

Debt & Impacts of IFIs: Exploring avenues for redress and change

In the wake of the 2011 Revolution, Tunisia chose to bet on International financial Institutions and other actors of the Deauville partnership to conduct the democratic transition, fill the gaps of funding and mitigate the financial crisis.

With more than 50% of its total external debt of multilateral nature in 2021, Tunisia has a strong reliance on International Financial Institutions. This funding is granted with a set of policy conditionalities. These conditionalities which put in place austerity measures have shaped the economic path of Tunisia since the revolution.

During the last 12 years, the different governments worked to implement policy conditionalities but were often constrained to suspend their enterprise due to popular resistance. There is a widespread consciousness of the impacts these conditionalities have on investment in public services, on the erosion of purchase power of citizens and in constraining the guarantee of economic and social rights protection.

On the international level, the International Financial Institutions are under heavy criticism. As a matter of fact, the official rhetoric of these institutions on global monetary cooperation, sustainable economic growth and global poverty reduction, which they have constantly promoted since their inception, contrasts sharply with their record of intervention in the countries of the South, particularly regarding sovereignty and human rights. The international Financial Architecture, of which there are key players, was deemed by the UN secretary general as “outdated, dysfunctional, unjust”, Antonio Guterres states that this global architecture “has failed in its mission to provide a global safety net for developing countries”.

This is very relevant for Tunisia as its access to external funding from bilateral debt or financial markets is restricted and conditioned to reaching an agreement with the IMF. A potential agreement discussed between Tunisia and the IMF during the staff level agreement of October 15th 2022 is currently suspended as the Tunisian government refrains from implementing the Funds’ prior actions.

From the 9th to the 13th of October 2023, Tunisia was very present in Marrakech for the Annual Meetings of the World Bank Group and International Monetary Fund. There was the participation of the Governor of the Central Bank and the former Minister of Economy and Planning in the official spaces of the meetings. Tunisian civil society actors, unions and scholars were present in the Civil Society Policy Forum, as well as in contestation spaces, like “Reclaiming Our Future” space, or the “Counter-Summit of Movements against the World Bank and IMF” space.

Tunisian organizations joined their voices with International Organizations, NGOs and social movements, from all parts of the world. Together they put forward the historical and systemic responsibility causing historical damage caused by the neo-colonial and neo-liberal interventions of these financial institutions (IFIs). They denounced their disastrous effects on socio-economic rights over the decades, as well as their responsibility in the deepening climate crisis, which is threatening livelihoods in the Global South.

These spaces also provided an opportunity for movements to expose experiences, and research

and advocate for a paradigm shift in the global economy. Alternative routes to think economic policies that protect rights, preserve the climate and reduce inequalities were shared. It also provided a space of reflection around what international financial structures and governance can look like to provide the guarantees of an equitable development for all countries and citizens.

This participation crystallizes the growing body of knowledge produced by this variety of actors on national level. Multiple statements were made to denounce the impacts of IFIs policy conditionalities on economic and social rights with the degradation of public services, the shrinking ability of the state to mobilize maximum available resources. The transition to a sustainable development model and a rebuilding of the social contract were put forward.

The Annual meetings of the World Bank Group and the IMF this year have failed to provide answers to the multiple crises the world, and especially the Global South is undergoing, like debt relief or climate finance for transition. It also failed to address uneven power balance within the governance of the very structures of the international financial institutions.

This drives us to question, on a national level, the relevance to think the future of Tunisian economy with the lens of these institutions. For Tunisia, the reliance on multilateral lending drastically reduced the country's leverage to negotiate the adjustment programs. It limited the ability of the Tunisian authorities to construct and defend endogenous policies that preserve economic and social rights, and to provide an answer to the political demands for dignity and social justice formulated by the masses of protesters in 2011. This form of lending, specifically multilateral non-concessional debt, have proven to have had "negative effects on economic growth in Tunisia over the period 1970- 2018" according to research.

While the public discourse is dominated by actors who state that there are "No alternatives to the IMF", many have advanced a different vision. Many are now building routes to reflect on how to alternatively fund the economy, and creating visions of how to overcome the structural hurdles that perpetuate its dependence conditioned debt.

Now that the General Assemblies in Marrakech are over, in this moment where the world is calling for the reform of the international financial architecture, and building on the knowledge, experiences and resistances that are emerging locally, it is a momentum for the Tunisian society. They can come together to open the much-needed conversation on Tunisia's relationship to International Financial institutions, shedding light on past initiatives to question it, and thinking of what options lie ahead, to defend economic policies that can build a sustainable and a more equitable future.

