



# **‘Foreign funding’ in post-revolution Tunisia**

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## Introduction

Tunisia's Islamist-led government is in a tight spot. The country's first free and fair elections to choose representatives to the National Constituent Assembly (NAC) in September 2011 resulted in the overwhelming victory of the Islamist Ennahda party, which eventually formed the incumbent 'troika' coalition government with the leftist parties Ettakatol and Congress for the Republic (CPR). Since then, with Nidaa Tounes, an electoral coalition of different opposition parties has emerged which for the first time bears the potential of challenging Islamist hegemony. Tunisian voters are frustrated with the slow pace of government delivery, and Ennahda's organisational head-start over other political formations is gradually narrowing. The coming elections – the date of which is still pending at the time of writing – will potentially hold the troika accountable. Polls suggest a nip-and-tuck race between Ennahda and Nidaa. For the first time, genuine electoral competition may enter Tunisia's political arena.

In this tense political context, the ways in which external forces might try to influence the course of events is the subject of heated debate. Countless rumours, media scandals and mutual accusations among political actors illustrate how sensitive an issue 'foreign funding' is and how it is seen as part of a suspected external conspiracy plot. The fragile governance that characterises transition processes provides opportunities for political actors to fill the void and place their favourites, and foreign assistance to promote specific local actors, themes or agendas may be perceived as a threat. No matter how justified, fears of uncontrollable external forces buying local influence over a political process, potentially 'high-jacking' the gains of a heavily-paid popular revolution, are serious. International actors wishing to assist democratic development in such a context must be highly-sensitive to such fears and perceptions, which directly affect the potential impact of their programmes.

In post-revolution Tunisia, 'political' foreign assistance is a novelty. Under Ben Ali, approximately 9,000 associations worked throughout the country, but their activities were largely limited to social and cultural issues. Under the law, associations were prohibited from undertaking 'political' activities, and – with a few notable exceptions – formal registration was denied to organisations working on themes such as human rights. The work of the few registered and unregistered organisations active in 'political' fields was heavily constrained by the regime's repressive apparatus. Conversely, international donors,<sup>1</sup> themselves forced to operate within tight constraints, shunned work on more political affairs and concentrated instead on social and economic issues. Aside from the ruling Constitutional Democratic Rally (RCD), the number of political parties was limited to eight legally-registered opposition parties, which were heavily controlled by the regime and stood no chance in any electoral competition.

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<sup>1</sup> Throughout this study, the term 'donor' is used to encompass all international actors, governmental and non-governmental, which provide democracy assistance through loans and grants, technical or financial development assistance.

Under Ben Ali, Tunisia routinely figured at the bottom of international rankings in terms of press freedom. The media landscape (with a few exceptions such as the *Kalima* radio station) was controlled by the regime.<sup>2</sup>

In the aftermath of the January 2011 revolution, the number of non-governmental organisations (NGOs) doubled, and associations broadened their thematic focus to cover a wide variety of issues, with political transition-related topics such as human rights, transitional justice, transparency, accountability and electoral observation gaining prominence. Similarly, political parties mushroomed, with over a hundred parties competing in the NAC elections held on 23 October 2011. The media landscape also flourished and opened up to both national and international investors, leading to the founding of many new outlets, including satellite TV channels which have the broadest outreach and influence among Tunisians.

After January 2011, foreign donor agencies rushed into Tunisia to support the construction of a democratic state in a small country that had all of a sudden caught international attention. Before the uprising, Tunisia had not been a favourite destination for international donors due to both its narrow strategic significance and the limited impact potential in a heavily-repressive political environment. Post-revolutionary Tunisia, by contrast, has been very open to foreign contributions to help build its new order, whether in the form of foreign direct investment (FDI), loans, aid, or technical assistance. Unlike in neighbouring Egypt, where long-standing suspicions of 'foreign agendas' have been instrumentalised in a systematic backlash to defend entrenched vested interests,<sup>3</sup> Tunisia's acknowledgment of the need for foreign support during the transition period has led to the adoption of a legal and political framework broadly favourable to local civil society and foreign assistance.

The present paper aims to assess the way foreign democracy assistance and other means of 'foreign funding' in Tunisia have developed after the 2011 revolution, focusing on the local perceptions of such assistance.<sup>4</sup>

## 1. Legal framework

Before the revolution, Tunisia's legal framework for civil society was among the most restrictive in the Arab world. The 1958 associations law (last amended in 1992), the 1993 NGO law, the 1988 political parties law and the 1975 press code (last amended in 2006), complemented by the 2003 anti-terrorism law,<sup>5</sup> provided textbook examples of 'upgraded authoritarianism',<sup>6</sup> formally guaranteeing basic rights while maintaining broad loopholes which allowed the authorities to undermine those rights and tightly control civil society.

<sup>2</sup> On civil society in Tunisia before the revolution, see K. Kausch, 'The life of others. Freedom of association and civil society in Tunisia', *FRIDE Working Paper*, June 2009.

<sup>3</sup> See also M. Elagati, 'Foreign funding in Egypt after the revolution', *FRIDE/Hivos/Arab Forum for Alternatives*, April 2013.

<sup>4</sup> The main findings of this paper are based on personal interviews with civil society activists, political party representatives, journalists, government officials and international donor representatives, conducted by the author in Tunisia in February 2013. The author would like to thank all those who kindly granted their time for an interview.

<sup>5</sup> For details on pre-revolution legislation, see Kausch, *op. cit.*

<sup>6</sup> S. Heydemann, 'Upgrading authoritarianism in the Arab world', *Brookings Institution*, October 2007.



Following the fall of Ben Ali, the provisional authorities replaced the old laws with a series of decrees to govern civil society, political parties and the media during the transitional period until the adoption of new, full-fledged legislation by a democratically-elected parliament. Ahead of the 2011 elections, political party funding was heatedly discussed among political forces within the context of a revision of the political parties law.<sup>7</sup> The decree-laws 88 on NGOs and 87 on political parties, which remain in force at the time of writing, contain basic provisions on the registration of political parties and associations, establishing very liberal founding criteria with a view to promoting political pluralism and facilitating the creation of new political parties for the 2011 NAC elections. Decree-law 35 of 11 May 2011 concerning the election of a National Constituent Assembly, complemented by decree-law 91 of 29 September 2011, specifically regulates campaign financing for political parties.

Against the background of the repressive legal environment under Ben Ali, post-revolution decrees have sought to grant civil society the greatest freedom possible. The result has been a decidedly liberal framework for civil society in which practically any association – both domestic and foreign – can obtain registration by notification within a few weeks. The flipside of this liberal environment has been a very lax control over both associations' and parties' financial governance, which provides ample opportunities for the misuse of funds.

