

# Unemployment and Social Crisis in Tunisia

by Vasco Molini

## ABSTRACT

The decade since the 2010–11 Jasmine revolution has been particularly difficult for Tunisia. The trend of poverty reduction that started in the early 2000s has lost steam, with poverty rates increasing again in the wake of the Covid-19 pandemic and spatial inequalities remaining high. Moreover, the labour market is afflicted by persistent structural problems: high unemployment, high informality and low levels of participation among women and youth. Given the limited opportunities offered by the local labour market, Tunisians increasingly find in emigration the solution to cope with their dire economic and social situation.

*Tunisia | Labour market | Unemployment | Migration*

**keywords**

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## Introduction

Since 2011, when longstanding authoritarian ruler Zine el-Abidine Ben Ali was forced to leave the country by the popular “Jasmine” revolution, successive Tunisian leaderships have grappled with a persistent challenge: the country’s complex economic and social situation. The fragility of the post-revolution political system has often led to prolonged policymaking stasis rather than swift resolutions. Meanwhile, the Covid-19 pandemic and the conflict in Ukraine have further weakened Tunisia’s economy and exacerbated existing social hardships. Unemployment in Tunisia has continued to increase, inflation has remained stubbornly high and public debt has continued to grow.

Tunisia’s average growth rate has been -0.6 per cent, making it one of the weakest performers in the Middle East and North Africa (MENA).<sup>1</sup> Tunisia’s public debt has been a major concern for some time, with the country’s debt-to-GDP ratio reaching almost 80 per cent in 2022.<sup>2</sup> This has limited the government’s ability to stimulate economic growth. Tunisia’s economic situation remains challenging, particularly in the context of a potential slowdown of the global economy. The country struggles with, among others issues, rationalising expenditures, enhancing public services and fostering economic development, with a particular focus on the vulnerable and poor population.

<sup>1</sup> World Bank, *Tunisia Economic Monitor, Spring 2023: Reforming Energy Subsidies for a More Sustainable Tunisia*, Washington, World Bank, 2023, p. 1, <https://www.worldbank.org/en/country/tunisia/publication/tunisia-economic-monitor-spring-2023-reforming-energy-subsidies-for-a-more-sustainable-tunisia>.

<sup>2</sup> *Ibid.*, p. 9.

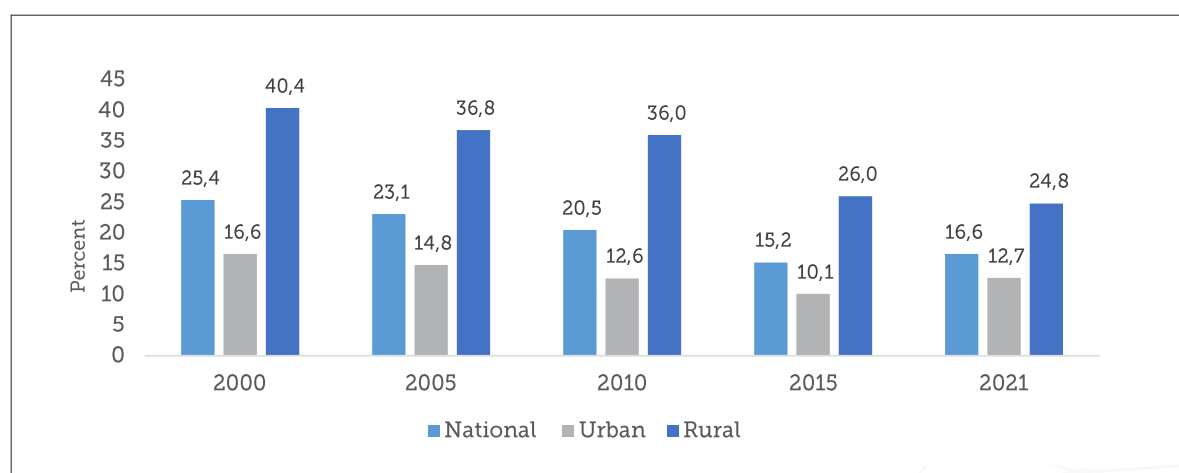
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## 1. Poverty reduction and social assistance

