

**Evaluation of  
International Trade Centre  
(UNCTAD/WTO)**

**Volume 3  
Country Reports**

**TUNISIA**

File No. 104.A.1.e.37  
April 2006

**DMI ASSOCIATES**  
*in association with*  
**Ticon DCA**  
**Copenhagen DC**  
**Ace Global**



**Table of Contents**

List of Acronyms.....	4
<b>1 Tunisia Country Report.....</b>	<b>5</b>
1.1 Methodology .....	5
1.2 Country Profile .....	9
1.3 Brief Summary of ITC Activities and Role .....	12
1.4 Horizontal and Functional Themes .....	17
1.5 Country Level Evaluation .....	21
1.6 Conclusions and Recommendations for Future Action .....	29

**Tables**

Table 1: Project Overview
Table 2: ITC Projects in Tunisia, by Competence Areas
Table 3: Market Intelligence Follow-up to Improve the Market Information System of Selected Trade Promotion Organisations (INT/47/73)
Table 4: Capacity Building Among Small or Medium-sized Enterprises, Trade Support Institutions and Governments to Promote Exports of Services from Selected Francophone African Countries
Table 5: Mediterranean 2000: Supporting Small or Medium-sized Enterprises' Competitiveness and Access to Trade Finance (INT/37/13)
Table 6: Joint Integrated Technical Assistance Programme (JITAP I and JITAP II) - (RAF/D2/50)
Table 7: Summary of Projects Evaluated in Tunisia
Table 8: Summary: Performance of ITC Intervention
Table 9: Strengths Weaknesses Opportunities and Threats Analysis of ITC Interventions in Tunisia

**Annexes**

Annex 1. Country Trade and Development Context
Annex 2. Country Portfolio Database
Annex 3. Results of Field Research on a Project-by-project Basis
Annex 4. List of Trade Promotion Organisations and Trade Support Intitutions
Annex 5. List of Contacts
Annex 6. List of Data Sheets

**Exchange Rates (October 2005)**

Currency	USD 1.00	EUR 1.00
Tunisian Dinars, TND	1.33	1.61

**List of Acronyms**

BAS	Business Advisory Services
CBI	Centre for the Promotion of Imports from Developing Countries
CEPEX	Centre de promotion des exportations
CIDA	Canadian International Development Agency
DGCEC	General Directorate of Economic and Trade Co-operation
EU	European Union
FAMEX	Fonds d'Accès aux Marchés d'Exportation
FDI	Foreign Direct Investment
FOPRODEX	Fond de Promotion des Exportations
GDP	Gross Domestic Product
GOT	Government of Tunisia
GTZ	Deutsche Gesellschaft für Technische Zusammenarbeit
ICT	Information and Communication Technologies
IMF	International Monetary Fund
ITC	International Trade Centre, UNCTAD/WTO
JITAP	Joint Integrated Technical Assistance Programme
MENA	Middle East and North African Region
MTS	Multilateral Trade System
PDE	Programme de Développement des Exportations
SME	Small and Medium-sized Enterprises
SWOT	Strengths, Weaknesses, Opportunities and Threats analysis
TBT	Technical Barriers to Trade
TND	Tunisian Dinars
TPO	Trade Promotion Organisation
TRTA	Trade Related Technical Assistance
TSI	Trade Support Institution
TTN	Tunisia Trade Net
UBIFrance	French Agency on International Business Development
UNCTAD	United Nations Conference on Trade and Development
UNDP	United Nations Development Programme
UNIDO	United Nations Industrial Development Organisation
USD	United States Dollar
UTICA	Union Tunisienne de l'Industrie, du Commerce et de l'Artisanat
WITS	World Integrated Trade Solutions
WTO	World Trade Organisation

# 1 Tunisia Country Report

Tunisia is a lower middle-income economy and unlike neighbouring countries does not depend upon petroleum exports. The Tunisian economy is diverse and in addition to agricultural production, features strong manufacturing, tourism and private service sectors.

Industry is the largest sector in the economy and recent growth resulted from the development of the manufacturing sector, which alone accounts for 20% of Tunisia's Gross Domestic Product (GDP). Agriculture is very important in the national economy, as this sector accounts for 14% of the GDP and employs approximately one fifth of the total labour force. Tourism also holds an important position and constitutes the first source of foreign exchange.

More than three-fourths of Tunisia's trade is currently with the European Union (EU) with 80% of EU trade concentrated on France, Italy and Germany. The EU is the source of nearly two-thirds of the capital that flows into Tunisia, mostly in the form of direct investment. In addition, the EU accounts for a large share of Tunisia's tourism market.

## 1.1 Methodology

A listing of all International Trade Centre (ITC) project activities in Tunisia was compiled from the ITC project database 2001 to 2004, which reports 21 entries including all operational and closed projects during the period. The entries in the database and the projects sampled were also classified according to the various ITC competencies and crosscutting issues/development concerns, as per the evaluation matrix that was elaborated during the inception phase of the Evaluation. Some of the entries/projects address more than one competence area.

However, several of the entries relate to the same projects, mainly the Joint Integrated Technical Assistance Programmes (JITAP I and II), and the most significant (in terms of size and outreach) have been selected for the evaluation. In consequence, it may be considered that as a beneficiary country, Tunisia has benefited from seven ITC projects according to the database for 2001 to 2004, of which three are related to the same source. There are four significant projects in Tunisia, one that is country-specific while the remaining three are multi-country programmes. They are as follows:

**Table 1: Project Overview**

Project	Project Code
Market intelligence follow up to improve the market information system of selected Trade Promoting Organisations (TPOs)	(INT/47/73)
Capacity building among Small and Medium-sized Enterprises (SMEs), Trade Support Institutions (TSIs) and governments to promote exports of services from selected francophone African countries	(INT/50/45)
Mediterranean 2000: supporting SMEs' competitiveness and access to trade finance	(INT/37/13)
Joint Integrated Technical Assistance Programme, JITAP I and JITAP II	(RAF/D2/50)

The sample covers multi-country projects, which address capacity building concerns at the level of the Trade Support Institutions (TSIs) and SMEs, as well as addressing different development concerns and crosscutting issues. The selected projects also cover most of the ITC competence areas, as can be seen in Table 2 below. JITAP is the largest programme among these in terms of budgets, duration, activity scope and beneficiary coverage.

It proved difficult to identify and locate end users who had participated in ITC supported interventions and with whom a discussion on the impact of ITC projects could have been carried out. The main reason was the absence of project records, which were not available at the intermediary organisations working with ITC; and the same organisations did not keep lists of end user participants. This difficulty in identifying end users clearly influenced the depth of the evaluation.

**Table 2: ITC Projects in Tunisia, by Competence Areas**

Competence area	No. of entries (of total 21 entries)	No. Of projects (of total 4)
Export strategy	5	2
Multilateral trade system and business implications	8	2
Enterprise management and competitiveness	4	1
Product and market development	3	
Market analysis and strategic market research	2	
Public-private partnership/ networking	2	
Trade in services	1	1
Trade information system	1	1
E-competence		
Trade finance	1	1
Standards and quality management	2	
Supply chain management	1	1
Export packaging	2	
Legal aspects	3	1
Institutional infrastructure strengthening	2	
<b>Cross cutting issues/ Development concerns</b>		
Environment concerns		
Gender		
Poverty reduction	1	1
Co-ordination with partners	4	2
South-South trade promotion	2	
Digital divide	13	5

The listing consists mainly of global and multi-country projects, as only one country project had been finalised by the beginning of the period selected for the Evaluation.

The Core Evaluator selected a local consultant with appropriate qualifications, experience and networks. This consultant was introduced to the project documents, methodology and tools during a workshop in Tunis before work began. The local consultant was responsible for identifying the contact persons and stakeholders for each project, gathering general background factual data needed for the study, preparing for interviews and assisting the Core Evaluator during the field mission.

Prior to the Core Evaluator's mission, the local consultant prepared country data sheets, project data sheets and TSI data sheets. The Core Evaluator visited Tunisia in July 2004 and followed a meeting schedule prepared by the local consultant. The data sheets were reviewed jointly with the local consultant both before and after each interview, in order to complete the information needed and adjust possible inaccuracies in the data gathered.

The local consultant was also responsible for identifying key contact points. In many cases, individuals who had been involved in a particular project had left the institution; nevertheless, to the extent possible, these persons were identified and interviewed. Only

detailed, qualitative evaluation questions were discussed with the various respondents in these interviews, in light of the data sheets prepared.

Among the difficulties encountered, the following are worth mentioning:

- Setting up meetings with selected key persons from General Directorate of Economic and Trade Co-operation (DGCEC).
- In some cases, information for projects reviewed was difficult to gather because the people who had been involved during the implementation of the project were no longer available, due to change of their positions.
- There were no available lists of end users who had participated in seminars. Hence it was difficult for the local consultant to identify those who had been involved in the projects.
- Interviewed ITC partners do not have a system for monitoring and evaluating activities at end user level. This absence of indicators made it difficult to evaluate ITC projects carried out by Trade Promotion Organisations (TPOs) targeting end users.

Meetings took place from 12-17 July 2004. In all, the Core Evaluator met with 17 respondents. These included ITC partners and counterparts for the various projects, non-partner TSIs, major donors and beneficiaries from some projects. Review of the visit took place on 17 July, with a listing of follow up actions for the local consultant.

Based on the interviews, a ranking for each project on the five recognised OECD/DAC<sup>1</sup> evaluation criteria was provided by the Evaluation on a 4-point Likert rating scale: 4 – Highly satisfactory; 3 – Satisfactory; 2 – Less than satisfactory; 1 – Highly unsatisfactory

The ITC project portal was consulted on the entries to Tunisia and supporting documents were made available by ITC staff in Geneva. A draft of the report was submitted to ITC for validation of facts in September 2004 and comments were received from ITC staff through December 2004.

Peer and external reviewers reviewed the Study during March, April and September 2005 and their comments were incorporated.

---

<sup>1</sup> The Development Assistance Committee of the Organisation for Economic Co-operation and Development

## 1.2 Country Profile

### Position in the Multilateral Trade System/Trade Structure

Tunisia is perhaps the most stable country in Africa. Even if the political leadership has promised reforms, Tunisia has not yet reached further than becoming a semi-democracy. Tunisia has a fair amount of freedom of speech and there is an official process leading towards democracy, but the pace has been slow.

Tunisia faces a number of challenges related to improving its economic growth and human development. Though Tunisia has an impressive record in poverty reduction over the years, poverty in the country remains considerably higher in rural areas. With 64% of the population living in cities and towns, Tunisia is among the most urbanised countries in the Middle East and North Africa. By the year 2020, the urban population is expected to reach 70%. Unemployment has remained relatively high at about 15% of the labour force. The two main challenges facing the labour market are stepping up the pace of job creation, and creating higher-skill jobs for an increasingly qualified work force. Reducing the costs of employment adjustments for enterprises and improving the targeting of labour market programs, such as public works, unemployment benefits, and employment services and training are additional challenges.

Reducing unemployment would call for a significant acceleration of growth, driven by increasing private investment. To boost private investment, Tunisia must open up to competition services still under the Government's umbrella, improve the business climate, and sustain the creation of small and medium enterprises.

Another challenge is the exposure to external volatility and the dependence on Europe for foreign exchange earnings. Tunisia's textile exporters are likely to face a serious challenge in maintaining market shares in traditional European markets - which currently absorb 94% of Tunisia's textile exports - with the gradual phasing-out of the Multi-Fiber Agreement quota systems by 2005. Furthermore, tariff reductions that will come as part of the EU Association Agreement may intensify the competition faced by domestic producers.

The Republic of Tunisia has progressed remarkably to a lower middle-income country status. The hallmark of Tunisia's external liberalisation strategy was signing the Association Agreement with the EU in 1995. The first such agreement between the EU and a Mediterranean country, creates a free trade area between Tunisia and the EU for manufacturing goods over a 12-year implementation period.

Tunisia adopted a package of economic and social measures with a view to becoming more competitive in the world economy. The Tunisian government gave priority to sustaining a sound macro-economic framework and deepening structural reforms. These initiatives contributed to an improved business climate, spurring private initiatives and making Tunisia more attractive to foreign investors. At the same time, Tunisia's structural

reforms were designed to make Tunisian enterprises more competitive with firms in Europe as well as in neighbouring countries.

