

## Concept Note of The 37<sup>th</sup> edition of the Enterprise Days

### «Enterprise and Informality: Inequalities and Pending Solutions»

Recent geostrategic developments, the succession of shocks and crises, the worsening risks associated with climate change, the sharpness of the debt problem, the recurrence of disruptions to the supply of raw materials on a global scale, the resurgence of migratory flows, etc. have made the current economic system more fragile and accentuated precariousness.

The dominance of the major players and the transience of institutions only encourage the emergence of informal behaviour based on clientelism, favouritism or even the emergence of new informal commercial practices.

The inability of current systems to deal with this phenomenon, which is global in scope, has encouraged the **spread of informality at all levels and in a variety of forms**. This new heterogeneous form of organisation is now presenting itself as a serious alternative to the current system.

Several countries have succeeded in managing this change and proposing effective, sustainable solutions, thanks to a strong commitment and a clear will.

In Tunisia, debates have long focused on inequalities and imperfections in the functioning of markets. For decades, numerous solutions, reform measures, strategies, action plans, etc. have been announced; however, the silo approach, lack of ownership, delays in implementation, etc. are all factors that have hampered the effectiveness of public policies in the face of a phenomenon that is becoming increasingly widespread.

The fragility of the national socio-economic situation urgently requires making up for this deficit in the implementation of solutions that have already been identified; this implementation is proving to be more difficult and complex than proposing new solutions.

How to bridge this gap in the implementation of proposed solutions without dwelling too long on the diagnosis and presentation of solutions already known will be the difficult exercise that participants in the 37<sup>th</sup> edition of the Enterprise Days will be called upon to answer.

These days will be held on December 7, 8 and 9, 2023 under the theme:

**« Enterprise and Informality: Inequalities and Pending Solutions »**

Informality is a concept that does not exclusively concern the economic sphere; the informal economy and informal employment, the visible aspects of informality, are current issues that have been the subject of much debate. Notwithstanding the succession of reports and studies, by international and national institutions, dedicated to this notion, the fact remains that confusion persists, particularly in the interpretation of data, but also concerning related notions such as the underground economy, the parallel economy, the non-observable economy, etc.

There is a consensus on the importance of managing this phenomenon of informality using a holistic approach. The complexity of the derivations and causal links between the different areas, the informality of political power, the development of other forms of informality linked to the operation of the market (competition, market access, oligopolies, etc.), explains the importance of this global approach.

Some countries have succeeded in better managing informality by monitoring and implementing effective, targeted strategies. Better management of informality lies in controlling the factors that trigger or accentuate it, such as cash in circulation. Many countries have developed legal and regulatory frameworks to promote the transition to **de-cashing**, which is seen as a lever for improving fiscal space and accelerating **financial inclusion** through easier access to financial services, in order to mobilise more savings and achieve inclusive growth.

In addition, it is important to resolve the major obstacles faced by entrepreneurs and operators in relation to access to finance and particularly the granting of guarantees. The alternative to this situation of financial exclusion should be first and foremost the **right to property**, which offers the security needed to access the finance needed to move on to a formal activity.

These three themes will be debated during the special session on Tuesday, December 7, 2023, under the titled:

### **Session 1 «The Difficulties of Implementing Financial Solutions»**

The organization of the days does not remain indifferent to the recent geopolitical upheavals. In this regard, a special session is planned to explore the repercussions of the war in Palestine on the global economy and that of Tunisia, and consequently on the evolution of informality. This situation places the economy, focused on interests and pragmatism, face to face with the

challenges of human rights and universal principles. The effectiveness of international aid and the resurgence of notions of independence and sovereignty are factors that should shape the global economy and enterprises in the near future. This special session will discuss these elements under the title:

### **Special Session «Enterprise and Geopolitics: Pragmatism and Values»**

Informality can manifest itself in the functioning of states, in the organization and exercise of power. The non-alignment of economic and political agendas, the increasingly growing power of lobbying, the issues of political party financing, etc., are factors that explain the interference and influence of economic actors in political decisions.

Complex and slow procedures, burdensome bureaucracy, etc., are the most frequently cited arguments by participants in the informal sector.

Rent-economy, dominant positions, and market regulation are widely debated topics for capitalist or regulated sectors, as well as others.

Several solutions have been proposed or even initiated without obtaining conclusive results. What about access, market organization, and competition, both in formal and informal distribution channels, which only push a greater number of formal economic actors towards informality.

Is this difficulty in implementing solutions due to resistance to change or repeated attempts to meet conflicting objectives? What priorities should be adopted: facilitating market access for new operators, ensuring perfect competition in the markets, preserving dominant positions or even the monopoly of public or private companies, price control, or even reducing subsidies?

All these elements will be discussed during the session on Friday, December 8, 2023, under the title:

### **Session 2 «Informality in the state and within the markets»**

The latest editions of the Enterprise Days have been enriched by the concept of **Fishbowl**, which will be maintained this year and dedicated to the forms of **informality within the enterprise**.

A special session will be organized on Saturday morning, dedicated to a domain considered crucial for preserving a recently established democracy, directly affected by pressing informality, namely, the informality of the media system.

The media, which play a vital role in raising public awareness, learning about democracy, educating the public and shaping public opinion, are being overtaken by new, more influential, credible, and economically viable informal media. Preserving the effectiveness of our education system and our media is the guarantee of the State's sustainability. The special session will focus on:

**Special Session «The informality of the media system: Impact on the formation of public opinion»**

The final session of the Enterprise Days will focus on the underground economy through an analysis of its three complementary and interacting compartments, namely smuggling, which represents an illegal practice and a loss of earnings for state tax revenues, a scourge that has not been brought under control. The two other forms of informality that will be discussed this afternoon are the grey economy, based on sales without invoices or declarations, and the street economy, which is the most visible form of the informal economy.

Smuggling has persisted in Tunisia for decades and efforts to contain or combat it have been frustrated. Several studies and proposals for solutions and action were discussed at length, and experiences from similar countries were also shared. The debates will focus neither on the facts nor on proposed solutions, but on the manner, approach, and process of implementation, assuming a consensus on the objectives to be set.

The same approach will also be adopted to discuss the grey economy and tax evasion, which was considered in the 2013 tax reform, and of which the connected cash register that is the subject of the 2014 Finance Act is the best example of implementation failure.

The country of the revolution triggered by a street vendor finds itself incapable of solving this problem of confronting it and initiating solutions that have already been tried out in other countries. Is this due to fear of failure or to the complexity of the problem and its social and economic consequences? International experience clearly shows that countries that have

initiated reform and tried solutions, even if they have failed, are in a better situation than others.

The discussions will be entitled:

### **Session 3 «The Underground Economy»**

The days will provide an opportunity for economic operators, political leaders, experts, and administrative executives to identify the actions to be taken to begin implementing, without further delay, the measures and reforms needed to remedy informality.