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# LIBYA DRAFT COUNTRY BRIEF

## I. SUMMARY: PROMISING YET TURBULENT TRANSITION

Libya today is attempting to transition to democracy, striving to reinvent itself after decades of authoritarian rule. Following months of intense conflict culminating in the overthrow of Colonel Gaddafi, Libya now faces major challenges as it continues to live with the deep-rooted legacy of the former regime: weak or even nonexistent state institutions, coupled with the long absence of political parties and civil society organizations. The constitutional declaration, adopted by the National Transitional Council (NTC) in August 2011, delineates an ambitious and condensed roadmap which includes forming an interim council and Government, electing a new Government, establishing a constitutional commission to draft a new constitution, and ratifying the new constitution by public referendum. National elections were held in July 2012 and a General National Congress (GNC) was formed to draft a constitution, launch a national dialogue and produce an electoral law, along with other important developments.

Libya paid a high price for its revolution, with at least 30,000 people killed and 50,000 wounded.<sup>1</sup> In addition, the loss of hydrocarbon revenues during the conflict and United Nations Security Council sanctions created considerable pressure. As a result, in 2011 the GDP contracted by 62.1 per cent with inflation peaking at a year-on-year rate of 29.7 per cent.<sup>2</sup> According to the United Nations High Commissioner for Refugees (UNHCR), the conflict also resulted in the forced internal displacement of around 550,000 Libyans, most of whom have since returned to their homes. An Amnesty International report published in 2013 highlights the continued discrimination, abductions and arbitrary detention of the Tawerghas, who are still waiting for justice and effective reparations for the abuses they have suffered.<sup>3</sup> Around 600,000 migrant workers also fled from Libya during the conflict, the largest migration crisis since the first Gulf War in 1991, leading to labour shortages in a number of sectors.<sup>4</sup>

Despite this bleak backdrop, there is reason for hope. The collective will to build a State is apparent, despite considerable political and security related setbacks. Libya's oil revenues, if managed properly, offer a promising opportunity for the rapid reconstruction of the State, unique to the region. Although some see it as an obstacle, Libya's lack of an existing foundation for political development in fact has its advantages.<sup>5</sup>

## II. MULTIPLE CHALLENGES LIMITED TOOLS

The recent political turmoil, the disintegration of central power and the legacy of decades of authoritarian rule and nepotism that have weakened and undermined institutions have left Libya with a host of powerful challenges as it transitions towards democracy. These include:

### A. NEGOTIATING AN INCLUSIVE TRANSITION: NUMEROUS ACTORS, CONFLICTING AGENDAS

A major challenge that the process of democratic transition in Libya will face is how to reconcile the vast and competing priorities of multiple political actors in order to build national unity. Although disagreements between individuals of different ideological, tribal, ethnic and regional backgrounds is

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<sup>1</sup> Laub, K., 2011. "Libyan Estimate: At Least 30,000 Died in the War". *Associated Press*, 28 September.

<sup>2</sup> International Monetary Fund (IMF), 2013. "Libya—2013 Article IV Consultation Concluding Statement". Available from: <http://www.imf.org/external/np/ms/2013/030613.htm>.

<sup>3</sup> Amnesty International, 2013. "Barred from their Home". Available from: <http://www.amnesty.org/en/news/two-years-after-conflict-libya-must-end-plight-displaced-communities-2013-10-22>.

<sup>4</sup> World Food Programme, "Libya: Overview". Available from: [www.wfp.org/countries/Libya/Overview](http://www.wfp.org/countries/Libya/Overview).

<sup>5</sup> Salem, P. and A. Kadlec, 2012. "Libya's Troubled Transition", *Carnegie Endowment for International Peace*. Available from: <http://carnegieendowment.org/2012/06/14/libya-s-troubled-transition/bzw4>.

inevitable, as well as between former regime loyalists and young revolutionaries, ongoing post-revolutionary hostilities and conflicts are causing further instability in an already shaky political landscape.

Post revolution, the country remains deeply fractured along regional and tribal lines. The more populous region of northwestern Libya, where the capital of Tripoli is located, is in opposition to the revolutionary forces of the eastern region, which includes the rebel stronghold of Benghazi, and the divided south, home to the tribes of Fezzan. So far, the GNC has been unable to satisfy the demand for regional parity. Tribal quarrels have also intensified in post-conflict Libya. Libya is home to approximately 140 tribes and clans, some of which cut across borders with Egypt and Tunisia. Some tribal conflicts have economic motivations, such as control over smuggling routes, while others are driven by revenge for grievances committed during the war or even earlier.<sup>6</sup>

The international community has and continues to play a major role in Libya's transition. In March 2012, Security Council resolution 2040 extended the United Nations Support Mission in Libya (UNSMIL) for an additional year. UNSMIL continues to this day. International actors have demonstrated both overlapping and conflicting priorities for Libya's transition. The European Union, the United States, Italy (as a former colonial power to Libya) and other international actors have commercial interests to preserve or expand in Libya, as well as a common interest in preserving regional stability and good relations with the African nations. With several attacks against foreign embassies taking place, France, the United States and others have curtailed their presence in the country.<sup>7</sup>

## B. RESTORING SECURITY AND STABILITY

Restoring security in Libya is a prerequisite for reform and reconstruction. At present, there is no central security authority, and efforts to disarm and integrate the revolutionaries have been largely unsuccessful. There have been repeated outbreaks of conflict between tribal and militia groups in the post-revolution period, in addition to aggravated regional divisions as the East calls for a weakening of the institutions of the central Government and increasing autonomous rule.<sup>8</sup> Critically, many of these militias also have a direct impact on political decision making. On more than one occasion, militiamen surrounded ministries demanding privileges and forcing a policy change. In August, oil refineries were shut down in an attempt by some militias to secure a share of oil profits. In September, militiamen abducted the prime minister for a few hours and released him only out of fear of battling other militias intent on capturing him.

Libyan officials are also facing the additional challenge of reintegrating the thousands of civilian fighters, who left their schools and jobs to oust Gaddafi, into the workforce. In December 2011, Libya's ministers of defense, the interior and planning outlined a strategy to register these former rebels in the hopes of integrating many of them into the military or police.<sup>9</sup> As of January 2012, a Libyan Government committee, the Warriors Affairs Committee, announced a commitment of US\$8 billion to pursuing integration programmes including assistance in finding jobs and the provision of microcredit loans to help former fighters start up small businesses. Around 200,000 former rebels are expected to sign up for the Committee's programmes, many of whom are to be eventually employed by the Government.<sup>10</sup> The issue, however, proved too complicated and beyond the Committee's ability to handle. New calls were issued in

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<sup>6</sup> Al-Tawil, C., 2012. "Libya's Quarrelling Tribes Extend a Post-Revolutionary Nightmare", *Al-Monitor*, April 10. Available from: <http://www.al-monitor.com/pulse/politics/2012/04/libyas-new-rulers-are-haunted-by.html>.

<sup>7</sup> Ignatius, D., 2013. "Going nowhere in Libya, or why the US should step in now". *The Daily Star*, October 29.

<sup>8</sup> Salem and Kadlec, 2012.

<sup>9</sup> Arab League Observer, 2011. "Libya: Unemployed". December. Available from: <http://arableagueobserver.blogspot.com/2011/12/libya-unemployed.html>.

<sup>10</sup> Associated Free Press, 2012. "Libya Government: \$8b to Reintegrate Fighters". January. Available from: <http://feb17.info/news/libya-government-8b-to-reintegrate-fighters/#more-40641>.

2013 to revive the Committee along with an overhaul of the security sector and a reconstruction of the regular armed forces, both of which remain on hold.<sup>11</sup>

### C. SOCIOPOLITICAL UNREST, INCREASED VULNERABILITY, STALLED RECONSTRUCTION

Needs associated with reconstruction and recovery vary across the country. In areas where the fighting ended earlier, such as Tripoli, Misrata and the Nafusa Mountains, the humanitarian situation stabilized quickly, with shops, banks and schools resuming normal operations. Basic services, such as water and power supplies, were also largely resumed. In other areas, mainly Sirte and Bani Walid, where fighting stretched into mid-October and caused extensive destruction to infrastructure, recovery has been much slower.<sup>12</sup> However, with the resumption of activities in the oil industry and concerted reconstruction efforts by governing authorities, the situation is likely to improve steadily.<sup>13</sup> The scope of reconstruction contracts over the coming decade is estimated at US\$240 billion, which will be financed primarily by the country's oil revenues.<sup>14</sup>

Though revenues from the hydrocarbon sector were used under Gaddafi to subsidize basic foodstuffs, fuel, education, health, and housing,<sup>15</sup> about 40 per cent of Libyans reportedly lived at or below the national poverty line in 2011.<sup>16</sup> Available information on the situation predating the conflict suggests an upper estimate of 780,000 people, or 13 per cent of the population, to be poor and presumably food-insecure. Mortality rates for children under five years of age hover at around 17 per cent, while one in every five children aged 6-9 months old is stunted, pointing to issues with child feeding practices, including breastfeeding and dietary diversity, and infectious diseases, likely mostly water-borne diseases such as diarrhea.<sup>17</sup>

### D. ECONOMIC RECOVERY, NATURAL RESOURCES AND PROSPERITY

Libya has the ninth largest oil reserves in the world and the highest GDP per capita in North Africa. Hydrocarbons revenues account for four-fifths of GDP and generated about 95 per cent of total fiscal revenue and 98 per cent of export receipts in 2011-2012.<sup>18</sup> The 2011 conflict led to the freezing of the country's assets and the complete shutdown of oil production and exports between April and August 2011, resulting in the contraction of the economy by more than 60 per cent that year.<sup>19</sup> By the end of 2012, most hydrocarbon production had been restored and returned almost to pre-conflict levels, boosting growth. Inflation has been falling, and overall balance moved from a budget deficit of 18.7 per cent of GDP in 2011 to a surplus of 24 per cent of GDP in 2012.<sup>20</sup> The Central Bank of Libya predicted growth to continue and

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<sup>11</sup> Wehrey, F., 2013. *Building Libya's Security Sector*. Washington, D.C.: Carnegie Endowment for International Peace.

