

The informal sector and the challenge of regional development in Southeastern Tunisia

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Abstract

This paper tries to highlight the territorial development in the governorates of South-East Tunisia on the border with Libya. Our main objective is to show the existence of a direct relationship between regional disparity and work in informal trade. This work proposes to aggregate a set of regional development indicators of each delegation in order to draw up a typology of the delegations as well as to calculate a territorial development index for each delegation and to discern any failures hindering their development. Also, this analysis addresses the subject of informal trade in Southeastern of Tunisia. Following this, a survey will be made with the informal trade actors to analyze their situations and finally an analysis of the state intervention as well as recommendations will be proposed. Our work has shown that regional and local disparity is one of the causes of informal trade in the Southeast. As well as the workshops, that we organized confirmed that most of the players in the informal trade are unemployed young people. Here, there are also people who are currently working and who a fixed income, but they are informal traders.

Keywords: *Informal sector, Regional development, Southeastern Tunisia.*

1. Introduction

In Tunisia, the efforts made in terms of development are major. The different orientations are essentially aimed at integrating the entire population into the economic sphere in order to address global issues such as globalization and international competition. But despite these efforts, the fruits of development have been unevenly distributed across different parts of the country, and socio-economic growth has favored some governorates much more than others. This spatial inequality between regions is, in reality,

the product of the concentration of services and production and poor governance. The regional imbalance in Tunisia between governorates and the territorial disparity between delegations were among the great revelations of the revolution of January 2011. Indeed, the popular uprising started in the disadvantaged Tunisian cities, first those of the Southwest (to cities of the mining basin of Gafsa governorate between 2008 and 2010) and Ben Guerdane in the south-east in 2010 (Chouikha and Gobe, 2009; Nawaat, 2010). This paper tries to highlight the territorial development in the governorates of South-

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East Tunisia on the border with Libya. Our main objective is to show the existence of a direct relationship between regional disparity and the work in informal trade. This work proposes to aggregate a set of regional development indicators for each delegation in order to draw up a typology of the delegations, as well as to calculate a territorial development index for each delegation and to discern any failures hindering their development. Also, this analysis addresses the subject of informal trade in the southeastern part of Tunisia. The towns of Ben Guerdane and Dehiba, on the border between Tunisia and Libya, are among the most marginalized places in Tunisia. In mainstream national discourse, they are seen as hotbeds of cross-border smuggling and terrorism (Ghazel, 2017). However, the experiences of people living in these towns show that restrictions on border trade and a lack of development caused by a history of marginalization by the center are the main sources of insecurity, rather than the terrorist threat (Ghazel, 2017). At present, the free movement of goods and people has made this region an important corridor of exchange and transit between Tunisia and Libya. For several years, the informal sector has grown in the region thanks to the neighborhood relations and the price differential. It would thus be essential to carry out a smuggling sector analysis and diagnosis in order to see the possibilities of formalizing the informal trade that is rampant in the South-East towards the formal. The recommendations in this article can extend to the realization of the studies and the organization of workshops on specific subjects with the concerned stakeholders. This study is among the first to analyze informal trade in southern Tunisia. The originality in our study is the meetings organized with the young people who work in smuggling. They note that it is very rare to see a smuggler discussing their work. In our research, we will analyze the situation. For this, the central question is: what are the causes and solutions to the informal trade in Southeastern Tunisia? We will propose two hypotheses:

- Regional and local disparities are one of the

causes of informal trade; the delegations of the south-east are the most disadvantaged in Tunisia;

- The majority of those involved in the informal trade are unemployed youth.

Today, many (thousands) of young people work in the informal sector. It is an unemployment solution, according to them (Haddar, 2013). So some young people who would not even want to work in the private sector settle. In our work, to measure regional and local disparities, we will calculate a composite indicator of territorial development and show the least developed delegations in the Southeast.¹ Following this, a survey will be conducted with the informal trade actors to analyze their situations, and finally, an analysis of the state intervention as well as recommendations will be proposed. Our work has shown that regional and local disparities are one of the causes of informal trade in the Southeast. As well as the workshops that we organized, most of the players in the informal trade are unemployed young people. Here, there are also people who are currently working and have a fixed income, but they are informal traders.

2. Study zone

The study area is composed of three governorates (Gabes, Medenine and Tataouine) which are divided into 26 delegations (Figure 1) and with a population of 1,003,200 people. This zone is characterized by an arid climate marked by a low and irregular rainfall (50-200 mm / year) with high temperatures. At the economic level, the region is characterized by the presence of (Bechir *et al.*, 2011a):

- An artisanal and industrial sector based on the exploitation of the oil resources of the extreme South and on the processing manufacturing units mainly in building materials, textile and agro-food industries, and also chemical industries in Gabes;
- A tourist branch with the tourist zone of Jerba-Zarzis which constitutes one of the main

¹ The administrative division in Tunisia is: governorate, delegation, and Imada.

places of concentration of the tourist establishments of the country;

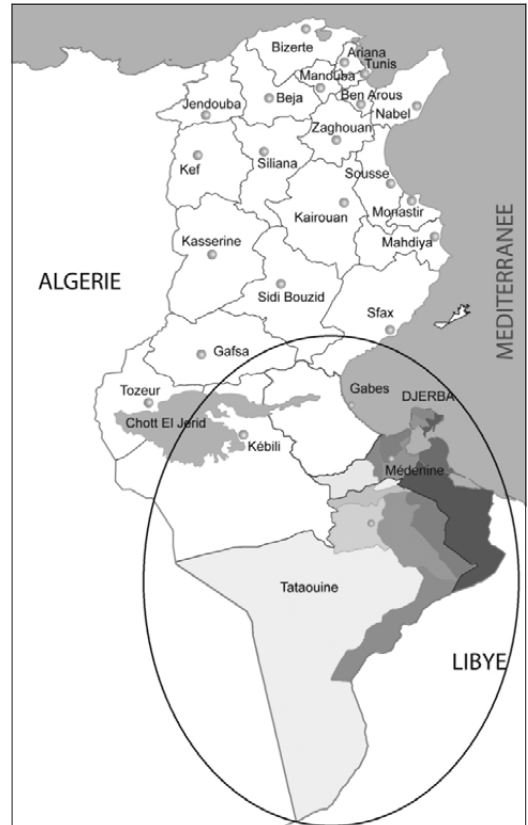
- An important activity of the fishing sector;
- An agricultural sector marked by olive growing;
- An informal trade with Libya.

