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**PLANNING, PROGRAMMING, BUDGETING AND
EVALUATION SYSTEM: TUNISIAN EXPERIENCE**

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Abstract:

Reaching good governance and building the integrity in the public sector is one of the most important target of Tunisia especially after the revolution which happened in 2011. For that reason, restructuring the budgeting system should be the first priority. The Planning Programming Budgeting Evaluation System, as an integrated financial management cycle, can be one of the solution to build a comprehensive cycle of resources' management for the Tunisian defense department. through this paper, we aim to make a reflexion about the requirements and conditions that help implementing the Planning Programming Budgeting Evaluation System in Tunisia and how to make it works successfully. To meet this purpose, this paper is organized as follows: the first part will be dedicated to an overview about the country (Geography, Economics, Geopolitics, defense environment). In a second part, we will proceed to the presentation of the budget structure and process. Finally, we will try to identify the challenges faced to adopt Planning Programming Budgeting Evaluation System in the Tunisian context and to present the possible limits.

Key words: PPBES, good, governance, challenges

1. Introduction

After Jasmin's revolution which happened in 2011, Tunisian citizens showed a big request for democracy, good governance and transparency.

A democratic transition has been happening for ten years. In 2014, a consensual constitution is adopted and couple of elections had been held successfully and the legitimacy of the new regime is established.

Our country achieves in a few years the national consensus on building a democratic and inclusive political order based on dialogue and compromise.

In other side, the security context was characterized by abundance of terrorist activities and smuggling. It becomes a critical situation. The defense policy comes as a priority of first order.

To face all these challenges, forward-looking analysis and the culture of anticipation are imperative for good governance. Indeed, decoding the growing complexity in order to guide public policies and making decisions around strategic issues is a major difficulty for public policy and change management.

This fact calls for a new strategic paradigm: removing uncertainties, setting the course, adopting a vision. Tunisia needs a federative, mobilizing, inclusive and modern strategic project in order to aspire to the rank of emerging state, resilient and reconciled with itself. National, regional and international conjuncture calls for a start, dictates a change of attitude and state of mind.

Therefore, Tunisia has to try to adapt his policy and strategy in the military field to face the security challenges, which are the most important mission of the Ministry of National Defense.



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Leading this challenge in the classic budgeting system may not be possible: the use of a single fiscal year budget and the economic crisis and budget limitations are reasons that explain and affirm this theory.

So, the adoption of budget established for many fiscal years and taking into consideration the political, geopolitical, social and economic factors during the presumed timeframe may be the best solution to lead a long and steady reform.

Presently, the reform is already started. It has been deeply studied and experimented between 2011 and 2018 before the implementation of a new financial management system in 2019 by the adoption of the law 15-2019 dated on 13 February 2019 related to the organic budget law based on management axed on result.

To expose our purpose, it is crucial to survey the Tunisian situation from different perspectives and analyze the financial and budgeting system of the Republic of Tunisia, before studying the implementation the Planning, Programming, Budgeting and Evaluation System (PPBES) in the Tunisian version.

2. Overview about Tunisia

Geographical and historical review:

Tunisia is Located in the continent of Africa, it covers 155,360 square kilometers of land and 8,250 square kilometers of water, making it the 93rd largest nation in the world, but the smallest country in the region of North Africa with a total area of 163,610 square kilometers.

It is bordered by Algeria to the west, Libya to the southeast and the Mediterranean Sea to the north and east. Its capital city, Tunis, is located on the country's northeast coast. An abrupt southward turn of the Mediterranean coast in northern Tunisia gives the country two distinctive Mediterranean coasts, west-east in the north, and north-south in the east.

Tunisia became an independent state in 1956, after gaining its sovereignty from France and since that date the system is proclaimed republican.

Though it is relatively small in size, Tunisia has great environmental diversity due to its north-south extent. Its east-west extent is limited. The Dorsal, the eastern extension of the Atlas Mountains, runs across Tunisia in a northeasterly direction from the Algerian border in the west to the Cape Bon peninsula in the east (highest pick Mountain Chaambi 1544 m). North of the Dorsal is the Tell, a region characterized by low, rolling hills and plains, again an extension of a mountain range located in the west of the Algerian border. The Northwestern corner of the Tunisian Tell, elevations reach 1,050 meters (3,440 ft) and snow occurs in winter. The south of the country is desert (about 40% of its surface). Tunisia has a coastline 1,148 kilometers long. In maritime terms and its position in the middle of the Mediterranean and the south of Sicily makes strategic its maritime location, the country claims a contiguous zone of 24 nautical miles (44.4 km), and a territorial sea of 12 nautical miles (22.2 km; 13.8 mi). About thirty-eight islands and archipelagos are located in these waters, mainly unmanned except two of relevant size and important population. Climate is Mediterranean in the north and the coasts, with mild rainy winters and hot dry summers. Valleys are located between the two main mountain ranges and coastal plains are subject to an intensive agricultural activity, in opposition to the desert region where agriculture is limited to the oasis around the rare water points.