<sup>12</sup> United Nations Office for the Coordination of Humanitarian Affairs, 2012. "OCHA Context Analysis". Available from: <http://www.unocha.org/ocha2012-13/libya>.

<sup>13</sup> World Food Programme (WFP) and United Nations Food and Agriculture Organization (FAO), 2011. "Food Security in Libya Working Paper". April. Available from: <http://documents.wfp.org/stellent/groups/public/documents/ena/wfp234964.pdf>.

<sup>14</sup> African Economic Outlook, 2012. "Libya Country Note". Available from: <http://www.africaneconomicoutlook.org/fileadmin/uploads/aeo/PDF/Libya%20Full%20PDF%20Country%20Note.pdf>.

<sup>15</sup> WFP and FAO, 2011.

<sup>16</sup> The National, 2011. "Poverty persists in Libya despite oil riches". May 3. Available from: <http://www.thenational.ae/news/world/africa/poverty-persists-in-libya-despite-oil-riches>.

<sup>17</sup> UNICEF, 2010. "At a Glance: Libya Statistics". Available from: [http://www.unicef.org/infobycountry/laj\\_statistics.html](http://www.unicef.org/infobycountry/laj_statistics.html); WFP and FAO 2011.

<sup>18</sup> World Bank, 2013. "Libya Overview". Available from: <http://www.worldbank.org/en/country/libya/overview>.

<sup>19</sup> African Economic Outlook, 2012.

<sup>20</sup> IMF, 2013.

forecast 16 to 18 per cent real GDP growth in 2013.<sup>21</sup> GDP growth is projected to reach 15 per cent in 2013 and 8.1 per cent in 2014, respectively, while inflation is expected to decline to 4.7 per cent in 2013 and 3.4 per cent in 2014.<sup>22</sup> Most of the growth will be attributed to hydrocarbon output, but according to IMF, public spending on reconstruction and social transfers, alongside private demand, will also facilitate improvement in the non-hydrocarbon sectors of the economy.<sup>23</sup>

Yet the contribution of this oil wealth to the prosperity and social security of ordinary Libyan citizens was far below what it could have been. Under Gaddafi, two programmes were established to invest oil dividends in human development: the Wealth Distribution Programme (WDP) and the Economic and Social Development Fund (ESDF). These programmes aimed to respectively distribute oil revenues through a citizen's fund and invest earmarked funds in various private sector and social service projects to help alleviate poverty among those in the lowest income bracket. Mismanagement and corruption in the channeling of oil revenues into social protection and services will be a major challenge for the new Government. Transparent and accountable use of oil revenues in the coming years has the potential to reverse the enduring humanitarian and development challenges faced by the country's population.

There is potential for expansion in non-oil sectors during the post-conflict period. Infrastructure programmes supporting construction, utilities, communication, transport, and financial sectors may attract foreign companies and potentially reduce Libya's reliance on oil exports.

If well-regulated, these programmes have the potential to address the country's unemployment challenge. According to the Libyan Bureau of Statistics, total unemployment is estimated at 13 per cent, while youth unemployment stands at 50 per cent.<sup>24</sup> Traditionally, Libya has relied on public sector employment, with estimates indicating that over 70 per cent of salaried workers in Libya were employed by the Government, mainly in education and health services and public administration.<sup>25</sup> However, this sector was unable to absorb the increase in the number of youth entering the labour market over the last decade, and the nature of the economy meant that the rigid, often clientalist private sector was unable to compensate for this shortcoming.

#### E. CURRENCY DEPRECIATION AND GROWING VULNERABILITY

The ongoing devaluation of the Libyan dinar (LYD) has also decreased the purchasing power of Libyan citizens and affected payments of government salaries, pensions, and allowances. Due to Libya's limited agricultural potential, 75 to 80 per cent of its food requirements are imported. As early as April 2011, due to import interruptions during the conflict, a 30 to 40 per cent price increase was observed across many food commodities (the increase reached 70 per cent for certain items in some shops).<sup>26</sup> These price increases had the most adverse effects on displaced people, third country nationals, and pre-crisis vulnerable groups, who had relied on social solidarity from community members and families—support that dwindled during the conflict.

#### F. PATRONAGE AND ACCESS TO QUALITY SOCIAL SERVICES AND PROTECTION

Under Gaddafi, the exercise of patronage politics served as a tool to reward loyalty and punish disloyalty within the population. Access to jobs, services, and infrastructure such as hospitals and schools

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<sup>21</sup> World Bank, 2013.

<sup>22</sup> African Economic Outlook, 2013. "Libya". Available from: <http://www.africaneconomicoutlook.org/en/countries/north-africa/libya/>.

<sup>23</sup> IMF, 2013.

<sup>24</sup> African Economic Outlook, 2013.

<sup>25</sup> WFP and FAO, 2011.

<sup>26</sup> WFP and FAO, 2011.

were applied selectively and sporadically at the level of entire cities and tribes. This system had the overall effect of breeding discontent at both the community and household levels, and resulted in widespread distrust of the rule of law and public institutions.<sup>27</sup> One of the major tasks of the new governing authorities will be to correct these inequalities and ensure transparency, in order to regain the trust of the population.

The pre-existing challenges for social service provision created by a scattered population, vast geographical area, and high immigrant population will also need to be addressed in post-conflict Libya.<sup>28</sup> Population density is about 50 persons per square kilometer in northern regions of the country, but falls to less than one person per square kilometer in other areas. Ten per cent of the country's land mass, primarily along the coast, hosts 90 per cent of the population.<sup>29</sup>

The social security schemes provided under Gaddafi were also quite comprehensive. In theory, social security was meant to be guaranteed to all citizens and was even extended to foreigners living in Libya. The schemes extended support for old age, disability, sickness, employment, accident or occupational disease, disaster, death, pregnancy, and childbirth.<sup>30</sup> The advanced subsidy system in place prior to the conflict accounted for about 5 per cent of budget expenditures between 2000 and 2005, seeing a fivefold increase into 2010. Due to a lack of data and transparency in the system, the impact of these subsidies on food and livelihoods is difficult to measure. In addition to food, free services in education and health were provided as well as subsidized housing and low prices for water, electricity, and transportation. However, these subsidies appeared not to be limited to the most vulnerable.

As a result of the conflict, health and social service provisions were compromised in some parts of the country. Limited staffing and medical supplies, particularly in the eastern part of the country, and even in areas where structural damage was limited, contributed to the collapse of the primary health system.<sup>31</sup> Inadequacies in the education system will also need to be addressed. Although Libya has achieved universal enrollment in primary education, a 94 per cent gross secondary enrollment, and an adult literacy rate of 87 per cent, these indicators do not reflect the poor quality of education.<sup>32</sup> The curriculum taught was outdated. The education system failed to encourage innovative or critical thinking and inadequately prepared students for entering the labour market. The emerging Government will be tasked with re-writing textbooks, modernizing the curriculum, and ensuring that teachers have adequate training.<sup>33</sup>

## G. DEMOCRATIC TRANSITIONS AND JUSTICE

A key challenge for the new Government will be to balance calls for retributive justice and the need for reconciliation and peacebuilding in the post-conflict period. Delayed but steady progress is being made on this front, as the NTC adopted both a Law on Transitional Justice and an Amnesty Law. The Law on Transitional Justice broadly seeks to ensure that human rights violations are not repeated; uphold justice; compensate victims; and achieve reconciliation. The law mandates a National Fact-finding and

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<sup>27</sup> Williams, R., 2012. "Land, Property and Displacement in Post-Revolution Libya", *Forced Migration Review*, June. Available from: <http://www.fmreview.org/north-africa/williams.html>.

<sup>28</sup> World Health Organization (WHO), 2011. "Country Cooperation Strategy for WHO and the Libyan Arab Jamahiriya 2012-2015". Available from: [www.who.int/countryfocus/cooperation\\_strategy/ccs\\_lby\\_en.pdf](http://www.who.int/countryfocus/cooperation_strategy/ccs_lby_en.pdf).

<sup>29</sup> Bureau of Near East Affairs, United States Department of State, 2012. "Background Note: Libya". March. Available from: <http://www.state.gov/r/pa/ei/bgn/5425.htm>.

