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IESC PROGRESS REVIEW

COMPLETED FOR USAID/TUNISIA

Tom Easterling and Ridha Goubaa

Management Consultants

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ACRONYMS

<u>ACRONYM</u>	<u>MEANING</u>
ABLE	American Business Linkage Enterprise
A.I.D.	Agency for International Development
AME	Agence de Maitrise de l'Energie
AMIT	American Management Institute in Tunisia
ANPE	Agence Nationale de Protection de l'Environnement
API	Agence de Promotion de l'Industrie
BDS	Business Development Service
CEPEX	Centre de Promotion des Exportations
CETIME	Centre Technique des Industries Mécaniques et Electriques
CETTEX	Centre Technique du Textile
CMCC	Centre du Cuir et de la Chaussure
COTUNACE	Export Insurance Agency
CTMCCV	Centre Technique de Matériaux de Construction, de la Céramique, et du Verre
EP3	Environmental Pollution Protection Project
FEDEX	Fédération des Exportateurs
GDP	Gross Domestic Product
GOT	Government of Tunisia
IACE	Institut Arabe des Chefs d'Entreprises
IESC	International Executive Service Corps
IHEC	Institut de Hautes Etudes Commerciales
INNORPI	Institut National de la Normalisation et de la Propriété Industrielle
IRSIT	Institut Régional des Sciences Informatiques et de Télécommunication
ISG	Institut Supérieur de Gestion
JAC	Joint Advisory Council (of IESC)
MIC	Ministry of International Cooperation and External Investment
MP	Ministry of Plan and Regional Development
PEPP	Private Enterprise Promotion Project
SME	Small and Medium Enterprise
TA	Technical Assistance
TACC	Tunisian American Chamber of Commerce
USAID	U.S. Agency for International Development
UTICA	Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat
USVE	Volunteer executive working in the United States
VE	Volunteer executive

EXECUTIVE SUMMARY

The IESC progress review took place over a two-week period, from October 10 - 24, 1994. The review team was composed of an international consultant with broad experience in the design and evaluation of USAID projects, and a Tunisian consultant with extensive experience in market development, who has also worked as a local consultant with IESC in Tunisia. In carrying out the study the team interviewed 21 people, including twelve business executives and entrepreneurs whose companies had benefitted from IESC services; five government officials in three different government Ministries; the President of the Tunisian-American Chamber of Commerce (TACC); officials at the U. S. Embassy and USAID/Tunisia, and all IESC Tunisia officials.

The team concluded that the IESC program is well received by the Tunisian business community and is viewed favorably by the Tunisian Government. Business assistance programs now underway are focused on key areas of economic activity and should have a national impact. The effort should become sustainable in a relatively short time period, provided that USAID encouragement and support is provided during the initial transition period.

It is recommended that the IESC program be continued beyond the USAID departure date from Tunisia, and expanded to include training for business executives and managers. Special programs should also be developed for mid- to senior level civil servants dealing with new, emerging issues such as the regulation of financial markets. It is also recommended that USAID/Tunisia encourage the creation of the American Management Institute in Tunisia, AMIT, to continue IESC business services and to develop the training programs. USAID should also consider supporting the new organization, on an exception basis, for a limited period of time until financial self-sufficiency is achieved. It is estimated that USAID support would be required for approximately a two year period beyond the September, 1995 Mission closing date.

During the remaining time before the Mission closes, IESC should develop a detailed plan for operating beyond September, 1995. The plan should define the most effective organizational structure over the long term; look at possible sources of funds; develop the programs to be carried out by the organization, and make a financial projection of services, costs, and revenues for a 2 - 5 year period.

IESC should look at the possibility of working in collaboration with the Tunisian American Chamber of Commerce (TACC) on an interim basis, and over the longer term of creating a non-profit, non-government organization (NGO) which would be structured to carry out the work currently performed by IESC. For executive training, the possibility of a collaborative agreement with an existing training institution should be explored.

The initial period of 24 months after IESC/AMIT begins operations without USAID presence will be a make-or-break period key to the long term survival of IESC in Tunisia. During this critical period the new organization will have to develop administrative systems and procedures, create a corporate identity, become established as an independent operator, and effectively market its services throughout Tunisia. During this period, IESC/AMIT's primary emphasis should be on developing means for achieving financial

self sufficiency. Not only should outside sources of income be tapped, but also efforts should be made to reduce the delivery cost of services provided.

Five programs which IESC is just now putting in place will significantly contribute to the development of the Tunisian economy and thereby help strengthen its nascent democratic institutions. While economic growth and job creation through stimulation of the private sector may have a relatively lower priority in terms of USAID criteria for supporting programs in locations where there is no direct USAID presence, it should be noted that these programs in Tunisia have a potential impact on the carrying out of U.S foreign policy and are therefore worthy of consideration. The five programs are 1) capital markets development, 2) privatization of State-owned enterprises, 3) tourism, 4) telecommunications, and 5) telemedicine.

Should the IESC program (as it is currently defined) continue beyond the September 30, 1995 closing date of the USAID Mission in Tunisia, a local staff of four people would be required to administer the program. However, under the recommended alternative whereby the new organization would carry out management training programs in addition to continuing normal IESC services, the present IESC Country Director should continue working for an additional period of approximately two years. The additional time would be required to establish and initially operate the training component of the program.

IESC's current program is now on sound footing after a difficult beginning, and that the rate of client satisfaction with IESC services is significantly high. All clients expressed the desire for additional technical assistance some six to twelve months after the initial intervention to review progress and to look at ways for making further improvements. However, to avoid misunderstandings with the client, objectives must be clearly defined and a precise scope of work written for the services to be provided.

Many of the improvements which came about were the result of changing the mentality and outlook of the management and technical staff; improving the ability of the organization to respond to problems; changing operating procedures; instilling a greater awareness of product quality requirements, and implementing more efficient production practices. However, none of the firms interviewed were able to define in quantitative terms the impact of the assistance received. In this regard, IESC should develop performance measurement criteria with the client when the project begins, and should compile data on specific areas of performance (e.g. productivity per manhour), thus providing a measurement of project accomplishments.

An unplanned benefit gained by most companies was the informal training provided by day to day contact with the volunteer executive (VE). Given the wealth of experience carried by these individuals, IESC should capitalize on this opportunity by helping the VE organize and carry out training seminars and workshops within the company, which would expose the greatest possible number of beneficiaries to his knowledge and experience.

Limited French language capability by most of the VEs is not considered by clients as a negative factor when evaluating VEs assistance, although it does limit effective communications to some extent.

The amount the clients pay for IESC services has always been a difficult issue. However, given their positive experience with the first VE intervention, it is felt that most clients would be willing to pay the full cost of subsequent visits by the volunteer. It is doubtful that new clients would be willing to pay more than 50% of the fully-loaded cost of technical services.

Based on interviews with government officials, IESC is in line with national priorities related to making private business more efficient, and thereby more competitive. IESC was encouraged by these officials to actively work for the identification and penetration of export markets; to search for joint-venture partners in order to develop new industries, and to assist in the transfer of technology to Tunisian entrepreneurs.

Government officials are, in general, favorable toward IESC's new training activities. They feel that training interventions should be coordinated with existing institutions to avoid duplication. They agree that it is a good idea to focus IESC technical assistance onto a few economic subsectors in order to have the greatest impact.

INTRODUCTION:

Project Scope, and Method Used to Carry Out the Work

The IESC progress review took place over a two week period, from October 10 - 24, 1994. The study team was composed of two people: an international consultant with broad experience in the design and evaluation of USAID projects, and a Tunisian consultant with extensive experience in market development, who has also worked as a local consultant with IESC in Tunisia. While carrying out the study, the team interviewed twelve business executives and entrepreneurs whose companies have benefitted from IESC services; five government officials in the Ministry of Plan and Regional Development, the Ministry of International Cooperation and External Investment, and the Ministry of National Economy, respectively, who are involved in the IESC program through their participation on IESC's Joint Advisory Council (JAC); the President of the Tunisian-American Chamber of Commerce (TACC); the IESC Project Officer and the General Development Officer at USAID/Tunisia; the USAID/Morocco Regional Contracting Officer responsible for administering the cooperative agreement with IESC; the U.S. Embassy/Tunis Agricultural Officer; and past and present IESC officials. Table 2, Annex provides a listing of the people and organizations visited over the course of the study.

In carrying out the interviews, the team visited organizations in the greater Tunis area and also traveled to Menzel Bourguiba (route de Mateur) and Sfax.

An abbreviated version of the terms of reference for the study is shown in Figure 5, Annex II.

3. Background of IESC Activity in Tunisia

IESC had a limited Volunteer Executive (VE) program in Tunisia during the 1980s which was administered by the IESC home office in collaboration with USAID/Tunisia. Little information about the earlier program is available, although two officials at the Ministry of Plan and Regional Development who are current members of IESC's Joint Advisory Council monitored the earlier activity. Their recollection is that the program was initially weak, primarily because of limited French language capability of the VEs, and because a number of the VEs unfortunately became ill during their visit to Tunisia.

IESC's current activities in Tunisia began on October 11, 1991 with the signing of a grant agreement with USAID/Tunisia. The agreement specified that funds in the amount of US \$1,288,900, would be provided to IESC over a three-year period, until October 11, 1994. IESC's work began under the umbrella of USAID Project No. 664-0328, Private Sector Development and Technology Transfer (PSDTT).

The IESC program was designed to support USAID/Tunisia's trade and investment activity. The work was carried out in collaboration with the Tunisian American Chamber of Commerce (TACC), under the guidance of an Executive Board which included representatives from USAID, TACC, IESC, and the Industrial Promotion Agency, API. Under the grant agreement, IESC made the following broad commitments to be carried out over a three year period: 1) to provide business services to increase private sector

investment; 2) to encourage and support privatization initiatives; 3) to assist the growth of small and medium-sized enterprises (SMEs), and 4) to assist in the development and strengthening of private institutions serving the private sector.

