, it would have a beneficial impact on investor confidence. Until such initiatives are undertaken it is unlikely that further economic reforms or enhanced investment will occur.

The Tunisian case of a stalled transition from an authoritarian to a more open system is prototypical of Arab political economies. Arrested political development is rendering job-creating economic growth problematical and it is threatening to give way to a breakdown of political order. Although enjoying some advantages over other Arab states, Tunisia is not so blessed by its factor endowment that a favorable resolution of the current crisis can confidently be predicted. The balance sheet of Tunisia's political economy, which we shall now review by way of summary of the present situation, reveals that liabilities are mounting

while assets are diminishing and suggests that there is an urgent need for steps to be taken to widen the political base for further economic and political reforms.

## BALANCE SHEET OF THE TUNISIAN POLITICAL ECONOMY

### ASSETS

1. The military was not the leader of the struggle for independence; does not have a strong corporate self image; is not engaged directly in productive economic activities; is not vastly overgrown in proportion to the resource or population base; has never staged a coup d'etat; and is unlikely to intervene in politics to abort a peaceful transition.

2. Associations and organizations, including interest groups of various types, labor unions, and political parties, were established during the colonial era and since independence have continued to play important roles in the political system.

### LIABILITIES

1. Internal security agencies under the Ministry of Interior (MOI) are the major backstop of the regime, and their functions and capacities are being expanded. Recently created Comite du quartier report to the MOI and extend its authority directly into municipalities. President Ben Ali, a product of the security agencies, is uncomfortable with political interaction and has downgraded the RCD in favor of the MOI. The MOI houses its security hq and its administrative hq in the same building, so in practice there is no separation between local administration and internal security. The Minister of Interior is the second most powerful member of the political elite and could pose a challenge to Ben Ali.

2. Formal political associations and organizations have always been of a "mobilizational," or "corporatist," rather than of a pluralist nature. The Destour Party, the Neo Destour, and now the RCD are examples of single party, mobilizational politics, as is the UGTT and most other "venerable" organizations. Since Tunisians are familiar with the mobilizational/corporatist model, but not with the pluralist alternative, they see that model as appropriate and legitimate. Hence Nahda's organizational structure and all or nothing ideological orientation are consistent with Tunisian political history and political culture.

3. Tunisia has had a functioning parliament since independence.

4. Tunisia has elected municipal governments in urban areas.

5. Despite the recent experience with radical Islamists, political violence is not widespread. Tunisians generally have been repelled by terrorist acts committed against innocent bystanders, a response that has tempered the appeal of Islamism.

6. A "Third Force" of secular opposition political parties, positioned between Islamists and the RCD, buffers the conflict

3. Under colonial rule Tunisians were not permitted a functioning parliament. When one came into existence at independence, it was weak and without a tradition to evoke in its own defense. On those occasions when it has played a prominent political role (e.g., 1970-71), it has done so because of the temporary weakness of the executive and his desire to use parliament against his opponents. Its physical setting and its facilities suggest remoteness from the center of political life and general lack of institutional capacity.

4. Formally organized political opposition has never been allowed to gain a foothold in the baladiyya. The MOI, through Comite du quartier, in combination with the RCD, and inspired by the negative example of Algeria, has moved to prevent any oppositional elements from gaining influence at the local level.

5. Tunisia has the highest proportion of political prisoners to population in North Africa. "Midnight visitors" from the MOI are manifestations of the police state, as are ubiquitous roadblocks, security checks, and general harassment and intimidation of human rights organizations and many politically active individuals and groupings. Egyptians also have a long tradition of abhorrence of political violence and generally were shocked by Islamist violence in the 1970s and early 1980s. But repugnance for violence has not stopped the spread of Islamism nor has it been translated into growing governmental legitimacy in Egypt.

6. The "partylets" (i.e., opposition political parties), are small gatherings, generally grouped around one individual. When allowed to publish newspapers they have

between those two forces and could provide a vehicle for a political opening.

