



Republic of Tunisia

Ministry of Economy and Planning

Tunisian Institute of Competitiveness and Quantitative Studies

TRACE Bribery Risk Matrix 2022

**TUNISIA continues fight
AGAINST
CORRUPTION**



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TRACE : a well-established methodology

Since 2014, the international anti-corruption organization "TRACE"¹ has established the "TRACE Bribery Risk Matrix" as an instrument for measuring the likelihood of soliciting bribes from the private sector in 194 countries.

This indicator is designed to meet companies' needs for reliable and nuanced information on the corruption risks to which they are exposed worldwide.

Composition of the indicator

| | |
|--|--|
| <p>Domain 1 : Interactions with Government</p> <p>1.1- Interactions : Contact with Government 1.2- Anticipation: Anticipations of bribe payment 1.3- Impact: Regulatory burden</p> <ul style="list-style-type: none"> - The most heavily weighted domain (40%). It considers the risks associated with relations between companies and public administrations - It measures the frequency of interactions with governments, the degree of tolerance of corruption in these interactions and the overall regulatory burden. | <p>Domain 2 : Deterrence and enforcement of the anti-corruption law</p> <p>2.1- Disapproval : Social disapproval of corruption 2.2- Enforcement : Enforcement of anti-corruption laws</p> <ul style="list-style-type: none"> - It receives a low weighting (15%) - It assesses a country's ability to prevent and prosecute corruption offences. - It provides information on the degree of societal disapproval and the enforcement of anti-corruption laws. |
| <p>Domain 3 : Transparency of Government and Civilian Organizations</p> <p>3.1- Process : Regulatory transparency 3.2- Interests : Transparency of civil society</p> <ul style="list-style-type: none"> - It receives a weighting of 22.5%. - It concerns the different attributes of public administration. - It assesses the various government budget transparency measures. | <p>Domain 4: Oversight of civil society</p> <p>4.1- Freedom of the press : Contact with the government 4.2- Civil society : Human capital and civil engagement</p> <ul style="list-style-type: none"> - It receives a weighting of 22.5%. - It reflects the role of non-government actors in terms of corruption oversight and control. - It measures the capacity of civil society to denounce corruption. |

1 - TRACE is an international non-profit association dedicated to the fight against corruption, compliance and good governance. Founded in 2001 for mitigate the risks of commercial corruption, It establishes Anti-bribery standards that have been adopted by hundreds of companies around the world and Continuously develops tools and resources that feed into compliance programs. Its headquarters social is located in the United States and is registered in Canada, with a presence on four continents.

Calculation of the indicator

The domain scores for each country are calculated as the average of the standardized sub-domain scores. Each subdomain is made up of variables from publicly available datasets. Each variable within a subdomain is converted to facilitate its aggregation with the other variables making up the subdomain so that it follows a normal distribution. Thus, the subdomain score for each country is the average of these normalized variables.

The calculated scores vary between 1 and 100 and the closer the score is to 1, the lower the risk of corruption and the better positioned the country.

Data sources

| Domain 1 : Opportunities |
|--|
| Interactions with Government |
| <ul style="list-style-type: none"> - United Nations (E-Government Development Index) - V-Dem Institute (Varieties of Democracy) - World Bank Group (Enterprise Surveys) |

| Domain 2 : Anti-corruption |
|--|
| Anti-bribery Deterrence and Enforcement |
| <ul style="list-style-type: none"> - Freedom House (Freedom in the World) V-Dem Institute (Varieties of Democracy) - World Justice Project (Rule of Law Index) - World Values Survey - Bertelsmann Stiftung (Transformation Index) |

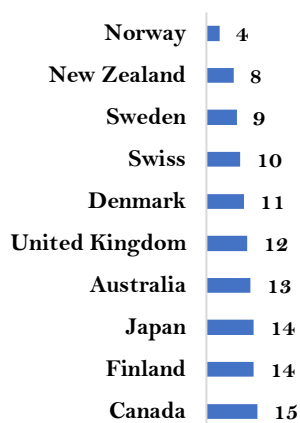
| Domain 3 : Transparency |
|--|
| Transparency of government and civil organizations |
| <ul style="list-style-type: none"> - Freedom House (Freedom in the World) - International Budget Partnership (Open Budget Index) - United Nations (E-Government Development Index) - Bertelsmann Stiftung (Transformation Index) - Freedom House (Freedom in the World) - Reporters Without Borders (World Press Freedom Index) - V-Dem Institute (Varieties of Democracy) - World Justice Project (Rule of Law Index) |

| Domain 4 : Monitoring |
|---|
| Oversight of civil society |
| <ul style="list-style-type: none"> - V-Dem Institute (Varieties of Democracy) - World Justice Project (Rule of Law Index) - United Nations Development program (Human Development Index) |

