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Central Tunisia Development Project
DEVELOPMENT OF SMALL AND MEDIUM ENTERPRISES

Milan Radovic
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CENTRAL TUNISIA DEVELOPMENT PROJECT - DEVELOPMENT
OF SMALL AND MEDIUM ENTERPRISES

I. SUMMARY AND ANALYSIS OF THE SURVEY

Project Area

The Central Tunisia project area presently consists of eight delegations; Kasserine, Sbiba, Sbeitla, Foussana and Thala in the Kasserine governorate; Maktar and Ruhia in the Siliana governorate; and Jelma in the Sidi Bouzid governorate.

There are strong pressures to extend the project area, particularly by the delegates of the Kasserine and Feriana delegations, considering that these two sub-regions are currently the most affected by the three year drought with the ensuing hardships on farmers - forcing them to sell livestock indiscriminately, seek employment in towns, emigrate to the coastal areas and abroad, and occasionally to abandon their land.

According to the President and Director General of the Central Tunisian Development Office (ODTC), Mr. R. Bugateff, it is likely that the Central Tunisian Development area will eventually grow to 22 delegations consisting of all of the delegations in the Sidi Bouzid and Kasserine governorates (seven in each), four in the Kairouan governorate, two in the Gafsa governorate and two in the Siliana governorate.

ODTC Organization

The ODTG has been operational since the beginning of this year, although the decree for its establishment has not yet been published. The head office in Kasserine has four departments and is presently concentrating on staffing both the headquarters and field offices, discussions with other public organizations in the area involved in developmental activities and is coping with various administrative, financial and logistic problems accompanying the start up of any new major and complex organization.

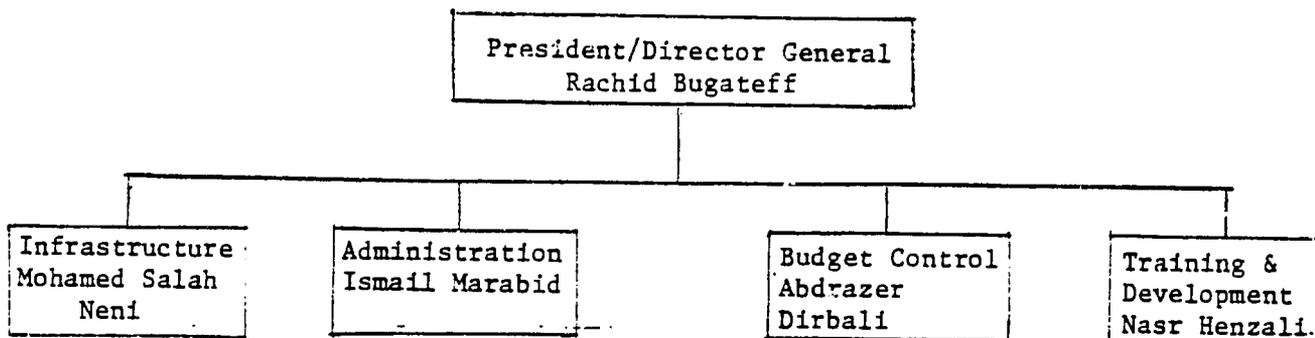
The ODTG office in Sidi Bouzid is a fairly large one as it has absorbed the existing OMVVM and PPI (offices for the Development of the Medjerdja River Valley and of Irrigated Public Lands) and a Sidi Bouzid agricultural development project, now in its sixth year, funded by the Swedish government and with technical assistance provided by the FAO.

The organization charts for the Kasserine and Sidi Bouzid offices are shown on the next page.

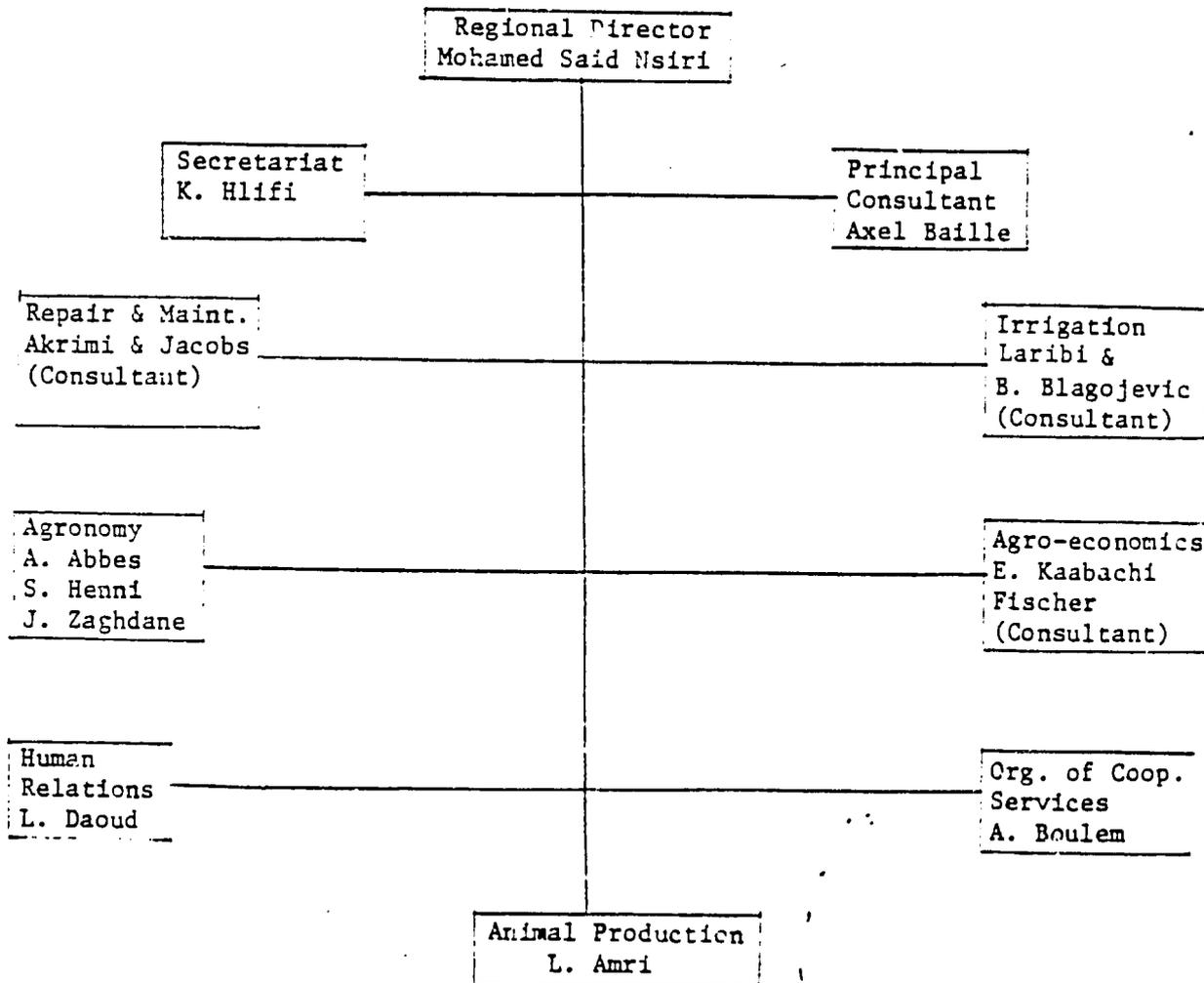
There is a sub-division office in Sbiba, with an agro-engineer in charge, three assistant engineers and six technicians. That office is also responsible for the Sbeitla and Jedliane delegations for the time being, as each delegation will eventually have its own ODTG office.

ORGANIZATIONAL CHART

I. ODTC Head Office, in Kasserine



II. ODTC Regional Office, in Sidi Bouzid



In the next section my recommendations regarding the organization and role of ODTG are given under Nos. 1 and 2.

Small Enterprises

A 1977 World Bank Report* defines as a small enterprise one that employs less than 50 people and has a capital investment of under 200,000 TD**. The API regional office in Sidi Bouzid defines as small enterprise any business serving a local market and medium if it serves a regional market.

Small Industry

An industrial enterprise according to API-PMI (Agency for Investment Promotion—Small and Medium Industry Directorate in Tunis) must be engaged primarily in production/manufacturing of goods. Thus, API is not interested in a small enterprise, such as a typical village blacksmith who splits his time more or less equally between making wrought iron window grates and fences and repairing kitchen utensils or automotive equipment. Such an enterprise will not qualify for a FOPRODI (Fund for Industrial Promotion and Decentralisation) loan as it cannot obtain the API permit.

My quick survey of the project area shows only one large industry - the cellulose plant in Kasserine with a payroll of about 1500. As a medium size industry one could consider the brick plant near Maktar, the carpentry shop near Jelma, and the brick factory under construction just outside Kasserine. All other industrial operations can be classified as small.

New Small Industry Projects

All eight delegations which make up the project area were visited (Foussana and Sbiba twice), plus Feriana and Kasserine at the request of Mr. Bugateff.

Most of these projects, listed and annotated on the next five pages, were identified by CNEI in their meetings with (potential) entrepreneurs in all delegations of the Kasserine and Sidi Bouzid governorates. Therefore, the data presented extended beyond the present project area and apply to 16 delegation - 7 in each Kasserine and Sidi Bouzid, plus 2 in Siliana.

* Tunisia: Appraisal of an Industrial Finance Project, November 29, 1977
A World Bank Report

** TD - Tunisian Dinar, worth about U.S. \$2.50; in February and March 1979 the official exchange rate was fluctuating from .402 to .404 TD per U.S. dollar.

Table 1. LIST OF SMALL INDUSTRY PROJECTS 'N THE ODTIC PROJECT AREA

Type of Project	Jelma	Sidi Bouzid	Regeb	Ouled Hafoz	Ben Aoun	Makness	Mezouna	Foussana	Thala	Jediana	Sbiba	Sbeitla	Feriana	Kasserine	Ruhla	Maktar	ALL	
1) Bakery	2 ^a	1 ^c	3	1 ^h	1	2		2	2	2			1 ^r				17	
2) Flour Mill		1															1	
3) Pasta Making						1	NONE. LEAST DEVELOPED AND FARTHEST AWAY FROM SIDI BOUZID.						1 ^q				2	
4) Biscuit Making												1						1
5) Almond Dehulling			1	1		1												3
6) Cannery*	1			1		2						1		1 ^w				6
7) Barbary Fig Processing										1								1
8) Rosemary Distillery											1							1
9) Aleppo Pine Seed Processing																	1 ^{bb}	1
10) Mineral Water												1 ^{aa}						1
11) Soft Drinks						2 ¹			1									3
12) Animal Feed			1	1		1				1				1 ^s				5

Type of Project	Jelma	Sidi Bouzid	Regeb	Ouled Haïfouz	Ben Aoun	Maknessy	Mezouna	Foussara	Thala	Jedlane	Sbiba	Sbeitla	Feriana	Kasserine	Ruhla	Maktar	ALL
13) Oil Press						1			1			1	1				4
14) Chicken Farm						1		2	2	1	1 ^l		1				8
15) Esparto Grass Weaving													1 ^v				1
16) Cosmetic Products														1			1
17) Farm Equipment Leasing											1 ^{cc}						1
18) Agro. Equipment		1 ^d															1
19) Leather Processing		1												1			2
20) Shoe Factory		1												1			2
21) Brick Making		1		1	1					1						1	5
22) Leather Goods									1								1
23) Mech. Repair (Auto Shop)				1		1		1	1 ^k	1	1	1 ⁿ					7
24) Blacksmith Shop								3									3

NONE. LEAST DEVELOPED AND FARTHEST AWAY FROM SIDI BOUZID.

Table 1 (continued)

Type of Project	Jelma	Sidi Bouzid	Regeb	Ouled Haffouz	Ben Aoun	Maknessy	Mezouna	Foussani	Thala	Jediane	Sbilba	Sbeitla	Feriana	Kasserine	Rihla	Maktar	ALL	
37) Soap and Detergents				3 ^g			NONE, LEAST DEVELOPED AND FARTHEST AWAY FROM SIDI BOUZID.		1	1				1			6	
38) Cloth Making													1		1 ^y			2
39) Packaging Materials						1				1					2 ^x			4
40) Carpentry-Furniture	2	3	1	1	2	3			3	1	1 ^j			1		1	2	21
41) Warehouse & Cold Storage												1 ^m						1
42) Hotel										1				1 ^t				2
43) Stone Cutting														1			1	2
TOTAL	7	10	8	11	4	18	0	15	15	11	7	6	12	7	1	6	138	
Sources:	1) Minutes of CNEI meetings with entrepreneurs in the delegations of the Kasserine Governorate, held on 17, 18, and 19 July 1978.																	
	2) Minutes of CNEI meetings with entrepreneurs in the delegations of the Sidi Bouzid Governorate, held in August 1978.																	
	3) Minutes of CNEI-PMF meetings in the office of the Governor of Siliana, held on 17 January and 8 February 1979.																	
	4) Personal contacts and interviews in all eight delegations in project area, in February and March 1979; see daily log of activities.																	
*	(See no. 6 Cannery) In many cases means only washing, grading, cutting, and packaging in plastic bags.																	

Table 1 (continued)

Comments:

- a. one under study, one approved
- b. one approved, one probably to be rejected
- c. extension only
- d. plows and tools
- e. not feasible
- f. extension
- g. not economical, as price of soap is fixed by government
- h. first in area--now bread brought in from Sfax
- i. capacity 3,000 l/hr.
- j. including wood carving
- k. capacity 40-50 m³/day
- l. 1,000TD own funds and lot
- m. 30,000TD own funds
- n. 10,000TD own funds, by immigrant work
- o. 10,000TD own funds
- p. 10,000TD own funds, by immigrant work
- q. 10,000TD own funds
- r. has built facility without permit
- s. 30,000TD own funds, plus lot
- t. almost finished but without permit
- u. 6,500TD own funds and truck
- v. extension
- w. at least 60,000TD own funds
- x. one by the Kasserine Regional Transport Co. for bags; other for cardboard boxes
- y. 3,000TD own funds, by immigrant worker
- z. "provide a project for Mr. Ahmed Helal who has great financial resources"
- aa. source at Ain Selsla; promoted by ODTC representative at Sbiba
- bb. proposed by entrepreneur in Maktar
- cc. proposed by ODTC representative in Sbiba

Of the 138 projects listed very few were completed by the time of this survey, and a few were under construction. Less than a quarter had obtained an API permit since then. What is happening with the projects approved by API may not be known for a full year after the granting of the permit to set up the enterprise as a formal follow up is only required at that time; or, API may never hear from the entrepreneur again as he may have lost interest in the project, moved away, run into some difficulties, technical or in obtaining financing, etc..

Most of the projects are "in limbo", as there is no reporting of their status in any place I have visited (see recommendation No. 4).

The Type of Projects

The 138 projects break down into 43 types. Just about half are one-of-a-kind, the remaining are repetitive, i.e. two or more in each category.

The two dominant types are: carpentry with 21 projects and bakery with 17 projects. Together they represent almost one third of all projects. Next, in order of diminishing frequency are: chicken farms - 8; mechanical repair (auto repair shops) - 7; tile making - 7; soap and detergents - 6; canneries (fruit and vegetables) - 6; animal feed processing - 5; brick making - 5; stone crushing (for making gravel) - 4; packaging materials - 4; olive oil presses - 4; almond dehulling - 3; blacksmith shops - 3; and 2 each in cloth making, shoe factory, leather processing, pasta making, new hotels, boiler making and decorative stone cutting.

Repetitiveness of Project Types

The multiplicity of a few typical projects is due to several factors, the most important being:

- lack of market study for the products to be manufactured, or services to be provided in terms of quantity, product range, market area and pricing structure;
- not much consideration of the profitability of the enterprise, i.e., calculations of the return in investment, total operating costs, comparative costs of alternatives, etc. were not evident.
- no understanding of the economics of scale, which may only slightly reduce the number of new job places, but would substantially decrease the initial investment, particularly for imported equipment and parts.

There is no justification whatsoever for 21 carpentry shops in the area, particularly for the two in Jelma and three in Sidi Bouzid, considering that the medium size one at the crossroad from Jelma and the main Sidi Bouzid - Sbeitla road will have sufficient capacity to probably satisfy both delegations.