The Southeast region is characterized by a high rate of unemployment compared to the national average estimated at 14.8% in 2014 (Table 1). Note here, the importance of the informal sector with Libya in reducing the number of unemployed in our region study. This trade has helped to improve the standard of living of several people in the border area with Libya where thousands of retailers, semi-wholesalers, etc. meet. if we compare the south-eastern region with the other regions we notice that our study area belongs to the poor and middle regions. The informal wholesalers of the South-East and especially of the city of Ben Guerdane supply several stores of the large Tunisian cities. According to Haddar (2013), the capital of a wholesaler was estimated at around 300 thousand dinars (800 thousand dollars). Each employs about 5 people and makes a daily turnover of about 50 thousand dinars. The number of Ben Guerdane retailers is estimated at around 1,200 retailers. They play a big role in the distribution of products (electronic materials, food products, wants). Regarding the “fuel chain”, it has about 1,000 retailers. The carriers that deliver the imported goods to Ben Guerdane are estimated at about 600. Including a conveyor in addition to the driver, the sector creates about 1200 jobs. In addition to these, there are about 2,000 people working for them even crossing the border daily carrying small amounts of goods and fuel. These indicators show the importance of informal trade in the region and its role in job creation (Haddar, 2013).

Regarding the rate of poverty, in 2019, it reached 21.7% in our region of study in the governorate of Medenine, and 15% in the governorate of Tataouine, note that a disparity is noted between the regions of Tunisia went from 3.5% in the governorate of Tunis to 34.9% in the governorate of Kairouan (INS, 2019).

In the South-East three towns are the best known for smuggling and informal trade: Ben

Figure 1 - Location of the study area.



Source: Author.

Table 1 - Unemployment rate in the Medenine and Tataouine governorates of Southeastern Tunisia.

Gouvernorat	Total	Male	Female
Médenine	14.5	8.6	31.5
Tataouine	25.8	18.7	46
Tunisie	14.8	11.4	22.2

Source: INS, 2019.

Guardane, Dehiba and Medenine. Ben Guerdane, in the centre of an arid plain, the Jeffara, is 526 kilometres from the capital, in the governorate of Medenine. Dehiba is a small town located 626 kilometres from the capital and three kilometres from the Libyan border, in the governorate of Tataouine. Certainly, the two cities have obvious differences – first, by their population: Ben Guerdane is a medium-sized city with 80,000 inhabitants, while Dehiba, with its 5,000 inhabitants, is more like a big village. Second, they are also

Table 2 - SWOT Analysis of the Medenine, Dehiba and Ben Guerdane Regions.

<i>Strengths</i>	<i>Weaknesses</i>
<ul style="list-style-type: none"> • Existence of a real agricultural exploitation potential • Existence of two airports (one is international), two international ports and two border posts with Libya: RasJedir (Medenine) and Dhiba (Tataouine) • First-class geographical position as access to Libya, disposing the region of an important strategic economic space • Existence of several tourist regions • Existence of a very important fishing sector • Existence of several natural resources • Very dynamic civil societies 	<ul style="list-style-type: none"> • Difficult climate and low level of precipitation • Difficult security situation that may affect any development plan in the region • Low level of valorization of agricultural products and absolute dominance of the olive tree despite other potentialities. • Low road infrastructure • Existence of several land problems • Administrative heaviness
<i>Opportunities</i>	<i>Threats</i>
<ul style="list-style-type: none"> • Important economic space justifying substantial investments for the sectors: agricultural, tourist, industrial and commercial. • Number of tourists who visit the region • Local, regional and external market requesting local agricultural products (especially olive, livestock...). • Configuration adapted to the setting up of a logistics and agribusiness platform. • A very important Libyan market. • 2020-2025 Development Plan 	<ul style="list-style-type: none"> • Increasing the salinity of the aquifers and the unsustainability of their exploitation • Advanced desert • Disinterestedness of youth in agriculture • Increase in illegal immigration • Lengthening the situation of insecurity and instability in Libya. • Covid-19

different by the scale of their economies and the different ways they take part in the national and cross-border economy. While Ben Guerdane has emerged as the main currency market since the late 1980s (all the currency of the world), Dehiba is a very small place, where the border is utilized for economic survival. The analysis of the situation of the South-East delegations, using the SWOT² technique, allows us to summarize the state of development of the region (Table 2).

3. Methodology

In our study, the qualitative survey was based on a questionnaire developed from informal exploratory interviews conducted with local leaders and political activists, two focus groups, and seminars with the researchers. The first was composed of Dehiba activists (20 people) from local civil soci-

ety and city officials. The other was held in Medenine and included activists belonging to local associations and young unemployed graduates from Medenine and Ben Guerdane (30 people). The representative sample of local inhabitants aged 18 and over Five control variables were used: the residential environment (urban or rural); age group; educational level; and economic activity. The qualitative survey was carried out during four visits to Ben Guerdane and Dehiba and was based on observations and informal and semi-structured interviews with unemployed youth, local civil society activists, and local government and security officials (governors, police officers, members of the National Guard, and customs agents) (10 interviews). We note here the use of our relations with civil society so that informal trade agents participate in our focus because they generally refuse to participate in official meetings.

² The term SWOT is an acronym derived from English: Strengths, Weaknesses, Opportunities, Threats.

4. The informal sector

4.1. Theory evaluation

The informal economy is now at the heart of economic and labor policy concerns. Because of two factors. First, because a large part of the population working in developing countries operates outside the frameworks established by labor standards and tax legislation, Then, because a significant portion of the goods and services produced and traded in these countries escape accounting scrutiny. The illegal economy covers all activities that contravene the penal code, either because they are prohibited by law or because they are carried out by unauthorized people. The term “smuggling” actually designates a variety of economic activities that it would be wrong to amalgamate. A struggle is playing out, in this sense, between economic operators who are “more than less” in the legal sphere and those who are “less than less”. This smuggling is part of a set of resourcefulness and fraud activities, of which the trafficking of arms and narcotics constitutes the most dangerous part, but it is minimal. In 1993, the International Labor Organization (ILO) and the United Nations Statistics Division reached agreement on the definition of the informal sector (Husmanns, 2005), also retained by the manual on the unobserved economy (OECD *et al.*, 2002). The 15th International Conference of Labor Statisticians in 1993 defined the informal sector as “a set of units producing goods and services with a view, primarily, to creating jobs and income for those who are concerned.” These units have a low level of organization, operate on a small scale and in a specific way, with little or no division between labor and capital as factors of production. Labor relations, where they exist, are predominantly based on casual employment, kinship relations, or personal and social relations rather than on contractual agreements with formal guarantees.

