

SIGHTLINES TUNISIA: RUPTURES AND CONTINUITIES IN SAÏED'S SECOND TERM

Hatem Nafti and Colin Powers
January 2025



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- On October 6th, 2024, Kais Saïed was re-elected for a second Presidential term. Marred by public disinterest and the arrest and/or disqualification of key rivals, the hollowness of Saïed's victory is reflected in an abstention rate topping 72%.

A few months into the President's new mandate, a series of continuities in the policy agenda can be observed. When it comes to the internal constitution of the regime, contrarily, a quiet putsch is underway.

I. The Political Domain

A. The Ascendancy of the High Functionaries Continues

One could argue that Saïed's second term of office began not after his re-election, but a few months prior. It was at the end of May 2024, after all, that Saïed initiated a series of changes to the composition of his regime and the character of its governance.

On May 25, the President parted company with two of his closest aides: Kamel Fekih and Malek Ezzahi. The former, known as Kamel Stalin, was a member of the first circle of the far-left patriotic-democrats known as the Forces de la Tunisie Libre (FTL). Led by Ridha Chiheb Mekki (known as Ridha Lénine) and Sonia Charbti—also Kamel Fekih's wife—the FTL, a think-tank created after the fall of Ben Ali, had been with Saïed from the start of his political journey. When the law professor began to build his public profile in February 2011, it was the FTL that nurtured his project for radical democracy into something resembling coherence. After the coup of July 25th, 2021, Fekih was rewarded for his efforts with dual appointments as Governor of Tunis and Minister of Interior. Kamel Ezzahi, meanwhile, had endeared himself to Saïed during 2019, when he handled the campaign's organization of local coordination committees (tansiquyet). In 2021, he was raised to the post of Minister of Social Affairs while retaining his position as head of the tansiquyet, which by then had come to stand-in as the institutional fabric of Saïed's popular base.

Though not dismissed in ignominy—Fekih and Ezzahi were publicly honored by the President and invited to the swearing-in of their successors—the departure of these long-time allies signals a significant shift underway. Replacing Ezzahi was Kamel Maddouri, who came to the top job at the Ministry of Social Affairs after serving his predecessor as the head of the Caisse Nationale d'Assurance Maladie (CNAM). But a few months later, Maddouri's portfolio was switched to that of Head of Government. A graduate of the Ecole Nationale d'Administration (ENA) and the Institut National de Défense, the sitting Prime Minister is a high functionary par excellence. Fekih was also replaced by a long-time civil servant: Khaled Nouri. Nouri had been General Advisor on State Litigation prior to his appointment. Graduate of the Institut Supérieur de la Magistrature and a many-time Governor, Nouri's profile is emblematic of Saïed's new kind of man.

Nor did Saïed's reshuffling of the top ranks cease with Fekih and Ezzahi: In June, the President Saïed carried out a line shift involving 19 ministers and three secretaries of state.[1] Among the few survivors of the bloodletting were Leila Jaffel at Justice and Sihem Boughdiri Namsia at Finance. Their longevity can be attributed to fact that both are of the ascendant socio-political milieu: ENA-trained and long-time senior bureaucrats prior to their appointments, in profile, Jaffel and Boughdiri closely resemble their peers in the current cabinet. Indeed, Saïed's new government is overwhelmingly dominated by technocrats.[2]

■ [1] *Le Monde avec AFP, "En Tunisie, Kais Saïed procède à un vaste remaniement ministériel surprise", L Monde Afrique (August 26, 2024).*

[2] *It should be noted that the Ministers of Health and Agriculture, who came from the ranks of the army, were dismissed, and that Saïed's former minister-counsellor, Mustapha Ferjani, was appointed head of Health.*

The same can be said of Tunisia's governorships. A month prior to last year's polls, the President changed all 24 of the country's governors. As was the case at the ministry level, the new class of governors has been predominantly recruited from the upper echelons of the administrative state.

Minimally, this sequence is suggestive of a reordering to Saïed's regime and system of governance. The President has pivoted toward a kind of technocracy, to the detriment of political types (even those of his own entourage). Though too early to determine, it is possible that the President's dismissal of two military officers from Ministry posts at the Ministries of Health and Agriculture, respectively, might also reflect a weakening of the army's influence vis-a-vis internal security. At this stage, what is unambiguous is that the fraction of high functionaries which bet on Saïed as an agent for stabilizing and recentralizing authority is seeing its fortunes rise.

