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# Political Transition in Tunisia

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## Summary

Tunisia has taken key steps toward democracy since the “Jasmine Revolution” in 2011, and has so far avoided the violent chaos and/or authoritarian resurrection seen in other “Arab Spring” countries. Tunisians adopted a new constitution in January 2014 and held national elections between October and December 2014, marking the completion of a four-year transitional period. A secularist party, Nidaa Tounes (“Tunisia’s Call”), won a plurality of seats in parliament, and its leader Béji Caïd Essebsi was elected president. The results reflect a decline in influence for the country’s main Islamist party, Al Nahda (alt: Ennahda, “Awakening” or “Renaissance”), which stepped down from leading the government in early 2014. Al Nahda, which did not run a presidential candidate, nevertheless demonstrated continuing electoral appeal, winning the second-largest block of legislative seats and joining a Nidaa Tounes-led coalition government.

Although many Tunisians are proud of the country’s progress since 2011, public opinion polls also show anxiety over the country’s future. Tangible improvements in the economy or government service-delivery are few, while security threats have risen. Nidaa Tounes leaders have pledged to improve counterterrorism efforts and boost economic growth, but have not provided many concrete details on how they will pursue these ends. The party may struggle to achieve internal consensus on specific policies, as it was forged from disparate groups united largely in their opposition to Islamism. Tunisian politicians and civil society leaders may also debate how, and when, to move from a pattern of ad-hoc negotiations to achieve “consensus” on key political decisions, toward a greater reliance on formal political institutions.

There have been several small-scale terrorist attacks in Tunisia since 2011, and Tunisian nationals are involved in violent extremist groups abroad. Notably, Tunisians reportedly constitute one of the largest contingents of Islamist “foreign fighters” in Syria. A domestic group known as Ansar al Sharia in Tunisia was formed in 2011 and appears to act variously as a charity, a recruitment pipeline for Islamist militants, and an armed group. It was reportedly involved in an attack on the U.S. embassy and American school in Tunis in September 2012, prompting the Obama Administration to designate it a foreign terrorist organization. Terrorist cells near the Algerian border and in the remote south are the target of ongoing Tunisian military operations. Policy debates over the root causes of violent extremism and how best to approach the problem have entrenched mutual distrust between Islamist and secularist political factions.

U.S. policymakers have praised Tunisia’s transition, and President Obama has invited newly elected President Béji Caïd Essebsi to visit Washington. Congress has shaped U.S. transitional support to Tunisia and new defense cooperation. The Administration, in consultation with Congress, has allocated over \$610 million in aid since 2011—much of which was reprogrammed from appropriations made for other intended purposes—and has proposed to double the annual aid appropriation for Tunisia in FY2016. U.S. engagement and aid nonetheless remain modest compared to states such as Egypt and Jordan, which are regarded as more intertwined with U.S. national security interests. The FY2015 Consolidated and Further Continuing Appropriations Act (P.L. 113-235) allows additional funding for loan guarantees and for the Tunisian-American Enterprise Fund, which seeks to strengthen Tunisia’s private sector. The FY2014 Consolidated Appropriations Act (P.L. 113-76) also provided funding for these purposes, but prohibited a planned Millennium Challenge Corporation (MCC) “threshold” grant because Tunisia’s income level is too high to qualify for a full MCC compact.

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## Overview

Tunisia's 2011 popular uprising, known as the "Jasmine Revolution," ended the 23-year authoritarian regime of then-President Zine el Abidine Ben Ali and sparked a wave of unrest in much of the Arab world. Since then, Tunisia has taken key steps toward democracy. Civil and political liberties have expanded dramatically, and Tunisia has experienced far less violence than some other transitional countries. An elected National Constituent Assembly adopted a new constitution in early 2014, and presidential and parliamentary elections were held in late 2014, formally ending a series of transitional governments (see timeline, **Figure 1**). During the transitional period, leading political factions repeatedly overcame political crises by engaging in informal negotiations. The durability of such arrangements remains to be seen.

The 2014 elections were largely peaceful, and all major political parties accepted the results.<sup>1</sup> Nidaa Tounes ("Tunisia's Call"), a secularist party founded in 2012, won the largest number of seats in the new parliament, and its founder, Béji Caïd Essebsi, an elder statesman who served as Interim Prime Minister in 2011, was elected president. The main Islamist party, Al Nahda (alt: Ennahda, "Renaissance"), its top political opponent, won the second-largest block of seats. After protracted negotiations, Nidaa Tounes formed a coalition that includes two other secularist parties as well as Al Nahda. Al Nahda leaders, who had publicly called for a "national unity" government, praised the coalition's formation. It was controversial within Nidaa Tounes, however, with some leaders arguing that the decision to include Al Nahda would betray voters.

Although many Tunisians are proud of their country's progress toward democracy, opinion polls in 2014 revealed acute anxiety over the future.<sup>2</sup> Government service-delivery has suffered since 2011, threats to public safety have increased, and unemployment remains high. The new government faces pressure to rapidly deliver economic gains, and has also identified counterterrorism as a key focus. Terrorist threats have grown as Tunisia's previously repressive internal security apparatus has experienced bureaucratic disarray, and as neighboring Libya has unraveled. Tunisians also reportedly make up one of the largest contingents of "foreign fighters" in Syria, and have been implicated in terrorism in Mali and Algeria. Islamist-secularist tensions have been fed by disagreement over how to handle security threats, by regional divisions, and by mutual suspicion that each side seeks to manipulate the rules of politics to its advantage.

There appears to be broad agreement across Tunisia's political spectrum that reforms are needed to consolidate democratic gains and to unlock economic growth and job creation. Political parties provided few concrete details on their policy preferences during the 2014 campaigns, however, and the new coalition government may struggle to achieve internal agreement. Nidaa Tounes itself exhibits little internal cohesion. The kinds of structural economic reforms that Tunisia's international partners have recommended would likely face significant opposition from key interest groups that supported Nidaa Tounes (see "The Economy"). Critics have also questioned Nidaa Tounes's commitment to security sector reform, transitional justice, and government checks-and-balances, with some portraying it as a "soft restoration" of the Ben Ali era.<sup>3</sup>

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<sup>1</sup> Preliminary statements by international election observation missions praised the elections while noting potential areas for improvement. Tunisian civil society organizations also conducted national election-monitoring missions.

<sup>2</sup> IRI's *Survey of Tunisian Public Opinion, June 22-July 1, 2014*, found that 67% of Tunisians felt that things in Tunisia were going in the "wrong direction" and that 65% were "not satisfied at all" with democracy in Tunisia.

<sup>3</sup> Monica Marks, "Tunisia Opts for an Inclusive New Government," *The Washington Post [blog]*, February 3, 2015.

Tunisia has a small territory, a relatively well-educated and homogenous population, and a history of state encouragement of women's rights. These are arguably structural advantages that favor peaceful politics. At the same time, Tunisia has not escaped being "an echo chamber of the ideological conflicts that are shaking the region," including contests between Islamists and secularists, economic leftists and pro-business groups, and libertarians and authoritarians.<sup>4</sup> Its political accomplishments since 2011 are attributable, in part, to individual leaders' willingness to make concessions at key moments, often at the expense of support from their respective bases. Backchannel negotiations have helped overcome several near-crises, but may be at odds with efforts to institutionalize democratic procedures and foster accountability to voters.

## Potential Issues for Congress

Stated U.S. policy priorities in Tunisia include encouraging democracy, advancing trade and investment ties, and working with the Tunisian government to counter terrorism. Congress has shaped U.S. policy toward Tunisia through its authorization and appropriation of foreign aid, its review of arms sales and other security cooperation activities, and its oversight. U.S. engagement and aid have also been affected by debates within Congress over the size of the federal budget, the scale of U.S. foreign aid, and U.S. policy toward countries affected by the "Arab Spring." The Administration has requested \$134 million in aid for Tunisia in FY2016, more than double the FY2015 request, of which about 60% would be for security assistance. As Congress examines this request and U.S. engagement with Tunisia, Members may consider questions such as:

- Is Tunisia likely to experience greater political stability following the 2014 elections, or will the new coalition government fracture? Will the completion of the transition period translate into economic investment and growth? To what extent will the government be able to respond to popular pressures to improve service-delivery, address regional inequality, create jobs, and bolster security?
- How will the Nidaa Tounes-led government approach sensitive issues such as regulatory reform, transitional justice, and security sector reform? How is Tunisia's new constitution being interpreted and implemented, including provisions guaranteeing civil liberties and gender equality?
- To what degree are Tunisia-based Islamist extremist groups a threat to U.S. national security? What factors explain domestic extremism and Tunisian participation in transnational terrorism?
- To what extent is Tunisia a priority for U.S. foreign policy?
- What types of U.S. aid and engagement have been most effective at achieving U.S. and Tunisian policy goals? What has been the impact of U.S. democracy-promotion assistance on Tunisia's transition?
- To what extent can or should U.S. aid seek to incentivize politically difficult economic reforms? What steps, if any, can or should the United States take to promote bilateral trade and investment?
- To what extent should the United States seek to pair counterterrorism assistance with support for greater legislative and public oversight of the security sector?