The full implementation of the Association Agreement with the EU by 2008 and the phasing out of the Multi-fibre Agreement by 2005 - which consists of bilateral agreements establishing quotas to protect domestic textile industries - engender competitive challenges for Tunisia. More than 40% of Tunisia's total exports are concentrated in clothing, with 75% of total exports bound for the EU. Between 1991 and 1995 average manufacturing export growth rate was 12.9%, but between 1996 and 2002 export performance worsened, as manufacturing export growth rate decreased to 3.7%.

While governmental controls of economic affairs have gradually lessened through privatisation and other reforms, the government still controls important sectors of the Tunisian economy. The policy of the government is to reinforce the competitiveness of the economy, to promote the private sector and to integrate Tunisia into the global economy. The Tunisian government has undertaken a wide range of political, economic and social reforms in a relatively short period of time. These reforms have led to significant gains and have earned Tunisia a great deal of interest from the international community. Tunisia is regarded as a model of success for developing nations.

The government uses a consultative approach to making and implementing policy, with the views of the private sector and the trade unions incorporated in government deliberations. A broad-based participatory process is used in preparing the country's five-year development plans, providing major directions on development priorities.

A key element in Tunisia's competitiveness policies was to address the role of the State in the economy. Following independence, the political leadership opted initially for a state-led model of development. By the mid-1980s, public enterprises accounted for 30% of total value added and employment, as well as for 40% of total investment. Due to poor management and weak performance, though, some of the largest enterprises became highly indebted. In 1987 a programme of restructuring and privatisation was announced and by 1989 the legal framework was established; and a commission for the restructuring of public enterprises was set up, chaired by the Prime Minister, with authority over divestiture. The Tunisian government developed a privatisation plan to encourage investment.

A total of 158 government-owned companies have been sold off or liquidated since 1987 and 22 companies, including two major banks were privatised in 2002 to conclude the plan. The International Monetary Fund (IMF) issued a positive report on Tunisia's economy, stressing the importance of continued privatisation, subsidy cuts, restructuring of the banking and financial sector and multilateral trade liberalisation.

In the near future, Tunisian producers will face stronger competition in their export markets and in local markets, following the elimination of the Multi-Fibre Agreements - textiles and leather-ware make up half of Tunisian goods export. With the implementation, too, of the free trade provision of the agreement with the EU, there will

be the need to liberalise trade and extend it on a multilateral basis to avoid any distortions associated with partial trade liberalisation.

Most Tunisian businesses will face increased competition. The profitability of Tunisian enterprises will increasingly depend on the cost and quality of infrastructure and financial services. Yet infrastructure services, especially in transport, telecommunications and information are provided mostly by the public sector in markets that are not competitive. So while multilateral trade in Tunisia has become increasingly liberalised, progress on trade facilitation has been slow. The administration of customs clearance, port logistics and quality checks are costly to the private sector.

The Tunisian economy will soon be confronted, too, by the new challenges resulting from the implementation of the next phase of its free-trade agreement with the EU, which calls for dismantling tariffs and liberalising the service sector. A further challenge results from the EU's expansion to include Central and Eastern European countries. The focus of Tunisia's five-year development strategy, which calls for the acceleration of reforms, confirms its determination to be a major player in the push for European and regional integration.

### 1.3 Brief Summary of ITC Activities and Role

ITC has had a long tradition in Tunisia in providing Trade Related Technical Assistance (TRTA). During the eighties, ITC co-operated closely with the Ministry of Trade in the development of export strategies and the development of the Tunisia export trade promotion agency (Centre de Promotion des Exportations, or CEPEX). Since 1997, technical co-operation between ITC and Tunisia has been strengthened by the development and execution of the JITAP I & II.

The main ITC interventions are related to the following activities:

- Sector studies, training staff from the national trade promotion body and other TSIs, trade information systems, information management systems for the national trade promotion body to provide services to end users.
- Strengthening the national knowledge base on Multilateral Trade System (MTS), supporting integration into the multilateral system: through JITAP I and II by bringing trade as an engine for growth and poverty alleviation, and influencing domestic policies to support trade for development.
- Main findings on thematic issues.
- External environment.

#### Donor Perspectives

External finance and technical assistance are co-ordinated by a central ministry with close links to the country's medium-term financing plan and development priorities. Many donors are active in the country, focusing on lines such as the health sector, institutional building of public administrations and environment protection.

Donors active in TRTA include the World Bank, France, Germany (Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)), the United Nations Industrial Development Organisation (UNIDO) and the United Nations Development Programme (UNDP). Donor-financed areas linked to trade-related technical assistance include private sector development and capacity building for TSIs.

Co-operation between Europe and Tunisia is focused on a number of areas including:

- Macro-economic and fiscal reforms related to privatisation, the de-regulation of sea transport and ports, expansion of foreign trade, financial sector reforms, and public expenditure for social purposes;
- Private sector development, with technical assistance aimed at improving the economic environment for the private sector, especially in the areas of privatisation and competitiveness, with risk capital from the European Investment Bank to reinforce the capital of enterprises undergoing privatisation and restructuring.

Among the key donors/international organisations active in Tunisia and their on-going trade-related technical assistance programmes, the following can be mentioned:

### ***European Union***

The EU made a sector policy-based loan in health and is considering such lending in education and transport. The EU also plans to provide Budget Aid to the Social Sector Programme, which is being prepared.

Financial co-operation with Tunisia takes place through the MEDA programme. Between 1996 and 1999, under MEDA I, co-operation focused on economic transition and reform and socio-economic balance, with mainly two structural adjustment facilities and several technical assistance programmes to strengthen private sector development. The funds committed in this period amounted to around Euro 428 million.

MEDA II, which covers the period 2000 to 2006, supports the implementation of the Association Agreement. The trade objectives to be financed can be summarised as follows:

- Follow-up and implementation of the tariff dismantling envisaged in the Association Agreement for industrial products;
- Negotiation of liberalisation of trade in services;
- TRTA; and
- Rules of origin.

### ***World Bank***

The World Bank recently approved a USD<sup>2</sup> 36 million loan for the second Export Development Project (EDP II) in Tunisia. This project will build upon and anchor more deeply the institutional reforms started under the first Export Development Project (EDP I) with the aim of creating a conducive export environment and encourage trade. EDP II aims at developing a beneficial environment for export development and competitiveness. Through a series of knowledge transfer activities and lending services, the World Bank will provide assistance to the Government for its trade strategy.

Furthermore, the WB finances a programme, Fonds d'Accès aux Marchés d'Exportation (FAMEX), to provide assistance to private companies in areas such as export marketing, and to build capacity for providers of export services to enterprises.

### ***Deutsche Gesellschaft für Technische Zusammenarbeit (GTZ)***

Until the late 1980s, development co-operation with Tunisia focused on sectors including water management, drinking water supply, sewage disposal, environmental and resource conservation, rural development and vocational training. Since the year 2000, in consultation with the Tunisian Government, German Development Co-operation (GTZ) has been concentrating its programmes and projects on two priority areas:

---

<sup>2</sup> United States Dollar

- Economic promotion, and
- Environmental protection.

After the EU, GTZ remains the most significant donor in Tunisia in the area of trade-related technical assistance. In both priority areas, GTZ co-operates closely with KfW Entwicklungsbank (development bank). In the context of German-Tunisian technical co-operation, the project “International Trade Promotion” was launched at the beginning of 2004, with a value of Euro 600,000 over 3 years.

The project aims to facilitate access to information and services for enterprises concerned with trade liberalisation, to help enhance their competitive position. The project will be executed through capacity building in public and private trade promotion and TSIs. The project has four major components:

- Improvement of information.
- Capacity building for TSIs.
- Improvement of enterprise competitiveness.
- Partnership development for export-oriented enterprises.

Awareness of ITC activities in Tunisia was very limited and therefore the GTZ was unable to comment on comparative advantages of ITC.

### ***United Nations Conference on Trade and Development and World Trade Organisation***

Tunisia is currently a beneficiary among selected developing and African countries in a JITAP of the United Nations Conference on Trade and Development (UNCTAD)/World Trade Organisation (WTO)/ITC. Trade-related capacity building - TRTA - is a priority issue in multilateral trade and is a pillar for UNCTAD's work. It is also a priority objective in the WTO, including in the Doha Round, and an integral aspect of ITC's activities. The three agencies have brought their respective expertise and comparative advantages in TRTA together in implementing the JITAP. JITAP is a TRTA partnership between UNCTAD, WTO and ITC, financed by several donor countries. It is making a major contribution to the development of enabling policies, institutions and appropriate business climates for 16 developing African countries.

### ***Canadian International Development Agency***

Among other donor initiatives related to TRTA is the Canadian International Development Agency (CIDA) Private Sector Development Programme, which aims at fostering business-to-business co-operation between Tunisia and companies from Canada. The Private Sector Development Fund has a budget of 60 million Canadian Dollar for north-western Africa (Maghreb) as a whole. In Tunisia, it pursues two aims: to support the business sector directly and to foster an entrepreneurial environment. Initially, the PSDF concentrated primarily on foodstuffs, industrial products and high technology sectors, but since 2001, new information-communication technologies, agri-food, quality management and support for civil society have been the focus of the second phase.

### **Implications of Donor Perspectives for ITC**

Awareness of ITC activities in Tunisia was very limited and therefore the organisation was unable to comment on comparative advantages of ITC.

### **Role of Trade Promotion Organisations**

A number of trade support and export promotion institutions operate at both national and regional levels in Tunisia. Many of the TPOs lack the experience, resources and competence to provide quality services to existing and potential exporters. They express their need for qualified knowledge in trade information management and in capacity building.

A number of bodies under the Ministry of Trade are involved in foreign trade promotion, including Direction Générale de la Coopération Economique et Commerciale (DGCEC), which is mainly involved in the management of bilateral and multilateral agreements (UNCTAD and WTO). The main activities are concentrated on disseminating information on the opportunities and constraints of bilateral and multilateral agreements.

CEPEX was created in 1973 to support Tunisian exporters and foreign operators in their marketing efforts by providing them with a range of customised services. CEPEX has two funds at its disposal to promote and improve strategies and the export environment. They are: (i) “Fond de Promotion des Exportations” (FOPRODEX), which provides support to enterprises involved in direct export promotion activities such as trade fairs, exhibitions and delegations; and (ii) FAMEX, which is a joint World Bank-government programme providing assistance to private companies in areas such as export marketing and capacity building through business development service providers that are specialised in exports.

Professional associations, Union Tunisienne de l’Industrie, du Commerce et de l’Artisanat (UTICA) and chambers of commerce (including five regional chambers of commerce) intervene in the development of exports through activities such as: (i) studies, (ii) match-making arrangements, and (iii) the organisation of delegations for enterprises in foreign countries; in addition to providing seminars aimed at capacity building on trade information.

### **Digital Divide Issues**

Tunisia’s telecommunications sector is above average in some ways, relative to other Arab states as well as to other countries within its “lower middle income” classification as issued by the World Bank, and IMF. However, its telephone density remains below average relative to those of other lower middle-income states, as does the number of cellular subscribers.

Since the late 1990s, the Government of Tunisia (GOT) has designated Information and Communication Technologies (ICT) as a priority development sector. A central objective of the 10th Development Plan (2002-2006) is fostering the emergence of a knowledge-based economy. Increased competitiveness and economic diversification supported by

ICT is a key to Tunisia's economic growth; especially since exports will come under ever greater competitive pressure in the next few years and its internal market gear up to face the impending completion of the free trade zone with the EU by 2008.

In pursuing these goals, the GOT has successfully undertaken several measures aimed at enhancing the diffusion of ICT among enterprises and consumers. In this field, Tunisia is ahead of comparable countries and is the leader in the Middle East and North African Region (MENA). The GOT has, among other initiatives: (a) successfully developed the e-dinar platform<sup>3</sup>; (b) developed Tunisia e-procurement<sup>4</sup>; (c) contributed to the dissemination of ICT in trade facilitation programmes and policies such as Tunisia TradeNet (TTN) – see next paragraph; and (d) supported PubliNets (publicly supported Internet access Points)<sup>5</sup> and affordable PCs for the population at large.

