

Tunisia: Dynamics & Challenges of Sovereign Debt

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Amine Bouzaiene

researcher and founder of
the Ali Ben Ghedhahem
Center for Tax Justice (CAJF)..



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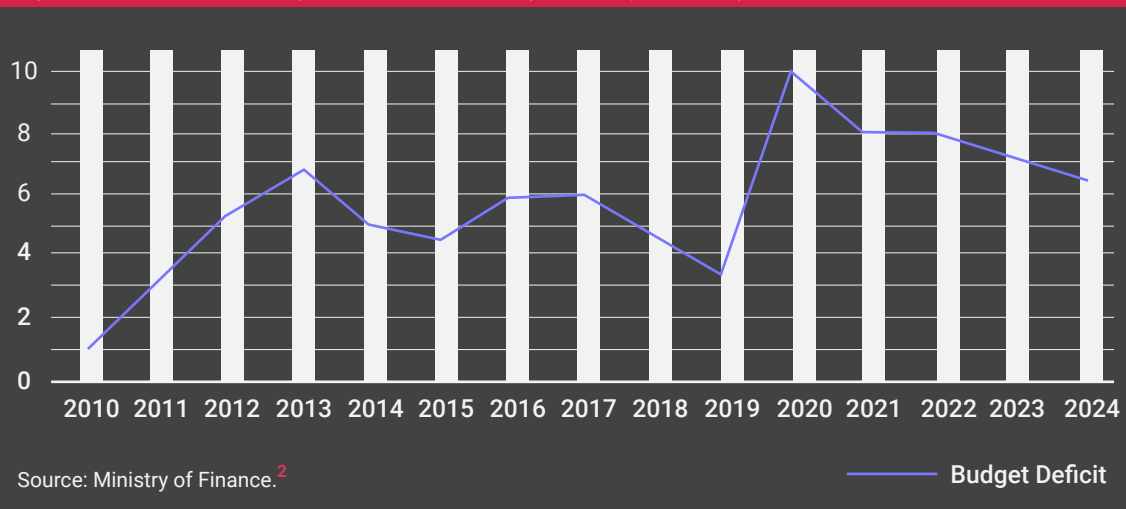
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1. Introduction

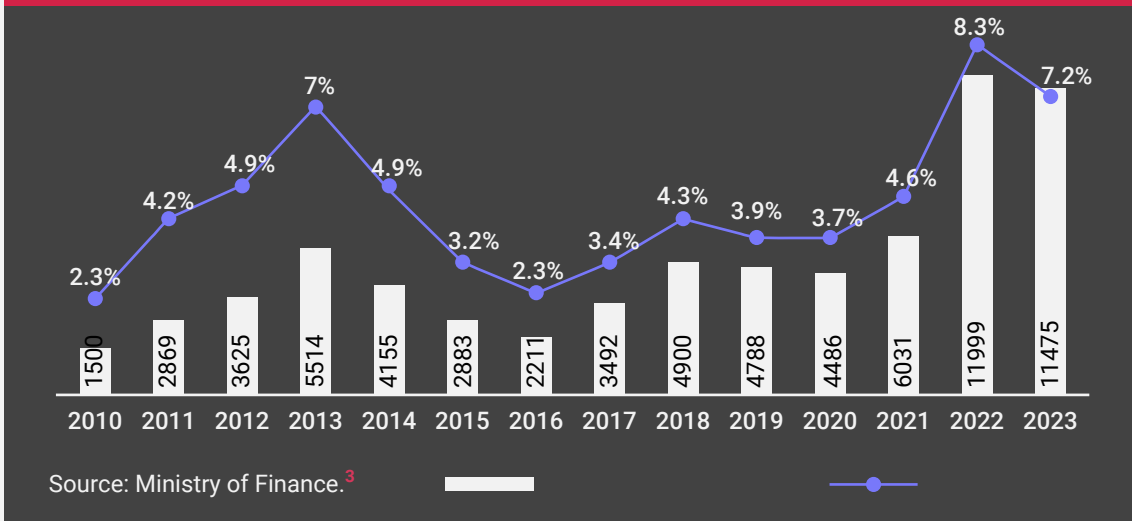
Debt sustainability, often invoked to justify austerity policies, must be redefined based on social and economic criteria rather than purely accounting ones. From a critical perspective, debt sustainability should not be understood merely as a state's ability to repay its creditors, but rather as its ability to fulfill its obligations to its population—particularly regarding social and economic rights¹. In the Tunisian context, this means assessing debt in light of its impact on inclusive growth, public investment, social justice, and economic sovereignty. Debt can only be considered sustainable if its servicing does not undermine the conditions for equitable and sustainable development. Like other countries in the Global South, Tunisia is caught in the vicious cycle of austerity and debt. In 2023, the country's debt reached a record high, accounting for 83% of GDP, following two major external shocks: the COVID-19 pandemic and the Russian invasion of Ukraine, both of which severely impacted the national economy. Tunisia recorded a negative growth rate of 8.6% in 2020, coinciding with the health crisis, leading to a historic budget deficit of 10% of GDP, as illustrated in the following graph:

Figure 1: Evolution of the Budget Deficit as a Percentage of GDP (2010-2024).



Moreover, the war in Ukraine has significantly strained public finances, making it particularly challenging for the country to finance its budget, especially in foreign currencies. Tunisia subsidizes consumer prices for certain basic food products and energy, with an average annual cost of 4 billion dinars during the 2010-2020 decade.

Figure 2: Evolution of Subsidy Expenditures in Tunisian Dinars, in Volume and as a Percentage of GDP (2010-2023).



This budget has surged, primarily due to Tunisia's heavy reliance on Ukraine and Russia for importing its cereal needs.

Figure 3: Tunisia's Wheat and Meslin Imports by Country of Origin in 2021.



Source: The Atlas of Economic Complexity.⁴

In 2021, more than 44% of the cereals imported by Tunisia came from Ukraine and Russia. Ukraine accounted for a significant share, covering 30.15% of wheat imports, 48.87% of corn, and 22.03% of barley, while Russia dominated the latter category with 40.78%⁵.

The onset of the Russian invasion of Ukraine in 2022 removed both countries from the global cereal market. As major producers, their absence caused a surge in international prices: wheat rose by 3.2%, corn by 4.3%, while barley saw only a slight increase of 0.3%. Importing over 50% of its food needs, Tunisia saw the cost of price compensation triple in just two years, reaching 12 billion dinars, or 8.3% of GDP (Figure 2).

This pressure on public finances comes at a time when Tunisia must meet significant debt obligations. Debt service reached 14.44 billion dinars in 2022, 20.75 billion in 2023, and 24.97 billion in 2024. The external debt service thus increased from 6 billion dinars

in 2022 to 8.7 billion in 2023, and is expected to reach 12.3 billion in 2024⁶. Tunisia is facing record-high repayment deadlines for previously contracted debts.

In these circumstances and more than ever, Tunisia's sovereign debt suffocates the national economy and poses a significant obstacle to addressing social challenges and growing inequalities. In the urgency to finance its budget through borrowing, and faced with the near closure of international financial markets due to the downgrading of Tunisia's sovereign rating by rating agencies, the state first turned to the International Monetary Fund (IMF) for a new program. The results arrived, more than 18 months later, in a staff-level agreement on October 15, 2022.⁷

This four-year program provides \$1.9 billion in funding, disbursed in eight tranches, each conditioned on the implementation of the "reforms" defined within its framework. It includes austerity measures targeting public services, such as a freeze on recruitment and salaries in the civil service, the adoption of a framework law that increases job insecurity in this sector, as well as another framework law targeting state-owned enterprises, paving the way for their privatization. In the same vein, the program also calls for the complete elimination of subsidies on the prices of hydrocarbons, food products, and public transportation.

The program was ultimately rejected by Tunisia on April 6, 2023, due to the stringent conditions imposed by the IMF, marking a historic turning point in their relations. A complete shift in the official Tunisian narrative towards the Bretton Woods institution then took place. The Tunisian president concluded his meeting with IMF Managing Director Kristalina Georgieva at the Paris Summit for a New Global Financial Pact, stating, "If there is only one who will refuse the IMF recipes, I will be that one." He reminded her during this exchange that "the IMF's recipes for budgetary support for Tunisia are unacceptable and threaten social peace." The program was ultimately rejected by Tunisia on April 6, 2023, due to the stringent conditions imposed by the IMF, marking a historic turning point in their relations. A complete shift in the official Tunisian narrative towards the Bretton Woods institution then took place. The Tunisian president concluded his meeting with IMF Managing Director Kristalina Georgieva at the Paris Summit for a New Global Financial Pact, stating, "If there is only one who will refuse the IMF recipes, I will be that one." He reminded her during this exchange that "the IMF's recipes for budgetary support for Tunisia are unacceptable and threaten social peace."⁸ Tunisia then seeks to open a new trajectory regarding debt, based on the mobilization of domestic resources and the expansion of social safety nets.

To this end, the study adopts a descriptive approach, relying on a desk review of official documents and reports, complemented by data analysis and trend observation across key indicators of public debt. It also offers a structural reading of Tunisia's sovereign debt, examining the impact of public policy choices over time and shedding light on

current challenges – particularly in light of the aborted negotiations with the IMF and the alternative path charted by Tunisia.

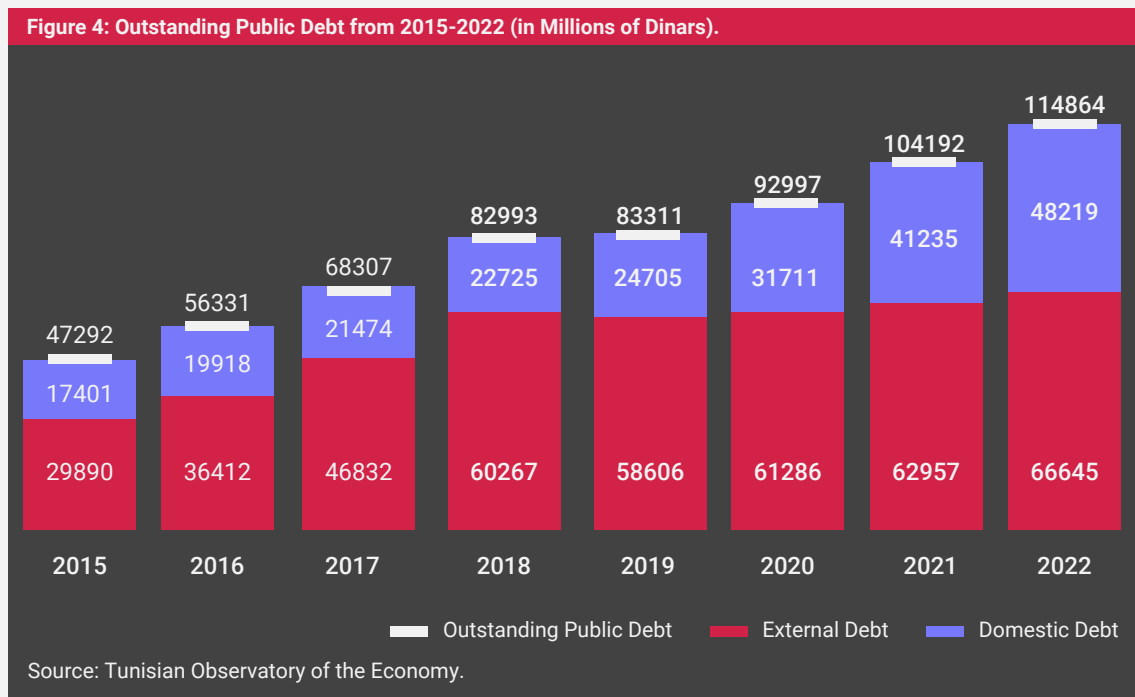
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2. Realities and Trends of Tunisia's Sovereign Debt

The first step is to shed light on the reality of sovereign debt in Tunisia based on indicators that help understand its holders, composition, trends, and dynamics.