According to the decree-law, parties are banned from accepting any funding from foreign or 'unknown' sources – direct or indirect, financial, in goods or services (Art. 19). Party funding must hence be covered exclusively via domestic means, which may include membership fees, public funding, and private donations. Public domestic funding, however, is very limited, providing only partial reimbursement of campaign costs. Party budgets thus largely depend on private domestic donations and membership fees. Private donations must not exceed 60,000 dinars (approximately €28,000) per donor. Decree-law 87 stipulates that parties underlie Law 112 (1996) regarding the accounting of private enterprises, and obliges them to submit to the Court of Auditors (Art. 26 and 27) an annual accounting report including detailed information on funding sources and spending. In spite of these provisions, full, systematic financial accountability is not properly implemented or controlled, providing ample grounds for accusations of illicit funding directed at parties across the political spectrum. During the 2011 NAC elections, political parties were legally required to submit their balance sheets to the authorities, but investigations and follow-up have been lacking.

Decree-law 88 of 24 September 2011 regulates the nature, founding conditions and finances of associations. According to the law, associations are entitled to receive membership fees, public subsidies, and financial and material donations (Art. 34). These include foreign funding, except when funds originate from countries that do not maintain diplomatic ties with Tunisia, or from organisations that 'defend the interests of those countries' (Art. 35). The Tunisian state is obliged to set aside an unspecified amount of subsidies for NGO projects, but in practice, these public funds are negligible. In the case of political parties and associations, all financial operations totalling over 500 dinars (approx. €470) must be channelled through traceable bank transfers or cheques. Donations to NGOs, including from abroad, require no prior approval by the authorities.



7 [http://magharebia.com/en\\_GB/articles/awi/features/2011/07/08/feature-02](http://magharebia.com/en_GB/articles/awi/features/2011/07/08/feature-02)



However, in line with Law 112 (1996) on the accounting of private enterprises, associations are obliged to lay open their full registry of donations, subsidies and other financial and material support received (Art. 40-42 of Law 88). Associations whose annual resources exceed 100,000 and 100,000.000 dinars (approx. €47,000 and 47,000.000, respectively) are subject to additional accounting requirements. Unlike parties, only associations that receive public funding are obliged to submit a full financial balance report to the Court of Auditors (Art. 44). Associations are banned from collecting or providing direct financial or material support for political parties. Foreign associations can establish local branches in Tunisia upon approval by the Secretary General of the Government. Other than that, regulations for local associations also largely apply to foreign associations.

Two decrees concerning media – decree-law 115 on print media and freedom of expression and decree-law 116 on audiovisual media –, ratified in November 2011 under the interim government led by Beji Caïd Essebsi, were considered a solid starting point by international standards. However, so far the current troika government has failed to implement them. The recent establishment of a High Independent Authority for Audiovisual Communication (HAICA) in May 2013 met strong resistance.<sup>8</sup> The HAICA – conceived as Tunisia's first independent media regulatory body tasked with supervising the media during electoral campaigns and nominating directors of public broadcasters – is meant to help improve the financial transparency of Tunisian television and radio stations, many of which are currently not legally licensed.<sup>9</sup> The National Authority to Reform Information and Communication (INRIC), an independent advisory body created in March 2011, resigned in July 2012 due to the interim government's lack of political will to implement and enforce the adopted laws and establish regulatory bodies, and the general absence of political will to support a broader media reform agenda.<sup>10</sup> As a result, and in spite of the establishment of the HAICA, the Tunisian media landscape remains *de facto* in a legal void.

According to Tunisian stakeholders, the permissive tenor of both legal provisions on foreign funding and their loose enforcement have positive and negative effects. The lack of public control over funds, in particular over political party funding, has led to a number of controversies over unjust competition, favouring only a few parties with potent domestic and international backers. Calls for greater control, including via the new political party law currently under discussion, have increased. In January the government announced plans for a new draft law to control foreign funding to ensure equal opportunities ahead of the next elections.<sup>11</sup> Opposition representatives fear, however, that the new legislation will not benefit all political parties alike, for example by placing stricter control on party finances but not on those of associations, which are rumoured to be Ennahda's funding arm.

<sup>8</sup> *Reporters sans frontières*, 'La HAICA voit enfin le jour', 7 May 2013, available at: <http://fr.rsf.org/tunisie-la-haica-voit-enfin-le-jour-07-05-2013,44578.html>

<sup>9</sup> T. Dreisbach, 'Presidency defends delayed creation of media regulatory authority', *Tunisia Live*, 28 March 2013.

<sup>10</sup> See also S. Mersch, 'Tunisia's pressing issues' Carnegie Endowment for International Peace, 6 November 2012, available at: [http://carnegieendowment.org/sada/index.cfm?fa=show&article=49914&solr\\_hilite=Tunisia](http://carnegieendowment.org/sada/index.cfm?fa=show&article=49914&solr_hilite=Tunisia)

<sup>11</sup> Statement by Deputy Minister for Governance and Anti-Corruption Abdelrahmane Ladgham, cited in *Asia Society Information Service*, 28 January 2013, available at: <http://asianewslb.com/vdceev8x.jh8nxibdbj.html>

## 2. Foreign funding as a political tool

Partly due to Tunisia's limited past experience with foreign funding to domestic civil society engaged in the political process, this issue carries less baggage and prejudices than in many other Arab countries. Of course, fears of undue foreign influence in their fragile transition process are also present among Tunisians. Unlike in Egypt, where foreign NGO funding is highly politicised, Tunisian reservations are much more focused on political party funding than on support to NGOs. In particular, the widespread (and rather blurred) notion of financial 'Gulf backing' of Ennahda and other Islamist forces has flourished in the context of a general creeping sense of 'Gulf buy-out' which has grown in the country over the past two years. Increasing Gulf investments, loans and other opaque operations have raised doubts over the economic and political motivations behind these actions.

'Foreign funding' is suspected of being used as a political tool in three main ways: attempts to discredit legitimate foreign support as a pretext to curb the finances of specific groups or segments of civil society; foreign influence on the political and electoral process; and foreign investment in local media as a means to influence domestic public opinion.

### **Authoritarian practices to discredit foreign funding**

The instrumentalisation of the theme of 'foreign conspiracy' as a tool for domestic backlash against external support to democratic reform has been a common issue across the Middle East and North Africa (MENA) for many years. Following the 2011 uprisings, local empowerment and post-revolution nationalism have further contributed to building a strong sense of national independence from external interference in Tunisia. At the same time, the comparatively low level of prejudice against foreign donors in the country reduces the relative scope for the various actors deliberately to instrumentalise the foreign funding issue to serve a specific political agenda.

As mentioned above, Tunisia's post-revolutionary environment has been decidedly permissive in terms of regulations on civil society and law enforcement, and so far the government has shown little appetite to impose restrictions. This lack of control may be attributed to the government's wish to comply with the demands and spirit of the revolution for greater freedom of civil society. On the other hand, it is argued that the troika parties themselves are accused of receiving illicit political party funding from abroad. If this were the case, greater regulation and stricter law enforcement in these areas, including a broader debate on the undesirability of foreign funding, would run contrary to the government's interests. Similarly, the degree to which calls for greater regulation of foreign funding from former remnants of the old regime now in the opposition are motivated by a desire to reclaim lost political ground is controversially discussed. Pro-government forces like to characterise Nidaa Tounes as a pool of remnants of the Ben Ali regime who are keen to ensure their return to power through the back door, whereas Nidaa sympathisers reject those claims as negative propaganda against an emerging challenger.