Five years ago, Tunisia was in a good position to develop its information technology that is considered to be a key factor in trade performance, especially in the export of services, tourism and the development of efficient trade linkages. The TTN, which is a semi-public agency, was established in 2000 to operate a value-added network that provides electronic data interchange for stakeholders and to expedite the flows and processing of trade documents. TTN shareholders include ten government agencies and 18 private organisations, including several banks and the Tunisian Internet Agency. The system works with all the actors involved in international trade, including the customs agency, the Ministry of Commerce, technical control agencies, the Central Bank, ports, and private traders, agents, freight forwarders, customs brokers and banks.

The development of information technologies - considered by Government as an area of focus - encountered a number of difficulties, mostly related to inadequate regulations and a lack of competence among government administration bodies<sup>6</sup>. Telecommunications sector reform has been slower than in comparable developing countries in MENA and other regions. This is likely to constrain the growth of information-intensive sectors across the whole economy. Reform is also behind schedule relative to Tunisia's commitments under the WTO. In the last few years, other countries in the Middle East, such as the Lebanon and Dubai, have developed information technologies considered to be performing better than in Tunisia in terms of efficiency, price and management.

---

<sup>3</sup> The e-dinar platform is a secure virtual currency, which allows the payment of goods and service purchases over the Internet.

<sup>4</sup> Tunisia E-procurement is an initiative aiming at increasing the efficiency and transparency in current purchasing processes in government and creating a more homogeneous purchasing system among Maghreb countries.

<sup>5</sup> Publinet, was launched in Tunisia in 1998 with a mission to establish community telecentres that provide Internet access. Publinet services include: access to the Internet and the World Wide Web, access to email, technical support for clients and users. Future application areas include: electronic commerce and distance education.

<sup>6</sup> Interviews with officials from the Ministry of Trade - Tunisia.

## 1.4 Horizontal and Functional Themes

### Use of Department of Product and Market Development Tools and Projects

#### *Department of Product and Market Development Tools*

The most important stakeholder and beneficiary of ITC interventions in Tunisia is the DGCEC, under the Ministry of Trade. Tools and methodologies placed at the disposition of the DGCEC include The TradeMap and Market Map, financed by the JITAP programme and put to use at the Ministry of Trade. Visitors at the CEPEX library have access to ITC publications, which are available for reference.

About 25 participants received training in ITC tools and methodologies including TradeMap, Market Map and World Integrated Trade Solutions (WITS). Most of the participants were staff from the ministry involved in the JITAP programme. It is unclear whether any of the tools and methodologies acquired will reach end users. In the case of TradeMap, the only source available is at the reference centre at the ministry, and even the CEPEX is not linked to the system. The CEPEX has access to this database with, *a priori* the same password as that of the DGCEC. However, its use and its exploitation remain limited to internal work for the CEPEX. Other relevant stakeholders such as the Association of Advisers in Exports are unaware of this tool and have no access to it.

This situation emphasises two issues:

- Information-targeting at TPO level towards relevant stakeholders.
- Relevance in the selection of ITC partners. The sole purpose of the Association of Advisers in Export is to accompany enterprises in the development of their exports. Giving them access to tools made available by ITC would have enhanced the quality of information made available.

There is a clear need for trade information services in Tunisia. CEPEX has expressed its clear interest in developing trade information services and its strong need for capacity building in this field.

Interviewed stakeholders have shown very little awareness indeed of ITC product web sites such as those for textile and leather products.

CEPEX is receiving support from Canada to identify services, which can be fee-based and establish a payment system for such services. This was based on surveys, which have demonstrated the willingness of enterprises to pay for a number of services such as trade information, sector reports, training sessions and seminars.

The French Agency on International Business Development (UBIFrance), is an agency for the development of French industry overseas. UBIFrance promotes French technologies, know-how and expertise abroad. UBIFrance further offers French enterprises a complete range of products and services to support them in development on foreign markets, including information products, consulting and market supervision. This

is with the aim to work out French enterprises' strategy of development on the international level and promotional activities enhancing the development of partnerships with foreign companies. Furthermore, UBIFrance provides trade information systems, which are highly appreciated by stakeholders and described – in comparison with ITC system - as more complete, performing and accurate.

Recently, FAMEX was interested in organising capacity building on trade information services and contacted a number of providers for such services (including ITC) to negotiate the provision of such a service. However, FAMEX selected a provider but ITC, the main reason being its high price for fees. When asked for further information, FAMEX was not prepared to offer precise details.

### ***World Trade Net and Business Advisory Services***

World Trade Net and other Business Advisory Services (BAS) publications and guidebooks are available at the DGCEC reference centre, which was established in conjunction with the development of JITAP, and at the CEPEX library. CEPEX was also involved in adapting publications provided by BAS and in distributing copies to end-users.

At the individual level, business associations and exporting enterprises expressed their interest in the activities and tools initiated by BAS and aimed at stimulating SME competitiveness. The tools were designed to address trade credit issues and access bank credit. BAS has also adapted practical guides such as Trade secrets, How to approach banks and Secrets of electronic commerce in Tunisia.

Stakeholders mainly perceived the BAS activities as measures aimed at awareness raising in issues related to trade support. The publications were distributed free of charge as part of a project activity being implemented. It is considered that ITC could have used the willingness of some enterprises to pay to finance wider dissemination.

In the view of stakeholders, organising information events and the presentation of publications are welcome initiatives, but these should be supplemented by additional assistance in the form of examples of success, case studies, and expert advice related to real life situations. Coaching activities, aiming at relating publications to the particular situation of the enterprises, and motivating them towards taking initiatives, could also follow information and networking events.

## **Organisational and Management Aspects**

### ***Project Cycle Management***

#### *Project Identification*

There is a growing demand for ITC expertise in areas of capacity building and trade information systems. National counterparts had expressed needs where ITC has strong expertise, but they had been informed that these needs could not be met for lack of

financial resources at ITC. This creates frustrations at the beneficiary level. In the identification phase, there is a need for ITC and the stakeholders to have a common understanding of the opportunities that lie in developing assistance, and joint identification of sources of finance should be conducted.

According to beneficiaries, project needs assessments and project design are processes that are developed by ITC internally and are extremely tied to donor funding. Except for the case of JITAP I and II project needs assessment, project design and financial closure tend to be internalised in ITC in all projects. TSIs view the Project Cycle Management (PCM) approach as an internal process of ITC and hence they are not really involved in the process.

#### *Project Design*

All projects were considered to be relevant to the objectives of the government, its development policies and needs of the end users.

A number of the projects carried out had been designed so that they could be applied and implemented in a number of countries. The projects' resource allocation is divided across a large number of countries each year; consequently the scale of impact on recipients becomes limited. There are neither indications nor plans on how resources are distributed among the countries.

#### *Communication*

During project implementation, national counterparts are often left uninformed about project deadlines or about any delays caused for various reasons. In one case (capacity building for services exports) a project was terminated without full information being provided to the beneficiary.

#### *Monitoring*

There are no indications of project evaluations (performance and results) after termination of the project.

#### *Feedback to ITC*

Communication with ITC is mainly based on contacts with technical staff on a project-by-project basis. At the time of the field visit, there was only a very limited awareness of the role of the desk officer based in Geneva and in charge of co-ordinating technical co-operation activities between ITC and Tunisia.

### **Budgetary and Funding Issues**

Tunisia is not highly dependent on donor assistance, but it faces great challenges related to its integration in MTS. Donor presence is not as strong as in other countries and budget allocations have become smaller over the past decade.

Fund raising with donors for joint development of projects by ITC and potential beneficiaries needs to be enhanced. At the moment, awareness of ITC is restricted to a

very limited circle of stakeholders. Creating a higher awareness and visibility of ITC expertise and services among selected international donors in Tunisia could attract donor interest and result in a higher allocation of funds.

## 1.5 Country Level Evaluation

The following four projects reviewed for country-level studies in Tunisia are presented below in synoptic tables. Details of the Evaluation of each of the project activities reviewed are available in Annex 2.

**Table 3: Market Intelligence Follow-up to Improve the Market Information System of Selected Trade Promotion Organisations (INT/47/73)**

Status and duration	Initiated 05/11/2001 Completed: 31/12/2003
Beneficiary countries	Bolivia, Cameroon, Cape Verde, Côte d'Ivoire, Cuba, Dominican Republic, Jordan, Kenya, Philippines, Sri Lanka, Tunisia, Uganda and Zambia.
Coverage/Location	Tunis
Budget (Donor)	USD 338,972 – Netherlands Project activities were financed by Centre for the Promotion of Imports from Developing Countries (CBI), the Netherlands. The CEPEX contribution was in the form of organising the activities and financing the stay of ITC consultants.
Major Objectives	To strengthen the capacity of the beneficiary organisations to provide market information services.
Project results	Diagnosis was made of the Trade Information System available at CEPEX, which resulted in a number of recommendations for improvements. A 3-day seminar was organised by two ITC consultants on trade information systems in general. Beneficiaries interviewed expressed their full satisfaction with the involvement of the ITC staff, and their commitment. The beneficiaries were also satisfied with ITC expertise in the field and the recommendations made by ITC staff. However, the time allocated for such activities was considered too short and it was felt that more training was needed in order for them to reap full advantage of the expertise put at their disposition. The project has not brought changes to end-users as CEPEX still has not developed a system to be made available to end users. The training of CEPEX and other TSI staff increased knowledge, but there is no indication of the dissemination of the experience and knowledge among end users including enterprises and other intermediary organisations.

**Table 4: Capacity Building Among Small or Medium-sized Enterprises, Trade Support Institutions and Governments to Promote Exports of Services from Selected Francophone African Countries**

Status and duration	Initiated 21/02/2003 Completed: 30/03/2004
Beneficiary countries	Cameroon, Morocco and Tunisia
Coverage/Location	Tunis
Budget (Donor)	USD 133,258 – Norway
Major Objectives	To study services sector capacity and demand, build export capacity among SMEs; provide trainer-training workshops to associations; assist governments in promotion of services and conduct activities to foster networking and intra-regional trade.
Project results	The project included (1) awareness raising activities, (2) training of trainers, and (3) a survey of the service sector study in Tunisia. In the view of the stakeholders, such activities are considered as basic and could be provided by a large number of organisations and private service providers other than ITC. Project activities have generated a positive effect in raising awareness among the TSIs and enterprises in the service sector about potential positive effects that trade in services has in diversifying exports to improve trade performance. The project was planned to be finalised in March 2004. In the view of stakeholders interviewed, there were planned activities, which did not taken place and some did not meet the initial objectives set. Activities were not extensive enough to ensure sustainable transfer of knowledge.

**Table 5: Mediterranean 2000: Supporting Small or Medium-sized Enterprises' Competitiveness and Access to Trade Finance (INT/37/13)**

Status and duration	Initiated 01/03/1999 Completed: 31/01/2002
Beneficiary countries	Egypt, Eritrea, Ethiopia, Jordan, Lebanon, Palestine, Occupied Territory, Tunisia and Uganda;
Coverage/Location	Tunis
Budget (Donor)	USD 490,696 - Italy
Major Objectives	The aims was to focus on improving SME competitive capacity and access to finance
Project results	The approach was through training in the use of specifically designed tools. It adapted practical guides including Trade Secrets, How to Approach Banks and Secrets of Electronic Commerce at country level. The programme also included capacity-building activities for entrepreneurs in finance, competitiveness and e-commerce The activities were completed as targeted and according to the project document. Stakeholders interviewed expressed satisfaction with the content and quality of the publications but stated that they would have welcomed concrete examples of success stories, case studies, and expert advice related to their own real life situations.