2.1 Outstanding public debt



Public finances have had to face the burden of economic and social challenges during the 2020-2023 period, due to the repercussions of the COVID-19 pandemic, drought, climate change and global warming, as well as the Russia-Ukraine war and the adverse effects of the global economic slowdown, inflation, and rising interest rates.

Consequently, the increase in public debt accelerated, with a rise of 9,686 million dinars in 2020, 11,194 million in 2021, 10,704 million in 2022, and 11,776 million in 2023, corresponding to respective growth rates of 11.6%, 12.0%, 10.3%, and 10.2%. Thus, the volume of public debt rose from 92,997.9 million dinars in 2020 to 104,192.1 million in 2021, 114,895.8 million in 2022, and 126,671.6 million in 2023.

Regarding external debt, it has followed an upward trend, increasing from 61,286.5 million dinars in 2020 to 62,957.0 million in 2021, 66,669.0 million in 2022, and 66,874.2 million in 2023. This increase remains lower than the growth of the Gross Domestic Product (GDP). As a result, the ratio of external debt to GDP has decreased, from 51.28% in 2020 to 48.13% in 2021, 46.33% in 2022, and 42.17% in 2023.

Before further analyzing the evolution of public debt volume in the following years, particularly concerning the fiscal policies adopted, it is essential to note that 2024 marked a turning point in the composition of public debt, as domestic debt became the predominant component. It now accounts for 53.8% in 2024 and is estimated to reach 58.3% in 2025, compared to 47.2% in 2023⁹. This shift appears to reflect a choice that was both improvised and constrained—at least in part. The 2024 Finance Law initially projected that the budget would be financed with 16.445 billion dinars from external borrowing and 11.743 billion from domestic borrowing. These estimates do not appear to be based on confirmed agreements, as indicated in the Finance Law 2024 report published by the Ministry of Finance¹⁰. Indeed, 10.307 billion dinars were listed as "Other loans" among Tunisia's external lenders for the year. By the end of the fiscal year, however, the state was only able to mobilize 3.469 billion through external borrowing and compensated for the shortfall with 23.203 billion dinars financed through domestic borrowing. Although the Finance Law does not, in itself, explain the shift in the composition of public debt—since the law came into effect after this shift had already begun—it is worth noting that the 2024 Finance Law had already projected a move toward a predominance of domestic debt. However, the projected share barely exceeded 50%¹¹, which is significantly lower than what was recorded at the end of the fiscal year.

Nonetheless, the Finance Law does not fully explain the shift in the composition of public debt. It rather reflects a trend that had already been set in motion and that intensified significantly in 2024 and 2025. Tunisia's decision to avoid the harsh austerity measures prescribed by the 2022 IMF program has come up against a virtual shutdown of external financing channels from Western donors and their allies. The conditioning of bilateral loans on the now-abandoned IMF program, combined with Tunisia's exclusion

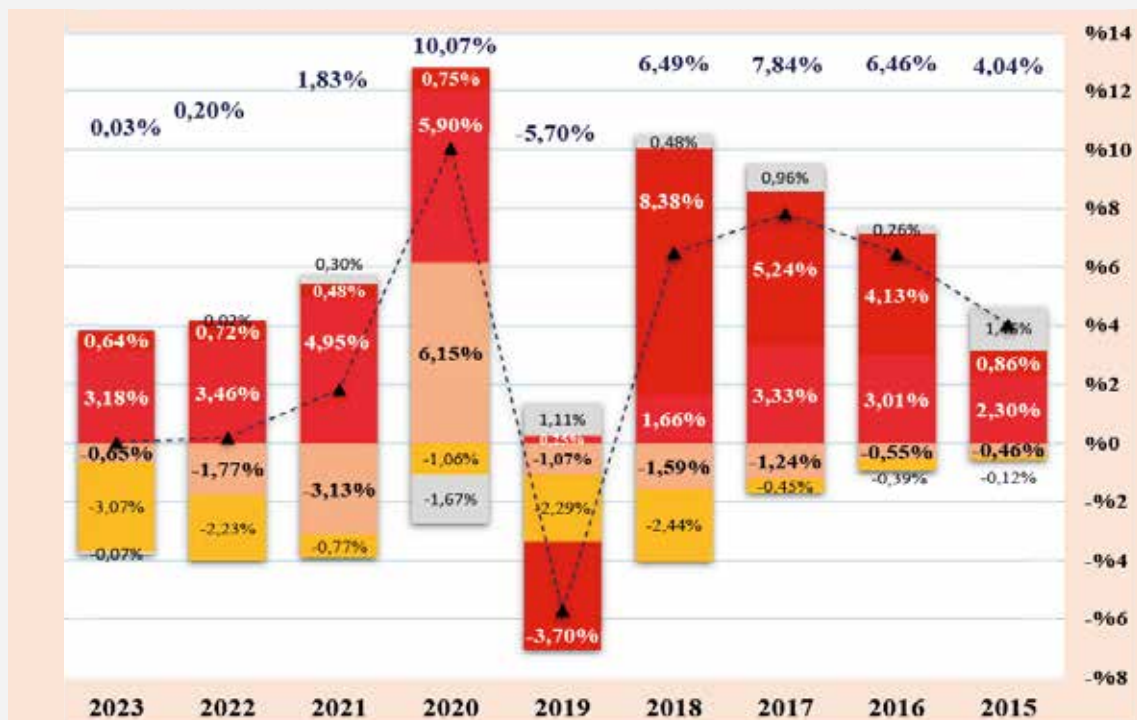
from international financial markets as sanctioned by credit rating agencies, completes the puzzle of how countries in the Global South remain bound to the neoliberal model.

Moreover, the alarming proportions reached by domestic public debt bring into question the 2016 law granting independence to the Central Bank—legislation that was itself pushed through under the influence of the IMF. Borrowing at high interest rates from private banks not only increases the debt burden but also risks triggering a crowding-out effect in the national economy. The high and secure returns obtained by banks discourage them from financing local investment projects, particularly those led by small-scale investors.

2.2 Determining Factors in the Evolution of the Public Debt Ratio

In its annex to the 2025 finance bill, the Ministry of Finance assesses the determining factors in the dynamics of debt.

Figure 5: Factors Contributing to the Evolution of the Debt Ratio

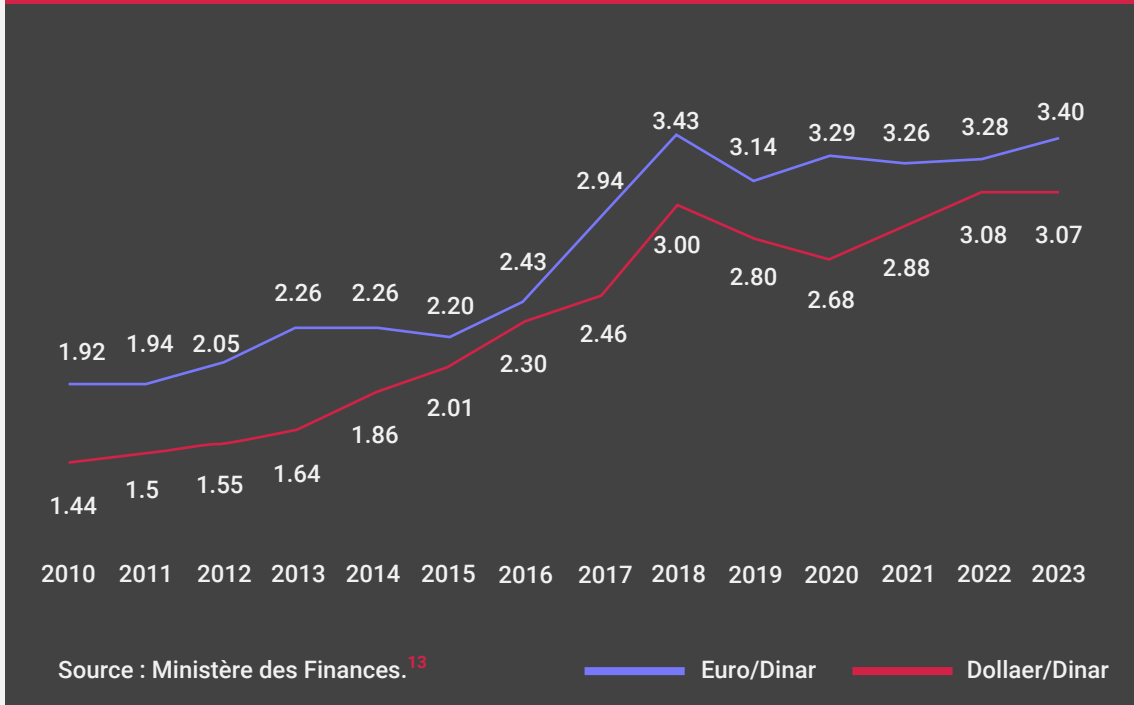


Source: Ministry of Finance.¹²

- Other Factors
- Actual interest Rate
- Actual Growth Rate
- Impact of Exchange Rate
- Primary deficit considering grants & Treasury loans
- ▲ Debt Ratio Development

The restrictive monetary policy previously imposed by the IMF resulted in a devaluation of the Tunisian dinar as follows:

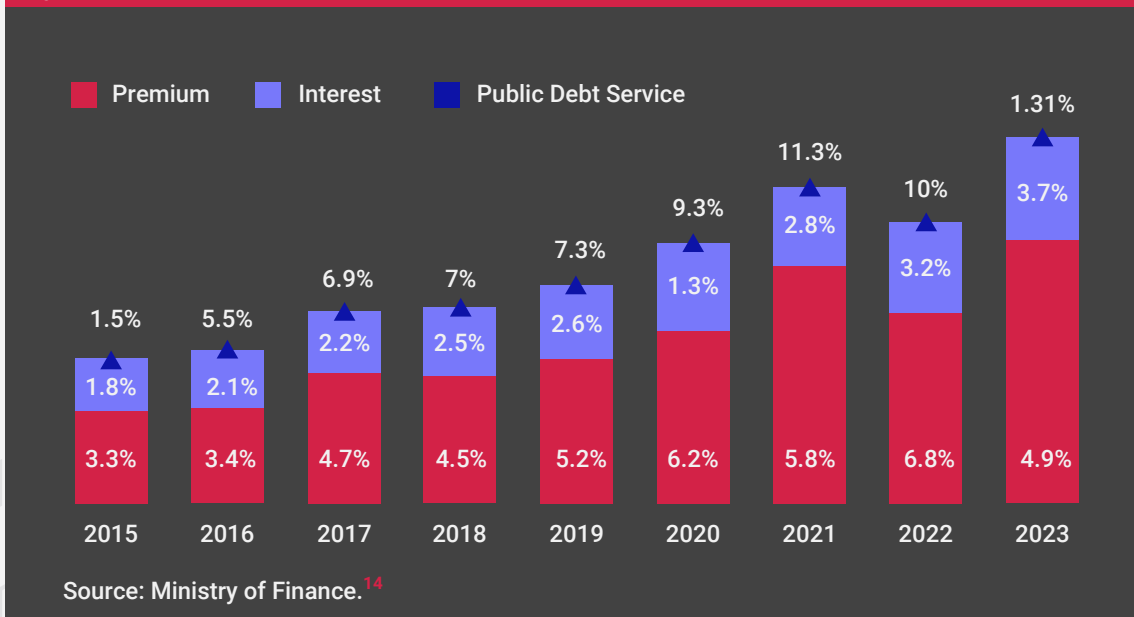
Figure n°6 : Évolution du taux de change de l'euro et du dollar par rapport au dinar (fin d'année)



The impact of the exchange rate is one of the main factors contributing to the increase in the public debt ratio. The cumulative effect of the dinar's depreciation against foreign currencies during the 2020-2023 period reached approximately 3,581 million dinars, representing a total of 2.59% of the Gross Domestic Product (GDP).

2.3 Debt Service

Figure 7: Evolution of Public Debt Service



Public debt service reached 20,750.8 million dinars in 2023, compared to 14,441.5 million in 2022, 14,798.1 million in 2021, 11,134.5 million in 2020, and 9,601.5 million in 2019. The increase of nearly 6,309 million dinars in 2023 compared to the previous year is mainly due to the rise in principal debt repayments (+5,142 million dinars) and the increase in interest payments (+1,167 million dinars).

External debt service surged by 45.5%, an increase of 2,729 million dinars, reaching 8,720.7 million dinars in 2023 compared to 5,992.1 million in 2022. Meanwhile, domestic public debt service jumped by 42.4%, rising by 3,581 million dinars to 12,030.0 million dinars in 2023, compared to 8,449.4 million in 2022.

2.4 Composition of Public Debt Creditors

Table 1: Composition of Public Debt Creditors

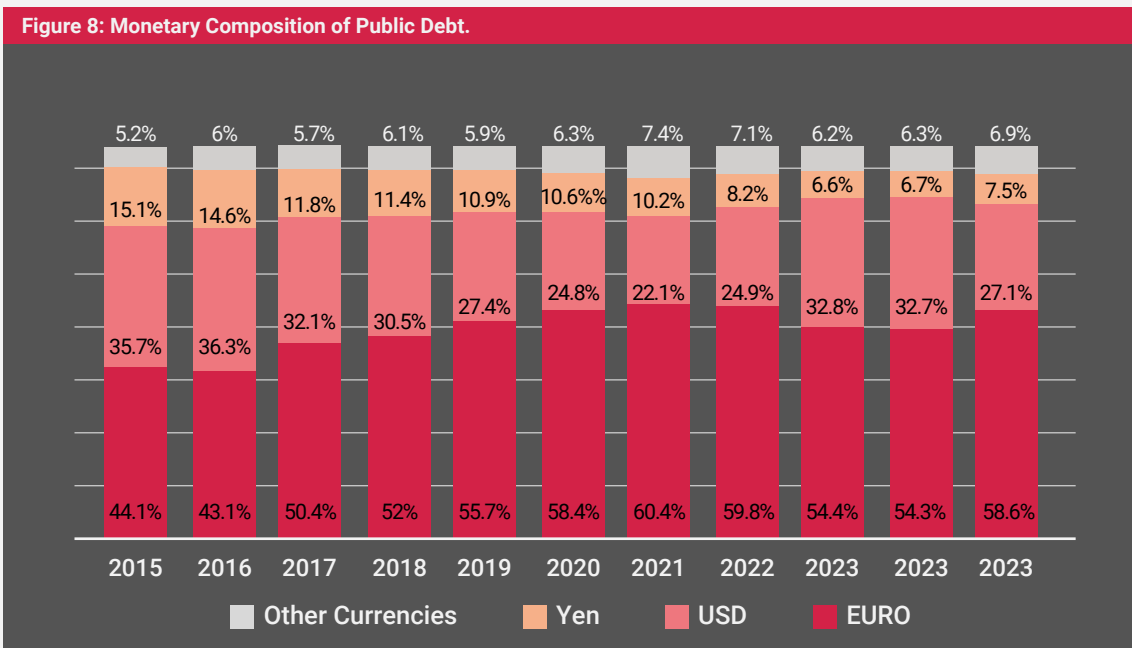
Year	2019	2020	2021	2022	2023	2024 First half
Share of External Debt in Public Debt	70,3%	65,9%	60,4%	58%	52,8%	49%
Multilateral Loans	48,76%	52,95%	57,49%	60,13%	61,03%	63,9%
Bilateral Cooperation Loans	15,75%	16,28%	17,88%	18,63%	21,10%	22,02%
International Financial Markets	35,49%	30,77%	24,63%	21,24%	17,87%	14,08%

Source: Ministry of Finance.¹⁵

The structure of Tunisia's external public debt is characterized by the dominance of multilateral debt, which accounted for approximately 61% of the total external debt as of the end of 2023, equivalent to 40,810.3 million dinars. This debt is primarily held by three major creditors: the World Bank (IBRD), the International Monetary Fund (IMF), and the African Development Bank (AfDB), which collectively hold nearly 67.5% of the multilateral debt. As in previous years, the World Bank remains the largest multilateral lender, with an outstanding balance of 12,877.4 million dinars, representing 31.6% of multilateral debt and about 19.3% of the total external public debt. It is followed by the African Development Bank, with an outstanding balance of 7,455.7 million dinars, or 18.3% of the multilateral debt, and the International Monetary Fund, which holds approximately 17.6% of the multilateral debt, with an outstanding balance of 7,198.0 million dinars (including 2,151.8 million dinars in Special Drawing Rights).

Regarding external public debt from bilateral cooperation, the outstanding balance stood at approximately 14,112.6 million dinars at the end of 2023, representing 21.1% of the total external public debt. Germany is the largest bilateral creditor, with an outstanding balance of 2,972.8 million dinars (21.1% of bilateral debt), followed by France with 2,570.3 million dinars (18.2%), Saudi Arabia with approximately 2,473.6 million dinars (17.5%), Algeria with approximately 1,949.9 million dinars (13.8%), Japan with 1,302.5 million dinars (9.2%), and Italy with 1,280.9 million dinars (9.1%).

Moreover, it is worth noting that Tunisia’s borrowing from international financial markets has significantly decreased, dropping from over 35% in 2019 to less than 15% in 2024. It is due to multiple downgrades of Tunisia’s sovereign credit rating by international rating agencies, leading to a sharp rise in interest rates. As a result, this borrowing channel has become increasingly inaccessible to Tunisia, further heightening the stakes of the negotiation process with the IMF in the post-COVID context—especially since bilateral loans, particularly from countries aligned with the Western bloc, have been made conditional on a prior agreement with the Bretton Woods institution.



Source: Ministry of Finance.¹⁷

2.5 Monetary Composition of External Debt

The euro dominates Tunisia's external debt portfolio, accounting for 58.6% of external debt in 2023, compared to 59.8% in 2022, 60.4% in 2021, and 58.4% in 2020. The dominance of the euro is primarily due to the European Union’s central role as Tunisia’s leading trading partner and a major financial donor, alongside several of its member states. Meanwhile, the US dollar—still the world’s leading reserve currency since World War II—also holds a significant share in Tunisia’s external debt portfolio.¹⁸

3. Determinants of Sovereign Debt Accumulation

Given their interconnection within the Tunisian context, particularly in monetary, fiscal, and budgetary policies, both internal and external determinants of sovereign debt will be examined together to trace the structural origins of its accumulation. This will be followed by an examination of the more contemporary aspects of the issue and an analysis of whether a new trajectory for mobilizing domestic resources is emerging in Tunisia.

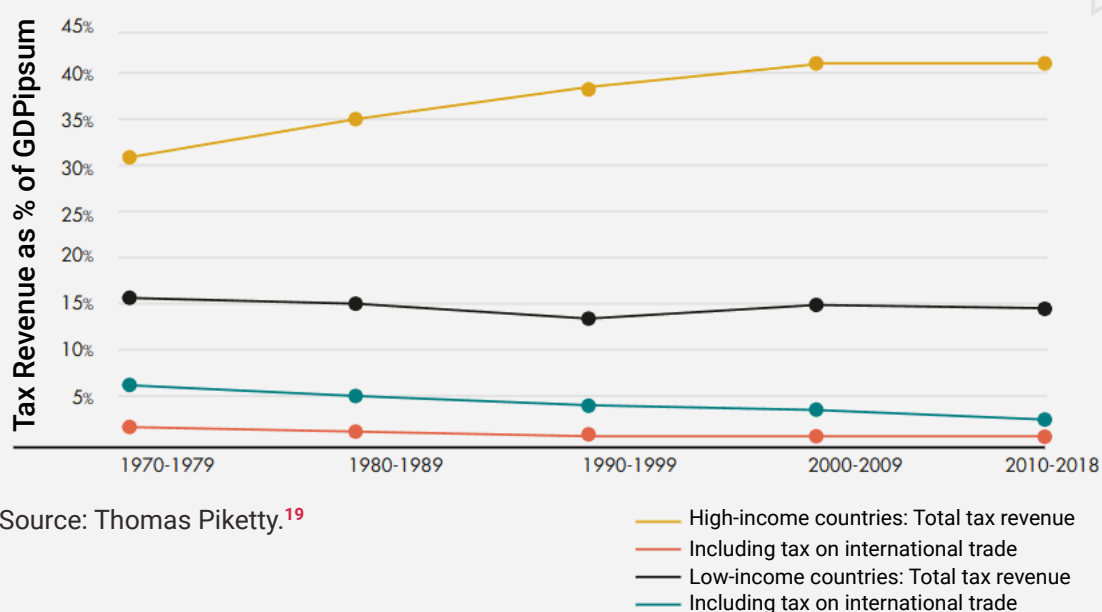
3.1 The Role of the Structural Adjustment Program in the Buildup of Tunisia's Sovereign Debt

Like other countries in the region and, more generally, the countries of the Global South, Tunisia was drawn into the neoliberal wave driven by Margaret Thatcher and Ronald Reagan with the introduction of a Structural Adjustment Program (SAP) in 1986. The implementation of this SAP began at the start of Ben Ali's reign, marking a major turning point in the country's economic orientation.

