

Tunisia: The Need for a New Development Model

Hmida Klai
University of Bahrain

The Tunisian revolution took everyone by surprise. What were the immediate causes of this historic event? What are the economic and financial challenges facing the country? How can they be addressed?

The Tunisian revolution has proven the failure of the development model that has been in force since the seventies. The country is, today, facing major economic and social challenges, mainly recession, unemployment, regional disparity, a growing budget and current account deficit, a high inflation rate in addition to a heavy external public debt.

The low level of national savings makes external financing the greatest challenge in the short and medium term. What development strategy should be followed?

The objective of this article is to search for an appropriate development model that is capable of achieving the country's economic and social objectives; the determination of adequate and coherent policies for its operation; and finally to provide the decision makers with practical recommendations to be implemented.

Keywords: Tunisian revolution, youth unemployment, poverty, regional disparity, development strategy

INTRODUCTION

After a long period of political stagnation, the Middle East and North Africa region was hit by a violent social upheaval that took the form of a general revolution in some countries, such as Tunisia, Egypt, Yemen and Libya, which saw the overthrowing of decades-old regimes. Such a revolution forced governments in some other countries in the region to introduce political, economic and social reforms.

This movement which managed to break the wall of fear among people in this region, allowing them to regain their confiscated freedom, and offered them the ability to express their political, economic and social demands in various ways, is called “the Arab Spring” (Camau, 2012).

This paper focuses on the economic issues and challenges of the revolution in the cradle of the Arab Spring countries, namely Tunisia. It raises the question of finding the appropriate development model for the coming period. The importance of the topic stems from the fact that this country had not yet found its way to development because politics had so far been at the forefront of the scene at the expense of the economy.

This paper was first written in May 2013 but remained unpublished. However, since the recommendations it contains are still valid, it is worth reading because ten years after the revolution, the recovery of the economy is more urgent than ever. Indeed, the economic and social situation has

deteriorated greatly due to incompetence, corruption and lack of vision, these in addition to political instability.

The COVID-19 pandemic has only worsened this situation. The year 2020 was a catastrophic year. All economic and social indicators were in the red. There was a GDP growth rate of -8.8% (ADB, 2021), a budget deficit of 13.1% (ADB, 2021), a current account deficit of 8.1% (ADB, 2021), a public debt of 87% (WB, 2021), an unemployment rate of 17.9% (2nd quarter 2021) (INS, 2021), an unemployment rate for 14-25 year olds of 40.8% (WB, 2021), an inflation rate of 6.2% (August 2021) (INS, 2021) and a poverty line of 20.1% (\$5.5/day/person) (WB, 2021). This led Fitch Ratings in 2021 to lower the country's rating to B-.

How to meet these challenges? Which development model to adopt and which strategy to follow? The paper is composed of four main axes, and is devoted to the analysis of these main themes namely: the social and economic causes of the outbreak of the revolution; the economic situation after the revolution and during the first transitional period; how to meet the challenges and exploit the opportunities for the promotion of the economy; and finally, the conditions for a successful development strategy.

The paper did not limit itself to the presentation of a diagnosis of the situation, but tried to propose solutions and recommendations to reinforce the achievements of the revolution and to attain the desired development.

THE SOCIAL AND ECONOMIC CAUSES OF THE OUTBREAK OF THE REVOLUTION

The Tunisian revolution surprised everyone. What are the immediate causes of this historic event?

Unemployment, Poverty and Marginalization of the Country's Interior Areas

The observer of the revolution in Tunisia essentially noted the following:

The first observation:

Among the most important slogans raised during the Tunisian revolution were: "Employment, freedom, national dignity" and: "Work is a right band of robbers". Therefore, employment was at the top of the demands that rang through the voices of the demonstrators.

The second observation:

The spark of the revolution was set off in Sidi Bouzid, one of the mid-west governorates. It was preceded two years before by the events of the mining basin in the neighboring governorate of Gafsa. This indicated a state of marginalization suffered by the interior regions as part of an unfair disparity between them and the coastal area. The interior regions that have long suffered from poverty had recorded the highest unemployment rates during this period. Official figures for the year 2011 showed an unemployment rate of 28.6% in the mid-west, 26.9% in the southwest, and 24.8% in the southeast compared to 11.1% in the central-east (coastal zone) and 18.3% per year as a general average (INS, 2013).

