

# NON-GOVERNMENTAL ORGANIZATIONS, INTERNATIONAL ORGANIZATIONS, AND CIVIL SOCIETY IN TUNISIA

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# Non-Governmental Organizations, International Organizations, and Civil Society in Tunisia

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## Executive Summary

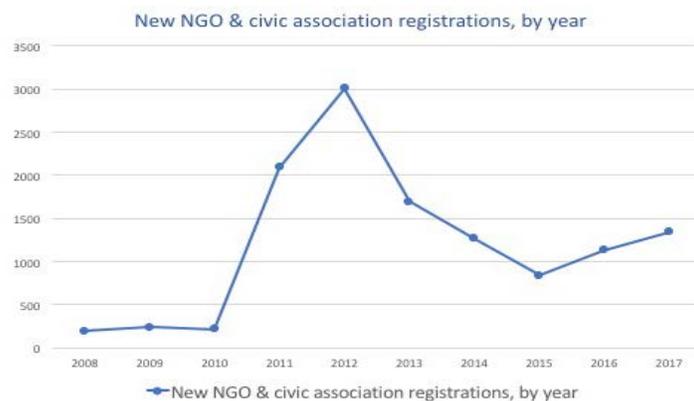
The birthplace of the Arab Spring, Tunisia is often referred to as the lone democratic success that emerged from the series of uprisings that spread across the Middle East in late 2010 and early 2011. After the downfall of long-time authoritarian leader Zine el-Abidine Ben Ali, a fragile democracy did take root in Tunisia. Since then, multiple elections have successfully been held. Peaceful transfers of power have occurred. And Tunisia's democratic roots have grown, despite serious challenges such as terrorism, slow economic growth, and high youth unemployment.

Central to this story is the emergence of civil society in Tunisia, an amorphous grouping of actors – both domestic and international – who work on a variety of issues from electoral support, to women's rights, youth empowerment, education, political party training, justice reform, national reconciliation, and human rights. The positive influence of civil society in Tunisia is so crucial for the country's democratic success story that the Nobel Peace Prize was awarded to civil society groups in 2015, in recognition of their ability to press politicians forward toward democratic reconciliation and peace.

### The Fall of Ben Ali and the Rise of Civil Society

The NGO sector in Tunisia expanded dramatically after Ben Ali stepped down in 2011. In 2010, Ben Ali's last full year in power, 221

NGOs were registered with the Tunisian government.<sup>3</sup> The following year, new NGO registrations had increased nearly tenfold to 2,092.<sup>4</sup> Since the Arab Spring, an average of 1,626 new NGOs have been created each year<sup>5</sup>—as the uprising created an open space for civil society in what was a previously closed dictatorship.



<sup>3</sup> IFEDA (2018) "Recherche dans le registre national des associations" Accessed 1 March 2018. Retrieved at: [http://www.ifeda.org.tn/fr/index.php?lang=fr&id\\_page=5](http://www.ifeda.org.tn/fr/index.php?lang=fr&id_page=5)

<sup>4</sup> IFEDA (2018)

<sup>5</sup> Authors' calculations based on IFEDA (2018) "Recherche dans le registre national des associations" Accessed 24 February 2018. Retrieved at: [http://www.ifeda.org.tn/fr/index.php?lang=fr&id\\_page=5](http://www.ifeda.org.tn/fr/index.php?lang=fr&id_page=5)

However, not all NGOs are created equal. An overwhelming majority are domestic NGOs who work locally to improve their communities—including religious organizations that do outreach. Some are well-funded international NGOs with familiar names: Human Rights Watch, National Democratic Institute, International Republican Institute, the International Foundation for Electoral Systems, or Doctors without Borders. And elsewhere, a small minority of NGOs are suspected of being fronts for nefarious activities that range from human trafficking to money laundering and promoting extremism under the guise of being a legitimate civil society player.

## Civil Society as a Bulwark against Governance Challenges

The Tunisian government and its international partners understand that the democratic progress forged so far is not immune to the risks of democratic backsliding. Therefore, a sturdy relationship between Tunisia’s government, international donors, international NGOs, and local civil society is crucial. Properly harnessed, these groups could act as a crucial bulwark that protects Tunisian democracy and fosters improvements to governance, economic growth, and security. But the balance is fragile—and there are serious challenges.

First, the security risks to Tunisia are real: youth unemployment remains unsustainably high, which has been shown to be correlated strongly with radicalism and extremist violence elsewhere.<sup>6</sup> An estimated 6,000 Tunisian nationals departed in the wake of the democratic transition to fight alongside ISIS in Syria, Iraq, and Libya – the highest per capita rate of foreign ISIS recruits in the world.<sup>7</sup> The risk of at least some of these terrorists attempting to return home is high. If the terrorists return from abroad, it is likely to prove profoundly destabilizing. And the jihadist movements already present in Tunisia have already committed several terror attacks that targeted foreign tourists<sup>8</sup> as well as Tunisian nationals in the security apparatus<sup>9</sup>. Security destabilization would have severely negative effects for the good governance agenda and could undermine Tunisian democracy.