Tunisia performed well in terms of poverty reduction in the first 15 years after 2000 – official poverty rates dropped from 25.4 per cent in 2000 to 15.2 per cent in 2015<sup>3</sup> – but it failed to keep pace in the years thereafter and has even found itself on a downward trajectory since 2021 (Figure 1). National estimates confirm sizeable geographical disparities in living standards. In 2021, about 24.8 per cent of the population in rural areas was poor compared to 12.7 per cent in urban areas (Figure 1). Similarly, regional disparities remain significant, with the coastal areas doing relatively well and inland parts of the country seeing the highest concentration of poverty pockets.

**Figure 1** | Trends in poverty headcount rate overall and by area (national poverty line), 2000–2021



Source: Author's elaboration based on INS data.<sup>4</sup>

The increasing divide between relatively richer regions and poor ones has swollen the rank of discontents. Since 2011, Arab Barometer's perception surveys have observed a generalised negative attitude of Tunisian citizens towards their governments and the economic situation, in particular among the poorer strata of the population.<sup>5</sup> In the aftermath of the events of 25 July 2021,<sup>6</sup> when President Kais Saied dismissed the government, suspended the Tunisian Parliament and revoked the immunity of its members, the Arab Barometer survey registered nonetheless a

<sup>3</sup> Tunisian National Institute of Statistics (INS), *Enquête nationale sur le budget, la consommation et le niveau de vie des ménages 2015*, 2018, <https://www.ins.tn/node/974>.

<sup>4</sup> INS, *Enquête nationale sur le budget, la consommation et le niveau de vie des ménages 2021*, 2023, <https://www.ins.tn/node/1648>.

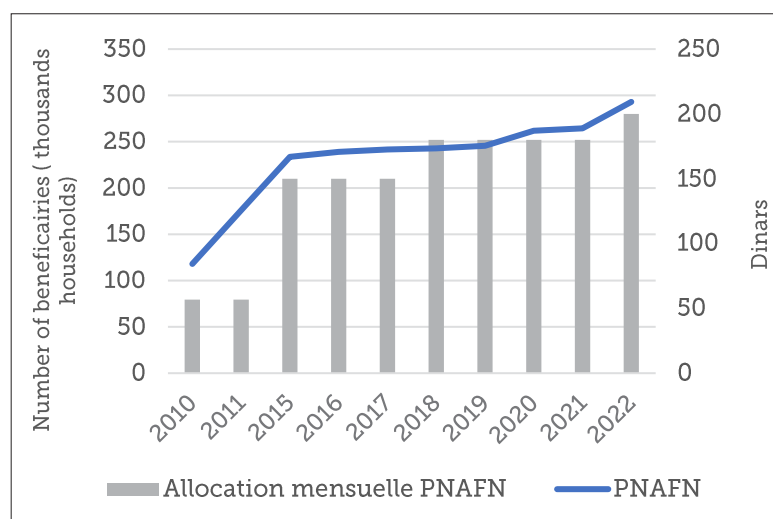
<sup>5</sup> Arab Barometer, *Tunisia*, <https://www.arabbarometer.org/countries/tunisia>.

<sup>6</sup> This refers to when Tunisian President Kais Saied dismissed the government of Hichem Mechichi, suspended the Assembly of the Representatives of the People and revoked the immunity of its members.

sharp improvement in the overall attitudes of citizens. A clear majority (61 per cent) expected the economic situation to improve in the following 2 to 3 years.<sup>7</sup> It is yet to be seen, in the view of the continuously deteriorating economic and social situation, if this sudden reversal in attitudes will be confirmed by subsequent survey rounds.