IESC's first year was considered to be a trial period. It was specified that the program would be evaluated after operating a year, and, based on the evaluation, a decision would be made to either continue, cancel, or modify the program.

An evaluation of the IESC's activities was carried out after fifteen months. The evaluation found that good progress had been made in achieving established goals, and recommended that the program be continued to meet the needs of the Tunisian business community. Table 4, Annex I compares the results achieved with the goals set for the initial period.

The evaluation also highlighted a number of start-up problems related to conflicts over program management which occurred between API and IESC; USAID dissatisfaction with project accounts generated by IESC's home office, and the abrasive operating style the former IESC Country Director which alienated some members of the business community, as well as Government.

C. Summary of the Current Cooperative Agreement:

On March 26, 1993 a new Cooperative Agreement was signed between USAID/Tunisia and IESC for a two year period, ending March 31, 1995. This new Agreement, which was made under the authority of Project No. 664-0355, "Management Training for the Private Sector" (MTPS), replaced the 1991 Cooperative Agreement. USAID/Tunisia decided to continue funding IESC under the MTPS Project, after the earlier PSDTT Project expired. The grant agreement specified that funds up to the amount of US \$1,000,000 would be provided to IESC over the remaining two year period.

Under the new cooperative agreement, the first year program was modified in the following manner:

- a) Oversight responsibility for IESC was changed to a newly-created Joint Advisory Council (JAC) which included three government representatives, one representative of USAID/Tunisia, six members representing the private sector, and one non-voting member from IESC¹. The JAC was created with approval authority over the selection of IESC's country coordinator, and to provide guidance on the level of fees charged for technical assistance (TA) services.
- b) TACC replaced API as the Tunisian organization which works most closely with IESC.

¹Current JAC members include the Ministry of Plan and Regional Development (3 members), the Ministry of International Cooperation and External Investment(1), the Ministry of National Economy (1), the Institut Supérieur de Gestion (1), the Chambre de Commerce du Sud (1), the Tunisian American Chamber of Commerce (1), the Union Tunisienne de l'Industrie, du Commerce, et de l'Artisanat (UTICA) (3), USAID/Tunisia (1), and IESC (1). There are a total of thirteen members.

- c) A subgrant to TACC in the amount of US \$106,000 was authorized by the agreement as a means of promoting trade, investment and economic relations between Tunisia and the United States. In addition, TACC and other private business associations were to have been supported through IESC business services and assistance by voluntary executives.

The new cooperative agreement reiterated that IESC would be responsible for providing a comprehensive package of business development services to prepare Tunisian firms for participation in international business ventures through industry surveys, needs analysis and strategic planning. It was envisioned that the long-term support provided by IESC would promote and facilitate increased linkage for mutually beneficial business ventures between Tunisian and U.S. firms. This should help Tunisian enterprises expand their operations, increase exports, create new jobs and generate increased foreign exchange earnings. Table 1, Annex I lists the firms which have benefitted from IESC services under the new Cooperative Agreement.

The current IESC program for Tunisia offers four specific components: 1) technical and managerial assistance; 2) trade and investment promotion; 3) market and technology information services; and 4) association strengthening. A summary of specific outputs required under the cooperative agreement for each of these areas is shown in Table 6, Annex I.

On July 1, 1994 the cooperative agreement was extended by mutual agreement until September 30, 1995, with no increase in the level of authorized expenditure. The new ending date corresponds to the planned closing date of the USAID Mission in Tunisia.

Since the beginning of the second Cooperative Agreement, the IESC program in Tunisia has been on a sound footing and has produced impressive results. Problems which existed in the first (trial) year have been resolved, and with the creation of the Joint Advisory Council, operating conflicts with API no longer exist. Under the leadership of the current IESC country director, the program has developed a highly favorable image with the local business community, as well as with government officials involved in the program. Furthermore, now that the IESC office in Tunis is responsible for project accounting, the earlier difficulty with USAID has largely been overcome.

II. IESC PROGRAM ASSESSMENT:

The following provides an assessment of the current IESC/Tunisia program, and recommends the steps which IESC should take to ensure a lasting, sustainable program beyond the USAID closeout date of September 30, 1995. This review focuses on four primary areas of interest, as specified by the Terms of Reference for the study: 1) The capability of the IESC/Tunisia management and administrative staff to carry out current and future programs, 2) meeting client needs and requirements, 3) meeting Government of Tunisia (GOT) expectations, and 4) the sustainability of the IESC program after the USAID/Tunisia Mission closes.

A. The Current IESC Program:

1. IESC management and administrative capacity:

The IESC office in Tunis is staffed by an expatriate Country Director who is supported by three permanent employees, all hired locally. The support staff includes the Program Officer, the Administrative Manager, and the Administrative Assistant. The spouse of the Country Director works as an unpaid volunteer responsible for accounting and financial reporting to USAID/Tunisia.

A summary of the functions of the support staff is as follows:

- 1) **The Country Director** is IESC's legal representative, and has overall responsibility for the IESC program in Tunisia. Primary responsibilities include overseeing business development activity, providing guidance and administrative supervision of VE activity, liaison with the Tunisian business community, the Tunisian Government, the USAID Mission, and with the IESC home office.
- 2) **The Program Officer** is the primary in-country representative for the Business Development Services (BDS) component of IESC's programs in Tunisia. The Program Officer also serves, along with the Country Director, as the primary contact for clients on all program activities.
- 3) **The Administrative Manager** has responsibility for both office administration and program administration. Primary duties include office accounting, procurement of supplies, arranging for logistical support to VEs, and translation services.
- 4) **The Administrative Assistant** is responsible for providing administrative and secretarial support services to all IESC/Tunis personnel. Responsibilities include secretarial services, petty cash disbursement, and overseeing office upkeep and maintenance.

The present staff capably manages the current IESC program.

2. Meeting client needs and requirements:

Over the course of this study the team met with representatives of twelve client firms benefitting from IESC services. Unstructured interviews held with company owners and senior executives provided information on the client's level of satisfaction with the services they received. The large majority (90%) of the companies were satisfied by the approach used by IESC to carry out its activities. In general, companies which received technical services from volunteer executives were pleased with the knowledge and experience brought by the VEs, the working relationship which evolved over the course of the project, the support provided by the Tunis office, and above all, the practical benefits received from the intervention of the VEs. The proposed solutions to the client's problems were realistic and feasible, and the final report was helpful to the firm. Table

1, Annex I provides a list of active clients, and Table 3 gives background information on VE projects carried out for the companies interviewed.

There was a genuine appreciation for the experience and qualifications of the volunteers by almost all the clients interviewed. Results and comments shown in Table 3 clearly indicate the high level of clients' satisfaction, particularly for technical projects which yielded substantial gains for several manufacturing companies. Such gains materialized in the short run during the stay of the VE, or were accomplished by the companies' trained staff soon after the VE's departure. Only in two cases, clients did not get maximum results from IESC intervention, because their needs were not clearly identified when the request was filed, and thus did not ensure the selection of the VE most qualified to meet such specific needs.

The interviews also revealed that two recent activities undertaken by IESC could potentially have a long term impact on the Tunisia private sector: the development of executive management training programs and technical assistance to help create a viable stock exchange. Although these recent events have not yet generated sufficient results to allow a thorough evaluation of impact, the initial positive reactions expressed by involved business executives, substantiated by a review of IESC files, indicate clearly that real gains are expected from these activities.

All clients interviewed during the course of the study expressed a desire for additional technical assistance some six to twelve months after the initial intervention. The second visit would normally be for a shorter time period than the first visit, and would review progress toward implementing recommendations made by the VEs as well as looking at ways for making further improvements.

Many of the improvements which came about were the result of changing the mentality and outlook of the management and technical staff; improving the ability of the organization to respond to problems; changing operating procedures; instilling a greater awareness of product quality requirements, and implementing more efficient production practices. However, in terms of quantifying the benefits received, none of the firms visited were able to define in concrete terms the value of the assistance received. Even the larger, sophisticated firms were unable to express the improvements made in terms of increased production efficiency, improved quality, reduced waste, lower costs, or increased revenue. It would be in IESC's best interest to make the VE responsible for quantifying the financial benefit to the client for carrying out the VE's recommendations. This would enable IESC to pinpoint the economic value of the technical assistance, and the information could become a valuable marketing tool for selling technical services. Also, by showing the customer the cost/benefit relationship of the services he received, he might be more willing to accept a greater share of the cost of future assistance.

An unplanned benefit enjoyed by most companies was the informal training provided by day to day contact with the VE. Given the wealth of experience carried by these individuals, the managers and technical staff who worked most closely with the VEs were provided a rare opportunity to improve their own technical skills. IESC could capitalize on this opportunity by helping the VE organize and carry out company training seminars

and workshops held in French, which would expose the greatest possible number of beneficiaries to his knowledge and experience.

Limited French language capability by most of the VEs is not considered by clients as negative factor when VEs assistance is evaluated, but it nevertheless limits effective communications. Some companies have resolved the problem by hiring a translator or using an English speaking counterpart to work directly with the VE, and IESC has, in a number of instances, translated reports or other documents prepared by the VE on behalf of the client. Although the language difficulty reduces the impact of the services provided, it could be largely overcome if IESC encourages the client broadly disseminate VE advice and recommendations. In this regard, carrying out training seminars would also help overcome the communications difficulty.

A concern expressed by a number of companies who received VE services was the confidentiality of information. Companies are generally not willing to share the services of a VE with other competing companies for fear that confidential information will be leaked to their competitors. However, company managers are willing to collaborate with other firms in carrying out mutually beneficial training activity which strengthens their capabilities without providing access to internal information.

Cost recovery: The amount that clients pay for IESC services has always been a "sensitive" issue in Tunisia. While it was not possible to get a firm commitment from the companies interviewed, the team concluded that given the positive experience with the first VE intervention, most clients would be willing to pay the full cost of subsequent visits by the volunteer. In addition, it might be possible to make a modest increase in the percentage of costs recovered from the client for the first visit of the volunteer. Based on IESC/Tunisia's 1995 cost budget of approximately US \$24,000 for a 75 - day intervention, it might be possible to recover as much as 50% of the total cost from the client. Full cost recovery from a single company is not likely to become, in the short run, a common practice for Tunisian business firms. A positive indication was the recent case where Poulina Holding Co. paid the full cost of a project in which the VE offered a combined package of diagnosis and training in organization management, which covered several of the Group's subsidiaries.