Second, the economic picture has been dismal for some time. Unemployment, slow growth, and high inflation have long hampered Tunisia’s progress. According to a November 2017 survey, for example, 83% of Tunisian respondents indicated that they thought the country was going in the “wrong

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<sup>6</sup> Caruso, R., & Schneider, F. (2011). [The socio-economic determinants of terrorism and political violence in Western Europe](#) (1994–2007). *European Journal of Political Economy*, 27, S37-S49 and Caruso, R., & Gavrilo, E. (2012). [Youth unemployment, terrorism and political violence, evidence from the Israeli/Palestinian conflict](#). *Peace Economics, Peace Science and Public Policy*, 18(2).

<sup>7</sup> Bremmer, Ian (2017) “The Top 5 Countries Where ISIS Gets Its Foreign Recruits” *TIME Magazine*, April 14, Accessed 25 February 2018. Retrieved at: <http://time.com/4739488/isis-iraq-syria-tunisia-saudi-arabia-russia/>.

<sup>8</sup> Elgot, Jessica (2015) “Deadly attack on Tunisia tourist hotel in Sousse resort” *The Guardian*, 26 June, Accessed 28 February 2018. Retrieved at: <https://www.theguardian.com/world/2015/jun/26/tunisia-tourist-hotel-reportedly-attacked>

<sup>9</sup> Samti, Farah (2015) “Now Tunisia’s Government Is In The Crosshairs” *Foreign Policy*, 25 November, Accessed 28 February 2018. Retrieved at: <http://foreignpolicy.com/2015/11/25/now-tunisia-government-is-in-the-crosshairs/>

direction.”<sup>10</sup> Respondents identified economic problems as the main reason for that viewpoint. Furthermore, Tunisians are now beginning to place more emphasis on economic results rather than democratic governance; this is a stark shift from the nearly universal pro-democracy sentiment in the wake of the Arab Spring uprising. In other words, many Tunisians view democracy without growth as inferior to strongman rule with growth. If the economy does not improve, there is a risk that Tunisia will return to authoritarian rule or a semi-democratic regime.

### **The Risks of Democratic Backsliding and NATO’s Core Interests at Stake**

It is with these problems in mind that the 2018 Freedom House report on Tunisia<sup>11</sup> is particularly worrying, as it shows a sharp decline from 2017 to 2018 on a variety of different democratic benchmarks.<sup>12</sup>

Therefore, civil society is more important than ever. In this report, we outline the scope of NGO engagement in Tunisia; identify the key goals that are shared across the sectors; discuss how various players are perceived as either partners or roadblocks to progress; outline potential challenges to regulating nefarious NGO activity in Tunisia; and suggest ways that civil society -- domestic and international -- could more effectively coordinate to produce better outcomes rather than ongoing stagnation. The report is based on years of academic research, scholarly studies of Tunisian governance, engagement with international organizations working with Tunisia, and interviews with country-level directors of Tunisian NGOs, both domestic and international.

Tunisia’s governance challenges are, of course, not simply an issue of domestic importance but of international stability. NATO’s core interests of collective defence, crisis management, and cooperative security are all affected by Tunisia. A breakdown in civil society -- or the continuation of money laundering and trafficking through a small minority of NGO groups -- could threaten Tunisia’s stability, in turn threatening to precipitate a regional crisis in an area already beset with security challenges to the east (Libya) and west (Algeria). Furthermore, Tunisia’s stability is a crucial component of managing migrant flows toward Europe. And finally, Tunisia’s rare example of “Muslim democracy” in the Middle East is one that could have important ripple effects by serving as a model for the rest of the region.

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<sup>10</sup> Center for Insights in Survey Research (2018) “Public Opinion Survey of Tunisians November 23 to December 2017” International Republican Institute, 10 January, Accessed 26 February 2018. Retrieved at: [http://www.iri.org/sites/default/files/2018-01-10\\_tunisia\\_poll\\_presentation.pdf](http://www.iri.org/sites/default/files/2018-01-10_tunisia_poll_presentation.pdf)

<sup>11</sup> Freedom House (2018) “Freedom in the World 2018: Tunisia” Accessed 12 March 2018. Retrieved at: <https://freedomhouse.org/report/freedom-world/2018/tunisia>

<sup>12</sup> Fassihian, Dokhi and Wilson, Theo (2018) “Tunisian Democracy Stands at the Precipice” Freedom House, 5 February, Accessed 1 March 2018. Retrieved at: <https://freedomhouse.org/blog/tunisian-democracy-stands-precipice>

## Overview of NGOs and IOs in Tunisia

For the last several years, Tunisia has been considered fully “free” by Freedom House’s international rankings related to democracy and good governance. However, their latest report -- which came out in January 2018 -- rings an alarm bell for waning democracy in Tunisia.<sup>13</sup> “Tunisia has come dangerously close,” the report warns, “to losing its status as the only “Free” country to emerge from the Arab Spring.”<sup>14</sup> These downgrades come after a “pattern of authoritarian behavior” began to overshadow the hard-fought democratic progress achieved from 2011 to 2016.<sup>15</sup>

### Opening Up the Civil Society Space (2010 - 2017)

These worrying trends come despite an impressive surge in civil society associations and NGOs operating in Tunisia. Toward the end of Ben Ali’s regime, an estimated 9,000 civil society organizations operated within Tunisia’s borders.<sup>16</sup> However, most of these were organizations that focused on generally apolitical social and cultural issues -- the realm that would not invite unwanted attention from the authoritarian regime.<sup>17</sup> At that time, the government’s regulation of civil society featured some of the tightest legal restrictions in the Arab world.<sup>18</sup> Political activities were largely banned. Media freedom was effectively non-existent. Therefore, civil society in Ben Ali’s Tunisia existed in name only; it was not a meaningful force.