**Table 6: Joint Integrated Technical Assistance Programme (JITAP I and JITAP II) - (RAF/D2/50)**

Status and duration	JITAP I: 1998-2002 JITAP II: Initiated 01/02/2003 To be completed: 31/12/2006
Beneficiary countries	Benin, Botswana, Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Kenya, Malawi, Mali, Mauritania, Mozambique, Senegal, Tanzania, Tunisia, Uganda and Zambia.
Coverage/Location	Tunisia
Budget (Donor)	For Tunisia USD 500,000 - Common Trust Fund (Phase II)
Major Objectives	The programme objectives are to build capacity and to strengthen the national knowledge base on MTS in partner countries for: More effective participation in trade negotiations, implementing WTO agreements, and formulating related trade policies; Improved supply capacity and market knowledge of exporting and export-ready enterprises, to derive benefits from business opportunities resulting from better market access under the MTS.
Project results	JITAP II was launched in February 2003 but there were delays in start-up, which affected follow-up activities from JITAP I. For JITAP I, work was completed in all clusters of the programme. In particular 1) Preparation of sector strategies for priority sectors for exports. This included carrying out supply surveys, preparing sector diagnostic studies and market orientation tours, developing sector strategies and adopting them at National Symposia. 2) Technical advisory missions for helping the National Enquiry Points to deal with Technical Barriers to Trade (TBT) issues and preparation of standards databases. 3) Up-dating of equipment and technical documentation at the MTS Reference Centres and the National Enquiry Points.

### ITC Performance Regarding the Five Evaluation Criteria

This section summarises the projects reviewed in Tunisia in the light of the five recognised DAC performance evaluation criteria. It presents the views of the various stakeholders - national partner institutions, donor community and other administrative bodies, such as line ministries, non-partnering TSIs met during the field study, as well as beneficiary enterprises and individuals. In Tunisia, views came mainly from the Ministry of Trade, DGCEC, CEPEX, FAMEX, UTICA and the Association of Advisers in Exports.

The Evaluation used a Likert Scale of 1 to 4 as possible scores for each project and the aggregate scores for the country level. It should be borne in mind that these scores are perceptual, based on the interviews held with the various stakeholders.

The evaluation of the performance of the projects reviewed in terms of the five evaluation criteria are only seen in light of the project activities within Tunisia. Scores do not reflect the overall performance of a project in multi-country implementation.

**Table 7: Summary of Projects Evaluated in Tunisia**

<i>ITC Intervention</i>	<i>Relevance</i>	<i>Efficiency</i>	<i>Effectiveness</i>	<i>Impact</i>	<i>Sustainability</i>
Market intelligence follow-up to improve the market information system of selected TPOs.	Objectives consistent with beneficiaries' requirements, country needs, global priorities and partners.	Work performed in an efficient manner within the limited budgeted resources.	The activities have partly achieved their planned results.	Limited scale of impact due to the small scale of the project.	ITC intervention insufficient to ensure replication of the know-how transferred.
Capacity building among SMEs, TSIs and governments to promote exports of services from selected francophone African countries.	Project highly relevant as it meets Tunisian needs, and is an issue of focus in Tunisia.	A number of outputs seem not to have been achieved by the project's end; resources were insufficient to achieve the outputs.	Effectiveness limited to awareness raising of beneficiaries Target Group of trainers not highly relevant.	No documentation on project impact induced by changes in end-users' capacities at enterprise level.	Multiplier effect not present for capacity building.
Mediterranean 2000: supporting SMEs' competitiveness and access to trade finance.	Activities and subjects relevant to beneficiaries' needs.	Outputs met timely and according to project documents.	Limited outreach Cost effectiveness could have been higher if activity had been duplicated.	Low impact due to lack of promotion and follow up.	No feedback system for updating the publications.
Joint Integrated Technical Assistance Programme JITAP I and JITAP II (*)	Highly relevant	Outputs were provided according to the agreed timetable, no delays in the implementation of the programme.	Objectives reached judging by project documents and the report of the summative evaluation.	Human Resource Development on MTS improved, reference centres, strategy papers, Ministry of Trade higher awareness of its role.	Need to continue activities to ensure sustainability. Need to ensure counterpart funding (summative evaluation <sup>7</sup> ).

\*) : Newly approved project

<sup>7</sup> Report of The Summative Evaluation Of The Joint Integrated Technical Assistance Programme (JITAP).

### **Rating by Evaluation Criteria**

The following section presents the evaluation of ITC intervention in the country.

#### ***Relevance***

Rating: 3.5 out of 4

Practically all stakeholders interviewed were of the opinion that the ITC objectives defined in the projects were consistent with beneficiaries' requirements, country needs, global priorities and partnerships. Project formulations and design were seen to be highly relevant, as they meet recognised Tunisian needs.

The trade information systems and capacity building activities were also perceived as highly relevant to beneficiaries' needs. The beneficiaries see the ITC as having special expertise in trade development.

The beneficiaries, especially the national counterparts, submitted that activities under JITAP were highly relevant. They addressed the principal needs of trade negotiators in implementing the WTO agreements, including setting up the country's nominated national enquiry points under various WTO requirements and disseminating the trade requirements among the principal stakeholder groups. They also emphasised the importance of the sector-export strategies and a national export strategy for Tunisia, which allowed the identification of important trade constraints that would need to be overcome in implementing such strategies.

#### ***Efficiency***

Rating: 3 out of 4

In general beneficiaries expressed satisfaction with the involvement of the ITC staff and their commitment. They were also satisfied with ITC expertise delivered in the field and recommendations provided by ITC staff.

In the case of market intelligence follow-up so as to improve the market information system of selected TPOs, the work was considered to have been performed in an efficient manner and some outputs achieved, despite limited budgeted resources.

As a result of delays, a number of outputs seem not to have been achieved in the capacity building project among SMEs, TSIs and governments to promote exports of services from selected francophone African countries. The beneficiaries found that the activities were limited to awareness raising and a training of trainers scheme, which was too short and shallow. In the view of the stakeholders, such activities were basic and could be provided by a large number of organisations and private service providers but ITC.

For JITAP activities, outputs were provided according to the agreed timetable with no delays in the implementation. Thus the rating of 3 awarded to ITC activities under this criterion is based on the combination of efficiency of overall delivery and outputs deliveries, in a timely manner.

***Effectiveness***

Rating: 2 out of 4

The overall effectiveness is reduced, reflecting the fact that ITC activities only partly achieved their planned results. In general, the approach was limited to awareness raising of beneficiaries and capacity building among SMEs, TSIs and governments, to promote exports of Services through a target group of trainers. This was, however, not viewed as highly relevant. The planned specific results were not achieved nor are they likely to be achieved in the future unless inter-regional activities are carried out. ITC's reaction was that the funds were already utilised and it was not possible to implement further activities in Tunisia.

For JITAP I, there is a general consensus among beneficiaries that objectives were reached according to project documents, and this is also confirmed in the report of the summative evaluation of JITAP I. However, whilst beneficiaries benefited from the use of ITC tools, methodologies and the practical hands-on-approach for strategy development, it is doubtful whether any of the tools and methodologies acquired will be of any real use to end users. In the case of TradeMap, the only source available is at the reference centre at the ministry, and even the CEPEX is not linked to the system.

***Impact***

Rating: 2.5 out of 4

The scale of impact of the ITC interventions on Tunisia, is considerably limited by the fact that the changes brought by ITC activities were mainly related to awareness raising and improving knowledge on information sources. With the exception of JITAP programme, there was no follow up to determine the impact of the activities. Documentation on project impact induced by changes in end-users' capacities at enterprise level was not available, and there were no indicators for measurement of performance. The Evaluation was often informed that the beneficiary had neither the capacity nor the experience to monitor and appraise the performance and impact of activities.

***Sustainability***

Rating: 2.5 out of 4

Overall there is no indication of the dissemination of the experience and knowledge among end users, including enterprises and other intermediary organisations (e.g. market intelligence follow up project). In the field of capacity building, the transfer of skills to target groups has not led to the achievement of the replication of activities and a multiplier effect to the benefit of end users.

**Table 8: Summary: Performance of ITC Intervention**

ITC performance	Relevance	Efficiency	Effectiveness	Impact	Sustainability
Market intelligence follow-up to improve the market information system of selected TPO (Weight 20%).	4	3	2	2	2
Capacity building among SMEs, TSIs and governments to promote exports of services from selected francophone African countries (Weight 20%).	3	2	2	2	2
Mediterranean 2000: supporting SMEs' competitiveness and access to trade finance. (Weight 20%).	3	3	2	2	2
Joint Integrated Technical Assistance Programme JITAP I and JITAP II *) (Weight 40%).	4	3	2	3	3
Overall Mean Score	3.5	3	2	2.5	2.5

\*): JITAP II is a newly approved project. The evaluation is based on interviews with stakeholders and reviewing project documents. Score on a scale of 1-4. 1: highly unsatisfactory and 4: highly satisfactory

### **Analysis of Strengths, Weaknesses, Opportunities and Threats (SWOT)**

Based on interviews with stakeholders, the strengths and weaknesses of ITC performance as well as opportunities and threats, which are likely to be faced by ITC are summarised as follows:

**Table 9: Strengths Weaknesses Opportunities and Threats Analysis of ITC Interventions in Tunisia**

<b>Strengths</b>	<b>Weaknesses</b>
<p>Expertise &amp; Products: ITC's expertise in the market for trade information systems acknowledged by the partners who work with ITC.</p> <p>Joint Projects: JITAPI is considered as a success and maintains the level of awareness of ITC and its areas of expertise.</p>	<p>ITC interventions are limited to awareness raising; capacity building is minimal and follow up is non-existent.</p> <p>Overall low awareness of ITC portfolio of services even among national counterpart.</p> <p>ITC Network: Limited to DGEC and CEPEX; very limited awareness of ITC among TSIs and donors. Contact concentrated on official TPO.</p>
<b>Opportunities</b>	<b>Barriers or threats</b>
<p>Trade information systems and capacity building of TSIs strongly demanded in Tunisia.</p> <p>Willingness to pay for publications and services as "Price" perceived by enterprises and adds value to the product.</p> <p>Emerging TSIs are eager to develop their competencies and have needs, which match ITC expertise areas.</p> <p>Dialogue between government and Private sector on country strategy priorities is taking place, resulting recommendations need to be implemented.</p>	<p>Progress on trade facilitation has been slow in Tunisia despite efforts to liberalise trade.</p> <p>Donor financing in Tunisia in TRTA is limited, which poses a constraint on ITC initiatives in Tunisia. Alternative products and services to ITC (e.g. UBIFrance for trade information systems) are available and selected by beneficiaries.</p>

The main strength of ITC is their expertise and tools on trade development and trade information systems. The main weaknesses are their interventions where capacity building is limited to awareness raising, with no follow-up. Awareness of ITC is low yet ITC's role in developing trade information systems and capacity building seems to have a potential in Tunisia, as these areas are strongly demanded by emerging TSIs.

## 1.6 Conclusions and Recommendations for Future Action

### Conclusions

#### *Perception of ITC*

In the case of respondents who are aware of ITC interventions, ITC products are appreciated for their high quality, especially with regard to market information systems. The project objectives and needs assessments have demonstrated the capacity of ITC to identify highly useful initiatives and areas that are highly relevant to beneficiaries' needs. However, the overall awareness of ITC's range of interventions is very low, even among the partnering TPO. Donors in Tunisia are mostly unaware of ITC activities and initiatives undertaken in the country.

#### *Outreach*

For ITC activities in general, and for the Division of Product and Market Development (DPMD) tools in particular, information available at intermediary level must be more widely disseminated. Market information systems have been developed at the national counterpart level but are only made available for internal use.

Overall there is little indication of the dissemination of experience and knowledge among end users, including enterprises and other intermediary organisations (e.g. market intelligence follow up project). In the field of capacity building, the transfer of skills to target groups has not led to the replication of activities or any multiplier effect to the benefit of end users.

#### *Limited Network and Partnerships*

Although ITC has a long association with Tunisia in providing TRTA, its reach and visibility have focused mainly on contacts with the Ministry of Trade and the national TPO (CEPEX). Technical co-operation has focused on capacity building for bodies under the Ministry. This strategy has its limitations, since the dissemination of knowledge through this organisation is limited by its capacity, resources and reach. The partnering with the national counterpart organisation (CEPEX) and contacts with the Ministry of Trade are seen by stakeholders as bureaucratic and rigid. At one level, this is relevant and necessary, but direct contacts could also be established with stakeholders.

Therefore, in addition to the national counterpart, a more active engagement with apex industry bodies is necessary - including national and regional chambers of commerce, professional associations (UTICA, Association of Advisers in Exports). This would present clear advantages in disseminating knowledge to the end users, and in facilitating replication of ITC activities and initiatives.