Population:



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The population of Tunisia is 10.732,900 (2013). Population is highly concentrated in the capital (about 3.000.000 inhabitant), around the coastal cities and became more and more dispersed to west and the south when lands are mostly unmanned. Tunisia's Human Development Index (HDI) value for 2012 is 0.712—in the high human development category—positioning the country at 94 out of 187 countries and territories. Between 1980 and 2012, Tunisia's HDI value increased from 0.459 to 0.712, an increase of 55 percent or average annual increase of about 1.4 percent.

Economic activity:

Tunisia's economy has been in the process of economic reforms and liberalization since 1986 after three decades of state control and state participation in the economy. With the entry into force of the free trade agreement with the European Union in 1995, since 1st January 2008, the Tunisian economy is facing at full level of its economy while benefiting from sustained annual economic growth of about 5% per year for the last ten years.

Tunisia's economy is historically linked to agriculture (wheat, olives, dates, citrus fruits and seafood), mining and energy (a major producer of phosphates and to a lesser extent hydrocarbons), tourism and manufacturing industries (textiles, food and electro-mechanics) from an extrovert perspective (large number of totally or partially exporting industrial enterprises). Thus, its diversified economy distinguishes it from that of most states in the African, North African and Middle Eastern regions. In addition, Tunisia is, like Morocco, one of the only countries in the region to have entered the category of "middle-income countries".

Economic activity has been slow in the post-revolutionary period, as real GDP grew at 1 percent only in 2019. The recovery in external demand has been largely absent, reflecting developments in the European Union, while the domestic demand is increasingly affected by tighter macroeconomic policies. The social tensions that marked the post-revolutionary period, as well as the combined effect of the two dramatic terrorist attacks of the Bardo Museum and the Sousse holiday resort further negatively affected activity in Tunisia. This has led the economy into couple of consecutive negative quarter growth. This deterioration is also attributable to the pandemic Covid 19.

Tunisia is nowadays an export-oriented country in the process of liberalizing and privatizing an economy. In 2019 it had a GDP of \$75 billion (purchasing power parity). The agricultural sector stands for 12% of the GDP, industry 25%, and services 63%. The industrial sector is mainly made up of clothing and footwear manufacturing, production of car parts, and electric machinery, Tourism accounted for 7% of GD.

The European Union remains Tunisia's first trading partner, currently accounting for 72.5% of Tunisian imports and 75% of Tunisian exports. Tunisia is one of the European Union's most established trading partners in the Mediterranean region and ranks as the EU's 30th largest trading partner.

Political regime:

Tunisia is a constitutional Republic, with a president serving as head of state and chief of the Armed Forces, a president of the government as head of government, a unicameral parliament and a civil law court system. In January 2011, a revolution resulted in the overthrow of the president and its regime; it was followed by the country's first free elections. Since then, Tunisia has been consolidating democracy in the end of a transitional phase.



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3. Tunisian Armed Forces and budget System

Tunisian Armed Forces:

Tunisia is a defensive military power. Until recently, its major threat has been terrorism and smuggling. At this point, it faces serious external threat. Its armed forces are designed largely for border defense, internal security, and protection of key economic facilities.

The armed forces have a conventional organization and command structure, with a Minister of Defense and a Chief of Staff, and an army, navy and air force. Logistic support, supply, maintenance services, administrative and financial affairs, military medical services and social welfare are organized in general directorates referring directly to the minister of defense.

Tunisia had total force with only some 86,000 men in 2020. Its land forces had a total of 84 tanks, 149 AIFV's, 268 APC's, and 117 pieces of towed artillery. Its air force possessed 29 combat aircraft and 15 attack helicopters. Its naval forces had 6 missile craft and 20 patrol boats. These small equipment holdings make Tunisia an exception to the “militarism” of most North African states.