A main issue is whether it is going to be possible to regain the momentum in poverty reduction of the period up to 2015. Poverty reduction and economic performance did not advance in parallel because the former was largely the outcome of a surge in public transfers that, with the current fiscal crisis and without a fiscal reform, does not seem to be replicable. A good example in this regard, it is provided by the fast expansion of one of the main social assistance programmes, the *Programme National d'Aide aux Familles Nécessiteuses* (PNAFN) – transformed into the “Amen Social” programme in 2019.<sup>8</sup> This provides financial aid to vulnerable households (see Figure 2) and has increased from about 57,000 beneficiaries in 2010 to 233,000 in 2015 and 293,000 in 2022, while monthly allocation grew from 150 Tunisian dinars (TND) in 2010 to 200 TND in 2022. Furthermore, beneficiaries of the Amen Social also receive additional benefits such as free healthcare assistance (*Assistance Médicale Gratuite*, AMG1) and a contribution to children’s education. Vulnerable households who are not eligible for AMG1 receive health insurance at a reduced price (*Assistance Médicale à Tarif Réduit*, AMG2).

**Figure 2** | Evolution of the beneficiaries and the monthly allocation of social transfers (2010–2022)



Source: Author’s elaboration based on Tunisian Ministry of Social Affairs’ data.<sup>9</sup>

<sup>7</sup> Arab Barometer, *Tunisia Country Report 2021–2022*, 8 September 2022, p. 10, <https://www.arabbarometer.org/?p=11835>.

<sup>8</sup> Fundamental Law No. 2019-10 of 30 January 2019, relating to the creation of the Social Security Programme. See the Tunisian Ministry of Social Affairs website: *Social Grants for Needy Families*, <https://www.social.gov.tn/en/node/1843>.

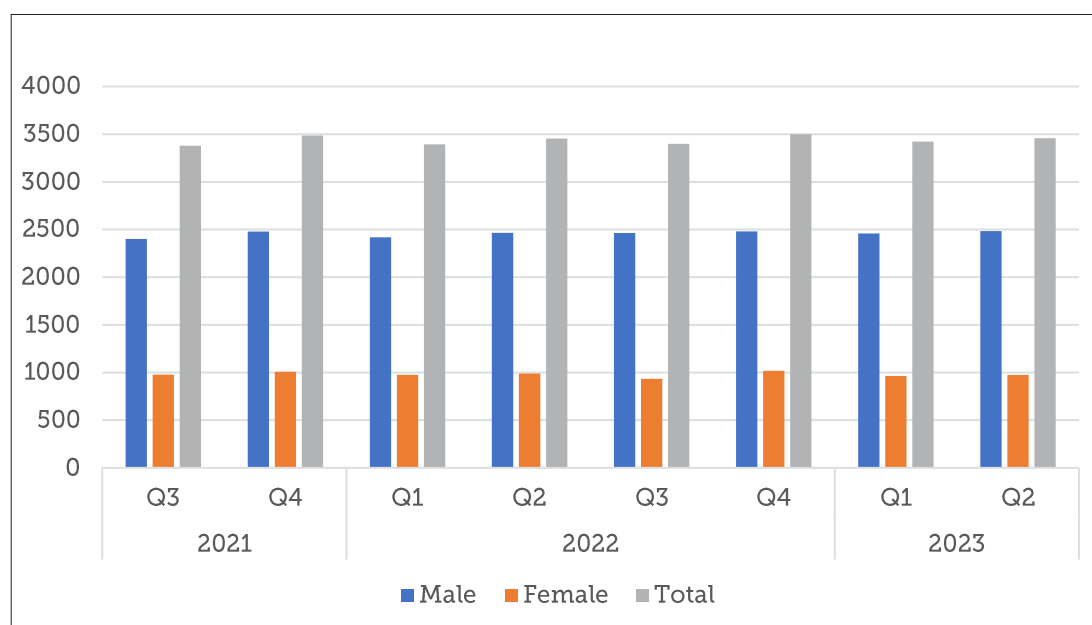
<sup>9</sup> Data received from the Tunisian Ministry of Social Affairs.