#### *Performance*

With the exception of JITAP, ITC's interventions in Tunisia, while relevant, are not highly valued by beneficiaries in terms of effectiveness, impact, outreach and sustainability. Overall, national counterparts are satisfied with the efficiency with which

projects have been implemented. In one case, though, (capacity building for services exports) a project was terminated with outputs not fully achieved and without the provision of full information to the beneficiary. This project aimed at training trainers in export service development and creating partnerships with other participating countries. The evaluation showed that capacity building had been limited to awareness raising, which failed to meet the original objectives of the project.

Whilst beneficiaries interviewed expressed their satisfaction with the content and quality of ITC seminars and publications, they also expressed the need for a higher training component that relates the participants to real life situations. This could be through case studies, lessons learned from success stories, and the availability of expert advice on particular issues.

Follow-up activities on ITC interventions were not conducted in any of the three projects reviewed. The need for follow-up was clearly expressed by beneficiaries to ensure that knowledge transferred is assimilated in an appropriate manner. Types of follow-up that were mentioned included the need to keep contact with ITC. Respondents also expressed their wish for coaching in the development and implementation of activities and recommendations given in the course of the projects.

Performance measurement is weak. Beneficiaries from initiatives carried out by the ITC, mainly CEPEX, have no effective system in place to appraise the effects of capacity building activities targeted to end-users, and to allow for adjustments during implementation.

## **Recommendations**

### ***Enhanced visibility in Tunisia***

**Awareness of ITC expertise:** there is the need to improve awareness of ITC products and services at country level, among a wider range of stakeholders including TSIs and donor organisations. This would allow stakeholders to better identify areas where needs could be matched with ITC resources. Inputs from stakeholders in Tunisia could generate project ideas at ITC and would allow for better screening of opportunities, and matching of country needs and ITC expertise.

**Promotional aspects:** promotion activities are needed to be carried out in Tunisia to increase the awareness of ITC activities among stakeholders and donor organisations. The promotion activities would also facilitate ITC's capacity to identify project ideas and country needs, and also increase fund raising. This would allow ITC to receive feedback on needs for its expertise and collect ideas from stakeholders, thus providing ITC with appropriate inputs for the design of tailor made projects.

**Enhanced communication:** ITC contacts are project-based in Tunisia and stakeholders feel the need to have an ITC representative to refer to. There was very little awareness among beneficiaries of a desk officer at ITC in charge of co-ordinating technical co-operation between ITC and Tunisia. This would point to the need to raise ITC's visibility.

*Improving performance*

- **Project Design:** There is a need at the design stage to establish indicators for performance and impact. A review of project documents showed a deficiency in objectively verifiable indicators and their identified sources, to monitor project performance.

Capacity building should include provisions so that the knowledge imparted by ITC would be disseminated to the final end users to ensure the effectiveness and impact of activities carried out.

**Follow-up on project activities:** There is the need to diversify contacts and spread the knowledge received to other intermediary agencies involved in TRTA services. The scale of outreach would ultimately be higher and the impact of ITC activities would be enhanced.

The recommendation is to go beyond awareness raising and consider follow up activities and the coaching of beneficiaries. Tunisia's maturity level and its realisation of the need for trade development have increased significantly over the last decade.

**Dissemination of tools and methodologies:** efforts should be deployed to ensure a wider use of tools and methodologies made available by ITC in Tunisia. Targets could be TSIs other than the national counterpart as well as private enterprises. Access to ITC databases (studies and other sources of information) could be made through a form of payment, to be established in consultation with the national counterpart.

**Use of local content:** Tunisia has qualified and competent experts and consulting companies that could be involved in the technical co-operation between Tunisia and ITC. Service providers could be an effective conveyor of business-specific information and could assist in the national capacity building effort. The use of export service providers from the private sector would ensure the multiplier effect of activities and sustainability. Members of the Association of Advisers in Exports could be possible partners.

**Willingness to pay:** willingness to pay for publications and services in Tunisia was expressed by stakeholders as a potential opportunity for ITC services and a means for wider dissemination of information. There are examples of foreign organisations that have been paid partially and/or fully for providing services (e.g. trade management information); CEPEX is now developing fee-based services. In Tunisia, ITC might well consider the following options:

Combining its donor-financed projects with fee-based services; for example, publications could be sold and fees charged for training in trade service information or for participation in workshops and seminars. Rates could be established jointly with intermediary partners.

Pricing any fully paid or even partially paid services needs care. Where services are demanded on a purely commercial basis, the option requires careful attention. This is because whether ITC services are used or not will depend on the competitiveness of its costing and the availability of similar services also receiving donor support.

***Diversification of Partnerships with Trade Support Institutions***

ITC should explore increasing its partnership with national TSIs and expand its visibility and reach in Tunisia through:

- Chambers of commerce, including five regional chambers of commerce, FAMEX and UTICA, which all have a regional reach to the private sector.
- Professional associations, such as the Association of Advisers in Exports, which are involved in providing advice in trade and export development to private sector enterprises.

**Annexes**

Annex 1. Country Trade and Development Context

Annex 2. Country Portfolio Database

Annex 3. Results of Field Research on a Project-by-Project Basis

Annex 4. List of Trade Promotion Organisations and Trade Support Institutions

Annex 5. List of Contacts

Annex 6. List of Data Sheets

## Annex 1. Country Trade and Development Context

### *Economic profile*

In economic terms, Tunisia ranks among the most competitive countries on the African continent. The economy of Tunisia is diverse and features strong manufacturing, tourism, and private service sectors. Its economic growth is based on oil and gas, the development of the textile industry and tourism. The government is oriented toward a free market policy through reducing fiscal deficits, liberalising prices, trade, liberalising investment controls and decreasing the emphasis on the public sector to free up resources for the private sector.

Key features of Tunisia's economic profile include:<sup>8</sup>

- Industry, which is the largest sector in the Tunisian economy and whose recent growth has been a result of the development of the manufacturing sector, which alone accounts for 20% of the country's GDP and comprises five main sectors: textiles, food-processing, mechanical and electrical industries, construction materials and chemicals (phosphate processing).
- Tunisia's agriculture sector, which accounts for 14% of GDP and employs approximately one fifth of the total labour force. Crop production in Tunisia varies annually due to unpredictable weather conditions and frequent drought.
- Services, a sector that accounts for some 53% of GDP. Tourism, traditionally the country's second largest foreign exchange earner, is prominent in the service sector, typically contributing some 10% of GDP.

**Table Annex 1.1: Exports of Goods and Services**

Exports by sector at current prices in 2003	TND <sup>9</sup> million	%
Goods	10,804.0	75.4
Services	3,531.0	24.6
Total exports in goods and services	14,335.0	100.0

Source: Ministry of Development and International Co-operation

GDP growth averaged 5.2% annually in 1995–2000, but fell to an average of 3.8% in 2000–2003. However, improved climatic conditions and increased tourism due to global economic recovery meant growth was at 4.7% in 2003 and it was predicted to increase to around 5.5% in 2004.

<sup>8</sup> Official data from The Tunisian Ministry of Development and International Cooperation.

<sup>9</sup> Tunisian Dinars

**Table Annex 1.2: Distribution of Gross Domestic Product (GDP)**

GDP breakdown at current prices in 2003	TND million	% share
Agriculture and fishing	3,891	14
Manufacturing industries	5,859	21
Non manufacturing industries	3,373	12
Services	15,085.6	53
GDP at factors cost	28,210.2	100

Tunisian Ministry of Development and International Co-operation

**Table Annex 1.3: Ratio of Trade to Gross Domestic Product (GDP) components**

	1999	2002	2003
Exports of goods and services (% of GDP)	42.6	44.8	46.2
Imports of goods and services (% of GDP)	44.8	49.1	50.3
Trade in goods as a share of GDP (%)	69.0	77.7	..
Trade in goods as a share of goods GDP (%)	167.3	196.2	..

Source: World Development Indicators database, August 2004

**Table Annex 1.4: Main Trading Partners**

Tunisia's principal export destinations, 2003		Tunisia's principal import sources, 2003:	
1 France	31.5%	1 France	26.5%
2 Italy	20.4%	2 Italy	20.3%
3 Germany	10.7%	3 Germany	8.8%
4 Libya	4.9%	4 Spain	5.2%
5 Belgium	4.5%	5 Libya	3.5%

## Main Sectors

As stated above, Tunisia's GDP comes from three main sectors – Agriculture, Industry and Services.

### *Agriculture*

Agriculture is very important in the national economy as the sector accounts for 14% of the GDP and employs approximately one fifth of the total labour force. The main agricultural products include wheat, barley, grapes, olive, date palm and orange. 60% of grains are self-supplied in normal years. Other crops are cereals, citrus fruit, tomatoes, melons, olives, dates, and grapes. Olive oil is an important export, but it faces stiff competition from Spanish and Italian olive oil.

Crop production in Tunisia varies annually due to unpredictable weather conditions and frequent drought. The supply of natural, fresh water resources is limited and a growing population base has intensified pressure on the agricultural sector. However, the privatisation of state owned farms has led to growth in many agro-industries, including dairy, poultry and wine. The agricultural sector is in need of modernisation and this has

created a strong demand for equipment, in particular grain silos/elevators and other farm implements.

Fish is Tunisia's second most important food export, with the industry growing steadily at 4-5% annually. The government supports the industry with significant investment, including the development and upgrading of 30 fishing ports and funding for research and training. The government is also trying to reduce over-fishing in the Gulf of Gabès and develop fishing waters in the north.

### **Industry**

The Tunisian government has created a number of initiatives in the hopes of securing increased export-driven economic growth. Merchandise exports are a major factor in the high fiscal growth rate in Tunisia, as well as an important sector to provide employment. The main industries include oil refining, a chemical industry with phosphate as raw materials, textiles and steel. The major products include crude oil, fertiliser, cement, textile products and leather products. Textiles are the dominating force behind the sector, as tourism is to services. However, the recent development of an electronic components industry has driven the sector's recent growth. Electrical components are produced primarily for the export market, and now total USD 500 million.

Exports from the manufacturing sector are also diversified: in 2003, the electric and mechanical industry represented 20.5% of the total export of goods, while the textiles and leather industry represented 47%.

Tunisia's industrial sector is comprised of 5,262 enterprises having ten or more employees, of which 2,292 are wholly exporting enterprises<sup>10</sup>.

**Table Annex 1.5: Tunisia's industrial sector**

Sectors	TE*	OTE**	Total	%
Food Processing	98	702	800	15
Building Materials, Ceramics & Glass	15	394	409	8
Mechanical and Metal Works	52	412	464	9
Electric and Electronics	130	132	262	5
Chemical (not including plastic industries)	23	190	213	4
Textiles and Clothing	1,690	445	2,135	40
Wood, Cork and Furniture	22	185	207	4
Leather and Shoes	188	120	308	6
Diverse	74	390	464	9
Total	2,292	2,970	5,262	100

\*TE totally Exporting. \*\* Other than Totally Exporting.

<sup>10</sup> Source: Industry Promotion Agency - April 2003.

A key element in Tunisia's competitiveness policies was to address the role of the State in the economy. Following independence, the leadership opted for a state-led model of development. By the mid-1980s, public enterprises accounted for 30% of total value-added and employment, as well as 40% of total investment. Due to poor management and weak performance, some of the largest enterprises became highly indebted. In 1987, a programme of restructuring and privatisation was announced and by 1989 the legal framework was established and a Commission for Restructuring of public enterprises was set up, chaired by the Prime Minister with authority over divestiture. The Tunisian Government developed a privatisation plan to encourage investment. 158 government-owned companies have been sold off or liquidated since 1987 and 22 companies, including two major banks, were privatised in 2002 to conclude the plan. The IMF issued a positive report on Tunisia's economy, stressing the importance of continued privatisation, subsidy cuts, the restructuring of the banking and financial sector and multilateral trade liberalisation.

### ***Services***

A significant feature of the Tunisian export economy was the establishment of the offshore sector designed to offset the anti-export bias of the protected domestic economy. Under the "off-shore"<sup>11</sup> system, 60% of exports are manufactured by wholly exporting companies, which can utilise these imported inputs duty free.

Offshore enterprises consisted of some 2,324 enterprises in 2004 according to the Tunisian Industry Promotion Agency. They export 80% of their production, accounting for 80% of manufactured exports. More than 60% of manufactured exports are in the form of textiles and garments, half of which are produced by offshore enterprises through subcontracting by foreign investors.