Similarly with bakeries: two in Jelma, when the existing one is, according to its owner, satisfying the local needs. On the other hand, the one for Ouled Hafouz is certainly justified as currently bread is brought there all the way from Sfax.

Labor Intensity

One reason given for several very small enterprises, like two bakeries, three carpentry and three blacksmith shops in Foussana, a village of about 300 households (plus a 100 unit housing project almost completed) is that they will create more employment. However, neither bakeries, nor job shop type carpentry and other work shops are labor intensive; the former will usually have a baker/owner and one or two apprentices, and the largest shop in the area, an auto repair shop employs four mechanics and five apprentices. Besides, a medium sized carpentry shop with the same work load as three small ones will need almost as many workers, but only one management, which is apparently the skill most difficult to find and it would require considerably less investment for machinery (a more powerful saw will cost less than three smaller ones) which in any case will not be utilized near their capacity.

Poor Project Justification

Making soap (6 projects) from olive oil pressing waste ("grignon") is probably not economical to produce in small lots as the price of soap in Tunisia is fixed (controlled).

The two soft drink bottling plants in Maknessy make no sense. One working multiple shifts, thus increasing employment with a small additional capital investment, could supply the whole area, as distances within the sub-region are not great.

Two sectors, tile making and pasta production, were recently declared as saturated by the national government, thus such projects will not be approved any more by API. This word, however, has not yet reached the people in the delegation.

Canneries (6) need a better definition than "processing of fruit and vegetables" as most of the proposed ones are described; one proposal did specify the product - fruit salad, another - candies or juice from Barbary figs.

"Missing" Projects

On the other hand, certain single occurrence projects would be of benefit to more than one locality, or delegation. The most obvious one is "warehousing and cold storage", particularly for fresh fruit - in many cases the markup from return to farmer to retail price in large coastal cities is 1 to 5, as exemplified by the apples from Sbiba sold to middlemen at the peak of the season for 300 millimes per kg, and two months later retailing in Tunis for up to 1,500TD per kg.

One would also expect more animal skin processing and wool processing projects in view of the fairly large ovine population in the project area, especially in Sidi Bouzid. There is only one wool processing center for old women and widows now being set up in Kesra, financed by the Ministry of Social Affairs ("Projet de la Famille Productive").

In apiculture no proposals are forthcoming despite the experimental demonstration project at the Kēsra tree farm.

The lack of "original", i.e. unconventional industrial project ideas can be attributed to two factors: a low level of sophistication (education level, experience, access to "know how", resources, etc.) of the small entrepreneurs native to the project area. He is obviously thinking of the type of activities he sees around him which are apparently fairly simple to set up (not unlike our people who go into the gasoline station and restaurant/eatery business, and who do experience a great deal of ownership turnover and failures).

The other reason is that the public organizations and their officials, responsible for, or involved in different aspects of the region's economic development do not come forth with any suggestions or recommendations regarding the type and nature of projects most suited to the needs of the locality and the capabilities of the entrepreneurs.

Problems of Starting a Business

A problem encountered by many emigrants, i.e. workers returning from Europe who have worked in the industry, is their attempt to "transplant" their experience to Central Tunisia. First, they find out that it takes considerable time and effort (and frustration) to obtain the necessary permit for site acquisition, building construction equipment procurement (although he may bring back from abroad a truck with equipment, machines, tools, duty free, but with no right to sell them for five years) and to set up his business. He will then probably encounter problems in finding skilled help locally - if he brings apprentices from outside the immediate vicinity, he has to pay their room and board in addition to wages. This was the recent experience of Mr. Rumdhar, a highly skilled machine operator who returned from Europe in 1977. It took him almost a year to set up a mechanical repair shop in Maktar, although he had brought with him from Germany a pickup truck, a lathe and a drilling machine. Once he did have a simple facility built and started business, his bottle-necks now are finding skilled workers in Maktar and being used, or referred to, by other auto repair shops in the area.

It is easier for an established entrepreneur from outside the area to develop a new enterprise in view of his previous experience and resources not available to potential local entrepreneurs. Two of the three medium sized enterprises mentioned earlier, the carpentry shop between Jelma and Sidi Bouzid and the brick factory near Maktar, are owned by well-to-do businessmen from Tunis and Sousse.

Procedure for Setting up a Small Industrial Enterprise

By law any new business, or expansion of an existing one, engaged principally in production/manufacturing, irrespective of its size, requires an API permit ("agrement"), to be filled in triplicate (see Enclosure No.1).

To qualify for a FOPRODI loan, the bank may require from the entrepreneur to prepare a feasibility study, usually done by the CNEI (National Center for Industrial Studies) regional office, for a nominal fee of 50 to 100 TD. These studies, at least the ones I have seen in Tunis and Sidi Bouzid are merely a detailing of the API form, and are short in details on the market and profitability.

Once API is satisfied with the filled application, it will recommend the amount to be financed and issue an approval/permit to proceed, valid for one year. If the entrepreneur does not report progress or completion after one year, the permit is revoked.

Once the entrepreneur obtains the API approval and the loan he still has to secure permits for site acquisition, construction, and equipment and supplies imports. The required documentation has to be obtained at different local and regional offices and may take considerable time, a factor which often causes entrepreneurs to give up their projects already approved by API.

A Typical Delegation

In the project area there are only three small towns - Thala, Maktar, and Sbeitla, all three seats of delegations with the same names. The seats of the other five delegations: Foussana, Sbiba, and Jedliane in the Kasserine governorate, Jelma in Sidi Bouzid, and Ruhia in Siliana are small or medium size villages.

All these delegations have similar characteristics regarding small non-agricultural enterprises, both in terms of what is now in existence and what is proposed as new projects or expansions. The available resources, manpower and raw materials, are also fairly uniform all across the project area.

For these reasons, the data collected for the Jelma delegation are, in general, representative for the whole area. These are:

1. Population, by Sectors, male, female and total, according to the census of May 8, 1975 (Enclosure No. 2)
The total population is estimated to be now around 35,000, which may be an over-estimate in view of considerable emigration of workers to large cities in Tunis, to Lybia and Europe, and not too many returnees who do resettle permanently in their native locality.

2. Employment and Unemployment statistics for 1978 (Enclosure No. 3).

These data grossly underestimate the unemployment and under-employment situation as they apply only to those who did register with the local OTTEFP (Office for Tunisian Workers Abroad, Employment and Vocational Training). Nobody knows for sure what proportion of the labor force does register; according to the former delegate of Ruhia (now of Roba) only about 5 percent, and less than 50 percent according to the OTTEFP regional delegate in Sidi Bouzid. Registration is not compulsory, there is no unemployment insurance, but there are annual work camp projects for unemployed farm workers, starting around the first of March all across Tunisia.

The labor force is broken down into only three categories: "youth", i.e. 18 to 25 years old, seeking first employment, skilled and unskilled workers, thus does not represent an adequate data base for developing a skill inventory of the area.

3. Non-Agricultural Employment, by type of activity, permanent, temporary, apprentices of trainees, men, women and foreigners, as of August 25, 1978 (Enclosure No. 4)

These data show that government, local and national, is the largest employer, about two thirds of the total; considerable temporary employment (98 out of 364); no apprentices or trainees, despite the existence of several vocational schools in the project area, or adjacent delegations (Sidi Bouzid and Kasserine); and very low employment rate for women, less than 4 percent of total, and all 13 in the public sector.

4. Enclosure No. 5, prepared by the CNEI regional office in Sidi Bouzid shows general socioeconomic information, and a few data on existing and proposed small industrial enterprises in the delegation.

5. Enclosure No. 6, prepared by the API-PMI regional office in Sidi Bouzid outlines three projects approved last year for the Jelma delegation: one (carpentry shop) is almost complete and is now operating at partial capacity; the second one, a tile factory, is under construction. Both are owned by a well-to-do businessman who has provided half of the necessary capital investment for both projects. The third one, the animal feed plant, has also an owner with considerable means - his own investment is \$150,000 plus a medium term loan of only about \$94,000.

This last project has not yet started and API does not know its status, as explained in the "Remarks : In view of the regulations for the follow up of industrial projects, we will know the progress status of the project only on October 13, 1979, that is one year after the date of the granting of the approval".

II. CONCLUSIONS AND RECOMMENDATIONS

The conclusion and recommendations are based on the preceding section - Summary and Analysis of Surveys, the subsequent section - Review of Accomplishments of in the Maktar and Ruhia delegations (which were surveyed by a Georgia Institute of Technology team two years ago), and my log of daily activities.

It should be understood that the 14 recommendations have not the same importance (weight) or urgency for enhancing the small industry development of Central Tunisia. In my opinion, however, the first one, on the role ODTC should assume, the third one on project selection criteria, and the last one on demonstration projects should be given top priority.

No. 1. The Role (mission) of ODTC

The August 1978 report on the Central Tunisia Integrated Rural Development Project, by the National Center for Agricultural Studies, Ministry of Plan, states: "Regarding the institutions, the Central Tunisia Project should be assigned to an "Office now under study. That office is not supposed to replace any existing institutions but, on the contrary, to coordinate their activities..."

Anytime a new regional organization is created it should displace, fully or partially, certain existing organizations, or their functions. Actually ODTC "raison d'être", in my opinion, is to act as a lead agency (agence chef de file) for all developmental activities, in agriculture, industry and services, with the financial and human resources needed to implement the many valid and feasible ideas and projects which have been studied so far rather extensively.

Specifically, ODTC should be the lead agency, and not just the coordinator and reporter, of the activities of the SIDAL-FAO project in Sidi Bouzid, the regional offices of API-DMI, CNEI, OTTEEFP, GR, etc. which should be re-evaluated, and possibly modified and reorganized in view of the creation of ODTC.

ODTC should assume an active role in the industrial development in the region, a role which is not explicit in its charter, nor in its present organization - both technical departments - infrastructure and training and development ("vulgarisation") are oriented to agricultural development only.

The neglect of industrial development potential is also evident in the U.S. technical assistance program as the initial phase sub-projects are for dry land agriculture, potable water and shallow well improvements, while the small industry development is only a possible sub-project in the next phase of the program.

I believe ODTC should assume certain other responsibilities with respect to the industrial development of the area. These are:

- * Establishing a basis and criteria for a national selection of small industry projects.
- * Devising and implementing a project status reporting system.
- * Taking an active role in the financing of small industries.
- * Organizing, and possibly managing a industrial extension service.
- * Seek opportunities for technology improvements in existing industries and services, or introduce more appropriate technologies.
- * Design and conduct promotional campaigns for industrial development opportunities.

- * Develop entrepreneurs in the area, through training and demonstration programs.
- * Undertake legal and administrative action to facilitate the occupancy and use of idle public facilities.
- * Coordinate the urban and regional master planning, i.e. zoning and land use.
- * Introduce the consideration of environmental impacts, and the health and safety aspects in all new small industry projects.
- * Identify a few projects meeting all or most of selection criteria, and assist the entrepreneur(s) to carry them through from inception to full capacity implementation. These projects will serve as demonstration models for a long range industrial development of the region.

These recommendations are elaborated in recommendations 2 through 14, that follow.

No. 2. Extent of the Project Area, and the Geographical Jurisdiction of ODTC.

There are essentially two issues there. First, the outcry that the project area, now encompassing 5 of 7 delegations of Kasserine, one in Sidi Bouzid and 2 in Siliana, is too limited. This was explained to me very forcefully by the delegates of Kasserine and Feriana, who state that their two delegations are the poorest ones, in natural resources, and with the worst unemployment problems in the Kasserine governorate, and certainly worse off than Jelma, Maktar and Ruhia. So why are their delegations not included in the project area!

I understand that eventually ODTC will cover 22 delegations; all 7 in both Kasserine and Sidi Bouzid, 2 in Siliana, 4 in Kairouan and 2 in Gafsa. A rationelle for that expansion should be discussed and established prior to any firm decision on the eventual extent of the Central Tunisia development area.

The second issue is the re-allocation of geographical, i.e., territorial responsibilities within ODTC. The boundaries of ODTC field offices, i.e. sub-divisions, should be drawn, based on resources and some natural demarcation lines, rather than to follow the administrative separation by delegations as is the case now. A good case in point is that the Sbibia ODTC office, although temporarily responsible for Jedliane, is not for Ruhia, which is situated nearby, but in another governorate. Actually, Sbiba, Jedliane and Ruhia should be all under one ODTC office, due to their proximity and similarity in resources and developmental problems.

No. 3. Basis and Criteria for Project Selection

In all delegations and different regional offices in the project area I have visited, the dominant, if not the only reason, for creating new small enterprises is to generate new employment opportunities. In practice, however, the labor intensivity of a proposed project is rarely taken into account. For instance, a multitude of bakeries are proposed (one or more for almost every delegation), where each unit would only employ the owner/baker and one or two apprentices, plus one or two people in the sale outlet(s).

Granted that under, and unemployment, is a critical problem in the area, other project selection criteria should be established, such as:

- Use of local raw materials (cereals, fruit, cactus, vegetables; sheep, goat, cattle, camels, wild boar, rabbits; bees; clay, stone, sand, limestone; mineral water, etc.).
- Export possibilities (fruit, particularly apples and figs of Barbary).
- Import substitution possibilities
- Technology level (i.e. "appropriate or intermediate")
- Capital and labor inputs (intensity)
- Employment of women
- Profitability

There is not much variety in the types of the proposed small industry projects. The most frequent ones in the Kasserine and Sidi Bouzid governorates, and the Ruhia and Maktar delegations are: Bakeries - 17; carpentry shops - 2; brick factories - 5; soap and detergents - 6; animal feed - 5; mechanical repair shops - 7; tile factory - 7; chicken farms - 8; canning factories - 6.

There is definitely a need to broaden the ranges of potential, and economical projects. For instance, canning (juice or jam) of Barbary figs (only one project in Thala was suggested, but no follow-up); sheep, wool and skin processing; apiculture; dairy products processing; electronic repair shop; warehouses and cold storage facilities; as most of these would use local raw materials and have a regional market.

Apparently the process of project selection is a "passive" one; an entrepreneur, often a local man who worked abroad, acquired certain skills, saved some money and now wants to settle in his home town or village. He wants to start a business, either in a trade he had some experience (garage, construction trades) or in fairly simple and probably already existing business in the locality, such as bakery, chicken farm, carpentry shop, etc..

He then talks to the delegates, possibly attends the annual promotion meeting of CNEI (for Sidi Bouzid the last one was held in August and for Kasserine governorate in July) at the delegation office where the potential projects are briefly discussed and recorded.

No project ideas are forthcoming from any public agencies involved in small industry development. So far, CNEI is making sectoral studies, but not yet at the level of delegations, while API can only indicate which sectors are declared "saturated" which is determined on a national basis, but may not be valid for a particular region.

There is no determination of market demand, its extent and magnitude; thus, it happens that several projects of the same type are proposed for one rather small location, like for instance, two bakeries and two tile factories in Jelma, three carpentry shops in Foussana, where one of each would certainly suffice.

This practice also indicates a lack of consideration of profitability, return on investment, economies of scale, investment per work place and other socioeconomic considerations in determining the type and size of projects.

The head of ODTG is well aware of the problems outlined above and has rightly suggested as a first step in enhancing small industries development in Central Tunisia an inventory of all existing small and medium enterprises in the area.

This initial effort should be followed by a market survey of local and regional needs, determination of labor availability, by skills and location, and an inventory of raw materials. With such a background of information, (a socioeconomic data bank), projects can be then selected according to criteria outlined earlier.

No. 4. Project Progress (Status) Reporting

Small industry project status reporting is limited to "approval granted" or "under study". After an approval is granted there is follow up ("suivi") for one year. In a sample of 188 projects "not implemented", 124 were given up for reasons "unknown" or the "prospective entrepreneur could not be located" (La Notion de "suivi" 'a l'API, L'Action, 20 February 1979).

In view of the above it is suggested that ODTG takes the initiative in establishing a better small industrial projects status and follow-up reporting system.

The periodic progress report should show the name and address of the entrepreneur(s); dates of initial (informal) inquiry, formal requests to an agency (API-PMI, delegation, sector, municipality, etc.), to CNEI or others for feasibility study, funding requested, authorized (or rejected) to FGPRODI or a bank, study completion, date of API agreement, periodic follow-up dates, start of construction, equipment installation, start up and full production.

