

# DECENTRALISED REGIONAL DEVELOPMENT POLICY IN TUNISIA

## A NEW BEGINNING FOLLOWING THE "ARAB SPRING"?

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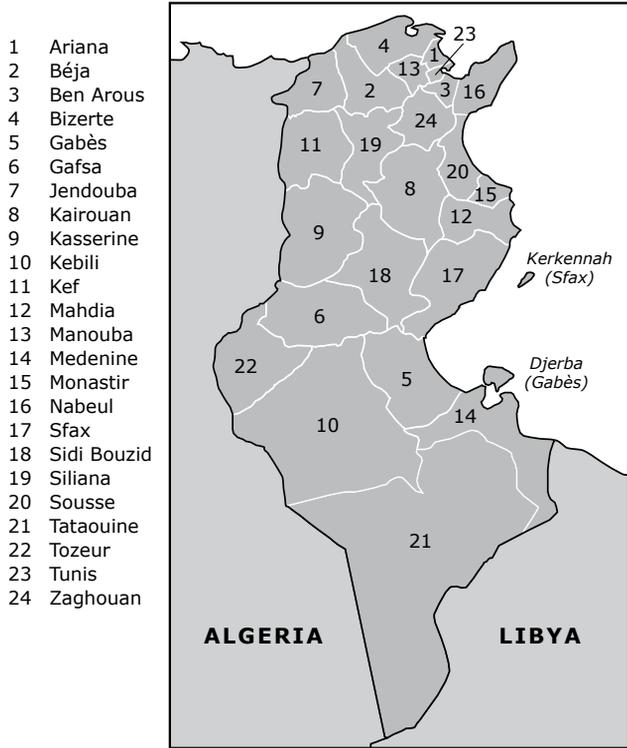
In countries in North Africa, large regional economic differences tend to be the rule rather than the exception, and these played a part in sparking the protests that culminated in the "Arab Spring". However, it was probably not just the lack of economic prospects that led to the eruption of the Tunisian revolution in the economically lagging town of Sidi Bouzid, but also the inequality of opportunities between different parts of the country. A regional development policy aimed at reducing such regional disparities is therefore among the essential tasks of present and future governments in North African countries. Also, there has been a strong tendency in that region to conduct economic and regional development policies in a top-down approach, with the central government performing all the planning and controlling, drafting and implementing. However, a regional development policy that is – at least in part – supported by local initiative and shaped by local actors (in a bottom-up approach) would be more likely to produce a successful outcome. Tunisia illustrates how local authorities and other territorial authorities below the national level can play a role in shaping and implementing regional development policy. With the new Tunisian constitution in mind, another pertinent question is what form the relationship between the territorial authorities and the central government will take and which scope local authorities will have to help shape the political agenda for a decentralised regional development policy.



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Fig. 1

**Governorates of the Tunisian Republic**



Tunisia's 24 governorates are subdivided into 264 delegations and numerous municipalities. | Source: Reworked presentation. Wikimedia Commons ©(f)©.

**REGIONAL DISPARITIES AND THEIR POLITICAL SIGNIFICANCE**

For most countries with large territories, significant economic disparities between more or less developed areas are a challenge that requires a political answer. This issue is also relevant in Germany where Article 72 of the Basic Law calls upon the legislator to provide for "the establishment of equivalent living conditions throughout the federal territory". There are two central objectives geared towards this goal. The balancing objective is aimed at reducing the gap in the level of development (e.g. measured by the per capita GDP) between economically strong and weak areas and prioritising support for less developed areas to this end. The growth objective, which has become more

significant in terms of regional development policy over the last few decades in industrialised as well as developing countries and emerging economies, on the other hand focuses more strongly on the economic growth potential of an area, even if regional discrepancies in developmental standards are maintained or even increased as a result.

In developing and newly industrialised countries, policies aimed at opening up economic prospects to large parts of the population are unthinkable without addressing the issue of regional economic differences. Economic disparities between different regions are frequently far stronger in such countries than in industrialised countries. Furthermore, lagging areas there do not have the basic infrastructure that is usually guaranteed by the state even in less developed areas in industrialised countries. Consequently, regional differences in developmental standards in developing and newly industrialised countries greatly limit people's opportunities for economic and political participation and therefore jeopardise social stability.

