



## OVERVIEW

The Republic of Tunisia, once considered the success story of the Arab Spring has experienced major democratic backsliding in the last few years. Tunisia last underwent a FATF Mutual Evaluation in 2016, which produced ratings that put Tunisia on the FATF “grey list” of AML/CTF jurisdictions under increased monitoring; an improved national response led to a rerating in 2020 and Tunisia being removed from the grey list. The most significant predicate crimes include corruption, smuggling of illicit goods and terrorist financing. Due to its geographical location and porous borders, Tunisia is an exporting country of financial crime across the MENA region, especially into the bordering countries of Libya and Algeria.

Tunisia’s AML/CTF regime and efforts against financial crime in general are considered to have vastly improved since the 2011 Revolution. However, the ongoing economic crisis and recent political developments characterised as democratic backsliding under the regime of President Kais Saied are currently transforming the landscape, potentially undermining the integrity of institutions and increasing the weaponisation of financial crime for political means.

 <p><b>Bribery &amp; Corruption</b></p>	<p>Transparency International ranked Tunisia as 75th out of 180 in terms of perceived corruption in its 2022 Corruption Perception Index. Public procurement, national resources and public infrastructure have been sectors particularly vulnerable to corruption, and it is common to have to make irregular payments or give gifts to secure government contracts.</p>	 <p>High/Medium</p>
 <p><b>Money Laundering</b></p>	<p>Tunisia is a significant transit area for smuggled capital and foreign currencies, especially from border countries Libya and Algeria. The large size of the informal economy, the predominance of the hawala system and the high usage of fiat money in the Tunisian market heighten the risk of money laundering.</p>	 <p>High/Medium</p>
 <p><b>Fraud</b></p>	<p>The most common form of fraud in Tunisia is commercial fraud, including trafficking of counterfeit goods. Furthermore, Tunisia is estimated to have the highest rate of trade misinvoicing in MENA, which is a prominent form of trade-based money laundering.</p>	 <p>Medium</p>
 <p><b>Cybercrime</b></p>	<p>According to the 2022 National Cyber Security Index, Tunisia had the 83rd lowest level of cybersecurity resilience out of 160 countries surveyed. Cyberattacks in Tunisia mostly consist of fraud and extortion attempts via ransomware, denial-of-service attack (DDOS) methods and social engineering/impersonations, and often have a global reach.</p>	 <p>Medium</p>
 <p><b>Terrorist Financing</b></p>	<p>Extremist groups in Tunisia are heavily involved in the smuggling of counterfeit goods across borders which helps keep them sustainably financed. Terrorist financing occurs not only with regards to domestic groups, but also to support the activities of foreign terrorist fighters (FTFs). Tunisia-based individuals and entities avail in particular of zakat - religious tax in the Islamic tradition - and front charitable associations to finance FTF activities.</p>	 <p>High</p>



### Drugs & Weapons Trafficking

While Tunisia does not host any substantial domestic arms producers, it is an important transit country for small and light weapons in the North African region. Tunisia acts as a destination country for drug trafficking, as well a transit hub for Libya and Algeria. The most popular drug is cannabis which is smuggled mostly from Morocco.



Medium



### Modern Slavery & Human Trafficking

Children in Tunisia face a comparatively high vulnerability to trafficking for sexual exploitation and forced labour; organised gangs have reportedly forced homeless children to act as thieves, beggars and drug traffickers. Foreign nationals, especially women, have been forced to work under exploitative conditions while employed as domestic workers. Other foreign nationals are exploited for forced labour in the construction and agriculture sectors and for drug trafficking.



High/Medium



### Environmental Crime

The illicit market for flora crimes in Tunisia is not extensive and mainly concerns illegal logging by locals. Fauna crimes taking place in Tunisia include the poaching and trafficking of protected birds, such as the houbara bustard, and illegal fishing for sale in local or international markets. Non-renewable resource crime is more pervasive and serious in Tunisia, especially fuel smuggling.



Medium



### Tax Crime & Financial Secrecy

Limited liability companies in the pre-revolution and immediate post-revolution periods were regularly exploited as shell companies for international illicit flows in Tunisia. However, these illicit financial flows did not stop following the fall of Ben Ali in 2011 and continue to be endemic across Tunisian society and government. In 2019, Tunisia introduced an updated National Register of Enterprises, setting the beneficial owner threshold at 20%.



Medium

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