The follow-up action should certainly be taken before the first year is up, after an agreement is obtained, preferably on a monthly or quarterly basis, depending on the nature and size of the project.

The project follow-up reporting should continue after its completion for at least one year. A good reason for this is illustrated by what is happening now at the 24 concrete wells with electric pumps just south of Ruhia. Completed in 1977, so far only half of the wells are being exploited. The reasons given for the non-use of the others - the farmers are too poor to pay for the electric power charges, the soil is unproductive, and that there are not enough workers, do not appear plausible or justified.

No. 5. Financing Small Industries

The present practice of financing small industry development in Central Tunisia is not working satisfactorily. The conventional banking system is not geared to finance small entrepreneurs, not even farmers who can obtain agricultural credit for seed and fertilizer, i.e. operating expenses, but not for any capital acquisition such as farm equipment and tools.

FOPRODI (Industrial Promotion Fund) is deficient as well in performing its intended function. First, few potential entrepreneurs know about its existence at all. Others may have a vague notion of what it could do for them and how to approach it.

FOPRODI is managed by five Tunisian banks which have no financial incentives to promote it. They receive no management fee for handling accounts under that fund. The interest rates charged are about half of the prevailing ones and the participating banks are liable for 25 percent of the defaulted loan amount. Understandably the FOPRODI member banks are not "looking for business" under the present conditions.

One obvious alternative to the present financing system is to establish an industrial development bank. According to Mr. Baddagi, Director of PNE-ONEI (Small and Medium Enterprises - National Center for Industrial Studies) this was discussed extensively at a recent Ministry of Planning meeting and any steps in that direction would have to have a national basis rather than regional, and its impact would have to be considered on the existing banking system (i.e. competition with it).

A second alternative specifically for Central Tunisia, is for ODTG to set-up and monitor a "venture capital fund" through NBT (National Bank of Tunisia), the bank with the most branches in the area. It should be paid an adequate management fee, let us say from 1 to 2 percent of the loan amount, sufficient to cover their costs plus to provide a small profit. ODTG could also co-insure the loans to share the risks with the bank for defaulted loans.

No. 6. Need for an Industrial Extension Service

In Tunisia, as in the United States, there is a well established and fairly effective agricultural extension service. This is not the case for industry, although API-FOPRODI and CNEI are partially fulfilling that function, the former by processing the application for, and issuing a permit for establishing an enterprise, and for funding it partially, the latter by preparing the feasibility studies.

There are no organizations, public or private (except a few consulting firms in Tunis which operate in the main cities and assist large industries) that can help an existing small or medium industry in Central Tunisia to improve its operating practices, increase efficiency, diversify, expand markets, etc..

This is a role that possibly API/PMI could eventually assume all across Tunisia. In Central Tunisia, however, ODTG should undertake this function in parallel with their technical and management assistance they are already providing to farmers in the area.

No. 7. Technology Improvement

The small industries in the project area, existing and currently being proposed, are of a low technology level which, in most cases, may be the "appropriate" level considering their primary purpose--creating employment rather than profit-making. This does not mean that certain ones should not be replaced by better ones, while most can be improved to a varying degree.

A cursory review of the existing small enterprises points to technology improvements in apiculture, olive oil pressing, all types of workshops, construction, stone crushing, brick and quick lime making.

This is a task ODTIC could undertake after the initial inventory of small industries in the area as suggested by Mr. Bugateff with the assistance of CNEI, and possibly the Laboratoire Central in the Ministry of National Economy, which has once expressed its desire to become involved in industrial outreach activities.

International help in that area could be sought from UNIDO which has published a set of "industry profiles" that could be adapted to the specific needs of Central Tunisia. USAID has also published, in the past, a series of industrial profiles. (Both the UNIDO and USAID publications have been translated into French.)

Another source of funding is the ATI (Appropriate Technology International) in Washington, D.C., a public corporation, funded by the American government to promote appropriate technology overseas.

No. 8. Small Industry Promotion

For many reasons, initially the Tunisian government agencies, banks and entrepreneurs were interested in industrial development along the coast, in large urban centers, and large industrial units. It is fairly recently that great emphasis is given to the development of the least developed region of Tunisia, its central plateau where the ODTC is now being established.

It has been also concluded that to raise the economic well being of Central Tunisia to a level comparable to that of other regions, the best approach is to improve agriculture, by far the most important sector in the area, and to develop small and medium size enterprises in order to maximize employment and utilize local raw materials.

One important constraint in these efforts is a lack of awareness of potential entrepreneurs of the existence of public organizations in the area responsible for industrial development, such as the regional offices of API and CNEI; or if they heard about them, they do not know about their purpose, scope of activities, and how to approach them.

On the other hand, although they all know about the existence of banks in general, but not of FOPRODI specifically, they are convinced that bank loans are for "big business and rich people only".

In view of this it is imperative that ODTC provides the means -- pamphlets, brochures, radio and TV ads, etc., in Arabic, periodic open conferences in omdas (administrative units below the delegation level), party cells, etc., to present its own mission and scope of activities, as well as of all other entities involved in the regional development process.

No. 9. Development of Entrepreneurship

Contrary to the common belief that entrepreneurs are born and not made (of course, providing that ODTC management does not subscribe to that notion) is it possible and desirable to develop new entrepreneurs and improve the existing ones.

I believe the French word "vulgarisation" defines even better the meaning of human resources development through promotion, advertising, demonstrations, technical assistance, funding, training, etc., all of which are needed to bring entrepreneurship in Central Tunisia to a level needed to properly exploit the small industry development potential of the area.

This "vulgarisation" process is very much in evidence in agricultural activities, but it should be expanded to industry through ODTC which has a "vulgarisation" department in its headquarters office.

No. 10. Problem of Non-Use of Existing Facilities

Several facilities in the project area, now abandoned or partially/temporarily utilized, could be put to productive use, "as is", or with minor repairs and modifications. Obvious examples are:

1. The abandoned public works yards in Maktar, partially occupied by the Office des Cereales, which were proposed to house several workshops now operating in the center of town (see the GIT February 1977 report).
2. In Sbiba, the abandoned quicklime factory. While waiting for its re-activation, it could be used as a mechanical (auto, diesel, agro-equipment) repair and maintenance shop, as it has several large bays, and is conveniently located at a "Y" intersection of the main road, away from the center of town.
3. Also in Sbiba, right in the center of town, next to the ODTG office and bus station, there is an Arabian horses breeding station. It is used only for 2 to 3 months each year, and it is inappropriately located for its intended purpose anyway. It could be converted to a market within its walled enclosure; presently the market (vegetable and fruit) is conducted on the sidewalks.
4. RR facilities at Thelepte - warehouse, locomotive depot, and several houses abandoned since 1969.

As these facilities belong to different public entities, ODTG should have the means, if not to transfer their ownership outright, at least to grant temporary use leases to enterprises which could occupy them beneficially.

No. 11. Urban Master Planning

1. In Tunisia, by law, every municipality must have a Master Plan (Plan d'Amenagement), which I found to be the case in all the 8 delegation seats in the project area. Two problems, however:

a. Some of these master plans are old, i.e. obsolete - the one for Maktar was 10 years old before its recent updating, and are not kept up-to-date.

b. More importantly, I saw little evidence they are followed with respect to locating new industries and services. As an example, the leather goods factory in Foussana will build an extension outside the 4 ha indicated industrial zone; in Maktar, a new auto repair shop was built in 1977 in the center of town, across the street from an elementary school.

2. The ODTIC master planning is limited to agricultural activities. In the Sidi Bouzid ODTIC division master plan, in addition to agro projects (small dams, irrigation channels, wind and sand breaks, stables and sheep pens, wells, etc.) only the proposed chicken farms are shown, but not any other industrial projects in the area, such as workshops, small manufacturing plants and factories, oil presses, quarries, etc..

It is recommended, therefore, that the municipal master plans and the ODTIC countryside master plans be coordinated, i.e. be prepared with similar standards and symbols, including all industrial as well as agricultural activities and zoning.

No. 12. Environmental Impact Considerations

In Tunisia, for the time being the anti-pollution struggle is limited to the so-called hot points, such as the chemical industry in Gabes (where the Laboratoire Central, supported by AID is now opening a field office) the industrial complex in Sfax, the cellulose plant in Kasserine, the Tunis power plant, and municipal waste collection in cities.

Apparently, environmental problems awareness does not exist at the level of delegations in Central Tunisia. A glaring example is what is happening at a housing complex, almost completed in Foussana. Presently, septic tanks will be used, but the contractor plans to replace them with a sewer line discharging into the nearby oued, without even a primary treatment of the effluent.

I am not suggesting a strict and complex environmental impact statement for every project, as required by the U.S. EPA, for instance, but basic anti-pollution criteria, and a checklist to be developed by ODTG for any new project in the area.

No. 13. Industrial and Occupational Safety and Health

Similarly to environmental considerations, there is little evidence of safe practices and protective equipment in the workshops and the few processing plants in the area. This is also the case in some office buildings; for example, lack of hand railings between the second and third floors in a building in Sidi Bouzid where the API and CNEI regional offices are located.

As review of industrial health and safety practices and regulations in other countries, such as the American OSHA (Occupational Safety and Health Act) is suggested for ODTC on the basis of which they could outline a program for developing certain health and safety standards for new small enterprises in the area.

No. 14. Need for Concentrated Action

In addition to what is suggested in "Basis and Criteria for Project Selection" it is recommended that ODTC identify a few key small industry project ideas and, if proved feasible economically, socially and politically, carry them through full implementation. This would mean funding the entrepreneur(s), helping him to organize, conduct the feasibility study either by ODTC or CNEI, prepare and process the API permit, obtain the financing, select the appropriate site, construct facilities, procure equipment, find and if needed train personnel, provide technical and management assistance for the operations, distribution and marketing of products and services.

These demonstration or pilot projects should be across the entire project area, possibly one in each delegation, and should meet most of the project selection criteria. From the field survey, as described in the activities log, here are three possible candidate projects of this nature:

- 1) The zgougou (Aleppo pine grain) Collection and Processing Center in Maktar.
- 2) Mineral water Exploitation and Touristic Center in Ain Selsla near Sbiba.
- 3) The figs of Barbary processing plant in Thala.

Carrying out such industrial projects from the beginning - i.e., idea conception to completion and successful operation - would be the best demonstration to the people in the area that small industry development by the private entrepreneur with the help of public organizations is feasible and profitable. This would also focus the role of ODTC in small enterprise development in Central Tunisia.

III. Review of Accomplishments in the Maktar and Ruhia Delegations

Situation in Ruhia

In the GIT (Georgia Institute of Technology) February 1977 Report, certain small enterprise projects were recommended. To see what, if any follow up or implementation was achieved, I visited both delegations. This was even more desirable to do after finding that the situation with respect to small industry development is quite similar in the other six delegations making up the project area.

Very little has happened in Ruhia since my last visit there in January of 1977. There are a few new houses, another auto repair shop, and Ruhia has now its own supply of water from a well 2 km south of town instead of depending on the water supply from Sbiba.

The Mouldi Bechir Ben Youssef Auto Repair Shop has not changed. Unsteady business, lack of equipment or funds to buy new or used equipment and inadequate facilities are still plaguing his business.

The changes in the Ahmed Nejlaoui Blacksmith Shop are the electric light in the one room and a used welder. The electric drill is still under repair in Tunis. The type of activity has not changed nor has the annual income.

Lack of Communications

It was discouraging to find that the building for the carpentry shop started in 1976, now almost completed, was still unoccupied while waiting for the owner in France to return home with the necessary equipment. His brother came to the CNEI-PME (Tunis office) as advised by API to ask for a feasibility study. He balked at the idea of paying 70TD for the study. He then visited the CNEI-PMI regional office in Sidi Bouzid and when quoted the same price, he gave up the project. Obviously, he nor the people at CNEI are aware of the statement by the Governor of Siliana that he is willing to pay for the CNEI studies for the people who cannot afford to pay themselves (as I was told by the delegate of Roba, Mr. Yussuf).

The Situation in Maktar

Maktar has experienced some changes. With the new delegate, there is a feeling of urgency to develop new enterprises in the area.

The Brick Plant

The brick plant north of Maktar is working and producing 13,000 bricks per day. They have quality control problems. New equipment for the drying rooms will be ordered. In February at the CNEI review meeting with the Governor of Siliana it was noted that the brick plant would be abandoned; however, on March 1, the new owner, Mr. Melouli, told the Maktar delegate that he intended to continue production as he can use most of the bricks for his own contracting business. This fact also illustrates the lack of communications, with respect to business development, between the governorate and its delegations.

The Industrial Service Park

The new delegate has accepted the idea that the abandoned public works should be put to good use. Both ODTG and CARE-MEDICO are using part of the south bays for their equipment. The OC (Office des Cereales) has built new facilities in Maktar and should soon vacate the two bays it now occupies. The delegate is willing to lease or sell other bays and rooms (offices) to the workshops now cluttering the center of town. However, this fact is apparently not widely known. Mr. Chedli El Galoui, owner of the mechanical repair shop downtown would be willing to move there tomorrow, preferably on a reasonable lease arrangement (about 15TD per month).

What is still lacking is an overall use plan for the service park; a promotion campaign to find the right occupants, the drawing up of lease agreements or ownership transfer, a cleanup and repair of the existing facilities, and eventually building an extension.

I did revisit three of the five shops we surveyed in 1976. The Chedli El Garoui mechanical repair shop has not changed. Most of the heavy equipment and auto repair is done in the street. He has acquired some new small testing equipment and instruments. He also owns a small stone crusher north of Maktar and is questioning the need for expanding the capacity of the crusher on the road to Ruhia.

The Salem Ben Saida carpentry shop will soon be moving to its new and much larger facility. Unfortunately, it is located in the center of town across from the market place.

The Amar Belgace-Ben Marsuk blacksmith shop has moved to a new single bay stone building after the two partners split. There are no changes in the business - it is still marginal. Amar Belgace would also like to move to the public works park as he is now paying 20TD per month for his lease in an inadequate building.

New Enterprises

Three new enterprises were visited. The Rumdhar Kesroui mechanical shop was discussed earlier. It is one of the few industrial enterprises located outside the center of town.

The largest auto repair shop in Maktar, which was under construction in 1976, is located across the street from the primary school in the center of town. It is quite busy - all four bays were occupied by cars and the parking space was full.

The stone cutting shop has replaced the boys' handicraft school near the delegation seat. Only the owner was working at cutting ornamental stones for the new residence of the governor of Siliana.. There were a few art objects cut in soft limestone laying on the floor. With no local market for either type of product, it is hard to understand the economics of the proposal to API to expand his business to a 15 to 20 man operation.

Mr. Boubaker Cherif expects to complete his modern bakery and pastry shop within two months and there is a study underway a CNEI for a formica furniture making shop.

Lack of Master Planning

Despite the need for and the obvious desire of the civic leaders and potential entrepreneurs to develop new industries and services in the delegation, there is a lack of a concentrated and guided effort to carry out development projects based on a sound socio-economic evaluation of the demand and the available resources.

The Maktar master plan ("Plan d'Amenagement") has been finally updated and considerably expanded, and is now waiting for final approval in Sousse. An "industrial zone" has been allocated near the public works park. There is, however, no evidence that the presently planned, or under construction, small industries are going to be located in that area.

Tourism Potential

Not much change in this sector except for the shoring up of the Roman arch of triumph at the town entrance. The road from Siliana will be forked there around the arch.

The Mactaris Hotel is expanding, but not upgrading its facilities to at least the one star level.

Situation in Kesra

In Kesra, there have been minor changes during the last two years. A store was built and another is under construction. The girls carpet weaving school is functioning as before.

One new enterprise in Kesra will be the Ministry of Social Affairs wool processing center for old women and widows who are now on relief. It will employ 60 of the 180 women that have applied.

The water flow rate from the source above Kesra is considerably smaller than two years ago, which makes even more apparent its very poor utilization pattern (i.e. washing, drinking, animal slaughter, effluent discharge at all stages of its flow through the village).

The apiculture demonstration project at the tree farm has apparently not yet had an effect on any entrepreneur in the area to start, or even propose a project for honey making and marketing.