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This phenomenon is particularly prevalent in countries of the Middle East and North Africa (MENA). In some cases, the reasons for the political upheavals there, generally referred to as the "Arab Spring", have a specific territorial component. It may not have been by chance that the revolution in Tunisia began in Sidi Bouzid – a town in one of the most poorly developed areas of Tunisia in the western interior, where unemployment is significantly higher than in the prospering coastal areas.<sup>1</sup> In the Middle East and in North Africa, young people constitute the majority of the population. In the Arab World, almost two thirds of the population are under 30.<sup>2</sup> This generation is confronted with massive youth unemployment and therefore a lack of prospects for the young people of making a life for themselves (e.g. setting up a household, getting married or

- 1 | In Sidi Bouzid, the young street vendor Mohamed Bouazizi had set himself on fire in December 2010 in protest against state repression and died from his burns. This triggered a wave of solidarity and mass demonstrations throughout the country, resulting in the fall of President Ben Ali on 14 January 2011.
- 2 | Cf. Magdi Amin et al., *After the Spring: Economic Transitions in the Arab World*, New York, Oxford University Press, 2012, 6.

planning a family). Their precarious situation is particularly pronounced in the less developed areas.<sup>3</sup>

Obviously, the process of political transition towards democracy, which Tunisia has been undergoing since 2011 and whose course could provide lessons for the rest of the MENA region, depends in part on whether democratically legitimised governments and parliaments develop an effective regional development policy. The new Tunisian constitution adopted in January 2014 and the impending parliamentary elections offer an opportunity to do so. At the same time, future governments can take

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lessons from preceding regional development initiatives, which have been realised for some time with foreign assistance. Tunisia can thereby become a laboratory for regional development policy in the Middle East and North Africa. Considering that there is a similar need for action in this area throughout the MENA region, there is also a need for new approaches to regional development to be devised as well as implemented. Only when these are tested on the ground can they provide lessons that will be important to help shape corresponding policies in other countries of the Arab region.

## **REGIONAL DISPARITIES IN THE MIDDLE EAST AND NORTH AFRICA**

The extent and political relevance of regional disparities in the MENA countries are described in the World Bank study entitled *Poor Places, Thriving People*. This study indicates that there are a number of general patterns present in this region, which include the following tendencies:<sup>4</sup>

3 | With respect to Tunisia, for instance: The World Bank, *MENA Quarterly Economic Brief: Growth slowdown heightens the need for reforms*, Washington D.C., The International Bank for Reconstruction and Development, No. 2, Jan 2014, 6, <http://worldbank.org/content/dam/Worldbank/document/MNA/QEBissue2January2014FINAL.pdf> (accessed 20 May 2014).

4 | Cf. The World Bank, *Poor Places, Thriving People: How the Middle East and North Africa Can Rise Above Spatial Disparities*, Washington, D.C., The International Bank for Reconstruction and Development, 2011, 36, <https://openknowledge.worldbank.org/bitstream/handle/10986/2255/589970PUB01D181UBLIC109780821383216.pdf> (accessed 20 May 2014).

- Urban areas and areas close to urban centers are more prosperous than rural areas.
- Even within individual regions, there are disparities between hubs of economic activity and peripheral districts.
- Spatial disparities between stronger and weaker areas are not only reflected in economic indicators (e.g. per capita consumption or the poverty rate) but also in other development indicators (e.g. educational indicators or child mortality).

In 2000, the poverty rate in Tunisia (according to the national definition) was 1.6 per cent in urban areas but 8.3 per cent in rural areas, for instance. Per capita consumption in urban areas is 86 per cent higher than in rural ones. The discrepancies are similarly drastic for child mortality, with the death rate per 1,000 live births standing at 16 and 30 respectively in the two types of environment.<sup>5</sup>

The World Bank study defines three policy packages to deal with lagging areas:<sup>6</sup>

- First, a level playing field for development is to be created, for example by improving the business climate, by encouraging growth in the towns or by improving people's access to education, health services and social security networks in poorly developed areas.
- Secondly, support should be provided for projects to connect peripheral to dynamic areas, e.g. through transport infrastructure, business incentives as well as information and communication technologies.
- Thirdly, support should be given to the private sector in disadvantaged parts of the country. In doing so, the state acts less as a controller of economic development and more as an enabler, who creates the right conditions and facilitates entrepreneurial initiative and dynamism in the private sector.