<sup>30</sup> Russo, P., 2004. "Welfare in the Mediterranean Countries". *Centre for Administrative Innovation in the Euro-Mediterranean Region*. Available from: [unpan1.un.org/intradoc/groups/public/documents/CAIMED/unpan019179.pdf](http://unpan1.un.org/intradoc/groups/public/documents/CAIMED/unpan019179.pdf).

<sup>31</sup> United Nations General Assembly, 2012. "Country Progress Report". March. Available from: [http://www.unaids.org/en/dataanalysis/monitoringcountryprogress/progressreports/2012countries/ce\\_LY\\_Narrative\\_Report%5B1%5D.pdf](http://www.unaids.org/en/dataanalysis/monitoringcountryprogress/progressreports/2012countries/ce_LY_Narrative_Report%5B1%5D.pdf).

<sup>32</sup> African Economic Outlook, 2012.

<sup>33</sup> Khan, U., 2012. "Education in Libya: A Point of Concern". *The Tripoli Post*, January 3. Available from: <http://www.tripolipost.com/article/detail.asp?c=5&i=7605>.

Reconciliation Commission (NFRC) to investigate human rights violations between September 1969 and the end of the transitional period. The Amnesty Law calls for amnesty to be provided to perpetrators of crimes on the condition that they return property or other material assets derived from their crimes as well as weapons in their possession, and repent and seek pardon from the victims or their families. Concerns with the transitional justice efforts have included the lack of an independent and impartial process to appoint members to the NFRC; the oversight in identifying the need for disqualification of persons responsible for human rights violations to government institutions; and the need to ensure the compatibility of justice under the amnesty law with international legal obligations.<sup>34</sup>

A key obstacle in the process of transitional justice is the political exclusion law that was passed in March 2013 by the GNC. The sweeping and far-reaching law bars any person associated with the Gaddafi regime between 1969 and 2011 from public office for ten years. The law imposes a blanket isolation of virtually anyone who was even remotely associated with any of the political, educational, social, academic or other institutions affiliated with the regime. The law also proposes to exclude anyone who showed hostility to the February revolution on religious grounds. Militias besieged the ministries of foreign affairs, justice and the interior to ensure that the law was passed in its current form.

On a parallel front, illegal detentions also remain a serious problem. According to Human Rights Watch, at least 8,000 people are illegally detained by the interior ministry, military police, and various militias across the country in both formal and secret detention facilities. Many of the prisoners have not been sentenced and are being held solely on the grounds of having fought alongside the forces of the regime, or due to their family, tribal, or political affiliations.<sup>35</sup> Additionally, as the national transitional justice strategy develops at an incremental pace, local communities have begun taking matters into their own hands by engaging in local reconciliation efforts, which includes the formation of reconciliation committees operating outside the framework of any existing law.<sup>36</sup>

#### H. CIVIL SOCIETY AND PARTICIPATORY POLITICS

Civil society was severely repressed under the Gaddafi regime, although limited social networks and community-based initiatives were tolerated or conducted in secret, in the absence of effective State institutions. During the conflict, Libya witnessed a flourishing of community-based mobilization as local councils and volunteer groups became the primary delivery mechanism for international assistance, with effective NTC support.<sup>37</sup> Despite the growth of civil society during and after the conflict, there is still no clear definition or common vision of civil society within the Libyan context.

Civil society organizations are currently enjoying a considerable degree of freedom of association. The GNC, in consultation with civil society organizations, is circulating and debating a draft civil society law that seems quite liberal and unrestrictive.<sup>38</sup> The draft allows foreign NGOs to operate in Libya under a Libya-registered affiliate. Moreover, it does not impose limits on foreign funding as long as the organization publishes information on its funding on its website.

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<sup>34</sup> United Nations Human Rights Council, 2012. "Full Report of the International Commission of Inquiry to Investigate All Alleged Violations of International Law in Libya". June. Available from: <http://www.unhcr.org/refworld/docid/4df74f402.html>.

<sup>35</sup> Human Rights Watch, 2012. "Libya: New Government should end illegal detention". November 16. Available from: <http://www.hrw.org/news/2012/11/16/libya-new-government-should-end-illegal-detention>.

<sup>36</sup> United Nations Human Rights Council, 2012. "Full Report of the International Commission of Inquiry to Investigate All Alleged Violations of International Law in Libya". June. Available from: <http://www.unhcr.org/refworld/docid/4df74f402.html>.

<sup>37</sup> United Nations Office for the Coordination of Humanitarian Affairs, 2012. "OCHA Context Analysis". Available from: <http://www.unocha.org/ocha2012-13/libya>.

<sup>38</sup> "Draft Libyan Law on Associations". In Arabic. Available from: <http://www.icnl.org/news/2012/draft-libyan-law-on-associations-AR.pdf>.

## I. RELIGION, STATE AND WOMEN'S RIGHTS

Like other Arab countries in transition, the place of religion in public life and its impact on personal status laws, and the rights of women in particular, remain contentious issues in post-conflict Libya. Under the Gaddafi regime, women were largely absent from political life and had a limited presence in civil society. During this transition period, the visibility of women in both civil society and the political sphere is rapidly increasing. Women played a significant role in the revolution and have assumed leadership positions in public life. In the recent GNC elections, women candidates won 16.5 per cent of seats in the 200-member Congress and made up 45 per cent of registered voters.<sup>39</sup> However, women continue to face numerous challenges and barriers to participation, including restrictive social norms, discrimination and violence.<sup>40</sup>

## III. TOWARDS A SUCCESSFUL TRANSITION

### *The international community: A redefined role*

The international community's involvement in Libya's revolution has been widely criticized, as the NATO intervention was seen to have overstepped the bounds of United Nations Security Council Resolution 1973. Thus, the international community must act in a supportive capacity during this transitional phase and the West must be prepared to come to terms with local arrangements. In addition to financial assistance, the international community should focus on delivering sustained technical and capacity-building support to Government and civil society. Attention should be given to interventions that seek to strengthen the social policy and political foundations of a democratic society. Additionally, assistance should be extended to the urgent needs of reforming public administration and public financial management, as well as developing the capacity of civil society to influence this reform through analysis, monitoring, and advocacy in order to promote a smooth transition to a stable Government.<sup>41</sup>

### *Another step forward*

The recent announcement by the Libyan Prime Minister to launch a national dialogue in Libya is a welcome gesture that may serve to assuage the fears of many Libyans that reconciliation may be put on hold. If it proceeds well, the national dialogue could become a vehicle for convening Libya's major stakeholders and discussing important milestones such as transitional justice, decentralization, electoral laws and the final shape of the new State, among many other issues. The international community would do well to support this dialogue and ensure that its chances of success are safeguarded.

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<sup>39</sup> The Tripoli Post, 2012. "Women with Almost 17% Representation in Libya 200-Member Transitional Authority". July 21. Available from: <http://www.tripolipost.com/article/detail.asp?c=1&i=8854>.

<sup>40</sup> European Union and International Management Group, 2012. "Civil Society Assessment: Procurement, Civil society, Communication and Media Support to Libya".

<sup>41</sup> European Union and International Management Group, 2012.

# **TUNISIA COUNTRY BRIEF**

## **I. SUMMARY: A PROMISING YET TURBULENT TRANSITION**

Tunisia, the birthplace of the Arab uprisings, has undergone a number of profound and promising changes as it enters its third year of transition. A relatively small territory and homogenous population, despite tribal and ethnic divisions in some areas; a sizable and well-educated middle class; a long history of encouraging women's rights; and a diversified and liberalized economy are all elements that tend to support this transition. The first successful milestone of the transition was the transparent and peaceful election of a National Constituent Assembly (NCA) on October 23, 2011, forming an interim Government led by the Islamist Ennahda party. A Government was established in partnership with the two key secular political parties.

Following these developments, political uncertainty has rendered decision-making difficult, while a deteriorating security situation has tarnished the country's image. Consensus has been difficult to achieve as Tunisia has witnessed a series of political and socioeconomic upheavals, not least of which were the 2013 assassinations of two key opposition figures, one a member of the NCA, Chokri Belaid and Mhamed Brahmi. Following the assassination of Brahmi in August, demands for the resignation of the interim coalition Government led by Ennahda have increased while the NCA was suspended for six weeks following the withdrawal of 60-70 opposition members of parliament. More recently, violent clashes have erupted in different parts of the country. The ambush in June of eight soldiers trailing militants affiliated with al-Qaida in the mountains along the Algerian border, the largest single loss of life for Tunisia's military since independence, shocked the country. Nevertheless, as a result of the apparent willingness of its main political parties to compromise, Tunisia is still widely viewed as the Arab country most likely to achieve a democratic transition.

## **II. MULTIPLE CHALLENGES LIMITED TOOLS: POLITICAL AND DEVELOPMENTAL CHALLENGES**

Decades of authoritarian rule, followed by the current political turmoil; growing budget deficits; increasing regional inequities; and socioeconomic discontent have left Tunisia facing a host of profound challenges as it transitions to democracy. These challenges are discussed in detail below.