The third observation:

This revolution was led by the youth, especially the young graduates of higher education. This is another proof of the failure of the development model that had been in force towards meeting the aspirations of young graduates who were frustrated at not getting decent job after their excellence in study and after obtaining university degrees in different disciplines. Official statistics show that for the year 2011, one third of university graduates were unemployed, and unemployment affected 47.5% of women and 20.6% of men in the same category. In addition, 81.1% of the unemployed were under the age of thirty. During the period of 2005-2011, the number of unemployed higher education graduates recorded the highest annual growth rate compared to the number of unemployed people of different educational levels. It reached 23.2% compared to 8.9% as the overall average (ITCEQ, 2012).

The fourth observation:

The sense of frustration among young graduates and the lack of hope associated with social injustice led to the outbreak of the revolution. The burden of the economic crisis was not evenly

distributed among different regions and social groups. The poorest social categories bore the brunt of the burden, while a privileged minority accumulated wealth at the expense of the vast majority of the population. According to World Bank estimates, the poverty rate on a per capita basis reached 15.5% in 2010 (WB, IFC, 2012), and was certainly much higher in the interior regions and in some working-class neighborhoods of the major cities. Referring to official figures, this rate did not exceed 3.8%. In addition to this were; the spread of corruption and nepotism; the deterioration of governance and transparency; the absence of social justice; and the oppression of freedoms.

The Main Causes of the Economic Crisis That Contributed to the Outbreak of the Revolution

The two main causes of the economic crisis in Tunisia which contributed to the triggering of the revolution were: an unfavorable international economic situation and the failure of the development model that was in force.

The Unfavorable International Economic Situation

The last years preceding the revolution had seen a continuous increase of the prices of oil and food products on the international market. And as Tunisia is a net importer of these products, this caused so many difficulties at the level of external payments and at the level of the State budget, resulting in the swelling of the budget allocated to the subsidy of basic products.

During this period, the EU, which represented Tunisia's main partner in the various fields of the economy (foreign trade, investment, tourism and employment), was going through a serious economic crisis caused by the financial crisis, as well as the public debt crisis. The effects were clear and obvious on the Tunisian economy in terms of growth, employment, trade balance and balance of payments.

The Failure of the Development Model

The development model in force for more than four decades was the immediate cause of the outbreak of this revolution because it led to the fragility of the national economy, the erosion of competitiveness and the prevalence of unemployment among university graduates. As it was the cause of regional disparity, marginalization of large segments of society and failure to achieve food security.

Opening the market, prioritizing exports, giving importance to tourism and diversifying the economy was not a bad choice. This was dictated by objective natural and geographical factors. However, the fault lies in the failure of the gradual shift from the structure of a traditional economy whose competitive capacity depends on the low cost of labor to a developed economy based on knowledge. (Bouchez, 2014). Tunisia is much delayed in this area. Thus, it was ranked 82nd among 145 countries in 2009 according to the World Bank's Knowledge Economy Index (ITCEQ, 2012). This is evidence of a broken circle between higher education and the national economy. The economy had continued to rely on a manufacturing industry with low added value, low knowledge content, low management and very low integration into the local industrial fabric. A striking example was the textile industry, especially in the production of readymade garments for export under subcontracting arrangements.

The labor market, on the other hand, has not been able to keep up with the number of higher education graduates. The supply of jobs in the productive sectors had remained concentrated on unskilled labor with a low level of education.

Under the regime of a highly centralized administration, the incentives contained in the "Code of Investment Incentives" alone have not been able to transfer these export industries from coastal areas close to ports and with a high population density to inland areas. This is due to the weak infrastructure and services in these regions, as well as the fact that these industries are more dependent on imported raw materials than on the local raw materials available in the interior.

Tourism had also failed to diversify its products to the desired level and remained primarily focused on beach tourism. The hotel infrastructure and accommodation capacity did not spread to the interior areas, which aggravated the regional imbalance.

On the other hand, the relationship between inland and coastal areas, including the capital city, in the mining, food processing and building materials industries had remained similar to the relationship between developing and developed countries. The former provides the raw material while the latter processes it into finished products and returns them at higher prices. This phenomenon provoked an exodus movement of the workforce and more particularly of the qualified workforce. This deprived these regions of an important part of its productive human resources.

In terms of foreign trade, the state had not been able to diversify its markets and remained significantly dependent on a single partner, the European Union, which accounts for more than three quarters of foreign trade. This almost single partner relationship is also evident in foreign direct investment, tourism and migrant labor. This made it easier for the national economy to be affected by the crisis that the European Union went through.