All three World Bank recommendations come back to a policy approach based on decentralisation and participation: "If regional development is to be based on local potential, regions need a decentralized, bottom-up approach to policy

5 | Cf. *ibid.*, 37 and 327.

6 | Cf. *ibid.*, 11-28.

design and implementation”.<sup>7</sup> Such an approach makes use of the knowledge and skills of local actors and will be more effective in ensuring that they will identify with regional development strategies and support their implementation.

Spatial polarisation is, however, a process that has been going for a long time in the Middle East and North Africa and is likely to continue. As in many other developing countries, there has been a substantial intensification of the urbanisation process in the region of late. This provides opportunities for the further development of the respective economies: “No country has ever achieved developed-country status without urbanizing.”<sup>8</sup> Research on regional economic development has examined the benefits of concentrated economic activity for some time, which range from deeper division of labour and specialisation with corresponding learning effects to the free circulation of innovations and the therefore coming of creativity.

#### **Excursus 1: Hidden Champions**

In industrialised countries, there are some examples of the significance and exploitation of endogenous growth potential (in spite of all the existing problems relating to regional development). You will thus find the much celebrated “hidden champions” of the German SME sector, not infrequently global market leaders in their specific niche, not only in the well-known industrial centers and metropolitan areas but also in smaller towns in rural areas. Such companies, which act as engines of economic growth, have frequently emerged at a particular location by chance, for instance due to family connections of the founder or – as in the case of the global Hewlett-Packard corporation in the USA – because the founders happened to go to university there.

The political challenge lies in taking measures to prevent peripheral areas becoming disconnected entirely from the economic dynamics of the strong areas and thereby denying its inhabitants sufficient economic participation. The prosperity generated in urban areas can be used to guarantee the population in rural areas an adequate basic level of public infrastructure.

7 | Ibid., 28.

8 | Ibid., 39.



The capital Tunis: The wealth created by urban regions can be utilized to expand infrastructure in rural areas. | Source: © Maximilian Benner.

However, this redistribution component of a regional development policy intent on balancing can only go so far in solving the problem of strong spatial disparities. Such a policy must also seize on the growth potential of rural areas. In other words, it is important to make efforts to realise such growth potential wherever it happens to arise, not merely for the purpose of social balancing but also for reasons of economic efficiency. This concept, which focuses on both efficiency and equity, is at the core of the Social Market Economy. It represents a strong justification for a regional development policy that prevents a complete disconnect between rural areas and the development of the economy as a whole.

### **REGIONAL DEVELOPMENT POLICY IN TUNISIA: MODELS, APPROACHES, OUTCOMES**

To utilise growth potentials in the regions, the MENA countries pursue regional development initiatives – with international assistance and frequently inspired by international models. Since 1985, Tunisia has had a sophisticated system of territorial planning, consisting of “horizontal” regional plans and “vertical” sectoral plans. The regional plans are drafted at national level in a complex inter-ministerial coordination process, drawing on data supplied by the governorates. The sectoral plans come from the line ministries. The Regional Development Directorates coordinate the integration of regional and sectoral planning

at governorate level, acting as local counterparts of the Ministry of Development.<sup>9</sup> In addition, Tunisia uses targeted measures to support economic development in poorly developed areas of the country. One such measure consists of tax incentives that the Tunisian state offers to businesses in 140 regional development zones (*zones de développement régional*) in western areas and along a north-south development axis.<sup>10</sup>

Remarkably, there has in fact been a measurable reduction in regional economic disparities in Tunisia between 1980 and 2000. However, on closer inspection it happens that this process of convergence has played out very differently in various (formerly) underdeveloped areas. While the capital and its surrounding area had dominated until 1980, the central-eastern coastal region with the governorates of Mahdia and Monastir had gone through a significant economic upturn by 2000. The northwest region also enjoyed impressive progress in closing the gap. In the other peripheral regions, however, comparable developments failed to materialise. Although the weakest region, Central West (with the Sidi Bouzid governorate), made some economic progress until 1990, it has since clearly fallen behind again.<sup>11</sup>