### **A. ENSURING AN INCLUSIVE TRANSITION: A POLITICAL ROADMAP AND CIVIC ENGAGEMENT**

The political transition in Tunisia has been a relatively inclusive process though a tripartite agreement between Ennahda, the Congrès pour la République and Ettakatol. Nida Tounes, the party led by the last Prime Minister under Ben Ali, Béji Caid Essebsi, is also growing in popularity.

Under the Ben Ali regime, Tunisia had only nine legal political parties and a handful of active and independent civil society organizations. The transitional period has seen enlivened political participation through the proliferation of political and civil society actors; 110 parties took part in the Constituent Assembly elections in 2011.<sup>42</sup> A more open media is consistently monitoring government actions while civil society organizations, particularly the General Tunisian Workers Union (UGTT), along with the Employers' Association, the Human Rights League and the bar association, are playing a central role in ensuring dialogue and consensus building. Thanks to their intervention, a new political roadmap has been drawn for the country to pull out of the political deadlock following the political upheaval that came in the wake of the assassination of Brahmi. That event prompted massive protests against the Ennahda-led government, caused the suspension of the NAC and brought a budding political reform process to a halt. Prior to its suspension,

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<sup>42</sup> African Economic Outlook, 2012. "Tunisia Country Note". Available from: <http://www.africaneconomicoutlook.org/en/countries/north-africa/tunisia/>.

in June the NAC had issued the third constitutional draft for public consultation and was set to issue a new electoral law in preparation for the elections that were meant to take place in the third quarter of 2013.

The road map proposed by the UGTT and its partners calls for the current Government to step down within three weeks of the commencement of formal talks between the different parties; the appointment of a politically neutral cabinet of independent figures; the launching of a national dialogue; the finalization of a draft constitution; a new electoral law; and the holding of elections in 2014. It also stipulated that the NCA approve the new cabinet within three weeks of its announcement, and the timetable for both the new constitution and elections within four weeks. Most political parties have agreed to participate in the process despite serious mistrust between all parties and the complexity of the issues under consideration. The reconvening of the NCA on September 17<sup>th</sup> will probably allow work on the constitution to resume and a timetable for its completion to be agreed upon.

## B. RESTORING SECURITY AND STABILITY AND REFORMING INSTITUTIONS

Progress in security sector reform has been slow. The security and intelligence services are overseen by the Interior Ministry and are highly unpopular with the public. As such, security sector reform will require a fundamental shift and reversal of the role of security forces from protector of the regime to protector of the people. So far, reform has extended beyond the Interior Ministry to the prisons by the creation of the National Authority for the Prevention of Torture. Little information has been made public regarding the security apparatus' internal structure or staffing; however, it is clear that internal divisions have resulted in institutional deadlock as the security forces have withdrawn from many of their responsibilities.

Porous borders and insecurity have been another major challenge for Tunisia, amidst reports of increased regional weapons trafficking linked to the collapse of Gaddafi's regime in neighboring Libya, and subsequently to the situation in Mali. Such a circulation of firearms and explosives requires a response at the regional rather than national level, with close cooperation between Tripoli, Algiers and Tunis.<sup>43</sup> Moreover, the violent repression of Libya's uprising and the conflict that ensued triggered a mass flow of nearly one million people into Tunisia, more than 660,000 Libyans and over 200,000 third-country nationals.<sup>44</sup> Tunisia opened its borders and mounted a relief effort in coordination with the UNHCR and other partners.

Judicial reforms are another key area of interest. Apart from the dismissal of corrupt magistrates, little has been done beyond adopting a system for vetting corrupt judges. The judicial system is, however, unable to meet mounting demands. Leading the call for reform is the Association of Tunisian Magistrates (ATM), which seeks the replacement of the Supreme Judicial Council that operated under Ben Ali with a Provisional Judicial Surveillance Committee. ATM also advocates for greater involvement of magistrates and judges in the reform process.<sup>45</sup>

## C. ECONOMIC RECOVERY, VULNERABILITY AND PROSPERITY

Economic grievances, particularly in the interior region, were a key trigger in the uprising. They have been further aggravated by the economic downturn that has resulted from ongoing political instability, which, in turn, impacted foreign direct investment, tourism, remittances from migrant workers, and trade with the European Union following the uprising.<sup>46</sup> Industrial activity has declined by 11 per cent;

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<sup>43</sup> International Crisis Group, 2013. "Tunisia: Violence and the Salafi challenge". Available from: <http://www.crisisgroup.org/en/regions/middle-east-north-africa/north-africa/tunisia/137-tunisia-violence-and-the-salafi-challenge.aspx>.

<sup>44</sup> United Nations High Commissioner for Refugees, 2012. "UNHCR country operations profile – Tunisia". Available from: <http://www.unhcr.org/pages/49e486166.html>.

<sup>45</sup> Directorate-General for External Policies, European Parliament Policy Department, 2012. "Tunisian Transition: Hope in spite of the challenges". June. Available from: <http://www.europarl.europa.eu/committees/fi/studiesdownload.html?language=EN&file=75289>.

<sup>46</sup> World Bank, 2013. "Tunisia Overview". Available from: <http://www.worldbank.org/en/country/tunisia/overview>.

investments by 36 per cent, and tourism by 45 per cent.<sup>47</sup> The cumulative result has been the contraction of the economy: real GDP growth fell from 3 per cent in 2010 to -2 per cent in 2011. The Tunisian economy improved in 2012 as GDP growth increased to 3.6 per cent in 2012 due to recoveries in the agricultural, tourism and the mineral sectors.<sup>48</sup> However, economic recovery slowed down again in 2013 due to security concerns and the ongoing recession in the European Union, Tunisia's main trading partner. A turnaround is expected in 2014, with improved domestic demand and the anticipated recovery of the European Union, which will together contribute to raising GDP growth to around 5 per cent.<sup>49</sup>

Fiscal deficits also rose sharply between 2011 and 2012, as a result of increased public spending on wages and subsidies, in response to popular discontent, and weak economic performance. The deficit spiked from about 1 per cent of GDP in 2010 to 6.3 per cent in 2012,<sup>50</sup> with forecasts of around 7.5 per cent for the current year.<sup>51</sup> Economic analysts predict the deficit to remain wide throughout 2014 as welfare spending and capital expenditure increase. This spending includes the recapitalization of State-owned banks with around US\$0.9 billion and a rising public-sector wage bill, inflated by the addition of 16,000 new posts in 2013, as well as expansive raises authorized in 2012. New expenditures also include steep food and fuel subsidies, which will cost the Government around 20 per cent of its budget this year.<sup>52</sup>

Inflation also increased during this period, from an average 3.5 per cent in 2011<sup>53</sup> to 6.5 per cent in March 2013. This increase was mainly driven by high food and oil prices as well as the strong depreciation of the Tunisian dinar (TD).<sup>54</sup> In June 2012, the value of the TD hit a five-year low as a result of a host of external and internal factors. Since 80 per cent of Tunisia's commercial transactions are conducted with Europe, the decreasing strength of the euro relative to the dollar led to a correlative drop in the value of the dinar. Domestically, an underperforming economy meant an increasing budget deficit driving inflation to unprecedented heights and resulting in cheaper export costs and higher import costs. Since Tunisia primarily exports raw goods, cheap export costs have generally been beneficial to Tunisians. However, expensive imports have had an adverse effect, decreasing household purchasing power and leading to increased poverty and vulnerability.

The regression in financial and economic outputs has had a considerable impact on Tunisian citizens. Figures released in 2012 showed that poverty rates were much higher prior to the uprising than previously disclosed, reaching 11.8 per cent, in contrast to the of 3.5 per cent officially reported as the national poverty rate at the time. Today, around a quarter of the population live on less than US\$2 per day.<sup>55</sup> Furthermore, a regional breakdown, published for the first time in 2011, revealed that the national average masked large disparities, with poverty rates as low as 5-7 per cent in the Center-East and Grand Tunis regions, and as high as 29 per cent in the Center-West of the country. The problem of regional disparities has fueled social unrest in the cities of Sidi Bouzid, Kasserine and Thala in the Central region of the country, due to decades of

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<sup>47</sup> Directorate-General for External Policies, European Parliament Policy Department, 2012.

<sup>48</sup> Economist Intelligence Unit (EIU), 2013a. "Tunisia: Annual Data and Forecast". October. Available from: <http://country.eiu.com/article.aspx?articleid=1041074288&Country=Tunisia&topic=Economy&subtopic=Charts+and+tables&subsubtopic=Annual+data+and+forecast>.

<sup>49</sup> World Bank, 2013.

<sup>50</sup> Masetti, O. and others, 2013. "Two years after the Arab Spring: Where are we now? What next?" *DB Research*, January 25. Available from: [http://www.dbresearch.com/PROD/DBR\\_INTERNET\\_EN-PROD/PROD000000000300328.PDF](http://www.dbresearch.com/PROD/DBR_INTERNET_EN-PROD/PROD000000000300328.PDF).

<sup>51</sup> EIU, 2013b. "Trying to tame the subsidy bill". October 28. Available from: <http://country.eiu.com/article.aspx?articleid=351113419&Country=Tunisia&topic=Economy>.