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<sup>4</sup> International Crisis Group, *Tunisia's Elections: Old Wounds, New Fears*, December 2014.

**Figure 1. Tunisia: Selected Events since January 2011**

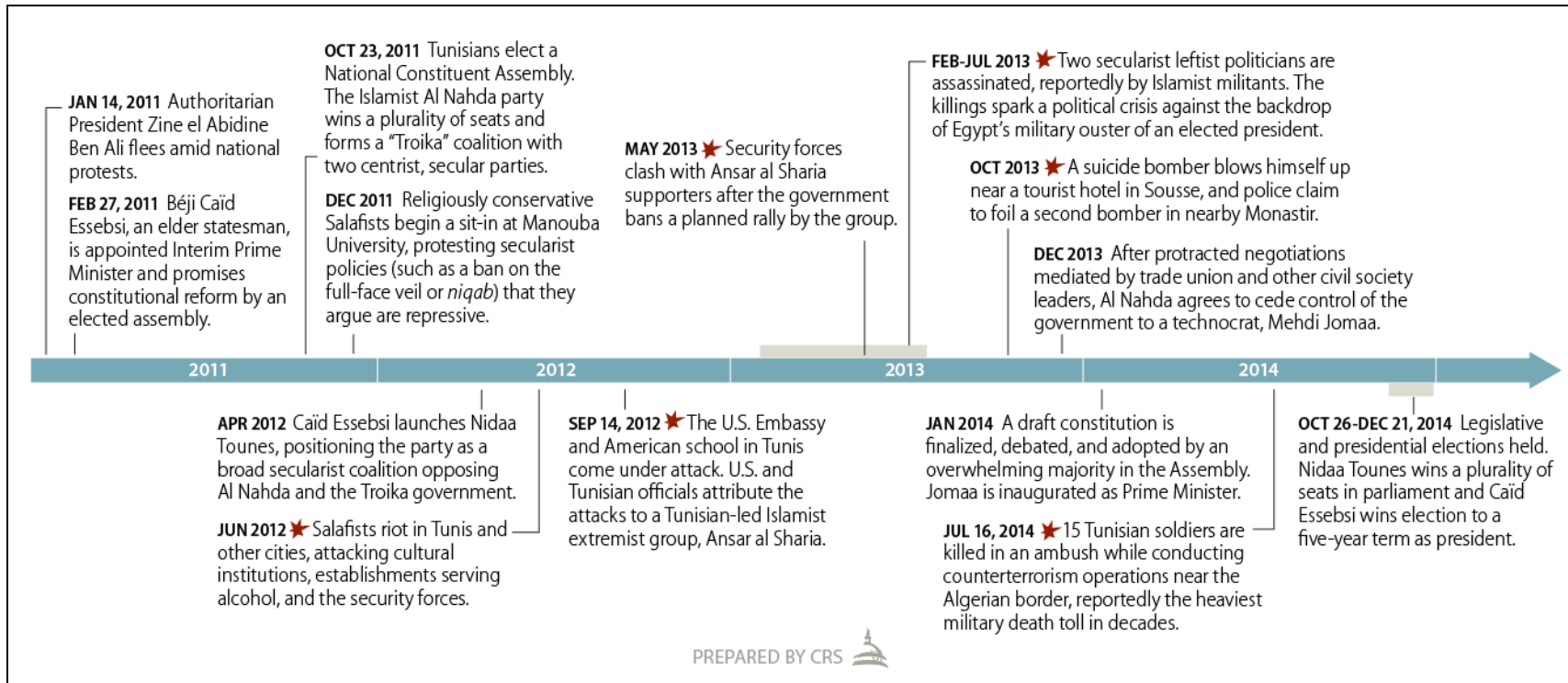
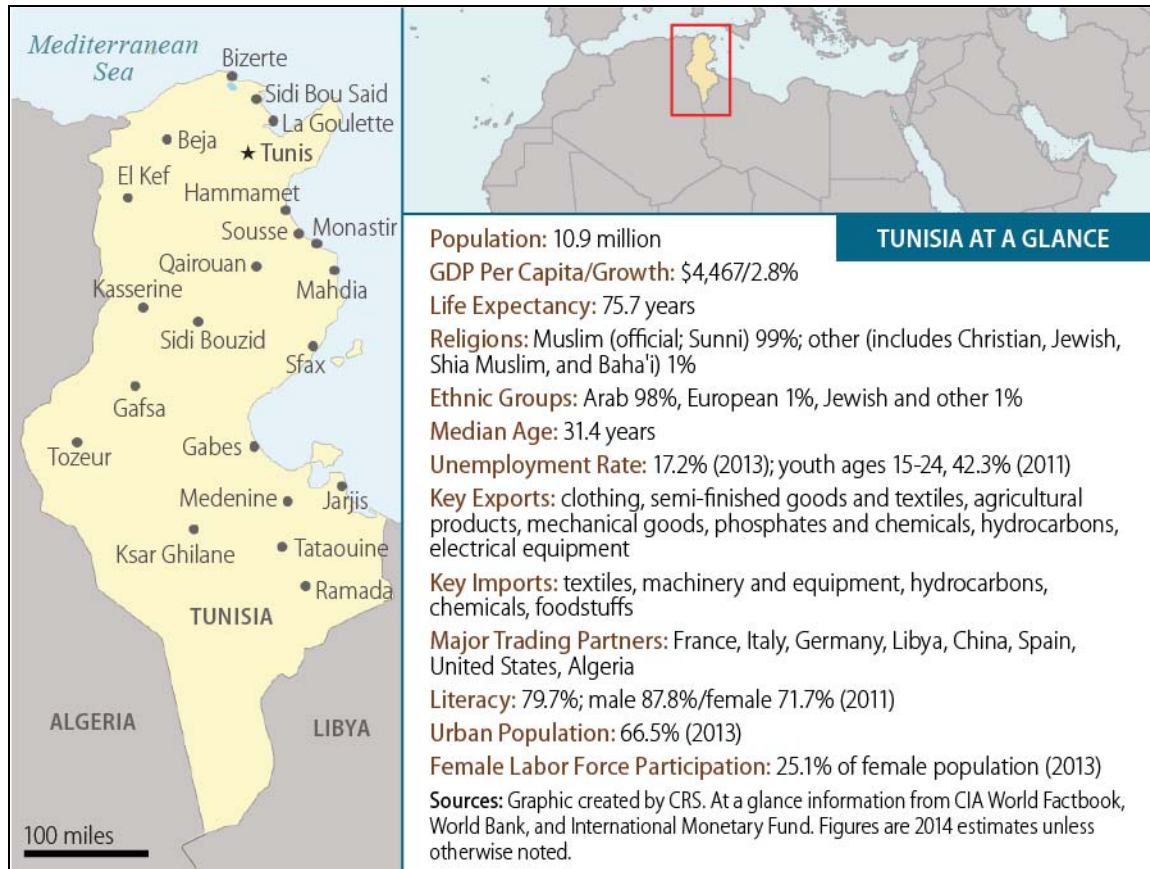


Figure 2. Tunisia at a Glance



## Background

While Tunisia shares many characteristics with neighboring countries, some of its attributes are unique: a small territory, a relatively homogenous population, a relatively liberalized economy, a large and educated middle class, and a history of encouraging women's socioeconomic freedoms. Tunisia's population is overwhelmingly Arabic-speaking and Sunni Muslim (although tribal and ethnic divisions persist in some areas), while its urban culture reflects European influences.

The legal and socioeconomic status of women is among Tunisia's particularities within the Arab world. Polygamy is banned, and women enjoy equal citizenship rights and the right to initiate divorce. (Inheritance laws and practices are nonetheless disadvantageous toward women.) Women serve in the military and in many professions, and constitute more than half of university students; the first woman governor was appointed in 2004. Many Tunisians attribute these advances to the country's relatively liberal Personal Status Code, promulgated in 1956 under then-President Habib Bourguiba, as well as Bourguiba-era educational reforms.