Seeing that the coastal areas have made relatively good progress, one can assume that tourism has played a significant role in their developmental achievements since 1980. It probably also reflects the significance of this sector in regional development as well as the difficulty of exploiting it in remote areas in the country's interior, although those areas do have some attractive and marketable tourist destinations such as the salt lake of Chott el Djerid and the locations where the "Star Wars" films were shot. Added to this is the fact that the above-mentioned investment incentives in the *zones de développement régional* motivated by regional development policy objectives have helped to provide support to eastern coastal areas. Zones in that region have seen an above average influx of companies looking for a base.<sup>12</sup>

9 | Cf. *ibid.*, 280 et seq.

10 | Cf. *ibid.*, 253 and 257 et seq.

11 | Cf. *ibid.*, 101 et seq.

12 | Cf. *ibid.*, 251 and 257.

### **Excursus 2: Trends in Regional Development Policy**

In many countries, there appears to be an increasing emphasis on growth as a goal in regional development policy. This goal focuses on encouraging economic growth, accepting the fact that this may produce stronger spatial disparities. This trend has been noticeable for approximately three decades in industrialised countries and roughly since the mid-1990s in developing countries and emerging economies as well. Around the same time in each case, the countries discovered the approach of the cluster policy. Clusters of companies and supporting institutions (e.g. universities, institutions of research and training) in certain sectors or areas of technology receive targeted support and are encouraged to expand. This means that local concentrations of sector or technology-specific activities are exploited and regions are supported in their respective strengths at the same time.

Models for this approach to regional development exist in the form of success stories such as that of the Californian high-tech location Silicon Valley. While this example can only serve as a model for regional development in other locations to a degree given its unique local conditions, clusters represent a phenomenon that can also be observed in other economic sectors that are technologically far less sophisticated.<sup>13</sup> That is why they provide a starting point for targeted growth promotion as a part of regional development. Although this approach primarily focuses on growth, it does not necessarily have to be restricted to economically strong areas. Sector-specific strengths or potentials can, in fact, also exist in poorly developed areas and benefit from targeted support. However, there is a danger of developing or expanding regional mono-structures. Furthermore, the manipulation of clusters by political means is a controversial issue. The cluster concept is therefore not without its problems, and clusters are not a panacea of regional development policy. Having said that, they can provide a starting point for an innovative economic policy in conjunction with other approaches of regional development policy that aim more strongly at regional balancing.<sup>14</sup>

The Tunisian regional development policy with its focus on balancing has produced mixed results. Consequently, the Tunisian state has been looking to international examples of regional development initiatives, which are

13 | At the local level, one could, for instance, consider streets with numerous car repair shops next to one another found in major cities in the Middle East and in North Africa, which reflect the structure of the souks in the old towns, as clusters on a small scale. Similarly, one could consider the alleys and districts of the souk, which are organised by trade, as clusters.

14 | Cf. Maximilian Benner, Clusterpolitik: Wege zur Verknüpfung von Theorie und politischer Umsetzung, Münster, LIT, 2012.

**The Tunisian cluster program is based on the French model *pôles de compétitivité* and entails partnerships with the corresponding clusters in France.**

aimed at developing endogenous growth potential. One case in point is the Tunisian cluster policy. It emphasises the sectors of mechatronics, textiles, leather processing

and shoes, agriculture as well as information and communication technology. In terms of structure, this program is based loosely on the French model (*pôles de compétitivité*) and entails partnerships with the corresponding clusters in France. As is the case in France, the planning of the cluster policy in Tunisia originates at the national level.