<sup>52</sup> Ibid.

<sup>53</sup> EIU, 2012. "Tunisia Country Report". May. Available from: [http://www.eiu.com/report\\_dl.asp?issue\\_id=499054834&mode=pdf](http://www.eiu.com/report_dl.asp?issue_id=499054834&mode=pdf).

<sup>54</sup> World Bank, 2013.

<sup>55</sup> Directorate-General for External Policies, European Parliament Policy Department, 2012.

neglect and underdevelopment, while coastal areas received 65 per cent of public investment.<sup>56</sup> While the fuel and food subsidies are meant to mitigate these conditions, their untargeted nature has meant that the non-poor have benefitted much more than the poor.

Despite these challenges, Tunisia's economic recovery is promising due to its diversified economy with important agricultural, mining (particularly phosphate), tourism and manufacturing sectors, as well as a skilled workforce. In response to its economic challenges, politicians are advocating State-led efforts to reduce economic and regional inequality. For example, the Government is pursuing fiscally expansive policies in order to boost skyrocketing levels of unemployment and has appealed to external donors for financial support in the short-term.<sup>57</sup> In pursuing such policies the Government will need to strike a balance between short term-benefits and long-term prospects for equitable development and inclusive growth.

#### D. SOCIAL UNREST, UNEMPLOYMENT AND SOCIAL RIGHTS

Social unrest is also mounting as a result of fragmented and inadequate social protection schemes and continually rising unemployment. Despite significant spending on social support, social protection programs for the most vulnerable tend to be inadequately targeted, covering only 4.5 per cent of the population and excluding many of the poor. Targeting criteria is vague and prevents many needy families from participating. In the past, many (non-poor) individuals have used their political allegiances to take advantage of lax administrative procedures and benefit from such programming. Moreover, these and similar development initiatives have proven to be quite unsuccessful at integrating the poor into the labour market, leaving vulnerable groups dependent on the State for assistance.<sup>58</sup>

Workers' strikes demanding permanent jobs or wage increases are an increasingly common occurrence, as is the blockading of workplaces by the unemployed.<sup>59</sup> Prior to the uprisings, overall unemployment was estimated at 13 per cent,<sup>60</sup> rising to 18.9 per cent in 2011<sup>61</sup> then receding to 16.7 per cent in 2012.<sup>62</sup> The demographic most affected by unemployment remains young university graduates (15-29 years old), whose rate of unemployment stood at 44 per cent in 2012.<sup>63</sup> Unemployment is highest in interior regions, such as Kasserine and Gafsa, which were the epicenters of the revolution and continue to stage protests over perceived government neglect.<sup>64</sup> In response to rising unemployment, the interim Government launched an emergency programme in 2011 called Amal, which provides a monthly allowance of TD 150, health insurance, and reduced fares on public transport in exchange for part-time work in the civil service. Additionally, the Government has initiated a permanent job creation scheme to recruit 24,000 people into the civil service, and 10,000 into semi-state bodies. The success of these costly programmes has yet to be determined. Taking a holistic approach, educational reform should be considered, as it currently fails to adequately deliver qualifications needed by the labour market. Additionally, Tunisia's low wage, low value-

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<sup>56</sup> African Development Bank, 2012. "Tunisia: Interim Country Strategy Paper". February. Available from: [http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Catalogue%20Interim%20strategy%20Paper%20Anglais\\_Mise%20en%20page%201.pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Project-and-Operations/Catalogue%20Interim%20strategy%20Paper%20Anglais_Mise%20en%20page%201.pdf).

<sup>57</sup> Arief, A., 2012. "Political Transition in Tunisia". Congressional Research Service, US Congress, June. Available from: <http://www.fas.org/srg/crs/row/RS21666.pdf>.

<sup>58</sup> African Economic Outlook, 2012.

<sup>59</sup> African Economic Outlook, 2012.

<sup>60</sup> "Tunisia Overview". The World Bank, <http://www.worldbank.org/en/country/tunisia/overview>. April 2012.

<sup>61</sup> African Economic Outlook, 2012.

<sup>62</sup> "Tunisia Overview". The World Bank.

<sup>63</sup> "Tunisia Overview". The World Bank.

<sup>64</sup> African Development Bank, 2011. "The Revolution in Tunisia: Economic Challenges and Prospects". March. [http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/North%20Africa%20Quarterly%20Analytical%20Anglais%20ok\\_North%20Africa%20Quarterly%20Analytical.pdf](http://www.afdb.org/fileadmin/uploads/afdb/Documents/Publications/North%20Africa%20Quarterly%20Analytical%20Anglais%20ok_North%20Africa%20Quarterly%20Analytical.pdf).

added economy continues to lack the capacity to absorb skilled workers. Without efforts to address rising poverty and unemployment, particularly in central Tunisia, the frustrations and sense of exclusion that fueled the revolution risk to once again threaten social stability.

#### E. AID EFFECTIVENESS AND THE RECUPERATION OF ASSETS

Prior to the uprising, official development assistance (ODA) to Tunisia increased from US\$375 million in 2008 to US\$551 million in 2010. The largest share of donations flowed into the economic infrastructure and services sector. Following the uprisings, Tunisia received substantial financial support from the international community. A EUR one billion economic recovery support programme in support of economic reforms has been put in place by the Government to reinforce the process of economic and political transition.<sup>65</sup> Moreover, the French Government has independently agreed to release EUR 350 million worth of loans for 2011-2012 through the French Development Agency.<sup>66</sup> Despite the increased aid and many other pledges of financial support, follow-up and delivery have been slow.<sup>67</sup>

The recovery of stolen assets has also been a major challenge for Tunisia as in other Arab countries affected by popular uprisings. Ben Ali is accused of having laundered wealth from some of the country's biggest companies, control and shares in which were often obtained by political pressure or corruption. In early 2011, authorities seized shares of domestic companies controlled by Ben Ali and his entourage in every major economic sector.<sup>68</sup> Tunisian authorities have identified at least 12 countries where stolen money was stashed, totaling billions of dollars.<sup>69</sup> The recovery process has begun, with Lebanon returning about US\$29 million in assets belonging to Ben Ali's wife,<sup>70</sup> and Switzerland identifying and freezing US\$63 million in secret accounts belonging to the ex-President.<sup>71</sup> In September 2013, a report on recent efforts to confiscate illicit assets in properties and companies from individuals tied with the former regime was presented by the Confiscation Commission.<sup>72</sup>

#### F. DEMOCRATIC TRANSITIONS AND JUSTICE

Tunisians have thus far opted for a reconciliatory approach to transitional justice. Moral and material compensation is being sought and demonstrations are being held calling for the trial of senior former regime officials, particularly in the security sector. The victims and their families are joined by a range of civil society actors, including journalists, union leaders, and human rights activists who are concerned that former abusers may be granted immunity, particularly in light of the slow reform of the security sector and judiciary.<sup>73</sup> At the same time, Tunisia has made other inroads in transitional justice by ratifying the Rome

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<sup>65</sup> It includes a European Union grant, a World Bank loan, an African Development Bank loan and a loan from the French Agency for Development.

<sup>66</sup> Samti, F., 2011. "Tunisian Foreign Affairs: France Shifts Positions, Ennahda Copes". *Tunisia Live*, November. Available from: <http://www.tunisia-live.net/2011/11/13/tunisian-foreign-affairs-france-shifts-positions-ennahda-copes/>.

<sup>67</sup> Project on Middle East Democracy, 2012. "Tunisia in Transition: What Role for the International Community?" July. Available from: <http://pomed.org/blog/2012/07/pomed-notes-tunisia-in-transition-what-role-for-the-international-community.html/>.

<sup>68</sup> Arief, 2012.

<sup>69</sup> Ball, D. and C. Bryan-Low, 2011. "Arab Spring Regimes Face Long Slog to Recoup Assets", *The Wall Street Journal*, August 25. Available from: <http://online.wsj.com/article/SB20001424053111904875404576528310932368624.html>.

<sup>70</sup> World Bank Stolen Assets and Recovery Initiative (STAR), 2013. "Tunisia's Cash-back: The start of more to come". April 12. Available from: <http://star.worldbank.org/star/news/tunisia%E2%80%99s-cash-back>.

<sup>71</sup> Noueihed, L., 2012. "Tunisia's (Ex-President) Ben Ali to Give Up Swiss-based Assets: Lawyer", *Reuters News Agency*, July 16. Available from: <http://www.reuters.com/article/2012/07/16/us-tunisia-benali-assets>.

<sup>72</sup> More information available from: <http://www.tunisia-live.net/2013/09/19/government-accused-of-incompetence-in-recovering-ben-ali-assets/>.

<sup>73</sup> International Crisis Group (ICG), 2012. "Tunisia: Combating Impunity, Restoring Security". May. Available from: <http://www.crisisgroup.org/en/regions/middle-east-north-africa/north-africa/tunisia/123-tunisia-combatting-impunity-restoring-security.aspx>.