Under the pretext of addressing the debt crisis and macroeconomic imbalances, this program imposed a rapid liberalization of the Tunisian economy. In practice, it initiated a series of reforms dictated by a logic that prioritizes competition, where the state is urged to withdraw in favor of the market, and where the opening up to foreign capital is enshrined as a doctrine. The brutal devaluation of the dinar and the privatization of state-owned enterprises are indicative of this new direction, placing Tunisia in a position of increased dependence on international investors and global financial institutions. In this dynamic, Tunisia signed numerous free trade agreements, particularly the 1995 Association Agreement with the European Union, thereby accelerating the country's forced integration into neoliberal globalization. This opening, far from simply being an economic modernization, fits into an ideological vision where national economic sovereignty is gradually sacrificed in favor of the rules of the global market.

This international competition, governed by free trade, logically favors the strongest, working to the advantage of the Global North countries at the expense of those in the Global South.

Figure 9: Tax Revenues and Trade Liberalization (1970-2018)



Source: Thomas Piketty.¹⁹

The countries of the Global South have largely opened up their foreign trade by signing free trade agreements, primarily with countries in the Global North. However, the dismantling of customs duties, especially in low-income countries, did not compensate for the loss of tax revenue through other mechanisms due to organized tax competition. As a result, the share of tax revenues in GDP, which stood at 16% in the 1970s, fell to 14% between 2010 and 2018, while in high-income countries, it increased from 30% to over 40% during the same period. A key pillar of Tunisia’s resources in the 1980s, customs duties generated a quarter of tax revenues. Their gradual dismantling has reduced their contribution to only 4.66% of the tax revenues forecasted for 2025²⁰. This opening of the Tunisian economy to the outside world was accompanied by a major transformation: from a country that gained its independence after French occupation and built on public services in a welfare state logic, Tunisia gradually shifted towards a deregulation dynamic and market expansion. In the context of commercial competition and a market-driven model, the Structural Adjustment Plan (PAS) led Tunisia into a tax competition dynamic, resulting in a downward leveling of direct taxes and weakening the country’s ability to mobilize its resources, thereby fueling one of the fundamental roots of the debt spiral. The two main subjects of this competition—high-income individuals and corporate profits—were profoundly transformed by a drastic reduction in their contribution to national resource mobilization efforts. The progressivity of income tax was dismantled, corporate tax rates were standardized and drastically reduced, accompanied by a range of tax incentives. Property taxes were also marginalized. In line with neoliberal fiscal policies, regressive consumption taxes were significantly increased.²¹

On the budgetary front, the successive austerity policies imposed on the Tunisian economy have led to a deterioration of public services, particularly in essential sectors such as health and education, which are now subjected to market logic.²²

Austerity has a greater impact on the most vulnerable sectors of society, particularly women. Due to restrictions on public sector employment and services, women have lost opportunities to access jobs, and their access to essential services has become limited and difficult. Austerity measures—particularly the public sector hiring freeze—have disproportionately harmed women, especially when considering the added burden of unpaid domestic work. These measures impact women unevenly, given the discrimination they face in the private sector. For example, manual labor in the private sector tends to favor men: 45.2% of such jobs are held by men, rising to 47% in industry, over 55% in commerce and vehicle repair, and more than 70% in construction.²³

Thus, when the state eliminates jobs in the public sector, it is essentially removing jobs for women. On the other hand, it is women who provide care services to vulnerable social groups, such as children and the elderly. This makes them the ones most in need of and most likely to seek out essential services in health and education. Since women are more exposed to poverty, their need for such services is even greater.²⁴

At the global level, the economic policies imposed by international financial institutions have had a systemic and detrimental impact on women's living conditions and economic rights. By enforcing budget cuts in public services, they have shifted the burden of social care disproportionately onto households, particularly women, while limiting access to healthcare, education, and childcare. This has undermined women's economic autonomy and restricted their full participation in development.²⁵

Moreover, neoliberal restructuring—through privatization, labor market deregulation, and a focus on competitiveness—has exacerbated the precariousness of women, especially in informal and agricultural sectors. These dynamics have entrenched structurally gendered economic power relations, excluding women from decision-making while making them the most exposed to structural shocks.

The SAP also redefines the balance of power between the state, local businesses, and multinational corporations, permanently reshaping the country's socio-economic landscape. Just before the outbreak of the revolutionary process in December 2010, symbolizing the failure of the Tunisian development model, the IMF's managing director was still praising Tunisia's economic performance, stating that "Tunisia's reform program was progressing at a steady pace, and the country's prospects were favorable." However, this international recognition concealed the deep structural flaws that would soon explode into the open.²⁶

3.2 The Deauville Partnership, a Catalyst for the Accumulation of Tunisia's Sovereign Debt

"The Tunisian revolution of January 14, 2011, was triggered by the accumulation of multiple injustices, among which fiscal injustice was probably the most decisive in sparking the process that ended the reign of a ruthless dictatorship²⁷." Like any revolt or revolution, the uprising of 2010-2011 has its origins in an unequal distribution of wealth, with taxation serving as a central lever, and whose fundamental choices were solidified by the Structural Adjustment Program (SAP).

However, within the first few months following the revolution, international actors mobilized to contain any attempt to break away from the neoliberal model. During a joint press conference with U.S. President Barack Obama, the British Prime Minister announced on May 25, 2011, that London and Washington would promote a "political and economic support program for the Arab Spring"²⁸ during the G8 in France.

This support materialized through the Deauville Partnership, an initiative under the auspices of the "donors' cartel," which became "a cornerstone of the economic policies adopted in Tunisia during the transition period²⁹", further consolidating the neoliberal model and its mechanisms of indebtedness.

Following the formation of the government resulting from the Constituent Assembly, Christine Lagarde, then Managing Director of the IMF, visited Tunisia in 2012. Distancing herself from the image of her institution, which was particularly associated with structural adjustment programs, she stated that "the IMF version of 2012 differs from the past". She emphasized that the organization "has been working closely with the Tunisian authorities since the revolution, through technical assistance and dialogue on general policies to address the economic slowdown and develop a medium-term macroeconomic framework."

This transitional government quickly concluded a first program with the IMF in 2013, amounting to 1.75 billion dollars³⁰. However, this period was also marked by an increasing delegation of popular sovereignty to international financial institutions (IFIs) and Western donors, a dynamic that was strengthened by a second program signed in 2016 for \$2.9 billion over four years, which introduced a new "neoliberal package." This included, among other things, the independence of the central bank, the continuation of restrictive monetary policies, as well as austerity reforms targeting public services and price subsidies.

The fiscal policies, already initiated under the PAS, were reinforced under the supervision of the IFIs with the 2013 program³¹. By renewing these same approaches, Tunisia only worsened its budgetary, economic, and social imbalances, sinking deeper into a spiral of

debt and austerity. This structural fragility made the country particularly vulnerable to external shocks, such as those occurring from 2020 onwards. Thus, from the political transition in 2011 until the year of the break between Tunisia and the IMF in 2023, sovereign debt quintupled, now representing twice as much as a percentage of GDP.³²

While structural adjustment programs (SAPs) have undeniably played a structural role in the accumulation of Tunisia's sovereign debt, the country's agricultural and food dependence on the Global North predates the neoliberal era. It is essential to note that long before the emergence of neoliberalism, Tunisia's agricultural sector was already structurally oriented to meet the food needs of the Global North. Over time, it increasingly favored large investors who now capture a substantial—and growing—share of the wealth generated by the sector, to the detriment of small and medium-sized producers. The push for unrestrained free trade has only deepened these dynamics and extended them to other industries, reinforcing Tunisia's position of dependence on the Global North.³³

3.3 A New Path for Mobilizing Domestic Resources?

Tunisia's distancing from the IMF should be analyzed in light of this heavy legacy: from the 1986 SAP, through the post-transition programs of 2011 that consolidated the same policies, to the exogenous shocks that led Tunisia to the deadlock with this model.

Therefore, it is within the framework of a fiscal impasse – marked not only by the upheaval of Tunisia's public finances due to widespread exogenous shocks, but especially by an urgent need for foreign currency, both for essential imports and debt repayment – that Tunisia faces the austerity recipe mentioned in the staff-level agreement established with the IMF in October 2022. Just five days before the scheduled meeting of the Board of Directors on Wednesday, December 19, Tunisia requested to be removed from the agenda, which included the approval of the program.

The Tunisian government justified this postponement by the need for more time to finalize the agreement³⁴. However, the absence of new Tunisian initiatives in the following weeks triggered a fierce reaction from key international partners, often described as a "cartel of donors." An intense pressure campaign was then orchestrated, based on the alarmist discourse of an imminent economic collapse if negotiations with the IMF were to fail. Within a few days, officials such as Josep Borrell for the European Union and Antony Blinken for the United States took turns intensifying this pressure. Borrell stated that "the European Union cannot help a country that is unable to sign an agreement with the IMF,"³⁵⁻³⁶ - while Blinken emphasized that "the priority for Tunisia is to reach an agreement with the IMF." Finally, Tunisian President Kaïs Saïed clarified his government's position on April 6, 2023, by rejecting what he described as "foreign diktats." He emphasized the need to preserve the human dimension and social peace, asserting that Tunisia must rely on its resources to chart an alternative path³⁷.

The improvised yet constrained nature of domestic borrowing, as previously mentioned, stems directly from this deadlock with the IMF. De la même manière, it is therefore essential to analyze the Tunisian authorities' alternative response to indebtedness, which aimed to focus on mobilizing domestic resources, while exploring the tensions between budgetary aspects related to debt and those linked to economic and social rights.

3.3.1 A Substantial Increase in Domestic Resources

Tax revenues have seen a notable increase in recent years, particularly since the break with the IMF, thanks in part to fiscal measures implemented under the banner of progressivity.