Prior to 2011, Tunisia was widely viewed as exhibiting a stable, albeit authoritarian, regime that focused on economic growth while staving off political liberalization. It had had only two leaders since independence from France in 1956: Bourguiba, a secular nationalist and independence activist, and Ben Ali, a former interior minister and prime minister who assumed the presidency in 1987. Ben Ali cultivated the internal security services and the Constitutional Democratic Rally



(RCD) party as his power base, and harshly repressed political participation, freedom of expression, and religious activism. This repression, along with corruption and nepotism, undermined the regime’s popular legitimacy, despite relatively effective state services and economic growth. Another factor driving popular dissatisfaction was the socioeconomic divide between the developed, tourist-friendly coast and the poorer interior. Anti-government unrest, particularly rooted in labor and economic grievances, has often originated in the interior—as did the 2011 protest movement.

**The “Jasmine Revolution”**

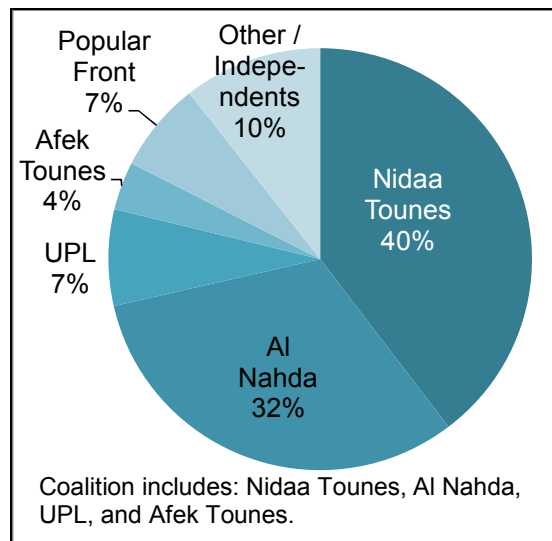
In December 2010, antigovernment protests broke out in Tunisia’s interior after a street vendor named Mohamed Bouazizi set himself on fire in an apparent protest against state repression and a lack of economic opportunities. Protests spread to neighboring towns and eventually to the capital, Tunis, and to wealthy coastal communities associated with the ruling elite. Police opened fire on protesters and made sweeping arrests; an estimated 338 people were killed.<sup>5</sup> The army, however, reportedly refused an order to use force against demonstrations. On January 14, 2011, President Zine el Abidine Ben Ali, in power since 1987, fled the country for Saudi Arabia, where he remains.

**Politics**

Dozens of parties contested the 2014 elections, but the top two have come to represent the two poles of Tunisian post-revolutionary politics. One is the Islamist party Al Nahda, which won Tunisia’s first free and fair elections in October 2011 after being banned under Ben Ali. The other is the ardently secularist Nidaa Tounes, which represents a mix of former regime figures, business interests, trade-unionists, and independents. Al Nahda’s electoral success in 2011 was grounded in its superior grassroots mobilization and its image as a principled opponent of the former regime. However, once in power, the party struggled to govern amid economic and security challenges. Nidaa Tounes was founded in 2012 to rally secularist opposition to the Nahda-led government.

Nidaa Tounes won a the largest block of parliamentary seats in the 2014 elections and its founder, Caïd Essebsi, was elected president. Al Nahda won the second-largest block of seats, reflecting a decrease in popularity since 2011 but still considerable electoral appeal. Al Nahda did not run a presidential candidate and declined to endorse one. Many of its supporters, however, appear to have backed Caïd Essebsi’s top rival, then-Interim President Moncef Marzouki, who had been part of the Nahda-led “Troika” coalition that governed in 2012-2013. In a multi-candidate contest in November 2014, Caïd Essebsi came in first with 39% of the vote, followed by Marzouki, who won 33%, despite the fact that his Congress for the Republic (CPR) party had won only four seats in parliament (2%). Caïd Essebsi won a December run-off against Marzouki with 56% of votes.

**Figure 3. Party Distribution in Parliament**



<sup>5</sup> Associated Press, “Report Raises Number of Killed During Tunisia’s Revolution to 338,” May 5, 2012.



Campaign rhetoric was heated ahead of the run-off, with Caïd Essebsi suggesting that Al Nahda supporters were terrorists, while Marzouki accused Caïd Essebsi of seeking to resurrect the Ben Ali regime.<sup>6</sup> Although both Nidaa Tounes and Al Nahda both have national constituencies, the electoral results also pointed to an enduring regional divide among the electorate. Nidaa Tounes won majorities in most of the urban districts along the northern coast, while Al Nahda and Marzouki came in first in much of the south and interior.

In January 2015, Nidaa Tounes proposed a cabinet that included only one other major party, the Free Patriotic Union (UPL after its French acronym). The UPL was founded by Slim Riahi, a wealthy businessman and soccer club owner, and has little apparent ideological underpinning. Al Nahda and other major parties signaled that they would vote against confirmation, forcing Nidaa Tounes to propose a more broad-based coalition. The new coalition and cabinet, which parliament confirmed in February 2015, includes the UPL; secularist party Afek Tounes (“Tunisia Horizons”), which has emphasized market liberalism and youth leadership; and Al Nahda, which was given the Ministry of Employment and three junior posts. The key ministries of interior, defense, and justice are headed by independents considered close to Nidaa Tounes.

The Popular Front party opposes both Nidaa Tounes and Al Nahda, and appears positioned to lead the parliamentary opposition to the coalition government. It is secularist but more strongly leftist than Nidaa Tounes, and its leaders were activist opponents of the Ben Ali regime. Two Popular Front politicians were assassinated in 2013, reportedly by Islamist militants (see “Security Concerns”). Tunisia’s main trade union federation, known as the UGTT, has also asserted its influence as a leftist and secularist counter-weight to Al Nahda, as a channel for popular economic grievances, and as a convener of “national dialogue” on key policy issues.

Al Nahda is at the center of Tunisian debates over religion, state, and identity. It emerged as a major political force in 2011 after its leaders had spent decades in exile, in prison, and underground. In 2012-2013, Al Nahda headed a “Troika” coalition with two smaller, secular parties. (See timeline, **Figure 1**.) During that time, secularists often argued that the movement was seeking to prolong its hold on power, encourage religiously conservative social change, and exercise partisan control over state institutions. Al Nahda leaders, for their part, pointed to their repeated willingness to make concessions to secularists—for example not supporting a reference to *sharia* in the new constitution, and agreeing to step down from the government in 2014—even when such decisions angered the party’s base. Al Nahda leaders continue to criticize what they view as secularists’ efforts to bar religion from public life, and appear to fear that secularists may seek to manipulate the electoral or political process to exclude them from government.

Not all of Tunisia’s Islamists back Al Nahda, and the party’s willingness to compromise may have cost it some support among more radical factions of public opinion. Some religiously conservative Salafists<sup>7</sup> openly support the creation of an Islamic state in Tunisia, and some have challenged government authorities—as well as artists, labor union activists, journalists, academics, and women deemed insufficiently modest—through protests, threats, and/or violence.

<sup>6</sup> *Le Monde*, “Moncef Marzouki : « Béji Caïd Essebsi, c’est le retour de l’ancien régime »,” November 26, 2014; Christine Petré, “Tunisia’s Presidential Climate Heats Up,” *Middle East Monitor*, December 19, 2014.

<sup>7</sup> “Salafism” refers to a broad subset of Sunni Islamic reformist movements that seek to purify contemporary Islamic religious practices and societies by encouraging the application of practices and views associated with the earliest days of the Islamic faith. Salafist movements hold a range of positions on political, social, and theological questions. A subset of Salafists advocate violence in pursuit of their aims, but many instead pursue non-violent preaching, charity, and (for some) political activities. See CRS Report RS21745, *Islam: Sunnis and Shiites*, by Christopher M. Blanchard.

A handful of Salafist groups have registered as political parties, but many appear to prefer to operate outside the formal political system. In some areas, Salafist groups reportedly control mosques and have set up security and service-provision networks.<sup>8</sup> A crackdown on unregistered mosques was initiated under the Nahda-led government and continued under the technocratic Mehdi Jomaa government in 2014, sparking concerns among some civil liberties advocates.