Statute of the International Criminal Court and several other conventions on the Fight against Torture and Crimes against Humanity in August 2011,<sup>74</sup> and, more recently, trying Ben Ali and his associates in the Tunis Military Court, where Ben Ali was sentenced in absentia to 20 years in prison.

Still, the politicization of justice has slowed down the process of transitional justice in post-uprising Tunisia. On the one hand, a proposed law on the “immunization of the revolution” could be used to for the purposes of political exclusion, effectively derailing the transition process. On the other hand, transitional justice initiatives have to date appeared slow and piecemeal, comprising several separate, uncoordinated institutions: the newly established Human Rights and Transitional Justice Ministry; a number of independent commissions against corruption and abuse such as the Commission of Inquiry into Human Rights Violations during the Revolution and the National Fact-finding Commission on Embezzlement and Corruption; civil justice and military justice bodies; as well as scattered civil society initiatives.<sup>75</sup> Several civil society and victims’ organizations have been particularly active in developing strategies to deal with past abuses and have submitted proposals for review by the Minister of Human Rights and Transitional Justice and the NCA. While this is a good start, what is currently missing is a shared, cohesive national strategy for transitional justice.<sup>76</sup> At the same time, the draft law on transitional justice drawn up by the Technical Commission comprised of mainly of civil society representatives of diverse political backgrounds and two employees of the Ministry of Transitional Justice has now been shelved for more than eight months. One of the key elements of this draft law is the establishment of a “Truth and Dignity Commission” that would create a reparations fund for victims. Equally important is its initiative to address regional inequities, allowing for the designation of entire regions as “victims”, and thus eligible for special development support.

#### G. RELIGION, STATE AND WOMEN’S RIGHTS

Historically a secular nation comprising a mostly Muslim Sunni population, Tunisia is witnessing the re-entry of religion-oriented political parties into public life. In particular, the ruling Ennahda party is the political arm of the Muslim Brotherhood in Tunisia. The emergence of political Islam as a force to be reckoned with has caused friction with more secular political parties and societal groups, especially following the licensing of the conservative Salafist party, Jabhat al-Islah, in March 2012. Leftist and secular parties have expressed concerns that these parties are presenting an external front focused on a discourse of tolerance while gradually introducing restrictive laws and institutions within the country. Ennahda has denied such claims.

Tunisia is among the most advanced countries in Africa in terms of gender equality and there is concern that the advent of conservative political parties may seek to erode the rights and protections currently afforded to women. The country has a record of providing protection for women’s rights and granting them equal access to education and healthcare. Since 1999, female university enrolment has exceeded male enrolment. So far, the Government has done little to fuel the concerns of women’s rights advocates. In fact, in 2011, Tunisia proceeded to ratify the Convention on the Elimination of All Forms of Discrimination Against Women.<sup>77</sup> On the political front, article 16 of the new electoral law calls on all political parties to submit an equal number of female and male candidates in all electoral lists and stipulates that candidate lists should alternate between males and females when they appear on electoral lists. In the most recent elections, women won 57 of the 216 seats, almost maintaining their pre-revolution status of around 27 per cent of the Tunisian parliament.<sup>78</sup>

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<sup>74</sup> Tunis Afrique Press, 2012. “Tunisia: ‘Govt Will Never Give Up Requests to Extradite Former Regime’s Vestiges,’ Says Samir Dilou” July 3. Available from: <http://allafrica.com/stories/201207031026.html>.

<sup>75</sup> ICG, 2012.

<sup>76</sup> International Center for Transitional Justice, 2012. “Tunisia Leads the Way in Transitional Justice”. April. Available from: <http://www.ictj.org/news/tunisia-leads-way-transitional-justice>.

<sup>77</sup> African Economic Outlook, 2012.

<sup>78</sup> Inter-Parliamentary Union, 2013.

## H. CIVIL SOCIETY AND PARTICIPATORY POLITICS

Despite Ben Ali's attempted suppression, the foundations of a vibrant civil society were apparent prior to the 2011 uprising.<sup>79</sup> In the year following the revolution an estimated 2,000 new CSOs were founded.<sup>80</sup> Civil society played a major role in mobilizing the population during the revolution and has demonstrated considerable political clout so far in the transition. As early as February 2011, various CSOs, including the UGTT, have been included in the committee in charge of drafting and approving the electoral law for the Constitutional Assembly.<sup>81</sup> The more recent mediation efforts of the quartet to break the gridlock between the different political parties and its proposals of a clear road map for the necessary upcoming milestones to reset the democratic transition were accepted by the various political parties. Demonstrations remain ongoing up to the time of printing, with demands that the Government resign and calls for the implementation of the roadmap without delay.

Particular attention has also been paid to the importance of an emerging independent and uncensored media in post-revolution Tunisia. A new Press Code and a law on press freedom and protection of sources drafted a mere three months after the revolution highlights the efforts undertaken towards media reform. With 230 new print publications, six new television channels and 12 new radio stations since January 2011, it is apparent that the Tunisian media has become more pluralistic in spite of archaic legislation, such as the contentious Article 121(3) of the criminal code, which prohibits the distribution of publications that may "harm public order".<sup>82</sup>

## III. TOWARDS A SUCCESSFUL TRANSITION

The Tunisian transition is well ahead of its Arab counterparts: the established political structures and processes are successfully weathering the transitional storm; preliminary reforms to produce functional and transparent institutions are underway; an inclusive process for drafting the constitution is proceeding, despite delays; the economy is showing some preliminary signs of recovery; and civil society – including a free and independent media and a strong trade union – is growing stronger by the day. The Government has demonstrated a willingness to support an inclusive transition, and has shown signs of addressing the needs of the people by introducing programmes such as healthcare for all unemployed graduates, large subsidies for basic foodstuffs, and permanent post appointments (a central demand of trade unions).<sup>83</sup> The Government has also vowed to raise economic growth to 8 per cent and reduce unemployment from 19 per cent to 8.5 per cent by 2016.<sup>84</sup> However, in the absence of new economic initiatives, such needed measures will also drive up the fiscal deficit.

Nevertheless, Tunisians today are demanding more from their Government and want to see signs of development in their daily lives. Significant gains must be made on this front in order to relieve growing frustrations, which are being expressed through widespread protests and civil unrest. The growing frustrations of the impoverished interior as well as the tensions between secular and conservative Islamic forces are major challenges that will require careful navigation.

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<sup>79</sup> Council of Europe Parliamentary Assembly, 2012. "Political Transition in Tunisia". June. Available from: [http://assembly.coe.int/ASP/Doc/XrefViewHTML.asp?FileId=18736&Language=EN#\\_TOC\\_N086F6330N0F3DC550](http://assembly.coe.int/ASP/Doc/XrefViewHTML.asp?FileId=18736&Language=EN#_TOC_N086F6330N0F3DC550).

<sup>80</sup> United Nations Development Programme (UNDP), 2012. "Supporting the Development of Civil Society in Tunisia". April. Available from: <http://www.gaportal.org/news/detail/supporting-the-development-of-civil-society-in-tunisia>.

<sup>81</sup> MedPro, 2011. "Tunisia: Changes and Challenges of Political Transition, Technical Report No. 3". May. Available from: [www.iai.it/pdf/mediterraneo/MedPro/MedPro-technical-paper\\_03.pdf](http://www.iai.it/pdf/mediterraneo/MedPro/MedPro-technical-paper_03.pdf).

<sup>82</sup> Directorate-General for External Policies, European Parliament Policy Department, 2012.

<sup>83</sup> Project on Middle East Democracy, 2012.

<sup>84</sup> The Economist, 2012. "Arab Spring Economies: Unfinished Business". February 4. Available from: <http://www.economist.com/node/21546018>.

Civil society has emerged as a powerful force within post-revolutionary Tunisia and has taken a leading role in the transitional period. Its upcoming tasks will involve meaningfully engaging and influencing the constitutional drafting process and the ensuing parliamentary elections. Although civil society has made efforts to participate in the constitutional drafting process and provide recommendations, there are no formal mechanisms for engaging citizens in this process, which could prove to be highly problematic.<sup>85</sup> As it embarks on a national dialogue, Tunisia needs to formalize channels for citizen participation and ensure that clear procedures are in place for citizen engagement in policy making. This is the best way to deepen democracy and ensure a safe transition.

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<sup>85</sup> Slovak Aid, 2012. "Civil Society Needs Assessment in Tunisia". April. Available from: <http://www.pdcs.sk/files//file/Projekty/CSO%20Needs%20Assessment%20Tunisia%20Final%20PUBLIC.pdf>.

## **YEMEN COUNTRY BRIEF**

### **I. SUMMARY: A PROMISING YET TURBULENT TRANSITION**

Yemen today is experiencing a tumultuous yet hopeful political transition from authoritarian rule to democratically elected government. This follows the departure of former President Ali Abdallah Saleh as a result of a popular uprising, the successful mediation by the Gulf Cooperation Council (GCC) and a supporting intervention by the UNSC via Resolution 2014. The GCC-mediated initiative provided for the establishment of an inclusive national dialogue process and the identification of key action areas including transitional justice, reform of the security sector, rewriting of the constitution and the holding of elections based on a new electoral law.

