



TUNISIA ICT-ENABLED BUSINESS REFORM AND COMPETITIVENESS PROJECT BRCP

Year 2 Quarter 2 Report Narrative

Year 2 Ending April 2016

Quarter 2 Ending September 2015

March 2016

This publication was produced at the request of the United States Agency for International Development. It was prepared by the Pragma Corporation. The author's views expressed in this publication do not necessarily reflect the views of the United States Agency for International Development or the United States Government.

**Prepared for the United States Agency for International Development (USAID)
USAID Order #AID-OAA-M-13-00020**

USAID Tunisia EG ICT-Enabled Business Reform and Competitiveness Project

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List of Acronyms

4Cs	Centers for Careers and Certification of Competencies
AHK	German Chamber of Commerce in Tunisia
AmCham	American Chamber of Commerce in Tunisia
ANETI	National Agency for Employment and Entrepreneurship
ATIC	Tunisian Private Equity & Venture Capital Association
B&B	Bed & Breakfast
BDS	Business Development Service
BFPME	Bank of Financing Small and Medium Enterprises
BRCP	Business Reform and Competitiveness Project
CDC	Career Development Center (see 4C, above)
CEPEX	Center for Export Promotion
CEED	Center for Entrepreneurship and Executive Development
COP	Chief of Party
CTAA	Technical Center for Agribusiness
CV	Curriculum Vitae
EDHIAFA	Association for hotels and bed & breakfasts
EFE	Education for Employment
EU	European Union
FDI	Foreign Direct Investment
FENATEX	The National Textile Federation
FIPA	Foreign Investment Promotion Agency
FTAV	Tunisian Federation of Travel Agencies
GDP	Gross Domestic Product
GoT	Government of Tunisia
HACCP	Hazard Analysis Critical Control Point
HRM	Human Resource Management
IACE	Arab Institute of Heads of Enterprises
ICT	Information Communications Technology
IMF	International Monetary Fund
INT	The National Telecommunications Regulatory Authority
ISP	Internet Service Provider
LF	Leader Firm
LOP	Life of the Project
M&E	Monitoring and Evaluation
MDIIC	Ministry of Development, Investment and International Cooperation
MENA	Middle East and North Africa
MHESR	Ministry of Higher Education and Scientific Research
MICT	Ministry of Information and Communication Technology
MIEM	Ministry of Industry, Energy and Mines
MOF	Ministry of Finance
MOT	Ministry of Trade
MOU	Memorandum of Understanding
MSME	Micro, Small and Medium Enterprise
MVTE	Ministry of Vocational Training and Employment

NGO	Non-Governmental Organization
OJT	On-the-Job Training
OPIC	(US) Overseas Private Investment Corporation
PMP	Performance Management Plan
PPP	Private-Public Partnership
SEAF	Small Enterprise Assistance Fund
SME	Small and Medium Enterprise
SMS	Short Message Service
STTA	Short Term Technical Assistance
TACC	Tunisian American Chamber of Commerce (see AmCham, above)
TAEF	Tunisian-American Enterprise Fund
UGTT	Tunisia General Labor Union
UNIDO	United Nations Industrial Development Organization
USAID	United States Agency for International Development
UTV	Université Virtuelle de Tunis (Virtual University of Tunis)
VC	Value Chain
VOCED	Vocational Education
WB	World Bank
WBEDB	World Bank Ease of Doing Business Survey
WFD	Work Force Development

Business Reform and Competitiveness Project

Year 2 Quarter 2 Report Narrative

PROGRAM INTRODUCTION & OVERVIEW

USAID has designed and financed the Business Reform & Competitiveness Project (BRCP) to assist Tunisia in developing its market economy, and in particular to help the country address its serious unemployment problem. This unemployment problem disproportionately affects youths, females, and certain disadvantaged regions and is a source for social and political unrest. The main objective of BRCP is to increase the number of employed Tunisians.

BRCP is a three-year project extending from April 2014 through April, 2017. BRCP's second year began on May 1, 2015. This report covers Quarter 2, or July, August and September 2015.