### Key Figures

**President Béji Caïd Essebsi.** Caïd Essebsi, 88, won Tunisia's first free and fair direct presidential election in 2014. Caïd Essebsi founded Nidaa Tounes in 2012, positioning the party as a big tent to rally diverse opponents of political Islam, and of the Nahda-led Troika government in particular. He campaigned in 2014 on improving the economy and countering terrorism, but has provided few detailed policy proposals. Despite his opposition to Al Nahda, Caïd Essebsi ultimately agreed to a coalition that includes the Islamist party. Caïd Essebsi is a lawyer and was a close aide to Tunisia's first president, Habib Bourguiba, serving in a variety of posts including Interior Minister and Defense Minister. He also held government positions under Ben Ali, in the late 1980s and early 1990s, but was not at the forefront of the regime. In 2011, he served as Interim Prime Minister, overseeing the initiation of political reforms and the organization of the October 2011 National Constituent Assembly elections.

**Prime Minister Habib Essid.** Essid, 65, was appointed Prime Minister by President Caïd Essebsi and was confirmed in a parliamentary vote in February 2015. In 2011, Essid served as Interior Minister in the post-revolution interim government headed by then-Prime Minister Caïd Essebsi. Some civil society leaders faulted him at the time for reportedly slowing ambitious reforms that were initiated immediately after the revolution. Previously, Essid served in a variety of state positions under President Ben Ali, including in the Ministries of Agriculture, Fishery, Environment—and, in the late 1990s, the Ministry of Interior, which was a pillar of the regime. Despite this history, Essid appears to have the backing of Al Nahda leaders; he served as an advisor on security issues in the Nahda-led Troika government.

**Assembly President Mohamed Ennaceur.** Ennaceur, 80, of Nidaa Tounes, heads the Assembly of the Representatives of the People (ARP), the 217-seat legislature created by the 2014 constitution. He was elected to his current position by a majority vote among MPs, including crucial support from Al Nahda. Ennaceur is a former government minister, diplomat, and civil society figure. Like President Caïd Essebsi, he began his career in government under founding President Bourguiba and also served in posts under Ben Ali.

**Foreign Minister Taïeb Baccouche.** Baccouche, 70, Secretary-General and founding member of the Nidaa Tounes party, is a union activist, human rights advocate, and linguistics professor. He was among the Nidaa Tounes MPs who opposed including Al Nahda in the ruling coalition. Baccouche served as Minister of Education in the interim government in 2011—a period of intense contestation over Tunisia's ban on the full face-veil (*niqab*) in educational settings, which he maintained and defended.

**Al Nahda Leader Rachid Ghannouchi.** Ghannouchi, 73, is a political activist, author, and theorist of Islam and democracy. He co-founded and leads Tunisia's main Islamist political party, Al Nahda ("Renaissance"). He has not held or sought any elected position, but has wielded substantial political influence through his ability to shape Al Nahda's policy positions, and through his engagement in negotiations with other political leaders to overcome various government crises. Ghannouchi returned to Tunisia in 2011 under a general amnesty adopted soon after the revolution. He had lived in exile, mostly in London, for two decades, and had been sentenced to jail in absentia under Ben Ali. Ghannouchi has emphasized the importance of political "consensus" in advancing democracy while maintaining stability in Tunisia, and has often appeared to overrule the party's base in order to reach agreements with other political interest groups. Secularist critics often accuse him of claiming to be moderate while intending to gradually introduce restrictive laws and institutions.

## The 2014 Constitution

Tunisia's new constitution is the product of extensive debate among leading political factions. It was adopted in an overwhelming vote in the National Constituent Assembly in January 2014. The text reflects a complex process of adjudicating stark policy differences over the future shape of state and society. The degree to which it lays the foundation for a stable democracy may depend

<sup>8</sup> Aaron Y. Zelin, "Meeting Tunisia's Ansar Al-Sharia," *Foreign Policy*, March 8, 2013.

on interpretation and implementation, the degree to which the judiciary and legislature leverage their full authorities, and whether additional steps are taken to reform state institutions. Despite attracting both Islamist and secularist backing, the constitution is unlikely, by itself, to definitively settle debates regarding the role of religion in public life and the role of the state in regulating religious practice.

The constitution was drafted by an elected body in which Al Nahda held by far the largest block of seats. Its framing and many of its provisions, however, may be viewed as victories for secularist parties, and/or for pragmatists within Al Nahda. There is no reference to *sharia*, or Islamic law.<sup>9</sup> Instead, Article 2 states that “Tunisia is a civil state based on citizenship, the will of the people, and the supremacy of law,” and Article 3 states that “the people are sovereign and the source of authority, which is exercised through the people’s representatives and by referendum.” These provisions appear to directly counter any argument that religious law trumps civil law. “Freedom of conscience and belief” (Art. 6) is guaranteed, along with gender equality (Art. 21), freedom of expression and information (Art. 31-32), freedom of assembly (Art. 37), individual property rights (Art. 41), and some aspects of due process (e.g., Art. 27).

Despite its secular framing, the constitution asserts Tunisia’s Muslim identity, at times in ways that suggest tensions with its more liberal provisions. For example, Article 1—carried over from Tunisia’s first constitution—states that Tunisia’s “religion is Islam, its language Arabic, and its system the Republic.” Along with a provision stating that “the state is the guardian of religion” (Art. 6), this has led some observers to fear that the state could proactively enforce practices based in religious customs. A prohibition against declarations of apostasy or *takfir* (Art. 6)—accusing a Muslim of leaving or denouncing Islam—has also been interpreted by some as a constraint on free expression.<sup>10</sup> Secularists had favored the ban, arguing that accusing someone of apostasy is an incitement to violence. Article 73 states that only Muslims may run for president. (Tunisia has tiny Jewish and Christian minorities.)

The constitution creates a mixed presidential system. The directly elected president/head of state exercises powers over defense and foreign affairs but shares executive authorities with a prime minister from the party with the largest number of seats in parliament. This model was preferred by secularist parties, which saw it as creating balances of power, while Al Nahda officials had expressed preference for a fully parliamentary system. Some observers have expressed concern that the mixed system could prove unwieldy in practice or prone to political deadlock.<sup>11</sup>

## Security Concerns

Violent extremist groups across North and West Africa are exploiting porous borders and the weaknesses of security forces.<sup>12</sup> These groups—such as Al Qaeda in the Islamic Maghreb (AQIM), its affiliates and break-away factions, and movements calling themselves Ansar al Sharia (Supporters of Islamic Law)—are also capitalizing on divisive identity issues as well as

<sup>9</sup> Al Nahda leaders had in early 2012 committed not to reference *sharia*. During the amendment process, however, Al Nahda MPs introduced amendments that would have referenced *sharia*. These were voted down after Al Nahda’s leadership determined that the party would not support them.

<sup>10</sup> See, e.g., Sarah Mersch, “Tunisia’s Compromise Constitution,” *Sada*, January 21, 2014.

<sup>11</sup> Duncan Pickard, “Identity, Islam, and Women in the Tunisian Constitution,” Atlantic Council, January 24, 2014.

<sup>12</sup> See CRS Report R43756, *Al Qaeda-Affiliated Groups: Middle East and Africa*, coordinated by Carla E. Humud.

popular frustrations with poor governance. Tunisia has not been overwhelmed by insecurity, as in neighboring Libya, but it has not been immune to these trends. Competition between “core” Al Qaeda and the Islamic State (also known as ISIS or ISIL) has sparked further divisions among Islamist extremists in North Africa, and may influence these groups’ strategic choices.