Table 2: Tax Revenues in Millions of Dinars, 2016-2025

Year	2016	2027	2018	2019	2020	2021	2022	2023	2024	2025
Tax Revenues in Millions of Dinars	18702,0	21186,5	24503,3	28900,9	27147,0	30404,8	35449,4	38 047,2	41754,4	45249,0

Source: Ministry of Finance.³⁸

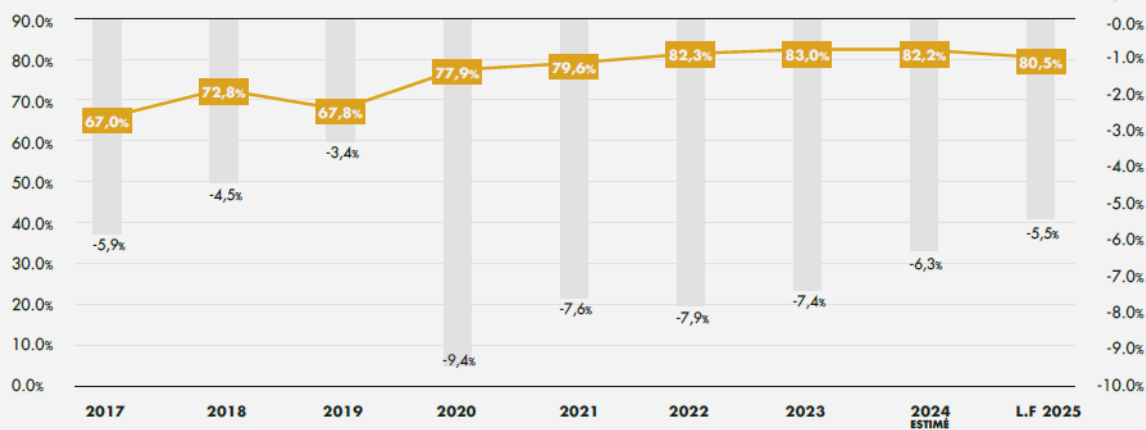
In 2023, alongside the rejection of the IMF program, Tunisia increased its tax revenues by 2.5 billion dinars, reaching a level that represents double the 2016 figure, thus reflecting an upward trajectory, including before the exogenous shocks experienced. The increase in revenues during this period, particularly between 2016 and 2018, is primarily attributed to significant hikes in regressive consumption taxes introduced through the finance laws of those years. These measures were in line with the conditionalities of the IMF program and had a lasting impact on the structure of tax revenues, even beyond 2018³⁹. In 2020, tax revenues dropped to 27.1 billion dinars, a 6% decrease compared to the previous year. This decline was primarily due to the economic repercussions of the COVID-19 pandemic, which significantly disrupted economic activity and reduced state revenues.

Between 2022 and 2025, Tunisia's tax revenues are projected to increase by 10 billion dinars, reflecting a new, albeit modest, trend toward progressivity. Revenues are expected to surpass 45 billion dinars by 2025. This contrasts with a smaller increase of 6.5 billion dinars during the previous period (2018–2021), which was driven by a deepening of regressive measures as advocated by international financial institutions.

This performance reflects efforts to mobilize domestic resources in a context marked by the rejection of the IMF program in 2022.

Thanks to the mobilization of domestic resources, Tunisia has initiated a gradual recovery of its fiscal balance.

Figure 10: Evolution of the Budget Deficit and Public Debt as a Percentage of GDP



Source: Ministry of Finance.⁴⁰

State Budget Deficit Volume of Public Debt (in% GDP)

Reaching its peak in 2023 at 83% of GDP, public debt shows a slight decline starting in 2024, with a reduction to 82.2% of GDP in 2024 and a projected 80.5% for 2025. This initial decrease, although modest, contrasts with the previous exponential growth trend. Similarly, alongside efforts to mobilize domestic resources, the budget deficit is expected to gradually reduce, dropping from -7.9% of GDP in 2022 to -6.3% in 2024 and a projected -5.5% in 2025.

It is under the banner of fiscal progressivity⁴¹ that the Tunisian authorities have undertaken a series of measures in the finance laws of 2023, 2024, and 2025, of which we will discuss the most critical aspects. This principle now occupies a central place in the presidential narrative, particularly in the preparation of the 2025 finance law project, where the President of the Republic states that "justice and equity require that everyone contribute within the framework of a transparent and fair tax system, based on progressive taxation, whose effectiveness in achieving social justice has been proven by numerous comparative experiences."⁴²

The increase in the contribution of businesses to the national fiscal effort

In response to the low contribution of businesses to the national fiscal effort and a tax system historically characterized by generous incentives, the finance laws of 2023-2025 introduced notable adjustments.

Firstly, the 2023 finance law strengthened the solidarity social contribution (CSS) as part of the corporate tax (IS) for the period 2023-2025. This contribution was progressively increased: it rose from 1% to 3% for companies subject to the general rate of 15%, as well as the specific rates of 10% and 20%, and from 3% to 4% for those subject to the 35% rate. Furthermore, the minimum amount of this contribution was also increased, with the threshold being doubled for several categories of companies, including those benefiting from tax exemptions.

The fiscal measures in the 2024 finance law targeting certain categories of subsidy beneficiaries serve as an alternative to the complete removal of price subsidies, as outlined in the 2022 IMF program, which was the main reason for Tunisia's rejection of the program. Upon rejecting this measure, the President of the Republic, acknowledging the budgetary impact of price subsidies, proposed targeting the wealthier beneficiaries of the subsidy system more effectively. This idea was implemented in the 2024 finance law, through Article 45, which subjects bars, restaurants, tea salons, nightclubs, hotels, pastry shops, and other categories of taxpayers to a pre-existing levy, initially paid by businesses benefiting from subsidized products. The rates of this levy were increased, from 1% to 3% and from 3% to 5%, depending on the taxpayer category. It is still too early to assess the scope of these fiscal measures, particularly in terms of revenue, as data on receipts from this levy are not available in the budget documents or on the Ministry of Finance's platforms.

The same 2024 finance law introduced a new temporary tax of 4% on taxable profits declared by banks and insurance groups, applicable to profits declared in 2024 and 2025.

Another key measure introduced by the 2025 finance law concerns the increase in corporate tax rates (IS). The general rate has been raised from 15% to 20%, signaling an intention to increase the contribution of businesses to the state budget. Additionally, the financial and insurance sectors are particularly targeted, with an increase in the specific rate applicable to banks, financial institutions (including non-residents), insurance, and reinsurance companies, rising from 35% to 40%. The government justifies these adjustments by the need to reduce the imbalance between household and business taxation and to establish greater fiscal equity.

The 2025 finance law establishes a safeguard against tax optimization by large businesses by targeting the effective minimum corporate tax rates, set as follows:

- 10% for companies subject to the general rate of 20%,
- 25% for companies subject to the specific rates of 35% and 40%.

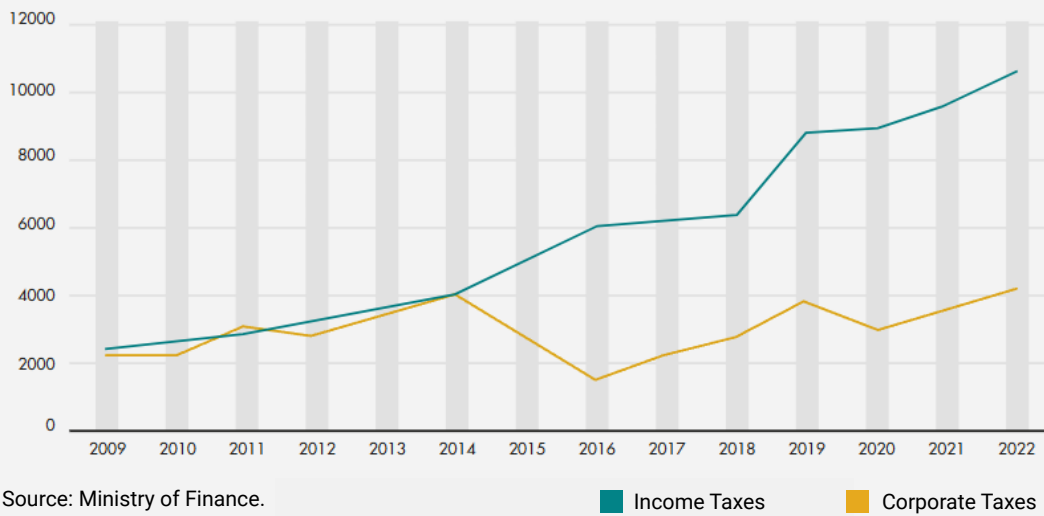
These measures contrast with the tax policies previously dictated by the IMF. Indeed, "the 1986 structural adjustment plan marked a true turning point in the logic of corporate taxation, bringing Tunisia into the era of competition and fiscal dumping⁴³. Previously, the profits of commercial activities were taxed at a rate of 44%. The reforms accompanying the structural adjustment plan initially reduced the corporate tax rate to 35% in 1990, following the enactment of the income tax code for individuals and corporations. A second reduction in the corporate tax rate occurred in 2007, bringing it down to 30%. The same logic continued and was significantly exacerbated after the Tunisian revolution, with a further reduction through the 2014 finance law, which lowered

the rate to 25% and implemented the recommendations of international financial institutions. The final blow came with the 2021 finance law, which set the rate at just 15%.⁴⁴

In addition to the general corporate tax rate (IS), tax competition also relies on fiscal incentives. Hundreds of relief and exemption provisions are scattered throughout the tax legislation, particularly through various codes and special laws. The Ministry of Finance has estimated the revenue loss linked to 247 of the 349 measures identified at 6,164.748 million dinars in 2023, which represents more than 162% of the budget allocated for subsidies on basic products in 2025. These provisions reduce the corporate tax base and primarily benefit large companies, many of which display an exceptionally low effective tax rate, despite significant and consistently growing profits⁴⁵. These tax niches are often used as instruments of manipulation and tax fraud, while proving to be ineffective in terms of the economic objectives they are supposed to achieve.⁴⁶

Thus, these policies have been a major contributor to the collapse of the corporate tax effort, as shown in the following graph:

Figure 11: Evolution of Income Tax and Corporate Tax Revenues (2009-2022).



The property wealth tax: An unfinished step towards greater tax justice

Tunisia introduced a property wealth tax, an emblematic instrument of fiscal justice. Established by the 2023 finance law, the property wealth tax (IFI) targets individuals owning real estate valued at a minimum of 3 million dinars. The rate is set at 0.5%. Its scope covers both properties located in Tunisia, regardless of the owner's residence, and those held abroad by Tunisian residents. However, the primary residence and properties used for professional activities (unless rented out to third parties) are excluded from the tax base.

With the adoption of the 2023 finance law, Tunisia introduced a mechanism aimed at taxing the highest wealth. However, the property wealth tax (IFI) has several limitations that reduce its potential for fiscal revenue and for addressing wealth inequality.