BRCP aims to expand employment in Tunisia by identifying and addressing the critical constraints which limit the capacity of SMEs in high-potential industries to increase productivity, expand sales and exports, and create new jobs. Target enterprises are researched and selected with a priority towards high-leverage opportunities where resource allocations provide maximum impact. BRCP then works with partner firms to address key limitations in a rapid timeframe, usually 12 months or less.

The program also focuses intensively on building linkages between SMEs and the training/education system in Tunisia, as well as confronting the priority occupational skill enhancement needs identified through our enterprise support programs in order to permanently enhance youth employment opportunities.

BRCP, in collaboration with government and private organizations, works across multiple institutional intervention levels: promoting immediate job growth across a network of partner SMEs via targeted technical assistance programs; strengthening the capacity of training & educational institutions to respond to labor market demand trends; and supporting policy reform in key areas impacting employability in Tunisia, including reform of the telecommunications legal framework.

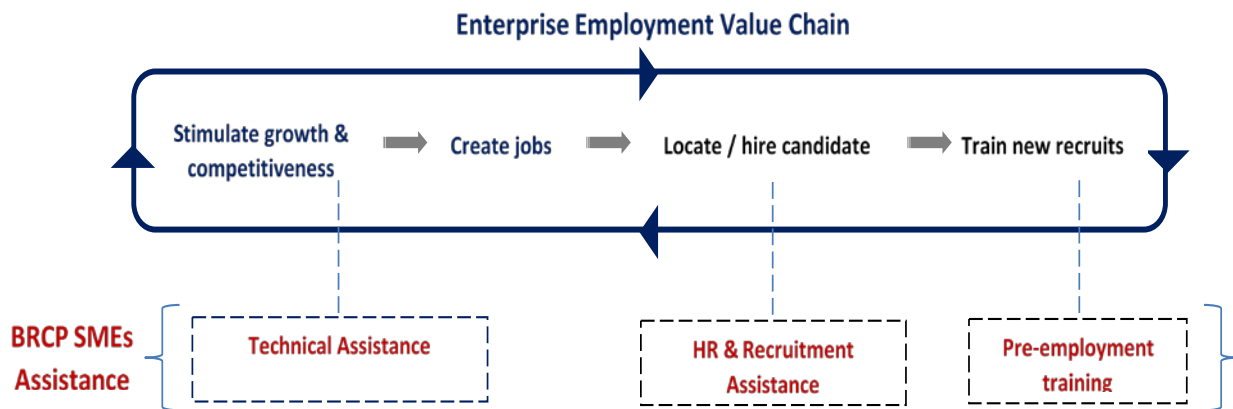
BRCP's principle goal is to increase employment through 3 initiatives:

Enterprise Assistance:	Increase employment at the enterprise-level through a robust portfolio of targeted technical assistance programs addressing particular challenges facing SMEs in the Tunisian business environment.
Enhancing Employability	Increasing employment at the human resource level by aligning SME workforce requirements, job-seeker capabilities, and the efficiency and operation of job-placement networks.
Enabling Environment:	Providing targeted assistance to stakeholders in the public sector in order to improve the overall business environment for SMEs in Tunisia, including partnerships with government and public sector institutions to further tax and customs reform, increase foreign direct investment in Tunisia, approval of the Digital Communications Code, and workforce development through education & training

A detailed description of the BRCP Program and Work Plan Gantt Chart can be found in Appendix 1.

BRCP enterprise assistance is organized as follows:

- Technical Assistance (TA) including:
 - Enterprise management assistance in different areas covering core SME activities;
 - On-the-job trainings covering different strategic needs;
 - Export missions in key sectors (textile and agribusiness);
 - Access to finance technical assistance.
- HR & Recruitment Assistance (HRR)
- Pre-employment training (PET)



Partnerships with business and professional associations

While job creation and revenue growth ultimately take place at the enterprise level, BRCP works with business and professional associations, emphasizing capacity building through committee work focused on workforce development and referrals for BRCP technical assistance. BRCP's partner network leverages the effectiveness of program resources, allowing BRCP to quickly identify direct solution pathways to job creation and job matching obstacles, as well as to identify labor market issues and solutions through synthesis of information from multiple sources.