That all changed in 2011, when legal restrictions were lifted as a result of regime change. Decrees 87 and 88 replaced the old restrictive laws governing civil society and instead created “very liberal founding criteria with a view to promoting political pluralism.”<sup>19</sup> The number of civic associations and NGOs doubled quickly. By early 2018, the 9,000 social and cultural NGOs had grown into a hodgepodge of political, economic, religious, social, cultural, and good governance organizations that numbered 21,400 strong.<sup>20</sup> Roughly 1 in 5 are based in Tunis, the political and economic hub of the country. However, that means that 80% of the civic associations are community-based organizations with widely divergent mandates and missions. The realm of civil society has become one of the most important sites not just of electoral reform, policy making, economic reform, human rights protection, democratic innovation, but also of community outreach.

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<sup>13</sup> Fassihian & Wilson (2018)

<sup>14</sup> Fassihian & Wilson (2018)

<sup>15</sup> Fassihian & Wilson (2018)

<sup>16</sup> Kausch, Kristina (2013) “Foreign Funding in post-revolution Tunisia” FRIDE, Accessed 28 February 2018.

Retrieved at: [http://fride.org/download/WP\\_Tunisia.pdf](http://fride.org/download/WP_Tunisia.pdf)

<sup>17</sup> Kausch (2013)

<sup>18</sup> Kausch (2013)

<sup>19</sup> Kausch (2013)

<sup>20</sup> IFEDA (2018) “Recherche dans le registre national des associations” Accessed 1 March 2018. Retrieved at:

[http://www.ifeda.org.tn/fr/index.php?lang=fr&id\\_page=5](http://www.ifeda.org.tn/fr/index.php?lang=fr&id_page=5)

### **NGO Snapshot: Al-Bawsala**

*Set up just months after Tunisia's first free parliamentary elections, al-Bawsala (the compass) is dedicated to bringing transparency to Tunisian politics. After the revolution, al-Bawsala kept Tunisians informed about the drafting of a new constitution that was ultimately adopted in early 2014.<sup>21</sup> Since then, they have developed a project named Marsad Baladia that allows Tunisians to access information on budgets, personnel, activities and investments in their municipalities.<sup>22</sup> Al-Bawsala is not just helping to hold the powerful accountable -- they are giving ordinary men and women an opportunity to shape their country. Their work is supported by a number of Western actors including the Open Society Foundation and the European Union.*

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There are a variety of international NGOs operating under a broad rubric of what could be considered a good governance, economic development, and social support agenda. There is a cluster of organizations that focuses on democracy and hopes to further the democratic transition, with activities ranging from political party training to electoral and constitutional reform, to women's empowerment in politics or transitional justice. Another group focuses on economic development (such as addressing unemployment, underemployment, and the scourge of youth unemployment). Others focus on social improvement, including health care and schools. Domestic players are also crucial in facilitating this agenda, with groups like Mourakiboun providing election observation and oversight of electoral processes or Al-Bawsala, which focuses on transparency and oversight of government operations, budgeting, and policymaking from the national to the municipal level.

These groups, however, do not form the core of the 20,000+ civic associations<sup>23</sup> registered in Tunisia. Instead, most are community-based organizations. Of these, there is a stark divide between secular organizations and religious ones. Many religious charities operate as a sort of social safety net at the local level, "promoting themselves as new social welfare 'subsidiary institutions' that can fill in where

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<sup>21</sup> Sayeh, Bana (2014) "How Tunisia Can Be An Example of Good Governance to the Region - and Beyond" Open Society Foundations, 3 November, Accessed 20 February 2018. Retrieved at: <https://www.opensocietyfoundations.org/voices/how-tunisia-can-be-example-good-governance-region-and-beyond>

<sup>22</sup> Campagna, Joel and Filippinyi (2016) "Tunisia's New Right to Information Law Needs People Power to Work" Open Society Foundations, 27 September, Accessed 1 March 2018. Retrieved at: <https://www.opensocietyfoundations.org/voices/tunisia-s-new-right-information-law-needs-people-power-work>

<sup>23</sup> IFEDA (2018) "Recherche dans le registre national des associations" Accessed 1 March 2018. Retrieved at: [http://www.ifeda.org.tn/fr/index.php?lang=fr&id\\_page=5](http://www.ifeda.org.tn/fr/index.php?lang=fr&id_page=5)

the state is absent.<sup>24</sup> However, there are credible allegations that a small number of these charities either receive illicit foreign funding that supports extremism, promote extremism themselves, or both. Others have been suspected of engaging in money laundering or trafficking. It is, however, impossible to accurately capture the scope of the problem because the activities of these organizations are, by design, only conducted in discretely. Separating out the small number of nefarious civic associations from the overwhelming number of positive actors remains a serious challenge for the Tunisian government and the international community.

