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House Committee on Foreign Affairs
Middle East and North Africa Subcommittee

“Tunisia’s Struggle for Stability, Security, and Democracy”
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Chairman Ros-Lehtinen, Ranking Member Deutch, and Members of the Subcommittee, thank you for the opportunity to discuss U.S. assistance to Tunisia and our partnership with the Tunisian people as they work to foster a stable democracy and economic prosperity.

Tunisia remains a high priority for the United States. We agree with Chairman Royce’s recent assertion that Tunisia represents hope for democracy, peace and security in the Middle East and North Africa. Tunisia is the only country from the 2011 Arab Awakening that has successfully realized a peaceful path to democracy. U.S. assistance serves as an important demonstration of our commitment to the people of Tunisia as they work to consolidate democratic reforms that will support inclusive economic and social opportunity.

We recognize that the Jasmine Revolution was sparked by the Tunisian people’s frustration with the stifling of political discourse, a corrupt economic environment, and predatory security apparatus that coalesced to strip the dignity of citizens. As the U.S. Agency for International Development (USAID) says in our mission statement, we seek to partner with Tunisia to end extreme poverty and promote a resilient, democratic society while advancing our security and prosperity. I’d like to talk briefly about how the U.S. government quickly and effectively responded to support Tunisians’ aspirations for change, describe what we are doing in Tunisia today, and outline how we plan to scale up our support for the democratic transition and economic reforms.

Immediate post-revolution support

Since 2011, USAID has provided approximately \$300 million to support Tunisia’s economic growth and democratic transition. This includes two sovereign loan guarantees that provided Tunisia with access to \$985 million in financing and helped support Tunisia’s efforts to reform and grow its economy.

In the fall of 2011, the United States provided assistance to organizations in Tunisia that were organizing and administering multiparty elections for a Constituent Assembly charged with drafting a new constitution. We also sponsored a constitutional development program that connected two U.S. Supreme Court justices with members of the Constituent Assembly, political party representatives and Tunisian legal scholars. This assistance helped inform the underlying architecture for Tunisia’s new government, including safeguards for an independent judiciary, the separation of powers, and religious liberty.

Our real, practical engagements with emerging Tunisian leaders and civil society immediately after the revolution helped us to identify areas we could help going forward.

Current programming

Through careful analysis, we identified significant constraints to job creation and economic growth in Tunisia, highlighting the non-functional labor code and poor business enabling environment. With more than \$1.4 billion in annual trade between our countries, we already have an important economic relationship. USAID has been working to address constraints to job creation and economic growth in many ways, including helping Tunisian firms unlock opportunities for growth and supporting job creation, training young entrepreneurs in marginalized areas, and providing technical assistance to Tunisia's government as it drafts and implements laws to improve the investment climate and encourage private sector development. These efforts have the immediate benefit of educating and employing Tunisia's youth to ensure a better future for them, as well as fostering a stable, prosperous democracy, benefitting the region and the United States.

At the strategic level, USAID has embedded technical advisors in the Ministry of Finance, working with the Minister and strategic directorates within the Ministry to provide advice and best practices on tax and customs reforms and implementation, which will improve the environment for U.S. and Tunisian companies to do business together. This ongoing work also complements assistance provided from the Department of the Treasury to the Central Bank and Ministry of Finance. The Minister has repeatedly remarked on the critical support that our advisors have provided and their vital role in helping his Ministry drive important reforms to improve the business and investment climate.

Our current support also includes the Tunisian-American Enterprise Fund, which has already invested \$60 million in Tunisian small and medium enterprises. Other assistance activities support young Tunisian entrepreneurs launch start-ups, job creation, and employability programs. Our assistance also extends to the Tunisian government in the area of revenue generation and free market reforms. Additionally, we are finalizing the negotiations with the Government of Tunisia for a third sovereign loan guarantee for up to \$500 million.

As an example of how our work is directly responding to the needs of aspiring Tunisian workers, I would like to highlight our training of Tunisian entrepreneurs in marginalized areas, primarily those close to Tunisia's borders with Algeria and Libya. This is a partnership with Hewlett Packard, the United Nations Industrial Development Organization (UNIDO), and the Government of Italy, where USAID leveraged our resources to bring online entrepreneurship training to 12,000 Tunisians. More than 1,600 Tunisians have found new employment through this activity.