7. The population is well educated and homogenous. No major ethnic, religious, or tribal fault line runs through the political elite, although there are strong regional loyalties.

8. Corruption is not endemic.

9. A sizeable and self-confident business elite is demonstrating an increasing capacity to organize and press its demands on government.

10. Access to credit is being provided to a

been unable to raise sufficient funds to finance those papers. While this is partly due to the fear of governmental retaliation among potential donors, it is also because of the widespread belief that secular opposition political parties are basically irrelevant.

7. Education has outpaced employment. The spread of Islamism on university campuses is indicative of widespread fear of unemployment, downward social mobility, and disaffection from the established order and its justificatory ideology. The major fault line in society is that between Islamism and the status quo.

8. Although the small wheels of the bureaucracy do not need to be liberally greased with bakshish, corruption takes the form of patronage and rent seeking at higher levels. Through the RCD and other institutions of bureaucratic politics, the state dispenses patronage and trades rents for payoffs. There is a widely held view that business success is contingent upon political connections.

9. UTICA, the most prominent of the businessmen's associations, is a corporatist type organization created during the Bourguiba era. It is still tethered to the RCD. Smaller, newer, more independent organizations of entrepreneurs are coming into existence, but they group younger, less well connected businessmen. Personal access rather than pursuit of policy change remains the predominant orientation of businessmen toward government.

10. Banking remains dominated by the public sector, the financial institutions of which continue to allocate credit on the

wider range of entrepreneurs by an expanding banking sector.

basis of patronage rather than profitability. Public sector financial institutions have very large portfolios of non-performing loans; are not subjected to standard accounting procedures; and retain sufficient political leverage to frustrate the emergence of private sector competitors.

11. Privatization is proceeding.

11. Approximately 1% of the book value of the public sector has been privatized, despite almost half a decade of government rhetoric calling for privatization. Basic policy decisions which must precede privatization, such as liability for pensions, have yet to be made. The government remains frightened of the reaction of labor, whose lack of organization renders any attempt to negotiate privatization extremely hazardous. The UGTT, which was emasculated by the government in 1985, could not guarantee that workers would support any agreement that was reached.

12. Foreign investment is accelerating.

12. Foreign investors tend to be large companies whose resources permit a relatively high degree of risk taking. Most Tunisian potential investors, however, cannot afford risky investments. Since foreign investment remains insufficient to create enough jobs to keep pace with the rate of entry into the labor market; because it tends to be capital rather than labor intensive; and because it is highly mobile, by itself it will be insufficient to sustain a satisfactory rate of job creating, economic growth. For that to occur Tunisian savings must be mobilized into productive investments. The tourist industry, which has absorbed a very high proportion of foreign and domestic investments, is vulnerable to terrorism, consumer whims, and cyclical downturns.

## **IMPLICATIONS FOR GDP PROGRAMMING**

USAID/Tunisia recently identified increased private sector participation in economic growth as its sole strategic objective. The Mission also identified Governance and Democracy as a Target of Opportunity for possible development. The issue remains open as to how the strategic objective and Target of Opportunity might be related. Without prejudging that issue, the following discussion of implications for programming of the Democratic Institutions Support (DIS) Project's recent analytical assessment of the Tunisian political economy, will be presented within the PRISM framework. Mission personnel are familiar with that approach and it offers the possibility of integrating GDP as a crosscutting theme into other programmatic activities. Equally it could enable further development of GDP as an independent Target of Opportunity.

It also is the case that the integration of potential GDP activities into a single strategic objective both reinforces other elements of the Mission's program, and provides coherence for what otherwise might be just a shopping list of potential activities. The DIS analytical assessment of the Tunisian political economy suggested that while there is no "silver bullet" which might alone remove political constraints to further Tunisian development, the country has reached a stage in its economic development where further infusion of capital investment from Tunisians of varying social backgrounds is absolutely essential for sustaining developmental momentum. The strategic objective of increased flow of Tunisian investment, with the program outcome of enhanced investor confidence, thus provide an integrating framework within which potential GDP activities can be assessed.