It is also important to note that the role of Islam in Tunisian governance is one that still lacks consensus. In a November 2017 survey, the International Republican Institute found that 21% of respondents said that religion should be completely absent from government policy making.<sup>25</sup> On the other hand, 23% suggested that “Islamic texts should form the foundations of all policy and law-making.” The middle ground remains the most popular view, with 37% saying that “the principles of Islam should be one consideration, but not the only consideration when making policy or law.”<sup>26</sup>

Nonetheless, the large number of religious associations at the local level operate in a country that is divided over the role of Islam in government--a divide that is particularly stark between urban coastal centres and the poorer and more isolated rural interior.

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### NGO Snapshot: I WATCH

*I WATCH is a prominent Tunisian NGO focused on the fight against corruption and for transparency.<sup>27</sup> Active in all four corners of the country, I WATCH puts pressure on the government of a country that was notoriously corrupt under the former regime and still struggles with the issue. In a recent survey, 85% of Tunisians said that fighting corruption was the solution to improving their country’s challenging economic situation.<sup>28</sup> I WATCH gives these people a voice and the tools to replace corruption with transparency.*

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<sup>24</sup> Sigillo, Ester (2016) “Tunisia’s Evolving Islamic Charitable Sector and Its Model of Social Mobilization” Middle East Institute, 15 September, Accessed 1 March 2018. Retrieved at: <http://www.mei.edu/content/map/which-civil-society-post-revolutionary-tunisia>

<sup>25</sup> Center for Insights in Survey Research (2018) “Public Opinion Survey of Tunisians November 23 to December 2017” International Republican Institute, 10 January, Accessed 28 February 2018. Retrieved at: [http://www.iri.org/sites/default/files/2018-01-10\\_tunisia\\_poll\\_presentation.pdf](http://www.iri.org/sites/default/files/2018-01-10_tunisia_poll_presentation.pdf)

<sup>26</sup> Center for Insights in Survey Research (2018)

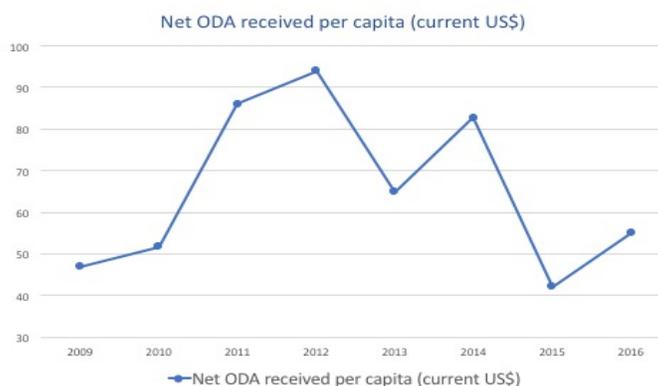
<sup>27</sup> Alizira, Fadil (2017) “In Tunisia, activists finally catch a break against a powerful tycoon” The Washington Post, 20 April, Accessed 1 March 2018. Retrieved at: [https://www.washingtonpost.com/news/democracy-post/wp/2017/04/20/in-tunisia-activists-finally-catch-a-break-against-a-powerful-tycoon/?utm\\_term=.1d862ea89648](https://www.washingtonpost.com/news/democracy-post/wp/2017/04/20/in-tunisia-activists-finally-catch-a-break-against-a-powerful-tycoon/?utm_term=.1d862ea89648)

<sup>28</sup> Gall, Carlotta (2017) “Corruption Crackdown Intensifies in Tunisia, and the People Cheer” New York Times, 25 June, Accessed 1 March 2018. Retrieved at: <https://www.nytimes.com/2017/06/25/world/africa/corruption-crackdown-intensifies-in-tunisia-and-the-people-cheer.html>

## The Surge of External Funding

In tandem with regulation reform that eliminated repressive controls, civil society benefited considerably after the Arab Spring uprisings from a massive influx of foreign aid, security assistance (including from NATO), loans, and investment. The main post-Arab Spring funders were a diverse group. They included, amongst others: the United States Government (often through USAID); European Union institutions; EU member states (most notably France, Germany, Spain, and Italy); Japan; a variety of Arab states; and the United Nations, International Monetary Fund, and World Bank.<sup>29</sup>

Together, these groups combined to provide a significant amount of financial assistance to Tunisia's government and fledgling civil society organizations. In 2008, Tunisia received \$314 million in total net official development assistance (ODA) and official aid received (constant 2015 USD).<sup>30</sup> By 2012, that figure had nearly tripled, to \$935 million.<sup>31</sup> ODA funding does not include all major donor funding for various development and governance projects. For example, the World Bank has approved roughly \$3.3 billion worth of projects for Tunisia from January 2011 through February 2018.<sup>32</sup> The IMF has also granted large loans to Tunisia, though some of them have been criticized for their economic conditionality policies that seeks to press the Tunisian government to implement structural reforms.<sup>33</sup>



<sup>29</sup> In 2015-16, the [top 10 donors](#) of ODA were: EU institutions, France, Germany, the Arab Fund (AFESD), Japan, Italy, the United States, Switzerland, the United Kingdom, and Kuwait.