Among these entrepreneurs is Anis Assali. Anis is a young man who spent 14 months unable to find a job in the capital, Tunis, after earning a degree in aerospace engineering from the University of Tunis. He returned to his hometown of Le Kef, in western Tunisia, and decided to create his own employment by starting a business selling and installing solar panels. The USAID-backed program supported him with training in marketing and identifying reliable suppliers. His business has now grown from solar electricity to include solar water heating, and

the USAID-supported program has helped connect Anis with a global community of like-minded “green business” entrepreneurs.

Another USAID program, the Business Reform and Competitiveness Project, is working with businesses like Nozha Dates, which is based in the economically disadvantaged region of Tozeur, nearly 300 miles southwest of Tunis. Nozha traditionally sold to an export company, but wanted to develop its own labeling and direct export capabilities. The USAID program helped the company meet export standards and work through regulations. This enabled Nozha Dates to hire 55 new employees to handle logistics, production, processing and quality management for its direct export business.

All in all, USAID programs in Tunisia have helped create more than 12,000 new, sustainable, private-sector jobs in the past two years. We are on track to create even more jobs by this time next year. We have also worked with the Tunisian government to match job seekers with firms looking to hire, and also to ensure that young people are educated and trained to match the needs of modern private-sector businesses. USAID works with multiple ministries to connect higher education institutions with local private sector firms and align curricula more closely with local labor demands. The Tunisian government is using USAID-supported career centers as one of the pillars of national education reform, and exploring options to expand the model across the country.

Going Forward

Thanks to the support of Congress, USAID’s assistance is addressing targeted areas where U.S. and Tunisian partnerships can have the most impact. This increase reflects the U.S. Government’s commitment to expanding economic and governance partnerships between the United States and Tunisia, and the important reforms that Tunisia is putting in place, on issues such as corporate and personal income taxation, and data privacy.

Our economic growth activities will continue to focus on employment through a firm-level approach that helps firms identify and overcome internal blockages to growth, while also working with the Government of Tunisia to reform critical policies, regulations and processes that limit the competitiveness of Tunisian businesses. These efforts, together with the enterprise fund and other donor inputs, have made significant strides in contributing to inclusive economic growth and employment in Tunisia.

In response to a Tunisian government request and in order to closely target our assistance to the government’s priorities and our comparative advantage, we are now finalizing a Country Development Cooperation Strategy for Tunisia. This strategy, which guides USAID’s long-term engagement in country with input from a variety of stakeholders, focuses on economic opportunity and private sector growth to create much needed jobs, as well as improve the participation of marginalized communities in local governance, strengthen community resilience in areas most vulnerable to violent extremist ideology, and improve the government’s responsiveness to citizen needs.

To promote fair and open decisions on budgetary allocation of resources to support the decentralization process, we will also work with the government to improve the transparency, accountability and inclusivity of the government's public financial management system.

The U.S. will work to strengthen local governance capacity, placing a special emphasis on marginalized communities in underserved governorates and localities. Our programs will aim to provide citizens' groups and civil society organizations with advocacy and outreach skills to articulate community priorities, while supporting local government to implement participatory systems and to follow through on local election pledges and mandates.

Right now, we have highly-skilled technical teams in Tunisia consulting with key stakeholders from the Tunisian government, private sector, and civil society to design targeted and strategic programs that will support Tunisia's democratic and economic transition.

In addition, USAID is participating in the Security Governance Initiative (SGI) in Tunisia having served on both consultation visits and helping define the objectives and activities for the Joint Country Action Plan. This initiative is an innovative, multi-year partnership between the United States and African nations that offers targeted approaches to improving security sector governance and capacity. SGI's central objective is to support partner governments to develop sound policies, institutional structures, systems, and processes to more efficiently, effectively, and responsibly deliver security and justice to their citizens. It is encouraging to see an initiative focused on utilizing U.S. government expertise to address not only security issues, but governance issues as well.

It is important to note that while USAID is conducting its own careful analysis of needs, we are also working to respond to Tunisian-identified priorities. The citizens and government of Tunisia know their challenges better than anyone, and they have been honest and direct about the road ahead and the steps needed to maintain the momentum of the 2011 revolution.

Conclusion

As we know well, the transition to a more open democratic society, and a more open and inclusive economic environment, can be rocky and move at intermittent speeds.

Tunisia has made impressive strides in the past five years, and we recognize that there is still a long way to go. With the support of Congress, USAID hopes to do even more to support Tunisia during its democratic and economic transition, working hand in hand with the Tunisian people to fulfill their aspirations. A successful Tunisia benefits the Tunisian people, the region, and the United States.

Thank you for giving me the opportunity to testify, and I look forward to your questions.