At the same time, the plethora of political actors in Yemen today, coupled with existing tribal and sectarian tensions, pose significant challenges to the transition and necessitate a carefully considered medium-to-long term approach to peace building and reconciliation. Major political and security challenges threatening the transition process include the disaffection of the Houthis and the alienation of youth, women and tribal groups; violence in the southern provinces; and calls for the secession of the South. These circumstances have further aggravated the acute development challenges already facing Yemen, including severe poverty, food insecurity, drought, a burgeoning budget deficit and a dependence on rapidly depleting oil and gas reserves.

### **II. MULTIPLE CHALLENGES LIMITED TOOLS**

The recent political turmoil in Yemen has again reshuffled the country's development priorities and threatened its future prospects. The popular uprisings that Yemen witnessed came as no surprise, as Yemeni citizens have long suffered severe political and developmental deficits. While the country had made some gains in the last few decades on social and economic issues, the political process had deteriorated significantly. For the most part, the ten-point reform programme initiated by the Government in 2010 to boost public services and improve governance remained unimplemented. At the same time, the food, financial and oil crises further exacerbated the socioeconomic challenges already faced by Yemen. Various studies indicate that Yemen has witnessed a reversal in development gains in part as a result of the multiple crises that have impacted it. Currently it is unlikely to meet any of the MDG goals.

In the wake of the popular uprising, an effective and inclusive transitional process has become a priority; one that also takes into account worsening social conditions, sluggish growth and environmental degradation. This process will depend on the vibrant civil society activists who, against all odds, succeeded in leading a peaceful uprising, and will need to engage the main challenges confronting the country. These include:

#### **A. NEGOTIATING AN INCLUSIVE TRANSITION: NUMEROUS ACTORS, CONFLICTING AGENDAS**

The GCC-mediated peace process has many detractors, whose interests must be dealt with if Yemen is to move out of chaos and towards a more orderly transition. A stakeholder mapping of Yemen carried out by the Participatory Development and Social Justice Section of ESCWA indicates that the internal tribal and ethnic makeup of Yemeni society and the vastly different positions of these groups towards the process of national dialogue and even Yemen's territorial integrity represent a significant obstacle. Important groups such as the Houthis, Salafis, southern secessionists and sizable tribal and youth groups have opposed the National Dialogue, which was intended to forge consensus on a new social contract between the Government of Yemen and its citizens. Although there have been multifaceted efforts to reach out to alienated sectors and groups and include them in the Dialogue's preparations, this process has not been as inclusive as is needed.

At the same time, Yemen has been inundated with funding from foreign actors, including international organizations, donor agencies and foreign powers, which are eager to provide support to the Yemeni

Government and civil society during this unstable period. Unless these external contributions and projects are well managed, they have the potential to cause considerable long-term harm to the country and further destabilize an already volatile situation.

Clearly, a collaborative and sustained effort by the international community and the newly-elected Yemeni Government is required to ensure the success of the current transition. One crucial priority is to forge ahead with securing consensus on the resolutions of the National Dialogue that was ended in September 2013. One of the most sensitive issues in need of further discussion is the shape of the future federal system of Yemen, which remains a sticking point between representatives of the coalition Government and the South.

## B. SOCIOPOLITICAL UNREST, STALLED REFORM AND RECONSTRUCTION

Prior to the dramatic events of the past eighteen months,<sup>86</sup> Yemen witnessed considerable political and social unrest and conflict, particularly in the South of the country and in the Saada region. Initially characterized as low-level fighting between the army and the Houthis, as of April 2012, these conflicts had resulted in the displacement of many. In this context, it also became increasingly difficult to implement economic reform programmes or to undertake physical reconstruction projects in areas devastated by conflict.

This unrest has undermined social cohesion and rule of law, making women and children in particular even more vulnerable. It has also rendered reform difficult and accentuated the marginalization of some population groups. Further unrest associated with the rising cost of living is also likely to inflame an already tense situation, rendering reform of social protection policies and programmes even more critical, despite the overall political and economic crisis.

In this context it has been increasingly difficult to implement economic reform programmes or to undertake physical reconstruction projects in conflict-devastated areas. At the same time, even though the five-year development strategy for poverty reduction underpins the 2025 vision, there is little evidence of strategic planning informing the budget process, and budget outcomes routinely deviate from plans.

## C. POPULATION GROWTH OUTPACING ECONOMIC GROWTH

Yemen's annual population growth rate of 3 per cent is one of the highest in the world. Half of its current population of more than 24 million (2010) are under the age of 15. This population growth seems to be outpacing the country's economic growth. Oil reserves, Yemen's main source of income, are largely depleted. Real GDP growth rose to 7.7 per cent in 2010 on the back of surging gas exports, only to fall back to -10.5 per cent in 2011 with a projected rise to -0.9 per cent in 2012 and 4.5 per cent in 2017.<sup>87</sup> Inflation in consumer price rates increased from 11.1 per cent in 2010 to 19.4 per cent in 2011, in line with recovering global commodity prices and the depreciating riyal, which pushed import costs up. In 2012 Yemen exhibited a fiscal deficit of around 6 per cent,<sup>88</sup> while the fiscal deficit is expected to widen to an average of 9.8 per cent between 2012 and 2015.<sup>89</sup>

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<sup>86</sup> The first protests were initiated on 27 January 2011.

<sup>87</sup> International Monetary Fund (IMF), 2012. "World economic outlook: Growth Resuming, Dangers Remain". April, p. 196

<sup>88</sup> IMF and Republic of Yemen, 2012. "Staff Visit Mission Concluding Statement". December 9. Available from: <http://www.imf.org/external/np/ms/2012/120912.htm>.

<sup>89</sup> Economist Intelligence Unit, 2012. "Yemen: Fiscal policy outlook". June 19. Available from: <http://country.eiu.com/article.aspx?articleid=809129065&Country=Yemen&topic=Economy&subtopic=Forecast&subsubtopic=Fiscal+policy+outlook&oid=789129063&aid=1; June 2012>.

The option of ending the fuel subsidy, which according to the Ministry of Finance could save the Government YR360 billion (US\$1.6 billion) annually, was quickly dismissed.<sup>90</sup> If this occurs it will most likely have a significant inflationary impact. Past attempts to address a widening fiscal deficit through the cutting of fuel subsidies saw average inflation rise to 16.5 per cent in 2005, up from 6.8 per cent in 2004, and incited considerable social backlash in the form of public strikes. The new unity Government is thus taking a cautionary approach and is unlikely to revisit the fuel subsidy issue in the near future, instead opting to implement piecemeal measures designed to encourage foreign investment. At the same time, the potential for economic diversification into other sectors such as tourism has been curtailed by political instability and outbreaks of violence, as well as inadequate investment in necessary infrastructure.

This has resulted in high unemployment rates, particularly among youth: 52.9 per cent of 15-24 year-olds and 44.4 per cent of 25-59 year-olds are unemployed. Meanwhile, 52.5 per cent of the population is considered to be below the poverty line,<sup>91</sup> up from 34 per cent in 2005-2006.<sup>92</sup> Furthermore, poverty levels among university graduates are particularly high (54 per cent of the total population),<sup>93</sup> which is explained in part by the inefficiencies of the labour market.

#### D. CURRENCY DEPRECIATION AND GROWING VULNERABILITY

While Yemen's cash-based economy shielded it from the direct impact of the global financial crisis, the accelerating depreciation of the Yemeni riyal has caused concern among policymakers. On the economic front, the reliance of Yemen on imports to meet the bulk of its basic needs, including foodstuffs, means that any weakening of the riyal will affect the cost of living for the Yemeni population. The imposition of import tariffs on 71 basic commodities in April 2012 further accentuated growing poverty. With close to 44 per cent of the population (over 10m people) considered to be "food insecure", these increases will most likely have a significant impact on the increasing number of poor and vulnerable population groups.

In this context of widespread vulnerability, the Central Bank of Yemen seems determined to protect the value of the riyal by spending significant sums to shield it. With depleting oil reserves and falling production, it is likely that foreign exchange reserves will be further diminished, despite the activation of a second liquefied natural gas train. This will only accentuate the social crisis in the country and further curtail necessary spending.

#### E. DEPLETING WATER RESOURCES, INCREASING POVERTY AND INSECURITY

This growing vulnerability is exacerbated by rapidly depleting water resources, drought in the main grain-producing areas and other problems in the agricultural sector, the country's largest employer. Rising global prices of basic necessities prompted further increases in food prices. In 2012, of those who are considered food insecure, over five million people, or 22 per cent of the population, were severely so, with hunger rates doubling since 2009, according to World Food Programme data.<sup>94</sup> Moreover, UNICEF estimates that Yemen has the second-worst child malnutrition rates in the world, second only to Afghanistan,

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<sup>90</sup> Economist Intelligence Service, 2011. "Yemen Risk: Alert – Risk Scenario Watchlist". *The Economist*, 30 November. Available from: [http://viewswire.eiu.com/index.asp?layout=RKArticleVW3&article\\_id=1118634096#12%20title](http://viewswire.eiu.com/index.asp?layout=RKArticleVW3&article_id=1118634096#12%20title).