New services: IESC recently expanded its scope of activity into executive training programs for mid- to senior company management. The reaction to this new endeavor has been highly favorable. The program consists of teaming a VE with a local counterpart, who work together to develop in-depth training programs covering a single functional area (e.g. marketing) which is tailored to the needs of several different organizations participating in the program. By working with a local counterpart, the impact of the VEs efforts is greatly expanded. Also, by providing similar programs to a number of companies, the result is extremely cost-effective.

IESC is looking at the possibility of creating a new Tunisian organization as a means of ensuring the continuity of IESC services after the existing Cooperative Agreement ends. The proposed organization would be called the American Management Institute in Tunisia (AMIT), and would have two principal functions: a) business development, and b) continuing education, training, and consulting. In providing these services, AMIT

would draw heavily on IESC's multiple business services based in Stamford, Connecticut. It is envisioned that AMIT would serve as the link between Tunisian and American business interests by continuing to provide American experts to transfer technology. Furthermore, the creation of AMIT would be an important factor for the long-term sustainability of the IESC program in Tunisia.

While it would be possible to create a new organization which would only serve to carry out IESC's current business services, a unique opportunity exists to establish AMIT as an organization which would also stand as a testimonial to the effort by USAID/Tunisia to forge permanent ties between the business communities of Tunisia and the United States. It is strongly recommended that USAID/Tunisia encourage the creation of this organization which, in addition to carrying on the assistance provided by IESC, will also act as a training institute serving the Tunisian business community. The training institute would be an ideal way to provide the benefit of American management expertise to Tunisian business executives and technical staff, and would also provide a continuing link between the United States and Tunisian educational institutions and businesses, and would act as a conduit for the free flow of ideas, technology, and expertise.

3. Meeting Government of Tunisia Expectations:

In 1986, Tunisia embarked on an economic adjustment program which has now reached a state of being virtually irreversible. A major effect of this program has been a reduced government intervention in the national economy, which has brought about a heightened responsibility for economic performance within the private sector. With the opening of the economy to foreign competition, the Tunisian Government recognizes the need for the private sector to become more efficient to survive in a highly competitive environment. Trade liberalization requires that Tunisian companies compete against imported products for domestic markets. On the other hand, trade liberalization encourages a two-way product flow and also enables Tunisian firms to have access to international markets.

Government goals for the development of the private sector call for increased efficiency and competitiveness of Tunisian businesses; the identification and penetration of export markets; the search for joint-venture partners in developing new industries, and the transfer of technology to Tunisian enterprises. Programs which conform to these goals are encouraged by government. The GOT welcomes IESC services which support these goals.

The perception of government officials familiar with the IESC program in Tunisia is that the organization has passed through three distinct phases of development:

- 1) The first phase was during the 1980s when IESC interventions were limited in scope and magnitude, and program effectiveness was hampered by health problems and the limited French language capability of the volunteers.
- 2) The second phase corresponds to the 1991 - 1992 start up period of the current program, when initial operating problems had to be overcome.

- 3) The third phase covers the period from early 1993 until the present, during which time the program is considered to be on sound footing and operating in an effective manner.

Government officials interviewed were generally supportive of IESC's new training activities, and they believe that by limiting IESC's technical services to a selected number of high-impact areas, the results will be positive. However, IESC is urged to work closely with existing institutions when developing training interventions to avoid any possible chance of duplication. Furthermore, the officials suggest that programs which involve foreign experts should be developed and implemented in collaboration with Tunisian trainers and experts to ensure that technology will be transferred. Executive training programs, in particular, are encouraged. In addition, training programs for mid- to senior government officials in new areas of economic activity (such as operations of the "bourse") are considered beneficial. However, these programs must be developed in light of the constraint that the system of career development and performance-related benefits currently in effect for Tunisian civil servants does not encourage self-improvement through personal training programs.

It is important that government officials be kept informed about IESC plans and programs. Hosting a function for the purpose of disseminating information every three to six months would be an ideal way to keep a limited number of key officials updated on IESC accomplishments. For example, reaction to the recent seminar on the "bourse", which IESC played a key role in organizing, was extremely favorable. The seminar brought together public officials with key members of the private sector, and provided a forum for problem solving and dialogue in a completely new activity which will become increasingly important to business development. This was also beneficial to IESC since the organization was seen as assuming a leadership role in an important new area of economic activity, which adds credibility to the programs being carried out by the organization.

A summary of the comments made by government officials on the IESC program is shown in Figures 1, 2, and 3 of Annex II.

B. The Future IESC Program: Easing the Process of Closeout

In view of the positive impact and the favorable response to the IESC program in Tunisia, it is recommended that IESC be encouraged to continue the program beyond the USAID/Tunisia closeout date, and that USAID support its efforts. The following section describes the steps which must be taken if an independent IESC program is to succeed.

1. A sustainable program:

A lasting, sustainable program may be simply defined as the ability of IESC to continue operating on a stand-alone basis for an indefinite period beyond the USAID/Tunisia closeout date. To successfully reach this state it will be necessary for IESC to bring about and put into place four critical support elements:

- i) Financial self-sufficiency: funds to cover direct operating costs must be generated from either a) the sale of services, b) by support from the Tunisian business community and/or the GOT, c) by support from American business associations, and d) possibly, from other donors.
- ii) A legally constituted, local organization which will serve as the vehicle to carry out continued IESC activity in Tunisia must be found, or created.
- iii) A staff with suitable qualifications and experience to carry out the future IESC program will be needed. In particular, the staff must have the capability to market and promote the technical service and training programs, and effectively administer all program activities.
- iv) A favorable environment must be created within the Tunisian business community and within the Tunisian Government for this activity. Additionally, the support and encouragement of the U.S. community in Tunisia will be extremely important for the effort to succeed.

To accomplish the required tasks, it is recommended that IESC carry out its work in three distinct time phases, with clearly defined tasks and objectives established for each phase. A phased approach will break the overall effort into manageable increments and will provide a convenient point for measuring progress toward the achievement of a sustainable effort. Furthermore, a phased approach will provide decision points for go - no-go decisions on possible support by USAID or other cooperating organizations.

a. Phase I: the remaining time in the existing Cooperative Agreement:

Over the course of the approximately eleven months remaining in the existing Agreement, IESC/Tunisia must obviously prepare for continuing its program without the presence of USAID. In this regard, priority should be given to a) creating a local organization suitable for providing ongoing VE services, as well as training programs; b) obtaining pledges of financial support to carry the organization through the critical first few months of independent operation; c) ensuring that the new organization is adequately staffed, and d) initiating an information campaign in order to create a favorable image for the new organization in the local community. In brief, a detailed plan of operations should be planned to guide its operations beyond September 30, 1995.

Developing an organization: Four different types of organizations may be considered for continuing the work of IESC: 1) a non-profit, non-government organization (NGO) such as TACC, 2) a private, for-profit organization such as a local consulting company, 3) an agency of the Tunisian Government, such as API, and 4) a training institute such as a university, or a business association specializing in training activity.

The NGO is the recommended alternative, since it will likely be the most effective organization to carry out IESC services. The operating charter and objectives of a NGO created to succeed the current project could be written to conform to the IESC program objectives, and the daily operations of the NGO would be virtually identical to the current IESC program. An NGO would also be a suitable organization to carry out the tasks envisioned for AMIT.

Other, alternative organizations would be less relevant to the needs of the IESC program. A for-profit consulting company is not recommended since its goals would be different from IESC's spirit of voluntary service. Nor is an agency of the Tunisian Government such as API recommended, since the organization carrying out the IESC program should be free from political interference and unhampered by regulations such as those which constrain a parastatal organization. Finally, the fourth alternative may not be completely adequate, despite the availability of facilities at an existing organization that could serve to carry out IESC's activities. It is doubtful that training organizations would provide a framework sufficiently flexible and autonomous to enable the development of various IESC assistance programs, and executive training programs could not be developed without interference from the existing training programs of the organizations.

It is believed that a more effective approach would be to create an NGO to carry out IESC's business development activities, and to work out special arrangements to develop training activities in collaboration with one of the universities or institutes such as the IACE ("l'Institut Arabe des Chefs d'Entreprises").

The new organization should be created as soon as possible, under the constraints of the legal and regulatory framework which governs the creation of NGOs. Under the best of conditions, approximately three months would be required to launch a new NGO. In addition, underlying political considerations are extremely important and may lead to further delays, since jurisdiction of (and approval for) NGOs rests with the Ministry of the Interior. A possible alternative would be to create a new operating division within TACC which would be temporarily responsible for providing IESC services for a period of time until the NGO has been established.

Obtaining pledges of support: The first priority for obtaining funds to support the new organization should be the Tunisian business community, which is the group expected to benefit the most from its activities. Pledges of support could be obtained even before the new organization is fully operational, under the understanding that the pledge would not be honored if AMIT never materializes. A fund-raising campaign under which different amounts could be pledged (say, \$1,000, \$5,000, or \$10,000) in exchange for different levels of honors/benefits provided to the supporting businesses would enable a wide range of companies and business associations to participate. A goal of, say, \$50,000 in pledges during the remaining time of the existing Cooperative agreement would be a good indication of support from the Tunisian private sector.

The GOT should also be requested to manifest its support by acknowledging the new organization as a legitimate business training institution. This would permit the reimbursement of employee training costs by the GOT in an amount up to 80% of the amount spent, to the business organization which engages in worker training programs. Training reimbursement funds could be an important source of revenue once IESC/AMIT begins to operate independently.

Support from international trade and service organizations based in the United States should also be solicited by the new organization for specific programs to be carried out in Tunisia. For example, the U. S. Chamber of Commerce and the Center for

International Private Enterprise are two organizations which could be contacted for possible assistance.