The Tunisian Observatory of Economy, which is part of Tunisian and regional dynamics that are being re-enforced mentioned previously is organizing this conference entitled "Debt & the Impacts

of the IFIs: Exploring Paths to Reparation and Change". We wish to open a space to reflect on the mobilizations that occurred at the sidelines on the Annual Meetings in Marrakech, to develop an alternative narrative in Tunisia, focused on holding the IFIs to account, demanding reparations and laying the foundations for thinking about viable alternatives to the policies imposed by these institutions.

The reflection is articulated as follows:

Assessing for accountability

Tunisia's growing crisis is largely due to the agreements signed with the IMF and the WB, the repercussions of which are keenly felt but never assessed by the Tunisian government. Nevertheless, a number of civil society players have taken steps to analyze and denounce these impacts. The conditions attached to the debts contracted with these institutions have drastically weakened the State's social role and jeopardized its obligations to protect and guarantee socio-economic rights.

Accountability for reparations

It should be noted that even the official authorities are aware of the consequences of these institutions' policies. The Instance Vérité et Dignité (IVD) (Truth and Dignity Commission) demonstrated this awareness by sending a memorandum in 2019 to the President of the World Bank and the Managing Director of the IMF, in which it demanded reparation for the harm suffered by Tunisian citizens. This request covered the period from the 1970s to the January 2011 revolution, denouncing the austerity policies promoted by the IFIs, which led to a series of major crises which were accompanied by severe human rights violations.

Auditing to negotiate and cancel

After the revolution, two bills on debt auditing were presented to the Tunisian Parliament: the first in July 2012 to the National Constituent Assembly, and the second in July 2016 to the Assembly of People's Representatives (ARP)². While these two attempts were unsuccessful, the debt issue is resurfacing under the current regime. Indeed, in 2021, the Presidency of the Republic launched an audit of the debts contracted over the last decade. However, the results of this audit have not been made public by the authorities. Apart from a few political statements denouncing IMF policies, no tangible political or judicial action has been taken. This raises questions about the real significance of this audit, highlighting the crucial need for transparency and concrete action to address the repercussions of international economic policies on the socio-economic rights of Tunisian citizens.

Resisting and changing development policies in Tunisia (alternatives to the IFIs reforms)

No one can deny that the neoliberal policies promoted by the Bretton Woods institutions

have left deep scars on Tunisia's socio-economic landscape, exacerbated social inequalities and heightened vulnerability to global shocks and crises. They have weakened food systems, undermined social protection systems and considerably threatened our public services, encouraging the privatization of benefices and the socialization of costs. Despite the persistent challenges, Tunisia continues to seek financing to balance its budget. The possibility of a new agreement with the IMF is being examined cautiously. It is time to stand firmly against the IFIs' neoliberal reforms and austerity measures, uniting our voices for alternatives to these reforms.

Resisting to reverse the balance of power at regional and global level

This perspective raises complex questions: how to ensure the country's livelihood while preserving its economic interests and national sovereignty? The challenge is a delicate one, as the country's growing difficulties are of concern both to the Tunisian population and on the international scene.

This complex situation is unfolding against a backdrop of global crisis, in which the global financial architecture and the role of these institutions are being called into question. Activists, social movements and even governments are questioning the effectiveness of these institutions.

Moreover, this context represents an opportunity for Tunisian civil society to strengthen national action, join the regional and continental struggle, renew global solidarities and work for a debt-free world and for an economic growth that respects people's economic, social, cultural and environmental rights.

Conference objectives:

- The general aim of the conference is to provide an inclusive framework for discussion between various stakeholders. This discussion is necessary for the emergence of a shared vision on the issue of debt/IFIs, in Tunisia.
- More specifically, the conference will aim to:
- Highlight the disastrous impacts of IFIs' policies on Tunisia and the countries of the Global South, putting forward the systemic damages of these institutions.
- Highlight the need for active denunciation of these policies, given their consequences for populations and economies.
- Highlight the ongoing mobilization of Southern countries against the IFIs and the global economic order, as a sign of South-South solidarity.
- Oppose planned or ongoing reforms and define a clear advocacy agenda for alternatives to these reforms in Tunisia.
- Put back on the agenda an agenda for action on debt in Tunisia, building on post-revolutionary victories and the experiences of countries in the South to renew the objectives of a Tunisian struggle on debt and the IFIs.
- Place the Tunisian struggle in a regional (North Africa) and global (Global South) context.