<sup>91</sup> United Nations Development Programme (UNDP) 2011a. "International Human Development Indicators". Available from: <http://hdrstats.undp.org/en/countries/profiles/YEM.html>.

<sup>92</sup> UNDP, 2011a.

<sup>93</sup> UNDP, 2011b. "United Nations Common Country Assessment: Republic of Yemen". P. 9. Available from: [undp.org/ye/reports/CCA%20Yemen-Final%20Version\\_2011.pdf](http://undp.org/ye/reports/CCA%20Yemen-Final%20Version_2011.pdf).

<sup>94</sup> United Nations Office for the Coordination of Humanitarian Affairs (OCHA), 2012. *Yemen Humanitarian Bulletin*, Issue 2. April 5; WFP, 2012. "Comprehensive Food Security Survey".

with some 58 per cent of children under five suffering from stunted growth and around 30 per cent affected by acute malnutrition. These rates are twice as high as the internationally recognized emergency threshold.<sup>95</sup>

Yemen also has one of the lowest rates of per capita water availability in the world, at less than 2 per cent of the world average. Almost 90 per cent of water is used for agriculture, depleting the water tables at an unsustainable rate. This problem is compounded by the widespread practice of growing qat, which consumes considerable water resources and a significant portion of household expenditure. The Sana'a water basin is being used up about ten times faster than it is naturally replenished, while only 56 per cent of the urban population has access to network water supply and only 31 per cent to a sewerage network. In rural areas, only 45 per cent of the population has access to safe water and 21 per cent to adequate sanitation.

#### F. INADEQUATE AND FRAGMENTED SOCIAL PROTECTION

In addition to rising poverty and vulnerability, a large percentage of the Yemeni population is uninsured, while the social security system does not include health or unemployment insurance. Assessments of the social security system also indicate that the annuity is not sufficient to live above the poverty line.

At the same time, social protection programmes are highly fragmented, split between a large number of institutions and ministries. Existing social safety nets are not sufficient to address the expected shortfall. For example, the cash transfer programme for the food poor, the Social Welfare Fund is inadequate given its benefit ceiling of YR2,000 per family.<sup>96</sup> Similarly, a poverty assessment study in 2006 found that half of the transfers from public programmes targeting poverty leak to the non-poor.<sup>97</sup> Among other reasons, this is due to the lack of coordination between different social protection entities as well as weak implementation, monitoring and evaluation mechanisms and capacities.

#### G. POPULATION DISPERSAL AND ACCESS TO SERVICES

All of these challenges are made more daunting by the wide geographic dispersal of the population over 133,000 settlements. This complicates the task of providing adequate infrastructure and access to basic social services, particularly in rural areas. Health services, for example, suffer from poor distribution of health facilities, inadequate equipment, the weak performance of health facilities, and poor human resource management.

#### H. QUESTIONING AID EFFECTIVENESS

The question of aid effectiveness was a serious concern for Yemen even before the current crisis. This includes a variety of aspects identified in the Paris Declaration, notably donor coordination, government ownership, alignment of aid with country priorities, mutual accountability and reliable public financial management. A recently formed group, Friends of Yemen, has pledged over US\$11 billion in aid which, if not properly coordinated, will do more harm than good for the Yemeni people.<sup>98</sup>

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<sup>95</sup> Tran, M. 2012. "We urgently need to tackle malnutrition in Yemen, says UNICEF" The Guardian, June 22. Available from: <http://www.theguardian.com/global-development/2012/jun/22/tackle-malnutrition-yemen-unicef>.

<sup>96</sup> World Bank, 2007. "Yemen Poverty Assessment: Volume 4". Poverty Profile. Available from: <http://openknowledge.worldbank.org/handle/10986/7905>.

<sup>97</sup> ESCWA (unpublished). "Social Protection as Development: Yemen Country Profile".

<sup>98</sup> The last Friends of Yemen meeting (6<sup>th</sup> ministerial meeting) was held in New York on 25 September 2013 on the sidelines of the United Nations General Assembly. During the meeting, the "Friends" confirmed that of the total US\$7.9 billion pledged in support of Yemen in September 2012, US\$6.9 billion has been allocated to specific programmes and US\$2.2 billion had already been disbursed. Source: <http://www.worldbank.org/en/news/press-release/2013/09/25/friends-of-yemen-committed-support-next-stage-yemen-transition>.

Despite recent developments, Yemen remains heavily under-aided relative to other low-income countries;<sup>99</sup> it has the lowest Official Development Assistance (ODA) in the Arab region with ODA per capita of US\$12.7 or 2.2 per cent of GDP, compared to an average of US\$33.4 per capita, or 18.7 per cent of GDP for least-developed countries (LDC).<sup>100</sup> The most recent assessment undertaken indicates that despite considerable pledges, most notably the 2006 London pledge of US\$5.7 billion, Yemen received less than US\$13 per capita per annum, compared to US\$33 per capita per annum in other LDCs. While its political, developmental and security challenges have increased, total donor support declined from US\$700 million during the 1990s to US\$350 million in 2006.<sup>101</sup> A more recent OECD survey on monitoring the Paris Declaration indicates that 33 per cent of total aid is included in the national budget (an increase from 0 per cent in 2006), in part as a result of securing government contributions to donor-funded projects.

## I. DEMOCRATIC TRANSITIONS AND JUSTICE

Reparations for human rights abuses as well as political, social, economic and cultural injustices have been a central topic of debate in Yemen since February 2012, through discussions on a law for transitional justice and national reconciliation. The draft law calls for the establishment of a truth commission to investigate abuses dating back to 1990 or prior, if necessary. In addition, the commission is tasked with providing a venue for listening to human rights violations and developing a reparations programme for victims, ranging from material compensation to apologies and memorials. However, the wording of the draft law specifies non-judiciary reconciliation, or restorative justice, leaving no room for legal action to be taken by the commission. Some victims and their families remain unsatisfied with the law, claiming that retribution, not only reparations and truth finding, is needed.<sup>102</sup> Discontent over the incorporation of Law No. 1 of 2012, which provided immunity from prosecution to former President Ali Abdullah Saleh and his associates, has also been expressed by civil society and other actors. Despite breaching international law and Yemen's international human rights obligations, this immunity was a condition of the GCC agreement endorsed by the Security Council. To this date this law is yet to be passed. After some public consultation and renewed urges from the UN Security Council in June 2012 to pass the legislation without further delay, the cabinet failed to reach consensus on its adoption, instead passing it along to President Mansur Hadi who has the authority under the GCC either to adopt the law or send it to Parliament for debate.<sup>103</sup>

## J. CIVIL SOCIETY AND PARTICIPATORY POLITICS

Civil society organizations and activists played a considerable role in calling for change, forging a bottom-up democratization process and furthering an inclusive development agenda. However, they continue to face a series of significant challenges. These include but are not limited to the impact of tribal and more recently sectarian affiliations on the make-up of these organization; a restrictive legislative environment; and uncoordinated interventions by the international donor community. Other challenges to the participation of civil society in the decision-making process, and particularly in ensuring a smooth transition, include polarization over the national dialogue. A substantive number of CSOs opposed the dialogue and declined to participate in its committees, despite a State-backed effort to lead them to join the negotiations. Additionally, the fast timeline imposed on the dialogue and the demands for quick results managed to alienate some civil society groups, concerned that its agenda may not be in the best interest of the country.

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<sup>99</sup> Department for International Development, 2010. *Country Programme Evaluation*, February.

<sup>100</sup> United Nations Development Programme, 2011. *Development Assistance Framework for the Republic of Yemen 2012-2015*, Available from: [http://www.undp.org/ye/.../Yemen%20-%20final%20signed%20UNDAF January%202011.pdf](http://www.undp.org/ye/.../Yemen%20-%20final%20signed%20UNDAF%20January%202011.pdf).

<sup>101</sup> Department for International Development, 2009. *Yemen Programme Policy Focus*, January.

<sup>102</sup> Yemen Times, 2012. "Transitional justice law last resort for ending Yemen's conflict". March 15. Available from: <http://www.yementimes.com/en/1555/news/572/Transitional-Justice-Law-last-resort-for-ending-Yemen%E2%80%99s-conflict.htm>.

<sup>103</sup> International Center for Transitional Justice, 2012. "Facing a troubled past, Yemen debates transitional justice measures". June. Available from: <http://ictj.org/news/facing-troubled-past-yemen-debates-transitional-justice-measures>.

## K. TOWARD AN EFFECTIVE NATIONAL DIALOGUE

Given the scope of the political and social challenges faced by Yemen, and now that the national dialogue is over, it is essential that a multi-level participatory process of implementation of its resolutions is adopted during this transitional period. In this context, a multi-faceted effort — one that reaches out to population groups excluded from the dialogue — will be central to the success of the peace process currently in the making. This, notwithstanding the significant security concerns, is perhaps the single-most challenging issue in Yemen today. Without inclusive citizen participation, the future of the new social contract will be in jeopardy. This participation will require reaching a consensus on the controversial decisions of the national dialogue and securing essential buy-in from key influential groups. At the same time, a collaborative and sustained effort by the international community and the Yemeni Government is needed to see the transition through to a successful conclusion.