In summary, it can be said that little has occurred in the project area surveyed in 1976/77 as far as small industry development is concerned, particularly in Ruhia. However, the existing resources and eagerness of the local people, both public officials and potential entrepreneurs, to do something about it should make the work of the ODTTC very effective in the future.

API - FOPRODI
APPLICATION FORM

NEW ENTERPRISE

REQUIRED IN TRIPLICATE

These are the minimum requirements. If deemed necessary, the entrepreneur can include any other information or details for a better appraisal of the project. API has the right to request, in certain cases, other information not included in this application form.

I. CHARACTERISTICS OF NEW ENTERPRISE

a) ENTREPRENEUR

-
- Last & First Name:.....
- Profession or activity:.....
- Address, telephone:

b) NEW ENTERPRISE

- Name:.....
- Type of ownership:
Individual Non-commercial co. Corp. with ltd. resp. Corp.
- Capitalization:
- Location:

c) CAPITAL

Ownership: resident Tunisian, non-resident Tunisian, foreigner resident, and foreigner non-resident.

II. PROJECT

According to law: 74 - 74 72 - 38

III. LOCATION & SITE

- Governorate:.....
- Total Area:.....
- Area Under Roof:.....
- Tax Control Center:.....
- Customs Office:.....
- Delegation:.....
- Land Cost per sq. M.....
- Construction Cost per sq.

IV. EMPLOYMENT

	<u>MEN</u>	<u>WOMEN</u>
- MGT.....		
- Supervision		
- Production Workers		
- Other		

TOTAL

V. RAW MATERIALS

DESIGNATION	QUANTITY				VALUE			
	Domestic		Imported		in TD		foreign currency	
	1st year	full capacity	1st year	full cap.	1st year	full cap.	1st year	full cap.

- Suppliers:

VI. PRODUCTION

- MFG. process (describe).....
 ;.....

DESIGNATION	First Year		At Full Capacity	
	QUANTITY	VALUE	QUANTITY	VALUE

VII. INVESTMENT & FINANCING

Site	Capitalization or
Improvements	own funds (3)
Construction	Cash at hand
Equipmant =	Long Term Loans
Transportation equip.	Medium " "
Start-up & misc.	FOPRODI loan
Expenses (1)	Short term loan
Operating capital(2)	Loans by suppliers & others

(1) START UP EXPENSES: customs duties, studies, org. exp., transp., insurance, purchase of licences, engineering, office material, installations, bank fees, etc.

(2) Estimate of Operating Capital

(3) REQUEST FOR FOPRODI LOAN

- Which bank?
- Amount of own funds
- Amount of loan

(4) Interest rate

VIII. COSTS & REVENUES

<u>EXP.</u>	<u>PRODUCTS</u>	
	First year	At Full Capacity
raw materials		
personnel costs		
taxes		
contracted work,		
supplies and services		
transportation		
misc. MGT expenses		
financing costs		
depreciation		
P & L		

LIST OF MATERIALS TO BE ACQUIRED IN TUNISIA

(Enclose invoices)

ITEM NO.	TYPE OF GOODS	QUANTITY	UNIT PRICE
-------------	---------------	----------	------------

TOTAL VALUE OF LOCALLY (IN TUNISIA) PRODUCED MATERIAL

LIST OF MATERIALS TO BE IMPORTED

(Enclose invoices)

USED EQUIPMENT

Indicate if used equipment will be procured locally (in Tunisia) or imported (enclosure invoices). Age and condition of equipment; provide API with guarantee of equipment condition, for possible evaluation.

ITEM NO.	TYPE OF GOODS	QUANTITY	SUPPLIER	UNIT COST
----------	---------------	----------	----------	-----------

TOTAL VALUE OF IMPORTED EQUIPMENT:

COST OF ON DELIVERY TO SITE OF FOB EQUIPMENT:

COMMENTS BY BANK:

POPULATION OF JELMA, BY SECTORS (OMDAS)
AS OF MAY 8, 1975

<u>Sector</u>	<u>Men</u>	<u>Women</u>	<u>Total</u>
El Amra	1182	1205	2387
Salta	2083	1966	4049
Jelma	2326	2123	4449
Labatedh	1713	1593	3306
Baten El Ghazel	1431	1403	2834
Ghedir Zitouna	1252	1154	2406
M'Ghilla	2560	2388	4948
Cebbala	905	917	1822
Essad	1311	1363	2674
TOTAL	14,763	14,112	28,875

Received from Mr. Aldelatif Ben Kilani - Regional delegate of the OTTEFP in Sidi Bouzid, on February 16, 1979.

(UN)EMPLOYMENT STATISTICS FOR THE JELMA
DELEGATION IN 1978

Unemployed

youth	6
skilled	37
unskilled	134
Total	177

Openings

skilled	76
unskilled	224
Total	300

Found Employment

youth	11
skilled	63
unskilled	151
Total	225

Emigration

left country	155
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Registrations

youth	46
skilled	38
unskilled	193
Total	,277

Received from Mr. Abdelatif Ben Kilani, Regional Delegate of OTTEFP,
in Sidi Bouzid. February 23, 1979.

NON-AGRICULTURAL EMPLOYMENT - JELMA DELEGATION

TYPE OF ACTIVITY	PERMANENT		TOTAL	WOMEN	NEW	FOURTEENS
	PERMANENT	TEMPORARY				
1. Olive Oil Press, Owner Ben Moubrouk (temporarily closed)	13		13		13	
2. Olive Oil Press, Owner LA Moudar Ben Ali	13		13		13	
3. Tunisian National Cellulose Co. The M'Ghila Esjarto Grass Collection Center	2	10	12		12	
4. SONEDE (National Water Co.) Pumping Station	1		1		1	
5. Building Contractor - Makhtar Ben Zaria	25	70	95		25	
6. S.N.C.F.T. (National RR Co.) - Jelma Station	2		2		2	
7. Office des Cereales (National Cereals Office) - Sales Center	3		3		3	
8. Central Pharmacy of Tunisia - Jelma Agency	1		1		1	
9. (S.S.V.M) and PFI Agricultural Service - Jelma Sector	22		22		22	
10. Ministry of Agriculture - Local Sub-division	11		11		11	
11. Ministry of Social Affairs - Social Development Center	2		2		2	
12. OTTEFP - Local employment offices	1		1		1	
13. Governorate of Sidi Bouzid - Jelma Delegation	1		1	2	0	
14. Municipality of Jelma - Municipal Center	2	4	6		1	
15. Prime Minister's Office - Mosque	2	17	19	3	2	
16. Ministry of National Education - Secondary School	4		4		4	
17. Ministry of National Education - Primary Schools	4		4		4	
18. Ministry of Public Health - Sebala Infirmary	19		19	3	30	
19. Ministry of Public Health - Jelma Infirmary	2		2	5	26	
20. Ministry of Transportation and Communications - Post, Telegraph and Telephone Office	3		3		3	
*Not Included in Total	22	26	48	13	351	0

Source: Fichiers des Etablissements non-Agricoles par delegation et par branche d'activite Gouvernorat de Sid Bouzid; situation arretee au 24 Aout 1978, Ministère des Affaires Sociales, Division de Statistiques et de l'Informatique, page 33
 List of Non-Agricultural Enterprises by Delegation and Type of Activity, Governorate of Sidi Bouzid, Ministry of Social Affairs, Statistics and Information Systems Division Page 33

GENERAL INFORMATION, AND ON INDUSTRY, IN THE JELMA DELEGATIONI/ GENERAL INFORMATION:

- Area, in ha	83.000
- Population	35.000
- Usable Farm Land, ha	50.495
- Forests, ha	2.000
- Unusable land, ha	10.505
<u>CEREAL GROWING LAND</u>	
- Area, ha	40.000
- Quantity (quintals)	
<u>FRUIT TREES</u>	
- Olive (trees)	200.000
- Almonds	100.000
- Apricots	16.000
- Various	60.000
- Range Land, ha	20.000
<u>ANIMALS</u>	
- Sheep	60.000
- Cattle	2.800
- Goat	1.500
- Camels	1.000
<u>EDUCATION</u>	
- Primary (pupils)	3,489
- Secondary (pupils)	410

II/ INDUSTRIES, EXISTING OR BEING IMPLEMENTED:

- a) Existing Industries
Six small projects initiated by Rural Development Program.*
- b) Being Implemented
 - Tile Factory
 - 2 Carpentry Shops
 - Bakery (in Jelma)
 - Bakery (in Cebala)

* with 500 TD grants each.

c) Existing Olive Oil Presses:

SITE	OWNER	NO. OF GRINDERS	NO. OF PRESSES	QUANTITY TONS/ YR.			LABOR - SEASONAL
				OLIVES	OIL	WASTE	
Djelma	Jemiat Saibi	1	2	50	15	25	7
"	Amor B. Hadj	1	6	130	40	60	20
Cebbala	Jemii B. Sghaier	1	2	100	30	50	17
"	M'HAMMDI Lakdhar B. Ali Chargui	1	2	450	150	160	12

d) Existing Bakeries:

SITE & ENTREPRENEUR	QTY. OF FLOUR KG/DAY	PRODUCTION LOAFS/YEAR	SALE OUTLETS	LABOR	TEAMS	OVENS	REMARKS
Djelma:							
Habib B. Amara B. Kilani	450	291,600	2	4	2	1	2 outlets 8 bags/day Wednesdays Thursdays

III/ PROPOSED INDUSTRIES

<u>Projects</u>	<u>Entrepreneurs</u>
- Bakeries	Mohamed Jellouli DERBALI
"	Mohamed Tounsi B. Abdallah
- Tile Factories	Larbi Abdellatif
- Carpentry Shops	Amara Ben Manaa
"	Tli B. Mohamed
"	Abdelkarim DERBALI
- Tank/Cistern & Metal Fabrication	Amri Amara
- Canneries	Elkadri DERBALI et Abdelkarim DERBALI
- Animal Feed Plant	Mohamed DERBALI

Prepared by CNEI Regional Office in Sidi Bouzid,
Director: Mr. Ibrahim Boujila, February 16, 1979. . .

INVESTMENT PROMOTION AGENCY

REGIONAL OFFICE

Avenue Habib Bourguiba
TEL: 380 SIDI BOUZID

Enclosure No. 6 ✓

-45-

SIDI BOUZID, February 16, 1979

LIST OF API APPROVED PROJECTS
FOR THE JELMA DELEGATION

To: Mr. MILAN RADOVIC

SIR:

Please find enclosed the data on 3 enterprises approved by API, with their description, investment, financing and products to be manufactured, all within the Jelma delegation.

Signed,

MASSINET LAIDI

Manager, PMI

ANIMAL FEED PLANT

I. - CHARACTERISTICS OF THE ENTERPRISE

- * ENTREPRENEUR: MOHAMED B. ALI DERBALI
- * Name: MOHAMED B. ALI DERBALI
- * Own Funds: 60.000 TD
- * Main Office: JELMA
- * Based On Law: 74 - 74
- * Site: JELMA
- * Employment: 16
- * Type of Ownership: INDIVIDUAL

II. - INVESTMENT & FINANCING

* Project approved on Oct. 13 1978, as follows:

<u>INVESTMENT</u>		<u>FINANCING</u>	
Lot:	5.000!	Own Funds:	60.000
Construction:	38.000!	Medium Term Loan:	37.500
Equipment:	38.000!		
Start-up Expend.:	3.500!		
Operating capital:	15.000!		
	!		
	!-----!		
	! 97.500 TD !		
	!-----!		

III. - PRODUCT LINE

<u>TYPE</u>	<u>QUANTITY</u>	<u>VALUE</u>
Feed Formula No.	Quintals (100 kg) per year	TD
1	6.000	39.000
2	8.000	49.000
3	13.000	69.000
4	9.000	52.000
5	17.000	61.000
7	14.000	57.000
9	5.000	21.000

COMMENTS:

In view of the regulations for the follow up of industrial projects, we will know the progress status of the project only on Oct. 13 1979; One year after granting of approval.

TILE FACTORY

I. CHARACTERISTICS OF THE ENTERPRISE

- * Entrepreneur: ABDELLATIF SAIBI
- * Name: JELMA Tile Factory
- * Type of organization: Corp. with limited responsibility
- * Capitalization: 65.000TD
- * Main Office: SIDI BOUZID
- * Site: JELMA
- * Employment: 22
- * Type of Project: Tile Factory

II. INVESTMENT & FINANCING PLAN

- * Project approved on November 15, 1976:

	!		
Land:	19.000!	Own Funds:	65.000
Construction:	27.000!	Short Term Loan:	55.000
Equipment:	67.000!	Credit by Supplies:	16.000
Start-up Exp:	6.000!		
Working Capital:	16.000!		
	!		
	!-----!		
	! 136.000 TD!		
	!-----!		

- * This project has had the same approval on Aug. 30, 1977, without FOPRODI funding, but the owner could not implement his project due to bank refusal of loan, and consequently financing difficulties. Once the FOPRODI requirements were met, he did obtain the financing indicated above.

III. PRODUCT LINE

<u>TYPE</u>	<u>QUANTITY</u>	<u>VALUE</u>
Tiles	90.000 m ² / year	164.000 TD

CARPENTRY

I. CHARACTERISTICS OF THE ENTERPRISE

- * Entrepreneur: ABDELLATIF SAIBI
- * Name: JELMA Carpentry Co.
- * Type of organization: Corp. with limited responsibility
- * Capitalization: 27.840 TD
- * Main Office: SIDI BOUZID
- * Site: JELMA
- * Employment: 14
- * According to Law: 74 - 74
- * Type of Project: Carpentry Shop for Buildings

II. INVESTMENT & FINANCING

- * Project approved on November 7, 1977:

Investment	!	Financing	!
Land:	2.000!	Capitalization:	27.840
Construction:	23.000!	Medium Term Credit:	23.160
Equipment:	23.160!	Short Term Credit:	5.500
Start-up Exp.:	2.840!		
Working Capital:	5.500!		
	!		
	!-----!		
	! 56.500 TD!		
	!-----!		

III. PRODUCT LINE

<u>TYPE</u>	<u>QUANTITY</u>	<u>VALUE</u>
* Doors)		
* Windows)	6.000 m ² / year	92.625 TD
* Frames)		

Contract No. AID/NE-C1592 (Tunisia) and Milan Radovic

CENTRAL TUNISIA DEVELOPMENT PROJECT

Development of Small and Medium Enterprises

IV. DAILY LOG OF ACTIVITIES

TUESDAY, 6 FEBRUARY 1979:

Call from Mr. William Knight, CM/ROD/NE, telephone (703) 235-9065, at 0945: "O.K. to leave for Tunisia."

Left DRI-University of Denver office at 1030 for Stapleton Airport; flight TW156 at 1200 to New York, JFK; arrived 1730; flight TW801 at 1845 to Rome, Italy.

WEDNESDAY, 7 FEBRUARY:

Arrived Rome 0830; flight TU723 to Tunis at 1130; arrived Tunis 1220; checked in at Carlton Hotel.

At AID Mission Tunis at 1400, met:

- Patrick Demongeot, Rural Development Officer
- Arthur Dommen, Southern Siliana Development Project, resident manager in Maktar.
- Demongeot outlined the purpose and status of the CTD project and the plan for my activities for the next four days:
- Met John E. Tuleja, Controller, who did not have the authorization to give me any advance for expenses in Tunisia. He sent a request cable to AID/Washington, copy attached. No reply nor any advance received until my departure/return trip from Tunis on 7 March.
- Demongeot stressed the importance of my looking into the institutional and other constraints to the small enterprises development in Central Tunisia.

THURSDAY, 8 FEBRUARY:

Reviewed the following literature given to me by Demongeot:

- a. The Small Enterprise: Its Promotion Within the Rural Development Program, La Presse, 3 February 1979.
- b. Agricultural Marketing, Transportation and Storage in Central Tunisia, by Reynold P. Dahl, contract no. AID/ta-C-1162, Food and Grain Institute, Kansas State University, Manhattan, Kansas 66506.

c. Description of Project:

ODTC: Office de Developpement de la Tunisie Centrale

CPDO: Central Tunisia Development Office

Under the sponsorship ("tutelle") of the Ministry of Agriculture.

Having an Administrative Council, consisting of representatives from the ministries of agriculture, planning, finances, industries, "equipment" (i.e., public works), health, social affairs, governorates, the farmers association, etc.