## 2. The labour market fragilities

At the same time, the labour market, the most important vehicle for a sustainable poverty reduction, does not show significant improvements. Overall, the labour market is characterised by several frictions translating into low participation levels among women and high unemployment and informality rates.

The overall participation rate is low,<sup>10</sup> only 46.3 per cent of the working-age population, and women look quite disadvantaged since their participation in the labour market (Figure 3) remains stubbornly below that of men.<sup>11</sup>

**Figure 3** | Labor force participation (thousands)



Source: Author's elaboration based on INS data.<sup>12</sup>

According to the last available labour force survey (Figure 3), whereas 2.5 million men were part of the labour force, barely 1 million women participated in it or, in other words, a less than 30 per cent participation rate. Despite the improvement in women's education and legal rights, participation remains low mainly due to the weak labour demand, assigned gender roles and a lack of affordable childcare services. Moreover, a significant gender wage gap in the private sector effectively translates into almost three months of unpaid labour per year for women, further

<sup>10</sup> Marco Ranzani, *Tunisia's Jobs Landscape*, Washington, World Bank, December 2022, p. 10-11, <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/099230112052280062>.

<sup>11</sup> INS, *Indicateurs de l'emploi et du chômage, Troisième trimestre 2023*, November 2023, p. 2, <https://www.ins.tn/node/2069>.

<sup>12</sup> Ibid.

discouraging their participation in the labour force. Women with a higher level of education are more likely than men to be employed in the public sector than in the private sector. This wage gap plays a role also in reinforcing traditional gender roles.

The Tunisian labour market is characterised by low participation but also high unemployment; the country has one of the highest rates in the MENA region<sup>13</sup> (15.8 in 2023) and didn't see a significant decline during the post-Covid period. Unemployment has also important gender and human capital dimensions. Women are more likely to be unemployed than men; in 2023 about 21 per cent of women in the active labour force were unemployed against 13 per cent among men.<sup>14</sup> Among graduates, the unemployment rate is 8 percentage points higher than the national average (23.7) and among women graduates a staggering 31 per cent.

This gap has been significant throughout the last decade signalling a notable underutilisation of the country's human capital that over the years had received important public investments with important improvements in educational attainment.

Tunisia's labour market is also characterised by high levels of informality and limited private sector formal jobs. Of the 2.8 million workers employed in the private sector (Figure 4), 1.55 million are informal workers, while only 1.23 million hold formal private sector jobs. Poor and vulnerable people are more likely employed in the informal sector. About 71 per cent of informal workers are in the lowest welfare deciles, most of them youth and low-education workers in rural and inland regions;<sup>15</sup> this of course also has implications for their salary as the informal sector pays on average 16 per cent less per hour worked than the private formal sector.<sup>16</sup> Furthermore, informal workers face significant risks, such as health events, unemployment and disability, as well as lack of access to the social security system and health insurance.

Another important aspect to pinpoint is the high share of public workers: about 40 per cent of total formal wage workers. After the 2011 revolution, one of the governments' main objectives was to create jobs to maintain social stability. A massive recruitment of public employees was carried out in the period 2012–2014 (Strategie Nationale pour l'Emploi). The average monthly public wages have increased by 27 per cent since 2010, which has led to a strong interest in public sector jobs, particularly for highly educated workers. On the negative side, the public sector became too attractive compared to the private sector: controlling for differences in age, educational level, sex, type of occupation, industrial sector and type of contract, the average public sector wage per hour is 40 per cent higher than

<sup>13</sup> Ibid., p. 4.