Several Tunisia-based extremist groups have emerged since 2011, including Ansar al Sharia in Tunisia (discussed below) and a cell known as the Okba Ibn Nafaa Brigade, which is reportedly active in an area known as Mount Chaambi, near the Algerian border.<sup>13</sup> Insecurity along the Libyan border to the east and in the remote desert south is also of concern, as both areas appear to be key transit zones for regional smuggling networks.<sup>14</sup> Some observers attribute the increase in jihadist activity since 2011 to the release of over 1,000 “political prisoners” of various stripes in early 2011 (one of whom went on to found Ansar al Sharia); security force disorganization in the aftermath of the revolution; and events in Mali and Libya.<sup>15</sup> Jihadist groups may also draw on support from Tunisian Salafist groups and communities.<sup>16</sup>

Tunisian nationals also reportedly make up a significant proportion of foreign fighters active in violent extremist groups elsewhere in North and West Africa and in Syria.<sup>17</sup> Tunisian authorities stated in mid-2014 that at least 2,400 Tunisians had traveled to Syria as combatants since 2011, which would make Tunisia one of the largest known sources of foreign fighters there.<sup>18</sup> Authorities have also stated that they have prevented several thousand more Tunisians from going—although they have not defined criteria for preventing individuals’ travel, such as whether restrictions are implemented on the basis of specific threats. Tunisian authorities have expressed acute concerns that fighters will return to conduct attacks at home.<sup>19</sup>

Local Tunisian groups have staged attacks against government, tourist, and Western targets within the country. A Tunisian suicide bomber blew himself up outside a hotel in the beach resort of Sousse in October 2013, and another bomber was apprehended by police the same day in the coastal city of Monastir before he could detonate his vest. Two secularist opposition politicians were killed by gunmen in February and July 2013 outside their homes. A mob attack on the U.S. embassy in September 2012 caused extensive damage to the building’s outer enclosure and four Tunisians were killed in subsequent clashes.<sup>20</sup> Officials regularly claim to have broken up domestic terrorist plots, including some targeting the recent 2014 elections.<sup>21</sup> In early 2015, the Interior Ministry announced two large-scale arrests of people suspected of planning assassinations and “spectacular attacks” against government targets, but it is unclear how

<sup>13</sup> The group is named for a prominent figure in the 7<sup>th</sup>-century Arab conquest of North Africa. Tunisian authorities stated in 2012-2013 that Okba Ibn Nafaa was linked to AQIM, and that cells in Mount Chaambi included militants who had fought in Mali. Since 2014, news reports have suggested ties between the group and ISIL. See Andrew Lebovich, “Confronting Tunisia’s Jihadists,” *ForeignPolicy.com*, May 16, 2013.

<sup>14</sup> See International Crisis Group, *Tunisia’s Borders (II): Terrorism and Regional Polarisation*, October 2014.

<sup>15</sup> *La Presse*, “Enquête - Le jihadisme en Tunisie,” November 8, 2012.

<sup>16</sup> International Crisis Group (ICG), *Tunisia: Violence and the Salafi Challenge*, February 13, 2013.

<sup>17</sup> According to Algerian authorities, 11 Tunisian nationals—the largest group of any single nationality—participated in a hostage-seizure attack by an AQIM offshoot on a gas facility in the southeastern Algerian town of In Amenas in January 2013. The attack resulted in the deaths of 39 foreign hostages, including three U.S. citizens.

<sup>18</sup> Tunis Afrique Presse [official], “Tunisia: 2,400 Tunisian Jihadists in Syria (Interior),” June 23, 2014.

<sup>19</sup> See, e.g., *The Guardian*, “Tunisia Becomes Breeding Ground for Islamic State Fighters,” October 13, 2014.

<sup>20</sup> State Department daily press briefing, September 14, 2012.

<sup>21</sup> TAP, “Tunisian Interior Ministry Confirms Plans by Terrorist Group to Target Polls,” September 18, 2014.

advanced any preparations may have been.<sup>22</sup> A French-Tunisian militant was implicated in the 2013 oppositionist assassinations, and more recently has been linked to the Islamic State.<sup>23</sup> He was reportedly a former member of a Paris-based Islamist cell which has also been tied to the January 2015 attack on Paris newspaper *Charlie Hebdo*.<sup>24</sup>

Tunisian authorities have accused the Tunisian Salafist group Ansar al Sharia of being involved in several domestic attacks, although the group has not claimed responsibility.<sup>25</sup> Ansar al Sharia shares a name with other extremist organizations in North Africa, but the degree of coordination among them is uncertain. The Tunisia-based group, which was established in 2011 and initially focused on non-violent preaching and social works, has developed an increasingly acrimonious relationship with the state since 2013. Clashes between group members and security forces, followed by threats of violence from Ansar al Sharia's leadership, led Tunisian officials in May 2013 to declare the group illegal. The U.S. State Department designated Ansar al Sharia a Foreign Terrorist Organization (FTO) in January 2014, accusing it of involvement in the 2012 embassy attack and stating that the group "represents the greatest threat to US interests in Tunisia."<sup>26</sup> Media reports since then have suggested that the group's leader, Seifallah Ben Hassine (aka Abou Iyadh)—who is wanted in Tunisia and designated for U.N. and U.S. sanctions—may be in Libya.

### **Terrorism in Tunisia: Background**

While Tunisia has not experienced many large attacks, terrorism was considered a domestic threat prior to 2011, and Tunisian nationals have long been active in transnational Islamist extremist networks. At one time, a dozen Tunisian nationals were reportedly detained at the U.S. Naval Base in Guantánamo Bay, Cuba; most have been released to third countries, including two transferred to Kazakhstan in December 2014. Two notable terrorist incidents on Tunisian soil occurred during the Ben Ali era: the 2002 bombing of a synagogue on Djerba island (noted for its Jewish population), which killed Tunisians and European tourists, and street battles in Tunis between alleged militants and security forces in December 2006-January 2007. Al Qaeda's then-deputy leader Ayman al Zawahiri (now head of Al Qaeda) appeared to claim responsibility for the Djerba bombing in a taped message broadcast in October 2002,<sup>27</sup> and France, Spain, Italy, and Germany arrested several expatriate Tunisians for alleged involvement. The nature of the 2006-2007 violence, in which 14 militants were reported killed, was more opaque.

In 2002, the U.S. State Department placed the Tunisian Combatant Group (TCG), which operated outside Tunisia, on a list of specially designated global terrorists subject to U.S. sanctions.<sup>28</sup> The TCG, reportedly founded in 2000, was primarily active in Afghanistan, where it was linked to the assassination of Ahmad Shah Massoud, an anti-Taliban fighter, in September 2001. Its goals also reportedly included establishing an Islamic state in Tunisia. The TCG was suspected of plotting attacks on the U.S., Algerian, and Tunisian embassies in Rome in December 2001, prompting a multi-nation crackdown on the group. It has since been inactive. However, a TCG founder, Seifallah Ben Hassine (Abou Iyadh), was released from jail in Tunisia in 2011 and went on to found Ansar al Sharia in Tunisia. Another founder, Tarek Maaroufi, reportedly returned to Tunisia in 2011 after being released from prison in Belgium.

<sup>22</sup> Kuwait News Agency, "Tunisia dismantles terrorist cell targeting security, military officials," January 25, 2015; Reuters, "Tunisia arrests 32 militant Islamists planning 'spectacular' attacks," February 8, 2015.

<sup>23</sup> *The New York Times*, "Tunisia: ISIS Fighters Claim 2 killings," December 18, 2014.

<sup>24</sup> *The Washington Post*, "Suspect in Paris attack had 'long-term obsession' carrying out terror attack," January 8, 2015.

<sup>25</sup> See, e.g., *The Economist*, "The Salafist Struggle," January 1, 2014.

<sup>26</sup> State Department, "Terrorist Designations of Three Ansar al-Shari'a Organizations and Leaders," January 10, 2014. As a result of the designations, all property subject to U.S. jurisdiction in which designated individuals and groups have any interest is blocked, and U.S. persons are prohibited from engaging in any transactions with them or to their benefit.

<sup>27</sup> *Financial Times*, "Al-Qaeda Deputy Leader Signals Involvement in Attacks," October 10, 2002.

<sup>28</sup> See State Department, "Patterns of Global Terrorism 2002," April 30, 2003; and U.N. Security Council Sanctions Committee on Al Qaeda, "Tunisian Combatant Group," 2002 designation.



## Transitional Justice and Security Sector Reform

Tunisians continue to debate how best to ensure accountability for past abuses while encouraging national reconciliation. Criminal charges have been brought against former President Ben Ali in absentia (he remains in Saudi Arabia), and against members of his family and former senior officials, in connection with allegations of corruption and abusive security force actions. However, the courts—some headed by judges appointed under Ben Ali—have acquitted or otherwise dropped many of these prosecutions over the past year, sparking controversy.<sup>29</sup> The families of protesters who were killed in 2011 continue to call for justice and compensation. More broadly, there is a question of what approach to adopt toward mid- and low-level state employees and security force members who may have been complicit in past abuses, but did not command them. After much debate, Al Nahda agreed during the 2013 “political dialogue” not to support draft legislation that would have barred former regime officials from political participation, effectively killing the bill and, arguably, enabling Nidaa Tounes’s subsequent electoral advances.