Offshore firms operate under specific incentives and rules and are exposed to much more external competition than other enterprises in the on-shore sector. The offshore sector is not well integrated in the domestic economy and thus has not acted as a catalyst for raising domestic efficiency and competitiveness.

### **Physical Infrastructure**

The Tunisian infrastructure includes:

#### ***Transportation***

- 19,000 kilometres network of roads with another highway project under construction.
- 2,000 kilometres railroad network.

---

<sup>11</sup> The "off-shore" system permits exporters to bring machinery and goods into Tunisia duty free, on the condition that the finished goods are re-exported. Approximately one third of Tunisian imports serve these offshore manufacturers.

- 8 commercial seaports with necessary facilities, which handle sea-freight traffic of 23 million tons per year. About 20 connections towards Marseilles, Genoa and Barcelona are provided weekly.
- Seven international airports. 56 airlines companies stop in Tunisia, offering particularly 166 scheduled flights to Europe per week.
- Two operational free trade zones: Bizerte in the north and Zarzis in the south.
- 62 industrial parks across the country.
- Telecommunications
- Tunisia is undergoing a rapid development in the telecommunications sector. This is one of the most dynamic sectors and it enjoys one of the highest growth rates. Investments increased from TND 160 million in the 6th Plan (1987-1991) to TND 1.5 billion in the 9th Plan (1997-2001). The yearly growth rate is 17%.
- In 2003, the number of customers with landlines was 1,164,000 and is projected to increase to 2 million during 2006. Tunisia launched its first global standard for mobile communications (GSM) cellular phone network in 1996 for 30,000 subscribers. Since then, the subscriber base has grown substantially. There were 1,919,000 GSM 900 customers in 2003 and this number is expected to grow to some 3 million in 2006. The density of land and mobile lines was 31 lines/100 inhabitants in 2003, and is projected to increase to 50 lines/100 inhabitants by 2006 (20 lines/100 inhabitants for landlines and 30 lines/100 inhabitants for mobile lines)<sup>12</sup>. Internet use is also on the rise, with an increase from 150,000 users in 2001 to 500,000 users in 2002.
- The Global Information Technology Report 2002-2003 published by the World Economic Forum ranked Tunisia 34th in the Networked Readiness Index, which covers 82 countries. Tunisia holds the highest ranking in Africa and in the Arab world.

### ***Investment***

Tunisia is open to Foreign Direct Investment (FDI). No prior authorisation is required to invest in most industrial sectors or in the tourist industry. Approval from a special commission on investment is necessary for majority shareholding in the commercial sector, in transportation and a number of other service sectors.

Foreign investment has recently increased in high added value industries. FDI in particular has grown and represents 10% of productive investment. It generates one-third of exports and one-sixth of total employment. The total FDI in Tunisia for 2000 was USD 1.1 billion.

Foreign investment is discouraged in restaurants, real estate and retail distribution. To assist in the goal of increasing the competitiveness of the economy, the GOT seeks foreign investment that will increase profits from exports and increase technology

---

<sup>12</sup> Data from the Tunisian Ministry of Communication Technologies, 2003

transfer. The government allows a minimal amount of foreign investment to compete with domestic industries and actively promotes the local labour force and minimises risks of layoffs.

The government is protective of the agricultural sector and foreign ownership of agricultural land is prohibited. However, foreign investment is actively promoted in agricultural export projects.

France is the largest single source of FDI, followed by Italy, Germany, Switzerland and Belgium. As of 2000, an estimated 1,600 companies had been established as a result of FDI. The energy sector, predominantly in the areas of petroleum exploration and development, boasts the largest foreign investors, followed by telecommunications and electronics, the automotive industry and finally, food products.

Investment in the Manufacturing Industries increased from TND 513 million in 1992 to TND 1,064 millions in 2001, representing average annual growth of 8%<sup>13</sup>. (At the time when the country evaluation was carried out, more up-to-date data had not yet been collated).

---

<sup>13</sup> Source: Ministry of Economic Development

Table Annex 2.1: Country Portfolio Database

TUNISIA		No. of entries	Section	Closing date	Donor
Country & Project Title	Code				
Conseiller en gestion des approvisionnements importes	INT/27/08A	1	IPSMS		France
Seminar of TBT & SPS	INT/36/02A	2	OASEC	2000	IDB
MEDITERRANEAN 2000: supp. SMEs' competitiveness and access to trade finance	INT/37/13A	3	BAS	2002	Italy
Market intelligence follow-up to improve the market info system of TPO	INT/47/73A	4	TIS	2003	Netherlands
Capacity building among SMEs, TIS and Gov. on trade in services to Africa	INT/50/45A	5	TSU	2004	Norway
Market access initiative		6	OASEC	2003	W1-3
Programme development: market access initiative of NEPAD with ref. to ITC services	INT/W3/83A	7			
Programme development during executive forum for Cancun	INT/W3/99/a	8	OD	2003	w1-3
Competitiveness tools fair	INT/W4/64A	9	OA	2003	w1-4
Evaluation of meeting in Africa	INT/W6/10A	10	MDS	2004	w1-6
Integrated leather sector export	RAF/47/72A	11	MDS	2004	Netherlands
JITAP II – co-ordination Unit	RAF/d2/50A	12	OA	2006	Ctf*
ITC component of JITAP	RAF/D2/53A	13	OA	2006	Ctf
Mise au niveau des capacités nationales pour gérer MTS	TUN/96/007A	14	OASEC		
Mise au niveau des capacités		15	OASEC	2001	UNDP
Integrated program management		16	OA	2002	Ctf
Support for MTS institutions	TUN/C2/02A	17	OA	2002	Ctf
JITAP, Tunisia cluster 4		18	OA	2002	W2
REFERENCE CENTRES		19	OA	2002	w2
Human Resource Development & improvement in MTS	TUN/C2/08A	20	OA	2002	Ctf
Sub allotment to WTO/UNCTAD		21	OA	2002	w2

\* ctf: Common Trust Fund from JITAP

### **Annex 3. Results of Field Research on a Project by Project Basis**

The project database of ITC for the period 2001 to 2004 shows 21 entries for Tunisia. Several of these relate to the same projects, with the result that Tunisia benefited from seven ITC projects according to the database. There is one country-specific project while the remaining projects are multi-country programmes.

The following projects were selected and reviewed by the Evaluation:

- Market intelligence follow up to improve the market information system of selected TPOs (INT/47/73).
- Capacity building among SMEs, TSIs and governments to promote exports of services from selected francophone African countries (INT/50/45).
- Mediterranean 2000: supporting SMEs' competitiveness and access to trade finance (INT/37/13).
- JITAP II (RAF/D2/50).

The information on project descriptions is based on documents made available by ITC. The Evaluation has to the best of its knowledge identified the contact persons provided by ITC. Thus, the information provided here is based on interviews carried out with direct sources and individuals who were directly involved in the projects reviewed.

**Table Annex 3.1: Project Overview**

Project name	Summary of goals stated in project documents	Cost (as per project portal data)	Estimated cost invested in country
1. Market intelligence follow-up to improve the market information system of selected TPO	This project responded to requests for follow-up assistance in strengthening the capacity of participating institutions in management and delivery of trade information.	USD 338,972	
2. Capacity Building Among SMEs, TSIs and Governments to Promote Exports of Services from Selected Francophone African Countries	The goals were to study services sector capacity and demand, build export capacity among SMEs; to provide train the trainer workshops to associations; to assist governments in promotion of services and to conduct activities to foster networking and intra-regional trade.	USD 133,258	
3. Mediterranean 2000: Supporting SMEs' Competitiveness and Access to Trade Finance	The aim of the project was to focus on improving SME competitive capacity and access to finance.	USD 490,696	
4. Joint Integrated Technical Assistance Programme JITAP I and JITAP II	Programme objectives are to build capacity and to strengthen national knowledge base on Multilateral Trading System in partner countries, Export Strategy Development, Market linkages.	JITAP I: USD 622,000 JITAP II USD: 12,600,000	JITAP I: USD 46,042 Expected: USD: 500,000

***1. Market intelligence follow-up to improve the market information system of selected Trade Promotion Organisations (INT/47/73)***

*Project Background*

Beneficiary countries:	Bolivia, Cameroon, Cape Verde, Côte d'Ivoire, Cuba, Dominican Republic, Jordan, Kenya, Philippines, Sri Lanka, Tunisia, Uganda and Zambia.
Project Value:	USD 338,972
Finance source:	Netherlands
Start Date:	05/11/2001
Close Date:	31/12/2003

Following the identification of the strengths and weaknesses of the trade information capacity of institutions that participated in CBI's Market Intel Seminar Programme (2000, 2001, 2002), this project responded to requests for follow-up assistance in strengthening the capacity of participating institutions in management and delivery of trade information.

In Tunisia, the aim of the follow-up project was to strengthen the capacity of the market information services of the organisations benefiting under the project.

The Dutch CBI financed project activities. CEPEX contribution was in the form of organising the activities and financing the stay of ITC consultants.

Activities in Tunisia were limited to diagnostic work followed by a workshop at CEPEX. Two representatives of CEPEX participated at a training session at CBI, the Netherlands.

The budget was not entirely spent and ITC was asked to come up with a proposal. Within the budget confines, ITC suggested organising a seminar on trade information intelligence in Tunisia.

Prior to the workshop a list of participants and their profiles was sent to ITC trainers to allow them to better target the content of the workshop and the know-how to be transferred.

Immediately after the workshop was held, post-seminar evaluation forms were completed by participants for the evaluation of the quality of the trainers, the content of the workshop, and organisation of the workshop.

CEPEX did not set objectives for ITC activities and therefore no indicators of achievement were defined in relation to the mentioned activities. CEPEX did not carry out any systematic follow up on the impact of the activities implemented.

### *Stakeholders' views*

#### *Relevance 4*

The objectives of ITC's intervention are consistent with beneficiaries' requirements, country needs, global priorities and partners' and donors' policies for the following reasons:

- CBI invited the organisations that participated at each event to submit proposals based on the needs for strengthening the capacity of market information services. In the case of Tunisia, ITC and CBI proposed the project. CEPEX was involved in the final selection of the project design; instead of sending two representatives for training in Geneva, CEPEX preferred to have a training seminar held in Tunisia.
- CEPEX and other TSIs had a significant need to develop their information services. The development of trade information services is considered by the GOT and the private sector as an important tool for the development of competitiveness and exports of Tunisian industry. Therefore, regardless of CBI/ITC support, the training activities would have been carried out anyway.
- There were various TSI representatives who attended the training seminar including the CEPEX (17) Ministry of Trade (4), Groupement Interprofessionnel des fruits (1), Groupement Interprofessionnel des conserves (2), five regional Chambers of Commerce (10), UTICA (2), Observatoire National Agricole (1), Agence de promotion de l'Investissement Agricole (1).

The relevance of the activities in Tunisia is established by two main elements:

- Demand by CEPEX and TSIs and the need for the training services.
- The positive response of participants in training activities through post seminar evaluation forms. The services provided were clearly in line with the needs and expectations of the beneficiaries and participants.

#### *Efficiency 3*

The following outputs were achieved:

- Diagnosis of the Trade Information System available at CEPEX, which resulted in a number of recommendations for improvements.
- A three-day seminar organised by two ITC consultants on Trade information systems.

Beneficiaries interviewed expressed their complete satisfaction with the involvement of the ITC staff and their commitment. The beneficiaries were also satisfied with ITC expertise in the field and the recommendations made by ITC staff.

The interviewed beneficiaries pointed out that the time allocated for such activities was too short, and that more training was needed in order for them to take full advantage of the expertise put at their disposition.

The Evaluation's view concurs with the remarks made by the Stakeholders. Given the short time allocated for implementation of the activities, and the high level of satisfaction of the participants with the outcome of the training activities, the team of trainers had worked efficiently.

### *Effectiveness 2*

The overall aim of the programme was to strengthen the capacity of market information services provided by organisations benefiting from the project. Due to the limited allocation of resources for activities in Tunisia, the efforts deployed in developing management capacities of beneficiaries were limited.