Finally, it is recommended that financial support also be requested from USAID, on an exceptional basis and for a limited time period, during the first critical months when the new organization begins operating. USAID support, for example, could be made on the condition that the Tunisian private sector first supports the effort through pledges of financial donations.

Management and administrative staff required for the new organization: Under the assumption that only the current IESC program continues beyond September 30, 1995, it would be possible to administer the program with a local staff of four people. Essentially, all that would be required would be the replacement of the expatriate Country Director with a local employee hired to fill the position. However, in the event that a training institute such as AMIT would be created to carry out management training programs in addition to providing continuing IESC services, it would be necessary to budget for the services of IESC's expatriate Country Director for an extended period of approximately two years. It is envisioned that the Country Director be fully occupied with the establishment and operation of the training institute, and that the four locally-hired employees would be required to administer the IESC program.

Creating a favorable image for the new organization within the Tunisian business community, the GOT and the American community in Tunisia is another important objective which much be accomplished during the first phase. This effort would be largely the responsibility of the IESC Country Director. This would involve "going public" with the message about IESC's continuing services, and about the creation of the local organization to serve the business and professional community. This would, of course, require that a well-planned, targeted, promotional and publicity campaign be developed.

b. Phase II: The next twenty-four months:

The initial period of 24 months after IESC/AMIT begins operations without USAID presence will be a make-or-break period key to the long term survival of IESC in Tunisia. During this critical period the new organization will have to develop administrative systems and procedures, create a corporate identity, become established as an independent operator, and effectively market its services throughout Tunisia. In addition, long term sources of funds will have to be identified, and a "track record" as an effective provider of services quickly developed by the organization. Creating a new organization while continuing to provide the same level of service as before, and achieving financial self-sufficiency at the same time will undoubtedly be a formidable task for the new organization.

During this period, IESC/AMIT's primary emphasis should be on developing means for achieving financial self sufficiency. Not only should outside sources of income be tapped, but also efforts should be made to reduce the delivery cost of services provided. For example, costs could be reduced by using VE services "piggybacked" onto other, regional projects; by using local consultants to supplement the VE and help implement

his recommendations, and by providing common VE/training services to multiple companies, or to company associations.

It is recommended that USAID continue to support IESC/AMIT on an exception basis during the critical startup period, in an amount necessary to offset the budgeted shortfall of funds. Support should be provided to the new organization for the length of time required to achieve financial stability. The estimated length of time for IESC/AMIT to become financially self-sufficient is two years.

It is further proposed that USAID/W contract with IESC/Stamford to provide technical oversight during this 24-month period, and to monitor the program in Tunisia on behalf of USAID. If USAID provides a modest level of financial support to the new organization, and ensures that technical overview and program monitoring is carried out by the IESC parent organization, the new organization should be fully capable of carrying out technical assistance and training programs without the benefit of USAID's presence in Tunisia.

c. Phase III: Establishing and strengthening long-term relationships:

The third phase of IESC/AMIT development would be the time beyond USAID financial assistance, which is anticipated to start approximately two years after the closure of the USAID Mission in Tunis. It is anticipated that the organization would continue to mature during the third phase, and would work to strengthening relationships with the Government and business community of Tunisia, IESC, the U.S. international business community, and U.S. management education institutions. It is further expected that during the third phase the organization will achieve financially self-sufficient, and that the IESC program will be sustainable over the long term. Naturally, USAID financial assistance would not continue during the third phase of activity.

2. A program of national impact:

It has been long recognized that in Tunisia, as in many other countries in North Africa and the Middle East, employment is the single most powerful guard against political instability. Unfortunately for Tunisia, full employment is a goal which has heretofore been unattainable. However, five programs which IESC is just now putting in place will significantly contribute to the development of the Tunisian economy and thereby help strengthen its nascent democratic institutions. Given Tunisia's strategic location in the region, its continuing success offers observers in neighboring countries living proof that western policies and western-style institutions offer the people of their own countries the greatest promise. While economic growth and job creation through stimulation of the private sector may have a relatively lower priority in terms of USAID criteria for supporting programs in locations where there is no direct USAID presence, it should be noted that these programs in Tunisia have a potential impact on the carrying out of U.S foreign policy and are therefore worthy of consideration.

The capital markets: A bill expected to pass into law during the current session of the Tunisian congress will privatize the capital markets. Currently, both the regulatory and market-making functions are combined within a single government office. The new law will separate them into a public SEC-style regulatory office and a broker-owned market for trading.

In October, 1994, a retired senior Vice-President of the New York Stock Exchange, with 26 IESC interventions to his credit (including Morocco and Egypt), began a project to diagnose the current status of the bourse and to develop a blueprint to be implemented over the next three years by the regulators, the market-makers, and private Tunisian-owned companies which are badly in need of capital to expand and modernize their operations as protective trade barriers are taken down.

IESC volunteers have already provided services to individual brokerage firms. IESC and a Tunisian telecommunications firm have been contracted to computerize and network the brokers and the regulators. The institute of Tunisian chief executive officers has asked IESC to organize a series of seminars to help its members prepare to take their companies public.

The National Association of Securities Dealers (NASDAQ) has submitted a proposal to install a modern market system to be introduced in partnership with U.S. volunteer executives and local Tunisian experts.

It is estimated that three years will be required to install the systems, complete the writing of trading regulations and governance, and train managers and employees hired to operate this vastly expanded operation.

In the spring of 1994 American investors were invited to a capital markets conference in Tunisia which was organized by the American Embassy in conjunction with the Tunisian-American Chamber of Commerce, and IESC. The American investors were surprised at the quality of Tunisia's private sector and their interest in investing here is high. Any foreign investment made will create jobs and, thereby, political stability.

Tourism: The second largest source of national income is Tunisia's tourist industry. IESC recently began the most extensive survey of training needs ever conducted within the hotel sector. After the results have been analyzed, a five-year training plan will be developed. When the plan is implemented, the newly-trained tourist industry professionals will help Tunisia to reach its goal of tripling the size of the tourist industry within the next decade.

IESC and the Tunisian-American Chamber of Commerce are in the process of forming a national advisory committee for tourism. The committee will not only include hotel owners and executives, but also representatives of the national guides association, and the national society of travel agencies.

Tourism represents the fastest growing employment opportunity in Tunisia, and will continue to do so for the foreseeable future.

Privatization of State-owned enterprises: Of the more than 200 State-owned companies in Tunisia today, it is estimated that around 100 are likely candidates for privatization. As with tourism, revitalizing these enterprises by selling them to the private sector has the potential to achieve quantum employment gains.

IESC has been assigned the responsibility for assisting eight such companies make the transition from public to private status in the coming year. Responsible Ministry officials, have stated that plans are underway to accelerate the privatization process in 1996. The contribution offered by IESC volunteer experts will be vital to the success of the privatization effort because IESC's capabilities are recognized within the business community, and because IESC offers the fastest and most economical means of achieving the desired results.

Telecommunications: Telecommunications is an emerging industry in Tunisia. Its creation offers the nation a \$200 million industry, and the potential for substantial gains in employment.

Under the terms of a contract recently signed between Northern Telecom and the Tunisian government, the company agreed to purchase Tunisian-made telecommunications components of a value of at least U.S. \$25 million annually. In addition to the contractual arrangement, Northern Telecom has decided to establish a sales office in Tunis to market these components to other countries in Africa. The company estimates that these business ventures will result in the creation of a new \$200 million industry for Tunisia.

In early 1994, Northern Telecom invited selected IESC officials to a conference of its American suppliers in Raleigh, North Carolina. There, the suppliers were informed of developments in Tunisia and of the critical need for technology transfer to Tunisian manufacturers. Furthermore, Northern Telecom told its suppliers that it had asked IESC to facilitate the development of Tunisian-American companies in response to this new market.

Telemedicine: Health is the second largest public sector budgeted by the Tunisian Government. During the past six months, officers of an American firm, Consultants in Health Care Inc., have made three trips to Tunisia to explore the market for their services. The company provide unbiased counsel on the types of medical products and services best suited to the goals of public hospitals or private medical facilities.

The company has learned that in Tunisia, there is considerable interest in telemedicine as well as in new hospital construction using the latest concepts in computerization, management, and staffing.

Consultants in Health Care Inc. is currently holding meetings in the United States with such suppliers and training organizations to assemble a proposal for the Ministry of Health In Tunisia. The U.S. Trade and Development Agency in Washington has indicated its support for the activity.

Tunisia ranks high in the region in terms of the country's emphasis on popular health care services. Given this favorable disposition by public and private institutions, the demand for this type of IESC services is expected to grow rapidly.

Focus of activities: To ensure the greatest impact and to provide the most efficient delivery of services, it is recommended that IESC focus its areas of intervention onto no more than four or five economic subsectors. Selection of these subsectors should be based on IESC's skills, experience, and service capability, and also on the potential growth, impact, and need for foreign expertise within the respective areas. The areas which IESC has tentatively selected for intervention coincide closely with these selection criteria.

III. CONCLUSIONS AND RECOMMENDATIONS:

The following is a summary of conclusions and recommendations resulting from the analysis of the IESC program in Tunisia.

A. Conclusions:

The IESC program in Tunisia is now living up to its potential as a means of providing Tunisia business enterprises with business assistance, technology transfer, and exposure to U.S. management ideas. With careful planning and limited assistance from USAID, the program has an excellent chance of becoming sustainable. The current focus on key economic areas should have a national impact on the Tunisian economy. The primary social benefit resulting from the program is increased employment. This provides indirect support to Tunisia's democratic institutions, and provides a model to other countries in North Africa for private sector economic development.

The great majority of companies interviewed were well satisfied with the assistance provided by the VE, as well as the IESC office staff in Tunis. In most cases, the client requested a follow-up visit by the VE for a shorter period approximately 6 -12 months after the initial visit.

From the point of view of the client, the outstanding features of IESC assistance is based on the prestige and advanced technological content of U.S. expertise; on the practical and vast experience of the VEs, on a reasonable fee structure, and on the confidentiality ensured by working with a foreigner who has no relationship with his competitors.