## Foreign influence on the electoral process

Fears of foreign influence on the political and electoral process through the financial backing of specific political forces are high in Tunisia. The belief that ‘the big money makes the difference in elections’ is widespread. In this context, two major themes emerge: Western governments ‘picking favourites’, and Gulf countries backing Islamists.

On occasions, it is alleged that Western governments and donor agencies are propping up specific political groups or currents through either financial or non-financial means. These suspicions flourish against the background of long-standing Western refusals to accept Islamists as legitimate political actors and interlocutors. Unlike European donors, however, US agencies are no longer believed to back secular forces against Islamist rule, but on the contrary; many believe the US has switched its preference to Ennahda and its allies as a potential model and poster child of cooperative, ‘modern’ Islamist rule.

In the immediate aftermath of the January 2011 revolution, foreign donors focused predominantly on electoral assistance and capacity-building in view of the September 2011 elections, and eventually on supporting the constitution-drafting process. These and other offers of support were generally met with great interest and demand among Tunisian stakeholders across the political spectrum. At the same time, wealthy Gulf countries, above all Qatar and Saudi Arabia, are widely suspected of supporting Tunisian Islamist forces, including financially. Ennahda has repeatedly refuted such claims and threatened to sue those who spread them, and to date no evidence of such a connection has been provided. It must be noted, however, that fears of political influence from the Gulf date back several years prior to the revolution, when the share of Gulf investment in Tunisia was on the rise and some Gulf businessmen made their investments conditional on the easing of Ben Ali’s anti-Islamist policies.

## Funding of local media

Tunisia’s media landscape has flourished since the beginning of the transition, and so has foreign investment in Tunisian media. At the same time, the prominent space that political debates and analysis take in Tunisian broadcasting have turned the latter into an important electoral factor. Among the most influential outlets are the journal *Le Maghreb*, the private TV channel *Attounisiya* and the public national TV channel *Alwataniya 1* (in particular its daily 20h news programme). Polls show that freedom of expression ranks very highly on Tunisians’ list of priorities, and thus any challenge to media independence is quickly met with public opposition. While Tunisia is in dire need of foreign direct investment in domestic economic ventures to get its damaged economy back on track, foreign investment in media is often eyed with suspicion as a potential attempt to influence Tunisian public opinion. This is especially the case when the low economic profitability of the outlet suggests that not merely economic but also political considerations stand behind foreign engagement. Apart from direct or indirect financing of local media, foreign influence over Tunisian public opinion is greatly enhanced by the fact that many TV channels, even Tunisian ones, are broadcasted from abroad.

There have been a number of notable controversies on supposedly undue foreign influence in Tunisian media. The law forbids direct foreign takeovers of local media, but this ban can be circumvented relatively easily via local associations or other proxies. *Attounisiya*, the most

popular local Arabic language TV channel and leader in audience, which is currently owned by a US-based holding, has recently announced take-over talks with an unspecified Qatari investment group.<sup>12</sup> The news were announced only months after the channel's founder, Sami Fehri, had been imprisoned for the alleged 'illegal use of state television resources' during the Ben Ali rule. This happened after a satirical puppet show on *Attounisiya*, highly critical of the Ennahda-led government, was taken off air. Fehri's imprisonment was criticised by the National Union of Tunisian Journalists as an attempt by the government to silence critical media voices.<sup>13</sup>

The government of Qatar, known for its 'Al-Jazeera diplomacy', has reportedly made efforts to buy shares in several Tunisian broadcasting outlets. Ennahda has been widely criticised domestically for its allegedly 'Qatari-inspired influence' in both private and public broadcasting media. Media editors in the public sector are mostly the same as under Ben Ali and, critics say, are used to complying with the editorial lines set by whoever is in government. Some journalists have claimed that several of Ennahda's lawyers receive on their bank accounts Qatari funds to finance media close to Ennahda.<sup>14</sup> *Al-Jazeera* has been known to offer free trainings for Tunisian journalists in its headquarters in Doha. It should be noted, however, that 'Gulf funding' for Tunisian media is not new: for example, prior to the revolution the independent radio station *Kalima*, a thorn in the flesh of the Ben Ali regime, was broadcasted from Italy and funded by a Qatari NGO.

Tunisia's first public Islamist TV channel *Zitouna*, launched after the revolution by the son of Education Minister Moncef Ben Salem, has faced questions about its funding sources. Ben Salem dismissed suspicions about foreign funding, arguing that the station had been created using money he 'earned selling parsley' during the Ben Ali years, given that he was prevented from exercising his profession as a university professor due to his political activism. A major rival of the Islamist channel, the left-leaning TV *Elhiwar Ettounsi*, which faced financial troubles, launched in response a public fundraising call by selling bundles of parsley in front of its headquarters. Tunisians, including some prominent figures, joined the journalists to express their support, accusing Ennahda of trying to limit media freedom and suppressing opposition voices.<sup>15</sup>

International technical assistance to Tunisia's media sector has generally been welcome. In the run-up to the September 2011 election, assistance in this area focused on preparing journalists for covering the elections. In 2012, international media assistance shifted towards helping to transform state propaganda organs into public media. In 2013, a new focus on citizen journalism and community radio is emerging.<sup>16</sup>

Although hard facts and evidence of foreign funding in Tunisia's political arena are difficult to come by, the ways in which the different kinds of providers of foreign assistance are subjectively perceived play an influential role in Tunisia's political debates.



12 'La chaîne tunisienne privée Attounissia va être rachetée par un groupe de Qatar', *Kapitalis*, 29 March 2013.

13 'Tunisia TV head will "go to prison with dignity" in satire row', *Al Arabiya*, 25 August 2012, available at: <http://www.alarabiya.net/articles/2012/08/25/234174.html>

14 'Tunisie: Tanit Press révèle des financements qataris occultes d'officines proches d'Ennahda', *Kapitalis*, 2 April 2013.

15 F. Samti, 'Bankrupt Tunisian media outlet sells parsley to raise funds', *Tunisia Live*, 28 February 2013.

16 For a detailed account of international technical assistance to Tunisia see: 'Inside the Transition Bubble: international expert assistance in Tunisia', Institute for Integrated Transitions (IFIT), April 2013, available at: <http://www.ifit-transitions.org/publications/inside-the-transition-bubble-international-expert-assistance-in-tunisia>

### 3. Local perceptions of foreign funding

Asked in a September 2012 poll whether the recent Arab revolts and protests were ‘mostly the result of people’s true desire for change, or mostly the result of foreign influences’, 9 per cent of Tunisians ascribed it to foreign influence, 67 per cent to people’s genuine desire and 13 per cent said it was both. Hence, taken together, only about one-fifth (22 per cent) of Tunisians believe foreign influence to have played an important role in bringing about the 2011 revolutions – roughly the same share as in Egypt and Libya. This contrasts with much higher shares of respondents ascribing protests to foreign influence in countries that failed to bring about regime change, such as Algeria (59 per cent), Jordan (48 per cent) or Palestine (47 per cent).<sup>17</sup> In other words, the poll suggests that a successful popular revolution does not generate but rather lessens people’s suspicions about foreign influence. In large part, this change of attitude could be due to the emergence of free media which reduces the scope for backlash propaganda based on the ‘external enemy’ discourse.