Immediate objectives were reached, but the overall results were not and could not be achieved without extended efforts deployed and follow up activities mapped:

- For the CEPEX staff that participated in training activities, there was a tangible improvement among the participants who were not yet familiar with information sources. The seminar allowed them to learn about new sources of information and how to use them as a reference.
- In the case of other TSIs, the seminar increased the level of awareness of their staff, but further assistance is needed to strengthen the capacity of the TSIs concerned and to fully internalise the newly acquired knowledge and training. These TSIs do not have sufficient resources to develop their own information sources and systems and are dependent on the capacity of CEPEX to assist them.

Due to budget limitations, ITC's primary role was to identify areas for further development and provide recommendations. The recommendations on CEPEX's existing trade information system, which was prepared in December 2003 by ITC after finalising the project, were not implemented by CEPEX. The reason given is that CEPEX did not know how to proceed; they expressed the need for additional assistance and follow up for the development and implementation of such a system.

### *Impact 2*

CEPEX does not have a mechanism including goals and indicators that allow measurement of the impact of the activities it carries out. The project's contribution has not brought changes to end-users, as CEPEX still has not developed a system to be made available to end users. The training of CEPEX and other TSI staff has increased knowledge among the staff, but there is no indication of the dissemination of the experience and knowledge to end users, including enterprises and other intermediary organisations.

The scale of impact on Tunisia is considerably limited by the fact that the allocated budget was distributed across an average of five countries per year. The resources were minimal, and consequently the changes induced by ITC activities are also limited. CEPEX still needs to develop an information system and has expressed very clear needs for capacity building in trade information systems.

*Sustainability 2*

The involvement of other TSIs had a positive side, as they were made aware of the importance of trade information sources and the need to develop systems in this respect. ITC's intervention in Tunisia was not ample enough to ensure the replication of activities among other TSIs.

Sustainability of ITC's project activities in Tunisia depends on the degree to which follow-up activities can be carried out to ensure continuity and assist CEPEX in the process of developing its own trade information management system. This is not likely to happen, as there are no plans for follow up by ITC after the termination of activities.

***2. Capacity Building Among Small and Medium-sized Enterprises, Trade Support Institutions and Governments to Promote Exports of Services from Selected Francophone African Countries (INT/50/45)***

*Project Background*


---

Beneficiary countries:	Cameroon, Morocco and Tunisia
Project Value:	USD 133,258
Finance source:	Norway
Start Date:	21/02/2003
Close Date:	30/03/2004

---

The project was involved in the promotion of service sector exports as a means of diversifying trade from traditional goods exports. The activities included a study of the services sector capacity and demand in the countries; building export capacity among SMEs; providing trainer-training workshops to associations; assisting governments in the promotion of services and conducting activities to foster networking and intra-regional trade. Three francophone African countries - Tunisia, Morocco and Cameroon - were involved in the project.

The project was planned to be finalised in March 2004. In CEPEX's view, some planned activities never took place, leading to the conclusion that the project had been implemented inefficiently. The explanation provided by ITC was that the resources did not allow the remaining outputs to be achieved and therefore the funds would be re-allocated in a new project.

***Project performance****Relevance 3*

The TSI considers ITC's intervention as relevant to ensure the availability of training services to SMEs through transfer of knowledge and capacity building. The project design included elements such as a study of services capacity and demand; establishment of web portals within each country; train-the-trainer workshops for services industry associations in order to continue SME training; development of a services export strategy within the governments and a regional buyer-seller meeting.

The purpose of train-the-trainer activities was to build local capacity and ensure continuity of service provision to SMEs. The participants identified for this purpose consisted of representatives from public organisations, who are not perceived to have the relevant competence and experience to extend services to end user SMEs. Selecting trainers from local consultancy companies and private service providers would have been more appropriate.

The project was developed and designed by ITC and the project proposal received full support from CEPEX, as it was considered to be highly relevant. The proposal falls within the Tunisian strategy for the development of the service sector and its export potential. The objectives stated in the project document are consistent with the beneficiaries' requirements, country needs and priorities. As a global organisation, ITC was considered by the stakeholders to be the most relevant partner in creating partnerships between the three recipient countries.

### *Efficiency 2*

The following outputs have been identified in the project document:

- Up to 300 firms received export marketing training in the three countries.
- Export success stories in each country were disseminated.
- Over 15 services associations delivered export training workshops in each country.
- Three associations entered into friendship agreements with sister associations in other countries.
- More associations creating credibility for member firms, through awards programmes.
- Train-the-trainer modules developed.
- Market study for each country.
- Export strategy for services for each country.
- Tools to capture trade in services statistics.
- Tool to establish a network for women entrepreneurs.
- Tool to establish an umbrella services sector coalition.

In Tunisia, of the mentioned outputs, the following were identified by the stakeholders:

- 40 enterprises from different service sectors, and 30 representatives from public organisations (CEPEX, Ministry of commerce and other TSIs) participated in the training.
- Train-the-trainer modules: 30 copies were delivered to public organisation representatives, and 25 to enterprises.
- Study on the service sector: This study was carried out; however, very few people were informed and the content and the results were disseminated only in a limited way.

The general view is that the project was limited to: (1) awareness raising activities in the form of two half-day sessions for different target groups, (2) training of trainers, which

was too short, and (3) a survey of the service sector in Tunisia. In the view of the stakeholders, such activities are basic and could be provided by any number of organisations and private service providers other than ITC.

(1) *Awareness raising*: the duration and content of the workshops were not enough to allow the achievement of the goals and for capacity building related to export services. To meet the objectives stated, more intensive sessions and a selection of a homogeneous target group based on a clear set of criteria would be needed.

(2) *Training of trainers*: Two types of training were organised: Training of trainers for TSIs involved in export promotion and trade development. This session consisted of four modules of a duration of an hour each and included: How to promote the competencies of TSI exporting members (reasons for promoting export services, identifying competitive advantages for members). How to assist the members to create international contacts and identify strategic partners. How to defend the interest of members (lobbying at government level, creation of a national association for the service sector, assistance to members in service exports). Support for initiatives related to electronic trade for service enterprises.

(3) *Survey on the service sector*: There is very little awareness of such a study among stakeholders. Reference is made to a similar study, which was carried out in 1998 to 1999 by Tunisian and French consultants.

A regional “buyer-seller” networking meeting still needs to be organised in order to foster partnerships among the SMEs from Morocco, Tunisia and Cameroon. This meeting was never held and CEPEX was never informed of the reasons why this event did not occur.

CEPEX sent enquiries to the ITC regarding the follow-up project activities but did not receive any clarification as to the status of the project and its development.

In terms of efficiency, the Evaluation noted the long list of outputs, a number of which had not been delivered.

For the export marketing workshops for SMEs in the service sector, training was done over half a day. Training sessions of that length are insufficient for capacity building purposes and knowledge transfer.

### *Effectiveness 2*

In the view of stakeholders interviewed, the project activities have not been finalised and do not meet the initial objectives that have been set. The activities are not extensive enough and do not ensure a sustainable transfer of knowledge. There are a number of outputs that seem not to have been achieved. In general terms, there is consensus that the project achieved its planned goals mainly in terms of awareness raising.

CEPEX does not have a mechanism for feedback on activities carried out for enterprises and so was unable to document the effectiveness of activities of the project for end users.

In relation to the development of export services, the planned specific results have not been achieved and are unlikely to be achieved in future unless inter-regional activities are carried out. ITC's reaction was that the funds were already utilised and it was not possible to implement further activities in Tunisia.

### *Impact 2*

The project activities have generated a positive effect in raising awareness among the TSIs and enterprises in the service sector about the potential positive effects that trade in services has in the diversification of exports to improve trade performance. There is no documentation related to project impact resulting from changes in end-users' capacities at the enterprise level.

The Evaluation contacted a number of persons who had been involved in the training activities of the project. The feedback was that the know-how provided by the training was not used; and that no initiatives were taken by the participants to develop activities related to developing training services to SMEs. No changes were induced by the training of trainers activities in the capacity building of SMEs, despite high expectations.

### *Sustainability 3*

There are no plans related to the development of activities to be carried out after the termination of the project. Among the objectives stated in the project document, one aim is to ensure that training assistance provided by the ITC is multiplied and sustained through the services industry associations. TSI representatives who participated in these training sessions have neither anticipated nor initiated training courses, nor did they express an interest in this field.

The transfer of skills using the train-the-trainer concept was insufficient in terms of content and methodological approach to ensure project sustainability. Hence the multiplier effect has not been achieved, and is not likely to be achieved without more focused and appropriate training carried out by both ITC and the TSIs.

### ***3. Mediterranean 2000: Supporting Small and Medium-sized Enterprises Competitiveness and Access to Trade Finance (INT/37/13)***

#### *Project Background*

Beneficiary countries:	Egypt, Eritrea, Ethiopia, Jordan, Lebanon, Palestine, Occupied Territory, Tunisia and Uganda.
Project Value:	USD 490,696
Finance source:	Italy
Start Date:	01/03/1999
Close Date:	31/01/2002

This was a joint UNCTAD, The International Organisation for Standardization (ISO) and ITC programme, aimed at stimulating SME competitiveness in ten developing countries of the Mediterranean Basin and the Horn of Africa. The ITC contribution focused on improving SME competitive capacity and access to finance. Through training and the use of specifically-designed tools, it helped SMEs to correctly address trade credit issues and access bank credit; it adapted practical guides such as Trade Secrets, How to Approach Banks and Secrets of Electronic Commerce at country level; and it enhanced bank capacity to analyse and meet trade credit requests by SMEs. The programme included capacity building activities for entrepreneurs in finance, competitiveness and e-commerce.

#### *Relevance 3*

In general, information in Tunisia on the project is scarce and scattered, and it was difficult for the Evaluation to identify end users who had been involved in the project. An event, “Journée de l’entreprise”, was organised in 2002 by ITC with the co-operation of CEPEX, Bankers Associations and the Tunisian Export Credit insurance. The event was meant to improve the interaction of trade support players. During the event, four ITC publications were presented and distributed to the participants. They include the following titles:

- Comment approcher les banques
- Les clés du commerce électronique
- Le guide de l’exportateur
- Etude sur l’assurance crédit à l’export

During 2003, a bankers’ training exercise took place, organised jointly by Afreximbank, the Central Bank UNCTAD and ITC. The activities within this project were viewed by stakeholders interviewed, as measures aiming at raising the awareness of stakeholders involved in issues related to trade support. Records on the types of end users, their profile and contacts were not available at the CEPEX.

*Efficiency 3*

The activities were completed as targeted and according to the project document. Stakeholders interviewed expressed their satisfaction with the content and quality of the publications.

The publications were distributed free of charge. Interviews with stakeholders led to the conclusion that these publications could have been sold at a premium price. The general perception of Tunisian end users is the willingness to pay for publications. Pricing a publication strengthens the perceived value of the publication. Similar publications are sold in Tunisia at around TND 100. Lately, CEPEX has decided to sell the books at the value of TND 5 (app. 1 USD).

CEPEX claimed that for each publication there were about 3,000 prints. As far as the booklets “Les clés du commerce électronique” and “Le guide de l’exportateur” are concerned, there are still large stocks available.

Apart from the information workshops held, there were no other promotional activities aimed at creating a demand for the mentioned publications. Training CEPEX in promotional aspects and dissemination of information could have been carried out with the assistance and expertise of ITC.

*Effectiveness 2*

There was a clear need expressed by stakeholders for follow-up on the activities related to the project. Changing the behaviour of the enterprises and creating awareness of the importance of key issues related to SME development can be achieved through:

- Updating and customising ITC publications to the Tunisian context.
- Creating awareness and focus on issues treated in any publication.
- Initiating follow up and coaching activities aiming at relating the publication to the particular situation of the enterprises and motivating them towards taking initiatives.
- In the view of stakeholders, the third step is often overlooked by ITC.

*Impact 2*

Organising information events along with a presentation of publications would add to the outreach. End users expressed their need for additional assistance in the form of presentation of successful examples and case stories, and expert advice related to real life situations.

*Sustainability 2*

In the absence of regular follow-up activities, the sustainability of activities is not ensured and a system for updating publications is needed.