The aftermath of the Arab spring had been challenging for the Tunisian armed forces and this for several factors. Starting from the dawn of the social uprising of January 2014, the Armed forces had to carry on simultaneously many missions besides its conventional one. It was at first involved in the close support of interior forces to keep public order and to secure the majority of government facilities. This mission required deployment for a long timeframe in the urban areas. Meanwhile, the Libyan revolution against the former Libyan regime, had added more burden. The beginning was with the enormous flow of refugees from this south bordering country. According to official estimates; about 2 million submerged the border in several weeks, predicating the establishment of refugee's camps and the cooperation with international organizations to deal with the situation. Due to its expertise, acquired by participating in many UN peacekeeping Missions, the armed forces were entrusted to handle the situation.

The most challenging risk is terrorism. Indeed, since 2011, and due to the complexity of regional environment, Tunisia was hit by some Terrorist groups belonging to AQIM (Al QAEDA in Islamic Maghreb –Ouest and ISIS). These groups originally based in Algeria, have spread at once profiting from the propitious environment in Libya.

After being a transit country of narcotics and weapons between Libya and Algeria (southern part), Tunisia has seen, since 2012, the establishment in the western part of the country (Algerian border) of some terrorist groups leading an asymmetric warfare and making alliances with the smuggling gangs and the narcotic's Traficant to empower their resources.

The Armed Forces had to bear the burden of their operations suffering of a lot of casualties many and a relatively heavy death toll. In addition to its classical mission predicated by the constitution, The Tunisian Armed Forces found itself engaged in a relatively new type of missions including border security and countering Guerilla.

This situation has created many challenges not only for the military and security decision makers, but also for the political level. It is the fact of developing capabilities and bearing the economic burden of resources allocation to defense on a long timeframe.

The Tunisian Budget System:

The Tunisian Constitution gives only a few details about the budget process, mainly focusing on the approval stage. The different phases of the elaboration of the budget are described in the Organic Budget Law (OBL) of 2019, which modernized the budget management and structure. The 2019 organic budget law provides a detailed description of the rules and



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procedures governing the budget cycle, sets the rules organizing the legislative review and approval of the proposed budget, the execution of the budget, and budget reporting and government discharge.

The modernized Tunisian budget is structured in **missions, programs, subprograms and activities**. The new law of 2019 which aborted the old organic budget law of 2004 insisted on the management based on results for each missions and each programs. Every programs inside a mission constitute a public policy which have its own expenditures:

- recurrent expenditures.
- functioning expenditures.
- Investment expenditures

The Organic Budget Law of 2019 outlines the procedures and process for preparing the annual budget law. The fiscal year starts on the first of January and ends on 31 December every year. Each budget cycle starts with a framing letter sent from the Prime Minister’s office to heads of units within the sector ministries and all other public entities instructing them to establish annual estimates for the expenditures of their respective units. This letter summarizes the government’s development plan and provides guidance and directives within the context of which the sector budget is to be developed. The estimates developed by ministry spending units are aggregated at sub-ministry level, at general directorates, and then submitted to the Ministry of Finance before the end of May of the year prior to the budget year in question. These general directorates are then in close contact with corresponding structures at the Ministry of Finance (the CGABE), and negotiate specific programs and spending proposals directly with them.

Defense budget:

The defense budget adopts the same structure of the general budget. It is annually elaborated and executed under the same rules and regulations. Principal legal texts dealing with public finances in Tunisia are the 2019 organic budget law, law n°81 dated on 31st December 1973 (Code of public accounting). Public procurements, as a tool of public spending, are done in accordance with the decree N°1039/2014 dated on 13 March 2014 and the control of public spending for each missions is mandatory at every stage.

The little specificity related to the confidentiality of defense is perceived at the legislative stage, and during budget execution. In the execution stage, every commitment for expense has to be mandatorily submitted for the visa of the budget control services, according to Decree n° 2012-2878 du 19 November 2012 dealing with control procedure of public spending some special kind of expenses article 2 “expenses of the Presidency of the Republic, Ministry of National Defense and the Ministry of the Interior, having a secret aspect, are exempted from the prior visa of the services of public expenses control. Modalities of issuing Visas and approval of contracts are fixed by the decree n° 88-36 of the 12th of January 1988 related to the special procedure of control.