Tunisian perceptions of foreign funding, and foreign influence more broadly, vary greatly according to the kind of organisations funded (political parties or NGOs/associations), and to the origin (individual countries and specific actors) of funds.

#### Civil society funding

Due to the scarce availability of local funds to NGOs, Tunisian civil society depends almost entirely on foreign funding. Overall, donors report that their offers of financial and technical support to build Tunisian civil society and help advance the transition process have been positively received. The great donor influx to Tunisia after January 2011 was welcomed with open arms by the large number of newly-founded associations, which lacked resources, training and experience. At the same time, however, the low capacity of recently-established NGOs contrasted with donor agencies’ great expectations to report to their capitals quick successes in a country under the international spotlight. Absorption problems, however, were encountered mainly by large donors with high bureaucratic requirements. Smaller, more flexible donors and technical cooperation organisations report no such difficulties, but do inform that qualified demand for assistance exceeds supply, praising the keen enthusiasm and initiative of Tunisia’s young civil society.

Given the low level of awareness regarding the concept of foreign funding to NGOs for political issues such as human rights, democratic reform and public accountability in Tunisia’s countryside, donors report being frequently questioned by locals upon first contact on the origin of the money and the motivations behind the assistance. However, donors interviewed regarded this attitude as exposing the need for thorough communication rather than any particular prejudice or hostility. Criticisms from Tunisian civil society representatives of foreign donors mainly point towards technical matters such as high levels of bureaucracy and reporting requirements, donors’ focus on the Tunisian capital and the lack of local consultation. Almost all international donors are based in Tunis and have focused most of their activities there.

<sup>17</sup> D. Mogahed, ‘Opinion Briefing: Arab Nations Differ on Uprisings Upside’, *Gallup*, 12 September 2012, available at: <http://www.gallup.com/poll/157400/opinion-briefing-arabs-doubt-benefits-uprisings.aspx>



While civil society capacity is arguably lower in the countryside, so is funding. Two years after the fall of Ben Ali, donors, recognising the need to decentralise, are slowly broadening their geographic focus, although Tunisian NGO representatives criticise decentralisation efforts for being too few and too slow. Another frequently mentioned issue relates to the language requirements, with Tunisians pointing out the need to use Arabic as a full working language, including in funding proposals, in particular when reaching out to rural areas.

In spite of the general positive reception of foreign assistance to NGOs, the initial enthusiasm on both sides has somewhat waned two years after the revolution. In a general context of increasing disappointment with the speed of democratic advances that contrasts with Tunisians' great expectations generated in 2011, international donors, too, are being seen with greater nuance. Conversely, donors have also become somewhat more reserved about Tunisia's immediate reform prospects. In the direct aftermath of the revolution, Tunisian civil society representatives were overwhelmed by the influx of conferences, trainings, and meeting requests on very similar topics, and were critical of donors' apparent lack of coordination, and of donor competition for projects, partners and visibility. Many donor and local NGO representatives also agreed that the focus of international attention on Tunisia in 2011 favoured a 'hit and run' approach. According to NGO representatives, at times this approach served donors' public relations at home more than it benefitted Tunisian civil society.<sup>18</sup>

## Political party funding

Political party funding is currently the most controversially debated segment of foreign funding in Tunisia. The standard answer to inquiries about its existence is 'we all know it happens but there is no proof'. Political party representatives, while often agreeing that such funding does exist and voicing harsh criticism towards other parties, reject any wrongdoing by their own parties. Most individuals interviewed for this study opined that money made a significant difference in elections, and stressed the need to establish substantial and transparent public party funding. Opposition politicians and their supporters frequently expressed the view that Ennahda's electoral victory was closely connected to the party's superior financial capacities, which they were convinced came from abroad. Ennahda being 'funded by Qatar' is a recurrent theme which many in Tunisia seem to be taking for granted, despite the lack of hard evidence. All major parties, in particular those in the governing troika, have at some point been suspected of receiving funding from abroad. The overall lack of financial transparency is a common critique of parties across the political spectrum.<sup>19</sup>

Despite foreign funding to political parties being illegal, Tunisia's current normative framework provides plenty of loopholes for parties to receive money from abroad through legal and/or untraceable channels. These include using foreign bank accounts, international antennas, members or sympathisers residing abroad, private donations from Tunisian entrepreneurs with an international presence, or donations to charities associated with a specific party, among others. Even receiving money using one's regular bank accounts rarely has any legal implications due to the current lack of financial accountability and proper investigations. In



<sup>18</sup> Institute for Integrated Transitions, op. cit.

<sup>19</sup> See for example 'Tunisie- Les fonds publics dépensés par le CPR lors de la campagne électorale n'ont pas été justifiés', *Business News*, 7 August 2012.



short, contrary to common allegations, the ease of receiving money transfers from abroad does not require parties to carry secretly ‘suitcases of cash’ over borders. State institutions do possess the means to find evidence of illicit funding flows to parties, but according to several interviewees, given that parties across the political spectrum are believed to benefit from lax controls over party finances, there is ‘no interest in closing the tap’.

Unlike the Egyptian Muslim Brotherhood, Ennahda’s leadership is not backed by powerful business magnates, as Nahda affiliates were banned from developing businesses in Tunisia during the Ben Ali years and many were forced into exile. While in exile, however, Islamist leaders have established privileged links abroad which are believed to constitute an institutional advantage over other parties, and which now face great scrutiny in the context of the foreign funding debate. The long-standing ties with and frequent travels of Ennahda leaders such as Rashid Ghannouchi and Rafik Abdessalam to Qatar are often cited. Tunisian NGOs such as the Tunisian Association for Financial Transparency have denounced the troika government’s opaque use of public funds, and in particular, the granting of large public contracts to Qatari firms without any transparent tender process and in violation of the law.<sup>20</sup> Critics also point towards Rashid Ghannouchi’s personal wealth (British media report him to be one of the wealthiest individuals in the Arab world), and the party’s costly campaign methods, which have involved giving sheep to families, sponsoring local marriages, or providing financial start-up support to potential voters to establish their own small businesses.