<sup>30</sup> World Bank (2018) "Net Official development assistance and official aid received (constant 2015 US\$)" Accessed 12 March. Retrieved at: <https://data.worldbank.org/indicator/DT.ODA.ALLD.KD?locations=TN&view=chart>

<sup>31</sup> World Bank (2018) "Net Official development assistance and official aid received (constant 2015 US\$)" Accessed 12 March. Retrieved at: <https://data.worldbank.org/indicator/DT.ODA.ALLD.KD?locations=TN&view=chart>

<sup>32</sup> World Bank (2018) "Net Official development assistance and official aid received (constant 2015 US\$)" Accessed 12 March. Retrieved at: <https://data.worldbank.org/indicator/DT.ODA.ALLD.KD?locations=TN&view=chart>

<sup>33</sup> Chandoul, Jihen (2018) "The IMF has choked Tunisia. No wonder the people are protesting" The Guardian, 18 January, Accessed 28 February 2018. Retrieved at:

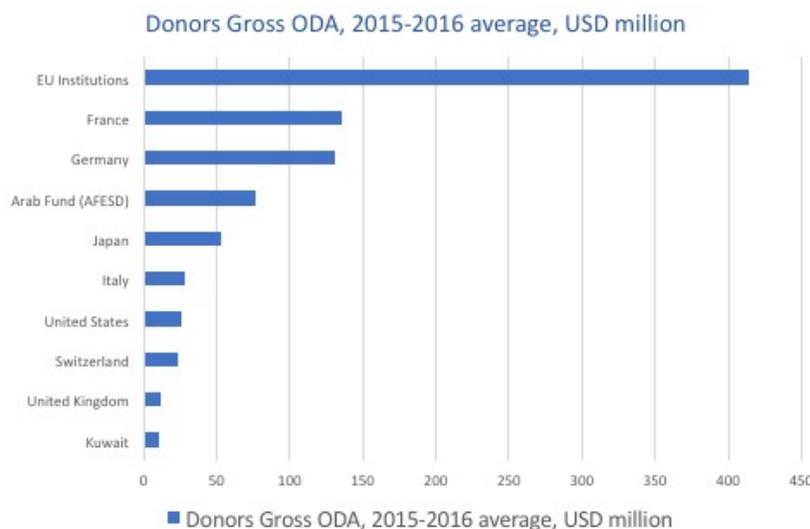
<https://www.theguardian.com/commentisfree/2018/jan/17/imf-tunisia-people-rioting-2011-economic-reforms>

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In the early days of post-revolution Tunisia, funds were likely not used as efficiently as possible, because the civil society infrastructure to absorb and effectively use the influx of cash did not exist. As a result, some of the money had less impact than it could have, and some was wasted to bureaucratic pursuits or poorly managed programs. This was also partly attributable to some international donors or NGOs hoping to report quick success stories in the aftermath of the Arab Spring, which ended up creating a bias in programming that did not always consider long-term planning.<sup>34</sup>

Numerous actors we spoke to identify another problem with the surge of external funding: in the struggling Tunisian economy, the sudden influx of aid created powerful incentives to work in the NGO sector as opposed to traditional industries. There is a real risk that this could be detrimental to Tunisian businesses, which may struggle to compete with internationally supported NGO's for the best and brightest.

Cumulatively, however, the spigot of funding that opened after the authoritarian regime fell, not only helped alleviate some of the economic dislocation from the transition, but also gave birth to a far more robust and well-funded group of civil society associations and non-governmental organizations.<sup>35</sup>



Source: World Bank, 2018

<sup>34</sup> Chandoul, Jihen (2018)

<sup>35</sup> It's worth noting, however, that foreign direct investment fell considerably after the Arab Spring, from a peak of over \$3 billion in 2006 to a low of \$695 million in 2016 (the most recent available data). See: <https://data.worldbank.org/indicator/BX.KLT.DINV.CD.WD?locations=TN>. Furthermore, despite international support, economic woes persist. 66% of Tunisians indicated economic problems were the largest challenge facing the country in a November 2017 [opinion poll](#) conducted by the International Republican Institute.

## Surging worries about external funding

While most funding flowing into Tunisia has been helpful, the liberalized civil society sector also ushered in concerns about illicit flows into Tunisia -- as well as “above board” funding that was used for illicit purposes by groups masquerading as civil society associations or NGOs. As the European think tank FRIDE put it in a 2013 report, the liberalized civil society space also had a darker side, providing “ample opportunities for the misuse of funds.”<sup>36</sup>

While the government has not produced a definitive report on such illicit funding or nefarious activities lurking amongst legitimate NGOs and civil society organizations in Tunisia, there has long been a sense among political elites and the international community that large sums of money originating in the Gulf States are backing such activities in the shadows. Accusations have been leveled, for example, against Saudi Arabia for financing Wahabist ideology by empowering Tunisian Salafists.<sup>37</sup> However, compared to Saudi influence in Egypt, the kingdom’s role in Tunisia has been limited.<sup>38</sup>