One initiative in this connection is the *pôle de compétitivité* Monastir-El Fejja la Manouba. This cluster comprises a technology park for the textile industry, two industrial estates as well as a network intended to connect businesses and institutions and improve collaboration between them. This cluster initiative offers businesses start-up support services (e.g. help with drafting a business plan). The technology Park in Monastir makes available various facilities including laboratories, conference rooms and exhibition halls. One striking feature of the Tunisian cluster policy is that the clusters supported so far have almost exclusively been located in coastal areas, particularly on the east coast. This means that peripheral, lagging areas have so far seen little benefit from the Tunisian cluster policy.<sup>15</sup>

What all these practical examples have in common is top-down planning. The national level plays a dominant role in shaping regional development policy. The local and regional levels are distinctly subordinate and only play an

15 | Cf. Maximilian Benner, "Cluster Policy as a Development Strategy: Case Studies from the Middle East and North Africa", *University of Lüneburg Working Paper Series in Economics*, No. 255, Lüneburg, Leuphana Universität Lüneburg, 14 et seq., [http://leuphana.de/fileadmin/user\\_upload/Forschungseinrichtungen/ifvwl/WorkingPapers/wp\\_255\\_Upload.pdf](http://leuphana.de/fileadmin/user_upload/Forschungseinrichtungen/ifvwl/WorkingPapers/wp_255_Upload.pdf) (accessed 20 May 2014); Mfcpole, *Pole de Compétitivité Monastir-El Fejja la Manouba*, [http://www.mfcpole.com.tn/Fr/accueil\\_46\\_7](http://www.mfcpole.com.tn/Fr/accueil_46_7) (accessed 20 May 2014); Neila Gongi, *Territoires Métropolitains Innovants: Technopoles et Pôles de compétitivité*, [http://www.euromedina.org/bibliotheque\\_fichiers/tunis\\_Atelier5Gongi.pdf](http://www.euromedina.org/bibliotheque_fichiers/tunis_Atelier5Gongi.pdf) (accessed 20 May 2014); Ministère de l'Industrie, de l'Énergie et des PME, Agence de Promotion de l'Industrie, *Stratégie industrielle nationale à l'horizon 2016: Synthèse*, <http://www.tunisieindustrie.nat.tn/fr/download/CEPI/Synthese.pdf> (accessed 20 May 2014).

executing role, if any. This entails problems that are discussed in more detail below.

### **BENEFITS OF DECENTRALISED REGIONAL DEVELOPMENT POLICY**

To be able to exploit the potential of lagging areas, regional development policy must utilise local engagement and local knowledge. To this end, it must include local actors in the development areas in the planning and implementation of regional development projects. Consequently, the structural relationships between the national government and the political units in the regions and districts become important prerequisites to the effective design and realisation of regional development policy.



A "gas station" near Sousse: Where investments in transport infrastructure are concerned, the national level will have to take responsibility. | Source: Rusty Clark, flickr ©©.

Particularly where cluster policy is concerned, experience has shown that locally initiated projects tend to be more successful in the long term than those initiated from the top or even by political decree. In the case of organically grown cluster initiatives formed from the bottom up, there is a greater likelihood that the support strategy actually matches the localised strengths as well as the skills and knowledge of local actors. One can also assume that local institutions (such as businesses, unions, associations, universities and local economic development bodies) will

identify more strongly with the development strategy than can be expected from programs designed by the national government. The willingness of local actors to make a contribution to development support (by contributing to the funding of the cluster initiative or by volunteering their time and expertise) is also frequently higher. This is particularly important with an approach such as cluster support, which is often organised on a network basis – as is the case in Tunisia – and requires public and private actors to collaborate as partners.<sup>16</sup>



Souvenir shops in the coastal town of Port el Kantaoui: A decentralised regional policy would also assist the tourism sector. | Source: Goran Necin, flickr ©①②.

The tourism sector differs from other industries in several respects that demand public actors to play a stronger and more direct role. This is because the product tourism offers – the holiday resort – is a public good whose maintenance can and must particularly involve local government and local administration. If the expansion of this sector is to have any hope of success, the involvement of subnational territorial authorities in the planning and implementation of tourism-related strategies is central. Besides utilisation of the new scope of action opened up by decentralisation, it will need collaboration between the center on the one side and the local and regional authorities on the other. Where investments in transport infrastructure are concerned, the national level will have to take responsibility.

16 | Cf. Benner, n. 14.

However, in the case of tourism-related objectives, the local authorities will be the main actors, working in conjunction with the private sector. Where projects such as festivals are concerned, which could strengthen tourism in peripheral areas, collaboration between local actors will be paramount.<sup>17</sup>

In other policy areas important for regional development the national level will have to continue providing assistance to territorial authorities in developing their political and administrative capabilities even after decentralisation and partner them in the planning and implementation of future regional development projects. The latter will also be necessary because of the interaction between regional development policy and sectoral policies, which are predominantly or partly designed and executed by the national level. There will be overlaps in areas such as export and investment support, location marketing, science policy (e.g. with respect to promoting collaboration between universities and businesses) and education policy.