B. An Interlude Extended

Kais Saïed's re-election comes more than three years after the coup d'état of July 25, 2021, and more than two years after the promulgation of a new Constitution on August 18, 2022. However, an interregnum of sorts persists insofar as permanent institutions are yet to be established in many domains.

In the legislature, the two chambers of Parliament—namely, the Assembly of People's Representatives (ARP) and the National Council of Regions and Districts (CNRD)—have been sitting since March 2023 and March 2024, respectively. It was only in August 2024, however, that the President issued a decree-law specifying each chamber's role as well as the rules governing their relationship. The functioning of the CNRD, which is at the heart of Kais Saïed's ideological program[3], remains mired in confusion. Its composition derives from a complex process of successive elections and the drawing of lots from local and regional councils.[4] The councils in question, alas, still have no framework governing their work: Every quarter, lots are drawn to renew regional councils whose mission has yet to be defined.[5] In addition, municipal councils, dissolved in March 2023, have yet to be renewed. This allows Carthage to manage local authorities directly, and to reverse the embryonic decentralization process launched after the fall of Ben Ali.

Within the arena of the law, the Superior Councils of the Judiciary have still not been set up. When it comes to civil and criminal law, meanwhile, the Provisional Council of the Judiciary remains “unplugged”, which has granted the Minister of Justice the upper hand over the careers of judges who do not deliver verdicts in line with those in power. Perhaps most notably of all, the Constitutional Court has not yet taken its seat. Insofar as this is the body meant to give the final verdict on the constitutionality of laws, its absence is rather ominous for Tunisia's future. Amongst other things, it was meant to issue an opinion on the much-maligned Decret-Loi 54, which has given the authorities what amounts to a free hand in repressing political opponents. The Court's absence is also creating institutional and legal ambiguities. Saliently, it is the Court's president that is meant to act as interim head of state in the event of a temporary power vacuum.

■ [3] For their ideological lineage, see: Thierry Brésillon, “Kais Saïed: un projet de démocratie radicale pour la Tunisie”, *Middle East Eye* (September 17, 2019).

[4] Hatem Nafti, “Élections locales en Tunisie : dernière brique de l'édifice saïédien.” *Analyses: Institut de Relations Internationales et Stratégiques* (January 16, 2024).

[5] As a reminder, local elections were held in December 2023 and January 2024. *hange, though, the reality is more and more car ownership is not viable*

C. Repression to Remain the Order of the Day

The day after Saïed's election, his brother and campaign manager, Naoufel Saïed, promised on public radio that the repression of dissenting voices would henceforth diminish. He even hinted that the application of Decret-Loi 54 could be relaxed going forward.

The truth of his words have not been borne out by subsequent events. As soon as he was sworn in for a new Presidential term before the ARP, Saïed recommenced violent attacks on the bygone leaders of the democratic transition, calling them vipers. On the judicial front, the prosecution of opponents has continued unabated. The regime also continues to target political NGOs. It does so through surveillance, the freezing of accounts (and therefore activities) and arrests. And looking forward, Saïed's campaign against his political rivals may soon come to a more decisive end: 2025 will be the year of major trials, such as the so-called conspiracy affair, which has implicated a great many public figures. As long as the authorities have no tangible results to show, particularly in the socio-economic field, it's a safe bet that the cycle of conspiracy theory and repression will continue.[6]

I. The State of the Economy in Early 2025

As we move into the first quarter of 2025, the Tunisian economy shows few signs of life. After recording zero growth in 2023, gross economic output is estimated to have ticked up between 1.2-1.6% in 2024. Disaggregated to the sectoral level, agricultural activities evinced a slight expansion (led by olive oil exports), manufacturing broadly stagnated, and construction was flat. Some encouraging developments were observed in (the ecologically destructive) mining sector, though significant returns from the regime's attempts at rejuvenating the phosphates industry have yet to materialize.[7] In real terms, fixed capital formation looks to have again been meager, lowering the horizon of productive capacity for the years ahead.[8]