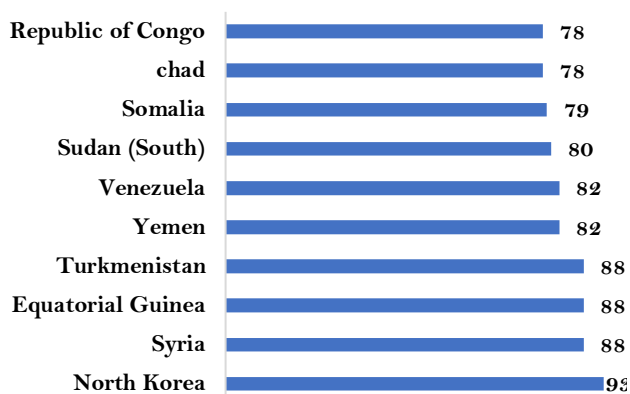
I. The world's companies facing corruption: Norway is the lowest corruption risk country in the world

- The distribution of scores this year is approximately Gaussian, with an average of 49.26 and a standard deviation of 18.25.
- Europe is the region with the lowest risk of corruption with 6 countries in the top 10, including Norway, which leads the world ranking.
- North Korea is the country with the highest risk of corruption followed by Syria and Equatorial Guinea.
- Denmark leads the world rankings in “Anti-bribery deterrence and enforcement and” 'Civil society oversight'.
- Sweden is ranked as the top country in “Government and Civil Service Transparency”
- Japan tops the rankings in “Business interaction with government”.
- The United Arab Emirates ranks 1st Arab in "Business interaction with government".
- Tunisia tops the Arab countries in: “Anti-bribery Deterrence and Enforcement”, “Government and Civil Service Transparency” and “Capacity of Civil Society Oversight”.

World Top 10 (score)



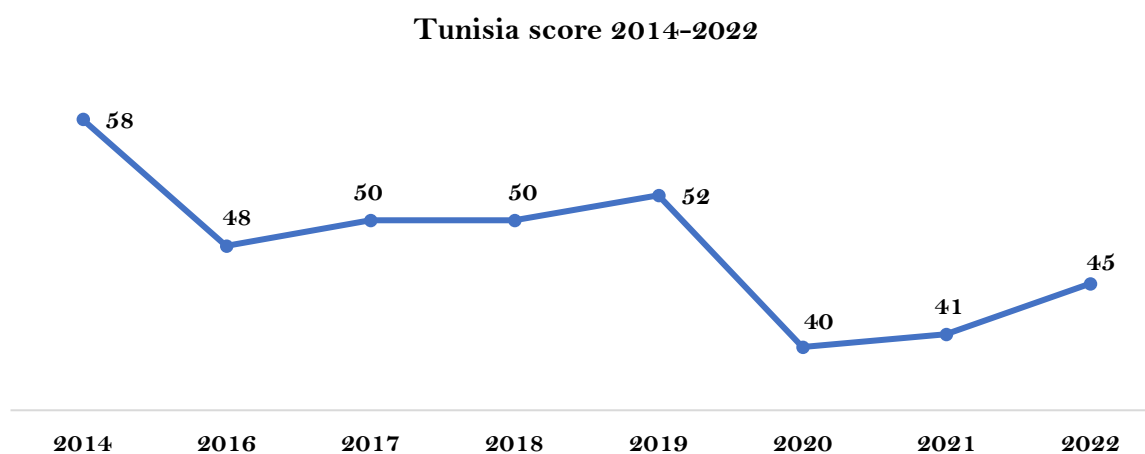
The 10 worst performing countries (score)



Source : TRACE International

II. Tunisian companies face corruption: Tunisia leads Arab ranking in three out of four areas

The examination of Tunisia's score evolution from 2014 to 2022 shows a downward trend in the risk of exposure to corruption until 2020, followed by an increase in the latter during the last three years.