On 28 August 2012, in an article published in the British newspaper *The Independent*, journalist Robert Fisk quoted Syrian Foreign Minister Walid Mouallem who claimed that the Emir of Qatar, Sheikh Hama Ben Khalifa al Thani, had granted US\$150 million to Ghannouchi ahead of the 2011 Tunisian elections to finance Ennahda’s electoral campaign. After Ghannouchi publicly refuted these claims and threatened the paper with legal steps, *The Independent* retracted itself and issued a formal apology to Ghannouchi.<sup>21</sup> A recent book about Qatar’s ‘secret finances’ by French journalists Christian Chesnot and Georges Malbrunot repeated Mouallem’s affirmations. The book also quoted a French government representative telling the Qatari ambassador to Paris that one of France’s ‘problems with Qatar’ was that the emirate ‘fund[ed] Islamists, notably in Tunisia’, adding that this ‘bothers us a little’.<sup>22</sup>

Allegations about Ennahda’s reported foreign funding sources were further strengthened by an August 2012 report by the Tunisian Court of Auditors – the body responsible for controlling electoral funding – which stated that the party had declared having used 400,000 dinars (approx. €190,000) in its electoral campaign, of which 171,000 dinars (or €80,000) had originated from Tunisian public funding sources. The Court of Auditors doubted these claims due to numerous inaccuracies and question marks in the party’s financial accounts.<sup>23</sup> For example, several local branches of the party did not present any accounts for important campaign items, suggesting that these were covered by other sources of funding, and some of the expenses undertaken by Ennahda during the campaign period did not appear on the party’s bank account. The Court also noted that due to a number of administrative constraints,

<sup>20</sup> ‘Tunisie: Sami Remadi dénonce une gestion douteuse d’argent public’, *Business News*, 15 August 2012.

<sup>21</sup> ‘Independent apologises to Ghannouchi’, *Middle East Monitor*, 10 October 2012.

<sup>22</sup> C. Chesnot and G. Malbrunot, *Qatar, les secrets du coffre-fort* (Paris: Michel Lafon), 2013, p. 198; <http://www.mag14.com/national/40-politique/1785-la-tunisie-et-les-secrets-du-coffre-fort-qatari.html>

<sup>23</sup> ‘Tunisie: comment le parti islamiste Ennahda se finance-t-il?’, *Radio Television Belge Francophone*, 13 September 2012, available at: [http://www.rtb.be/info/monde/detail\\_tunisie-comment-le-parti-islamiste-ennahda-se-finance-t-il?id=7838319](http://www.rtb.be/info/monde/detail_tunisie-comment-le-parti-islamiste-ennahda-se-finance-t-il?id=7838319)

cross-border funding flows from and to Tunisia could not be automatically tracked, and their documentation implied a long and difficult process. Other political parties, such as Attakatol, were also criticised by the Court for their financial management.<sup>24</sup>

Next to Qatar, Saudi Arabia was often mentioned by interviewees as an actor believed to support Tunisian Islamists, and in particular, backing Salafist groups in Tunisia financially and otherwise with the aim of spreading Wahhabist ideology. However, not only Gulf countries are suspected of boosting specific political currents. The so-called 'Sheratongate' case in January 2013, entangling then Foreign Minister Abdessalam in an alleged adultery scandal, revealed the existence of an unregistered US\$1 million donation by the Chinese government directly to the Ministry of Foreign Affairs, in violation of budget and oversight laws. Donations from abroad must be channelled through the Tunisian Central Bank. The omission of this step in this case led some in Tunisia to suggest that the unaccounted money had been designated to fund the governing parties, rather than to strengthen governmental budgets as such. This was the first time that specific, documented accusations of financial wrongdoing were levelled at Ennahda. For a party that has 'sold itself as the morally upright opposite of the old regime', this supposed significant damage to its image.<sup>25</sup>

Several parties have come under public scrutiny for mingling political and business interests in combination with opaque funding. The most notable case has been that of the Free Patriotic Union, founded by British-Tunisian Slim Riahi. Riahi was accused of having illicit funding links to the UK, the US and Libya, which were used (unsuccessfully) to boost the party's campaign in the 2011 elections, *inter alia* via the strategic use of the media. Riahi has denied such claims.<sup>26</sup>

Aside from financial backing, interviewees also mentioned several indirect forms of foreign support during electoral campaigns, such as foreign donations to charity or social institutions that have no formal links to the party but which are locally perceived by voters as belonging to or being associated with the latter. Similarly, foreign humanitarian donations to local public charity institutions may indirectly be credited to the local authorities or a specific political party which receive and distribute them (as reportedly happened, for example, with French donations of material for a hospital in Djerba, where most of the credit was claimed by the local Ennahda representative).

Some interviewees also mentioned indirect support of specific political parties by foreign technical assistance organisations, *inter alia* by carrying out training programmes for specific parties or political currents while excluding others, or by coaching specific parties on campaign strategies. Some examples given include French electoral campaign consultants working only with CPR, and Turkish advisors working only with Ettakatol and Ennahda. While not representing direct financing or legal wrongdoing, such one-sided behaviour was seen very critically by Tunisian interviewees, and perceived by some as undue foreign attempts to boost favourites and influence electoral results in line with their preferences.

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<sup>24</sup> G. Dasquié, 'L'argent caché d'Ennahda', *Owmi*, 10 September 2012, available at: <http://owni.fr/2012/09/10/l-argent-cache-d-ennahdha-tunisie>

<sup>25</sup> 'Sheratongate', *The Economist*, 8 January 2013; M. Benoit-Lavelle: "'Sheratongate' shakes Tunisian ruling party', *Al-Monitor*, 13 January 2013; B. Yaros: 'Foreign Affairs Minister Embroiled in Controversy Over Hotel Stays', *Tunisia Live*, 2 January 2013; A. Gargouri: 'Le mystérieux million de dollar', *Tunisie Numérique*, 31 December 2012.

<sup>26</sup> See for example E. Parker, 'Who is Slim Riahi?', *Tunisia Live*, 23 August 2011, available at: <http://www.tunisia-live.net/whoswho/slim-riahi>

## 4. Foreign funding by donors

Two years after the revolution, the regional environment has changed, with international attention shifting from North Africa to the Levant and Western governments feeling the strains of the economic crisis. Both factors have also affected aid allocations to Tunisia, notably budget lines earmarked for democracy/transition support. Donors initially focused on preparing the grounds for the September 2011 elections, and after that, provided extensive support to the constitutional drafting process. Over the past year, they have enlarged their assistance portfolio to include a broader focus on policy development and capacity- and institution-building.

There are considerable differences in the perceptions of external actors. Some donors who were present in Tunisia before the revolution and made a genuine effort to support independent civil society are remembered and valued for this (such as the Euro-Mediterranean Human Rights Network, which is credited with providing a lifeline for the Tunisian League for Human Rights during the Ben Ali years). Other donors who were present but were co-opted by the regime now sometimes face greater reservations and resentment (for example, the US government's Middle East Partnership Initiative, MEPI, which before the revolution operated its regional office from Tunis but without developing a substantial level of activity in Tunisia). Other donors' absence during the Ben Ali era mostly prevented them from being tarnished by collaboration with the ousted authoritarian regime, although in a few instances, interviewees criticised their 'lack of interest' in Tunisia during the dictatorship.