In terms of social policy, the food subsidy scheme was not effective, as it increased the budget deficit without achieving a significant improvement in the purchasing power of the poor. This was confirmed by the National Institute of Statistics through the results of the study conducted in this area. It has been shown that Tunisian families have benefited from 107 million dinars out of the 888 million dinars intended to support food products in 2010, only 12% of the total (INS, 2012).

Thus, the development model in force, which led to the fragility of the economy, a great geographical disparity in the areas of production and income distribution, high unemployment and poverty in the interior regions, had proven its failure and was the immediate cause of the outbreak of this revolution. (Mokadem, 2015).

THE ECONOMIC SITUATION DIRECTLY AFTER THE REVOLUTION AND THE ECONOMIC POLICY DURING THE TRANSITION PERIOD

The anarchy and the sudden explosion of social demands which directly followed the revolution led to the blocking of production in many sectors and especially the production of phosphate, while other sectors were operating at a slow pace. This situation also caused a flux in a large part of capital and limited its flow to Tunisia. According to World Bank statistics, the volume of foreign direct investment fell from 1334.5 to 432.7 million dollars in 2011 (WB, 2012). This same year also saw a decline in the rate of national savings to GDP from 21.7% to 16.8%. The obvious balance sheet is the recording of a negative growth rate (1.9%) and the increase in the unemployment rate which reached a record level of about 18.3% against 13% the previous year (BCT, 2012).

It was hoped that the government set up after the revolution would give priority to solving urgent economic and social problems; however, the government was rather preoccupied with a long and sterile ideological dialogue like the identity issue. They did not give the economy the importance it deserves. From the beginning, they were unable to gain the confidence of investors and reassure foreign tourists by providing security, clarifying the political vision and determining economic options. The economic measures taken did not represent a profound reform and were not part of a clear and appropriate development strategy, but rather represented temporary remedies to solve social problems at the expense of medium- and long-term development.

The government was faced with a wave of social demands which it tried to resolve by relying mainly on public spending instead of providing security and creating an enabling environment for the private sector to help absorb unemployment. For example, it [the government] tried to recruit a large number of unemployed people into the administration and into public enterprises, who were selected on the basis of criteria that have nothing to do with the competence or need of the organization. Thus, this policy contributed to an increase in public expenditure without being compensated by an equivalent increase in productivity or revenue. As a result, the budget deficit increased from 3.5% in 2011 to 6.6% in 2012. The growing budget deficit led to the need to borrow. This resulted to a rise in the public debt of 46.3% in 2012 compared to 44% in 2011 (BCT, 2012).

The increase in liquidity and the increase in domestic demand, especially for food products in the face of stagnant production had contributed to the increase in the inflation rate which reached 6.1% during the

first quarter of 2013, thereby pushing the country to resort to imports. With the deterioration of competitiveness due to inflation, imports increased at a higher rate than exports, which then contributed to the worsening of the trade balance deficit which increased from 8.6 million dinars for the year 2011 to 11.6 million dinars in 2012. Similarly the rate of the current account deficit doubled in 2012 to reach 7% of GDP (BCT, 2012). On the other hand, the fragile security situation and the lack of a clear political vision contributed to limiting the inflow of foreign direct investment. The low interest rate in relation to the inflation rate and the deterioration of purchasing power led to the low rate of national savings, making foreign financing a major challenge for the promotion of investment, the achievement of growth and job creation.

Thus, the confrontation between expansionary fiscal and monetary trends that led to an increased domestic demand, on the one hand, and policy orientations that hindered output growth, on the other hand, was the cause of the deteriorating economic situation. In the absence of a clear development strategy, this policy led to an increase in the budget deficit, the trade balance, as well as the balance of payments. It also contributed to high inflation and an increase in the public debt ratio, though without achieving the desired results in terms of growth, employment and reduction of regional disparities.

Although the government was able to achieve more or less important results in 2012, registering a positive growth of 3.6% and reducing the unemployment rate to 16.7% (INS, 2012), it was at the expense of macroeconomic balances and the purchasing power of the citizen. In any case, these results could not exceed the level of 2010 (pre-revolution).

In general, this difficult economic situation will have an impact on the future governments by obliging them to assume a great responsibility in rectifying it. On the other hand, its continuation will represent a danger for the sovereignty of the country through the accumulation of the external public debt.

HOW TO MEET THE CHALLENGES AND SEIZE THE OPPORTUNITIES TO PROMOTE THE ECONOMY?