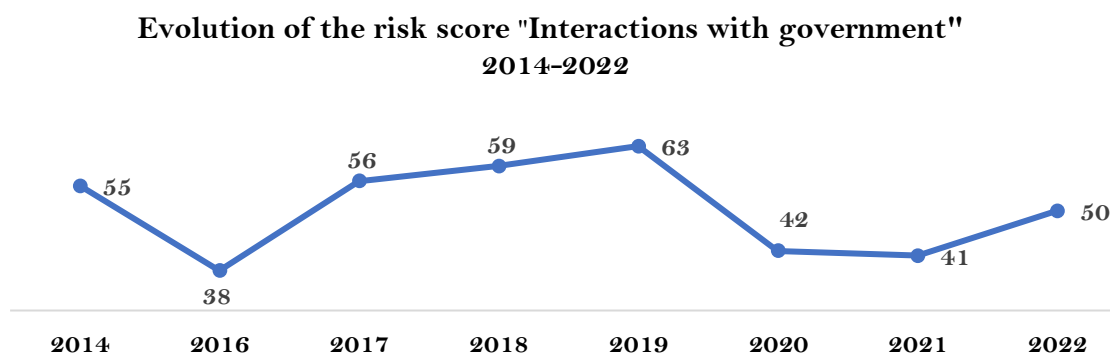


Source : TRACE International

- In 2022, Tunisia fell 8 ranks compared to 2021 to rank 76th against 68th. However, Tunisia's score in 2022 is better than the world (49) and the Arab countries average where it maintains its 2nd position.
- Tunisia ranks 1st Arab country in three out of the four domains covered by the indicator : " **Anti-bribery Deterrence and Enforcement**", " **Government and Civil Service Transparency** " and " **Capacity for Civil Society Oversight** ".

Domain 1 : Interaction with Government

- With a risk score of 50, Tunisia ranks 4th Arab and remains less risky than the global average (61) and Arab average (51), even if the risk at this level has increased by 9 points.



Source: TRACE International

STRENGTHS

- The "Senior management time spent dealing with the requirements of government regulation" is estimated at 0.10% compared to a world average of 8.62%.
- Firms with at least 10% of government/state ownerships" is 0.1%. This score, which reflects the degree of state intervention as a shareholder in companies' management, ranks Tunisia above the world (0.80%) and Arab (0.7%) average.
- The "Executive bribery and corrupt exchanges" sub-indicator shows more convincing results than the world average and much more satisfactory than the Arab world (78% on the performance scale).
- The sub-indicators relating to export clearance times and obtaining building permits are better than the world averages (6.70 compared to a world average of 7.57 for export clearance times and 41.20 compared to 70.34 as the world average for building permits).

WEAKNESSES

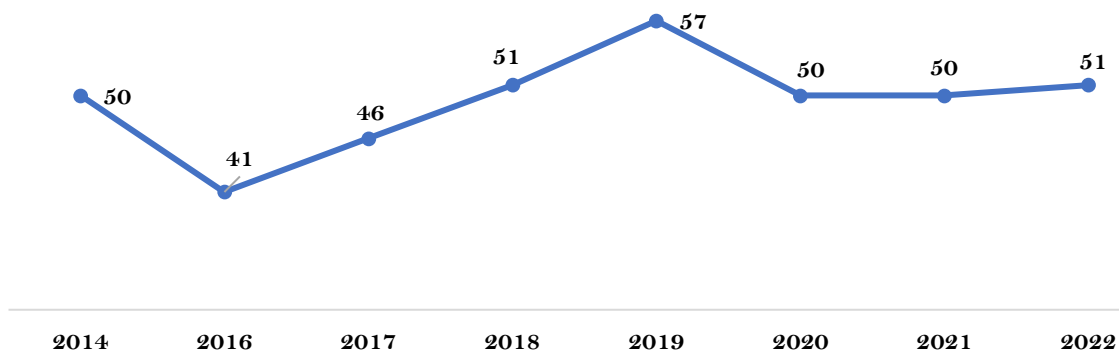
- The "Legislature corrupt activities" sub-indicator is the weak link for Tunisia with a negative score reaching 70% on the non-performance scale.
- At the level of "The impact of corruption" which measures the direct effect (in number of days) of the corruption of the administrations on the company's activity progress, Tunisia reaches less than 50% on the performance scale.
- The number of days needed to obtain an import license (20.60), to clear imports (15.80) and to obtain an operating license (39.20) are higher than the world averages (17.07, 11.76 and 30.72 respectively).

