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New Work, Data and Inclusion in the Digital Economy:
A Middle East and North Africa (MENA) Perspective



The American
University in Cairo
Onsi Sawiris
School of Business
Access to Knowledge
for Development Center



IMPROVING INCLUSIVITY TUNISIA'S PLATFORM ECONOMY: A POLICY BRIEF



IMPROVING INCLUSIVITY IN TUNISIA'S PLATFORM ECONOMY: A POLICY BRIEF

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INTRODUCTION

It has been over 40 years since the International Labor Organization (ILO) first used the term “informal sector” to identify the billions of unprotected workers engaged in legal but unregistered enterprises outside formal economic structures. Since then, the world’s economies, large and small, have undergone booms and busts, but the most underdeveloped and vulnerable countries have remained those with the largest rates of informality.

The platform economy — which refers to economic activity involving Platform-Mediated Work (PMW), such as transactions between a buyer and seller or service provider made through an app, website, or online marketplace — is one of these areas of expansion in the informal economy.

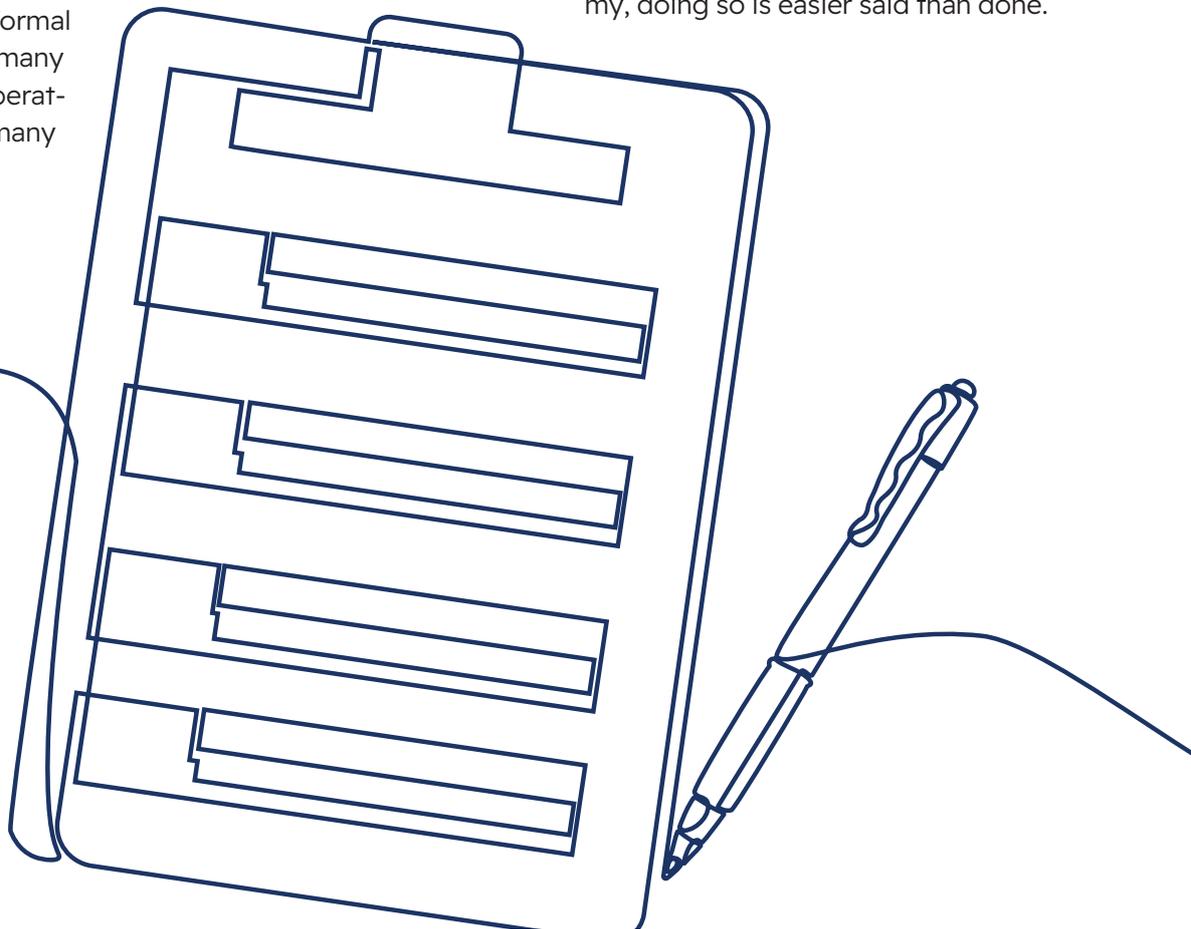
Tunisia, like many developing countries, has experienced a rise in activity in the platform economy in recent years, but the government has taken little action to explore the impacts of this novel form of work. The platform economy, which had already been on the rise but saw significant growth during the COVID-19 pandemic, has, from its start, mimicked the employment practices of the informal sector. Not only are many platform workers operating informally, but many

platforms have developed in a way that builds on the long-held structures of informal work by shifting traditional employer-held risks and responsibilities onto workers.