Tunisian Defense Budget has increased from 1,653 M (TND) in 2011 to 4,251 M (TND) in 2020. It is clear that during the post-revolutionary period, budget allocations for defense sector increased remarkably.

As formerly mentioned, the Tunisian government was holding from 2011 to 2020, a moderate yearly rate of growth of TDB. This rate was mainly under the economic and the national budget rates of growth. The year 2011 announced the starting of a severe recession phase taking the growth of the national economy from 6% in 2007 to -2% in 2011. This recession was amplified to the level that obliged the government to reduce the general size of its



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budget in 2014. It seems that this situation had a reverse effect on the TDB. Instead of operating cuts on defense spending, as it is usual during recessions, the government took it to the highest limits.

During 2020, the main part of the TBD is allocated to wages and salaries (around 74%), the share allocated to investments, equipment and infrastructure, is about 13 %. The importance of part allocated to wages and salaries may be explained by the increase of the total number of the military personnel which was one of the direct result of the war declared to fight terrorism.

4. PPBES in the Tunisian context:

Concept of multiannual planning:

During the period 2011 until 2018, the budgeting approach was axed on means. The allocation of defense budget seems to be incremental, based on the precedent years and the small share dedicated to equipment. This method of budgeting does not reflect any willingness for major acquisitions and there is no efficiency for the sector of defense.

In 2019 a turnover is seen in the budgeting approach in Tunisia by the adoption of the organic budget law of 2019 which aborted the law of 2004 to announce a new phase based on efficiency, efficacy and transparency.

Moving to a new approach can be explained by the limits of the old system: the budget should traduce a response to threats and risks faced really. The old approach constitutes a competition for funds between departments. It is viewed subjective process without prioritization and clear vision.

In response to this challenge, the current government has prepared a National Development Plan for 2016-2020 covering all sectors and all key fields (infrastructure, information and communication technologies, green economy, education).

Being the first since the Tunisian revolution (December 17, 2010-January 14, 2011), this plan is part of a new vision of Tunisia and gives birth to a new model of economic and social development based on a multidimensional approach promoting efficiency, equity and sustainability.

The **Five Year Plan**, which was adopted by the Assembly of People's Representatives (APR), is intended to strengthen the economy and also aims to increase the attractiveness of the investment in order to strengthen the private sector's driving role in growth.

Fruit of consultations of the Tunisian government with the couple off stakeholders at the regional and international levels, the Development Plan requires investments in the order of 60 billion dollars (about 120 billion dinars). It is structured around 5 priority principles: good governance, reform of administration and fighting corruption, transition from a low-cost economy to an economic hub, human development and social inclusion and fulfilling of ambitions of the regions and promoting green economy.

National security and defense strategy:

The National Security Council, headed by the President of the Republic, decided on 12 February 2015 to prepare a national strategy to fight terrorism. A group of multidisciplinary experts was commissioned with the participation of representatives of civil society, benefiting at the methodology level from the collaboration of the Counter-Terrorism Committee of the United Nations Security Council. A draft has been prepared and handed over for finalization by the National Commission for Combating Extremism and Terrorism after its creation with the entry



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into force of the Anti-Terror Law. After one year (in 2016), The National Security Council adopted a "strategy to fight against extremism and terrorism".

It is a response to the absence of a global vision to prevent and eliminate the terrorist threat facing Tunisia. This strategy proved the need for a political decision at high level, to develop and implement a national anti-terrorist strategy to improve the performance of the country and its institutions in the fight against terrorism, to defend the rule of law and ensure the protection of its population, institutions and achievements.

The strategy is considered by the council as a bridge that connects the means available to the objectives to be achieved. It represents the step or the answer to the question "What to do?" A strategy is "alive" because the context is changing, means and objectives are changing, hence the need to submit this strategy to the National Security Council for approval and to constantly review it through the National Counter- extremism and terrorism Commission.

The strategy will be put into action via an action plan that translates the "How to do?" Step.

PPBES, the Tunisian experience:

Many similarities, between the Tunisian system of budgeting and PPBES, exist: it is question to manage the medium and long term employment of resources to stand up effectively against terrorism. PPBES will enable the Ministry of National Defense to overcome the constraint of resources scarcity and deal with the environmental vulnerabilities. In addition to that, the government is strongly attached to the reform of the budgeting system in order to mutate from the classical budget to the Result Based Budget (RBB). It started in 2019 by implementing the process in all ministries mandatory after an experimentation period starting from 2013 to 2018.