In a scenario including top-down as well as bottom-up processes, the national level will be able to support the territorial authorities in mobilising their endogenous potential and in devising regional development strategies from the bottom up. It can do this by awarding subsidies in a competitive process, in the course of which the local applicants are required to devise strategies of their own that are matched to the respective area and its economic structure in a collaborative and participatory manner. This approach requires administrative competences to be developed at local and regional level. Decentralised regional development policy is not realised purely by transferring political responsibilities to local and regional authorities, but involves active support of local political and administrative institutions in making use of their new scope of action.

**Decentralised regional development policy is not realised purely by transferring political responsibilities to local authorities, but involves active support of local administrative institutions.**

17 | Cf. Sarah Mersch, "Tunesiens neuer Tourismus", *Deutsche Welle*, 4 Mar 2014, <http://dw.de/p/1BIl3> (accessed 20 May 2014); Maximilian Benner, *Towards a policy to promote tourism clusters*, Munich, Munich Personal RePEc Archive (MPRA), 21 Jan 2013, [http://mpra.ub.uni-muenchen.de/43924/1/MPRA\\_paper\\_43924.pdf](http://mpra.ub.uni-muenchen.de/43924/1/MPRA_paper_43924.pdf) (accessed 20 May 2014).

**Business-related actors can provide impulses, when participatory approaches are used, such as the cluster policy, local tourism promotion or the drafting of regional development concepts.**

And one should not merely consider actors from the sphere of politics and the administration in this context. Private businesses or business-related institutions such as trade and employers' associations and trade unions can also act as regional development partners.

Particularly when participatory approaches are used, such as the cluster policy, local tourism promotion or the drafting of regional development concepts, these actors can provide important impulses, contribute valuable know-how and take on specific tasks in the implementation. Trade and employers' associations and trade unions, for instance, are often more suitable partners than local authorities where the organisation of basic and further training of employees is concerned. Particularly in labour-intensive sectors such as tourism, involving these actors is essential. All the more when there are plans for education and training schemes modelled on the German dual education system, which make perfect sense for Tunisia considering its high youth unemployment rate and which are being trialled there.

Similarly, local and regional actors have a role to play in efforts to support business start-ups as these take place in a local social context. Business founders have personal and business networks, possibly also links to local education and training establishments and are in a good position to assess the local business climate. Local economic development bodies, universities and education & training establishments, trade associations and local banks can collaborate in setting up a network that can provide support ranging from "soft" infrastructure such as seminars to help with drafting business plans to "hard" infrastructure such as business incubation centers.

The task for local and regional authorities consists mainly of coordinating participative regional development processes. To this end, the World Bank is promoting the "coordination of multiple actors to facilitate private sector interest in an area's latent potential".<sup>18</sup> Local (and national) political institutions on the one hand and private actors including self-regulatory business organisations and associations on the other must meet as equal partners in such approaches

and pursue a joint vision of regional development, which can and should take into account the regional development priorities of the democratically legitimised local government.

### **TUNISIA'S TRANSFORMATION PROCESS AS A WINDOW OF OPPORTUNITY FOR DECENTRALISATION**

Tunisia's priorities in regional development policy clearly lie in reducing regional development disparities and combating youth unemployment. The country has potential for a decentralised regional development policy that includes local and regional actors in politics, administration and the private sector, and compared to other countries in the Middle East and North Africa, it has a high level of economic development and a relatively high level of competitiveness in its economy. One can therefore expect instruments of regional development policy, which make use of the energy, knowledge and commitment available at a local level and which support the regions through targeted assistance from the national level, to boost the dynamic strength of the Tunisian economy and its labour market. However, this will require the bottom-up and top-down approaches to complement one another to good effect.



Carpet manufacturing near Kairouan: Promotion of the middle class will be a central task of the local authorities to balance regional disparities. | Source: Dennis G. Jarvis, flickr ©©©.