4.2. The informal sector in the region

The informal sector, or “parallel economy”, refers to economic activity outside the bounds of the law. This includes unlicensed business ventures and the trade in illicit (often smug-

gled) goods. In Tunisia, such activities make up a significant and growing part of the economy. At the time of Ben Ali, his family had a relationship with several smugglers and there was a strong network between them. From 2011-2015, the number of people employed in the informal sector jumped from 28% to more than 32%, topping 1 million workers in 2015, a study by the Research and Social Studies Centre (CRES) and the African Development Bank (AfDB) stated. In 2013, the parallel economy accounted for as much as 38% of Tunisia’s GDP. But the fight against informal trade can be particularly tricky, if only because it is an activity that is difficult to define and estimate. The World Bank thus estimated in 2013 that the annual market value of the traffic in Ben Guerdane amounted to 590 million dinars, or about 200 million euros (Ayadi *et al.*, 2013). In 2015, fuel traffic alone on the Tunisian-Libyan border brought in between 100 and 200 million dinars per year, or 34 to 68 million euros per year (Erguez, 2015). This is why allowing the holders of this financial windfall to legally reinvest it in promising projects for the region could be an important axis, and we will see below under what terms. The informal economy in Tunisia is not confined to a class, region, gender, or age bracket. It is a “national” phenomenon and an established, perpetuated reality. According to smugglers, the period after the revolution (between 2011 and 2014) is better than the one before it. But after 2015, the shoes changed because of the secretarial problems in Libya. A fallacy is created and sustained as a result of the insistence of the state, media, and economic experts to focus on the subject of smuggling when talking about the parallel economy, whereas smuggling is only the tip of the iceberg. The official discourse on parallel economies is not very popular, as many consider it to be the only way to maintain a dignified lifestyle and some purchasing power. Like any social phenomenon, the parallel economy has its own roots and causes of emergence and development. The Tunisian state is the number one sponsor of this type of economy, first through its failed economic policies for development, which have created significant gaps between the different classes and rendered some of them economically dead;

secondly, through the pervasion of corruption inside its administrative and regulatory bodies and its security forces; and thirdly, through its ineffective and unjust tax policies. Of course, there are secondary factors that are out of the state's control, particularly the fact that Tunisia neighbors two wealthy countries, Libya and Algeria, which rely on a rentier economy based mainly on producing hydrocarbons whilst importing everything else (Abdelmoula, 2019). Informal economic activity is a significant part of south-east Tunisia's production and distribution. There are several phrases commonly used to describe informal economic activities, including the black market, underground economy, and shadow economy. Their particular meaning varies by country of usage and by social context. In addition to Ben Guerdane, Medenine, and Dehiba, in Southeastern Tunisia, provide the only official border crossings to Libya and occupy a space at the bottom of the "hierarchy of spaces" in the country. In addition, they are now characterized by a fluid political situation, both in Libya and in Tunisia. Both are marked by regional disparities, despite their different modes of engagement in the national and cross-border economies, and are subject to a stigmatizing national discourse that conflates borders and border regions with smuggling and terrorism. This prevailing discourse, shared by the Tunisian government, donors, and the media, ignores the reality, needs, and expectations of people living along the border (Laroussi, 2018). The populations of Ben Guerdane, Medenine, and Dehiba are known for their long traditions of immigration, especially to Libya. These populations have benefited from their geographical proximity to the Libyan border and have managed to translate this event into a socio-economic phenomenon. In the absence of the state, and with a very weak economy in this region, informal trade is an essential source of living.³ This region has witnessed the emergence of what is called "souklibya", a mark of informal trade. This trade, despite these disadvantages affecting the

national economy, has improved the standard of living of the population of the governorate and even other areas of the country. With the opening of the borders in 1988, all the social and economic data was disrupted in the governorate of Medenine thanks to the appearance of new economic operators (intermediaries, traders, etc.) and the emergence of a set of customer networks. The region has experienced an explosion of migration and trade, as well as an increase in smuggling. Today, the city of Ben Gardane is known in Tunisia for informal trade, smuggling, and the existence of millions of dollars (United States Dollars, Euros, Pound Sterling, Japanese Yen, Libyan Dinar, ...) in an illegal way. It is an area located thirty-two kilometers from the Libyan border that lives off of this trade and has, in particular, a large market specialized in products imported from Libya at very attractive prices. Note here that several family members of former president Ben Ali have been actors in informal trade with Libya, so they have an intervention in the choice of post managers in Ras Jdir so that it facilitates prohibited transactions and a few illegal groups are supported by local political entrepreneurs, and it has existed until now. The delegation of Ben Gardane, which covers 51.6% (4,732 km²) of the territory of the governorate of Medenine and has significant resources (pastoral, olive, maritime, mineral), remains totally dependent on the informal trade and contraband with Libyan territory. Despite the importance of the financial resources provided by this type of illicit activity, which impacts on the improvement of the living conditions of the local populations, it must be noted that the development of this delegation remains very fragile and a prisoner of the opening or not of the border crossing of Ras Jdir. In fact, the economy of Ben Gardane, like Dhiba, is integrated into Libya, which is based on the oil wealth of the country. On the other hand, neither local actors nor public institutions have adequately benefited from the border advantage by initiating a dynamic of sustainable accumulation based on solid economic

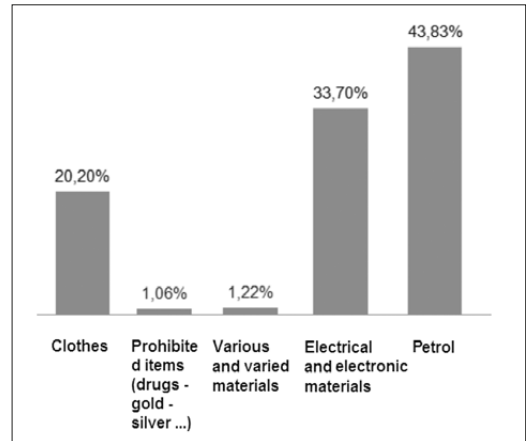
³ Ben Guerdane's people.