Domain 2 : Anti-bribery Deterrence and Enforcement

Tunisia presents in 2022 the same risk in this area as the world average (51) by losing one point compared to 2021, but its score is much better than that of the Arab world (71).

Evolution of the risk score "Deterrence and anti-corruption laws"

2014-2022



Source: TRACE International

Tunisia is at the top of the Arab countries ranking in this area and stands out thanks to the good performance at the level of "**Deterrence**" where it obtains a score of 46 (against 71 for the average of the Arab world).

STRENGTHS

- Equal opportunities for business creation: a score of 2.34 against 0.77 for the rest of the world and a performance degree of 79%.
- An acceptable level of performance (65%) for the degree of acceptance of bribes by public officials.
- The "Tax fraud" indicator shows fairly good results (70% on the performance scale) and this is largely due to the digitization of tax procedures and National Business Register services.
- A high performance (84%) at the level of "Regional Cooperation".

WEAKNESSES

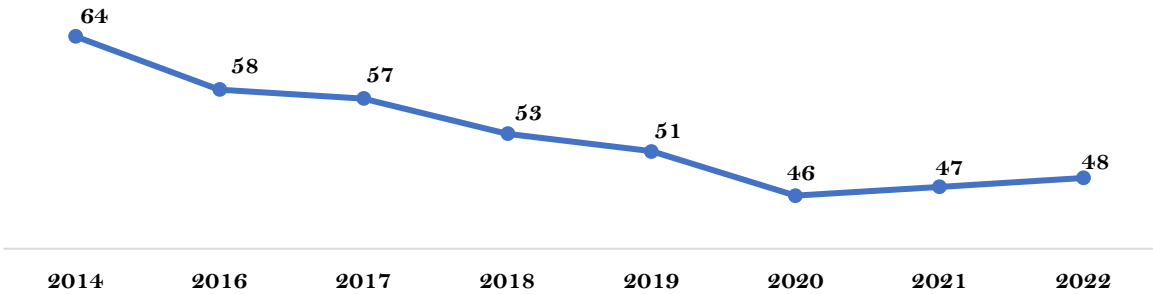
- The degree of corruption in elections: Tunisia reaches 26% on the performance scale and records a score lower than the world average (1.97 against 2.48).
- The results of Tunisia tend rather towards non-performance at the level of indicators relating to anti-corruption laws and actions, the protection of citizens against administrative corruption and actions of theft in the public sector.
- At the level of "Judicial independence", Tunisia scores below the world average (2 against 2.7).
- Deterrence measures against corruption in the administration reached 73% on the badness scale.

Domain 3 : Government and Civil Service Transparency

A general downward trend in risk between 2014 and 2022 with, however, a return of trend since 2020.

Evolution of the risk score "Transparency of government and civil organizations"

2014-2022



Source: TRACE International

The risk score in 2022 (48) is better than the world average (51) and places the country at the top of the Arab world ranking (68).

STRENGTHS

- “The Executive embezzlement and theft” is more controlled in Tunisia than in the rest of the world with a performance level of 73%.
- The transparency of civil organizations and NGOs in the control of the government” is more obvious compared to the rest of the world with a level of performance above the average (60%).
- At the level of the indicator “E-Government Development Index”, Tunisia recorded a score of 0.65 against a world average score of 0.61 and a level of performance above the average (56%).
- Tunisia is ranked better than the majority of Arab countries in the "Openness and transparency of government" sub-indicator with a score above the world average (2 against 1.93) and an acceptable level of performance (52%).

WEAKNESSES

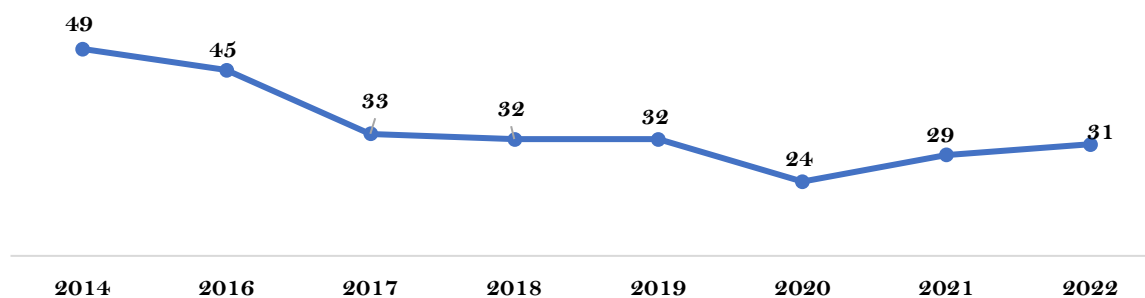
- Tunisia's performance in terms of government openness and transparency and citizens' right to information is modest compared to the rest of the world.
- Unsatisfying results at the level of “Publicized laws and government data” and at the level of “Transparent laws with predictable enforcement”. Thus, the performance levels recorded by Tunisia at this level vary between 50 and 40%.