**PROGRAM OUTCOME:**           Enhanced Investor Confidence

### **RATIONALE:**

Tunisia has benefitted in recent years from an increased flow of foreign investment. Domestic private investment has also increased, although at a much slower pace. Total investment, including that from the government's shrinking resources, is, however, insufficient to generate adequate employment opportunities for the expanding numbers of potential entrants to the labor market. Tunisia, like most other developing countries, has to generate more domestic savings and investments if it is to maintain a steady, satisfactory growth rate and thereby avert negative consequences--economic, social and political--of rising unemployment.

A critical obstacle to further private Tunisian investment is lack of confidence among potential investors. This lack of confidence is due in significant measure to political tension and uncertainties that prevail in the country as a whole; and to the perception that the government has yet to firmly establish the goals and procedures through which a liberalized, export oriented and private sector dominated economy will be fostered. At the general political level confrontation between the government and Islamist activists has been the

central feature of the political system since 1989. As a result of that confrontation political forces caught in the middle have been enervated; arenas for political debate, including elected bodies and the media, have been recruited by the government into its campaign against Islamists and can, therefore, no longer perform their function of providing space within which policy alternatives can be debated; and the mood in the country has become one in which all major decisions have been placed on hold as long as the government-Islamist confrontation continues. A prevailing sense of siege has increased anxiety within the country as a whole, with Tunisians wondering what the outcome of the confrontation will be.

Given this fundamental political uncertainty, long term fixed capital investment is perceived by many Tunisians to be too risky. This is especially the case among those who are unable to hedge risk by placing counterbalancing investments outside Tunisia, or to spread those investments widely within the country itself. Thus small and medium sized domestic investors are disadvantaged in comparison to wealthy foreign and domestic investors, whose comparatively large amounts of capital and foreign connections make hedging very much easier. Yet the mobilization of sufficient capital to meet the challenges of economic development require a savings/investment rate that can only be reached if small and medium sized investors can be induced to make their capital available for productive investment.

At the level of economic policy formation, the government has been unable to generate consistent, clearly enunciated objectives and develop appropriate mechanisms to implement those goals. While the comparatively "easy" components of structural adjustment have been integrated successfully into economic policy, some of the more difficult elements remain to be dealt with comprehensively. Underlying the lack of clear policy guidelines and halting implementation, is the government's own reticence to push hard on economic reforms that will have adverse immediate effects on certain sectors of the population. Were the overall political climate to be more relaxed, and were there to be more functioning arenas in which economic policy reforms could be proposed, debated, and agreed to, it would be politically easier to push forward more rapidly. Without these preconditions having been met, bold, lasting and consistent policy reforms are unlikely to occur. Instead the government will have to continue to allow political logic to dictate the pace and extent of political reform. With economic objectives so clearly subordinate to political ones, assessment of potential risks and returns to investments is rendered highly problematical, hence the flow of investments is jeopardized.

#### STRATEGY:

Investor confidence will be enhanced if the government demonstrates that its preoccupation with the Islamist threat has ended. That can be signalled by initiatives to relax the near state of siege that has more or less paralyzed organized, legal political life for the past four years. Carefully selected and targeted overtures to key constituencies and institutions will indicate that a more normal political environment is being restored and that economic policy issues are going to be dealt with more expeditiously and in a predominately economic rather than strictly political framework.

It is understandable that governmental initiatives intended to signal a relaxation of political tension and willingness to permit wider debate of policy issues initially will be halting and tentative. Were it to be otherwise reactions of a potentially threatening sort could prompt a quick about face and render yet more difficult the process of restoring a general sense of well being. It is advisable, therefore, that governmental initiatives receive support so that they succeed in demonstrating as effectively as possible renewed confidence and a commitment to integrating into the political arena those groups and individuals committed to the rational analysis, discussion, and resolution of conflictual policy issues. Likewise it is advisable that initiatives which are outside the government's general strategy of restoring confidence not be undertaken unilaterally, lest they indicate confusion and uncertainty.