activities while allowing the recovery and recycling of financial resources. Data collected⁴ from our survey on the employment structure in both cities shows great weakness in the forms of institutionalized secondary integration thanks to a widespread precarious workforce, concerning 66% of those questioned in Dehiba and 77% in Ben Guerdane. For example, one respondent out of five in Dehiba reports working under unstable conditions on (government-sponsored) projects, 17% as artisans or independent workers, and 12% as construction workers. Only 1% report that they are middle managers or high school teachers. In Ben Guerdane, more than one respondent out of four reports working in the trade and services sector (35.1%), about one in five as an artisan or independent worker, and 14.2% work as sarafa (money changers) in the black market or at the border. The unpredictable nature of the labour market is confirmed by the importance of the “illegal” sector, in which 35% of respondents in Ben Guerdane and 49% in Dehiba work. As a consequence, there is a low rate of social security coverage in both cities. Also note that most of the actors work in an informal way in the gasoil and petrol sectors (43.83%) (Figure 2).

4.3. State measures to combat smuggling

Tunisia has been trying for years to improve relations with Libya. This partnership between the two countries has given rise to several agreements and conventions of economic, social, political, and cultural nature. In fact, these agreements have not been realized and most of them even seem to be forgotten. However, in terms of trade, relations between the two countries are governed by the Convention Establishing a Free Trade Area, signed in Tripoli on June 14, 2001, which entered into force on February 19, 2002. This convention removes the customs and non-customs barriers. All products originating

Figure 2 - Percentage of interventions in informal trade in Southeastern Tunisia.



Source: Results of our workshops.

from one of the two countries are exempt from customs duties and circulate freely. Products prohibited under the Arab Free Trade Zone for reasons of safety, health, the environment or for religious reasons are excluded from this regime. But despite these conventions, informal trade exists in the governorate of Medenine and especially Ben Guerdane, so every time the border post of Ras Jedir is closed by politicians and Libyan actors, the entire economy of the region is paralyzed, whether formal or informal, because there is no substitute for border trade as a source of income.⁵ When I spoke with some young people in the governorate of Medenine, I discovered that for the vast majority of them, marginalization is a “social destiny” that makes sense in the context of the punishment inflicted by the “central state” on the entire territory of southern Tunisia. Indeed, in Ben Guerdane, there is no infrastructure to facilitate investments. For this, and in order to find solutions to the informal trade, the state decided to create a commercial and logistic zone in Ben Guerdane. It is an integrated space for commercial activi-

⁴ Despite the difficulty of organizing a workshop with traders and informal traders, we organized 3 focus groups in Medenine, Ben Guerdane, and Tataouine (Dehiba) with the total participation of 60 actors, so we contacted 10 local actors (delegate, mayor, national guard, customs, etc.).

⁵ For example, it is forbidden to import wine between Tunisia and Libya, despite this phenomenon existing in an informal way. The same is for drugs; in Tunisia it is prohibited to export to Libya, but this export exists in an informal way through tracks to the deserts.

ties and services to support economic dynamics and employment in the region, to encourage the establishment of large international trading companies, to enhance the comparative advantages of the border area, and to strengthen cooperation with neighboring markets. Also, the state decided to accelerate the publication of the expropriation decree concerning the Medenine-Ras Jedir highway project. This project aims to make Ben Guerdane a pole of services and investment, as well as to fight against smuggling.

Thus, with a view to ensuring better surveillance of the Tunisian-Libyan borders and preventing informal trade and the infiltration of arms, the authorities have proceeded to the installation of a sophisticated scanner at Ras Jedir, which enables Tunisian Customs to better control these borders. This is reinforced by the construction of a large earthen wall and ditches between the two border crossings of Ras Jedir and Dehiba, to reinforce the security on the Tunisian-Libyan border and reduce contraband.

4.4. The current situation and issues concerning informal trade and smuggling in Ben Guerdane and Dehiba

In general terms, the informal sector is all economic activities that occur outside of social and fiscal legislation. Its main activities are imports and distribution. They are different from contraband activities outside the legal framework, such as drug trafficking. Paradoxically, the informal sector, supposed to evade the control of the state, works blithely in the light of all. Informal trade, migration, and smuggling have been a reality in the governorate of Medenine for several decades. Indeed, several examples confirm the hypothesis that informal activity in this governorate is tolerated. On the pavement leading to Ras Jedir, men wave huge bundles of tickets to attract motorists. The “sarafa” are responsible for the financing of informal trade and the transfer of foreign currencies abroad for supply in the international market, particularly in Asia. Informal trade agents in Ben Guerdane have relationships



Figure 3 - Fuel smugglers at “Dhahret El Khos” (through the protective wall).

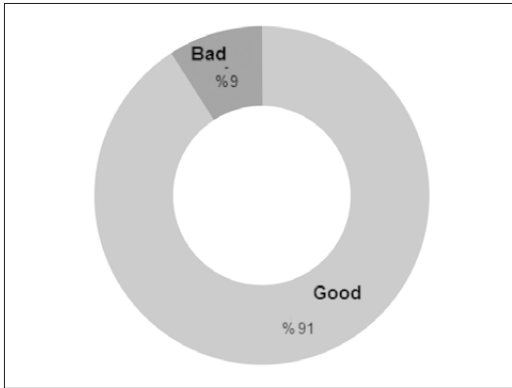
Source: Nasri, 2017.

with players in China, Turkey, Dubai and they use different quotes for the purchase of different products. Following a discussion with some of them, the amount transferred per day varies between 1 and 3 million dinars (MD). With an average of 2 MD per day, the annual amount transferred abroad, via the “sarafa” system, would be about 750 MD. Any quote and any quantity can be found at Ben Guerdane Swingers (“sarafa”).⁶ Also, the sale of fuel outside kiosks is theoretically illegal in Tunisia. The problem is that the delivery and sale of these products are done day and night on the roadway, and no one reacts, so many security agents work in the fuel smuggling sector, or sometimes they smuggle smugglers for them. Give Way. Smugglers bring thousands of liters of fuel through Ras Jedir or through an area called “Dhahret El Khos” in front of the armed forces. Thus, since the revolution until 2016, “Dhahret El Khos” was almost the only place where the smugglers allowed themselves to exchange goods with the Libyans and procure oil. After the terrorist attack in Ben Guerdane in March 2016, things have changed and the military forces have controlled this area and do not let the exchange of oil (Figure 3).