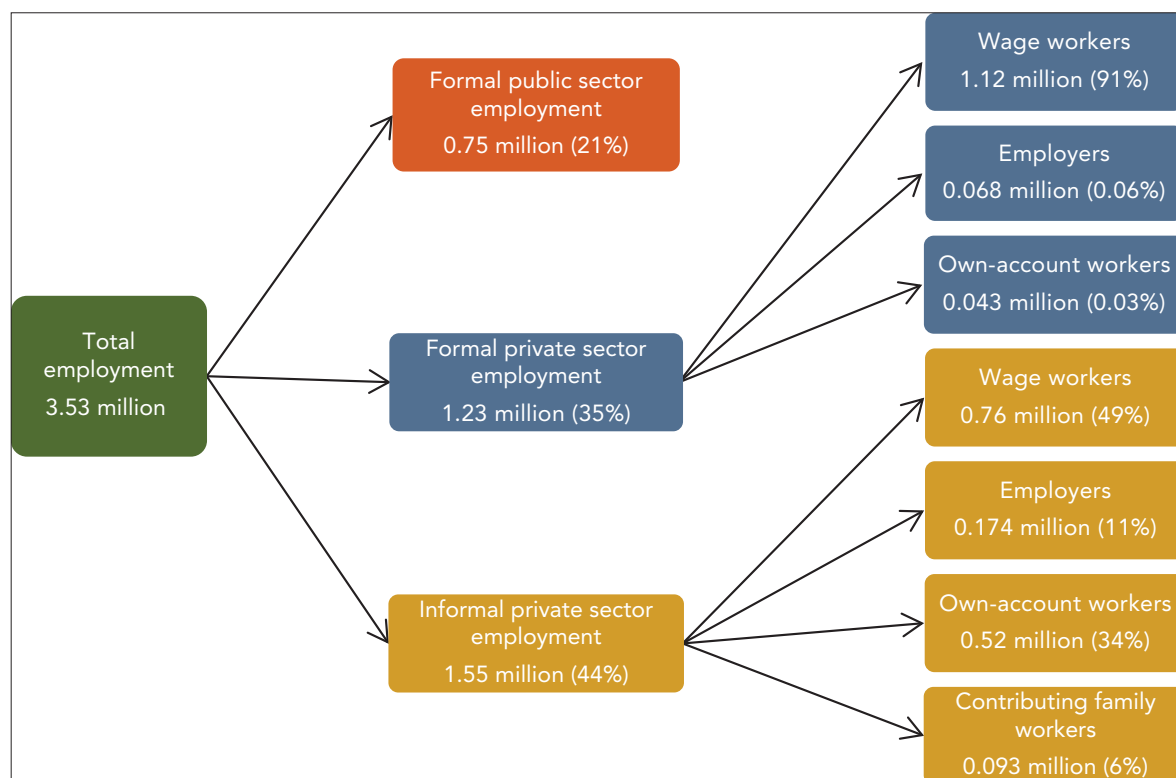
<sup>14</sup> Ibid.

<sup>15</sup> Marco Ranzani, *Tunisia's Jobs Landscape*, cit., p. 128-129.

<sup>16</sup> Ibid., p. 117.

that in the private sector.<sup>17</sup>

**Figure 4** | The composition of employment, 2019



Source: Marco Ranzani, *Tunisia's Jobs Landscape*, cit., p. 118.

Since 2011, the annual growth rate of the public sector payroll has significantly exceeded the growth rate of GDP, inflation and productivity.<sup>18</sup> The payroll-GDP ratio has increased by 4 per cent since 2010, reaching 14.7 per cent of GDP in 2022. The Tunisian government is currently planning to implement various measures to control the payroll. The 2024 budget report aims to limit recruitment to the highest priority needs, with a gradual reduction in the number of graduates from training schools, non-compensation for vacant positions and the re-use of available human resources to handle urgent needs.<sup>19</sup> The government is also planning to adopt new policies to reduce the number of public employees through an early retirement programme.<sup>20</sup>

<sup>17</sup> Ibid., p. 142f.