In 2018, there is renewed interest in investigating funding coming into Tunisia from Qatar. Since 2011, Qatar took a prominent interest in Tunisia, not just giving loans to help Tunisia’s government but also investing “in tourism, real estate, telecom, banking, and petro-chemical industries.”<sup>39</sup> There are also widespread allegations that Qatar has provided material support to the main Islamic party in Tunisia, Ennahda, though it is impossible to verify those claims.<sup>40</sup> In February 2018, the Tunisian government opened an investigation into “suspicious” financial transfers involving an officer in Qatar’s armed forces that allegedly were used to support terrorism and “fuel instability.”<sup>41</sup> The investigation, which was ongoing at the time of publication of this report, focuses on a substantial sum: \$2 billion (US).

A 2015 analysis by the Middle East and North Africa Financial Action Task Force for combating Money Laundering and Terrorist Financing (MENAFATF) found that the Tunisian government takes the threats of illicit financing seriously but has limited technical and implementation capacity to cope with it effectively. There have been improvements, such as the foundation of the Judicial Finance Unit in 2012,

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<sup>36</sup> Kausch, Kristina (2013) “Foreign Funding in post-revolution Tunisia” FRIDE, Accessed 28 February 2018. Retrieved at: [http://fride.org/download/WP\\_Tunisia.pdf](http://fride.org/download/WP_Tunisia.pdf)

<sup>37</sup> Kausch, Kristina (2013) “Foreign Funding in post-revolution Tunisia” FRIDE, Accessed 28 February 2018. Retrieved at: [http://fride.org/download/WP\\_Tunisia.pdf](http://fride.org/download/WP_Tunisia.pdf)

<sup>38</sup> Sons, Sebastian and Wiese, Inken (2015) “The Engagement of Arab Gulf States in Egypt and Tunisia since 2011 - Rationale and Impact” DGAP, October (9), Accessed 27 February 2018. Retrieved at: <https://dgap.org/en/article/getFullPDF/27232>

<sup>39</sup> Sons & Wiese (2015)

<sup>40</sup> Sons & Wiese (2015)

<sup>41</sup> Staff (2018) “Exclusive: Tunisia probes Qatar involvement in dubious funding in North Africa” Al Arabiya, 16 February, Accessed 24 February 2018. Retrieved at: <http://english.alarabiya.net/en/News/middle-east/2018/02/16/EXCLUSIVE-Tunisia-probes-Qatar-involvement-in-dubious-funding-in-North-Africa.html>

but ultimately, Tunisia’s attempts to block such financing have only found modest success.<sup>42</sup> Moreover, in the majority of cases involving illicit financial flows, the response has been administrative confiscation rather than criminal prosecution. That decision (partly due to lack of capacity by the Tunisian state) has created a sense of relative impunity for offenders.<sup>43</sup>

This is, of course, not to suggest that the Tunisian government has turned a blind eye to such offenses. For example, in November 2013, the Tunisian government created a General Directorate of Associations to monitor the activities of NGOs and civic associations operating in Tunisia. Furthermore, in 2014, the government suspended 157 civic associations because they were suspected of being involved in illicit financial flows and had suspected links with terrorist groups.<sup>44</sup> However, even that decision was controversial, as foreign NGOs like Human Rights Watch criticized the shutdown as arbitrary and an example of state overreach.<sup>45</sup> As a result, there has not been a clear consensus between the government, the international community, domestic civic associations, and international NGOs on how to handle the growing and ongoing threat of foreign funding in support of destabilizing political extremism.

## The attempted crackdown on illicit foreign funding

On June 12, 2017, the Tunisian government decreed that all civil society organizations and NGOs (including some international ones) would be required to “declare all funds they receive from abroad and threatened to prosecute any party that failed to comply.”<sup>46</sup> That move, which has been welcomed by some domestic NGOs who argue that foreign financing is wielding disproportionate influence in influencing Tunisia’s government, has also been heavily criticized by Western NGOs and smaller, emerging domestic associations who say that the new requirements are overly burdensome and impose unwieldy bureaucratic costs that punish everyone for the sins of a few bad players. Or, as a recent report from the Carnegie Endowment for International Peace put it: “this makes it more difficult for most active NGOs, which tend to be small, new, and fragile, to find funding and attract employees.”<sup>47</sup>

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<sup>42</sup> MENAFATF (2016) “Anti-money laundering and counter-terrorist financing measures Tunisia - Mutual Evaluation Report” Accessed 28 February 2018. Retrieved at: [http://www.fatf-gafi.org/media/fatf/documents/reports/mer-fsrb/Tunisia\\_MER\\_2016\\_EN.pdf](http://www.fatf-gafi.org/media/fatf/documents/reports/mer-fsrb/Tunisia_MER_2016_EN.pdf)

<sup>43</sup> MENAFATF (2016)

<sup>44</sup> MENAFATF (2016)

