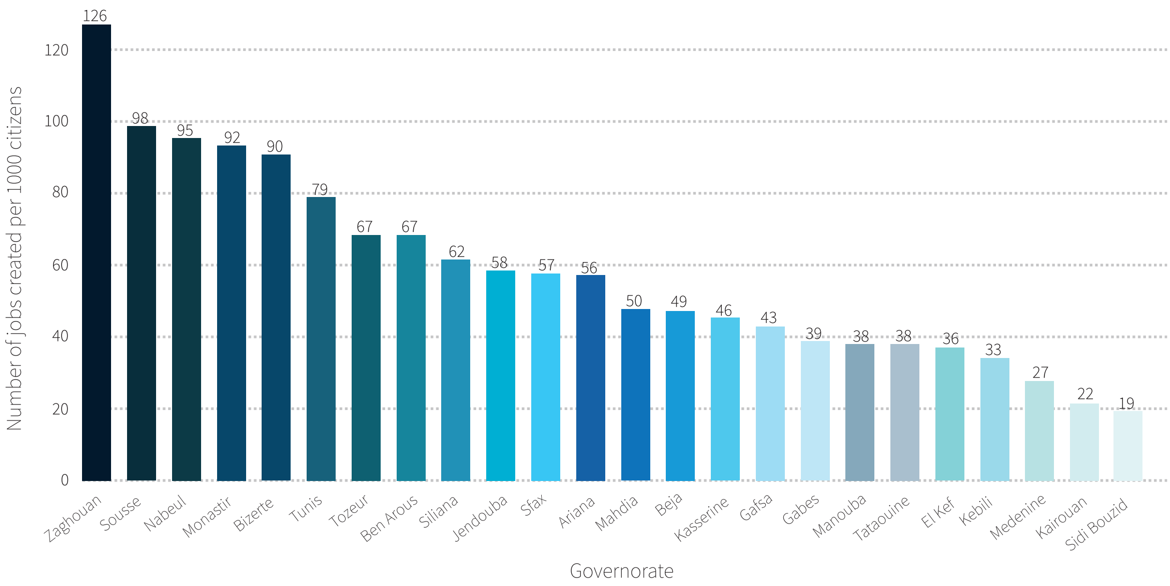
Political and Economic choices in Tunisia hamper regional job creation

Key highlights :

- Job creation per capita rates in inland governorates remain the lowest in Tunisia even after the revolution
- Despite created jobs, Tunisian governorates lost half of their ability to build job opportunities for their residents after 2011.
- Foreign Direct Investment in Tunis (7680 MTND) is 6 times more than the combined bottom 6 governorates in job creation (1403 MTND).

Title: Distribution of Total job creation per capita between 2009 and 2018 in the private sector.
Source: National Agency for Employment and Self-employment. Calculation: Tunisian Observatory of Economy



Tunisian governorates' struggle to build job opportunities for their residents is rooted in the government's political and economic choices since independence. The graph above depicts the average distribution of job creation per 1000 citizens between 2009 and 2018 among the 24 Tunisian governorates. This distribution can be classified into 3 main clusters. The first cluster (the top 6 regions) is the highly connected regions in terms of transportation, logistics, and access to foreign investment. The second cluster includes the regions with moderate economic activities and the last cluster (bottom 6 regions) is composed of regions with low economic activities in terms of the number of enterprises and investment thus much fewer job opportunities for their residents. More specifically, Sidi Bouzid, Medenine, El Kef, Kebili, and Kairouan have remained the governorates with the lowest job creation per capita during the last ten years even after a revolution that claimed employment in the first place. Historically, the excessive concentration on trade policies and international value chains caused important disparities between the regions where governorates with access to the sea and airports became much more attractive to national and international capital leaving most internal governorates behind. For instance, and until now, the foreign direct investment (FDI) in Tunis only (7680 MTND), according to our calculations from The Foreign Investment Promotion Agency «FIPA-Tunisia», is 6 times higher than the FDI allocated to the third cluster combined (1403 MTND). Coastal areas are more appealing to industries, as they host about 90% of small and medium-sized businesses as well as the majority of tourism and manufacturing units according to the same source. Political instabilities and private sector dynamics are complicating the situation. In this regard, the aggregated data indicates that most governorates lost half of their ability to build job opportunities after the revolution. This is why a new regional investment catalogs that diagnostic the real potential and capitalize on the specific needs and advantages of every governorate is necessary to promote regional equity in terms of job creation.

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