Investor confidence would be enhanced were there a perception that some of the political obstacles to economic reform were being removed. With regard to privatization, for example, basic policy decisions regarding labor, including pensions, remuneration, termination, etc., have impeded the speed and extent with which state owned enterprises have been converted into private ones. Were it to become evident that procedures and outcomes acceptable to labor and other interested parties affected by privatization had been established, then interest by potential investors in privatization would increase. Similar economic reform measures which are impeded because of inadequate frameworks within which concerned parties can negotiate agreements include reductions of tariffs and subsidies. A strategy to enhance investor confidence should therefore include components that will facilitate progress in these areas of micro economic reform.

The overall strategy, therefore, should be one which will facilitate the projection of governmental confidence and assist its capacity to enter into negotiations with various parties affected by economic restructuring. There are three criteria by which potential sub-program outcomes relevant to this strategy can be evaluated:

- 1) They are supportive of governmental efforts to enhance investor confidence;
- 2) They are of relatively high salience within the Tunisian political economy;
- 3) They contribute to the process of reaching binding decisions of importance for the political economy.

## **SUB-PROGRAM OUTCOMES:**

### **ENHANCED CAPACITY AND SALIENCE OF PARLIAMENT**

#### **Rationale:**

Relaxation of political tension required for enhanced investor confidence can be facilitated by parliament assuming a higher profile in the Tunisian political system. The recent rewriting of the electoral law in combination with overtures to legal opposition political parties suggest that the government will use the opportunity of the 1994 elections to

permit a more pluralist parliament to emerge. With enhanced representation of opposition parties, that parliament would necessarily assume a higher political profile. Even if the 1994 parliament remains basically unchanged from its predecessor, however, enhanced capacity of the institution through the provision of technical assistance will enable it to compete more effectively for influence over policy making. Capacity and salience, in other words, are likely to be reinforcing, whichever comes first.

Given governmental apprehension about penetration of local political structures by Islamists, it is more likely to facilitate a partial opening of central political institutions, of which parliament is the most eligible candidate. Although historically not a vital institution in the Tunisian political system, parliament has intermittenly assumed considerable importance, especially when national leaders have wanted to gain popular support for themselves and their policies. Development of the institutional capacities of the parliament lags behind that of equivalent bodies elsewhere in the Arab world. Tunisian parliamentarians, including those in the RCD, can be expected to strongly approve of technical assistance that would upgrade the functioning of their institution.

Upgrading the capacity of parliaments is easier while they are in a semi-dormant stage than when they become a focal point for political contestation, which normally occurs as a stage in the process of transition to representative government. While parliaments remain marginal to the political process they are not preoccupied with crucial political issues, hence have time to invest in capacity building activities. Paradoxically, therefore, institutional strengthening of parliaments is typically most effective when conducted just prior to those parliaments assuming greater importance within their political systems.

#### Strategy:

The internal functioning and external linkages of parliament will be enhanced through the provision of technical assistance. Components internal to parliament which may receive technical assistance include an information service, administrative departments, and committees. Enhancement of external linkages can be facilitated through technical assistance designed to improve constituency services; upgrade the quality of media reporting of parliamentary activities; and provide greater information flow to and from governmental agencies.

### ENHANCED ACCESS TO AND CAPACITY OF MUNICIPAL GOVERNMENT

#### Rationale:

Because of the Islamist challenge, which is particularly acute at the local level, access to municipal government has been severely restricted for the past several years. There is no indication that the government is contemplating changing this policy. Indeed, it appears that it is seeking to bolster its direct control over local political life through Comites du quartier,

which are instruments of the Ministry of Interior. In this climate, attempts to strengthen the institutional capacities of municipalities are unlikely to be successful, unless "capacity" is interpreted in a very narrow administrative context. But even administrative accountability ultimately rests on public accountability, which is unlikely to develop at the municipal level in the absence of major policy changes.