In December 2013, the Constituent Assembly adopted a law creating a Truth and Dignity Commission and “Specialized Judicial Chambers” that may initiate prosecutions. Their work remains nascent.<sup>30</sup> The 2014 constitution also aims to increase judicial independence. Many Tunisians remain skeptical of the justice system, which was inherited from the Ben Ali era and is reportedly viewed as ineffective, subject to political influence, and, in some cases, corrupt.

Transitional governments between 2011 and 2014 made little concrete progress in ensuring greater transparency and public oversight of the Interior Ministry and its components.<sup>31</sup> The ministry oversees internal security, the intelligence services, and the police, and under Ben Ali it was associated with abuses such as extrajudicial arrests, domestic surveillance, intimidation of political opponents, and torture. Whether the Nidaa Tounes-led government will pursue reforms is uncertain, given the party’s emphasis on cracking down on security threats and the fact that several of its officials served in Ben Ali’s government. The National Constituent Assembly initiated, but did not complete, an effort to amend the controversial 2003 anti-terrorism law, which critics view as overly broad and insufficiently concerned with due process. Tensions between the security forces and various civilian leaders also emerged during the transitional period as pressures increased on the security forces to engage in high-risk counterterrorism operations, in the absence of structural reforms and in an atmosphere of political distrust.<sup>32</sup>

Tunisia’s military, estimated at about 35,000 personnel, has historically received fewer state resources than the internal security services, and many observers view it as relatively apolitical. It reportedly played a key role in influencing Ben Ali’s decision to step down during the 2011 protests, and reportedly refused an order to open fire on demonstrators. Since 2011, the military has taken on a more prominent role in counterterrorism and border security. The army remains popular, but its expanded mandate may risk overstretch.

<sup>29</sup> Carlotta Gall, “Questions of Justice in Tunisia as Ousted Leaders Are Freed,” *New York Times*, July 16, 2014.

<sup>30</sup> See International Center for Transitional Justice, “Tunisia’s Specialized Judicial Chambers—Q&A with Judge Walid Melki,” September 4, 2014.

<sup>31</sup> See, e.g., Haykel Ben Mahfoudh, *Security Sector Reform in Tunisia Three Years into the Democratic Transition*, Arab Reform Initiative, July 2014.

<sup>32</sup> *Tunisia Live*, “Slow Progress in Police Reform Since Revolution,” March 19, 2013; Al Arabiya, “Protesters Force Tunisian Leaders From Police Memorial Ceremony,” October 18, 2013; Al Jazeera via BBC Monitoring, “Tunisia Security Personnel Lament ‘Campaign’ To Weaken Establishment,” October 19, 2013.

## The Economy

Tunisia is an upper-middle-income country, and prior to 2011 was considered one of the best-performing non-oil-exporting countries in the Middle East and North Africa. Textile exports, tourism, and phosphate mining are key sectors. Tunisia also exports agricultural products and petroleum, although it is a net energy-importer. Strong annual growth prior to 2011, however, masked inequalities that fed discontent. Wealth is concentrated in the capital and along the eastern coast, while the interior has long suffered from relative poverty and a lack of investment. Many Tunisians are highly educated, but the economy has generally created low-skilled and low-paid jobs, thus creating a large pool that is educated but underemployed.

Socioeconomic grievances were a key factor in the 2011 uprising, but efforts to address them have been undermined by new economic strains. These are attributable, in part, to investor perceptions of political instability, negative regional security trends, and the economic downturn in the European Union (EU), Tunisia's largest trading partner. Declines in tourism and foreign direct investment (FDI) have been particularly damaging, and Tunisia's international credit ratings have been repeatedly downgraded. Protests and labor disputes, in turn, have hampered efforts to attract investment. Unemployment remains high at 15.3%, and is reportedly higher among youth, particularly college graduates. The economy grew by 2.8% in 2014, a rebound compared to its contraction in 2011 but still insufficient to generate substantial jobs.<sup>33</sup> In 2013, the International Monetary Fund (IMF) and Tunisia agreed to a two-year, \$1.75 billion loan program, of which about \$1.15 billion had been disbursed as of December 2014.<sup>34</sup> Additional financial stabilization support has been provided by bilateral partners, including Gulf countries and the United States.

The IMF, World Bank, and U.S. Millennium Challenge Corporation analysts broadly agree that Tunisia requires deep reforms to promote growth and job creation. They have urged Tunisia, for example, to loosen currency restrictions, liberalize its labor laws, restructure the banking sector, and reform investment regulations to allow greater private sector competition and to attract more foreign investment.<sup>35</sup> The IMF has also urged fiscal stability measures such as reductions in state pensions and subsidies. Some fiscal reforms were initiated during the transitional period, but a series of interim leaders between 2011 and 2014 generally argued that only a future directly-elected government would have the legitimacy to undertake deeper reform efforts.<sup>36</sup>

Nidaa Tounes leaders have promised rapid growth, but they may face political obstacles. For example, further reductions in subsidies and pensions could impose hardships on some Tunisian households, while any move to reduce labor protections could produce a backlash from the powerful trade unions, which are secularist political allies. Meanwhile, banking sector and investment code regulatory reforms could face opposition from business leaders who have vested interests in the current system, many of whom have also supported the party.

<sup>33</sup> International Monetary Fund (IMF), World Economic Outlook Database, October 2014.

<sup>34</sup> IMF, "IMF Executive Board Completes Fifth Review Under Stand-By Arrangement for Tunisia; Approves US\$104.8 Million Disbursement," December 12, 2014.

<sup>35</sup> See, e.g., IMF, *Tunisia: Fifth Review under the Stand-By Arrangement [...]*, December 29, 2014; World Bank, *The Unfinished Revolution: Bringing opportunity, good jobs and greater wealth to all Tunisians*, May 2014; and MCC, *Identifying Tunisia's Binding Constraints to Broad-Based Growth*, January 2013.

<sup>36</sup> Reuters, "Tunisia Economy Needs 3 Years of 'Painful' Reform, PM Says," October 13, 2014.



Prior to 2011, Ben Ali family members and in-laws owned or controlled many of Tunisia's biggest companies, with shares sometimes allegedly obtained through political pressure or corruption. Since 2011, government agencies have seized such assets, including shares of private companies, and have auctioned some of them off. The process for recovering assets allegedly stashed overseas, in countries such as France and Switzerland, has proven complex and challenging, however.<sup>37</sup>

## Foreign Relations

The EU is Tunisia's largest trading partner, and it provides trade benefits and aid. France is a leading source of investment and tourism revenues, but bilateral relations suffered in the aftermath of the 2011 uprising due to close French ties with the Ben Ali regime, as well as a distrust of Islamist political movements among many French politicians. Since 2011, Tunisian officials have appealed for increased Western financial assistance—including from the United States—while also seeking to increase ties with other Arab and African states.<sup>38</sup>

Tunisia has generally sought cordial relations with its larger, energy-rich neighbors, Algeria and Libya. The first official state visit by newly elected President Béji Caïd Essebsi was to Algeria, where he lauded efforts to increase bilateral counterterrorism cooperation.<sup>39</sup> With regard to Libya, Caïd Essebsi has expressed support for regional political mediation and opposition to external military intervention.<sup>40</sup> Turmoil in Libya is an economic concern in addition to a security concern for Tunisian officials. Previously, work opportunities in Libya helped to absorb some of Tunisia's low-skilled labor surplus, while today, in addition to bemoaning the loss of such jobs, some Tunisians blame cross-border smuggling and the large number of Libyan refugees in their country for driving up prices. Former Interim President Moncef Marzouki attempted to revitalize the Arab Maghreb Union, which includes Tunisia, Algeria, Morocco, Libya, and Mauritania, but the organization remains inactive due to tensions between Morocco and Algeria, among other factors.

Tunisians broadly sympathize with the Palestinians, and Tunisia hosted the Palestine Liberation Organization (PLO) headquarters in exile from 1982 to 1993. Tunisia had an interests office in Israel from 1996 until the outbreak of the second Palestinian *intifada*, or uprising against the Israeli occupation of the West Bank and Gaza Strip, in 2000. Criticism of Israel and Israeli policies is common across Tunisia's political spectrum, although Tunisia has also annually welcomed Israeli tourists during a pilgrimage to a historic synagogue on Djerba Island. In 2012, the Nahda-led government hosted visits by senior Hamas officials.

## U.S. Policy

U.S. officials have repeatedly referred to Tunisia's democratic transition as a model for other states in the Arab world and beyond. The Obama Administration has stated strong support for

<sup>37</sup> See, e.g., *La Tribune de Genève*, "La restitution de fonds à la Tunisie annulée," December 11, 2014.