Government officials who were interviewed believe that the IESC program is now on a sound footing after a difficult beginning, and that important contributions will be made in training and business development.

Companies requesting IESC assistance are not always well prepared to benefit from the assistance. Greatest potential gains can be achieved when the companies had previous experience with consultants or foreign associations, and when areas for assistance had been correctly diagnosed and identified by the client.

All clients stated that they had benefitted from the technical assistance or other services provided, but none of the clients were willing or able to quantify the value received. In many cases the benefit was in improved decision-making, new ideas, or new ways of coping with daily problems. Some benefits were unexpected: daily association with the

VEs provided training benefits to senior managers, or members of the technical staff working with the VE.

IESC and the client are invited to identify some measurement tools to be recommended when the project starts so that statistical records are kept on selected areas of performance, and later evaluation of gains achieved becomes easier.

Limited (or no) French language capability by almost all VEs is not looked at as a negative point when evaluating VEs assistance, although it limits, to some extent, good communications between the VE and the client companies. In most cases the client has provided an English speaking employee to work as a counterpart to the VE, which generally limits the dissemination of verbal information to the counterpart, only. It is recommended that IESC motivates the client to put forward arrangements to encourage larger dissemination of VE advice through the English speaking counterpart.

Companies which have benefitted from IESC assistance in specific areas have shown a willingness to accept a higher share of the costs of future assistance, once they are aware of the gains received.

B. Recommendations:

It is recommended that USAID funding be provided, on an exceptional basis, to ensure that the program continues beyond the departure date of the USAID Mission in Tunisia. It is also recommended that a local organization be created not only to carry out business services, but also to function as a training institute serving the Tunisian business community. This organization would remain as a symbol of U.S. private enterprise after USAID leaves Tunisia.

Training, as an extension of IESC activities, is a recommended area of involvement. Development of training programs in targeted areas such as hostelry, marketing management or stock exchange operations will not only enable IESC to consolidate its contribution to the Tunisian business community, but also has the potential to become profit-making activities. Existing higher level management and technical teaching institutes do not offer adequate programs which meet the needs for training efficient, aggressive and highly competent top managers. US management experience can provide a sound basis for developing appropriate training programs.

During the time remaining until USAID leaves Tunisia, IESC should develop a detailed plan of operations to guide its activity beyond September 30, 1995. The operating plan would a) determine which type of organizational structure would carry out IESC goals most effectively over the long term, b) identify possible sources of funds, c) develop the programs to be carried out by the organization, and d) make a financial projection of services, costs, and revenues for a 2 - 5 year period.

To ensure the greatest impact of the IESC program, there is a need for greater focus on a few selected areas. This greater focus would increase the effectiveness of the interventions as experience is gained in a particular sector.

In light of recent changes in U.S. Government policy related to the protection of U.S. jobs, USAID/Tunisia and IESC should jointly review the goals set forth in the cooperative agreement. In light of the new policy, IESC has already changed its methods of promoting business development, joint ventures involving American and Tunisian businesses, and U.S. market access for Tunisian exports. What remains, however, is the task of modifying the goals that were originally established.

For greater client satisfaction, it is recommended that more attention be paid to the definition of projects carried out by the IESC volunteer executives, and for business development services.

In the event that a training institute is created, it is recommended that training programs be oriented primarily toward the development of business managers. In addition, training programs in specialized areas of public administration should be developed for mid- to senior-level government officials to strengthen their capabilities for dealing with new, emerging business activities such as financial markets.

It is recommended that communications between IESC and government officials be strengthened by means of organizing a reception to disseminate information to a selected group of officials once every three to six months.

ANNEX I - TABLES

TABLE 1:

IESC CLIENTS

NAME OF ORGANIZATION	LOCATION	TYPE	
ABS ELECTRO	Menzel Bourguiba	Assembly of refrigerators	TA + USVE
ASSOCIATION DES INTERMEDIAIRES EN BOURSE	TUNIS	Brokerage company	TA
AL KHOUTAF	SFAX	Packaging	TA
AMEN INVEST	TUNIS	Brokerage firm	TA
ARABTEL	TUNIS	Telecommunication	VE
ARCON MANUFACTURING	USA	Silos Manufacturer	BDS
ASSAD	TUNIS	Batteries manufacturer	TA + BDS
BEA	USA	International Brokerage Firm	BDS
BEPC	SFAX	Oil Drilling	BDS
BNINA	TUNIS	Food conditioning	Survey
BOUCHRA HOLDING	TUNIS	Agricultural	BDS
BOURAS	TUNIS	Importer	BDS
CARTHAGE TOUR	TUNIS	Travel Agency	BDS
CERIA	TUNIS	Agricultural	BDS
CFCT	TUNIS	BANK	BDS
CHIEF	USA	Silos Manufacturer	BDS
COGITEL	SFAX	Packaging	TA
COMAR	TUNIS	Insurance Company	Brochure
CONSULTANTS IN HEALTH CARE, INC.	USA	Health care	BDS
COTUPLAST	LE KRAM	Plastic Film	TA
DALMAS	MEGRINE	Oil Exploration Equipment	VE Pending
DAR ESSAYDALI	SFAX	Cosmetics/Pharmaceutical	VE
ETABLISSEMENT BOUZGUENDA	SFAX	Holding Company	BDS
FINANCE & INVESTISSEMENT	TUNIS	Brokerage Firm	Brochure
FITCOM	TUNIS	Telecommunication	Brochure
FEDERATION TUNISIENNE DE L'HOTELLERIE	TUNIS	Hotel Owners Association	BDS
GENERALE INDUSTRIELLE DE FILTRATION	Grombalia	Filter Manufacturer	BDS
GOLF PALM LINKS	SOUSSE	Golf Course	TA
GRANDS ATELIERS DU NORD (GAN)	EZZAHRA	Agricultural Equipment Manufacturer	VE
GROUP LOUKIL	TUNIS	Holding Company	VE
HYDROMECA	TUNIS	Pump Manufacturer	Able
IACE	TUNIS	Managers Association Of CEO	VE
IDEAL GOMM INT.	TUNIS	Mfg. rubber shoes and boots	VE
IMPRIMERIE DU BELVEDERE	TUNIS	Printing company	BDS
INST. REG. SC. INFORMATIQUE ET TELECOM	TUNIS	Telecommunication	VE
JAMES CAPEL, INC.	USA	U.S. Investment Firm	BDS
STE. TUN. DES. EMBALLAGES MODERNES	TUNIS	Packaging	TA
LIFELINE PHARMACEUTICALS, INC.	USA	Pharmaceutical Manufacturer	BDS

TABLE 1 (Cont.):

IESC CLIENTS

NAME OF ORGANIZATION	LOCATION	TYPE OF COMPANY	
MAGRIPLAST	TUNIS	Plastics Manufacturer	VE
MISFAT	JEDAIDA	Paper Filter Manufacturer	VE
NAFRINVEST	TUNIS	Brokeraqe Firm	VE
NERVA	TUNIS	Manufacturer of lead Plates For Batteries	VE
NORTHERN TELECOM TUNIS	TUNIS	Telecommunication	BDS
NOUR	TUNIS	Batteries Manufacturer	VE
OFFICE NATIONAL DE L'ARTISANAT	TUNIS	National Office of Handicrafts	2 ABLE
PAF	RADES	Construction Company	Trade Mission
PHILIPS WHIRLPOOL	Ben Arous	Manufacturer - Refrigerators Washing Machines	BDS
PLASTEC	TUNIS	Plastic Molding	BDS
POLY SIEGES	SOUSSE	Furniture Manufacturer	VE
POULINA	EZZAHRA	Holding Company	VE
PRODAC	TUNIS	Plastic Bag Manufacturer	ABLE
ROYAL FOOD PRODUCTS	Hamman-Lif	Food Processor	BDS
SADIRA	TUNIS	Agricultural Company (fruit)	VE On hold
SEMKADHESIF	Ben Arous	Label & Packaging Manufacturer	VE
SENATEC	TUNIS	Olives & Olive Oil	ABLE
SOCIETE DE BOISSONS GAZEUSES	TUNIS	Bottler & distributor of soft drinks	BDS
SOCIETE INDUSTRIELLE AMORTISSEURS	Ben Arous	Shock Absorbers	VE 2 Projects
SOCIETE DES EMBALLAGES DU SUD	SFAX	Packaging manufacturer	VE
SOCOMENIN	SFAX	Steel Equipment Manufacturer	VE Pending
SOCOPRA	TUNIS	Commercialization of Agricultural Products	BDS
SOMAF	SFAX	Furniture Manufacturer	VE
SOTECOM	TUNIS	Dealer of civil engineering equipment	ABLE
SOTEMU	TUNIS	Explosive manufacturer	ABLE
SOTRIM	SFAX	Engine Importer	VE pending
SPHERE MULTIMEDIA	TUNIS	Computer company	VE pending
STA HOLDING	TUNIS	Holding Company	Trade Mission
SUN BEACH	SOUSSE	Hotel	VE Pending
TABRID	Ben Arous	Refrigerators Assembling & manufacturing	VE Pending
TRADEX	TUNIS	Date exporter	VE
TUNIS AIR	TUNIS	Airline	Ve pending
TUNISIE CABLES	TUNIS	Cables Manufacturer	BDS
TUNISIE VALEURS	TUNIS	Brokerage Firm	VE
TUNISYS	TUNIS	Computer Company	ABLE USVE
VERTEX	TUNIS	Lens manufacturer	BDS
XVISION	TUNIS	Computer Software	Brochure
ZAOUI MEUBLES	SOUSSE	Furniture Manufacturer	VE

TABLE 2:

PEOPLE AND ORGANIZATIONS VISITED OVER THE COURSE OF THE STUDY

NAME OF ORGANIZATION, AND PERSON CONTACTED	RELATION WITH IESC PROGRAM IN TUNISIA
USAID/TUNISIA MR. BARRY HILL MR. MOHAMED ABASSI	Mr. Hill is the General Development Officer, and Mr. Abassi is the Project Officer for the IESC Project.
U.S. EMBASSY, TUNIS MR. SALAH MAHJOUR, AGRICULTURAL OFFICER	Mr. Mahjoub provided background material for the study.
TUNISIAN AMERICAN CHAMBER OF COMMERCE (TACC) MR. MONCEF BAROUNI, PRESIDENT	TACC is a member of IESC's Joint Administrative Council
ABS ELECTRO MR. ATTAF BEN SLIMANE, OWNER	Client TA Project # 25266
X-VISION MR. HASSAN DHRIF, GENERAL MANAGER	Client BDS Project
TUNISIE VALEURS MR. AHMED ABDELKEFI, PDG	Client TA Project # 24938
LES GRANDS ATELIERS DU NORD MR. MONGI BEN AMAR, TECHNICAL DIRECTOR	Client BDS Project
ASSAD MR. ABDELWAHEB KALLEL, GENERAL MANAGER	Client TA Project # 22366
POULINA MR. MAHER KALLEL, COORDINATOR	Client TA Project # 25617
FEDERATION TUNISIENNE HOTELIERE (FTH) MR. ZOUHAIR BEN JEMAA, FTH EXECUTIVE COMMITTEE MEMBER	Client BDS
MAGRIPLAST (GROUPE UTIC) MR. SALAH JARRAYA, PRESIDENT	Client TA Project # 25872
NAFRINVEST MR. CHEDLY FAYACHE, SENIOR ADVISOR	Client BDS
BUREAU AHMED GDOURA MR. AHMED GDOURA	Consultant, conducting tourism training study.
MINISTRY OF INTERNATIONAL COOPERATION AND EXTERNAL INVESTMENT MR ABDELHAMID BOUHAOULA, DIRECTOR MR. ABDELATIF HAMAM, CHARGE DE MISSION	Member of the Joint Advisory Committee
MINISTRY OF PLAN AND REGIONAL DEVELOPMENT MR. ZOUHAIR MASMOURI, GENERAL DIRECTOR MR. NOUREDDINE GHANNOUCHI, ASSISTANT DIRECTOR	Member of the Joint Advisory Committee
MINISTRY OF NATIONAL ECONOMY MR. ALI KHELIFA, DIRECTOR OF INDUSTRIAL DEVELOPMENT	Mr. Khelifa provided background information for the study.
ENVIRONMENTAL PROTECTION AND POLLUTION PREVENTION PROJECT MR. RACHID NAFTI, DIRECTOR	Mr. Nafti provided background information for the study.
COGITEL MR. HEDI ZEGHAL, PDG	Client, TA Project # 22322 & TA Project # 26322
SOCIETE INDUSTRIELLE D'AMORTISSEURS (SIA) MR. MONCEF BEN AYAD, PDG	Client TA Project # 24231
JASMINE/DAR ESSAYDALI MR. NEJMEDDINE FRIKHA, GENERAL MANAGER	Client TA Project # 24940

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ABLE 3:

BACKGROUND INFORMATION ON COMPANIES VISITED

Company name and address	Type of Activity	IESC Project, results and comments
<p>Nafrinvest/STA Holding Immeuble Stusid, 32 rue Hédi Karraya 1002 Tunis Tel: 216-1 718 550</p>	<p>Group of companies with Tunisian and Saudi Funds Looking for investment opportunities</p>	<p>BDS project assisting the client in identifying U.S. partners in the areas of fast food franchising, leisure, tourism training. IESC identified some partners, arranged visits of Tunisian client and assisted with follow up. Client satisfied.</p>
<p>GAN GP1, km 12 - 2034 Ezzahra Tel: 216-1 287 469</p>	<p>A subsidiary of group Poulina manufacturing metal equipment for broilers production, metal containers and silos, refrigerators.</p>	<p>BDS project assisted client in solving problems with a US silos manufacturer because of difficulties in communication, correspondence, technical assistance and contractual arrangements. IESC also helped in identifying other US silos manufacturers. Client satisfied</p>
<p>Federation Tunisienne de l'Hotellerie 62 rue d'Iran Tunis Tel/ 216-1 287 469</p>	<p>National Association of Tunisian Hotel Owners</p>	<p>BDS project. Client interested in developing executive hotel training programs and identifying US specialized tourism training institutions. IESC is helping set the ground for that work by assisting in the conducting of a survey of the country's hotel training needs. Client satisfied so far.</p>
<p>X-Vision 50 Ave du 10 decembre El Menzah IV Tel: 216-1 753 278</p>	<p>Small company engaged in developing software computer programs.</p>	<p>BDS project. Client looking for subcontracting computer service opportunities from US companies. Assistance provided by IESC Tunis Office and Stamford to issue one press release. No other follow up was done. Client has not been presented with a proposal for an advertising assistance program from IESC, nor has he been requested to share part of the costs or prepare adequate material to be mailed to expected respondents to press releases. Assistance from IESC to be requested again from client.</p>
<p>L'Accumulateur Tunisien ASSAD Z.I Ben Arous 2038 Tel: 216-1 381 688</p>	<p>Manufacturing of lead batteries. Another company of the group manufactures makes electrical batteries.</p>	<p>TA project # 22366 (July 93) requested completion of an earlier project in 1992 on improving quality control procedures. New project in 1993 assisted the company set up a quality control system leading to its certification for ISO- 9000 by the end of 1994. A four - month delay in reaching objectives was experienced but client is very satisfied with work done by the VE, and expects his return in the spring of 1995. Client very satisfied.</p>
<p>Societe Industrielle d'Amortisseurs "SIA". Z.I Bir Kassaa 2013 Ben Arous Tel: 216-1 385 024</p>	<p>Manufacturing automobile and truck shock absorbers under license from a French firm.</p>	<p>TA project # 24231 (January 1994) requested assistance in improving productivity and follow-up of an earlier project (# 22397 in 1992) in the same area. Practical improvements were put into place, and a considerable degree of awareness on quality control was achieved. After the departure of the VE, the company hired a quality director, prepared a quality manual and is in the final stages of preparation for ISO certification. Client very satisfied.</p>

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TABLE 3:

BACKGROUND INFORMATION ON COMPANIES VISITED

Company name & address	Type of Activity	IESC Project, result and comments
Tunisie Valeurs 17 Rue Jerusalem Tunis Tel: 216-1 792 794	Brokerage firm that offers services to individuals and companies for portfolio management, open end funds, flotation of new bonds.	TA project # 24938 (January 1994). Project objectives were concerned with the company organization, better marketing of existing products and creating new investment products. Considerable work was done to train the staff and assist in company organization. The client is highly satisfied.
Poulina GP1 km 12 2034 Ezzahra Tel: 216-1 482 422	A holding company of about 43 wholly owned companies operating in various and often unrelated fields.	Management training project # 25617 (July 1994). The client requested a VE with expertise in company reorganization. The VE helped establish new organizational procedures, create job descriptions, and coordinated management programs within the different subsidiaries of the holding company. Client is satisfied.
ABS Electro Route de Mateur, Menzel Bourguiba Tel: 216-1 464 400	Assembling and partial manufacturing of refrigerators and components	TA Project # 25266 (June-Aug 1994) Client requested assistance to get organized to double production output and increase local manufacturing of components. Client satisfied, although set forth objectives were partially achieved, others were initiated only and others not dealt with because of qualifications and experience of VE did not enable him to fulfill mission completely.
Magriplast Z.I Aeroport 1080 Tunis Tel: 216-1 718 284	Plastic packaging for cosmetics, detergents and para-pharmaceutical products, and manufacture of technical films for packaging	TA Project # 25872 (July 1994) Well defined objectives dealing with some phases of injection blowing and film extrusion. Client very satisfied, has had prior experience with foreign experts and set up good organization and working conditions for VE. Client has also benefitted from seminar on "Stock Exchange" organized by IESC because it assisted him in setting plans for going public.
Dar Essaydali / Jasminal Rue Cdt Bejaoui Sfax Tel: 216-1 228 001	New unit to be set up for manufacturing drugs	TA Project # 24940 (January 1994) Client incompletely defined objectives to IESC. He is actually looking for assistance to formulate generic drugs (thus needs an expert with lab experience), whereas VE had experience in drug manufacturing not formulation. Client unsatisfied. Other candidates are being identified to meet client's needs.
COGITEL Route de Tunis km 15 Sfax Tel: 216-1 273 032	Manufacturing of flexible packaging	TA project # 22324 (1992) & TA Project # 26322 (October 1994) Client requested assistance for an overall diagnosis to improve efficiency. Did not identify clearly technological expertise requested for "helio printing" for his german made equipment and has had a VE with experience in "flexo printing" most used in US packaging. Client is nevertheless satisfied.