Throughout the Arab world formal institutions of local government have never been strong. Their relative weakness, both administratively and politically, is a significant obstacle impeding the improved delivery of municipal services. Development would, therefore, be significantly enhanced were local government bodies to function more effectively. Thus although municipal government is currently operating under severe restrictions in Tunisia, and in general is not a vibrant area of administrative or political development in the region, its potential contribution to improved economic performance and quality of life is so great that policy regarding municipal government should be closely monitored. If there are indications that investments in institutional strengthening activities are likely to pay dividends, then they should be undertaken.

**Strategy:**

USAID/Tunisia will be able to assess the possibilities for success of institutional strengthening activities at the municipal level as a result of the RHUDO pilot projects. These projects and governmental responses to them should be closely monitored so that when and if opportunities arise, an appropriate response can be devised.

## **ENHANCED CAPACITY OF ASSOCIATIONS OF BUSINESSPERSONS TO ARTICULATE BUSINESS INTERESTS**

**Rationale:**

Interest articulation by formal groups is vital to effective, transparent, and accountable public policy decision making. In Tunisia, as in most Arab countries, the combination of restricted access to that system and weaknesses of interest groups has militated against their contribution to policy making. Associations of businesspersons are appropriate targets for technical assistance for three reasons:

- 1) They are less threatening to government than many other actual or potential interest groups, hence more likely to be granted at least some access to public policy decision making;
- 2) Their organizational resources, both material and attitudinal, are more developed than those of most other actual or potential interest groups, hence the likelihood that they can effectively utilize technical assistance is comparatively great;
- 3) On balance businesspersons are likely to support further economic reforms, hence the substance of their contribution to economic policy making is likely to be positive.

## Strategy:

Associations of businesspersons can be arrayed along a continuum which ranges from those that are most corporatized (i.e., having the closest connections to government) to those that are most autonomous of government. Toward the prior end are UTICA, which was created as an instrument to mobilize businessmen behind the Bourguiba government, and the Institut Arabe des Chefs d'Entreprise, which brings together members of the elite business community. More toward the other end of the continuum are the Association des Jeunes Promoteurs and L'Institut de Fondation de L'Enterprise. There are, moreover, new organizations based on recent college graduates and young entrepreneurs which, with greater institutional capacities, might contribute to the process of public policy decision making. Institutional strengthening activities should be concentrated on these latter groups. They are those most likely to support further privatization and greater transparency in decision making, precisely because they enjoy fewest benefits from the entrenched patronage and rent seeking systems now in place.

## ENHANCED CAPACITY OF ASSOCIATIONS OF EMPLOYEES OF PUBLIC SECTOR ENTERPRISES

### Rationale:

The pace of privatization in Tunisia is determined in part by the government's anticipation of responses to it. One of the key constituencies whose reactions the government is most concerned with is that of employees of public sector companies. Partly because of the institutional weaknesses of organizations which nominally represent the interests of those employees, privatizations, other changes to state owned enterprises, and reforms which impact on the labor market generally have been rendered very difficult. Unable to negotiate agreements with representatives of employees--agreements which would then be reasonably binding on the parties concerned--the government has had to adopt a more tentative, less transparent approach. Its strategy is to move forward on privatization and other reforms, and then judge the response. If the response appears threatening, then it delays subsequent steps. The pace of reform has, therefore, been erratic and generally inadequate to provide job creating economic development in pace with the growing need for it.