Office de Mise en Valeur-Development Office, to manage public irrigated lands; has a Direction des Perimetres Publics Irrigues--Directorate of Public Irrigated Lands.

Governorate of Siliana, Kasserine, and Sidi Bouzid.

Sub-projects:

1. Regional development
2. Research on dry agriculture systems
3. Development of irrigation and small farms

Future sub-projects:

1. Dry land fruit tree production, by small farmers

2. Range land improvement
3. Preventive health services
4. Development of small industries
5. Technical training in rural environment

L'Ecole Supérieure des Grandes Cultures--Higher School for Cereal Crops.

- d. Social Soundness Analysis of the Dry Lands and Irrigation Components of the Proposed Central Tunisia Rural Development Program (CTRD), by Dr. Nicholas S. Hopkins, Anthropology Department, American University, Cairo, July 1978.

Delegations of Thala, Foussana, Sbeitla, Sbiba, and Jedliane, in Kasserine Governorate; Jelma in Sidi Bouzid; and Maktar and Ruhia in Siliana.

Dryland farming principal crops:

1. cereals: wheat and barley
2. tree crops: olives, almonds, and apricots
3. cactus and spineless cactus (food and animal fodder)

Animal husbandry: sheep, goats, and cattle

68% of holdings are 25 ha or less, which is the threshold of household viability.

- p. 10: "This effort to diversify and to seek a stable source of income reflects the subsistence logic which seeks continuity probably more than it does the entrepreneurial logic which seeks profitability."

SMAG = Salaire Minimum Agricole Garantie - minimum agricultural wages = 1.112 dinars per day (beginning of 1979, one U. S. dollar was worth 0.402 to 0.404

Tunisian dinar, i.e., one dinar is equal to approximately \$2.50).

"Most workers do not learn a skill abroad but function as totally unskilled workers--does not really concern us, since we are dealing with people who would not use skills acquired in industry very much anyway."

"The absence of a large part of the labor force from the home area robs it of part of the resources the home area needs to develop itself."

"Most money brought back is used for consumption rather than productive investment."

"Under present circumstances migration probably skims off excess labor."

1. Subsistence level, less than 100TD annual income per family--80% of the population.
 2. Subsistence plus level, 100-360TD (SMAG level)--12% of the population.
 3. On the verge of making it: 360-1,000TD--6% of the population.
 4. Made it: over 1,000TD--2% of the population.
- p. 30: tomatoes, peppers, watermelons, spinach, celery, potatoes, onion, garlic, turnips, lettuce, sorgho, sunflower, wheat, barley; garlic, onion, corn, quinces, pomegranates, and figs.
 - p. 35: shallow well garden farming, income level-- level 2-10%; level 3-60%; level 4-30%.
 - p. 47: net cash income--100TD/ha¹ of irrigated land
19TD/ha of dryland

- p. 65: Agro-industrial combinant workers: Khadra at Sbeitla; Batn e Ghazal in Jelma; Oued Drab in Thala.

- p. 72:

<u>Income Level</u>	<u>Dryland</u>	<u>Shallow Well</u>	<u>Irrigated Perimeter</u>
1. Subsistence (100D)	80%	--	7.5%
2. Subsistence-plus (100-360TD)	12	10	12.5
3. On the verge (360-1,000TD)	6	60	68.0
4. Made it (1,000D)	2	30	12.0

Reference E. Developpement Rural Integre--Tunisie--Group Huit (Integrated Rural Development--Tunisia--Group 8).

Ministry of Agriculture, Ministry of Plan, UNDP/FAO, December 1973.

- p. 17: Potable water supply--SONEDE

Electric power supply--STEG

- p. 19: Zone I: Sbiba, Thala; Zone II: Maknessy, Sned.

- p. 20: Projects, almost certain ("presque surs"):

One processing unit for tomato, pepper, and certain fruit (apricots, figs of Barbary, apples and quince) in Zone I (Sbiba).

Three semi-fixed stills for rosemary oil extraction in Zone I.

Honey production in Zone I (Thala)

Lumber mill (Scierie) in Zone I

One oil press in Zone II (Maknessy)

An almond dehulling unit in Zone II. A unit is operating in Sfax. Most almonds are eaten green.

Projects outside the zone:

- A slaughter house and meat processing unit in Kairouan;
- Extension of wool processing unit in Hajeb el Aloun.

(Note that as of end of February 1979, none of these projects were implemented.)

Reference F. Projet de Developpement Rural Integre de la Tunisie Centrale, Delegations de Sbeitla, Sbiba, Jedliane, Thala, Foussana, Jelma, Ruhia, Maktar--Analyse des Donnees Techniques et Socio-economiques, Aout 1978, Ministere du Plan--Centre Nationale des Etudes Agricoles (Central Tunisia Integrated Rural Development Project, Delegations of Sbeitla, Sbiba, Jedliane, Thala, Foussana, Jelma, Ruhia, Maktar, Technical and Socioeconomic Analysis, August 1978, Ministry of Plan, National Center for Agricultural Studies).

- p. 74: Small Industries and Services
- p. 76: API = Agence de Promotion des Investissements (Investment Promotion Agency).

AFI = Agence Fonciere Industrielle (Industrial Real Estate Agency).

FOPRODI = Fonds de Promotion et de Decentralisation Industrielle (Fund for Industry Promotion and Decentralization).

STB = Societe Tunisienne des Banques (Tunisian Banks Company).

BNT = Banque Nationale de Tunisie (Tunisian National Bank).

BDET = Banque du Developpement Economique de Tunisie (Bank for the Economic Development of Tunisia).

- p. 77: PDR = Programme de Developpement Rural (Rural Development Program).
- p. 79: Industrial employment, although not negligible, is still small. For the entire governorate of Kasserine, it is estimated at 4,000, mainly in the towns of Thala, Sbeitla, and particularly Kasserine (note that the Kasserine alfa/esparto grass paper plant employs about 1,500)--and part of this employment is seasonal.

Handicrafts employment is estimated at 8,000, mostly women working at home.

The tertiary sector: administration-3,000, construction-2,500, transportation-800.

- p. 89: Table No. 6--Projects Submitted for Study.

FRIDAY, 9 FEBRUARY:

Met at AID Mission with Demongeot and Dr. Leo Jacobssen, University of Wisconsin, Rural Planning Project Manager, and discussed overall project status and plan for trip to the ODTC office in Kasserine.

Continued review of literature:

g. Donnees Agro-Economiques de Base sur la Tunisie Centrale, Delegations de Sbeitla, Sbiba, Jedliane, Thala, Foussana et Jelma, Ministere de l'Agriculture, Centre Nationale des Etudes Agricoles, Avril 1978, par Mohamed Ech Cbebeane et Monia Bouratbine--Central Tunisia Basic Agro-economic Data, Delegations of Sbeitla, Sbiba, Jedliane, Thala, Foussana and Jelma, Ministry of Agriculture, National Center for Agricultural Studies, April 1978, by Mohamed Ech Chebeane and Monia Bouratbine.

- p. 19: Olives, almonds, apricots, peaches, apples, figs, pistachio, plums, walnuts, cherries, quince.
- p. 55: CRDA = Commissariat Regional du Developpement Agricole (Regional Office for Rural Development).

OMVVM = Office de Mise en Valeur de la Vallee de la Medjerdja (Medjerdja Valley Development Office).

- p. 56: ONH = Office Nationale de l'Huile--National (Olive) Oil Office.

OEP = Office de l'Elevage et des Paturages (Animal Husbandry and Grazing Lands Office).

SONAM = Societe Nationale de Motoculture (National Company for Mechanized Farming).

FOSDA = Fond Speciaux au Developpement Agricole (Special Funds for Agricultural Development).

- p. 57: CLCM = Caisse Locale de Credit Mutuel (Local Savings and Loan Unit).
- p. 58: Prices of farm products.
- p. 59: Prices of (farm) inputs.

SATURDAY, 10 FEBRUARY:

h. Projet de Developpement Rural Integre - 1 - Rapport General, CNEA/PNUD/FAO, Juillet 1974 (Integrated Rural Development Project - 1 - Overall report, by CNEA/UNDP, FAO, July 1974).

i. Au Travail dans la Peripherie - Un Repechage pour les Regions moins Favorisees en Tunisie - par R. W. Koelstra, NUFFIC/IMWOO/Projet REMPLD, Fevrier 1978 (Work in the Country - Recovery in the Less-Developed Regions of Tunisia, by R. W. Koelstra, NUFFIC/IMWOO/Project REMPLD, February 1978).

- p. 62: Non-Agricultural Activities:

Immigration from countryside will not reduce unemployment necessarily.

Only solution is to create non-agricultural employment.

Advantage of small industry is diversification of employment.

Capital cost of employment in 1976:

- a. Large enterprises 7,000TD per work place
- b. Medium enterprises 4,000TD per work place
- c. Small enterprises 1,500TD per work place

Difficulties:

- a. Difficult access to financing sources
- b. Low technological level (knowledge)
- c. Lack of management experience.

- p. 74: Promotion of small and medium enterprises
Services to coordinate relations between entrepreneurs, public organizations and providers of funds; also to contribute to introduction of new technologies, standardization of goods and services, etc.
- p. 76: FOPRODI—provides financial aid to industry, only since 1974; before banks were requiring 45% down payment and the 55% loan had to be secured; works only for large projects.
- p. 77: Requirements to qualify:
 - a. Have the qualifications required for the project
 - b. Be personally and full-time engaged in project
 - c. Have 10% down payment, i.e., 3% of total investment (i.e., down payment plus loan)
 - d. Be of Tunisian nationality
 - e. Prove need for financial help, i.e., not having R.E. or other valuables

For investments under 30,000TD,* FOPRODI gives up to:

12.3% for down payment

70.0% loan

Of the remaining 17.3%, the entrepreneur has to personally contribute 3% of total investment.

The interest rate is 4%, with three-year grace period, and a 10-year term (for projects over 75,000TD, the interest rate is 3%, five-year grace, and 12-year term).

- p. 78: Problem (bottleneck) is lack of decentralization of projects funded--of 57, in 1976, only six were out of the coastal zone; half are in the greater Tunis area; lack of access facilities to

* Now raised to 75,000TD.

small promoters, i.e., regional banks participating in FOPRODI do not have the knowledge.

- p. 79: Lack of advertising of FOPRODI, passive role of banks in promoting FOPRODI.
- p. 86: Conclusions:
 - Increase participation of small enterprises.
 - Increase access to small entrepreneurs.
 - Provide working capital.
 - Take active role in identifying projects.
 - Simplify administrative procedures.

SUNDAY, 11 FEBRUARY:

Met Messrs. David Johnson, project administrator, and Marvin Miracle, marketing specialist, both from the University of Wisconsin, and Dr. Norman Nicholson, AID Washington. With them, invited for lunch at the home of Patrick Demongeot.

With all persons above, left in AID van for Kasserine at 1430, arrived 1900, stayed at Hotel Cillium.

MONDAY, 12 FEBRUARY:

At 0900 meeting at the ODTG head office with Mr. R. Bugateff, President and Director-General; discussion of overall project following Demongeot's letter/agenda.

In the afternoon visit to the Foussana delegation, about 30 km north of Kasserine. Mostly dirt road, hard clay, slippery after light rain.

Visited a 10 shallow (8 m deep) well project. One, under construction, 5 m dia (4.5 m T.D.), with concrete blocks (cement and gravel brought from Kasserine) over concrete rings, each 3 m apart, and four support columns. Only one is finished so far; operates with borrowed gasoline engine pump to water adjacent garden with string beans, carrots, spinach, turnip, and onions. Ten

farmers are working together to dig wells under an informal coop arrangement. The power line is nearby, and eventually all 10 wells will have electric pumps.

Visited Foussana village, seat of delegation (its new building is under construction): 76 housing units (38 duplexes) are almost complete, using the new ODTC standard; two separate rooms with tile floors, kitchen and W.C., 25 m²; construction cost about 60TD/m², or 1,400 per unit, which will be sold at 1,700TD each, 20% down payment, 20% grant by ODTC, 60% loan, 15 years at a low interest rate not yet determined. The units will be sold preferentially to owners of the land to be irrigated with the four deep wells already completed. A marketplace and mosque will be built for the new housing development, but no landscaping. All units will have running water, electricity, and discharge to septic tanks, later to be switched to sewer line leading to nearby oued (dry river bed), without any treatment. Next to this project, there are about 20 units (fourplexes) built by the Developpement Rural, same size but lower standard, i.e., one door with partition between the two rooms, no tile floor, electricity and water. Their price is 1,400TD, but after owner installs electricity and water line, it will cost more than the ODTC model. Met construction company owner (90% interest), who told us: all labor is local except superintendent and foreman; labor is no problem but supply and quality of material is, i.e., hollow bricks (considerable breakage) from Kairouan and Hammamet, and cement from Beja or imported from Europe, Turkey and Russia, which supply is delaying the project completion.

The new irrigated lands around Foussana will be distributed in multiples of three ha minimum lots, first to present owners; maximum lots to be 50 ha. No housing construction except overnight shelter will be permitted on the lots, and all owners will be encouraged to move to the Foussana village due to its existing infrastructure.

Visited a 50-well site near Foussana; 10 are pumped with diesel engines, but all will be eventually equipped with electric pumps. Was told their average net income from dryland farming (cereals) is 30D/year/ha, while the same land, irrigated, will bring up 500TD/year/ha (tomato plus onions, for instance).

Underground water level varies considerably around Foussana, from 4 to 20 m depth.

Lunch at Cillium Hotel with Governor of Kasserine; dinner with Mr. Bugateff, Col. Boubaker, local army commander, and others.

TUESDAY, 13 FEBRUARY, 0900:

Meeting with Bugateff and the DSI (Development Sciences, Inc.) solar energy survey team: Dr. Morton Gorden, President; Dr. James D. Westfield, Vice President; and William A. Schaffer (formerly with the Ford Foundation in Indonesia). Gorden outlined the purpose of their visit--to select a small village in Central Tunisia near the hills, far from an electric power line (STEG), to conduct a solar energy for rural development project funded by AID in the amount of one million dollars. I met Gorden and Westfield in the Cillium Hotel on Wednesday night, and they told me that they had found a village in the Kasserine Province that met all their selection criteria, except size--it may be too big.

At 1030, visited Mr. Mohamed Lazzaz, Secretary-General, Kasserine Governorate. He read me the list of the following proposed industrial projects, by delegations:

Kasserine: Brick plant (just outside Kasserine, on the road to Thala, under construction), 80,000 tons/yr., will provide 100 jobs and cost 500,000TD; flour mill; cosmetic products plant; shoe factory; print shop; cloth factory; small foundry; distillery for aromatic (rosemary) plants ("klil" in Arabic); carpentry shop; bakery; animal feed plant.

Feriana: Handicraft shop; pasta factory; cardboard plant; tourist hotel; carbonated drinks plant; stone crusher; esparto grass mat factory; animal feed plant; modern carpentry shop; chicken farm.

Sbeitla: Auto repair shop; tile factory; tank/container fabrication shop; olive oil press; pasta factory; electric transformers plant; almond dehulling plant; chicken farm (10,000 for eggs; 5,000 for meat).

Sbiba: Dairy products factory; chicken farm; mechanical repair shop; canning factory; carpentry shop; greenhouses.

Jedliane: Wool processing plant; bakery; quick lime plant; silk factory; honey processing plant; aromatic plants distillery; stone crusher; soap factory.

Thala: Olive oil press; animal feed plant; chicken farm; bakery; candy factory; socks factory; dye shop.

Foussana: Carbonated (soft) drinks plant; ceramics plant; leather goods factory.

In all, according to Mr. Lazzaz, 56 projects. For details I should visit the regional CNEI (Centre Nationale des Etudes Industrielles--National Center for Industrial Studies) office in Sidi Bouzid. The head is M. Boujima. CNEI charges 50D for a feasibility study and provides assistance in seeking financing and in implementation.

In Lazzaz's office, met the delegate of Sbeitla.

In ODTG office, met the owner of the print shop in Sbeitla. Will move it within two months to Kasserine (before the 1974 reorganization, Sbeitla was a governorate seat) with six employees, expand it, and serve, in addition to Kasserine, the Siliana and Kairouan provinces (but not Gafsa and El Kef, which have their own printers).