<sup>45</sup> Dreisbach, Tristan and Smadhi, Asma (2014) “Tunisian government criticised for ‘arbitrary’ restrictions on liberties” Middle East Eye, 31 August, Accessed 28 February 2018. Retrieved at: <http://www.middleeasteye.net/news/tunisian-government-criticised-arbitrary-restrictions-liberties-1822081879>

<sup>46</sup> ICNL (2017) “Civic Freedom Monitor: Tunisia” 15 December, Accessed 1 March 2018. Retrieved at: <http://www.icnl.org/research/monitor/Tunisia.html>

<sup>47</sup> Cherif, Youssef (2017) “Tunisia’s Risky War on Corruption” Carnegie Endowment for International Peace, 18 July, Accessed 1 March 2018. Retrieved at: <http://carnegieendowment.org/sada/71569>

In our many interviews with NGO directors<sup>48</sup> in Tunisia (both domestic and international), there was a consensus that the problem of illicit funding being funneled through charitable organizations masquerading as legitimate NGOs is real; but that the government's response has been somewhat erratic, lacking a clear direction, a clear implementation strategy, and clarity for those organizations that are clearly legitimate. Furthermore, several Western NGOs said that the requirements are overly burdensome and will end up diverting resources and time to needless compliance issues. Others also said that the transparency requirements, while good in spirit, could end up scaring away donors who want to provide anonymous contributions to good governance support, for example, but do not want to be publicly identified along with the precise amounts they are donating to various groups. In short, there is a balance to be struck between cracking down on illicit organizations and simultaneously ensuring that legitimate civil society can operate and achieve results in accordance with its full potential.

Some also pointed out the lawlessness in other sectors of the economy, particularly when it comes to smuggling and money laundering, and suggested that the government's limited attempts to cope with these major challenges would do little to solve the overarching problems but would have real costs for legitimate civil society. Some factors cited include: restrictions on bank accounts; requirements for financial audits that Western NGOs oppose; and too much government intervention on decisions related to NGO operations.

Finally, there is a sense of worry amongst Western NGOs that changes to the liberalized sphere of associations and NGOs could be a precursor to a closing down of the civil society space should Tunisia continue should Tunisia suffer an erosion of democracy and consequent resurgence of more authoritarian governance. This risk, which has had disastrous consequences for free civil society elsewhere, from Egypt to Russia, is not an immediate concern. Instead, it is viewed more as a "paving the way" worry--that the altered legal framework will enable such abuses down the road. In particular, many international NGOs argue that the more restrictive legal atmosphere could be abused, particularly against local-level NGOs who are creating difficulty for local government organizations. In such hypotheticals, it is easy to imagine how an anti-corruption watchdog conducting oversight in rural Tunisia could be bullied to drop an investigation with the threat of being shut down under the new legal rules. Thankfully, no such instances have been discovered, but the worry persists.

There is, however, considerable nuance in these potential critiques, because most civil society leaders we spoke with agreed that the Tunisian government takes these concerns seriously but is trying to demonstrate its seriousness in dealing with the threats of money laundering and terrorism that threaten to damage Tunisian stability, democracy, and economic growth. In speaking to various officials in the Tunisian government and its main political parties, the authors have found a clear sense that there is a palpable concern that being perceived as a hub for money laundering or as a hotbed of foreign terrorist

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<sup>48</sup> For further queries about these interviews and the content of the research embedded in this report, please contact Dr. Brian Klaas at the London School of Economics.

financing is a risk that cannot be allowed to stand, as it would decimate Tunisia's international standing and lead to a mass exodus of highly valued international partners.

## **NGO and local perceptions of international partners**

One of the key elements of a well-functioning civil society is a sense of shared interest and trust between actors. Donors need to trust local groups who implement programs. The government needs to be able to trust civil society leadership. And civil society leadership needs to be able to work together--in coordination with government support--to maximize their impact. As a result, it's essential to understand how local and international NGOs view key international and domestic partners.

In our interviews with international and domestic NGO leadership, we found agreement on several issues: that the European Union is viewed as the most important foreign player (with France and Germany most engaged), followed by the United States; that NATO is viewed positively but almost exclusively through the lens of military security assistance; and that the African Union is starting to engage increasingly, but its role is currently more muted than other international players. International NGOs tended to be more skeptical than local players of Gulf funding, but there was an acknowledgement by virtually everyone interviewed that Gulf financing has been misused to some extent by shady groups within civil society.

However, several NGO staff members that we interviewed also acknowledged that popular perceptions of Nations, Western NGOs and Western international organizations is occasionally tarnished by narratives of foreign influence in domestic affairs. While the government downplays this criticism because it recognizes that international partners are crucial to its continued progress, there is the risk that popular anger at the slow pace of economic and governance improvements could be blamed on foreign actors who operate within Tunisia. It is therefore important that international actors who plan to engage in Tunisia be aware of such accusations of imperialism or conspiracy theory discourses that conflate international support with nefarious foreign meddling in Tunisia's domestic affairs.

As a result of this perception, it is important for international NGOs and Western partners to understand that a two-tiered system of scrutiny and regulation for domestic/religious NGOs, but not international/secular ones could provoke unanticipated backlash.