Major governmental donors active in Tunisia include the US government through the United States Agency for International Development (USAID) and MEPI; European Union (EU) institutions, including the European Commission; EU member states (in particular France, Spain, Germany and Italy); other countries such as Japan; several Arab states; as well as major inter-governmental bodies such as the United Nations Development Programme (UNDP), the International Monetary Fund (IMF) and the World Bank. Among the numerous international non-governmental organisations providing technical and/or financial assistance in Tunisia are the National Democratic Institute (NDI), the International Republican Institute (IRI), the Carter Center, Electoral Reform International Services (ERIS), Freedom House, the International Foundation for Electoral Systems (IFES), Search for Common Ground, the Euro-Mediterranean Human Rights Network (EMHRN), and the German party foundations Konrad Adenauer-, Friedrich Ebert-, Friedrich Naumann- and Hanns Seidel Stiftung.<sup>27</sup> Of these donors, however, only some focus predominantly or entirely on the political reform process, including on civil society and political parties.

<sup>27</sup> Due to both the large number of donors present in Tunisia and many donors' reluctance to release detailed information on their activities, the data provided in this section are selective and aspire to provide no more than a rough sketch of international donors' presence and priorities in Tunisia.

TOP 10 GROSS ODA DONORS TO TUNISIA, (MILLION €)				
Donor	2010		2011	
	Amount	Percentage	Amount	Percentage
France	180	29%	229	34%
Spain	133	18%	97	14%
AFESD*	95	15%	73	11%
Japan	77	12%	87	12%
EU Institutions	77	12%	105	16%
Germany	51	8%	48	7%
Italy	19	3%	17	3%
GEF**	8	1%	n/a	n/a
Global Fund	4	1%	n/a	n/a
Kuwait	3	1%	6	1%
Switzerland	n/a	n/a	5	1%
United Arab Emirates	n/a	n/a	5	1%
TOTAL	647	100%	672	100%

2009-10 and 2010-2011 averages. Source: OECD-DAC;<sup>28</sup> authors' calculations. Figures rounded.

\* Arab Fund for Economic and Social Development

\*\* Global Environment Facility (World Bank / UN)

## US donors

Prior to 2011, the US government did not provide significant levels of developmental or military assistance to Tunisia. US support to Tunisia differs considerably from its assistance to other countries in the region, as military aid to Tunisia accounts not for the majority but for about 15 per cent only of overall US assistance.<sup>29</sup> Moreover, in spite of its significant post-revolution commitment, the US does not appear among the top ten official development assistance (ODA) donors to Tunisia (see table above). Since the January 2011 revolution, the US government has committed over US\$300 million to support Tunisia's transition in technical and financial assistance to the country's economy and private sector. Assistance included a US\$100 million budget support package to pay off debt, and a US\$30 million sovereign loan guarantee to help the Tunisian government to raise new funds.<sup>30</sup> The total figures included approximately US\$45 million in direct grants to both Tunisian and international NGOs working in Tunisia on civic and voter education, capacity-building for political parties, technical assistance for the organisation of elections, journalists and independent media, and government accountability for good governance and human rights.<sup>31</sup>

Both US donor representatives and Tunisian NGO workers report of certain local reservations towards US donors. Such feelings, which most considered as not Tunisia-specific but to be present across the Arab world, are in particular directed at US government institutions. US

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<sup>28</sup> OECD-DAC Aid Statistics, *Recipients at a Glance: Tunisia*, available at: <http://www.oecd.org/dac/stats/TUN.gif>

<sup>29</sup> S. McInerney, 'The federal budget and appropriations for Fiscal Year 2013. Democracy, Governance and Human Rights in the Middle East and North Africa', POMED / Heinrich Böll Stiftung, July 2012, available at: <http://pommed.org/wordpress/wp-content/uploads/2012/07/FY2013-Budget-Report-web.pdf>

<sup>30</sup> US State Department, *U.S. Government Assistance to Tunisia: Fact Sheet*, 20 July 2012, available at: <http://www.state.gov/s/d/met/releases/factsheets/2012/195583.htm>

<sup>31</sup> McInerney, op. cit.

non-governmental organisations, even if government-funded, do not report similar problems, which might be partly due to the limited local knowledge about donor affiliations and budget sources. Differences are also perceived among the various US government agencies, with USAID facing the strongest reservations as the US government's main arm. Although some interviewees resented the lack of support from MEPI's (the main US government body working directly with civil society<sup>32</sup>) regional office during the Ben Ali years, it was also acknowledged that this resentment was not widespread as public awareness of MEPI's pre-revolution presence in Tunisia was low. MEPI indirect financial support to Tunisian media outlets (via US NGOs such as Freedom House) was criticised by Tunisian activists for its lack of transparency, raising doubts over the political neutrality and motivations behind the assistance. These claims were refuted by a MEPI spokesperson.<sup>33</sup>

USAID, the best-known US donor with the greatest assistance volume, was criticised by some Tunisian NGO representatives for its high grant volumes. It was thought to contribute to 'spoiling our civil society' by 'giving too much money' to Tunisia's blossoming political NGO landscape. Some interviewees considered that such practices helped to create a situation similar to Egypt's where too large amounts of money, luxury hotels and equipment have contributed to the emergence of a business-oriented segment of civil society in which the hunt for the biggest grants is replacing genuine commitment to their mission. Another criticism frequently raised in relation to USAID was that its projects were often 'agenda-driven' and detached from local demands. As an example, interviewees mentioned USAID's efforts to set up a network of associations, which some considered to be too opaque and disconnected from local realities and an artificial attempt to 'put people together who have nothing in common'.

Non-governmental but government-funded US organisations such as NDI reported no major constraints in this regard, and informed of assistance being well received. NDI explicitly works on a non-partisan basis, providing skills training and other technical assistance to representatives of the main political parties. Several organisations providing technical assistance to political parties reported instances in which some Ennahda representatives had to be turned down in order for assistance to remain balanced, as the party's superior organisational capacity led to its greater response to capacity-building offers.

A general criticism of US government agencies by representatives from both local NGOs and other donor organisations was their opacity regarding their local activities. Information about US funding, projects and programme design was considered hard to obtain, and this problem was considered to have increased after the attack on the US Embassy in Tunis in September 2012 in response to the US-produced film 'The innocence of Muslims'. The belief that 'the US sponsors Ennahda' as a counterweight to the Salafists is prominent among international and local observers alike. In this context, some international observers interpreted the September 2012 Embassy attack as a sign that the 'US's Islamist focus' had been 'too narrow and naive'.

<sup>32</sup> See also Tunisia-MEPI fact sheet, available at: [http://photos.state.gov/libraries/tunisia/126725/factsheets/TUNISIA\\_FACT\\_SHEET\\_EN\\_OCT11.pdf](http://photos.state.gov/libraries/tunisia/126725/factsheets/TUNISIA_FACT_SHEET_EN_OCT11.pdf)

<sup>33</sup> A. Ghribi, 'Tunisia: State Department's Program Funding Comes Under Scrutiny', *Tunisia Live*, 20 January 2012, available at <http://allafrica.com/stories/201201231402.html>



## European donors

European governmental and non-governmental donors have had an important presence in Tunisia even before the revolution. Some European organisations and institutions enjoy a particularly positive image due to their valuable pre-revolution support to Tunisian human rights defenders and civil society at a time when these largely felt left alone by the international community. Often mentioned in this regard are the Euro-Mediterranean Human Rights Network (EMHRN) and the European Parliament, as well as individual MEPs.