Note that the “wall of protection” built between Tunisia and Libya and the military zone have certainly reduced the extent of smuggling, but they have not eradicated it completely. Also, it should be noted that in Ben Guerdane, the “Souk Libya” gathers 960 retail traders, where the capital of a retailer varies from one to the other and each of them employs, on average, three employees. This results in the creation of approximately 4800 jobs (Haddar, 2013). The

⁶ According to our discussion with Sarf Ben Guerdane.

Figure 4 – Citizen's opinion on the impact of informal trade.



Source: Results of our workshops.

most per capita population participating in our questionnaire believes that informal trade has positive results for the region. Ben Guerdane is a giant warehouse for Tunisia. Import taxes are non-existent there. The smugglers therefore transport their products from Europe or China to Libya, and then transport them fraudulently to Tunisia. Cross-border trade is what brings life to this desherited region where the state has withdrawn since independence. The inhabitants have since turned to what they consider to be their only wealth: the border, and according to our focus group, 91% of the participants showed the positive impact of informal trade on the region and on the improvement of living standards (Figure 4). Informal trade has always existed from the Bourguiba era until today. Here, we have to distinguish “smuggling” from “fraudulent trade”. Smuggling takes place clandestinely, with goods passing through tracks, bypassing customs controls and official channels of exchange and registration.

4.5. Alternatives to the informal economy and smuggling

The analysis of the limited and less effective state intervention in the fight against the informal trade and contraband in the governorate of Medenine and especially in Ben Guerdane, made it possible to detect several deficiencies. For the citizens of the region, according to them, there are no other sources of income, so basic

infrastructure and state intervention are minor. There is no mass investment in these areas, and the economy remains dependent on the decisions of Libyan politics. While informal trading and smuggling activities provide significant revenue for thousands of people in Medenine, they pose a serious threat to the country's economy and security. Because it is unregulated, the informal sector raises several concerns, such as the protection of consumers and workers, their health, and the country's security. It does not create added value, impoverishes the state and threatens the survival of the formal sector. In this context, the question of legalizing this sector is of crucial importance. The major problem in Ben Guerdane is the lack of short-term solutions for smugglers, for which the state gives them the green light for their transactions.

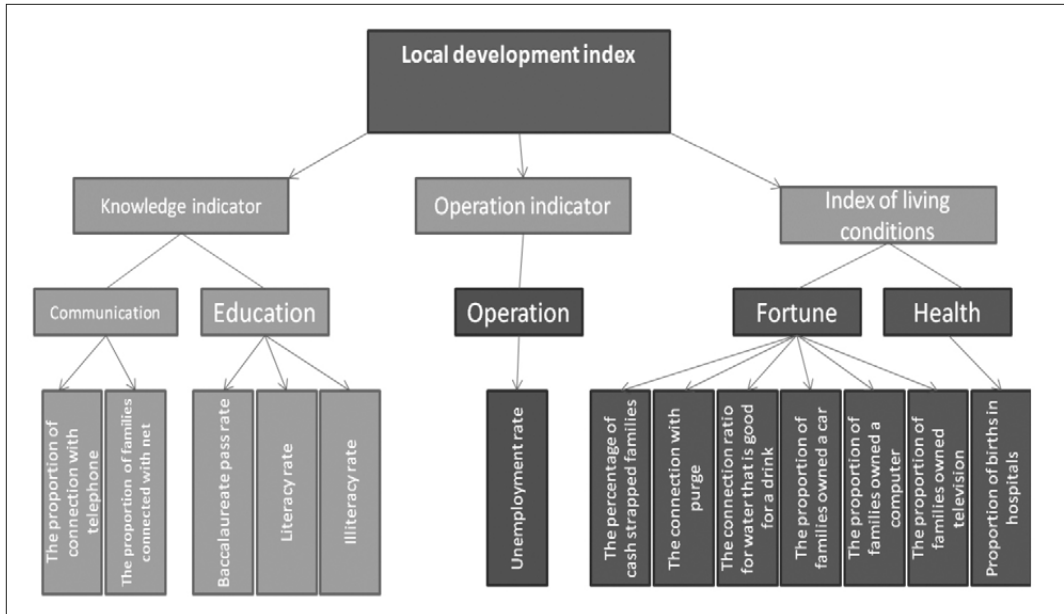
5. Regional disparity: is it one of the causes of informal trade?

5.1. Method of analysis adopted

Development indicators enable decision-makers to monitor and evaluate the state of socio-economic development in any region. To this end, the method of calculating the territorial development indicator will be used to answer this problem and show the disparity in development between the delegations of the governorates of Gabes, Medenine, and Tataouine. Our study is based on the report by Robert Prescott-Allen, *The Wellbeing of Nations* (2001) and the report of the Ministry of Regional Development (2012). Our work will give an idea of the territorial disparity between the delegations of the governorates of South-East Tunisia. In fact, the territorial development index (TDI) is made up of three different indices, namely the employment index, the knowledge index, and the living conditions index. To combine such disparate indicators, we must reduce all these indices to a common unit between 0 and 1, called “score.” This method is comparative standardization. The calculation of the sub-indices takes the following form (Antony and Visweswara Rao, 2007):

$$I_j = \frac{(H_j - H_{\min})}{(H_{\max} - H_{\min})}$$

Figure 5 - Local development index.



Source: Author.

$j = 1, 2, \dots, 16$ (delegations of Medenine and Tataouine)

H_{min} : the calculated minimum value of the score
 H_{max} score: the maximum calculated value of the score

H_j : the value found

The synthetic indicator of territorial development is the simple average of the 13 variables⁷ (for each delegation) previously standardized by this method, so the closer the IDT is to 1, the higher the level of development (Figure 5). The data come from regional indicators determined by the South Development Office (ODS) for the year 2018 for the governorates of Gabes, Medenine and Tataouine. These indicators are essentially social and reflect the standard of living of the population of the different regions (ODS, 2018).