At 1530, meeting with Mr. Bouslimi Jamaledine, delegate of Kasserine (telephone 770.070 or 770.276):

First development priority is to provide employment for local school graduates and particularly dropouts. For girls, a handicraft production center, rather than to give them a sewing machine when they graduate from the handicraft school, which they sell when they get married or work on it occasionally at home.

This production shop, under the PDR (Rural Development Program), could produce the coveralls (two required for each worker), school uniforms, etc. They could also use yarn from goats and camels for making burnous (traditional coat) and tents, which bring 100 to 120TD each. To start, they would need management and marketing assistance in establishing these handicraft production centers. For boys, clay forming, mats (place sets) from corn leaves. Their vocational school curriculum should be modified according to local skill needs, i.e., construction trades, carpentry are O.K., auto mechanics--no; they have an excess.

The cellulose made in the esparto grass paper factory could be used for the production of cleaning paste for firearms and beauty products.

Chalk making from gypsum

Processing of peaches, pears, apples ("Golden" in Sbiba)

Processing of wildlife meat; wild boar and rabbits

Quick lime factory and possibly cement

Pharmaceutical products using olive oil pressing byproducts ("grignon")

Fiberboard and gypsum board

Slabs and tiles, with glass waste and sand.

Development priority should be given to the delegations of Kasserine and Feriana which are the least developed and most handicapped of the seven Kasserine provinces. There has been a rainfall shortage for the last three years; people are selling their livestock, leaving the land, and seeking employment, unsuccessfully, in Kasserine (there were quite a few people looking for work in the delegation lobby). Sidi Bouzid is much more developed--they are growing beets (up to 7½ kg each); Thala has much more rain. Therefore, the governor has made a formal request to have these two delegations included in the ODTIC project.

WEDNESDAY, 14 FEBRUARY:

Reference j: Final Draft--Technical Analysis of Tunisian Potable Water, Louis Berger International, by Richard Brush and Philip Roark, 13 November 1978, IQC No. AID/Afr.-C-1132.

Water supply: Closed conduits with house taps; public fountains; springs; covered wells, with hand or motorized pumps; rain water catchment basins; implemented by SONEDE, Génie Rural (Rural Engineering), CARE/MEDICO.

Visit to delegation of Sbiba, Delegate Mohsen Belkhiria, an agro-engineer (until four months ago was delegate of Foussana).

There are about 2,000 ha of irrigated land in the area; 1,800 ha are adjacent to the town; besides, there are water sources to be developed and oueds to be regulated. The main potential is fruit trees--apricots, peaches, and particularly apples, red and yellow, especially the Golden Delicious, sought in the international market; vegetables--carrots, turnips, onion, tomato, pepper (winter crops). Need canning plant; the nearest one at Dahmani (Rapida Co.) is 55 km away and has insufficient capacity.

Project needs at Sbiba:

- Chicken farms (four entrepreneurs expressed interest); 15,000 for eggs; 5,000 for meat; vocational school graduates can raise 5,000 to 10,000 chickens each two to three months to serve Tunis, El Kef, and Kairouan markets; offers best price and quick turnover.
- Chicken feed plant, using fish, wheat, corn, and barley waste.
- Apple orchards with import/export association, which will also provide management assistance (marketing and technical capabilities already exist). Planting of vegetables--onions, parsley in orchards, between trees.
- Increased raising of sheep and cattle and green fodder crops (lucerne).

- Water reserves are considerable. At least 100 l/sec. can be drawn at Sbiba without damaging the underground water level, specified by DRES (Water and Soil Research Directorate). Possibility of building small dam basins fed by source water and retaining structures for rain water catchments.
- Needs market centers ("centres de collecte"), cooperatives ('cooperatives de service'), or corporations ('societes anonymes') for the trade of agro products. The cooperatives provide jointly the inputs and outputs and elect among them a manager, while the corporations name an administrative and management committee which finds a professional full-time manager. This is sorely needed, as the existing national and regional organizations engaged in rural development are active in planning, technical assistance, demonstration, and training, but not in providing product marketing assistance.
- Need also better shops for carpentry, blacksmithing, auto repair, which are poorly equipped and can do only routine work ("depannage").
- Need a veterinarian to run animal care demonstration projects.
- Finally, he has seen too many consultants and reports without very much follow-up action.

Visit to Sbiba ODTc office--Mr. Abdelwaheb Khouni, agro-engineer ('Ingenieur des travaux de l'Etat'), chief of Sbiba subdivision. While waiting for the positions to be filled, he is also responsible for the Sbeitla and Jedliane delegations.

Omdas (administrative units within a delegation) report their needs to the delegate without paying attention to economic/cost considerations.

Next to the ODTc office, in center of town, there is a building complex run by the army for breeding Arabian horses. It is used two to three months each year and is located inappropriately near bus station, school ("it is very bad for children at this location"), etc. ODTc could use that facility for

offices and housing for their employees (housing is a problem), also the yard for the market of local farm goods now sold in the streets. He proposed to the delegate to move this operation somewhere else, but the latter wants a written request from the PDG (President, Director-General) of ODTG.

A problem is the employment of primary school dropouts--only 20 to 25% qualify for secondary school (after 15 or 16 years of age, they cannot repeat grades in primary school).

In cooperation with the director of the secondary school (a relative), he has introduced a 200-head experimental chicken farm. Now it has 500 chickens with almost a perfect record of survival (i.e., free of diseases; only four or five were killed by traffic accidents).

Greenhouses (plasti-culture) are not practical for Sbiba due to relatively harsh weather (this would require heating). What they need is more fertilizer and water.

The office has, in addition to him, three assistant engineers for animal husbandry; vegetable crops and general agronomy, six technicians (two will be eventually transferred to Jediane).

Drove me to an abandoned quick lime plant; was running on coal from Sbeitla, will switch soon to charcoal; piles of cut wood were stored in the yard. Could be used as shop (industrial park) or agro-collection center. Also saw Sbiba pumping station and tree (Russian cypress, acacia, eucalyptus) nursery at ODTG service park.

Khouni understands and reads English; would like to pursue graduate studies in the USA (while he is still single).

Gave me the OMVVM and PPI '77 and '78 annual reports.

Visit to Sbeitla delegation; met delegate and Captain Thabet Houcine, commander of the Garde Nationale for the Kasserine Governorate.

Irrigated 60 ha by two deep wells, 35 l/sec. and 260 l/sec., respectively; planted with 2,900 each olive and apricot trees and animal fodder in 2 ha parcels. Another 90 l/sec. well irrigates (81 ha in summer and 215 in winter) a vegetable garden operated by 76 farmers and OTD (office des Terres Dominiales--state-owned farms).

There is a vocational (construction trades) and auto driving school.

Projects for chicken farm and soft drinks plant near military barracks (saw ground-leveling work on site).

Visit to municipality in Sbeitla--Baroumi Nasseur, municipality technician. Showed me master plan for sewer system and protection against floods, five ha zoological garden, park and recreation center with eucalyptus and olive trees. In 1967-1970, Italian and American (from California) civil engineers were working on that plan. Most repair shops are downtown.

Visit to Mr. Maki Agrari's chicken store; showed me plan of modern chicken coops (16 x 26 m) to be built near barracks. Now selling Ibar chickens for meat. Was accompanied by Mr. Abdelmalek M'Nassri, ODT representative in Sbeitla.

Mr. Bugateff arranged my visits, for the next two days, to their office in Sidi Bouzid and the S.B. regional offices of API, CNEI, and OTTEFP.

THURSDAY, 15 FEBRUARY:

Driven from Kasserine to Sidi Bouzid (about 85 km) by Mr. Moncef Lazari, technical assistant, to ODT sub-regional office, where met Mr. Mohamed Said Nsiri, office director and mayor of Sidi Bouzid (also president of local third league soccer team).

Projects under consideration: tile plant, animal feed plant, engine repair shop, brick factory, cannery, chicken farm.

There are 1,700 wells in the area; 200 cows.

Flood control is necessary (300 died during the 1969 flood); a sewer line covers part of town, but there is no sewer treatment; there is a water connection to the Sbiba line (a new one is built from Jelma to Sfax).

There are API and CNEI offices in Sidi Bouzid but few people know about them.

Swedish/FAO project in Sidi Bouzid, Mr. Axel Baille (French), principal consultant; Bozidar (Boshko) Blagojević (Yugoslav), irrigation expert; Mr. Jacobs (Belgian), expert mechanic; Mr. Fischer (German), associate agro-economist. A five-year project, started in 1974, now extended for two more years; equipment and material financed by the Swedish Government; FAO provides the experts; to develop agriculture in area; 10 irrigated perimeters around Sidi Bouzid, plus three near Jelma: mechanized farming, fertilizers, improved seeds, farming practices, granting of credits, 2,000 wells, etc. Now undertaking a study of farm cooperatives. According to Baille, agriculture is well taken care of in Sidi Bouzid; what they need now is small enterprise development upstream and downstream of farming.

Met there Mr. Abdelkader Horchami, Director, Regional Transportation Company (buses and trucks) in Sidi Bouzid. They are building a large repair and maintenance shop. All this work is done now in Gafsa.

Visit to regional OTTEFP office, Mr. Ben Kelani Abdelatif (psychology graduate from the Sorbonne), Regional Delegate.

Technical schools for agro-equipment drivers, electric pumps repair, building trades (carpentry, electrical), auto mechanics and diesel. Need fourth-year secondary school level to qualify.

Visit to API-PMI (small and medium industries) regional office--head, Mr. Hassinet Laidi, economist. Referred me to Mr. Ali Zardi, Director of PMI, address 8 Rue de Nigeria (near AID Mission). Newly established office (a month ago). Also met API regional director, Mr. Saidi.

Outlined the API agreement/permit ("accord d'agrement") procedure and follow-up: first, after one year; afterwards, each six months. Approval is based on the Law for the Creation of Enterprises, No. 74-74, of 3 August 1974, which specifies the form:

- Characteristics (nature) of the enterprise
- Entrepreneur(s)
- Type of ownership
- Initial capital
- Location and address
- Products to be made
- Permanent employment (number) created
- List of materials to be acquired locally (in Tunisia)
- Financing.

PMI function is to assist entrepreneur in developing his project, not do it for him, and the goal to reduce exodus to Tunis and unemployment. Can provide assistance in figuring return on investment, improving operating efficiency, enterprise management.

According to Law of April 1972, for Offshore Manufacturing, a German toy manufacturing (Teddy-bear type) factory was established in Sidi Bouzid. All raw materials are imported, and the finished products are all exported. It does provide employment for 70 women. The company is tax exempt, fully the first 10 years and partially afterwards.

Literature no. j: Fichier des Etablissements non-Agricoles, par Delegation et par Branche d'Activite, Gouvernorat de Sidi Bouzid, situation arretee au 24 Aout 1978, OTTEFP, Ministere des Affaires Sociales, Division de Statistiques et de l'Informatique, page 33--List of Non-Agricultural Enterprises, by Delegation and Type of Activity, Governorate of Sidi Bouzid, as of 24 August 1978, OTTEFP, Ministry of Social Affairs, Statistics and Information System Division, p. 33.

Reference 1: API-Tunisie--Rapport Annuel 1977 (1977 Annual Report).

- Page 58: The regions of the NE (Jendouba, Siliana, Le Kef) Center (Kairouan, Kasserine) and SE (Sidi Bouzid, Gafsa) appear not to be of interest to the entrepreneurs. This is because of their desire to establish themselves near the large transportation lines and particularly to have easy port (air or sea) access.

Reference 1: Projet REMPLOD, Migration de la Main d'Oeuvre et Developpement Regional, OTTEFP/IMWOD, La Hague, Pays Bas--Sidi Bouzid, 19 Febrier 1976 (REMPLOD Project, Labor Migration and Regional Development OTTEFP/IMWOD, The Hague, The Netherlands--Sidi Bouzid, 19 February 1976.

Introduction: Market study and capacities of sectors to be studied; technical capabilities of the entrepreneurs and the enterprises; employment and training of youth; management of small enterprises.

- p. 3: Creation of an industrial infrastructure. The region of Sidi Bouzid is without (or almost) any industries. Presently, there are few processing plants (cannery and olive oil presses) and a toy manufacturing plant ("pelucherie") (STEIF-Germany). Anyway, the establishment of processing industries based on the agricultural production of the region would stimulate and improve the production. The number of olive oil presses is insufficient. Therefore, 25 additional oil presses are planned and the creation of farm products processing plants. In addition to the construction activity generated by the building of these plants, their facilities (equipment, machines, electric power, etc.) will require mechanical and electrical workshops for the installation and subsequent repair work.
- p. 4: The "independents," i.e., job shop types ("les tacherons"), with two to seven apprentices, build housing units--service centers are desirable.

- p. 5: Setting up enterprises for building and maintaining dirt roads (a good example is the alternate route Kasserine to Foussana, which, even after a light rain, is virtually impassable) with tractors, trucks, water tanks and tools.
- p. 6: Plumbing and heating facilities shop, one each, in Sidi Bouzid and in Jelma (have not seen any).
- p. 7: Building painting shop. In Jelma, for instance, a contractor has hired 10 painters in Kasserine; also planned for Sidi Bouzid and Maknessy.
- p. 11: Conclusions--the facilities are often inappropriate; the equipment is in bad shape; a lack of material in stock; nonexistence of operating capital; lack of effective management; limited support services.

Reference l: Statut Type - Incorporation Form

m: API Fiche Regionale et Suivi - API Regional Form and for Follow-up

Reference n: Rapport de Stage - Petite et Moyenne Industrie en France, 23 Octobre-1 Decembre 1978 (Training Trip Report - Small and Medium Industry in France, 23 October-1 December 1978).

Summary: Organization for assisting PMI (Small and Medium Industry)-- "consular" (extension) organization. The Chamber of Commerce and Industries (CC&I) structure and operations, permanent services, activities of the CC&I, development of ideas and know-how; development of people, enterprises and equipment; regional development society; private and public organizations. Different forms of assistance to PMI; information, training and financing; advertising; creativity; types of technical assistance to existing enterprises.

Reference o: OTTEEF, Delegation Regionale de Sidi Bouzid, Rapport Annuel d'Activites 1978 - Sidi Bouzid Regional Delegation (includes Sidi Bouzid, El Kef, Kasserine, and Gafsa) 1978 Annual Report.

- p. 18: However, despite the good results obtained by BRA (Regional Apprenticeship Office), there still remains a lot to be done for young apprentices who number 209. Therefore, efforts should be made to industrialize the region to create manufacturing units, the only ones capable of absorbing the youth.

Reference p: Rapport d'Activite de la Direction Regionale de l'OMVVM et PPI de Kasserine, Annee 1978, 15 Decembre, Directeur Regionale de Kasserine - A. Kerbali --Activities Report of the Regional Directorate of the OMVVM and PPI of Kasserine for 1978, 15 December, by A. Kerbali, Regional Director.

- p. 15: Revenues in Dinars per hectare:

animal fodder:	lucerne - 1,250	oat - 300
	barley - 260	corn - 300
	sorghum - 300	cereals - 060
vegetables:	tomato - 450	pepper - 540
	cucumber - 900	onions - 800
	string bean - 300	potatoes - 1,000
	carrots & turnips - 750	various - 200

tree crops: apricots, olives, apples, other - 74

Reference q: Same as above for 1977:

- p. 1: Irrigated perimeter of Sbeitla; 251 ha in private hands, 221 with OTD (state farm), 66% trees planted plus vegetable and fodder; in summer only 91 ha can be irrigated; 76% of farmers have less than 2.5 ha each, 18% have 2.5 to 10 ha, and only 6% more than 10 ha.
- p. 4: Sbiba irrigated perimeter, 1667 ha; 70% has been allocated, 15% will be soon, and 15% is held in reserve; there are 591 farmers.
- p. 5: Oued runoff--7 wells can irrigate 329 ha in summer and 1,560 ha in winter, i.e.,

summer capacity: $\frac{200 \text{ l/sec} \times 3,600 \text{ sec/ha} \times 24 \text{ hrs} \times 150 \text{ days}}{8,000 \text{ m}^3/\text{ha}} = 325 \text{ ha}$

winter capacity: $\frac{400 \text{ l/sec} \times 3,600 \text{ sec/ha} \times 24 \text{ hrs} \times 150 \text{ days}}{4,000} = 1,560 \text{ ha}$

- p. 10: The credit-granting operation in 1977 has been paralyzed due to steps undertaken to accelerate payback. As a consequence, the relations between the extension agents ("vulgarisateurs") and farmers have deteriorated; thus, many fall back to their own small resources and old working practices, poor soil preparation, non-use of fertilizers, use of inappropriate seed, and even abandoning the land.
- p. 11: Specific actions: demonstration lots; direct assistance; plot lots; different varieties tests; information/know-how dissemination days; tree farms; pruning; wind breaks; treatments.