TABLE 4:

EVALUATION HIGHLIGHTS OF THE IESC PROGRAM
AFTER THE TRIAL PERIOD (1991 - 1992)

TYPE OF INTERVENTION	NUMBER OF INTERVENTIONS		COMMENTS
	TARGET	ACTUAL	
TECHNICAL ASSISTANCE AND TRAINING	10	12	THE TARGET WAS EXCEEDED, WITH SATISFACTORY RESULTS. THE IMPACT OF THE PROGRAM WILL DEPEND ON THE LEVEL AT WHICH THE CLIENTS IMPLEMENT THE RECOMMENDATIONS OF THE VEs.
TRADE AND INVESTMENT SERVICES:			
A. SECTORAL SURVEYS	2	2	THE MAIN PURPOSE OF THE SURVEYS WAS TO IDENTIFY COMPANIES WITHIN TARGETED SECTORS WHICH WOULD BE SUITABLE TO RECEIVE IESC ASSISTANCE UNDER THE MBS PROGRAM.
B. PROVIDE COMMERCIAL INFORMATION	40 (MAX)	20	COMMERCIAL INFORMATION WAS PROVIDED AT NO COST TO TUNISIAN COMPANIES TO HELP THEM IDENTIFY U.S. SUPPLIERS OF GOODS AND SERVICES.
U.S. VOLUNTEER EXECUTIVE PROGRAM	10	2	THIS ITEM RELATES TO FOLLOW-UP ACTIVITY, IN THE UNITED STATES, TO ASSIST TECHNICAL ASSISTANCE (TA) PROJECTS CARRIED OUT IN TUNISIA. THE REASON FOR THE LIMITED NUMBER OF INTERVENTIONS IS THAT MOST TA PROJECTS WERE CARRIED OUT IN THE LAST QUARTER OF THE PERIOD BEING EVALUATED.
MARKETING AND PROMOTION SUPPORT:			
A. INFORMATION LETTERS	2	2	THE TUNISIA PROGRAM WAS FEATURED IN THE IESC QUARTERLY NEWSLETTER
B. BULLETINS	2	0	
C. BROCHURES	1	1	INFORMATION PROVIDED IN THE TACC INFORMATION BULLETIN
D. TRAINING MANUAL	1	1	A SALES TRAINING MANUAL WAS PREPARED BY A VE TO ASSIST THE SOMAF COMPANY TRAIN ITS SALES PERSONNEL.
ABLE MARKET SEARCHES	10	10	THE TARGETED NUMBER OF REPORTS WERE PREPARED, AND THE COST WAS REASONABLE. HOWEVER, SOME OF THE REPORTS DID NOT MEET CLIENT'S EXPECTATIONS. ALSO, SINCE THE REPORTS ARE WRITTEN IN ENGLISH THEIR BENEFIT TO THE CLIENT IS REDUCED.
INSTITUTIONAL STRENGTHENING	1	0	DUE TO AN INVOLUNTARY OVERSIGHT, THE IESC BUDGET DID NOT INCLUDE TECHNICAL ASSISTANCE TO TACC, OR OTHER ORGANIZATIONS. HOWEVER, THE TWO ORGANIZATIONS HAVE WORKED CLOSELY TOGETHER IN CARRYING OUT IESC PROGRAMS.
COMPLETED PROJECTS	30 - 40	20	THE IESC PROGRAM FACILITATED CONTACTS WITH 20 TUNISIAN COMPANIES, AND 49 AMERICAN COMPANIES. FROM THESE CONTACTS FOUR OPPORTUNITIES WERE IDENTIFIED FOR JOINT VENTURES IN THE FOLLOWING SUBSECTORS: ELECTRONICS, PHARMACEUTICAL, COMPUTER SOFTWARE, AND AGROINDUSTRY.
FINANCIAL EVALUATION	N/A	N/A	AVAILABLE FINANCIAL INFORMATION DOES NOT PERMIT A COST/BENEFIT ANALYSIS OF THE IESC PROGRAM. A REVIEW OF IESC FINANCIAL INFORMATION INDICATES THAT THE COSTS ARE WITHIN BUDGET.

CLIENT RELATIONS	N/A	N/A	EXCEPT FOR THE PROBLEM OF COMMUNICATING IN THE FRENCH LANGUAGE, THE VEs WERE GENERALLY APPRECIATED BY THE CLIENT COMPANIES.
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TABLE 5: IESC PROGRAM TARGETS UNDER THE CURRENT COOPERATIVE AGREEMENT

TYPE OF INTERVENTION	TARGETED NUMBER	STATUS	GUIDELINES FOR THE INTERVENTION
<u>TECHNICAL AND MANAGERIAL ASSISTANCE:</u>	32 IESC VEs ARE TO WORK MORE THAN 1,375 DAYS WITH 25 TUNISIAN FIRMS	15 FIRMS	TO THE EXTENT POSSIBLE, THESE EFFORTS WILL FOCUS ON SMALL AND MEDIUM ENTERPRISES (SMEs) OF 200 EMPLOYEES OR LESS, WHOSE ACTIVITY IS EXPORT ORIENTED.
<u>TRADE AND INVESTMENT PROMOTION:</u> NOTE (1)			
CAMPAIGN TO IDENTIFY AND CONTACT U.S. TRADE OR INVESTMENT PARTNERS FOR TUNISIAN FIRMS		NOTE (2)	THIS ACTIVITY INCLUDES OUTREACH EFFORTS SUCH AS DISTRIBUTION OF PRODUCT SAMPLES, DIRECT MAIL CAMPAIGNS, VISITS TO RELEVANT U.S. COMPANIES, ATTENDANCE AT TRADE SHOWS, AND PRODUCTION OF PROMOTIONAL MATERIALS.
INDUSTRY-SPECIFIC TRADE AND INVESTMENT SERVICES	50 TUNISIAN ENTERPRISES ASSISTED	30	THE PURPOSE OF THIS ACTIVITY IS TO INCREASE EXPORTS FROM TUNISIAN FIRMS AND TO PROMOTE FOREIGN INVESTMENT IN TUNISIA.
USVE PROJECTS	FOUR USVE PROJECTS TO BE CONDUCTED	2	THESE SERVICES INCLUDE JOINT VENTURE PARTNER SEARCHES, ASSISTANCE WITH EQUIPMENT SEARCHES AND SELECTION, TRADE SHOW ASSISTANCE, AND EVALUATION OF PRODUCT SAMPLES.
MARKETING AND PROMOTION SUPPORT	PRODUCE SIX NEWSLETTERS, BROCHURES, AND SIX PROJECT OPPORTUNITY BULLETINS	NOTE (3)	MARKETING AND PROMOTION SUPPORT WILL ALSO ASSIST TUNISIAN FIRMS IN PREPARING FOR AND ATTENDING TRADE SHOWS AND OTHER PROMOTIONAL EVENTS.
<u>MARKET AND TECHNOLOGY INFORMATION SERVICES:</u>	CONDUCT APPROXIMATELY 30 "ABLE" STUDIES	13	THE AMERICAN BUSINESS LINKAGE ENTERPRISE (ABLE) SERVICES DELIVERS STUDIES PROVIDING INDUSTRY-SPECIFIC INFORMATION ON U.S. MARKETS AND TECHNOLOGIES.
<u>ASSOCIATION STRENGTHENING:</u>			
WORK WITH THE TUNIS AMERICAN CHAMBER OF COMMERCE (TACC) AND OTHER PRIVATE ORGANIZATIONS.	TWO BUSINESS ASSOCIATIONS WILL BENEFIT FROM IESC PROGRAMS	NOTE (4)	IESC SERVICES WILL BE PROVIDED DIRECTLY TO PRIVATE SECTOR ASSOCIATIONS, AND THE ASSOCIATIONS WILL ALSO ACT AS A CONDUIT FOR PROVIDING IESC SERVICES TO THEIR MEMBERS.
PROVIDE A SUBGRANT TO TACC, FINANCED BY USAID	US \$106,000 GRANT	COMPLETED	PURPOSE OF THE GRANT IS TO PROMOTE TRADE, INVESTMENT AND ECONOMIC RELATIONS BETWEEN TUNISIA AND THE UNITED STATES.
<u>COMPLETED TRANSACTIONS:</u>			

GENERATION OF NEW PROJECT IDEAS	20 - 30 NEW PROJECT IDEAS	NOTE (5)	THESE PROJECT CONCEPTS WILL LEAD TO THE COMPLETION OF 3 - 5 "DEALS", CONSISTING OF A) EXPORTS OF TUNISIAN PRODUCTS TO THE UNITED STATES; B) PURCHASE OF U.S. TECHNOLOGY OR SUPPLIES BY TUNISIAN BUSINESSES, OR C) FORMATION OF JOINT VENTURE INVESTMENTS BETWEEN TUNISIAN AND U.S. FIRMS.
CREATION OF EMPLOYMENT	CREATE APPROXIMATELY 500 JOBS	N/A	JOB CREATION WILL BE THE RESULT OF THE COMPLETED TRANSACTIONS ("DEALS") WHICH EVOLVE FROM THE IESC PROGRAM.

NOTES:

- (1) SUBSEQUENTLY RENAMED AS "BUSINESS DEVELOPMENT ACTIVITY".
- (2) THE PROGRAM HAS BEEN HIGHLY ACTIVE IN THIS AREA, AND INCLUDES THE FOLLOWING SERVICES: A) DISTRIBUTION OF PRODUCT SAMPLES IN THE UNITED STATES FOR FOUR TUNISIAN COMPANIES, B) 23 MAILING CAMPAIGNS ON BEHALF OF TUNISIAN CLIENTS, C) TWO U.S. COMPANY VISITS, D) ATTENDING TWO U.S. TRADE SHOWS, E) PRODUCE PROMOTIONAL MATERIAL FOR FIVE TUNISIAN COMPANIES, AND F) ARRANGE FOR TWO TUNISIAN FIRMS TO VISIT U.S. COMPANIES FOR FRANCHISING PURPOSES.
- (3) ONE FRENCH-LANGUAGE BROCHURE WAS PUBLISHED FOR THE IESC PROGRAM, AND TWO PROJECT OPPORTUNITY BULLETINS WERE PUBLISHED IN U.S. TRADE JOURNALS.
- (4) IESC AND TACC HAVE PRESENTED JOINT PROGRAMS ON TOURISM AND SOFTWARE DEVELOPMENT.
- (5) ALL THE BDS PROJECTS INITIALLY REPRESENT A "PROJECT IDEA", AND SOME 50 IDEAS HAVE BEEN INITIATED. HOWEVER, NO "DEALS" HAVE ACTUALLY BEEN CLOSED TO DATE.

ANNEX II - FIGURES

FIGURE 1:

MEETINGS WITH GOVERNMENT OFFICIALS: MINISTRY OF PLAN AND REGIONAL DEVELOPMENT

Mr Masmoudi Zouhair: Director General of Cooperation at the Ministry of Plan and Regional Development.

Mr Ghannouchi Noureddine: Assistant Director of Cooperation at the Ministry of Plan and Regional Development.

- Joint interview conducted on Saturday October 10, 1994.

- Both officials are members of the "Comité Consultatif du Programme MTPS " who receive copies of the quarterly reports on IESC activities in Tunisia.