This policy brief provides an overview of Tunisia’s informal and platform economies, as well as their interconnectedness. Based on the findings of a survey of Tunisian platform workers, conversations with focus groups and interviews with sector experts, we provide recommendations for policymakers working to improve the integration of Tunisia’s platform economy and informal workforce.

INFORMALITY IN TUNISIA

Since the 2011 revolution, Tunisia has faced consistent economic and social challenges. Tunisia’s economy is characterized by macroeconomic imbalances, low levels of inclusiveness, high unemployment and slow growth. Key to these issues is Tunisia’s substantial informal economy, which has been estimated to comprise roughly 45 percent of the country’s workforce. While many in Tunisia as well as international organizations have advocated taking steps to address the informal economy, doing so is easier said than done.



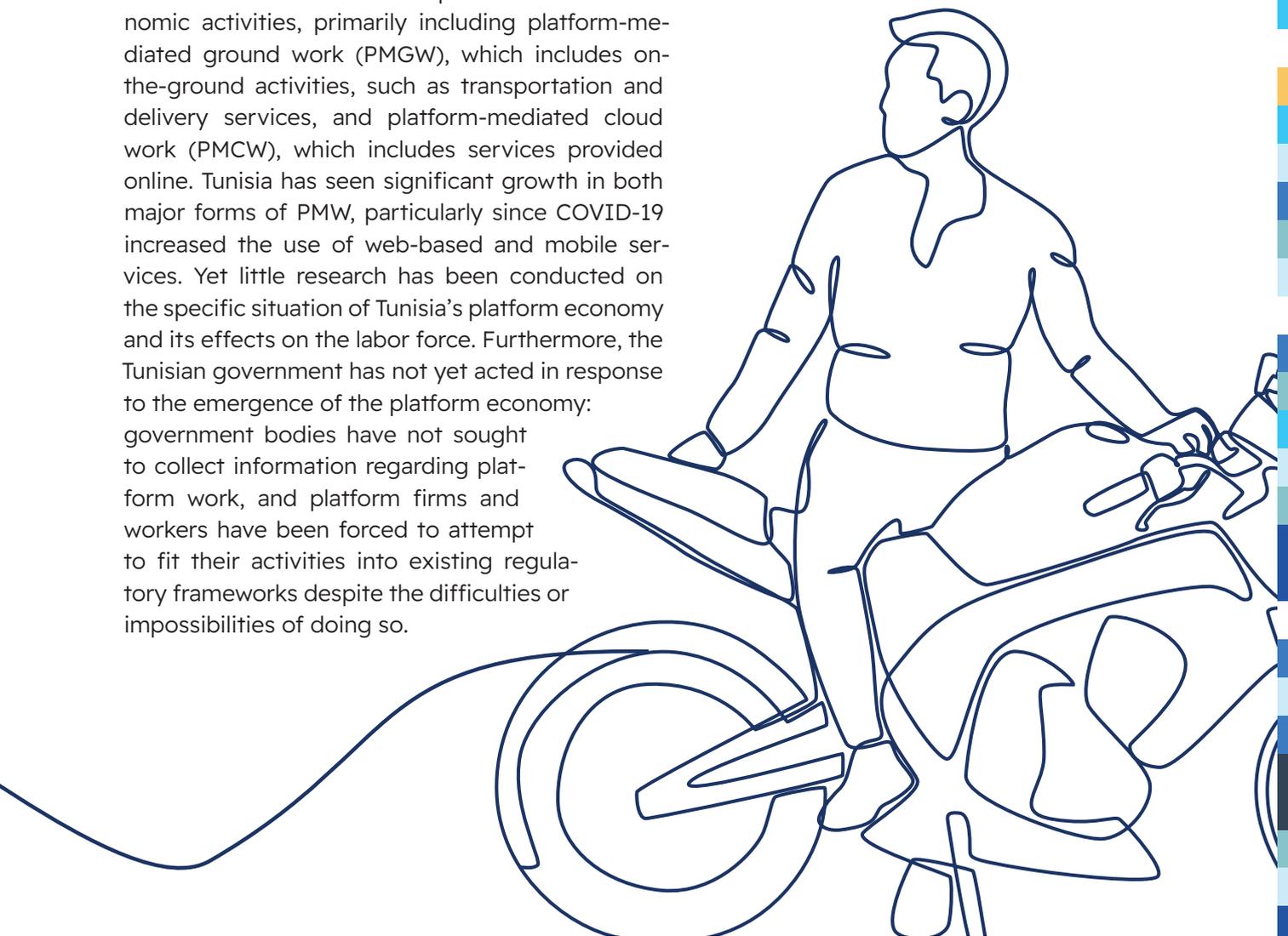
The informal economy is complex and diverse in nature, as it includes workers in numerous sectors and situations. Informality is not binary: formal workers may fail to report some of their earnings to lessen tax burdens and informal workers may register their activities with some parts or levels of government but not others.