On one hand, the 3 million dinar threshold could have been set lower to broaden the tax base. On the other hand, the choice of a single 0.5% rate contrasts with the progressive models adopted in France and Algeria, where the tax is graduated. This rate remains relatively low, corresponding to the lower end of the range of similar taxes applied in those countries. Moreover, the tax base for the IFI in Tunisia remains limited due to the exclusion of financial assets and the full exemption of primary residences. In contrast, in France, for instance, primary residences are only partially eligible for a reduction.

Beyond these fiscal considerations, the practical application of this tax relies on significant administrative requirements, particularly in data collection and cross-checking. However, the deficit in human and material resources within the tax administration remains a major obstacle⁴⁷. Under these conditions, the property wealth tax (IFI) could, at least initially, generate limited revenue, thus reducing its real impact on wealth distribution and the financing of public policies.

The partial restoration of income tax progressivity

The scale of the personal income tax (IRPP) has been extended, increasing from five to eight brackets. Three new brackets have been added at different levels to better account for personal income disparities and adjust the progressivity of taxation.

Table 3: Change in the Tunisian PIT scale, 2024.

Current IRPP Scale			New IRPP Scale		
Tax Brackets in Dinars	Tax Rates	Effective rate at the upper limit	Tax Brackets in Dinars	Tax Rates	Effective rate at the upper limit
0 - 5000	0%	0%	0 - 5000	0%	0%
5000 - 20,000	26%	19.5%	5000 - 10,000	15%	7.5%
20,000 - 30,000	28%	22.33%	10,000 - 20,000	25%	16.25%
30,000 - 50,000	32%	26.2%	20,000 - 30,000	30%	20.83%
50,000+	35%	---	30,000 - 40,000	33%	23.88%
			40,000 - 50,000	36%	26.3%
			50,000 - 70,000	38%	29.64%
			70,000+	40%	---

Source: Finance Law 2025.

The first bracket of taxable income in the previous scale, which covered incomes from 5,000 to 20,000 dinars, has been divided into two new brackets:

- From 5,000 to 10,000 dinars, with a tax rate set at 15%

- From 10,001 to 20,000 dinars, subject to a tax rate of 25%

This reform has resulted in a reduction of income tax for over 98% of taxpayers, primarily benefiting low-income households. For example, an individual earning 20,000 dinars per year (1,666 dinars per month), which corresponds to the upper limit of the third bracket in the new scale, benefits from a tax reduction of 650 dinars per year, representing a 46.6% increase in their net monthly income.

Conversely, two new brackets have been introduced for higher incomes, thus increasing the rates applied to the higher brackets:

- A bracket for incomes between 50,001 and 70,000 dinars
- A higher bracket for incomes exceeding 70,000 dinars, with an increase in the marginal rate from 35% to 40%

These adjustments have led to a tax increase for only 1.6% of taxpayers subject to the PIT, which represents a small fraction of the approximately three million taxpayers. Their numerical distribution is as follows:

Table 4: Distribution of taxpayers by income level, 2024.

Tax Brackets in Dinars	Tax Rates	Effective rate at the upper limit
0 - 5000	0%	37.6%
5000 - 10,000	15%	18.6%
10,000 - 20,000	25%	27%
20,000 - 30,000	30%	11.9%
30,000 - 40,000	33%	2.4%
40,000 - 50,000	36%	1%
50,000+	40%	1.6%

Source: Ministry of Finance.

Tunisia thus adopts a new tax scale with a top marginal rate of 40%, which is 9 percentage points higher than the average of the 100 largest economies, estimated at 31%, and 2 percentage points lower than the OECD countries' average.⁴⁸

This reform also contrasts with the policies previously imposed by the IMF, both within the framework of the Structural Adjustment Program (SAP), where the progressivity of income tax was literally dismantled, and in the 2013 IMF program, where the same policies were reinforced, as shown by the evolution of the tax scale in light of these two reforms:

Table 5: Evolution of the Income Tax Scale in Tunisia

Brackets	Tax Rates	Taxable income brackets in Dinars	Tax Rates	Taxable income brackets in Dinars	Tax Rates
0 to 900 dinars	0%	0 to 1500 dinars	0%	0 to 5000 dinars	0%
900 to 1300 dinars	5%				
1300 to 1500 dinars	10%	from 1500,001 to 5000 dinars	15%	from 50000,001 to 20000 dinars	26%
1500 to 2000 dinars	15%				
2000 to 2500 dinars	20%				
2500 to 3000 dinars	25%	from 5000,001 to 10000 dinars	20%	from 20000,001 to 30000 dinars	28%
3000 to 3500 dinars	30%				
3500 to 4000 dinars	36%	from 1000,001 to 20000 dinars	25%	from 30000,001 to 50000 dinars	32%
4000 to 5000 dinars	42%				
5000 to 6000 dinars	48%				
6000 to 8000 dinars	54%	from 2000,001 to 50000 dinars	30%	50000+ dinars	35%
8000 to 10000 dinars	56%				
10000 to 14000 dinars	58%	50000+ dinars	30%		
14000 to 25000 dinars	60%				
25000 to 40000 dinars	62%				
40000 to 60000 dinars	64%				
60000 to 80000 dinars	66%				
80000+ dinars	68%				

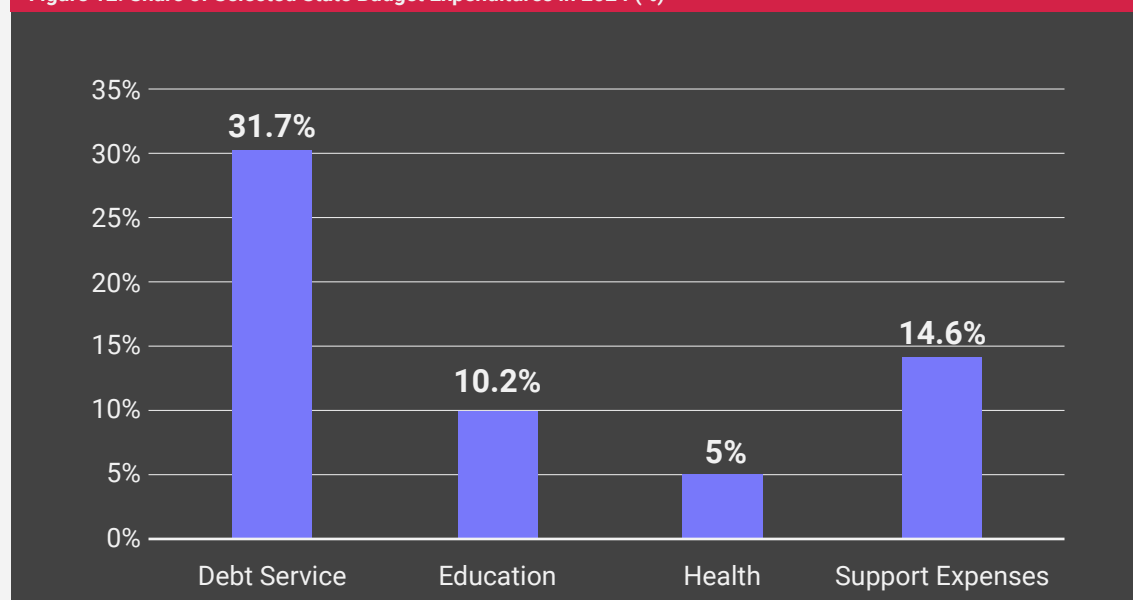
Source: Finance Laws.

In general, the income tax reform in Tunisia is not primarily driven by the need to mobilize domestic resources, but rather by the trickle-down economic logic, reflected in tax cuts for top earners and implemented through the various intervention mechanisms of the IMF. Indeed, the increase in fiscal effort for the top 1.6% of taxpayers is insufficient to offset the revenue shortfall resulting from tax reductions for other income brackets. This reform is estimated to result in a loss of 693 million dinars, or approximately 5% of income tax (IRPP) receipts. It is mentioned here to complete the set of fiscal measures implemented by the 2023-2025 Finance Laws, which aim to strengthen the progressivity of taxation. Moreover, this reform serves as a transition to the next section, where it is part of a broader set of measures aimed at expanding social safety nets.

3.3.2 Social Safety Nets: Progress that Remains Limited

In the Tunisian context, marked by a debt spiral, debt servicing undoubtedly constitutes a significant obstacle to establishing adequate social safety nets, given the pressing social needs and growing inequalities.

Figure 12: Share of Selected State Budget Expenditures in 2024 (%)



Source: Tunisian Observatory of Economy.⁴⁹

We observe that debt servicing far exceeds the expenditures allocated to key sectors, being six times higher than health spending, three times higher than education spending, and twice the amount allocated to subsidies in the 2024 budget. This puts pressure on resources dedicated to social safety nets, especially as Tunisia faces restrictions on external borrowing due to its refusal to accept the social hardships of the austerity measures outlined in the IMF's 2022 program. Beyond improving public finance indicators, the mobilization of domestic resources has not only helped avoid the austerity measures planned in the failed 2022 program but also expanded social safety nets.

The maintenance of price subsidies at their highest level

Prepared in parallel with negotiations with the IMF, the initial version of the 2023 Finance Law was planned to implement the program developed with the IMF, including successive budget cuts over the following four years, before being annulled. Following Tunisia's subsequent refusal to adopt this program, the amended Finance Law reversed a budget cut of 1,282 million dinars.

The government planned a slightly reduced budget for 2024, set at 3,591 million dinars, compared to 3,805 million dinars in the previous year. The 2025 Finance Law projects a

budget of 3,801 million dinars for basic goods subsidies, representing an increase of 201 million dinars compared to the 2024 budget. Tunisia thus avoids the total elimination of price subsidies for essential goods, maintaining them at their highest levels.

Similarly, subsidies for energy and transport have been preserved at their current levels, preventing the drastic budget cuts initially planned under the IMF program⁵⁰. Indeed, the budget allocated to energy subsidies increases from 7,086 million dinars in 2024 to 7,112 million in 2025. Likewise, the budget dedicated to transport rose from 660 million dinars to 680 million over the same period⁵¹.