FRIDAY, 16 FEBRUARY:

Visit to CNEI Regional Office in Sidi Bouzid. Chief, Mr. Ibrahim Boujima, responsible for sectoral studies such as for olive oil processing plants now ready, others in process; assists in preparing documentation for projects.

Visit to delegation of Jelma, in company of ODTG agro-engineers Menni and Zaghdane. Met Delegate Mohamed Hamdan, who took us on a tour of the delegation.

- Bakery: 600 loaves/day, six bakes per day, round and French loaf, excellent quality; owner and one apprentice. A second one is under construction, almost finished. Will expand market beyond village.
- Garage: repairing of gasoline engines and diesel; cars, trucks, farm equipment, motorcycles, water pumps; has compressor and welding machine; owner and one apprentice; poor equipment, facilities, and working conditions.
- New, modern, and large carpentry shop at crossing to Sbeitla--Sidi Bouzid road--owned by brother of governor of Siliana; making doors

and window frames for a regional market; next door, same owner, construction of tile factory in progress.

- Delegation has an excess of workers and several entrepreneurs who need capital and tech/mgt. assistance.
- Apparently, no market studies are done, as three carpentry shops are proposed just for Jelma; also two canning factories.

Reference r: Coopération de Service en Tunisie - Prospectives et Perspectives, par Camille Kobeh, FAO, Avril 1976 (Services Cooperatives in Tunisia - Overview and Future Possibilities by Camille Kobeh, FAO, April 1976).

Types: Cooperative production units; agro-combines; service cooperatives f multi-culture (discipline) type; mutual credit cooperatives; service cooperatives; mutual guarantee cooperatives; growers cooperatives; central cooperatives; association of common interest; "maounas" (common agricultural activities), i.e., wool carding, weaving, and combing--communal tasks.

- p. 8: UNA (National Farmers Union) is the most appropriate to be the driving force for the cooperatives movement.
- p. 9: Interprofessional groupings of trees and fruit growers (GIAF), vegetables (GIL), and dates (GID).
- p. 17: Association of collective interest in the oasis for well construction, irrigation, and palm tree planting.
- p. 25: At Oum Laddam, Sidi Bouzid, the excess of milk above own (farm) use was all given to calves. The linking of that milk production with a distribution channel in Sidi Bouzid has led to a daily collection of 400 to 500 l/day, marketed daily, which now brings 15 to 20 D per month to each farmer. The second phase, when the local market is saturated, is to finance and manage a dairy product processing unit to produce yoghurt, cheese, butter, etc.

- p. 26: Service cooperatives to improve water utilization; for well drilling; procurement, storage, and distribution of fertilizer, fodder, veterinary products, insecticides, seed and seed plants; selected animals; anti-parasitic and anti-cryptogenic measures, purchase of grain grinding equipment and various agro equipment, beyond the purchasing power of individuals.

Downstream of agro production, they could provide packaging material, storage space, cold storage, freezers.

Make more effective the marketing on local, regional, and national market, through a Union of Cooperatives.

The service cooperatives represent also, at the regional or local level, the best and most appropriate way to implement a policy of stimulating small industries.

Vertical integration in olive oil pressing, dairy products, pasteurization, making of jam (preserves) and fruit salad.

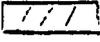
- p. 30: Provisions for dissolution of a cooperative are needed. Creation of cooperatives: name and location; goal and objectives; duration (life); organization; admission and registration (of everybody); responsibility and delegation of; loss of membership due to death, resignation, expulsion; financial management; capital and relative shares; balance sheet, P&L statement, reserves. General assembly, administrative committee, director; litigation; liquidation and dissolution; miscellaneous provisions.

SATURDAY, 17 FEBRUARY:

At ODTG in Kasserine with Mr. Azouzi Boualem, head of administration and also of cooperatives study now underway. Will start cooperatives, first in Sidi Bouzid, initially for procurement of inputs to farmers and marketing of products, later

for processing/production as well. Also working on this task is Mr. L. Daoud, head of sociology section (see ODTG organizational chart for Sidi Bouzid and head office in Kasserine).

Planning map for Sidi Bouzid with following symbols:

	stables		sheep pens
	shallow wells to be improved		shallow wells to be built (new)
	pilot lots		(colored red) fodder demonstration lots
			(colored blue) vegetable gardens
	springs to be improved		abutments and dikes
			small earth dams
	(yellow color) sand breakers		
	(blue color) windbreakers		
	chicken farms		dirt roads
			oued concrete crossing

Suggested they develop similar legend for all small industries and services in the area.

In the afternoon, taken by ODTG car to Tunis (1000 to 1400).

MONDAY, 19 FEBRUARY:

Visit to Laboratoire Central, 13 Rue de Rome, Mr. Bouhalila, Director. Outlined scope of ODTG project and possible L.C. interest in eventual industrial extension activities.

Visit to API-PMI office, 8 Rue de Nigeria, Tunis (second floor above German Cultural Center, side entrance), telephone 282.990, 282.572, Telex APRIN 12.166. Met Mr. Ali Zardi, Director (formerly was in API central administration).

API responsible only for production/manufacturing; thus, a workshop (blacksmith, carpentry, etc.) engaged mainly in repair and maintenance is outside their competence--these need a commercial license ("patente") to operate (obtained at governorate level).

PMI has six regional offices, will establish soon a seventh in El Kef, which will then take Kasserine away from Sidi Bouzid regional office responsibility.

Most work is done in field offices, while formal approval is still given in Tunis.

PMI does not work directly for the applicant (for an agreement/permit to establish an industrial enterprise) but advises him on what is needed and guides him in the process of obtaining the permit.

For the time being, all field offices are manned by an economist, but eventually technicians will be added.

Gave me a copy of Nomenclature Generale de Industries Manufacturieres, Code Analytique (Classification of Manufacturing Industries Code).

TUESDAY, 20 FEBRUARY:

At AID Mission, Demongeot gave me six copies of a partial translation (not edited) of the February 1977, GIT (Georgia Institute of Technology) report for distribution, as needed, and two copies of AID-ODTC program to give to Bugateff.

Called Bugateff to advise him of my arrival later today in Kasserine.

Bus trip to Kasserine 1200 to 1715.

In bus, conversation with young masonry assistant teacher; 3 years studied several building trades in Canada; tri-lingual; lost interest in teaching and wants to emigrate to Canada to work in a hotel. Never heard about API, FOPRODI, CNEI, etc.; does not believe it is possible for him to obtain credit or technical assistance to start any kind of business in Tunisia.

In Kasserine, taxi driver (one of two), en route to Hotel Cillium: worked 11 years in France and six months in Spain; qualified welder; does not know about API/PMI, etc., nor how to start a business (welding); plans to go back to France.

WEDNESDAY, 21 FEBRUARY:

Meeting with Bugateff to plan next three days; gave him GIT report in French and Demongeot's project plan (two copies).

Visit to Feriana delegation. Delegate was on his way to a village to open a "Maison du Peuple" (community cultural and recreation center); soon that village will become the seat of a new delegation to be carved out of Feriana delegation.

An animal feed plant is under construction at Thelepte (about 10 km north of Feriana). The entrepreneur could not obtain any fast action from CNEI to make the project study, so addressed himself to Maison de l'Agriculteur, 65 Rue Aziza Othmar, Sfax, telephone 04.24.341, a supplier of agricultural inputs, who did the study. Later I heard that the owner of the Maison de l'Agriculteur is an

agronomist and thus was able to help in that case.

Other prospects in Feriana: chicken farm; dairy products processing; electric materials; cannery; chemical products unit (an entrepreneur from Tunis)--from a white rock formation near Thelepte; the powder produced is to be used in oil drilling--soft drinks; candy factory; hotel under construction on hill overlooking village.

Has a master plan ("plan d'aménagement") which is strictly adhered to since last year. Expects to develop about 20 projects in near future.

Greatest problem in delegation is unemployment and lack of water--"Kasserine is the poorest governorate in Tunisia."

Railroad station in Thelepte: Met station master; after 1969 flood, railroad line was abandoned and rebuilt a few months ago; used for transport of Esparto grass and agro goods; may handle passengers later. A lot of abandoned facilities; locomotive storage and servicing warehouse; six to eight residences (east and across the road from railroad station) in disrepair or boarded up.

Saw animal feed plant construction site: structure, approximately 8 x 20 m, stone and mortar, will be completed in about two months; raw materials (corn, barley, and wheat waste will be supplied by Office des Cereales).

Visit to Foussana Delegation: They have a master plan, with an indicated 4 ha industrial zone, still to be provided with water

and electricity. However, the planned expansion of the "leather" goods factory is on a site already acquired outside that zone.

Projects under consideration: two bakeries, handicrafts shop (carpets, embroidery, wool blankets), lumber, processing (rough cutting only; finishing will be done in Tunis), enameling ("faillancerie").

Now existing: three auto repair shops, one blacksmith shop, three carpenter shops, one electrician, and one plumber, the latter two without shops.

Visit to leather goods factory in Foussana; actually using imported plastic material from Germany ('simuli'); hardware (locks, metal reinforcements) from France and Italy, and zippers made in Tunis, to produce briefcases, handbags, and small luggage (the latter priced at 4.750 TD each); all sold in Tunisia. There are 22 workers, mostly women. They are planning an expansion and will start using leather soon, in about two months, pending the arrival of machines from Japan.

Visit to delegation of Thala: The delegate, Mr. Chetoui Amar, was in Kasserine; met Mesaouidi Abdelssoleni, administrative secretary, and Shaib Mohamed, administrative clerk. Gave me a list of all projects proposed for the Kasserine governorate in July 1978.

A lot of commercial activity in town and several workshops. The public park is locked, and the Roman ruins site is not protected (enclosed).

THURSDAY, 22 FEBRUARY:

At ODTC, in Kasserine, Mr. Salah Nemi, head of Infrastructure Section, drew for me ODTC organizational chart (an official one is not yet published, as the existence of ODTC is still to be formalized). He also suggested not to consider "cooperatives" but some other name for doing the normal coop functions.

En route to Sbiba, picked up a Garde Nationale sergeant stationed in Foussana, originally from Maktar; speaks French and some English. To supplement his low salary, would like to start, with friends, chicken farm in Maktar. Never heard about API, CNEI, ODTC, etc.

Visit to Sbiba delegation (second time), ODTC resident engineer Mr. Khouni. Met there a professor of geography in local high school.

He, Khouni, would like to propose the exploration of a mineral water source at Ain Selsla, about 20 km northeast from Sbiba, by dirt road. The local people (he has relatives there) use it to cure their stomach and liver ailments. After analyzing the water (at Laboratoire Central), determining its flow rate, etc., a tourist center could be built there.

Also his idea: a center for leasing agro equipment and tools and draw animals to local farmers who do not need a full-day tractor plus driver service, particularly in the peripheral areas of the delegation.

A need for projects which will benefit not only the locality and region but the whole country as well, like the mineral water

bottling possibility at Ain Selia (example of Safia water); exporting Sbiba apples, like dates from the south. The 18,000 trees planted on 200-300 ha, each producing 50 to 70 kg per year, will all bear fruit in three to five years, and by then satisfy the Tunisian market, but one should think now of expanding for export-- if not to Europe at least to Libya and the Middle East. At Sbiba they need cold storage facilities, as apples are sold locally to middle men for 300 mm/kg, who sell them in Tunis for 800 mm to 1TD/kg, where they are retailed for 1.200 to 1.500TD/kg (Golden variety).

His "four cylinder concept": first, the northern plains of Tunisia; second, the coastal areas; third, the south, with dates and developed tourism; in Gafsa with less rain but milder climate the wheat grows better than in Kasserine; fourth, Central Tunisia, the weakest cylinder. Thus, the entire economic engine of the country is not working smoothly.

Around Sbiba only winter onion and carrots grow well; due to cold, apples get "burned" by cold.

With Khouni, visited Jedliane and Ruhia. Delegates of both delegations were away. It is intended to move the seat of the Jedliane delegation to the center of the area, as the Jedliane village is at the periphery and too close to other two delegation seats, Sbiba and Ruhia.

In Ruhia, visited the two small shops I surveyed on 19 November 1976 (see GIT report, pp. 94 and 95).

The Mouldi Ben Beibir Ben Youssef auto repair shop: It has not changed at all. Actually, business is less steady due to drought during the last three years. All other problems do remain. The three skilled workers--electrician, lathe operator, and mechanic--are still in Ruhia working on and off.

The Ahmed Nejlaoui blacksmith shop: The owner is working in a Maktar blacksmith shop for the widow of the previous owner, Hasan, sharing the income 50-50. His two sons now run the shop. They now have electricity--a 100-watt bulb in the room--and have bought a welder, but the electric drill is still in repair in Tunis. No other changes in type of work, products, and income.

A new carpentry shop is under construction waiting to be finished when the owner/entrepreneur returns from France.

Several houses were built since 1976, and Ruhia now has its own water supply--a well about 1.5 km south of town.

About two km south of Ruhia, there is a 24-well development (12 in a row), each serving about two ha with electric pumps--new power lines on both sides; concrete wells with stone sheds for pumps. Only about half are used (one farm, a vegetable garden, is run by the wife; husband plays drums at weddings). Others are abandoned--allegedly the farmers cannot pay for the electric power to STEG, and the soil is very poor and should be improved. Something there is very wrong, as a considerable investment and resources are idle.

Visit to ODTG office in Sidi Bouzid: Met Nsiri and the UNDP resident representative from Tunisia, Mr. Gamil M. Hamdy (Egyptian),

61 Bv. Bab Benat, Tunis, telephone 264.011, who was holding a conference with the FAO team; Baille, Blagojevic and others. He invited me to visit him in Tunis.

Visit to CNEI regional office, representative Mr. Boujima. API will not approve any new tile ("carelage"), plants and pasta ("pates alimentaires") factories, due to over-capacity. However, one in this region--a pasta factory--may be still needed as none exist in Kef, Kairouan and Kasserine.

Read me a list of all projects proposed for the Sidi Bouzid governorate, by delegations, in August 1978.

Many projects are frivolous, as delegates are administrators and politicians, not technicians or economists. There is also a multiplicity of similar projects (i.e., three bakeries, carpentry shops, etc., each, for even a small delegation), as the idea is that, by proposing several, they may finally obtain one.

Not much payback is expected from industrial projects, but good returns are obtained from coffee shops (for the poor) and bars (for those with money)--a lot of beer is consumed (over 1,000TD per night at Cillium).

At a meeting with the Minister of Planning last Tuesday, he heard that all of the Sidi Bouzid delegations will be included under ODTIC.

No strict definition (numeric criteria) for "small" and "medium" industry. According to him, an enterprise is small if it serves a local market, and medium if it serves a regional market (check this

concept with Ali Zardi).

FRIDAY, 23 FEBRUARY:

Visit to API regional director Mr. Habib Saidi and PMI head Mr. Hassinet Laidi.

Before API, a "patente" (business permit) was sufficient to start any enterprise. No industry can be started in a "saturated" sector like pasta and tile manufacturing.

The API/PMI regional offices exist in Sidi Bouzid, Sousse, Sfax, Nabeul, Beja, and Tunis. The seventh will be open soon in El Kef, and Kairouan has requested one.

The PMI's most important task is to train/indoctrinate ("sensibiliser") entrepreneurs in management, marketing, accounting and bookkeeping, project selection, costing/pricing by department and product (i.e., establish cost centers). He is preparing elementary guidelines for above subjects. A big constraint is the educational level of the potential entrepreneurs--many are illiterates; few are fluent in French; while all teaching/training above the fifth elementary grade level is in French. Long-term trend is to "Arabize" through higher levels of education, i.e., secondary, and eventually at highest levels. A commission is translating periodically technical and scientific expressions into Arabic, i.e., marketing is "telveze," meaning art of selling.