5.2. Results and discussion

5.2.1. The territorial development index

The examination of the synthetic indicator

clearly shows the territorial disparity between the delegations of the study area. The analysis shows that an effort should be made, especially for the access of households to basic services, in the disadvantaged delegations that are inland regions that suffer from a lack of good governance that is shown by the lack of infrastructure in order to attract investors and the absence of a coherent long-term development policy on the one hand, and their weak integration into the regional and national fabric on the other. Benguela, Dehiba, and Medenine are among the least developed areas (Figure 6).

5.2.2. Discussion

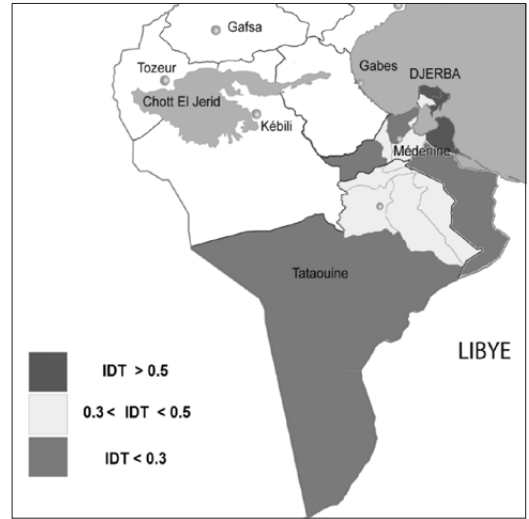
According to the table of the territorial development indicator, three groups of delegations can be distinguished: delegations with a low level of socio-economic development, delegations with medium territorial development, and the most developed delegations. If we analyze the situation of three delegations, Ben Guerdane, Dehiba, and Medenine, in the south of Tunisia by using PCA

⁷ The indicators we got it from the South Development Office.

with the STATA software, we can show they belong to the poorest regions (Figure 7).

There are some important distinctions in usage that we address below. In most definitions, constituent economic activity typically refers to unregulated income generation activities that are illegal or that are legal but whose mode of operation does not fall under the formal regulatory body. In our focus group in Dehiba and Medenine, we asked the question about the direct relationship between regional disparities and informal trade, where most (85%) answered yes to the existence of this relationship (Figure 8). Our meetings have shown that poverty is a factor in the informal trade, but it is to be noted that rich people also work in the informal sector. Thus, one finds pharmacists, agents of public administrations, businessmen, etc.

Figure 6 - Map of territorial disparity of South-East Tunisian delegations (Medenine and Tataouine).



6. Extremism and corruption, is it one of the causes of informal trade?

Informal economy workers often lack standard legal protection and medical care while facing high levels of risk in the workplace. A study carried out by the arid land institute of Medenine and the UNDP has shown large proportions of respondents perceive that corruption is widespread in most public institutions. This negative perception is much more pronounced

in the customs services, with a rate of 59.5% of respondents who believe that corruption is widespread in a very broad or to some extent (Jaoued *et al.*, 2020). Despite the risks, workers reported a relatively high rate of satisfaction with their income and often resisted moving to the formal sector, where job security is much better. Red tape is another impediment to the integration of informal activities into the formal economy. The smuggling business is especially rampant in Tu-

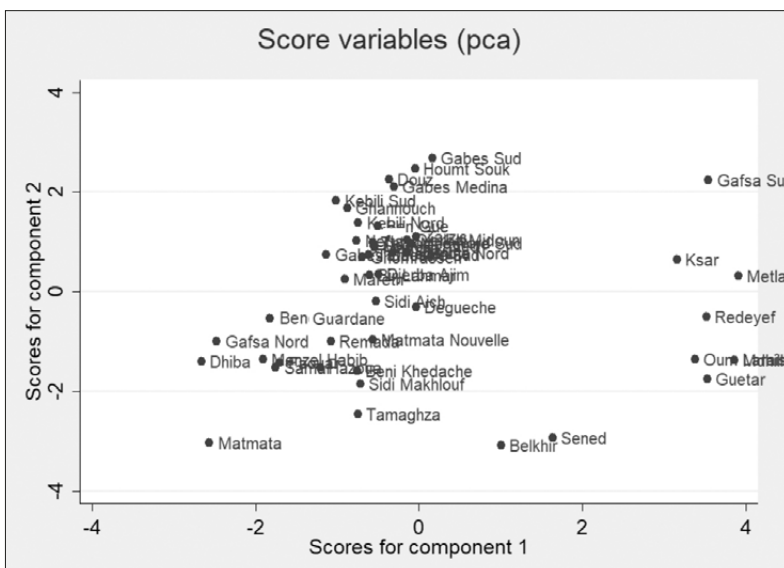


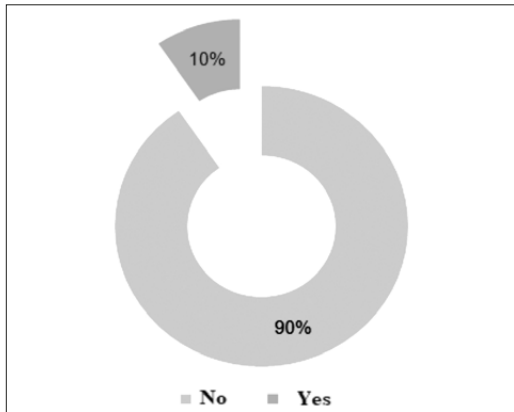
Figure 7 - Result of PCA. Source: Author.

Figure 8 - Relationship between regional disparity and informal trade according to workshop participants.



Source: Results of our workshops.

Figure 9 - Relationship between extremism and informal trade.