Tunisia has thus avoided an austerity-driven reform targeting the price subsidy system. The proposed approach—framed as a way to better target subsidies by replacing them entirely with direct cash transfers—would in reality have excluded a large share of the middle class, as well as marginalized groups. These populations would have lost access to subsidized prices while often being unable to benefit from the transfers, due to the high exclusion rates typical of mechanisms promoted by international financial institutions⁵². As with other austerity measures, eliminating subsidies would also have deepened gender inequalities. Directing funds to the household head would likely exacerbate these disparities, as in Tunisia, this role is legally assigned by default to the husband, who represents approximately 80% of household heads. Consequently, if such transfers were generalized, most of the benefits would go to men. This is particularly troubling given that comparative studies show men are less likely than women to share financial benefits equitably within the household.⁵³

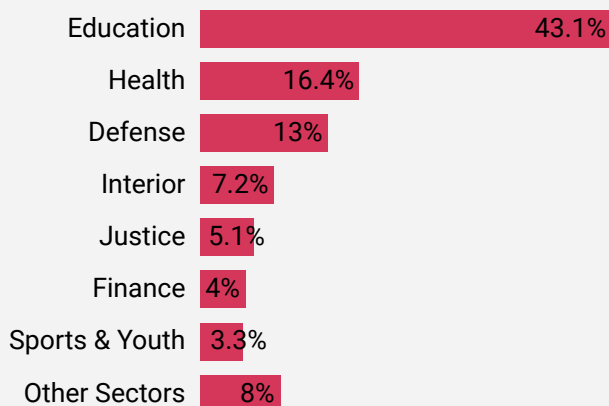
Likewise, the public sector has avoided the austerity measures planned under the IMF's 2022 program.

A gradual resumption of public sector recruitment

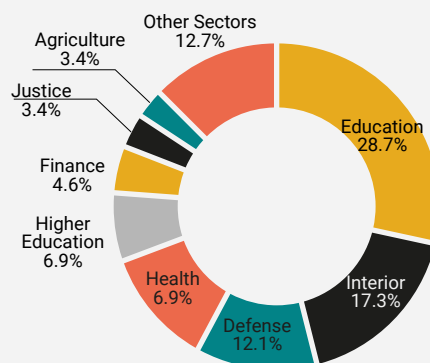
The IMF's 2022 program planned a freeze on public sector recruitment. Had this measure been implemented, it would have exacerbated staff shortages in critical sectors, such as health and education, thereby threatening the quality of public services. It could also have encouraged the expansion of the private sector, leading to higher costs for users and a decline in purchasing power for a large portion of the population.

However, Tunisia managed to avoid these austerity measures. Public sector recruitment has gradually resumed, with the creation of 8,397 new positions in 2023, 13,586 in 2024, and more than 21,000 in 2025, distributed as follows:

Public Sector Recruitment by Sector 2025



Wage Bill by Sector



Source: Ministry of Finance.⁵⁴

The increase in salaries

This includes, first and foremost, a general increase of 7.5% in minimum wages in 2025, following an initial 7% rise implemented in May 2024.

In the non-agricultural sector, the new amounts will be as follows:

- 528.320 dinars per month for the 48-hour regime,
- 448.238 dinars per month for the 40-hour regime.

The agricultural sector will also benefit from increases in daily wages:

- 22.358 dinars for skilled workers
- 21.404 dinars for specialized workers
- 20.320 dinars for regular workers

Similarly, pensions have been increased as follows:

- A general increase of 7.5% for all retirees
- A progressive revaluation of small pensions: they will rise from 180 dinars to 240 dinars, and then to 260 dinars.

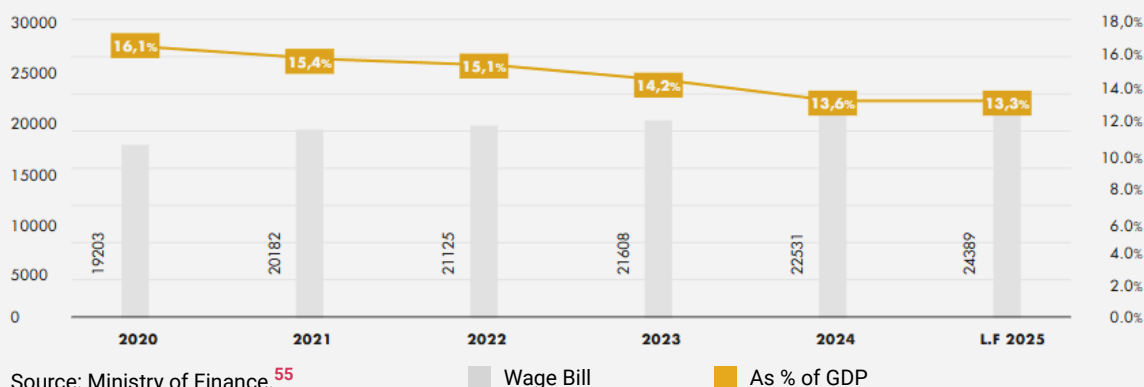
As part of the agreement between the government and the UGTT, a cumulative 5% increase in the fixed portion of gross monthly salaries in the public sector was planned for the years 2023, 2024, and 2025.

Public sector retirees also benefited from this revaluation, with the payment of the third installment.

This policy of salary increases marks a departure from the logic of austerity. It stands in contrast to the freeze on salary increases in the public sector, as considered under the IMF's 2022 program.

It is interesting to note that, despite the resumption of recruitment and salary increases, the wage bill has stabilized at levels close to the targets set by the IMF program.

Figure 14: Evolution of the wage bill as a percentage of GDP.



Social measures targeting marginalized groups

Opposing the neoliberal narrative, the President of the Republic, during his meeting with the Prime Minister on September 30, 2024, emphasized "the necessity for the draft finance law for the coming year, currently under preparation, to be based not only on achieving financial balance following our national choices, but also on establishing social justice."⁵⁶ He also announced a series of social measures that the 2025 Finance Law will later adopt, aimed at expanding social safety nets, including⁵⁷:

- The allocation of a monthly allowance of 260 dinars per family for modest families, as well as 70 dinars per month per child (6-18 years old), and a special allowance of 30 dinars for families with children with Down syndrome.
- The reduction of VAT on electricity from 13% to 7% for consumption below 300 kWh, which represents a 5% decrease in electricity bills for nearly 93% of households.
- The exemption from income tax for beneficiaries of disability and orphan pensions, as well as a ten-year exemption from taxes for female agricultural workers.
- The creation of an Unemployment Insurance Fund.
- The establishment of a budget of 5 million dinars dedicated to the employment of people with disabilities, along with measures such as:
 - Provision of interest-free loans, capped at 10,000 dinars,
 - The revision of the tax system for adapted vehicles, scheduled for April 2025,
 - The revision of the tax system for adapted vehicles, planned for April 2025.
 - The simplification of procedures for importing specialized equipment.

- A financing line of 20 million dinars funded by the resources of the National Employment Fund, allowing the provision of interest-free loans, with a maximum amount of 10,000 dinars per person, intended for vulnerable groups with limited income.
- Subsidies and student loans will be granted to students from vulnerable families, including financial assistance for their integration into student life.
- The creation of a Social Protection Fund for female agricultural workers, financed by a subsidy of 5 million dinars from the state budget, a 1% tax on insurance premiums borne by insurers, a 5 dinar tax on technical inspection certificates collected by the Tunisian Land Transport Agency, as well as 10% of the total annual road violation fines. Additionally, donations and resources that can be mobilized under current legislation will be included.

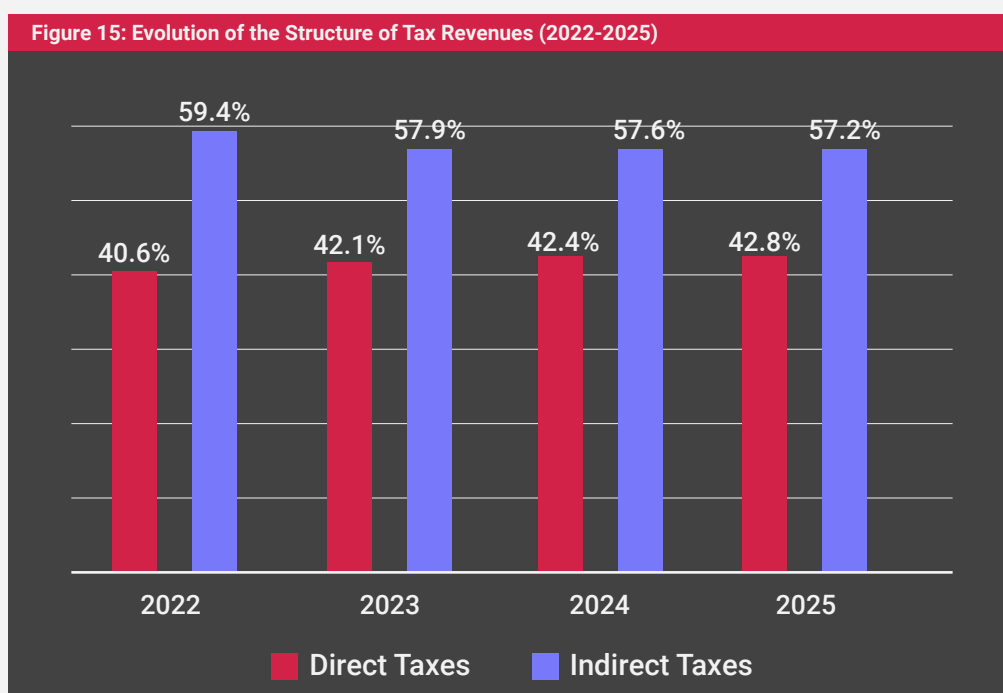
In summary, the Tunisian trajectory, marked by distancing from the IMF, demonstrates the futility of the approach advocated by the institution, which is only justified by the need to restore financial balances. Tunisia has succeeded in returning to financial standards close to those targeted, not only by avoiding the perilous measures proposed by the IMF in its 2022 program but also by initiating an opposite trend. This has been primarily made possible by the fiscal resource mobilization trajectory that has been started.

4. Conclusion & Recommendations

Although not an exception, Tunisia stands as a notable example of the descent into the spiral of debt and austerity, a gradual process driven by budgetary and fiscal policies derived from the development model established through the Structural Adjustment Program (SAP). Under the influence of the donor cartel, the Tunisian revolutionary process did not prevent the continuation of the neoliberal juggernaut, which continued to unfold, driving the model to its peak following the exogenous shocks faced by the Tunisian economy since 2020.

Although the new Tunisian trajectory may show encouraging short-term results, it faces a structural crisis and persistent difficulties in financing collective needs. The policy of mobilizing domestic resources still has considerable room for maneuver. Indeed, the path toward progressivity has only been partially undertaken.

While it is undeniable that the state has strengthened its ability to rely on its own resources, which has allowed, among other things, the financing of the mentioned social measures and the improvement of budgetary balances, and while it is also true that the measures adopted have steered fiscal policies toward more fairness, these advances remain insufficient. Indeed, Tunisia's tax system still largely relies on the most unjust fiscal levers, namely indirect taxes on consumption.



Source: Ministry of Finance.⁵⁸

This graph highlights both the impact of progressive measures, which have helped reduce the gap between direct and indirect taxes, from 18.8% in 2022 to 14.4% in 2025, and the still considerable room for maneuver to establish an actual progressive tax policy. By stopping halfway in the implementation of these policies, the state missed the opportunity to mobilize substantial fiscal resources. It did not fully leverage the redistributive fiscal levers at its disposal.