Mr Ghannouchi, who has been regularly informed on IESC activities in Tunisia over the past 10 years as so, identified 3 separate periods:

1- Period before 1991: Only a limited number of Tunisian companies have been exposed to opportunities of assistance from IESC, and generally reacted with reluctance to such offers because of language communication difficulties, occasional health problems faced by VE, contribution toward expenses of IESC programs considered too high and a belief that small-size Tunisian companies could hardly benefit from VE's who gained their experience in much larger undertakings.

2- Period between 1991 and 1993: The setting up of an IESC office in Tunisia was hindered by uneasy operating conditions and misunderstandings with "API", the agency for industrial promotion.

3- Period starting April 1993: The present director of IESC office seems to have developed adequate channels of communication to keep Tunisian government officials sufficiently informed and confident on programs undertaken, started satisfactory cooperation with TACC considered by GOT as an acceptable substitute to API for ensuring institutional sustainability, and engaged in various technical assistance and business development operations to the private sector that generated overall satisfaction from beneficiaries.

Requirements for activities to be carried on or initiated by IESC in the future :

- Assisting private companies interested in developing relations with US firms, to adapt the manufacturing and marketing of their products to better meet US norms, market conditions and consumer needs.

- Assisting Tunisian companies to improve their managerial capabilities and become more competitive in the domestic as well in international markets.

- Priority should be given to technical assistance actions which ensure a strengthening of export capabilities and the development of partnership ventures between US and Tunisian companies in the areas of manufacturing, marketing, training and research.

- The selected five areas to concentrate future activities of IESC, namely the stock exchange, privatization, tourism management, partnership in telecommunication and telemedicine, seem to receive, in the listed priority order, the approval of government officials.

FIGURE 2:

MEETINGS WITH GOVERNMENT OFFICIALS: MINISTRY OF INTERNATIONAL COOPERATION
AND EXTERNAL INVESTMENT (#1)

Mr Bouhaoula Abdelhamid: Director at the Ministry of International Cooperation and External Investment.

Formerly official of the Ministry of Plan and Regional Development, he has joined the recently created Ministry of International Cooperation and External Investment.

He has been closely informed of IESC activities in Tunisia and is still a member representing his Ministry on the IESC consultative committee.

He is in favor of similar institutions providing assistance to both government as well as private organizations established in Tunisia and aiming at enhancing the new liberated economic environment developing in this country and supporting private initiative.

Operations undertaken by IESC over the past 18 months are more adapted to the present economic policy of the Tunisian government.

Approval of all categories of assistance operations undertaken by IESC, but recommends that a) all market studies undertaken at the request of business companies take into account existing relevant studies, in order to avoid duplication of efforts, and b) a greater cooperation is achieved with existing semi-public or public agencies directly concerned with the areas of intervention in which IESC gets involved, like CEPEX when it comes to assisting in export studies or the semi-public technical centers concerned with technical production problems in specific manufacturing areas.

Agrees with the five selected areas of concentration in which IESC intends to develop its future activities during the two years to come.

FIGURE 3:

MEETINGS WITH GOVERNMENT OFFICIALS: MINISTRY OF INTERNATIONAL COOPERATION
AND EXTERNAL INVESTMENT (#2)

Mr Hamam Abdelatif: Chargé de Mission in the Cabinet of the Minister (Ministry of International Cooperation and External Investment).

Attends regularly annual meetings of the Consultative Committee for IESC/TUNISIA Program, as an alternate member replacing Mr Bouhaoula, Director.

Considers IESC/TUNISIA Program as one of the very few organizations devoted to developing US-Tunisian economic cooperation.

It has already made a significant contribution towards that aim, and has considerably improved its approach and effectiveness with business companies and government organizations since the middle of 1993.

Areas of assistance to be particularly enhanced in the future are:

- Technical assistance to private companies to meet their clearly defined needs.
- BDS activities to be continued in close association with TACC considered as a satisfactory alternative to API for ensuring institutional sustainability.
- Training assistance to be developed in specific management areas (quality, human resources, technological process, marketing, etc...) addressed either to individual companies or groups of companies, particularly those operating in strategic sectors (ie. tourism and textile).

Such programs will be best appreciated when they are complementary to those offered by existing educational institutes and when they associate Tunisian counterparts.

Government employees and State-controlled organizations executives should be motivated to attend some training programs specially designed to meet their specific needs.

FIGURE 4:

MEETINGS WITH GOVERNMENT OFFICIALS: MINISTRY OF NATIONAL ECONOMY.

Mr Ali Khélifa: Director of Development and Industrial Restructuring at the Ministry of National Economy.

Training needs of Tunisian industrial companies should be assessed and satisfied to meet the challenge of the emerging competitive environment. Such needs have become more important after the lifting of tariff barriers and the strengthening of local and international competition.

Although Mr Khélifa has not been regularly informed of the IESC activities in the past, he is in favor of:

- Technical assistance provided to industrial companies to meet specific needs.
- Follow up assistance of V.E. upon their return to the USA in order to identify opportunities for partnership with Tunisian companies which they have already assisted.
- Market studies to identify export opportunities for selected industries.

Financial assistance provided by the FOPROMAT (Fonds de Promotion et de Maitrise de la Technologie) established by article 63 of law N°90-111 of December 31, 1990) can be extended to industrial firms seeking technical assistance through the IESC program, in order to help such firms better identify the qualifications of the VE to be selected, and possibly to contribute to the costs to be paid for the TA project. There is no formal preference given to any particular industrial sector. Preference is insured by the individual firm itself when it becomes conscious of its needs and looks for the best solutions to meet them.

It is highly recommended that the impact of IESC operations is amplified by encouraging cooperation with institutions established to guide private companies efforts in specific areas like:

- The CETIME (Centre Technique des Industries Mécaniques et Electriques).
- The CETTEX (Centre Technique des Industries Textiles).
- The CTMCCV (Centre Technique des Matériaux de Construction de la Céramique et du Verre).
- The CMCC (Centre du Cuir et de la Chaussure).
- INNOPRI (Institut National de la Normalisation et de la Propriété Industrielle).
- CEPEX (Centre de Promotion des Exportations).
- API (Agence de Promotion de l'Industrie).
- Le Laboratoire Central
- AME (Agence de Maitrise de l'Energie).
- ANPE (Agence Nationale de Protection de l'Environnement).
- Various departments of the UTICA (Union Tunisienne de Industrie, du Commerce et de l'Artisanat).

FIGURE 5:

SCOPE OF WORK

PROGRESS REVIEW OF IESC/TUNISIA ACTIVITIES

The objective of this progress review is to assess the IESC program in Tunisia and its impact. The results of the review will be used to determine whether or not current assistance and efforts are focused and help the sustainability of USAID's development programs including Private Enterprise Promotion and Financial Market Development.

ARTICLE IV - SCOPE OF WORK

The following are the major items/factors to be assessed during this review:

(1) **MEETING CLIENT NEEDS AND REQUIREMENTS.** The review team shall develop a sample of former IESC client firms and organizations, working with IESC/Tunisia staff, and shall determine:

(a) was client satisfied, in general, with the approach used by IESC to develop the volunteer consultancy activity?

(b) was the IESC volunteer knowledgeable in the field of particular interest?

(c) did the volunteer work effectively with technical staff, as well as management-level personnel, in order to fully determine the extent of technical problems being encountered by the client firm?

(d) were the solutions to problems identified realistic and feasible from the technical and managerial points of view?

(e) was the final report submitted by the volunteer useful to the client firm?

(f) if additional problems emerged after the departure of the IESC volunteer, was IESC responsive to requests for additional information or assistance?

(g) would the client firm consider additional IESC volunteer assistance, if required? If yes, would client firm consider paying all costs associated with provision of further volunteer assistance?

(2) **MEETING GOT EXPECTATIONS.** The review team shall develop a list of key GOT counterpart personnel involved with the IESC program and shall conduct interviews with these individuals to:

(a) determine if IESC programs and activities are, in GOT's view, assisting in fulfilling long-term GOT goals and objectives for development of the private sector in Tunisia;

(b) determine if IESC priorities for assistance are in league with GOT priorities;

(c) determine, after explaining IESC priorities for the future, if GOT is in support of these priorities;

(d) advise of possible additional areas of emphasis that GOT would like IESC to pursue (given funding resources and technical capacity).

(3) **ADMINISTRATIVE CONCERNS.** The review team shall assess and report on their view of IESC/Tunisia management and administrative capacity in order to carry out and implement the future program envisioned.

(4) **SUSTAINABILITY.** The long-term sustainability of the IESC program through the creation of the American Management Institute in Tunisia (AMIT) is of key concern to USAID/Tunisia, the GOT, and IESC's current and future clients. The review team shall, in light of its findings in (1) through (3) above, provide its recommendations for achieving full and independent operation of AMIT, including a determination of length

of time required to establish AMIT as a self-functioning organization, future funding required, if any, and advice on the priority areas of concern to be undertaken by AMIT.

IESC has recently experimented with a "full fee for service" model of provision of volunteer assistance. The review team shall assess the experience of IESC to date with such a model, and provide an opinion as to its replicability to further volunteer consultancies in the future.

ARTICLE V - DELIVERABLES

The contractor shall prepare a comprehensive draft report including an executive summary which addresses the four major items/factors to be assessed during the progress review as detailed in the Terms of Reference above. Five (5) copies of this report shall be submitted in English to USAID/Tunis two (2) days prior to the contractor's departure from Tunisia. The contractor shall also be required to hold a debriefing session with USAID and IESC to present report findings.

Upon receipt of comments from USAID, the contractor shall make any necessary modifications to the draft report and submit ten (10) copies of the final version to USAID no later than 2 weeks after receipt of comments by USAID. The local Tunisian consultant shall be responsible for translation of the report into French. The contractor will insure that this translation is submitted to USAID/Tunis no later than one week after the final English version has been approved by USAID.

ARTICLE VI - PERIOD OF PERFORMANCE

Work on this activity shall begin on October 10, 1994 and shall end pursuant to submission and approval of all deliverables, no later than November 18, 1994.

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