#### ***4. Joint Integrated Technical Assistance Programme (JITAP I and JITAP II) - (RAF/D2/50)***

##### *Project Background*

---

Beneficiary countries:	Benin, Botswana, Burkina Faso, Cameroon, Côte d'Ivoire, Ghana, Kenya, Malawi, Mali, Mauritania, Mozambique, Senegal, Tanzania, United Republic of Tunisia, Uganda and Zambia.
Project Value:	For Tunisia USD: 500,000
Finance source:	Common Trust Fund (Phase II)
Start Date:	01/02/2003
Close Date:	31/12/2006

---

JITAP is a multi-country, multi-agency capacity building programme. After a successful first phase of JITAP (1998-2002), followed by an evaluation of the programme, a second phase was launched in February 2003. The objectives are to build capacity and strengthen the national knowledge base on the Multilateral Trading System in partner countries for:

- More effective participation in trade negotiations, implementation of WTO agreements and formulation of related trade policies;
- Improved supply capacity and market knowledge of exporting and export-ready enterprises, to derive benefit from business opportunities that will result from improved market access under the MTS.

##### ***Project performance***

Tunisia was the first country where JITAP was launched in June 1997. It was co-financed by the UNDP and the Tunisian government. The objectives of the programme coincided with the concerns of the Tunisian authorities to actively involve civil servants in international trade, as well as to develop a private public partnership to increase co-operation and to strengthen the position of businesses relative to competitors on the world market.

Main achievements noted for JITAP I <sup>14</sup>

**Institutional capacity building in Multilateral Trade System policy development and negotiations:** Tunisia established a National Commission in charge of its relationships to WTO; 25 agencies involved in foreign trade in Tunisia are represented therein. The programme has strengthened the National Commission, which developed a forum for discussions and intervened and advised on actions to be undertaken. The Commission was able to establish a process of notifications of WTO and assist in strengthening its participation in the multi-lateral trade negotiation progress.

---

<sup>14</sup> Report Of The Summative Evaluation of The Joint Integrated Technical Assistance Programme (JITAP) and Rapport d'Evaluation Sommative, annexe VIII: Tunisie, May 2002.

Strengthening of Reference Centres and National Enquiry Points as frameworks to co-ordinate on MTS issues and Sanitary & Phyto-Sanitary measures: Two Reference Centres, one at the Ministry of trade and the other at CEPEX, were established and equipped by JITAP. The Reference Centres helped government officials and business people to access information on changes in international regulations and market conditions. These documentation centres were provided with a large set of trade related reference materials, including ITC publications, and licensed access to ITC's net-based Trade Map services.

**Enhancing Multilateral Trade System knowledge and networks:** This involved training trade negotiators in respect of WTO agreements and formulating positions. The modules also involved training customs officials, standards authorities and other stakeholders, including members from the industry and trade associations. In all, 50 trainers received training under the JITAP programme in various fields of MTS. The capacity building and information seminars organised on MTS issues enhanced the understanding of governmental officials and businessmen on WTO rules.

**Product and Services Sector Strategies:** In developing its sector strategy, product-market matrices were prepared for identifying appropriate export products for Tunisia. This was followed by the development of a national export strategy and then the selection of priority sectors and the formulation of strategies for five sectors. These were textiles, ceramics, leatherwear, mechanical engineering industries and the electric and electronic industry. These strategies were supported by key actions to increase exports, such as disseminating information to the business community and supporting the development of action plans to access international markets and improve competitiveness. The beneficiaries have acknowledged the benefits derived from sector studies, which have allowed qualified discussions on the constraints to Tunisian sectors and the elaboration of action plans to increase the competitiveness of those sectors.

**Networking and Programme Synergy:** A network of trainers on MTS was set up.

The JITAP II Programme is a continuation of JITAP I, which is a programme that the three organizations the WTO, the UNCTAD and the ITC established to jointly deliver a broad range of selected technical assistance inputs to a number of countries simultaneously, focusing mainly on capacity building.

A summative evaluation was undertaken between February and May 2002, which also examined the MTS-related capacity in two non-participating countries as benchmarking cases. The evaluation was also to assess the progress made towards the objectives of the programme.<sup>15</sup>

The overall conclusion was that JITAP makes an important contribution to raising

---

<sup>15</sup> Report Of The Summative Evaluation Of The Joint Integrated Technical Assistance Programme (JITAP)

awareness and developing capacities in the beneficiary countries for managing their integration into the MTS. On 19 December 2002, the JITAP Common Trust Fund Steering Group met in Geneva and endorsed the JITAP II Programme Document, effectively extending the programme for another four years (2003-2006).

Like its predecessor, JITAP II will be implemented jointly by ITC, UNCTAD and WTO in an integrated manner. Activities under JITAP II are co-ordinated by DGCEC under the Ministry of Trade, with a budget of USD 500,000.

Activities have not yet commenced, even though JITAP II was announced close to 18 months ago. The final activity plans on JITAP II are being fine-tuned with ITC and - at the time the country level evaluation was carried out - were expected to be ready by August 2004.

#### *Relevance 4*

The beneficiaries, especially the national counterparts, submitted that activities under JITAP were highly relevant. They addressed the principal needs of trade negotiators in implementing the WTO agreements, including setting up the country's nominated national enquiry points under various WTO requirements and disseminating trade requirements among the principal stakeholder groups. They also emphasised the importance of the sector export strategies and a national export strategy for Tunisia, which allowed the identification of important trade constraints that would need to be overcome in implementing such strategies.

#### *Efficiency 3*

All ITC outputs were provided according to the agreed timetable and there were no delays in implementing the programme. However, there has been a delay in the allocation of JITAP II funds, causing constraints on follow-up activities on the sector studies undertaken in JITAP I.

#### *Effectiveness 2*

The beneficiaries acknowledged the contribution of JITAP towards capacity building in government and private enterprises to deal with the multilateral trade system by focusing on export development. The participants benefited from the use of ITC tools, methodologies, and the practical and hands-on-approach for strategy development.

A reference centre was created at the Ministry of Trade with the support of ITC, but according to the stakeholders met, this centre is not utilised. It is doubtful whether any of the tools and methodologies acquired will be of any use to end-users. In the case of TradeMap, the only source available is at the reference centre at the ministry, and even CEPEX is not linked to the system. The explanation given was that the cost of the product made available depends on the number of rights of uses.

#### *Impact 3*

There are no indicators for impact measurement for performance measurement of activities carried out. The DGCEC informed the Evaluation that it had neither the capacity nor the experience to monitor the performance and impact of activities. Action

plans resulting from the studies, or suggestions made at the time of the seminars or issued through dialogues with experts, have not always been implemented.

### *Sustainability and Outreach 3*

The Evaluation was informed that relationships with ITC on the completed project JITAP I have been positive and satisfactory. About 25 participants received training in ITC tools and methodologies including TradeMap, Market access map and WITS. Most of them were members of the working group.

The public sector like the private sector benefited from the expertise provided within the framework of the multiple actions of the programme; in particular the sector studies led to specific promotional actions for key sectors of the Tunisian economy (textiles). However, efforts remain to be made at the level of the private sector, as it still does not have as much access to JITAP-generated information as the public sector.

According to the report of the summative evaluation, there is a need for continued donor support and activities in JITAP to ensure sustainability. Furthermore, two more aspects of sustainability also need to be addressed by JITAP: Counterpart funding and the cost of various activities being carried out have to be on a scale, which the government can sustain.

#### **Annex 4. List of Trade Promotion Organisations and Trade Support Institutions**

There are a number of trade support and export promotion institutions, which operate at both the national and regional levels in Tunisia. Many lack the experience, resources and competence to provide quality services to existing and potential exporters. They also express their need for qualified knowledge in trade information management and in capacity building.

##### ***National Trade Support Institutions***

A number of bodies under the Ministry of Trade are involved in the foreign trade promotion and include:

**DGCEC:** This is mainly involved in the management of bilateral and multilateral agreements (UNCTAD, WTO). The main activities are concentrated on the dissemination of information about opportunities and constraints of bilateral and multilateral agreements.

**PDE** (Programme de développement des exportations): This is a programme based on a joint agreement between Tunisia and the World Bank, aimed at Tunisian export promotion activities. The PDE is involved in trade and customs facilitation, TTN and management of the Export Guarantee Fund.

**CEPEX:** The CEPEX is the national trade promotion centre, created in 1973 to support Tunisian exporters and foreign operators in their marketing efforts by providing them with a range of customised services. The CEPEX has two Funds at its disposal to promote and improve strategies and the export environment. The two Funds are:

The FOPRODEX fund, which provides support to enterprises, involved in direct export promotion activities such as trade fairs, exhibitions and delegations. FOPRODEX provides several subsidies for exporters in their activities to launch and promote their operations. The enterprises provide at least 20% of the budget for the projected activity itself. FOPRODEX subsidies cover a maximum of 80% of the activity, provided in part as a subsidy and in part as a loan. The fund finances part of the costs of enterprise activities such as:

- Trade information services for potential export markets.
- Participation at major exhibition events and the organisation of delegations to export countries.
- Capacity building to end users on issues related to exporting.
- Sector surveys and export-related studies.

**FAMEX** is a joint World Bank-Government of Tunisia programme, which provides assistance to private companies in areas such as export marketing, and capacity building to business development service providers specialised in exports.

This Fund was created in the year 2000 to complement the facilities provided by FOPRODEX. FAMEX provides subsidies of 70% of the supported action up to a ceiling

of TND 10,000, which are intended to finance the cost of drawing up of an “Export Marketing Plan” for companies and service providers. The programme has attracted many new export firms and has proved to be very successful. For this reason the programme was extended as FAMEX II for another period of three years.

### ***Professional Associations***

These intervene in the development of exports through activities such as studies, matchmaking arrangements and organising delegations for missions to foreign countries, as well as providing seminars aiming at capacity building on trade information. The main professional associations include:

UTICA was created in 1946, UTICA is active on all the questions related to the economic and social development of Tunisia. Besides defending the interests of its members, it promotes member companies’ interests by providing them with assistance, advice and information; by taking part with the government and civil society in debates and programmes to create and consolidate a favourable climate for the companies; and by unceasingly working to organise trade missions, putting Tunisian operators and their foreign counterparts in contact.

UTICA is an organisation with both sector and regional representations covering all the Tunisian territory and all sectors of the economy, with a multitude of professional structures distributed throughout Tunisia. It has a modern administration. UTICA is the main professional body in Tunisia and is an umbrella organisation for federations, among them is the export federation. It is organised by sector and geographical areas. It has 16 professional federations and 24 regional unions covering various sectors of industry, trade, services and the craft industry.

The regional unions are themselves composed of regional chambers of trade unions, representing the various trades and branches of activity (such as the regional chamber of boot makers, the regional chamber of plastic industries).

Chambers of commerce, including five regional chambers of commerce: The most dynamic one is the Chamber of Commerce of Sfax.

“La Chambre Syndicale des Conseillers en Exportation” (CSCE) (Association of Advisers in Exports): Membership of this association is accredited by the Tunisian government to provide assistance to enterprises on export issues.

### **Product Associations**

The main product associations are:

- “Groupements interprofessionnels des fruits” - Fruit association -, and
- “Groupement interprofessionnel des conserves alimentaires » - Canned Food association.

**Annex 5. List of Contacts**

Habib Dhiafi	Cepex
Riadh Bezzarga	Cepex
Samir Azzi	Cepex
Lotfi Chelly	Cepex
Lazhar Bannour	Cepex
Mohamed Berbech	Cepex
Ramla Cheffi	Cepex
Kaoutheir Trabelsi	Cepex
Mohamed BABBOU	Cepex
Faouzi Kouki	Ministry of Trade
Marouan ABBASSI	Ministry of Trade
Wajdi Khemakhem	DGCEC
Jamel Aifa	DGCEC
Slim CHAKER	FAMEX
Michel Belouin	FDSP
Lotfi BOUDAKIM	GTZ
Abdelmajid Ben Hammadou	Chambre Syndicale des Conseillers en Exportation

**Annex 6. List of Data Sheets*****Trade Support Institutions***

DGCEC General Directorate of Economic and Trade Co-operation

CEPEX Centre de promotion des exportations

FAMEX Fonds d'Accès aux Marchés d'Exportation

CSCE La Chambre Syndicale des Conseillers en Exportation

***Donor Agencies***

CIDA Canadian International Development Agency

GTZ Deutsche Gesellschaft für Technische Zusammenarbeit