Privatization and economic reform more generally would be facilitated were it possible to negotiate binding agreements with concerned parties. The relative organizational weakness of employees retards rather than accelerates reform. Changes cannot be negotiated--they have to be imposed. The relative weakness of government and its fear of Islamist reactions, however, make it impossible for economic restructuring to be imposed from the top. It can, however, successfully be negotiated if those involved in negotiations have the support of the constituencies they claim to represent. For this to occur those associations must have the capacity effectively to analyze proposed policy changes, contribute to debate about them, and have some impact on binding decisions. Such associations should involve a range of employees, including those in management positions. Ultimately the government

should be able to play a less central role in micro level decision making, such as determining the fate of specific firms. As labor and management develop institutional capacities to enable bargaining and compromise, they will play a greater role in micro economic decision making, thereby allowing government to concentrate its attention on macro economic policy.

Strategy:

The UGTT is one of the "venerable" organizations in Tunisia. It claims a membership of approximately one third of all Tunisian workers. Virtually all public sector workers are members. Since 1985, however, it has been heavily "corporatized," as a result of which it has lost much of its legitimacy with its membership. On the other hand it is not completely trusted by the government either, for its residual support among certain sectors of the population provides it with the possibility of converting into a political party and contesting elections in its own right. The UGTT, therefore, offers some possibilities for fulfilling the role of a viable negotiating partner, i.e., becoming capable of negotiating rationally and ensuring that any agreements it enters into are adhered to by its membership. Providing technical assistance to the UGTT to enhance understanding of the need for further economic reform and upgrading negotiating skills of its leadership, as well as intensifying linkages between leadership and union members, would support the overall objective of enhanced investor confidence.

Because of UGTT inadequacies, however and because it does not represent all levels of employees in state owned enterprises, other associations of employees should be strengthened as well. Associations representing management should be included as recipients of technical assistance, for management can be and probably in the Tunisian case is suspicious and generally hostile to privatization and even organizational reform of state owned enterprises. For that suspicion and hostility to be overcome, agreements must be negotiated between viable representatives of the various parties concerned.

## ENHANCED INFORMATION INPUTS INTO THE MAKING OF PUBLIC POLICY

Rationale:

Generation and transmission of information relevant to important issues of public policy is inadequate. The government itself has not developed the capacity to provide information in support of its own policies. Ministries possess public relations/information divisions, but those divisions are not active. Requirements for economic reporting by financial institutions are minimal and frequently not adhered to. Specialized reporting on economic matters has not developed as it has in Egypt and the Gulf. Opposition political parties have had too little experience with operating newspapers and utilizing other media for the dissemination of information to develop adequate capacities. The government controlled media are some of the least professional in the Arab world. In sum, generation and transmission of information lags well behind Tunisia's trajectory of economic development

and is comparatively poor by regional standards.

Informational quality depends in part on competition. In Tunisia that competition is largely foreign, as internal sources have not provided adequate flows of quality information. But foreign media, even those which reach Tunisia readily, do not concentrate specifically on matters of concern to that country. Nor do they provide in depth analysis of a range of public policy issues. There is, in short, no real substitute for domestic competition in generating and disseminating information.

#### Strategy:

There are three distinct potential recipients of technical assistance to upgrade generation and dissemination of information. First, governmental ministries and agencies need to be able to provide relevant information to numerous audiences, including the media, parliament, local government, and other such ministries and agencies. That information is important to the everyday functioning of government, and is critical to "reformmongering," for that depends on mobilizing public support. Public relations/information sections of ministries and agencies thus require assistance in the form of personnel training and possibly provision of appropriate equipment.

Second, the media--print and electronic, pro-government and opposition--are vital to informed public debate. In Egypt, for example, for more than a decade the opposition press has provided a very important channel of information and served as a vital safety valve for that political economy. Tunisia has no equivalent, in part because of limited resources of opposition political parties and the general dearth of professional journalists. Training of journalists and provision of equipment will go some way to alleviating this shortcoming.

Third, specialized information, especially that relevant to economic activities, depends in part on the existence of trained personnel expert in that particular subject matter. Technical assistance to such individuals, in combination with assessments of how to facilitate both specialized and general reporting on economic matters, should enhance the flow of information on which potential investors can draw.