In order to overcome the current situation and promote the economy, it is necessary to take urgent measures, to elaborate and follow a medium and long term development strategy whose core is constituted by a development model based on the knowledge economy which aims at achieving an integrated and sustainable development.

In the Short Term

- ❖ Controlling, in a more effective way, the consumer prices and to fight inflation to maintain the purchasing power of the citizens, to improve the competitiveness of the economy and to consolidate the value of the dinar. This requires the use of an integrated basket of monetary, fiscal, economic and trade policies.
- ❖ Reducing poverty by encouraging projects that generate income and employment (Ait-Bella & Lakhyar, 2021). This requires putting in place measures to support young promoters by providing training, financing, and marketing, as well as by establishing a set of “stimulus package” programs aimed at fighting poverty and unemployment in these regions.
- ❖ Fighting against contraband and reorganizing the informal sector.
- ❖ Reducing the trade balance deficit and, primarily, closing the budget deficit by controlling and rationalizing current expenditures, while reforming the subsidy system for consumer goods in order to direct aid directly to those who deserve it, as well as by implementing a reform to combat tax evasion.
- ❖ Strengthening the capacity of the banking sector to play an effective role in financing development.
- ❖ Stimulating national savings and ensuring an appropriate and conducive environment to increase the pace of investment.
- ❖ Increasing the volume of public investment and directing it towards the interior areas, while encouraging private investment to be located in these areas.

- ❖ Modernizing the administration (reducing administrative formalities and procedures, digitalizing work, strengthening online services, increasing the capacity of the Internet network, training agents, etc.).
- ❖ Spreading the value of work at all levels from school to the factory and via various means.

The success of this program remains dependent on security, clarity of political vision, governance, transparency and above all political stability.

In the Medium and Long Term

The requirement for adopting new strategic options, as well as the introduction of a radical and deep reform on the economic structure: The model in force until now having proven its failure and its limits, hence the need to design a new development model based on the knowledge economy which must be able to achieve a high growth rate, an integrated and sustainable development able to meet the aspirations of present and future generations. To ensure its success, any development strategy must achieve an optimal use of resources and take advantage of opportunities in order to exploit them effectively to achieve the expected objectives. It must also be based on a solid foundation that takes the national data and the international situation into consideration.

The most important bases of this strategy consist of the following:

- ❖ Maintaining the export option as a strategic option and ensuring the increase in the added-value rates, the rate of integration and the percentage of high-tech components that did not exceed 12% of total manufacturing exports in 2011 (ITCEQ, 2012).
- ❖ Continue opening and liberalizing the economy to increase its competitiveness, especially in the area of services (financial sector, transportation, telecommunications, health, education, training and other services).
- ❖ Ensuring competition and fighting speculation.
- ❖ Following an economic model based on knowledge and high technology. This requires a radical structural change in the production system, foreign trade, the labor market, education, the training system, and the composition of public spending. It also requires massive investment in scientific research institutions and incentives for business to focus on research and development (R&D) and innovation so that the comparative advantage of national products is more based on knowledge, technology, artificial intelligence and technical progress and not on low wages.
- ❖ Strengthening of the private sector's role; especially in the small and medium-sized enterprises, which are usually characterized by their high employment capacity.
- ❖ Restructuring public enterprises to increase their productivity and improve their competitiveness, as well as ensuring self-management.
- ❖ Ensuring to the increase in the profitability and productivity of the agricultural and fisheries sector by introducing advanced technologies, intensifying scientific research, increasing financing and attracting foreign direct investment. This aims at achieving several objectives, mainly self-sufficiency in basic food products, maintaining consumer purchasing power, promoting exports and increasing the sector's contribution to the employment of skilled labor.
- ❖ Introducing regional development, as a new dimension, among the development plans, alongside the sectoral dimension. Allocate areas on an economic rather than an administrative basis. This requires the creation of specialized economic clusters according to the specificities of each region. These must be reinforced by universities, technological poles and specialized research centers. It is also important to avoid wasting effort and money on small, scattered and isolated projects. To achieve regional development, large-scale infrastructure projects must be adopted with the contribution of foreign financing and the private sector, and the necessary incentives and services must be provided to attract the private sector. This cannot succeed without the granting of more autonomy to the regional authorities, which must be elected to manage their affairs, identify their development paths and take the initiative. In this context, the study of international experiences, such as the successful experience of China (OECD,

Mehmet Ögütçü, 2002), South Korea (OECD, 2012) and some European Union countries is very useful.