Domain 4 : Civil Society Oversight Capacity

With a risk score of 31, Tunisia records the best results among the 4 domains constituting the TRACE Bribery Risk Matrix and ranks 1st among the countries of the Arab world.

Evolution of the risk score "Civil society oversight power"

2014-2022



Source: TRACE International

The review of Tunisia's performance between 2014 and 2022 shows that this area has always been a strong point.

STRENGTHS

- Degree of autonomy of different types of media and academics in criticizing the government: Tunisia's performance is above the world and Arab average (75%).
- Print/Broadcast media reviews is one of the best performers for Tunisia.
- The "Freedom of the press" indicator marks a performance level of 60%.
- At the level of "Civil society participation", Tunisia records a performance higher than the regional and world average (78%).
- At the level of "Political participation", Tunisia is at the top of the Arab ranking with a score higher than the world average (7.25 against 5.31) and a performance level of 71%.

WEAKNESSES

- "Freedom for human rights and governance-related NGOs" is considered by the Freedom House institution as a weak point for Tunisia in this pillar with a score of 2 against an average of 2.45 and a level of performance by 41%.

III. Institutional corruption in Tunisia : perception and public policies

1. A phenomenon that plagues the economy

To date, the 22nd survey on competitiveness and the business climate conducted by ITCEQ highlighted that : 70% of business leaders consider corruption to be a major constraint on their activity.

- Corruption weighs much more heavily on small businesses (72%) than on medium and large ones (61% and 63% respectively).

2. A relentless anti-corruption policy

- An institutional framework combining rigour and incentives that is becoming increasingly stronger :

- Publication of Organic Law No. 2017-10 of 7 March 2017, relating to the reporting of acts of corruption and the protection of whistleblowers.
 - Publication of Law No. 2018-46 of 1 August 2018, relating to the declaration of assets and interests, and the fight against illicit enrichment and conflicts of interest.
 - Publication of Government Decree No. 2019-1123 of 9 December 2019, setting the conditions and procedures for granting incentives for the prevention of corruption.
 - Publication of Government Decree No. 2019-1124 of 9 December 2019, setting out the mechanisms, procedures and criteria for awarding a financial reward to whistleblowers.
 - Adoption of a tax amnesty under Decree-Law No. 2021-21 of 28 December 2021, on the Finance Act for the year 2022.
 - Decree-law - No. 2022-13 of 20 March 2022, on criminal reconciliation and the allocation of its resources.
 - Publication of the decree-law n ° 2022-14 of March 20, 2022, relating to the fight against illegal speculation.
- **Deliberate reforms to improve the business climate:**
 - The enshrinement of the principle of freedom of investment and market access.
 - The adoption of several measures to facilitate and encourage investment as part of the economic emergency program, sectoral roadmaps and the national strategy to improve the business climate decreed in 2022 and 2023.
 - The simplification of administrative procedures for the creation of companies and projects by abolishing authorisations or replacing them with specifications.

3. The need to persevere in an irreversible path of fighting corruption

In addition to the above-mentioned measures, other actions that have shown their effectiveness in the fight against corruption in other countries can be recommended:

- Move to electronic management of the full procurement cycle.
- Ensure the total digitization of all administrative procedures and the complete dematerialization of all procedures with the use of the citizens' unique identifier and the QR code.

- Strengthen financial reporting oversight mechanisms for SOEs through the updating of public sector budget and accounting information on open and easily accessible platforms.
- Ensure good governance, work for the restructuring of enterprises and public institutions and pursue the reform of the public service.
- Adopt the negative list of authorizations and develop the governance of regulatory institutions and licensing and incentive granting committees to facilitate market access.
- Raise awareness and provide trainings in ethics and good anti-corruption practices.
- Ensure strict enforcement of laws and regulations and strengthen control systems.

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