The current account rounded into better health on the back of declining energy prices and increased tourist revenues, though remains in deficit. Unsurprisingly, offsetting the deficit with capital inflows continues to present major challenges. The latest data reported by the Foreign Investment Promotion Agency documented FDI jumping 13.8% year-on-year in the first half of 2024, though the total (~1.4 billion TD, or roughly \$450 million) hardly moves the needle. Despite a slight upgrade in credit rating from Fitch in September, borrowing on international capital markets remains prohibitively expensive, too: Tunisia's Eurobonds are trading at a yield of 20% over recent months, and the spread on credit default swaps for the country's sovereign debt remains amongst the highest in the world.[9] With issuing new debts and rolling over existing ones off the table, policymakers have few options in financing hard currency obligations. As such, it is likely the \$1.2 billion Eurobond maturing this month (January) will be paid off by drawing down on the Central Bank's reserves, as was done in February 2024.[10] Per the reporting of the Central Bank last October, reserves do remain relatively healthy at \$8.45 billion.[11] The costs of such healthfulness, however, include the non-availability of imports and the enduring scarcity of certain basic goods.

[6] Hatem Nafti, "Tunisie: Le Complotisme, clé de voute de la gouvernance de Kaïs Saïed", Fondation Jean Jaurès (November 22, 2023).
[7] Marwa Saidi, "Secteur des phosphates—Après la descent aux enfers, la lumière au bout du tunnel", LaPress.tn
[8] For longitudinal data on fixed capital formation disaggregated at the sectoral level, see: Banque Centrale de Tunisie, "Statistiques Financieres", Report no.228 (October 2024): 79.
[9] On CDS spreads, see: Aswath Damodaran, Database: Country Default Spreads and Risk Premiums, New York University Stern School of Management
[10] See: Allianz Trade, "Tunisia: An improved outlook amidst an isolating economy", Report (October 2024).
[11] Banque Centrale de Tunisie, "Statistiques Financieres", Report no.228 (October 2024).

The fiscal picture is distressing as well. Final figures aren't in yet, but the primary fiscal deficit for 2024 is likely to be at least 2.3% GDP. With debt repayments claiming nearly 4% GDP, the overall fiscal balance will be in the red to the tune of at least 6% GDP.[12] To finance this deficit, Saied's governors again relied heavily on domestic debt issuance in 2024, selling billions of (predominantly) TND-denominated treasuries to local commercial banks. Tightening the sovereign-bank nexus, this has not only increased financial risk, but squeezed credit from the real economy as well. Socially, meanwhile, the state's deficit financing strategy is having pronounced distributive effects: In paying high interest to commercial banks owned almost exclusively by Tunisia's wealthiest persons, Saied's governors have quietly intensified Tunisia's inequalities. Inasmuch as existing investment incentives almost exclusively benefit the (local and foreign) rich while tax revenue streams disproportionately hit the lower and middle classes, this represents something of a coup de grace.

Though later than many of its neighbors, inflation has gracefully come under control in recent months. That said, it remains elevated in the case of food (~9%), a worrisome trend given how much lower income households spent on basics. And in the labor market, official statistics reported by the Institut Nationale Statistique, reveal the endurance of a slow simmering social malaise. The labor force participation rate in the third quarter of 2024 was just 46.2%. At 16%, unemployment is slightly improved from the dark days of the early pandemic. Given how few working age people are economically engaged, a percentage that high nevertheless speaks to a deeply troubled economy. So too does youth unemployment sitting above 40%.

Lastly and more broadly speaking, the political economy of the Saied regime shows few signs of discovering a developmentalist logic. As has been the case since 2021, policymaking is devoid of forethought and lacking in ideological coherence. Furthermore, as we documented in a report last year, the modality of state-business relations that has come into being is deeply adverse to Tunisia's social and developmental needs.[13]

■ [12] For estimates, see: World Bank, "Tunisia Economic Monitor: Equity and Efficiency of Tunisia Tax System", Report (Fall 2024).

[13] Colin Powers, "State-Capital Relations in Kais Saied's Tunisia", Report: Noria Research (September 2024).

Reference

Hatem Nafti and Colin Powers, « Sightlines Tunisia: Ruptures and Continuities in Saïed's Second Term », Brief, Noria Research, January 2025.

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