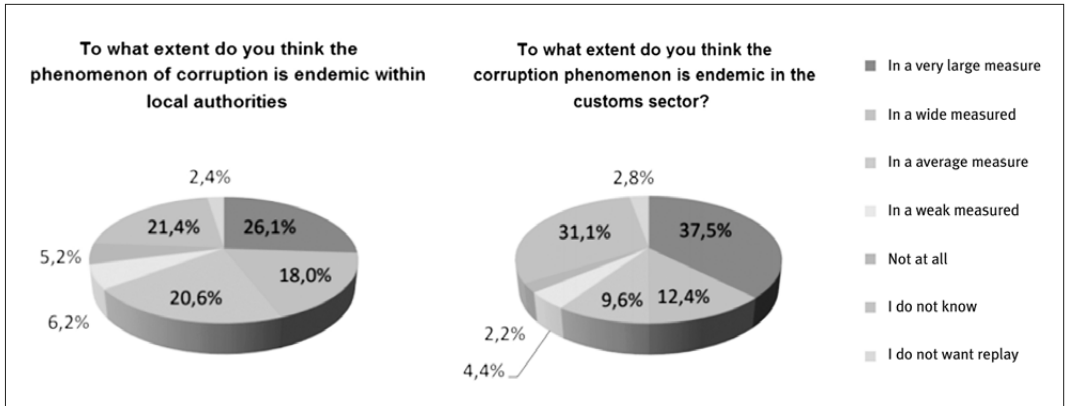
Source: Results of our workshops.

nesia's southern border towns of Medenine, Ben Guerdane, and Dehiba. Everything from oil to electronics to hard currency to video games can be bought and sold there, with the profits navigating a vast web of global business dealings. There is also suspicion of drug and weapons smuggling, though that type of trafficking is less conspicuous because of the increased vigilance of security forces. Some of the gatekeepers of this industry, long viewed as invulnerable in Tunisian society, may finally face justice in court, however. In our focus group, we asked the question of a direct relationship between extremism and informal trade in the region in this context. 10%, we replied that there is this tannic relation-

ship. 90% said that there were no direct relationships (Figure 9).

The informal sector, supposed to evade state control, operates blithely in full view of everyone. Informal trade, migration, and smuggling have been a reality in the governorates of Medenine and Tataouine for several decades. Indeed, several examples confirm the hypothesis that informal activity in this governorate is tolerated. In Ben Guerdane, for example, you just have to cross the street called "Wall Street" in the center of the city to notice. Behind dozens of aligned blue counters occupying the entire street, money changers await customers, drawers filled with bundles. Libyan and Tunisian cars stop to exchange money, which is officially illegal in Tunisia. However, in Medenine, Dehiba, and Ben Guerdane, the small juxtaposed shops act as exchange offices. They operate in full view of customs officials and the police. Also, the sale of fuel outside kiosks is theoretically illegal in Tunisia. So, following our questionnaire, 94% of the participants indicated that they used corruption to smuggle their goods. The economic and social importance of informal trade in the region means that any attempt to strengthen controls at the borders would probably be costly in terms of equipment and infrastructure and have limited impact, probably leading to higher levels of corruption among customs officials based on the border, further undermining government control. In our study, 44.4% of respondents say they have little or no confidence in customs services, 46.2% in health services, 37.2% in the police and the National Guard, and 35.2% in courts. Regarding areas of state sovereignty, 49.9% of respondents consider that corruption is present within customs, 46.4% for security forces and 35.9% for justice (Figure 10). The general lack of confidence in public institutions is a factor predominantly contributing to vertical social degradation in Medenine, Ben Guerdane, and Dehiba. As such, the non-response rate focuses on customs matters, courts, and the National Guard and may be interpreted as a sign of defiance and sensitivities when responding. They are called upon to express themselves regarding state sovereignty services. One of the main sources of this mistrust is perceptions of

Figure 10 - Trust in actors.



Source: Results of our workshops.

corruption. Security and judicial bodies appear among institutions perceived as being the most affected by it, but basic public services would also include high risks of corruption. One source of these perceptions can be found in the way the authorities interact with users, which is perceived to be unfair. Coupled with negative emotions targeting power, low levels of trust and perceptions of unfairness in treatment by state officials can result in a propensity for collective action against the public authority for which it would be relevant to analyze the protests.

7. Proposed solutions for a fair local development

If you ask the inhabitants of Dehiba and Ben Guerdane about their views on southern Tunisia, the region to which they say they belong, they primarily refer to the idea of “marginalization” (Tahmîch in Arabic) (97.7% and 88.5%, respectively). This strong perception of exclusion transcends generations and genders, although it is more acute among the young unemployed. Tightening border controls with new equipment and infrastructure is unlikely to succeed in eradicating smuggling and corruption. It is necessary to opt for a comprehensive approach which reduces the incentives for traffic (with, among other things, a rethinking of trade policy) and introduces more effective surveillance of officials stationed at the borders. Differentials in tax burden and in the resulting consumer sale

prices are the main drivers of informal trade. At a time when numerous discussions are taking place about whether to cut fuel subsidies, with further increases possible, it is important to remember that without greater harmonization of prices at the regional level, there is every chance that the level of informal trade will continue to grow. Therefore, this study calls for increased regional coordination between Tunisia and Libya in terms of tariffs, tax levels, and subsidies. Historically, Tunisia has experienced economic growth accompanied by an improvement, to varying degrees, in the living conditions of the population. But this improvement has often been accompanied by a growing spatial polarization and the aggravation of certain differences. The fruits of development have been unequally distributed across different parts of the country. In this context, the South-East governorates present themselves as regions that have not benefited much from the country’s development. Thus, an inequality between their delegations is noticed. The territorial disparity in the same region fosters a feeling of injustice that generates several political, economic, and social problems, as is the case in our region of study, which after the Revolution witnessed several demonstrations, clashes, sit-ins, and social tensions in several delegations. The reduction of territorial disparities requires improving the basic infrastructure, with a redefinition of the role of economic spaces and regional redistribution in both rural and urban areas. The challenge today is, therefore,

the improvement of living conditions. For that, it is necessary to improve local governance by strengthening the role of the citizen and innovating in the methods of evaluation of the projects of development, and this by the application of decentralization, which is shown by the transfer of the power of the state to legal entities of public law distinct from him. This decentralization will aim for greater equality of rights and greater collective solidarity between developed and disadvantaged regions. In Tunisia, and despite the fact that a number of arid and difficult areas have embarked on a process called “territorial development”, this type of development has not managed to set up a real development process that ensures both a certain increase in the value of production (creation of wealth), a better satisfaction of the needs of the population, and a real development of the agricultural and industrial sectors. These areas do not lack resources, but they exploit them poorly. Admittedly, it is in these areas that the poverty of today and tomorrow is rife if an adequate development process is not taken into account, but it is also in these areas that are well placed to invent and mobilize valuable resources. The ultimate purpose of development policies is to use a set of universally recognized processes for improving living conditions and individual and collective potential, namely health, nutrition, education, safety, and respect for the environment and future generations. Other indicators strongly correlated with the level of development are to be taken into consideration, such as poverty rates, urbanization, housing, household equipment in durable goods, electricity, drinking water network, workforce enrollment, demographic dependence, and the contribution of the secondary and tertiary sectors to GDP formation. Thus, in order to achieve results in improving the standard of living in the South-East, it is recommended to make the most of the strengths of the region, taking into account its opportunities, so that regional policies must adopt:

- Strengthening the role of citizens and civil society in defining, implementing and evaluating public policies;
 - Strengthening good governance of the administrative management of projects;
 - The implementation of a participatory planning and evaluation approach to public policies.
- In both cities, disparities with other parts of the country are evident in three key areas. The first relates to the weakness of the social state, illustrated by limited and poor-quality public services and infrastructure (sewerage, water networks, health, public transport) and weak social rights (social security, access to justice). The second refers to structural mass unemployment, with rates much higher than the national average, particularly for women (where the rate is two to three times higher than the average), as well as large numbers of people in precarious employment marked by low wages and/or a casual nature. This reveals the structural weakness of institutionalized forms of integration of local economies. The third area is education, where the school dropout phenomenon overwhelmingly affects young adults: their enrolment rate is half the national average. Five years after the revolution, the border remains a financial resource, generating jobs, mainly for youth, in the absence of other employment opportunities. In Dehiba, in particular, the border is the only means of survival. However, if networks of local and cross-border solidarity once allowed residents to keep some control over the border economy, that relative bargaining power now seems altered by the chaos in Libya and the disorganisation of the border area. This is particularly the case in Ben Guerdane, where there is increasing competition between new and old actors who deploy there, laying claim to income, legitimacy, and control. Last but not least, Tunisia needs political stability and a clear political direction. Because many traffickers living in isolated border areas feel forgotten by the people of the capital, containing informal activities requires political consensus and a stronger state. Otherwise, the traffic will continue. At the local level, political leadership

should support a team for several years at the head of customs with a mandate to strengthen internal controls of customs services. Whenever a director-general changes every six months, any reform in this area is bound to fail.

8. Conclusion

In order to develop the governorate of Medenine and especially the Ben Guerdane region and Dehiba (Province of Tataouine) to formalize informal exchanges, the state must improve the infrastructure of the region. Thus, the current relations of the region with Libya, which remain marked by the predominance of the informal sector and subject to the instability of the border situation, must progressively evolve. This requires ensuring a good relationship with all Libyan actors to implement the free movement of goods and people between the two countries, allowing the formation of an economic space without borders. Today, it is recommended to create an international economic space between the province of Medenine and Western Libya in particular. In addition, the risks associated with the development of this informal sector, particularly with regard to the economy, public finances, security, and hygiene, necessarily imply a mastery of this sector and its gradual integration into the formal economic dynamic, including through the creation of the cross-border economic space open to international trade. To develop border regions in the governorate of Medenine, we must create and enhance this international economic space; this is done in the long term by:

- The creation of a regional partnership and cooperation agency with Western Libya;
- The creation of a study center on Tunisian-Libyan integration;
- Collaboration with the Libyan authorities to open a Libyan consulate in Medenine; and
- The establishment of a structure for dialogue and cooperation between the region and Western Libya;
- The establishment of a business city in support of the development of the Tunisian-Libyan economic area;

- The creation of an industrial zone for the Libyan market;
- The creation of a space for an international fair at the Tunisian-Libyan border;
- The creation of a free trade zone for agricultural products in “choucha”;
- Construction of a communication infrastructure connecting the region to Western Libya;
- The completion of a railway project to Ras Jedir and the acceleration of the motorway project;
- The creation of a regular shipping line between Zarzis, Misrata, and Zouara.

Thus, the state must be strong and able to put in place an effective policy to dry up the sources of supply of illegal products and put an end to the activities of the counter-banders. It is necessary to initiate a process of formalization of the informal sector in the short and medium term by:

- Conducting a study on the formalization of the informal sector;
- The legalization of bureaux de change by modifying the regulatory texts of organizations and the functioning of the foreign exchange market with a view to authorizing, by law, the sale and purchase of foreign currency;
- The creation of a development bank in the governorate of Medenine;
- The implementation of a transversal structure at the level of the presidency of the government responsible for the informal sector;
- The adoption of specific development projects for the Ben Guerdane region;
- Strengthening the human and material resources of the controllers as well as changing the control mechanisms to fight against corruption;
- The installation of an electronic surveillance system at the Tunisian-Libyan border;
- Integration of small traders, whose sole source of income comes from informal trading, the formal sector, and the tax system, thus benefiting from social coverage.

Choucha is an area that lies on the Tunisian-Libyan border, seven kilometers from the

Ras Jdir border post and 25 kilometers from the town of Ben Guerdane. Currently, Tunisia is going through an unprecedented crisis started by the interior regions of the country, which have nevertheless benefited from many development programs that claimed to develop them. But the findings have shown that the results are mixed, not to mention meager. The reasons are mainly related to regional development policies, which have been guided by strong centralization in management and decision-making. In this context, the situation in the governorate of Medenine requires rethinking the programs and development projects in this region. This governorate is marked by the lack of major projects and large factories, so the city of Ben Guerdane is known for the facilitation of the movement of goods and people that has made it an important corridor of exchange and transit between Tunisia and Libya. This has led to the appearance of smuggling and the informal sector for several years, which has grown in the region because of differential pricing. This sector has improved the living conditions of several families in the region, despite its negative effects on the national economy. Informal trade and smuggling in the governorate of Medenine are difficult phenomena to quantify. It requires carrying out an analysis and diagnosis of the contraband sector to see the possibilities to formalize informal trade and make it formal. Today, poor governance, combined with a lack of a regional development vision and corruption, is at the heart of the problem and is the main cause of the failure of regional development policy to consider that such a development policy existed in the governorate of Medenine. calls for a more inclusive process of reforms that can lead to informal-to-formal economic change with wider participation in decision-making, short-term adjustment measures, and development strategies. In the long term, their design and implementation must require visionary and transparent behavior, a learning attitude and sound decision-making with the participation of different stakeholders: the state, civil society, the private sector and interested citizens.

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