**The new constitution envisages a decentralised system comprising municipalities, regions and départements, endowed with individual legal entities.**

The new constitution has created scope for decentralisation and for territorial authorities below the national level to become more involved and take on greater responsibility. In the past, the Ministry of the Interior appointed the governors of the 24 Tunisian governorates, while local communities had elected councils, which in turn elected the mayors.<sup>19</sup> The new constitution envisages a tripartite decentralised system comprising municipalities, regions and *départements*, endowed with individual legal entities. Article 133 of the constitution states that the regional and local council members shall elect the council members of the *départements*. One other noteworthy point is that youth representation is to be guaranteed in the councils of the territorial authorities. This should mean that the issue of youth unemployment will feature on the political agenda of these territorial authorities. After all, the subsidiarity principle is enshrined in Article 134 of the constitution.<sup>20</sup> It will be interesting to see what consequences the new governmental structure will have for future regional planning.

Over the next few years, legislators and the government will face the challenge of putting flesh on the bones of the newly created constitutional framework. This raises the question as to how the political parties will address the question of regional development policy. The fact that the National Constituent Assembly adopted the new constitution including decentralisation with a majority of 200 out of 216 votes demonstrates that there is a broad consensus across the political landscape, including the strongest party, the Islamist Ennahda. The secular-leaning Nidaa Tounes party led by former Prime Minister Béji Caïd Essebsi, for its part, makes explicit reference to regional development in its discourse. Some observers believe this party will be capable of attracting a following comparable to that of Ennahda in the upcoming new elections.<sup>21</sup>

19 | Cf. *ibid.*, 279.

20 | Cf. "Constitution de La République Tunisienne", [http://marsad.tn/uploads/documents/Constitution\\_Tunisienne\\_en\\_date\\_du\\_26-01-2014\\_Version\\_Francaise\\_traduction\\_non\\_officielle\\_Al\\_Bawsala.pdf](http://marsad.tn/uploads/documents/Constitution_Tunisienne_en_date_du_26-01-2014_Version_Francaise_traduction_non_officielle_Al_Bawsala.pdf) (accessed 20 May 2014).

21 | Cf. Hardy Ostry, "A Constitution for all Tunisians: New Constitution Provides a Glimmer of Hope – Many Challenges Still Lie Ahead", *KAS International Reports*, No. 5/2014, 50, <http://kas.de/wf/en/33.37762> (accessed 20 May 2014).

Nidaa Tounes considers regional development to be one of four factors involved in the 2011 revolution (besides employment, youth and social justice). In its manifesto, the party makes an explicit commitment to decentralisation as it regards political decision-making at a regional level a means for the local population to be instrumental in determining its own economic and political prospects. According to the party, infrastructure development will make a further contribution to the economic development in areas that are lagging behind.<sup>22</sup>

### **MOVING TOWARDS A DECENTRALISED REGIONAL DEVELOPMENT POLICY**

The newly created constitutional framework – and its outstanding underpinning through legislation – allows for stronger co-determination by regions and municipalities in matters of regional development policy. Not only does this make sense under the aspects of grass-roots democracy and subsidiary, but it is also of practical benefit because a decentralised system can be advantageous in terms of effectiveness. For instance, considering the reasons for a stronger bottom-up approach in regional development, the implementation of the cluster policy could benefit from a stronger involvement by local actors and particularly municipalities, regions and *départements*. That way, the existing top-down political practices can be complemented by elements of bottom-up control. If decentralisation opens up scope for subnational territorial authorities to act in the area of economic development, it might even be possible for cluster initiatives to emerge in a bottom-up process, with local economic development bodies playing a strong coordinating and prompting role. Particularly in remote, lagging areas in the country's interior, this may provide opportunities to gain a foothold in niche sectors where their economic structures possess relative strengths.

**If decentralisation opens up scope for subnational territorial authorities to act in the area of economic development, it might even be possible for cluster initiatives to emerge in a bottom-up process.**

22 | Cf. Hafawa Rebhi, "Programme socio-économique de Nidaa Tounes: 'Pour que la Tunisie devienne un pays émergent... et démocratique'", *L'Économiste Maghrébin*, 17 Nov 2013, [http://leconomistemaghrebin.com/2013/11/17/?page\\_id=47598](http://leconomistemaghrebin.com/2013/11/17/?page_id=47598) (accessed 20 May 2014).