Yet, addressing informality in Tunisia remains an essential task because of the significant vulnerabilities that informal workers face. Unregistered and unregulated, Tunisian informal workers lack essential social safety nets, including medical coverage and social insurance. They also face greater work risks than their formal counterparts, often laboring in unsafe conditions and lacking government inspection or union advocacy to address threats to their safety and livelihoods.

PLATFORM ECONOMY

Platform-mediated work comprises numerous economic activities, primarily including platform-mediated ground work (PMGW), which includes on-the-ground activities, such as transportation and delivery services, and platform-mediated cloud work (PMCW), which includes services provided online. Tunisia has seen significant growth in both major forms of PMW, particularly since COVID-19 increased the use of web-based and mobile services. Yet little research has been conducted on the specific situation of Tunisia's platform economy and its effects on the labor force. Furthermore, the Tunisian government has not yet acted in response to the emergence of the platform economy: government bodies have not sought to collect information regarding platform work, and platform firms and workers have been forced to attempt to fit their activities into existing regulatory frameworks despite the difficulties or impossibilities of doing so.

Existing research suggests that the platform and informal economies are intertwined. Like many informal workers, studies of platform work in Tunisia have found that platform workers face numerous risks in the course of their work, including issues of safety, non-payment for services, abuse and disrespect. These workers have no safety net. Should they sustain an injury or become ill and unable to work, they are owed no compensation from the platform and have no right to claim social protection. Furthermore, like informal work, platform work is generally designed to transfer costs to workers. Where firms may have once provided training, insurance and other benefits, platforms tend to shift these responsibilities and costs to workers. Instead of employing a labor force that can weather macroeconomic shifts, many platform firms manage risks through “on-demand labor” from a workforce made up of contractors who are not guaranteed stable work.



CHARACTERISTICS OF PLATFORM WORK IN TUNISIA

To analyze the characteristics of platform work in Tunisia and its intersections with informality, we conducted a survey of workers engaged in both PMGW and PMCW, held focus groups and interviewed expert stakeholders in government, the private sector and civil society. The full findings of our study “New Forms of Work, Old Forms of Exploitation: An Analysis of Tunisia’s Platform and Informal Economies” suggest that Tunisian platform workers accept low wages, no benefits or protections and a lack of prospects for future growth largely because so few other employment opportunities are available in the country’s struggling economy.

Surveyed workers engaged in both ground and cloud work were largely young and single, but each group had a distinct profile. Cloud workers tended to either hold university degrees or be students engaged in platform work on a part time basis. Ground workers tended to work longer hours, sometimes six or seven days per week, and many — particularly delivery drivers — did not engage with the platform themselves, but were instead interfaced with intermediaries who took a cut of their earnings and dictated the nature of the work.

Almost all surveyed workers were employed informally. Many were willing or even interested in formalizing their labor, but few knew how to do so. Even fewer said they could turn to their platform for support in the matter. Expert interviews suggested that this is no accident: Tunisia has not taken any action to regulate the platform economy, meaning that the burden lies with platforms and workers to maneuver tax regimes and social protection schemes not designed for them. Many simply choose not to try.

CONCLUSION & POLICY IMPLICATIONS

Based on our findings and analysis, Tunisia has significant opportunities to improve the integration of the platform economy. Doing so would benefit the growing segment of the workforce engaged in platform work and would have positive implications for those working throughout the informal economy. Policy considerations along these lines may include the following:

- **Enhance Data Collection:** Interviewed government stakeholders, the private sector and civil society all said that the lack of platform economy data presented a real problem in their work. Policymakers should prioritize increasing data collection on platform businesses operating in Tunisia, as well as details about platform workers, transactions, user demographics and income levels and working conditions.
- **Facilitate Worker Representation:** It is essential that policymakers empower platform workers to represent themselves in national dialogues and discussions about policy considerations that have direct impacts on their livelihoods. Characterized by their diverse experiences, it is essential that platform workers themselves have a voice in national dialogues and discussions about policy considerations that directly impact their livelihoods. Encouraging worker representation can allow for better informed policies and greater trust between platform workers and government officials.
- **Regulate Platform Labor:** Regulations must address the unique challenges and opportunities of the platform economy to balance worker protections with the flexibility that allows platform work to grow. Regulations must safeguard workers’ rights and provide clarity on the status of their work. Without such reforms, platform workers will remain in limbo and, in many cases, be unable to formalize their activities.
- **Explore Sector-Specific Regulation:** In assessing the platform economy and its impacts, policymakers may consider whether tailored regulation is needed for specific platform sectors. Policymakers should recognize that rules governing ride-hailing or food delivery may not be well suited to regulate freelance services or childcare. Such distinctions must be taken into account and carefully considered before applying too broad a brush to platform economy regulation.



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