Furthermore, the resource mobilization trajectory does not yet aim to provide Tunisia with a "Keynesian moment" capable of revitalizing economic activity and growth.

Based on this, the report puts forward a series of recommendations across two levels: financing and allocation. These recommendations are grounded in the need for a controlled and pragmatic transition toward a radical break from austerity—both economically, by reembracing a Keynesian, needs-based, and planning-oriented approach, and socially, by establishing meaningful social protection systems that reduce social inequalities, eliminate discriminatory policies against women, and align with environmental sustainability. To make these ambitions achievable, the first set of recommendations focuses on effectively implementing a policy of genuine domestic resource mobilization.

4.1 Financing Recommendations

Although they contrast with tax policies centered on competitiveness, the government measures mentioned remain insufficient in achieving two key goals: the ambitious mobilization of tax revenues and a meaningful impact on inequality through the application of progressive tax principles. The following set of measures, therefore, aims to meet both objectives.

Increasing the tax contribution of high incomes:

- By restoring greater progressivity in the taxation of the highest incomes, for example, as jointly proposed by the Tunisian Economic Observatory and the Ali Ben Ghedhahem Center for Fiscal Justice:

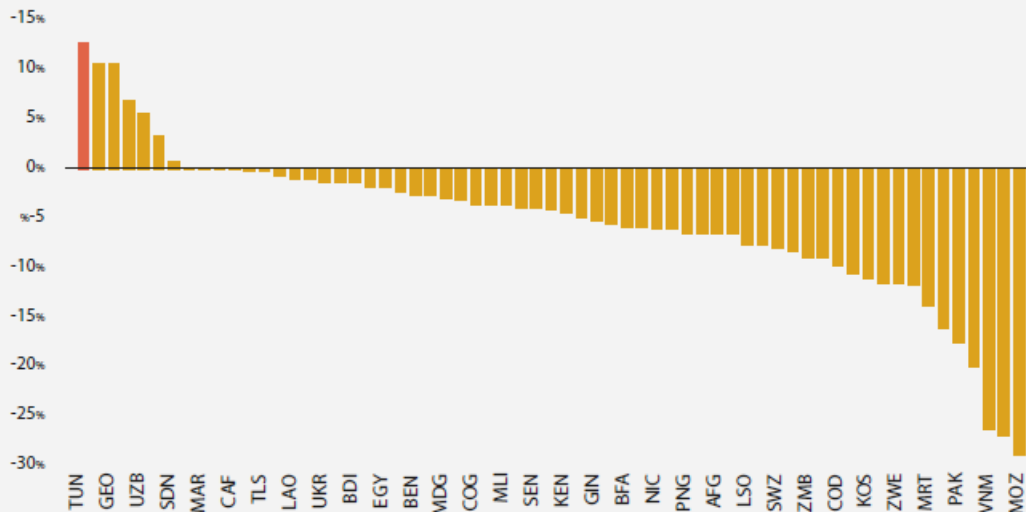
Table 6: The Proposed Alternative Personal Income Tax Scale

Brackets	Rates
0 - 5,000	0.00%
5,000 - 10,000	15%
10,000 - 20,000	25%
20,000 - 30,000	30%
30,000 - 40,000	33%
40,000 - 50,000	36%
50,000 - 70,000	38%
70,000 - 100,000	40%
10,000 - 150,000	44%
150,000 - 250,000	48%
250,000 - 350,000	55%
350,000 - 500,000	61%
500,000 +	68%

Source: OTE & CAJF.⁵⁹

By aligning the taxation of capital income with that of labor income. Tunisia is currently one of the countries where the tax treatment of these two types of income differs the most.

Figure 16: Difference in tax rates between labor income and capital income, in percentage points.



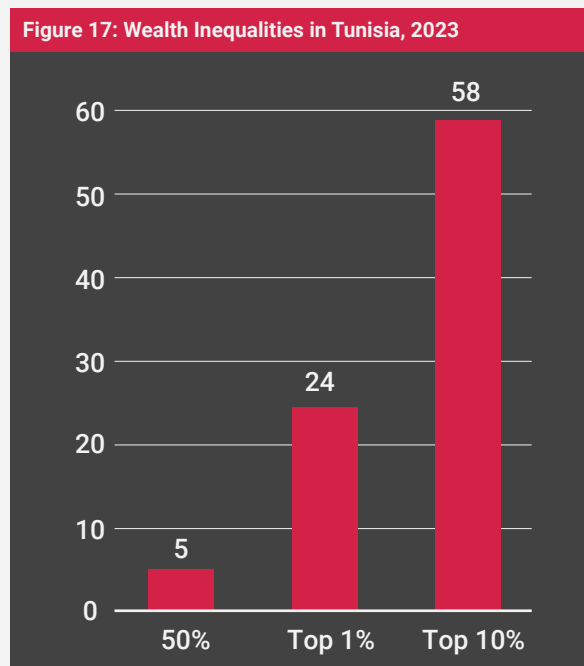
Source: World Bank.⁶⁰

The World Bank states that "the income of the wealthiest individuals primarily comes from capital income, while the income of the least wealthy individuals relies more on labor income. The higher effective tax rate on labor compared to capital is likely to exacerbate income inequalities."

In Tunisia, the tax rate on labor, including social security contributions, exceeds that applied to capital by 13.4 percentage points. In comparison, Morocco applies equivalent tax rates to both types of income, while in Egypt, taxation is slightly more favorable to capital, with a gap of -2 percentage points.⁶¹

While calling for greater progressivity in income tax in Tunisia, the World Bank also emphasizes the need to align the taxation of capital income with that of labor income.

- **By activating fiscal levers on wealth, particularly by:**
 - Increasing the tax contribution of high wealth through a more progressive property tax system and improving low collection rates.
 - Replacing the proportional inheritance tax rates with a highly progressive tax.
 - Strengthening the property wealth tax. Replacing the proportional rate with a progressive scale would allow for better targeting of the wealthiest taxpayers. Furthermore, broadening the tax base to include financial assets, as well as replacing the total exemption for the primary residence with a deduction, are essential measures to strengthen this fiscal lever and reduce the pronounced wealth inequalities in Tunisia.



Source: World Inequality Database.⁶²

- By eliminating costly and inefficient tax loopholes, based on a cost/benefit evaluation.
- By strengthening the fight against tax fraud and evasion through the deployment of necessary legislative, human, technological, and material resources, both within the tax administration and the judicial system.

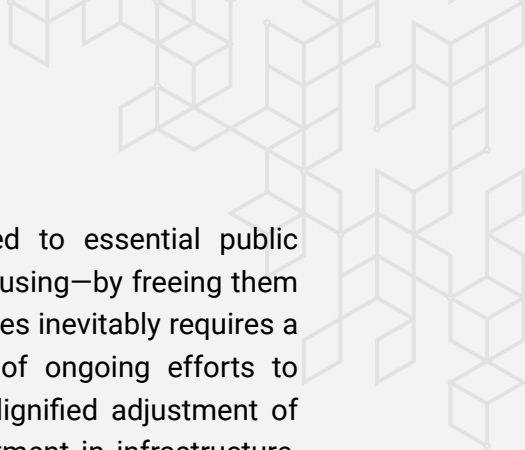
These concrete financing proposals signal a paradigm shift in fiscal policy—from a focus on tax competitiveness to a logic grounded in tax justice. They already offer, through enhanced tax collection, the potential to significantly reduce inequalities. They also strengthen Tunisia's ability to rely on its own resources and create the conditions for a much-needed Keynesian moment—reviving economic growth and, in turn, generating substantial public revenues.

On the monetary front, Tunisia must repeal the Central Bank's independence, allowing policymakers to regain control over a key lever that should now be aligned with a policy of fiscal justice and a proactive, economically ambitious, and socially driven budgetary strategy. Tunisia must reconnect with its historical tradition of a developmental central bank, as established after independence to support major agrarian reform and industrialization efforts. This means restoring the Central Bank's active role in close coordination with the government to mobilize national resources in service of an ambitious economic and social agenda. Such an approach requires moving away from the neoliberal model of technocratic independence and exclusive inflation targeting, in favor of a monetary policy geared toward financing strategic sectors, encouraging productive savings, and supporting public investment in structural development.⁶³

4.2 Budgetary Recommendations

Financing such a stimulus plan would not only have a limited Keynesian impact, but it would also provide Tunisia with an opportunity to break free from the neoliberal framework.

Food and energy sovereignty represent essential levers, and the state would benefit from directing the necessary public investment into a planned vision, paving the way for sustainable and environmentally viable economic growth. The redistribution of Tunisia's current levels of wealth—through the taxation of the wealthy and large corporations as advocated in this report—offers a pragmatic pathway toward ecologically sustainable economic growth. This is the only approach capable of delivering both a significant and tangible impact on the country's socio-economic situation. The recovery levers proposed in this report are expected to substantially reduce the high cost of energy and food, while making the country less vulnerable to external economic shocks.



It is also essential to drastically increase budgets allocated to essential public services—particularly health, education, transport, and social housing—by freeing them from the constraints of austerity. Revitalizing these public services inevitably requires a more ambitious approach to recruitment, the consolidation of ongoing efforts to eliminate precarious employment within the public sector, a dignified adjustment of wages for public servants and employees, and massive investment in infrastructure, equipment, and various logistical and technological resources. Achieving meaningful impact in these key sectors, which are closely tied to economic and social rights, can foster greater public willingness to pay taxes and help initiate a virtuous cycle grounded in a policy of fiscal justice.

Similarly, the state must restore its social role—not only by preserving the universal nature of price subsidies (which should now align with the logic of energy and food transition and the imperative of sovereignty through local production), but also through direct transfers to women and marginalized groups, at levels sufficient to generate a meaningful impact for these populations.

Moreover, the inventory commissioned by the current president on debts contracted since 2011 must be made public. It should pave the way for a transparent process of citizen-led auditing of public debt. This would mark a break from the traditionally top-down and technocratic approaches to such matters, fostering popular ownership of public finance issues. This outcome must be pursued across all areas of public finance—not only debt—through the establishment of a culture of transparency in budgetary and fiscal governance. This includes the publication of budget documents under recognized transparency standards, as well as the activation and strengthening of oversight mechanisms—particularly parliamentary ones—aimed at holding the executive accountable to the people's representatives, within a framework that ensures public visibility and scrutiny.

This shift in fiscal logic is inherently linked to a parallel transformation in budgetary policy—from austerity-driven approaches to proactive investment strategies—an essential condition for placing human needs, and particularly economic and social rights, at the center of public action. Likewise, the recovery plan must mark a transition from a food security framework to one of food sovereignty, laying the foundation for a more profound and more constructive rupture with the neoliberal model. To this end, Tunisia must articulate a comprehensive and alternative national vision, mobilize all its vital forces around its design, planning, and implementation, and foster broad-based public support.

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