A decentralised regional development policy would also be beneficial to the development of tourism – in comparably prospering coastal areas as well as in remote areas in the interior.

It should be possible to create synergies through collaboration with international donors. The World Bank recently announced plans for 300 million U.S. dollars of funding for building up the capacities of local government in conjunction with the decentralisation process linked to the new constitution.<sup>23</sup> An exchange of experience in the area of local government and administration relating to economic development – for instance with German municipalities, which have experience with participative economic development – would foster benefits from decentralisation for Tunisian regional development policy.<sup>24</sup> Furthermore, participatory political processes should attract non-governmental actors for the realisation of regional development initiatives, namely organisations such as the employers' association UTICA and the trade union association UGTT and their regional or local organisations.

**An exchange of experience in the area of local administration relating to economic development would foster benefits from decentralisation.**

Considering the large regional discrepancies in economic development in Tunisia, the obvious approach is to use a mixture of instruments of regional development aimed at a wide range of industries ranging from labour-intensive tourism to innovative technology sectors.

In this context, encouraging start-ups is of particular importance. The *pôles de compétitivité* are already making a wide range of sector or technology-specific services available to business founders. Local or regional start-up networks could do the same for specific sectors or technologies. Once again, the above-mentioned and other non-governmental actors will be of crucial importance in

23 | Cf. The World Bank, *World Bank Group Announces up to US\$1.2 Billion in Support for Tunisia in 2014*, press release, 28 Feb 2014, <http://worldbank.org/en/news/press-release/2014/02/28/world-bank-group-support-tunisia-2014> (accessed 20 May 2014).

24 | Cf. Maximilian Benner, *Clusterwettbewerbe: Eine Option für Entwicklungsländer?*, Munich, MPRA, 19 Aug 2012, [http://mpra.ub.uni-muenchen.de/40743/1/MPRA\\_paper\\_40743.pdf](http://mpra.ub.uni-muenchen.de/40743/1/MPRA_paper_40743.pdf) (accessed 20 May 2014).

such networks. This includes not least banks and organisations offering microfinance.

### **Excursus 3: Start-ups in the Middle East and North Africa**

Most countries in the MENA region are faced with the challenge of opening up access to the labour market for new graduates. This is difficult because demographic developments mean there are more graduates flowing onto the labour market than it can absorb at the current level of economic growth.<sup>25</sup> Regional disparities exacerbate this problem. It is obvious that a solution will not only require a macroeconomic policy encouraging economic growth overall but also targeted support for business start-ups. It is hardly conceivable that the economies in the Arab World will be able to generate sufficient growth and employment without new businesses being founded.

## **TUNISIA'S REGIONAL DEVELOPMENT POLICY AT THE CROSS-ROADS**

The exploitation of the knowledge and skills of local actors from politics, administration and the private sector will require decentralisation of regional development planning and implementation competences combined with the support of local actors in exercising these competences as an important component of a regional development policy that will produce growth and employment. Even though there is a certain awareness of the problem of regional disparities among the politicians, the importance of decentralisation in the context of regional development policy does not seem to have made it to the forefront of political discourse in Tunisia.

However, the willingness of the politicians to transfer competences to the regional and local levels and to recognise the role of non-governmental actors in regional development is crucial to the success of a decentralised regional development policy. It remains to be seen whether and to what extent Tunisian politicians will use the opportunities provided by the new constitution to this end. Ultimately,

25 | The World Bank estimates, for instance, that Tunisia will require a GDP growth of at least 4.5 per cent to reduce unemployment by 2020. At the same time, it forecasts a growth rate of just three per cent for 2014. Cf. n. 3, 5 and 7.

regional development policy in Tunisia will be measured by the extent to which it will improve the economic prospects of the population in peripheral, lagging areas as well and create opportunities for people to access the job market. The expectation of this happening, which was awakened by the revolution, has so far remained unfulfilled, and it will only be possible to realise it over the long term and in small steps. Addressing this expectation successfully is one of the urgent tasks of Tunisian politics. If this could be achieved, it would bode well for lagging areas in the entire region of the Middle East and North Africa.