As in other countries in the region, European democracy assistance is perceived by locals more positively than the US's. However, while the US government is seen as biased towards Ennahda, European governments and donor agencies are on their part perceived as being 'biased towards Nidaa Tounes, al-Joumhouri and other seculars'. Several interviewees mentioned specific instances in which European donors had excluded Islamists from their technical assistance offers. That said, there are significant differences in the presence, approaches and image of EU institutions and the various EU member states. France is the most important bilateral aid donor in Tunisia followed by the EU institutions and Spain (see table above). Other key European state donors include Germany, Italy and Switzerland. Together, European governmental donors provide just below three-quarters of Tunisia's ODA.<sup>34</sup>

EU institutions have provided support to civil society and for preparing for the 2011 elections, including via the deployment of an EU Election Observation Mission. Since the revolution, overall EU financial support for Tunisia has increased from €240 million for 2011-2013 to €390 million over the period 2011-2012. €100 million was provided through the SPRING programme to support political reform and inclusive economic growth, the justice sector and civil society, among others. Support under the European Neighbourhood Partnership Instrument (ENPI) in 2012 was directed at economic recovery (€68 million), health and the fight against inequalities (€12 million).<sup>35</sup> In March 2013, two new grants were assigned to Tunisia: approximately €500,000 for the prevention of gender-based violence and €1.8 million to the justice sector.<sup>36</sup>

Echoing criticisms of EU democracy support in other countries, EU assistance to Tunisian civil society is largely considered too bureaucratic, particularly taking into account the low capacity and lack of experience of Tunisia's young civil society. The EU's decision to engage more strongly in political party development under the European Instrument for Democracy and Human Rights (EIDHR) was valued positively. Beyond such technical matters, the most substantial political criticism from Tunisian actors consisted in the EU and most of its member states having adopted an approach that was too biased towards secular political forces, to the detriment of Islamists.

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<sup>34</sup> OECD-DAC, op. cit.

<sup>35</sup> European Commission, 'EU's response to the Arab Spring: The State-of-Play after Two Years', 8 February 2013, available at: [http://europa.eu/rapid/press-release\\_MEMO-13-81\\_en.htm](http://europa.eu/rapid/press-release_MEMO-13-81_en.htm)

<sup>36</sup> 'Tunisia: EU Funds New Tunisia Projects', *Magharebia*, 17 March 2013, available at: <http://allafrica.com/stories/201303182564.html>



Aside from their contributions to multilateral endeavours, EU member states have also channelled bilateral assistance to Tunisia in numerous forms, although in most cases detailed information about funding was not available. Several EU member states run regional programmes to channel their bilateral responses to the 2011 uprisings in the Arab world, which devote parts of their assistance volumes to Tunisia, including, for example, the Spanish ‘Masar’ programme and the German ‘transformation partnership’. France has led on the G8 a joint response to the Arab spring in the framework of the ‘Deauville Partnership’. In 2012 **Germany** contributed a total of €267 million in development aid, debt relief and project subsidies to Tunisia under its regional ‘Transformation Partnership’ initiative.<sup>37</sup> For 2012-2013 the German government released another €50 million for projects in Tunisia. These funds are earmarked for projects in the area of political and economic transformation (60 per cent) and education and science (40 per cent). In addition, the German government offered Tunisia a €60 million debt swap. The German government also enhanced funding to the German party foundations.<sup>38</sup>

## Arab donors

While MENA donors provide substantial financial assistance, the main subject of Tunisian suspicions against Arab (and particular Gulf) donors is directed towards suspected non-official, non-traceable funding flows, of which – if existent – no record is available.

Major Arab ODA donors in Tunisia are Qatar, the United Arab Emirates (UAE) and Kuwait, as well as the Kuwait-based multilateral Arab Fund for Economic and Social Development (AFESD). MENA donors’ funding patterns differ from Western ones in that the former tend to provide grants not to NGOs working on political development, but instead to charities, humanitarian and social aid, economic development and infrastructure. Moreover, investments rank high in MENA governments’ international outreach in North Africa (in 2011, Qatar and the UAE together accounted for about 10 per cent of FDI net inflows to Tunisia).<sup>39</sup>

The Gulf countries in particular have an ambiguous image in Tunisia. While social and economic donations and grants are valued, the Gulf’s omnipresent political and economic influence is perceived as a threat. The lack of transparency in many Gulf states’ operations in Tunisia greatly contributes to this perception. Qatar’s image among Tunisians has suffered most notably since the revolution, in spite of having provided extensive official assistance to the Tunisian economic and social sectors, including US\$ 31 million for social housing.<sup>40</sup> Qatar also finances several large development and infrastructure projects in Tunisia, including a refinery at Skhira, the development of phosphate extraction, and a tourist village in Tozeur.

Many recent public controversies illustrate Tunisia’s sensitivities towards Qatari influence. Qatar played an important role in UN efforts (led by a Qatari attorney) to recover US\$ 28.8

<sup>37</sup> D. Cole, ‘Germany to Tunisia: More investment depends on political reforms’, *Middle East Online*, 19 March 2013, available at: <http://www.middle-east-online.com/english/?id=57634>

<sup>38</sup> German Foreign Office, <http://www.auswaertiges-amt.de/DE/Aussenpolitik/RegionaleSchwerpunkte/NaherMittlererOsten/UmbruecheTSP/Transformationspartnerschaft-TUN-node.html>; Federal Ministry of Cooperation and Development, [http://www.bmz.de/en/pressaktuelleMeldungen/2012/July/20120709\\_pm\\_169\\_tunesien/index.html](http://www.bmz.de/en/pressaktuelleMeldungen/2012/July/20120709_pm_169_tunesien/index.html)

<sup>39</sup> ‘Tunisia expects IMF deal in May, sukuk issue in July’, *Reuters*, 1 April 2013, available at: <http://www.reuters.com/article/2013/04/01/tunisia-imf-sukuk-idUSL5NOC00UK20130401?feedType=RSS&feedName=bondsNews>

<sup>40</sup> <http://www.provence-show.com/tunisie-qatar-financement-de-projets-immobiliers>

million in funds hidden by former President Zine el-Abidine Ben Ali and his family. At the corresponding ceremony, Tunisian interim President Marzouki ignited controversy when he told the Tunisian people to stop insulting the state of Qatar. In response, social networks in Tunisia were awash with jokes – a Facebook page called 'Campaign to insult the state of Qatar' attracted 23,000 'friends' in two days. In January 2012, the Emir of Qatar sparked criticism on a visit to Tunis during which he behaved in a way perceived as insulting to the Tunisian president; grabbing Marzouki's arm, he said: 'Don't you see how I am teaching your president how to stand and shake hands?'<sup>41</sup>

**Saudi Arabia**, said to be keen on promoting Wahhabi ideology in North Africa, is often suspected of supporting Tunisian Salafists both financially and ideologically. Islamist/Salafist associations have mushroomed across the country since the revolution. Some interviewees mentioned instances in which these associations brought prominent preachers from the Gulf to preach a radical discourse to local audiences and on TV as an example of undue attempts at ideological influence.