- BRCP is currently working with 14 associations through Year 2 Quarter 2

A detailed description of BRCP's association partners may be found in Appendix 2

Improved process standardization for Year 2

Based on Year 1 experience, BRCP in Y2 implemented several revised enterprise assistance forms and procedures (*M&E Process is described in Appendix 3*):

- **Streamlined Enterprise Information Form:**
- **Technical Assistance Assessment Form:**
- **Partnership Agreement (PA) Form:**
- **PA Quality Review Process:**

As a result of the streamlined forms and process-optimization improvements, BRCP is seeing raised compliance levels and expedited data gathering and evaluation. Potential concerns from Year 1 experience which have been mitigated include:

- Redundancy and contact fatigue: By consolidating queries in the information submission process, enterprise partners are more likely to accurately and quickly provide BRCP with relevant information.
- Language/Conceptual barriers: addressed in the new forms
- Initial PAs now specify submission of only basic financial data to eliminate obstacles to trust and participation. If potential access to finance assistance is identified, further financial information is requested in that context.

Year 2, Quarter 2 – Overview

Year 2, Quarter 2 began in July, 2015. In addition to the continuation of BRCP's broad, strong portfolio of partnerships and activities, Year 2 Q1 laid the groundwork for program acceleration in various key initiatives. BRCP's higher local visibility, as well as more developed network of stakeholder partnerships, led to an increase in Partnership Agreements and technical assistance activities. Several important partnerships and development relationships also reached the implementation stage, notably in Access to Finance. In year 2, BRCP has focused on intensifying deal flow under Access to Finance activities through a larger network of financial partners, more frequent contact, and a targeted focus on investment proposal technical assistance.

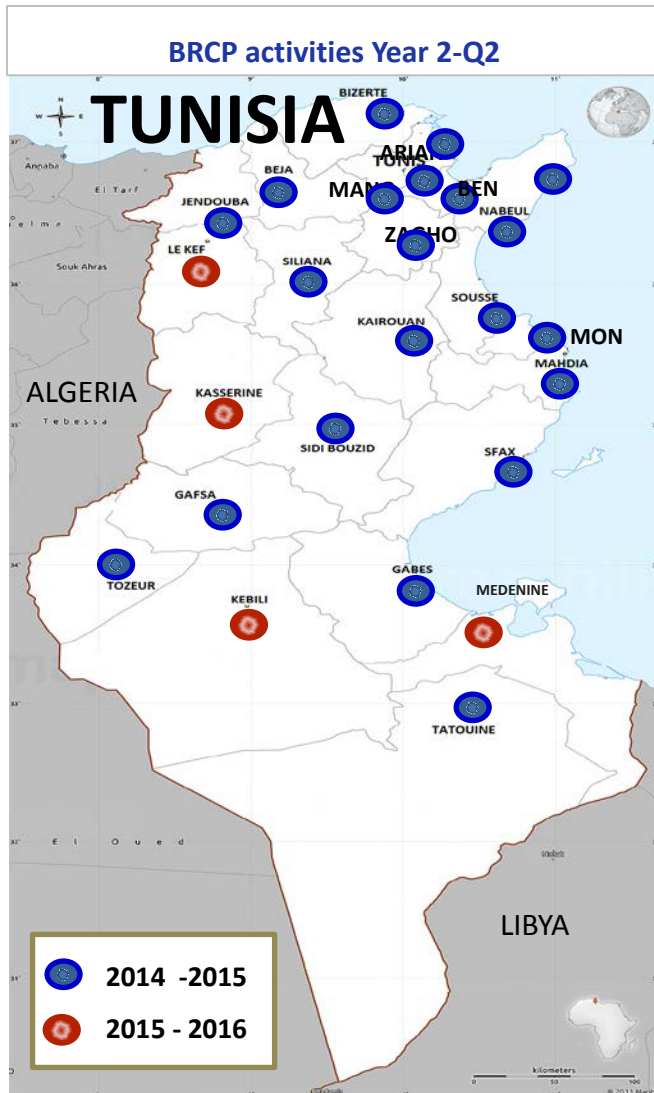
BRCP also continued in Quarter 2 to focus on capacity building in the Career Development Center network, and implementation of the improved job fair model developed in Quarter 1. BRCP's curriculum reform efforts, however, faced notable obstacles.