<sup>18</sup> Abdoulaye Sy et al., *Tunisia Public Expenditure Review. A New Pact for the Transition: Modernizing the State for Better and Fairer Public Spending. Overview Report*, Washington, World Bank, 2018, p. 9f, <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/225051591252911165>.

<sup>19</sup> Tunisian Ministry of Finance, *Report on the Draft State Budget for the Year 2024* (in Arabic), October 2023, [http://www.finances.gov.tn/sites/default/files/2023-10/rapport\\_budget\\_2024\\_0.pdf](http://www.finances.gov.tn/sites/default/files/2023-10/rapport_budget_2024_0.pdf).

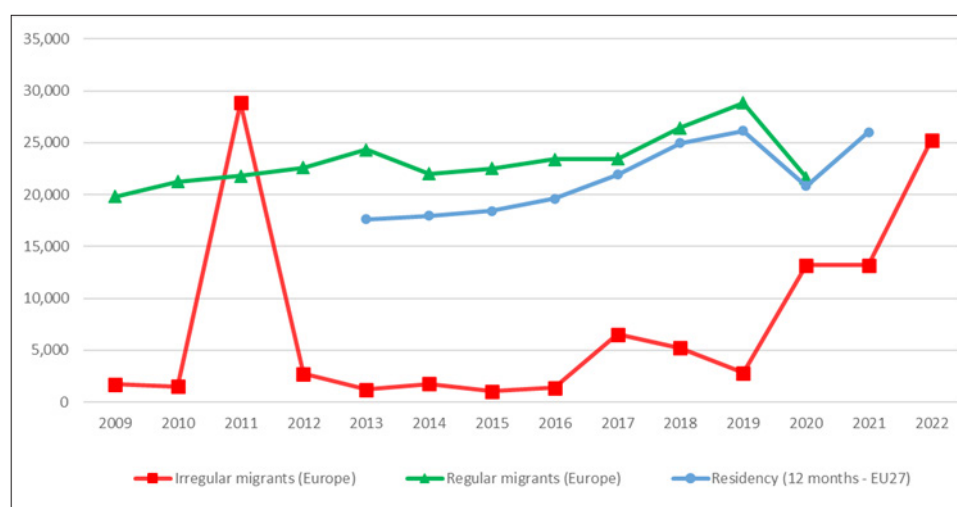
<sup>20</sup> Article No. 14 of the 2022 Tunisian Budget Law.

### 3. Migration from Tunisia: Potential economic drivers

Tunisia's difficult economic and social situation contributes to the decision of Tunisians to emigrate. According to the Office for Tunisians Abroad, more than 1.4 million Tunisians including all age groups were residing abroad in 2018,<sup>21</sup> equal to nearly 12 per cent of the Tunisian population residing in Tunisia. A National Survey on International Migration (Tunisia-HIMS) conducted between July 2020 and March 2021 estimated a total stock of 566,000 Tunisian emigrants aged 15 and above, compared to less than 59,000 immigrants.<sup>22</sup>

The post-pandemic period represents an important structural break in Tunisian migration patterns. Whereas between 2011 and 2020, the bulk of migration followed regular procedures (regular plus residency in Figure 5) and was steadily increasing, in 2020 we observe a rapid surge in irregular migration which almost doubles in a matter of two years. These new migrants follow the same irregular channels already used by many migrants who transited through the country. Between January 2019 and December 2023, 66,000 Tunisians reached Italy via the Central Mediterranean Route, more than any other country.<sup>23</sup>

**Figure 5** | Flows of emigrants from Tunisia to Europe (2009–2022)



Sources: Frontex for irregular migrants, OECD for regular migrants (all permits), Eurostat for 12-month residency permits.

<sup>21</sup> Hassen Boubakri and Nafissa Abassi, *Profils approfondis des migrants tunisiens à l'étranger*, Tunis, Observatoire National de la Migration, February 2023, p. 10, <http://www.migration.nat.tn/fr/publications/etudes-et-recherche/profils-approfondis-des-migrants-tunisiens-à-l-étranger>.