Presently, midterm programming system is being implemented by the Tunisian defense department in order to overcome the current and upcoming challenges. This is not a choice; it is an obligation introduced by the new organic budget law adopted on 13 February 2019. In addition to that a five years' defense plan is being established.

The new organic budget law has introduced new concepts and insisted on performance method to build, execute and evaluate the budget. Since 2019, we talk about medium-term budget framework which is a slippery programming technique that allows the budget to be prepared over a multi-year horizon. The medium-term budget framework is developed for a three-year period and updated each year. This framework includes forecasts of revenue and expenditure from the state budget by nature and destination. It divides the total amount of expenditure by nature between missions.

Also, we have a new principle to take into consideration when doing planning budget: the medium-term sector spending framework. It is a framework used to allocate of each mission's appropriations according to programs and sub-programs that derive primarily from the objectives of sector strategies as well as development plans.

The budget of the defense department is called the mission of defense instead of chapter (according to the old organic budget law). It contains a set of programs that contribute to the implementation of specific public policies. It includes all the funds made available to each head of mission. The program reflects a specific public policy under the same mission and brings together a homogeneous set of sub-programs and activities that contribute directly to the achievement of the public policy objectives of that program. Now, we have the program manager how is the person in charge of the program, he is designated "Program Manager" by the head of



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the mission. He has objectives to achieve; each program has a number of objectives set in accordance with public policy objectives. The performance indicator is a key concept in the new system. It is a quantitative or qualitative measure depending on the case, which allows to assess the degree of achievement of a given objective.

The intention of the legislator through this reform of public finance is to guide management based on performance, it is the ability of each organization or administration to effectively exploit the resources available to it in order to achieve set goals. So, each mission prepares an annual performance project; it includes the programmatic redistricting adopted for each mission, the strategic directions and all the objectives and indicators set for each program. - The annual performance report: it highlights the performance achieved compared to the objectives and indicators outlined in the annual performance project for the same budget year. The sustainability of the State budget is a new principle of the reform; is a continuity of the State's ability to honour its commitments and obligations and to preserve financial balances. To show more transparency in budget, the overall staff of state and public institutions (the number of staff authorized for the budget year for the benefit of ministries including their central and regional services and the staff of public institutions) are attached to the state budget.

We should stress here that voted budgetary allocations within each program between compensation expenditures, capital expenditures, financial transaction expenses and other expenses per order of the Minister responsible for finance. This order cannot introduce any changes to the voted budgetary allocations. They are allocated by part within each program by order of the head of mission after notice from the program manager.

According to the new organic budget law, redeployments of funds within the same program can be carried out by order of the head of the mission. However, there can be no increase in compensation expenditures or a decrease in capital and financial transaction expenses. The budget of a public institution whose budget is attached to the State budget may be changed during the year in revenue and expenditure by decision of the head of the institution after the advice of the head of the program concerned. The redeployment of budgetary allocations within each special account is carried out by order of the head of the mission concerned.

For the evaluation and control, the Assembly of People's Representatives monitors the enforcement of financial laws and evaluates annual performance reports and other matters relating to public finances. All financial and administrative information and documents, including reports prepared by the control structures, must be provided to the Assembly of People's Representatives, which will respect the secrecy of matters relating to national defense and the internal and external security of the State and the confidentiality of investigations and medical secrecy. The Government presents a report to the Assembly of People's Representatives at the end of the first semester of each budget year on the implementation of the budget and on the implementation of the provisions of the Finance. The State budget is subject to administrative control at the various stages of its implementation. The control procedures are set by the regulatory texts specific to each supervisory body. All governments are subject to audit missions and their annual performance reports are reviewed and evaluated.

5. Conclusion:

The aim of this paper was to provide an understanding of the management system of the Tunisian defense budget. The implementing of a new budgeting system in the sector of defense



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was a very important step achieved in 2019 on the path of conducting a strategic reform to improve the efficiency of public finance. The reform help creating a new culture to develop management based on objectives and performance. It is also a challenge for all the public administration. In addition to that, the adoption of PPBESs principles will prepare the Ministry of National Defense to move to the management based on result since there are a lot of similarities. However, it is important to consider that PPBES depends on resources. For Tunisia, its adoption has to be self-built and adapted with a smart look and feedback from similar army. The implementation of PPBES (Management Based on Result- the present Tunisian model) is considered benefit in our case.

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