## **Potential for improved international coordination**

Tunisia's NGO sector is often viewed as simultaneously a threat and an asset. The opacity of some organizations has rightly worried international partners and the Tunisian government that a few bad apples risk destabilizing Tunisian politics, particularly through the threats of money laundering,

trafficking, and radical extremism. However, there are opportunities for improvements that can and should be better coordinated between international actors and local implementers.

The Tunisian government has a responsibility to ensure that its laudable attempts at regulating nefarious associations masquerading as NGOs does not function as a pretext to crack down or curb the essential efforts of legitimate civil society. NGOs and civic associations in Tunisia play a vital role as the “glue” between the population and the government, amplifying the voices of citizens while also bridging the gap between government initiatives and citizen perceptions of governance.

However, more can be done on three fronts. First, Tunisian civil society and governmental bodies that work on anti-corruption and oversight efforts should be empowered to help police the sector internally.<sup>49</sup> Efforts of groups like Al Bawsala and I Watch complement the work of official government bodies like the National Anti-Corruption Authority and the Financial Judiciary Pole.<sup>50</sup> Their work, if better funded, could also help serve a watchdog function in the small but shadowy realm of illicit NGO financing.

Second, most international NGOs do a good job of coordinating with local partners, but more emphasis should be placed on the triad between international NGOs/donors, domestic civil society, and the Tunisian government. This is particularly important to ensure that resources are allocated as effectively as possible, and to ensure that the government can build trust with legitimate civil society even as it works to crack down on bad actors. In our interviews, we repeatedly heard that the Tunisian government has disengaged to an extent from civil society initiatives and does not always send representatives when invited to NGO events and outreach.

Third, to ensure that backsliding does not occur in ways that imperil Tunisia’s remarkable progress, more international efforts should be made to bolster local investigative reporting by empowering domestic media. Ultimately, legal changes to the laws governing NGOs and civic associations are likely to have a modest effect, because a significant amount of the funding is not going to be declared by those who wish to conceal it. Consequently, part of the solution is to ensure that the media is free<sup>51</sup> -- and staffed by well-trained investigative journalists who can do the hard work of shining a light into the darker side of Tunisian civil society. This is particularly important in the rural regions of Tunisia where the government’s presence is limited; where economic woes and extremism are prominent; and where the watchdogs are often not looking.

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<sup>49</sup> Yerkes, Sarah and Muasher, Marwan (2017) “Tunisia’s Corruption Contagion: A Transition at Risk” Carnegie Endowment for International Peace, 25 October, Accessed 1 March 2018. Retrieved at:

<http://carnegieendowment.org/2017/10/25/tunisia-s-corruption-contagion-transition-at-risk-pub-73522>

<sup>50</sup> Yerkes & Muasher (2017)

<sup>51</sup> Yerkes, Sarah and Muasher, Marwan (2017) “Tunisia’s Corruption Contagion: A Transition at Risk” Carnegie Endowment for International Peace, 25 October, Accessed 1 March 2018. Retrieved at:

<http://carnegieendowment.org/2017/10/25/tunisia-s-corruption-contagion-transition-at-risk-pub-73522>

These solutions will not necessarily be easy, as the NGO sector is both vast and decentralized. Fragmentation can pose a challenge to greater coordination, particularly given the sense of distrust between some NGOs and the government or its international partners. Furthermore, there is still scope for existing problems to worsen, particularly if the security situation becomes more unstable or the economy continues to underperform popular expectations. These risks persist, and reforming or regulating the NGO sector during a period of crisis will be far more difficult. As a result, it is imperative that the Tunisian government, its international partners, and leaders in civil society band together as soon as possible to address these challenges before any future political, social, or economic upheavals end up undermining such important efforts. Without better coordination, the incredible asset of civil society could become an unwieldy and even counterproductive burden as a result of a few bad actors.

## Conclusion

Tunisian civil society is a beacon of hope for the future prospect of a prosperous, democratic, and stable Middle East. The countless groups, associations, and individual leaders who have worked to consolidate the progress of Tunisia's democratic transition were well represented in the "Quartet" winning the 2015 Nobel Peace Prize. However, Tunisia stands out in a region that is too often plagued by authoritarian rule, conflict, and violent chaos. As a result, the challenges to Tunisia's impressive progress are real: economic insecurity, extremism, and a fragile democratic system vulnerable to backsliding toward authoritarianism.

It is imperative that the international community works with Tunisia's government *and* its civil society organizations to ensure that does not happen. As a role model for the region, Tunisia's continued progress is not just a matter of national importance; it is either going to remain an inspiring success story of how change is possible *or* a cautionary tale of how democratic transitions in the Middle East are incompatible with the underlying influences prevalent in the region.

As a result, it is in everyone's interest -- from the largest international donors to the most local religious association in Tunisia's hinterland -- that the NGO sector be regulated in a way that weeds out nefarious activity but empowers the overwhelming majority of NGOs who are positively transforming Tunisian governance. In the meantime, Tunisians and their international partners must not lose sight of how remarkable the country's transformation since 2011 has been. It is, to date, the lone democratic success story that germinated in the Arab Spring. Civil society has helped the country put down further democratic roots. But further work is required to ensure that these efforts continue to prosper within the country.