## International organisations

Like in many other countries in the region, the International Monetary Fund has played a central role in the Tunisian economy for the past three decades. Critics charge IMF policies with perpetuating the kind of inequalities and systemic unemployment that triggered the uprising that toppled Ben Ali in January 2011. Tunisia's bread riots of the early 1980s came shortly after the IMF imposed austerity packages. The economic policies throughout Ben Ali's 23-year rule were ironically praised as a 'miracle' by the international community.<sup>42</sup>

In spite of such widespread reservations, in April 2013 the IMF announced an agreement with Tunisia over a two-year US\$1.75 billion loan.<sup>43</sup> The loan is meant to help keep Tunisia's economy afloat, and is considered by many as a potential turning point for Tunisia's much-needed macroeconomic stability. However, while the government sees this as key to advancing development in Tunisia, there has been considerable criticism within the country. The reforms required are expected further to harden socio-economic conditions for ordinary Tunisians, bearing significant potential for social conflict, given that protests and self-immolations over precarious conditions in Tunisia have not decreased but increased since the revolution. The reforms attached to the IMF loan, critics say, would further increase the skyrocketing living costs and cut public subsidies at a time when, economists argue, the government needs to invest in the domestic economy to help fuel job growth.<sup>44</sup> The government has also been accused of negotiating the IMF deal in a non-transparent manner, without sharing details and conditions with the public until the signing of the contract, which has caused heated controversy in the run-up to the deal.<sup>45</sup>

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<sup>41</sup> T. Dreisbach, 'Marzouki asks Tunisians to respect Qatar; many loudly disobey', *Tunisia Live*, 12 April 2013.

<sup>42</sup> Y. Ryan, 'Tunisia World Social Forum to blast austerity', *Al Jazeera*, 26 March 2013 available at: <http://www.aljazeera.com/indepth/features/2013/03/201332653645288688.html>

<sup>43</sup> International Monetary Fund, 'IMF reaches staff-level agreement with Tunisia on two-year US\$ 1.75 billion stand-by arrangement', 19 April 2013, available at: <http://www.imf.org/external/np/sec/pr/2013/pr13136.htm>; M. Khan and S. Milbert, 'Tunisia, Turning Around Finally', Atlantic Council, 24 April 2013, available at: <http://www.acus.org/viewpoint/tunisia-turning-around-finally>

<sup>44</sup> <http://www.aljazeera.com/indepth/features/2013/03/201332653645288688.html>

<sup>45</sup> 'Tunisian officials to meet with IMF over controversial loan', *Tunisia Live*, 2 April 2013.

The Tunisian government will arguably be reluctant to implement many of the structural reforms demanded by the IMF as public opposition would likely lead to an electoral defeat in the next elections.<sup>46</sup> Until recently, some government representatives such as former Prime Minister Hamadi Jebali argued against immediate austerity measures and public spending cuts and were reluctant to accept the IMF's conditions. However, given that Western financial support promised in the immediate aftermath of the revolution has 'not quite lived up to the political pledge' (Jebali in November 2012), the country's precarious financial situation has forced the government to accede.<sup>47</sup>

UNDP and other international organisations were perceived as neutral to positive by interviewees, not being tarnished by reservations or prejudices against specific governments. UNDP's 'democratic governance' programme in Tunisia focuses on judicial reform, civil society support, political parties (including support for the drafting of a new political parties law and the new constitution), security sector reform (SSR), and general support to the transition.<sup>48</sup> UNDP's police training under the SSR focus was praised by the Tunisian police union. At the same time, however, some civil society representatives criticised that, when focusing on high-level meetings, international organisations' police reform efforts had 'not influenced officers on the ground or targeted Tunisian citizens'.<sup>49</sup> Some civil society representatives praised UNDP Tunisia for its approach in launching calls for tenders in various layers.

## 5. Conclusion

NGO funding in post-revolutionary Tunisia takes place in a liberalised environment. Problems reported by donors and recipients largely relate to technical details, but do not question the usefulness of the assistance as such. The downside of this greater freedom is the lack of financial transparency, which might potentially jeopardise governance and accountability in Tunisia's young civil society, and could create a situation in which undemocratic forces might take advantage and channel funds for illicit aims through associations.

Political party funding through opaque, uncontrollable channels is, by contrast, a very controversial topic in Tunisia, and is clearly perceived as a threat, in spite of the absence of hard evidence of such practices. The mere existence of easy loopholes that, according to many local stakeholders, allow well-connected political parties to sideline domestic laws without facing investigation poses a very serious threat to Tunisia's electoral competition. Party budgets are considered an important electoral factor that directly influences poll results, in particular in a country with great socio-economic inequalities in which financial or material favours can be easily used to 'buy' votes.

<sup>46</sup> 'FMI: Les négociateurs tunisiens sont incompetents', *News of Tunisia*, 10 April 2013.

<sup>47</sup> 'Tunisia PM seeks Western funds "before it's too late"', *Al-Ahram Online*, 20 November 2012, available at: <http://english.ahram.org.eg/News/Content/3/12/58721/Business/Economy/Tunisia-PM-seeks-Western-funds-before-its-too-late.aspx>

<sup>48</sup> UNDP Tunisie, 'Gouvernance démocratique', available at: <http://www.tn.undp.org/ourwork/democraticgovernance/initiatives.html>

<sup>49</sup> [http://www.tunisia-live.net/2013/03/19/slow-progress-in-police-reform-since-revolution/?utm\\_source=rss&utm\\_medium=rss&utm\\_campaign=slow-progress-in-police-reform-since-revolution](http://www.tunisia-live.net/2013/03/19/slow-progress-in-police-reform-since-revolution/?utm_source=rss&utm_medium=rss&utm_campaign=slow-progress-in-police-reform-since-revolution)

Maintaining fair electoral competition will be particularly important in the coming elections, in which the Ennahda party is likely to encounter a challenger at eye level. Recent polls show that the electoral coalition Nidaa Tounes led by former Prime Minister Béji Caïd Essebsi has as many supporters as Ennahda, making it the only opposition formation currently capable of ousting the incumbent troika government. In such a tight electoral race, many in Tunisia argue, money could make the difference. It will therefore be imperative for Tunisia's future that not only the legal framework governing party finances improves, but also that strict law enforcement mechanisms are established to ensure that transparency and accountability standards are met by all parties, both in- and outside campaign periods.

While current legislative efforts suggest that party financing will be more strongly regulated, a major concern is that these measures might benefit primarily Ennahda if they regulate party finances but retain the liberal framework for associations, as Ennahda has a broad domestic and international affiliated network. Similarly, the troika government's lack of action in enforcing current legislation on financial transparency raises serious doubts over the degree to which the implementation of such legal provisions and thorough investigations into parties' financial accountability is in the interest of the current troika parties Ennahda, CPR and Ettakatol. The next elections, likely to be held in 2014, will be decisive for the credibility and further development of Tunisia's democratic transition. Ahead of these elections, the way in which foreign funding to both parties and associations is legislated and enforced is likely to play a key role in determining the degree of genuinely equal opportunities among the various political forces.