The main reasons for API-approved projects' non-implementation (i.e., in 1978, of a sample of 188 projects not implemented within

a year, after which the permit is withdrawn, 108 were abandoned for reasons unknown) are that the entrepreneur fails to inform API or moves away in the meantime without a forwarding address.

Visit to OTTEEFPP office in Sidi Bouzid--regional delegate:
Met also director of new vocations school, Mr. Ben Salah Zouheir (to open soon)--80% on-the-job training; 20% theory; all instruction in French; need "brevet" (third year secondary completed) to qualify; 11-month course in masonry, auto mechanics, diesel, motor pumps (for wells), electricity for buildings; later will add electronics (TV and radio repair), carpet making, etc. School name: Centre de Formation Polyvalent (Multidisciplinary Training Center), telephone 366.

Gave me data employment/unemployment in the Jelma delegation. The definition of ("jeunes") youth is 18 to 25 years old, non-qualified, who has completed primary education but could also be a secondary education dropout and is seeking first employment. The skilled ("qualifiés") are probably working but are seeking a better paid job.

From March 1 through year end there are national relief work projects all across the country, under the CDRA, Ministry of Agriculture.

For migration abroad, only departures are recorded; no records for returnees; impossible for those from Libya, but from Europe, yes, as they have to turn in their work permits there and passports upon arrival in Tunis.

Final meeting in Kasserine with Bugateff and Nsiri:

- Apparently, an inventory of small and medium industries is needed for Central Tunisia.
- Employment considerations are more important than return on investments or profits.
- Hotel success, i.e., occupancy rate, is very sensitive to type and efficiency of management (example of hotel in Gafsa).
- In next phase, ODTC will extend to 22 delegations: 7 in Sidi Bouzid, 7 in Kasserine, 2 in Siliana, 2 in Gafsa, and 4 in Kairouan.

SATURDAY, 24 FEBRUARY: Working on report first draft.

SUNDAY, 25 FEBRUARY: Working on report first draft and trip to Hammamet, Butagas appropriate technology case study for OST/AID.

MONDAY, 26 FEBRUARY:

Briefed Demongeot on last field trip and plans for this week.

Meeting, at his request, with Mr. Harry M. Montgomery, Economic Section Chief, U. S. Embassy, ext. 241.

He is interested in small industry development and possible technical assistance by our SBA to API on how to organize PMI; also, on handicraft improvements in Tunisia (manpower, quality, markets, etc.).

Suggested I contact Mrs. Nazli Haslia, Associate Director (Sous-Directeur) for PME (small and medium enterprises) at the

Ministry of Industry, Casbah, Tunis, telephone 261.445; she is chairing an inter-agency committee on small industry development.

At CNEI, I should see Ben Chaabane (I met him in January 1977) and Mr. Badaggi.

At API/FOPRODI, Mr. Ali Zardi (I met him a week ago) and possibly through him their PDG, Mr. Tijani Cheli (ex-minister of industry), Zahedia Pasha, and Abdulnaji Mouldi, now director of "Agreements" (i.e., permit granting), who was heading PMI before Zardi, to discuss their need for management assistance in organizing an effective PMI.

Also to see Mr. Belgacem Ouchtati, PDG of the Societe Nationale Tunisienne de Cellulose (paper plant in Kasserine), telephone 243.833, 248.696, in Kasserine 0770.811 or 611, who has many ideas on industrial development.

TUESDAY, 27 FEBRUARY:

Visit to API/PMI office to hand French translation of GIT report and ask Zardi to arrange meeting with API management to discuss PMI organization and management assistance needs.

Visit to Peace Corps Tunis office, Mr. Tahar Ben Salem, administrative officer, to ask him if he could accompany me on a one-day trip to Maktar to resurvey the small enterprises we did together in November 1976. He agreed in principle, pending concurrence of his director, Mr. Dumont.

Working at AID Mission on report draft.

WEDNESDAY, 28 FEBRUARY:

Met Robert Beckman, Programs Officer, to discuss Laboratoire Central technical assistance needs. He suggested we try to establish a direct DRI/LC linkage.

Meeting with Mr. Edmund L. Auchter, Mission Economist (came two months ago from Islamabad Mission). Discussed ODTC project and outlined the objectives and progress so far of my sub-project.

Meeting at API/PMI with Ali Zardi and Habib Saidi. He read the GIT report; commented that API is not financing any projects but recommends to FOPRODI to do it, and in the amount required.

Regarding the technical assistance to PMI, asked to send him the GIT "package," particularly of their work in LDC, while he will ask for an opinion/evaluation of AID on that GIT/OST contract, and from Mr. Montgomery possible SBA assistance.

Will be glad to help in the implementation of projects we proposed in 1977 for Maktar and Ruhia, particularly in obtaining the authorization to use the public works park in Maktar. Will meet him again, with Demongeot, at 1500 on Monday, March 5.

Called Mr. Chaabane, Deputy Director, CNEI, who will have Mr. Dallagi, their new director of PME (Petites et Moyennes Entreprises--Small and Medium Enterprises), call me at Hotel du Lac or AID Mission to arrange a meeting as soon as possible.

THURSDAY, 1 MARCH:

Working at AID Mission on report.

Discussions with Demongeot and Dommen.

FRIDAY, 2 MARCH:

Working at AID Mission on report.

Meeting with Mr. Dallagi Magtouf, Director, PME (Small and Medium Enterprises), CNEI, 3 rue El Ambar, Ariana, Tunis, telephone 233.994.

FOPRODI, with its five banks, is not working too well. They charge half of the prevailing interest rate, do not get reimbursed for the fund management services, and have to assume 25% of the risk in case of loan default. Thus, it might be desirable to have an industrial development bank combining the loans of the World Bank, FOSDA, USAID, etc. It is, of course, a matter of national policy how much the government does want to subsidize industrial development and "compete" with the existing banking system.

Problems in CNEI industrial studies: Many potential entrepreneurs balk at even the 50 to 100 TD nominal charge for the CNEI feasibility study (essentially an extension/elaboration of the API application form--Fiche Creation--enclosed). Certain entrepreneurs do not even show up to pick up a completed study (when the payment is to be made); lack of understanding by the entrepreneurs of the need for a study and of some basic concepts such as "capacity," "capital and operating costs," "profitability," "efficiency," etc.

In Maktar, the owner, a Mr. Malouli, has again abandoned the idea of rebuilding the old brick plant for reasons unknown. They are going ahead with the new one in Siliana or Bargou.

Several projects are under consideration in Siliana (one of eight northern provinces under Dallagi's jurisdiction; the remaining, including Kasserine and Sidi Bouzid, are under their representative in Sfax)--see minutes of his meetings of 17 January and 8 February with the governor of Siliana.

He is urging ODTIC to take a more active role in industrial development, including the use of API and CNEI services whenever needed.

Other projects in Maktar: extension of stone crusher plant; a Formica carpentry shop; a limestone carving (sculpture) plant, now employing the owner and three or four apprentices, to 15-20 workers.

SATURDAY, 3 MARCH:

Trip to Maktar delegation with Mission car. Left 0730 and returned 2100, in company of Arthur Dommen and Tahar Ben Salem:

1. Stopped at delegation seat of Roba (Bargou) to see delegate, Mr. Yusuf, who was the delegate of Ruhia in 1976-77. Gave him the French version of the GIT report.

They are very much aware of the reluctance of small entrepreneurs to pay even the nominal 50 to 100 TD for a project feasibility study. Consequently, the governor of Siliana has decided that his office will pay for most of these studies.

He heard that even his delegation may be included in the Central Tunisia project.

2. Delegation of Maktar, delegate Mr. Ben Chedli Abdelhamid.

Contrary to information given to me at the Tunis CNEI/PME office, the brick plant near Maktar is not being abandoned again. They have problems in brick quality due to the quality of the clay (a lot of "seconds") and in drying, but they are producing bricks right now for the new owner, Mr. Malouli (he visited the delegate two days ago), who is a construction contractor from Sousse.

ODTC can use the public works yard and, in fact, is already storing equipment there. The Office des Cereales will move out from

there as soon as they have completed new facilities in Maktar. He is also willing to lease or sell other parts (bays) to the workshops in Maktar.

An industrial park ("Cite Industrielle") is provided for in the new master plan ("plan de l'amenagement"). However, the new carpentry shop of Salem Ben Saida (see GIF report, page 91), almost completed, is located right in the center of town.

Discussed tourism potential of Maktar. Apparently nothing new since end of 1976, except that the main restaurant in the Mactaris Hotel is expanding (it was ordered closed for two weeks for selling wine to be taken off the premises) and that they are shoring up the Roman arch at the town entrance (see La Presse article of 19 February 1977).

Mr. Boubaker Cherif is building a modern bakery and pastry shop.

In Kesra, a wool processing center is under construction for widows and old women.

Other new projects in delegation: stone cutting and sculpture shop, automotive machine shop, stone crusher expansion, Formica furniture shop.

3. Municipality of Maktar, Secretary-General Mr. Lakhdar Ali; also met there Mr. Boubaker Cherif, President of UTICA, and Mr. Chedli El Garoui, owner of a mechanical repair shop (see page 90 of GIF report).

After two public hearings, the master plan of Maktar has been updated and is now in Sousse for final approval. Upon receipt, within two weeks from today, he will give a copy to Dommen to forward to me. The new plan shows single and multiple residential zones, green areas,

commercial and an industrial zone across the road from the public works park.

They believe a processing factory for vegetables (turnips, carrots, parsley, fennel, olives) and fruit is the most pressing industrial need.

There is talk of setting up a fairly large limestone quarry (up to 400 employees) as ground exploration is underway at Thala, Maktar (three km north on route to Siliana), and Mouzena, in Sidi Bouzid, to determine the optimum site.

Mr. El Garoui would like to establish and manage a collection center and processing plant for "zgougou" (a black seed inside the kernel of the Aleppo pine). These are now collected by local people who have obtained a permit from the forestry department and sell them to middlemen from outside the area for about 500 millime per kg. They do this after they have processed them--decortication and roasting in open-hearth ovens. The collection takes place during 10 months of the year (no collection in July and August due to fire hazards in the forest). He proposes to have a collection center for about 500 families or individuals who would collect about 500 tons per year. He would pay them about 400 millimes per kilo; have mechanized decortication and roasting in an industrial type oven (to improve on non-hygienic present practice); packaging and distribution/marketing. The retail price of zgougou varies from 500 millimes to 1TD depending on the time of the year. It is most expensive during the Moulded festivities, as its main use is for addition to custard and pudding. It is also used for making blood pressure control drugs. I gave him the address and telephone of Mr. Dallagi to contact him for a feasibility study. P.S.: As this

is one of the few non-conventional ("repetitive") project ideas, I believe it should be encouraged and possibly implemented if proven to be economical.

4. Mr. Chedli El Garoui auto equipment repair shop--still in the same downtown location (he is still ready to move to the public works park, preferably under a reasonable lease arrangement of about 15TD per month, or to buy a couple of bays if he could obtain a loan). Not much change in the last two years, except: market area expanded toward Siliana and Mansoura; has a new apprentice; has acquired a few new instruments (electronic testing console, dynamic and pressure meters, various gauges, in the storeroom next to the shop); still most of the work is done in the street. He also has a small stone crusher about four km north of Maktar. No change in his farm, although he would still like to plant fruit trees.

5. The Amar Belgace, Ben Marsuk blacksmith shop: After the two partners split, Amar and his brother moved to cite El Ons from Avenue Bourgiba and are leasing a shop (4m x 7m) for 20TD per month. They now have three apprentices; otherwise, the conditions have not changed--still uneven business load, lack of space and equipment and capital to obtain it. Still willing to move to public works park.

6. Invited for lunch by Mr. Boubaker Cherif and taken afterwards to the stone-cutting shop (sculpture) at the site of the previous artisan school for boys. The owner and three apprentices are making the stone ornaments for the new residence of the governor of Siliana. There is no local market for this ornamental stone work. It is used only for luxury houses in large cities. They have a few stone art work pieces in soft limestone. This also has hardly any local market except for a tourist stand at the Mactaris ruins and

museum, and I question the feasibility of expanding the shop to a 20-man operation as proposed to API.

7. Visit to Public Works Park. Still most of it is unoccupied. The ODTC man was there watching some equipment in the northeast bay.

8. Visit to mechanical shops owned by Rumdhar Kesraoui. There are a mechanic, lathe operator, and two apprentices. Upon return from Germany, he bought a small truck and two machines--lathe and drilling machines (duty exempt but cannot sell for five years). He built a stone structure (10 x 8m approximately) on the road to Kesra and plans to expand. His bottleneck is lack of skilled mechanics from Maktar--the Maktar Technical School graduates are from other localities, and he cannot afford to hire them and pay for their room and board in addition to wages. He does good work but still has limited business because he is unknown in the area and lacks skilled mechanics; therefore, he cannot expand yet.

9. New mechanical repair shop across the street from primary school in center of town: the largest one in town, with four bays, four mechanics, and five apprentices, does engine overhauls. He is very busy.

10. Visit to brick plant: now producing about 13,000 bricks per day with 33 workers; using rosemary waste (i.e., after oil extraction). The conveyor has been removed, but all other equipment and kiln are working.

11. Visit to Kesra Omda. Met "shir" (sector head). Saw carpet weaving school--no change since 1976--16 girls' working for 200 millimes per day. The carpets are forwarded to Siliana for distribution. Four girls need one month to make a 3m x 4m carpet, which sells for about 120TD and costs about 20TD for labor.

For the old women and widows, wool processing center (carding, spinning, washing, and dyeing). There were 180 applicants, but only 60 were accepted due to limited budget. Not much has changed in Kesra. There is a small grocery shop and two new stone structures are still not occupied in the center. The water flow from the source is not regulated, and it (the flow rate) is much smaller than two years ago.

The collection of zgougou is done in the area by the people from Maktar who pay the forestry department 1,500TD for a one-week permit and who sell the grain for 0.250TD per kilo.

12. Visit to the honey-making experimental station above the tree farm near Kesra. There are about 150 modern hives (wooden boxes) and as many traditional ones (bark cylinders). On March 13, there will be a demonstration day for local farmers.

SUNDAY, 4 MARCH: Working on report.

MONDAY, 5 MARCH: Working on report.

Went with Demongeot to API/PMI office for 1500 appointment with Ali Zardi. He was not there. Later he called Demongeot to apologize; he was detained at the API headquarters. Will visit him at the Mission next Monday.

TUESDAY, 6 MARCH:

Debriefing 0830 to 0915 at Mission director's weekly staff meeting of all division heads. Presented conclusions and recommendations and answered questions raised by Davis and Auchter (Mission economist) and Zarr (Mission lawyer).

With Demongeot met Mr. Gamil Hamdy, the UNDP resident representative for Tunisia. Discussed areas of possible cooperation in Central Tunisia, particularly with reference to the SIDA/FAO project in Sidi Bouzid; the UN-UNIDO (the regional officer for North Africa-Maghreb countries, Lybia and Mali, is located in Rabat; a junior officer is in Tunis) interest in small enterprises development; the World Bank; and the ILO projects. He and Demongeot agreed to keep in touch and exchange information.

Working on report. Left two copies of draft with Demongeot.

Meeting with Mr. G. Bricker, Housing Officer, RHUDO (Regional Housing and Urban Development); Ms. Patricia Harris, AID consultant for a socioeconomic study of the Solimar slum in Tunis; and her counterpart, Mr. Zarzi. Discussed possibilities of small, non-polluting industries development in that area.

Dommen reviewed and corrected this log.

Given 20 letters by different Mission people to mail in U. S. and letter to Francis Masson from Demongeot.

WEDNESDAY, 7 MARCH:

Travel to Washington, D. C., via Rome and New York. Left 0930; arrived 2100. Stayed at DHI apartment.

THURSDAY, 8 MARCH:

Debriefing AID Washington, with James Dalton, John Blackton, Edward Glaeser, K. Cunningham, Grace Langley, and Francis Masson.

Travel to Denver 1530-1900.

FRIDAY, 9 MARCH, TO THURSDAY, 22 MARCH: Finishing report.