- ❖ Laying the foundations for sustainable development through the following actions:
 - Developing clean and renewable energy, especially solar energy by installing giant projects to both satisfy local demand and for export, through collaborations with the European Union, especially Germany which has high expertise in this field. It is clear that an ambitious long-term development project cannot be achieved without securing a significant domestic energy resource. In this regard, the International Energy Agency (IEA) pointed out, in its report for the year 2010 (OECD, 2013), that the Middle East and North Africa region has potential reserves of solar energy that is among the largest in the world. It is capable of producing more than one hundred times the consumption of the region and Europe combined through concentrated solar power plants.
 - Providing adequate incentives to attract foreign direct investment under the “clean development mechanism” and taking advantage of the benefits granted by the Kyoto Protocol and currently the Paris climate agreement.
 - Putting in place a set of laws to protect the environment and preserve natural resources.
- ❖ Laying the foundation for equitable development through the following actions:
 - Restructuring the tax system to be fairer and more stimulating of production and employment, achieving this by fighting against tax evasion and by easing the pressure on employees and small and medium-sized enterprises.
 - Re-examining the system of consumer subsidies and taking advantage of the study by the National Institute of Statistics to direct support to those who deserve it and lighten the burden on the state budget. Its application needs a social database.
 - Increasing the allowance granted to families and social groups in need.
 - Studying the possibility of creating an “unemployment insurance system” for unemployed young people with higher education degrees through a fund financed on the basis of solidarity by employees, employers and the government. Part of these resources should be reserved for training to increase the employability of these unemployed persons.
- ❖ Establishing a free trade zone at the Libyan border for re-exportation of goods, and orienting mainly towards the Libyan market, to help reduce smuggling and create new jobs.

New Concepts for Strengthening Reforms

However, for these reforms to be more effective, they must be accompanied by new concepts in various areas, including:

A New Food Security Concept

Replace the food security concept, which has been adopted several decades ago and which is based on the “balance of food trade” by the concept of “balance between production and domestic demand for basic food products”. This is because the current model which aims at trade balance, and which is reflected in the export of complementary agricultural products such as oranges, and the import of basic food products such as wheat, has led to the misallocation of precious natural resources such as water without achieving food security. It led to the diversion of water resources in favor of oranges, while the relative price of wheat to oranges continued to rise.

A New Labor Compensation System

Breaking the vicious circle of “rising prices - increasing wages, and increasing wages - rising prices” which weakens the economy, reduces product competitiveness and deteriorates consumer purchasing power, and replacing it with a new formula of “increasing productivity – increasing wages, and increasing profits - rising worker income”. This is done by linking a part of the salary to productivity, by taking

permanent training as a lever for career advancement, and by designing means that allow the worker to benefit from the company's profit and also be affected by its loss, making them, in this way, to feel like being part of the company.

A New Formula for Financing Projects

Replacing the material guarantee criterion by that of **profitability of the project** Banks accord more importance to material guarantees than to profitability when financing projects. Thus a tourist project for some of them is only a real estate project. In order to change the structure of the economy, the banking sector must play an important role in running the risk of financing projects with intangible investments and with a strong cognitive, technological and computer component, even with a small real estate component.

A New Trade Margin System for Vegetables, Fruit, Poultry and Meat

Setting the commercial margin in the wholesale and retail trade of vegetables, fruits, poultry and meat according to the quantity sold in kilograms (kg) instead of the purchase price. In fact, the trader's production cost does not depend on the price of the product he sells, but is composed of rent, transport costs and others. His variable costs depend on the quantity and not on the price. This is the example of freight where the rate is set according to the quantity or volume of the goods transported.

This method has the advantage of reducing inflation in two ways. At the elementary price level, the rate of increase in the selling price will be less than the rate of increase in the purchase price because the sales margin per kg remains fixed. At the synthetic price level of the fruit and vegetable, poultry, or meat group, the rate of inflation will be lower because traders will have an incentive to market a larger quantity of cheaper products than a smaller quantity of higher-priced products. The budget shares of the cheaper products will grow at the expense of the more expensive products.