<sup>22</sup> INS, *Rapport de l'enquête nationale sur la migration internationale Tunisia-HIMS*, December 2021, p. 13-14, <https://ins.tn/node/1411>.

<sup>23</sup> Italian Ministry of Interior, *Cruscotto statistico giornaliero*, <http://www.libertaciviliimmigrazione.dlci.interno.gov.it/it/documentazione/statistica/cruscotto-statistico-giornaliero>.



Tunisians aspiring to emigrate are usually young, educated men living in urban areas.<sup>24</sup> The education level of these migrants is higher than that of the rest of the population; more than one third of those deciding to migrate are graduates, and, if we add those with at least a secondary school degree, we find that two thirds of migrants are skilled and only a small proportion are unskilled.<sup>25</sup> While the intention to emigrate decreases with age, unemployment is the most important driver of emigration (45 per cent of the interviewees) followed by family reunification (32 per cent) and studies (11.5 per cent). Men tend to leave more than women for professional reasons while for these latter the main push factor is family reunification.<sup>26</sup>

Another interesting aspect of this new wave of migration post-2011 is that we observe a preference for relatively new destinations such as the Middle East or North America rather than the traditional European destinations. Before 1990, the vast majority (92 per cent) of those leaving moved to three main countries: France, Italy and Germany. Starting from 2015 this rate declines to less than 70 per cent to the advantage of the abovementioned new destinations: the Middle East (13 per cent after 2015) or North America (about 5 per cent). In order to regulate the migrant flows abroad, Tunisia has established bilateral agreements with countries such as Italy, France and Qatar. This regulated labour mobility can contribute to incentivise the accumulation of human capital and the development of skills that can match the needs of destination countries. Italy has recently agreed to offer to 4,000 skilled Tunisian workers the possibility to work in Italy's agriculture and industrial sectors.<sup>27</sup> The bilateral agreement signed in 2008 with France enables 9,000 Tunisians with skills lacking in the French labour market to work there each year.<sup>28</sup>

### Conclusion

The decade after the Jasmine revolution has been particularly difficult for Tunisia. Exogenous and endogenous factors have hindered the country's capacity to cope with the big challenges it faces. The trend of poverty reduction that started in the early 2000s has lost steam, with poverty rates increasing again in the wake of the Covid-19 pandemic and spatial inequalities remaining high. Moreover, the labour market is afflicted by persistent structural problems: high unemployment, high

<sup>24</sup> The secretary of the Tunisian Medical Association has reported that more than 970 (7 per cent) Tunisian doctors, among 14,000 doctors in total, left the country in 2021 compared to 570 (4 per cent) in 2018, a 70 per cent increase.

<sup>25</sup> INS, *Rapport de l'enquête nationale sur la migration internationale Tunisia-HIMS*, cit., p. 19.

<sup>26</sup> Ibid.

<sup>27</sup> "Tunisie-Italie: Signature d'un mémorandum d'accord entre les deux pays", in *La Presse de Tunisie*, 21 October 2023, <https://lapresse.tn/170600>.

<sup>28</sup> Website of the Tunisian Ministry of Vocational Training and Employment: *Les conventions bilatérales en matière d'emploi à l'étranger*, <http://www.emploi.gov.tn/fr/node/186>.

informality and low levels of participation among women and youth. Given the limited opportunities offered by the local labour market, Tunisians increasingly find in emigration the solution to cope with their dire economic and social situation.

While important and recommended, the cooperation on labour market and migration cannot be the only form of engagement between the European Union countries and Tunisia. This is particularly true for Italy which has a long history of political and economic partnership with Tunisia. In recent years, however, this partnership has increasingly focused on migration while other economic, social and political issues have been somewhat neglected. From an economic point of view, the efforts to support the modernisation of the Tunisian economy and integration with the Italian counterpart should be at the core of a consolidated and comprehensive Italy-Tunisia bilateral engagement.

*Updated 27 February 2024*

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