<sup>38</sup> Reuters, "Economics, Politics Underpin Qatar Aid to North Africa," August 16, 2012; AFP, "La Tunisie de l'après Ben Ali veut retrouver toute sa place en Afrique," January 29, 2012.

<sup>39</sup> AFP, "La Tunisie pas préparée à affronter seule le terrorisme, dit son président," February 4, 2015.

<sup>40</sup> Tout sur l'Algérie, "Caïd Essebsi s'exprime sur les relations avec l'Algérie, le Printemps arabe, la Libye et le Sahara occidental," February 4, 2015.

Tunisia, and a desire to advance bilateral economic ties and deepen security cooperation. President Obama's new *National Security Strategy*, released in February 2015, states, "We will work with Tunisia to further progress on building democratic institutions and strengthening its economy." President Obama has also invited President Caïd Essebsi to visit Washington.<sup>41</sup>

In February 2014, Secretary of State John Kerry traveled to Tunis, where he pledged "our commitment to stand with Tunisia ... to help move down this road to democracy."<sup>42</sup> Kerry also announced a new U.S.-Tunisia Strategy Dialogue, the first session of which was held in Washington in April 2014. Then-Prime Minister Mehdi Jomaa, who led Tunisia's delegation, met with President Obama at the White House. A joint statement emphasized support for "Tunisia's historic democratic transition" and cooperation on economic development, educational and cultural affairs, and security and counterterrorism.<sup>43</sup>

U.S. officials have supported Tunisian efforts to attract greater foreign investment through aid, trade delegations, and negotiations under the U.S.-Tunisia bilateral trade investment framework agreement (TIFA), which was signed in 2002. The two countries also have a bilateral investment treaty and an agreement to avoid double taxation. In 2012, then-Secretary of State Hillary Clinton expressed support for free trade agreement, but there have been few concrete steps toward one.<sup>44</sup> Tunisia is the United States' 88<sup>th</sup>-largest trading partner; in 2013, U.S. exports to Tunisia totaled \$870 million and imports \$749 million.<sup>45</sup> Given limited U.S. aid resources and structural obstacles to deepening bilateral economic ties—including a language barrier, Tunisia's small domestic market, and its trade orientation toward Europe—U.S. policymakers may also seek to encourage other partners, such as the EU, to commit resources for Tunisia.

U.S. engagement with Tunisian security forces prior to 2011 was heavily focused on conventional military grants and sales. A Joint Military Commission meets annually and joint exercises are held. As terrorist threats have increased, and as the relationship between Tunisia's government and its security services continues to evolve, the United States has provided new types of security assistance (see "U.S. Aid" below). Tunisian officials have welcomed this increased engagement, but the presence of U.S. military personnel, including those engaged in training activities, is politically sensitive.<sup>46</sup> Tunisia cooperates with NATO's Operation Active Endeavor, which provides counterterrorism surveillance in the Mediterranean; participates in NATO's Mediterranean Dialogue; and allows NATO ships to make port calls.

The attack on the U.S. embassy and American school in Tunis in September 2012 appeared to lead to a temporary cooling of relations. The embassy was reportedly not well defended by Tunisian security forces during the attack, and although both governments attributed the attack to Ansar al Sharia in Tunisia, U.S. officials criticized Tunisia's handling of the investigation and prosecution of suspects.<sup>47</sup> In November 2013, FBI Director James Comey named Tunisia as one

<sup>41</sup> The White House, "Readout of the President's Call with President Caïd Essebsi," January 5, 2015.

<sup>42</sup> State Department, "Secretary of State Kerry Holds News Conference in Tunis, Tunisia," February 18, 2014.

<sup>43</sup> The White House, "Joint Statement by the United States of America and the Tunisian Republic," April 4, 2014.

<sup>44</sup> Senate Appropriations Subcommittee on State, Foreign Operations, and Related Programs, hearing, "FY13 Department of State and Foreign Operations Budget Request," February 28, 2012. Progress toward an FTA would be subject to an interagency process and congressional approval, among other factors.

<sup>45</sup> U.S. International Trade Commission data, accessed at <http://dataweb.usitc.gov/> on February 6, 2015.

<sup>46</sup> David S. Cloud, "U.S. Military Presence in Africa Growing in Small Ways," *LA Times*, March 7, 2014.

<sup>47</sup> Then-Interior Minister Ali Laraydh, an Al Nahda official (and subsequent prime minister), publicly apologized for (continued...)

of two places, along with Libya, where AQIM, its affiliates and allies “pose a high threat to U.S. and Western interests... especially at embassies, hotels, and diplomatic facilities.”<sup>48</sup> The State Department’s decision in March 2014 to lift a travel warning for Tunisia, ahead of then-Prime Minister Jomaa’s visit, appeared to signal increased U.S. confidence.

U.S.-Tunisian relations date back over 200 years. Tunisia was also the site of significant World War II battles, and a U.S. cemetery and memorial in Carthage (outside Tunis) holds nearly 3,000 U.S. military dead. During the Cold War, Tunisia pursued a pro-Western foreign policy, despite an experiment with leftist economic policy in the 1960s. Still, U.S.-Tunisian ties were strained by the 1985 Israeli bombing of the Palestine Liberation Organization headquarters in Tunis, which some Tunisians viewed as having been carried out with U.S. approval.<sup>49</sup>

## U.S. Aid

U.S. bilateral aid to Tunisia prior to 2011 was relatively limited and highly focused on military assistance, with relatively modest funding allocations by Middle East standards. Developments in 2011 led the Administration to work with Congress to identify and reprogram hundreds of millions of dollars for new programs and initiatives, using funding appropriated in prior years and for other purposes. As a result, despite relatively small bilateral aid appropriations, the United States has allocated over \$610 million in aid to Tunisia since 2011 (see **Table 1** below)—equivalent to over forty times the bilateral aid appropriation in FY2009.

Since 2014, the State Department has referred to a “normalization” of Tunisia aid after initial, “urgent” reprogrammed funding.<sup>50</sup> Administration officials have also signaled that they intend to increase aid given the successful 2014 elections. The Administration is requesting that Congress appropriate \$134 million for Tunisia for FY2016, more than double its FY2015 request. This proposes an increase in the Economic Support Fund (ESF) appropriation, from \$30 million requested in FY2015 to \$55 million, and an increase in Foreign Military Financing (FMF) from \$25 million to \$62.5 million. (Total FY2015 allocations will likely surpass the request, due to additional Defense Department funding as well as reprogrammed funds; see **Table 1**.)

Prominent elements of U.S. economic assistance since 2011 include<sup>51</sup>:

- a \$100 million cash transfer in 2012 to help Tunisia meet its international debt obligations;

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(...continued)

having initially “failed” to protect the embassy. On May 29, 2013, the U.S. embassy in Tunis released a public statement criticizing the relatively lenient sentences given to several low-level suspects in the Tunis embassy attack. The statement called for a “full investigation” and accused Tunisia’s government of failing to uphold its stated commitment to oppose those who use violence.

<sup>48</sup> Statement Before the Senate Committee on Homeland Security and Governmental Affairs, hearing on “Threats to the Homeland,” November 14, 2013.

<sup>49</sup> Jonathan C. Randal, “Raid Left Scars on U.S.-Tunisia Ties,” *The Washington Post*, March 5, 1987.

<sup>50</sup> Statement of Acting Assistant Secretary of State for Near Eastern Affairs Beth Jones before the House Committee on Foreign Affairs, Subcommittee on the Middle East and North Africa, “The Middle East and North Africa FY2014 Budget: Priorities and Challenges,” May 22, 2013.

<sup>51</sup> State Department Bureau of Foreign Assistance, response to CRS query, February 2015. See also The White House, “FACT SHEET: The President’s Framework for Investing in Tunisia,” April 4, 2014; and “USAID Tunisia: Fact Sheet,” released by the U.S. Embassy in Tunisia, November 20, 2014.

- \$85 million for the cost of two sovereign loan guarantees (in 2012 and 2014) that enabled Tunisia to raise nearly \$1 billion on the international bond markets;
- \$80 million allocated to date for a Tunisian-American “Enterprise Fund,” which is designed to make transformative investments in certain sectors of Tunisia’s economy while also spurring economic reforms<sup>52</sup>;
- \$49 million for programs administered by the State Department’s Middle East Partnership Initiative (MEPI), focusing on strengthening civil society, political parties, the media, electoral processes, and local entrepreneurship; and
- \$16 million allocated for a USAID “Information and Communications Technology Competitiveness Project.”