CONDITIONS FOR THE SUCCESS OF THE DEVELOPMENT STRATEGY

The Need to Ensure the Financing of the Development Process

Although the Tunisian economy, which is characterized by an abundance of human capital, complains of a serious shortage of financial and physical capital which represents the main determinant of the production process, it is in such a period that it feels, more than ever, the need for the investment of huge funds in productive projects that are capable of raising the rate of growth and doubling the annual employment rate. Due to the weakness of national savings, the need for foreign financing of all kinds, especially in the form of foreign direct investment, as well as in all economic sectors, is obvious. Likewise, it is useful to diversify the sources of the external financing and to take advantage of capital flows from the most promising countries in this area such as the countries under the Gulf Cooperation Council (GCC) and China (EIU, 2012).

Conditions for Obtaining the Necessary Funds for the Development Process

To ensure the success of the development strategy, the state must be able to provide the necessary funding and bring in a greater volume of foreign direct investment. This requires the establishment of a number of conditions, the most important of which are:

- ❖ Establishing a climate conducive to investments that are capable of gaining the confidence of foreign and local businessmen, and gain the confidence of donors (security, economic freedom, infrastructure and advanced services, administrative procedures lightened and relaxed ...).
- ❖ Working to raise Tunisia's ranking among international rating agencies.
- ❖ Increasing the productivity of the workforce through quality education and training.
- ❖ Designing a clearly defined development strategy.
- ❖ Identifying investment opportunities, and presenting them abroad through an effective marketing operation.
- ❖ Following scientific methods in the field of strategic planning.

The Strategic Planning Process

- ❖ The scientific and objective evaluation of the current situation and the precise identification of the strengths and weaknesses.
- ❖ The identification of the main options and objectives on a consensual basis, with the participation of all components of civil society and national organizations.
- ❖ The adoption of the scientific method in the establishment of economic and social development plans.
- ❖ Follow-up and monitoring of the implementation as well as the revision and correction of the trajectory in a continuous way.
- ❖ Ensuring governance and transparency in all stages.

Institutional Framework for the Development Process

At the institutional level, it is essential to create a management body which operates independently and is assigned the tasks of formulating the long-term economic and social vision, identifying strategic options, and outlining medium-term development plans with the assistance of specialized experts and the support of the main components of civil society and national organizations. This approach is imposed by objective reasons, the most important of which are: first, the scope of these objectives is beyond the government's electoral period; second, to avoid failed experiments and unilateral choices made by a single governing party; and third, to avoid the risk that the implementation of the development plans may be rejected or hindered by a part of society that was not involved in its elaboration.

The proposed body may consist of the Higher Council for Development (Advisory and Executive arm) composed of an executive board and a Wise Council; the National Institute of Statistics (statistical arm), as well as the Tunisian Institute of the Competitiveness and quantitative economy (technical arm).

The government, for its part, is dedicated to implementing the plans emanating from this body and ensuring that solutions are found and appropriate measures are taken to resolve them.

It is the application of the principle: "Let us reason together and let each one carry out his/her task". Thus, the success of the government in the field of economic and social development in the foreseeable future will depend on its ability to secure the necessary funds for the planned projects. The process of securing financial resources represents the major challenge in the short and medium term.

CONCLUSION

There is no news that the economic, social and financial challenges of the country are so great and that the difficulties are multiple, but the situation is not without a way out. Tunisia has its own strengths; it has at least five important elements: a young and educated population, competent executives, a developed statistical system, a diversified economy and an ideal geographical location.

If the decision-makers act wisely and give priority to the national interest, and if the society has confidence in its abilities and if efforts are combined with the best intentions, it will be possible to realize the dream by transforming weaknesses into strengths and obstacles into inflows for development.

In fact, unemployment is only a paralyzed production factor that can become a catalyst for growth; marginalized areas contain potential wealth that can be exploited to give an impetus to development; the arid desert can be converted into an important source for the production of clean energy, and finally, the weakness of national savings can be a stimulating factor for foreign direct investment which can contribute to the transfer of technology. If we succeed in doing this, we can achieve "the Tunisian miracle".

Who would have thought only four decades ago that China would transform the demographic factor from a heavy burden to a growth factor, thereby becoming the world's factory; or that South Korea would overcome the technology gap to become a leader in the electronics industry in a short period of time. This is no accident. They have invested heavily in research. China caught up with the EU for the first time in 2012. It now occupies the second place in the world. South Korea is ranked first among OECD countries in terms of R&D intensity (OECD, 2014).

This study emphasized the need to change the development model for Tunisia, and tried to define the characteristics of the new model, while determining the development strategy to follow. Though it is true that, despite the effort made, its contribution remains limited, it has the merit of opening a debate on this issue, while paving a way for further research.

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