U.S. bilateral educational and cultural exchanges have also expanded. The United States has also provided economic aid through multilateral channels. International financial institutions such as the World Bank, IMF, African Development Bank (AfDB), and European Bank for Reconstruction and Development (EBRD), which receive U.S. financing, have provided concessional loans, support for development projects, and advice on reforms. Group of Eight (G8) member states, including the United States, have also coordinated some aid for Tunisia through the Deauville Partnership, initiated in May 2011.<sup>53</sup>

As noted above (“U.S. Policy”), the United States has increased its security assistance to Tunisia since 2011 to support counterterrorism and security sector reform. Notable bilateral security assistance programs to date include:

- at least \$51 million in State Department-administered International Narcotics Control and Law Enforcement funds for police and justice-sector reforms (not counting FY2015 appropriations); and
- \$40 million in Defense Department “Section 1206” funding for counterterrorism-related train-and-equip programs.

In August 2014, during the U.S.-African Leaders Summit in Washington D.C., the Administration announced that Tunisia would be one of six African focus countries of a new “Security Governance Initiative” (SGI). The program’s scope and implementation in Tunisia remain to be seen.<sup>54</sup> Tunisia is also one of 11 countries participating in the U.S. State Department-led Trans-Sahara Counter-Terrorism Partnership, although the initiative has focused more on the poorer Sahel states of West Africa. In July 2014, the Administration notified Congress of its intent to agree to sell Tunisia defense articles and services worth an estimated \$700 million, including 12 Black Hawk helicopters, through the Foreign Military Sales (FMS) program. Tunisia has also purchased at least two U.S.-made C-130J military transport aircraft in recent years.<sup>55</sup>

<sup>52</sup> A GAO report released in February 2015 stated that the Tunisia enterprise fund had made one investment to date, of over \$2.4 million, in a private equity fund that invests in Tunisian small and medium-sized enterprises. The report also identified several “gaps in implementation” of the Tunisia fund and a fund established for Egypt, which, it said, could “pose challenges for USAID’s oversight.” *Egypt and Tunisia Funds Are Established; Additional Steps Would Strengthen Compliance with USAID Grant Agreements and Other Requirements*, GAO-15-196, February 2, 2015.

<sup>53</sup> See Deauville MENA Transition Fund portfolio in Tunisia, at <http://www.menatransitionfund.org/content/portfolio>. As of January 2015, the United States has provided \$30 million to the fund.

<sup>54</sup> See The White House, “Fact Sheet: Security Governance Initiative,” August 6, 2014.

<sup>55</sup> AP, “US Delivers Tunisia 2nd Military Transport Plane to Bolster Fight Against Terrorism,” January 8, 2015.

**Table I. U.S. Foreign Assistance for Tunisia Since 2011**

\$ Millions

	FY2011	FY2012	FY2013	FY2014	FY2015 (req./est.)	FY2016 (req.)
<b>TOTAL</b>	138.62	251.92	125.06	63.48	96.75 (see note b)	134.40
Subtotal, Bilateral Aid <sup>a</sup>	81.48	211.34	107.70	57.78	65.98 (req.) <sup>b</sup>	134.40
ESF	57.85	154.80	74.47	25.00	30.00	55.00
FMF	17.12	29.50	20.55	20.00	25.00	62.50
IMET	1.95	1.84	2.16	2.30	2.00	2.30
INCLE	1.50	22.50	8.00	9.00	7.00	2.00
NADR	3.06	2.70	2.52	1.48	1.98	0.60
Subtotal, State & USAID regional, global, and centrally-managed economic assistance (multiple accounts)	36.65	26.53	14.64	5.00	-	-
State Department MEPI (ESF)	23.47	8.63	12.50	5.00	-	-
Subtotal, State & Defense Department global and centrally managed security assistance (multiple accounts)	17.07	12.01	2.72	0.70	30.77	-
Defense Department "Section 1206"	13.03	6.87	-	-	20.77	-
INCLE (prior-year) reprogrammed in Nov. 2014	-	-	-	-	10.00	-
Subtotal, humanitarian assistance (multiple accounts)	3.43	2.05	-	-	-	-

**Source:** State Department, Bureau of Foreign Assistance, estimated allocations as of January 2015.

**Notes:** Allocations do not necessarily correspond to appropriations by year, and are subject to shift. Other than "Section 1206," does not include non-State Department/USAID foreign assistance resources. Multi-country programs that may, in part, benefit Tunisian participants are also excluded. Totals may not sum due to rounding.

ESF = Economic Support Fund; FMF = Foreign Military Financing; IMET = International Military Education and Training; INCLE = International Narcotics Control and Law Enforcement; NADR = Nonproliferation, Antiterrorism, Demining and Related Programs; "-" = none or to be determined.

- a. Includes funding reprogrammed for Tunisia after being appropriated for other countries and/or purposes.
- b. FY2015 bilateral allocations not yet available.

## Recent Legislation

Congress authorized loan guarantees and the creation of the Tunisian-American Enterprise Fund in the FY2012 Department of State and Foreign Operations Appropriations Act (Division I of P.L. 112-74). Some Members of Congress, however, called in 2012 for cutting U.S. aid over Tunisia's handling of an alleged suspect in the terrorist attacks on U.S. facilities in Benghazi, Libya.<sup>56</sup> Congress has made new funds available for loan guarantees and the enterprise fund in the FY2014 and FY2015 foreign aid appropriations acts (Sec. 7034 [r], Division J of P.L. 113-235; and Sec. 7041[g], Division K of P.L. 113-76). The explanatory statement accompanying P.L. 113-235 specifically provides \$30 million in ESF budget authority for Tunisia, the same as the Administration's FY2015 request.<sup>57</sup>

The FY2014 Department of State, Foreign Operations, And Related Programs Appropriations Act (Division K of P.L. 113-76) prohibited any foreign assistance from being used to support a Millennium Challenge Corporation (MCC) "threshold" program in a country that is not a candidate for a full MCC compact. The Administration had planned a roughly \$20 million MCC threshold grant for Tunisia that was to focus on addressing constraints to economic growth and job creation.<sup>58</sup> However, Tunisia's relatively high income level currently makes it ineligible for a compact, although its income had dipped to an eligible level in FY2011, the year from which the MCC intended to draw funding. The Joint Explanatory Statement on P.L. 113-76 referred explicitly to Tunisia, stating that, "Efforts by the Administration to provide MCC assistance to countries that do not meet MCC criteria undermine the integrity of the MCC model."

## Outlook

Tunisia has peacefully achieved many milestones since 2011, prompting observers to portray it as the lone success story of the "Arab Spring." Internal political tensions, socioeconomic pressures, terrorist threats, and regional dynamics are likely to pose ongoing challenges. Despite a relative lack of conflict, Tunisia remains a potential locus of regional struggles among rival political ideologies, and among violent extremist groups vying for prominence and recruits. Key questions include whether Tunisia's new elected government is likely to remain cohesive, and whether it will advance political and economic reforms, foster civil liberties while engaging in counterterrorism, and satisfy popular demands for quality-of-life improvements. Tunisian leaders have welcomed U.S. assistance since 2011, but the local appetite for outside policy influence, now that the transitional period is formally over, remains to be seen.

<sup>56</sup> See, e.g., *The Cable*, "Graham Threatens Tunisia Over U.S. Access to Benghazi Suspect," October 31, 2012; Rep. Frank Wolf, "Cut Off Aid to Tunisia in Light of Obstructing Benghazi Investigation," December 11, 2012; and *The Washington Times*, "Benghazi Attack Suspect's Release Spurs Calls to Punish Tunisia," January 9, 2013. The suspect, Ali Ani al Harzi, a Tunisian, was detained in Turkey and transferred to Tunisian custody in October 2012. U.S. investigators were reportedly initially denied permission to question him in Tunisian custody, and he was released from detention in January 2013 due to a purported lack of evidence. According to news reports, Al Harzi was later implicated in the two political assassinations in 2013 and charged in Tunisia with belonging to a terrorist organization.

<sup>57</sup> State Department, FY2015 Congressional Budget Justification, Foreign Operations, March 2014.

<sup>58</sup> State Department, "U.S. Government Assistance to Tunisia," December 14, 2012. On MCC threshold grants, see CRS Report RL32427, *Millennium Challenge Corporation*, by Curt Tarnoff.

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