Challenges surrounding BRCP operations in Tunisia during Q2 were substantial. The terrorist attacks at the Bardo Museum in March and in Sousse in June continue to highlight a tense, uncertain political and social environment in Tunisia. This poses a strong threat to economic development in the mid- and potentially long-term. BRCP activities in the Tourism industry, for example, were scaled back substantially due to sector contraction and uncertainty.

Quarter 2 (July-September) also includes the month of Ramadan, during which work hours are shortened and many Tunisians fast, as well as the month of August which is traditionally a period of reduced hours, company closures and vacations in Tunisia.

However, the project achieved important goals despite the complicated economic, social and political environment.

Year 2 major results, through Q2, include:



- **2,251 jobs to be created through Q2**
- **203 total jobs matched**
- **55 enterprises assisted**
- **\$4,345,000** in equity and credit capital raised for enterprises
- **\$130,850** completed FDI for 1 Enterprise (PSC), **\$281,643** planned for 2 enterprises (PSC, APBS).
- **2 Loans Approved (BFPME) for \$2,686,289**
- **1 new CDC created (Grand total of 26 assisted in Y1)**
- **14 Tamheed Career Counselors Trained and 6 Tamheed Career Counselors Certified**, the first in the higher education system.
- **8 Career Events** held (1 job fair, 4 CDC Events, 3 enterprise days:) Job Fair held in Q1.

- **2,251 jobs expected to be created through Partnership Agreements**
 - 203 jobs matched
- **52 Partnership Agreements signed with 55 enterprises**
 - 42 enterprises for co-sponsored technical assistance
 - 9 enterprises for on-the-job training
 - 1 enterprise for access to finance assistance
- **7 start-ups having received training / technical support (inc. 2 receiving job matching)**

Year 2 Quarter 2 results in relation to Q1 results and Year 2 targets are summarized in Appendix 6

TASK 1: CREATE JOBS IN ENTERPRISES IN STRATEGIC VALUE CHAINS THROUGH TECHNICAL ASSISTANCE

Task 1 Approach

Job Creation at the enterprise level

BRCP has identified target Value Chains (VCs) in the Tunisian economy. The selection process and criteria have been developed within the context of achieving BRCP's objectives of promoting sustainable business growth, competitiveness and employment. BRCP focuses on value chains and sectors with the greatest potential for leverage with respect to:

- Competitiveness of the enterprise and the value chain/sector;
- Potential for revenue growth;
- Women and youth employment;
- Innovation;
- Adoption of global standards (e.g., ISOs);
- Export promotion and development of new markets;
- Cross-provisioning to other BRCP components, including:
 - Improved access to capital;
 - Improved technical skills of job candidates through training and curricula reform;
 - Improved access to qualified job candidates;
- Undeveloped/Non-coastal regions;
- "Formalization" from the informal to the formal job sector;
- Creation of a pipeline and continuum of microenterprises evolution into SMEs
- Improvement of the Business Development Service (BDS) sector in Tunisia
- Branding opportunities for the Tunisian economy

During Y2 Q2, BCRP continued to pursue its strategy of approaching SME development from a bottom-up value chain perspective in order to:

- Target support for SME clients in relation to common sector-specific needs identified across groups of enterprises
- Address identified gaps and bottlenecks in the VC by targeting specific SMEs whose success can have a significant, outsized impact on overall employment expansion across a VC. Sectors where this is particularly relevant include Textiles & Apparel; ICT; Automotive; Chemical; Agribusiness; Health, Pharma & Cosmetics; and building materials & construction

Task 1 is divided into **four Sub-Tasks**:

- Sub-Task 1.1: Assist enterprises in target value chains (VCs) to increase employment, revenues & competitiveness through design and co-financing of technical assistance
- Sub-Task 1.2: Assist enterprises in target VCs to increase employment, revenues & competitiveness through design and co-financing of on-the-job training assistance
- Sub-Task 1.3: Increase enterprise access to finance, including debt, equity, and Foreign Direct Investment (FDI) through technical assistance to both financial institutions and enterprises
- Sub-Task 1.4: Develop new markets for Tunisian goods and services

Sub-Task 1.1: Assist enterprises in target VCs to increase employment, revenues & competitiveness

Job Creation at the enterprise level

During Y2, Q2, BRCP focused on delivering private sector technical assistance and training within five strategic value chains, which have generated over 77.5% of the expected 2251 jobs created:

- Mechanical, Electrics, Electronics
- Textile, Leather & Clothing
- ICT & BPO
- Agribusiness
- Retail

Expected Job Creation by Sector, Year 2 *through* Q2 (Apr-Sep 2015);

Sector	% of Expected Jobs
Mechanical, Electrics, Electronics	27.2
Textile & Garment	16
ICT & BPO	15
Retail	13.8
Agribusiness	5.5
Chemical, Pharmaceutical, Cosmetics	4.6
Automotive	4.1
Other	13.8

During Y2 Q2, BRCP provided technical assistance to 42 companies.

Year to date, BRCP has provided technical assistance to 55 companies resulting in 2,251 jobs.

Assistance Description	# of Enterprises (Q2)	Year 2 Total
Certification & Quality Optimization	11	16
Training	9	11
Soft Skills / Communication	1	3
Building Capacity & Organization	7	7
Marketing Development	4	4
Lean Manufacturing	5	5
Franchise Development	2	2
Others	3	7
SUM	42	55

ESPE

Electric Systems Production Engineering (ESPE) has, since 2011, manufactured electric wiring harnesses for automobiles at its plant, located in a village in Southeast Tunisia. Its main customer is Yazaki-Tunisia (www.yazaki.com), an exporter of automotive parts to automobile companies (PSA, Fiat, Mercedes). Yazaki had asked ESPE to manufacture specialized plastic parts which Yazaki had previously been importing. This request came with two requirements: 1) acquire special plastic injection machines, and 2) create a team of Technical Business Developers to liaise with Yazaki in order to optimize supply chain collaboration and coordination.

ESPE purchased the machines, however they are currently only operating at 20% capacity. BRCP advisers, working with ESPE, recommended that ESPE create the TBD team both to manage the Yazaki relationship as well as develop new markets to utilize spare capacity. BRCP and ESPE designed a technical assistance program for the TBD team to develop the necessary negotiation, sales presentation, marketing communication, and customer & supplier relationship management skills in order to work with and supply a more diverse customer base and maximize capacity utilization. As a result of this technical assistance, BRCP and ESPE expect:

- Immediate recruitment of 5 Technical Business Developers (TBDs);
- Recruitment of 20 plastic injection technicians by the end of March 2016;
- Revenue increases of 18% in 2016 and 25% in 2017.

Sub-Task 1.2: On-the-Job Training

BRCP On-The-Job training is technical response designed to increase employment through enterprise competitiveness and growth by addressing specific enterprise-level workforce capacity deficiencies, the resolution of which can be directly tied to the creation of new positions.

BRCP has identified deficiencies in workforce capacity that limit enterprises ability to grow and/or to enhance competitiveness. These skill deficiencies include systemically underdeveloped areas of workforce competency, such as soft skills and collaboration, as well as industry-specific skills in certain sectors where the Tunisian market has not kept pace with global market developments.

Similarly, Tunisia's elimination of protectionist economic measures and growing integration in the global economy has opened many new market opportunities, however it has also exposed Tunisia to competition and higher market standards. Growth and expansion thus requires an upskilling of the Tunisian workforce to become compliant with industry standards.

In Year 2, Quarter 2, BRCP assisted 9 enterprises with on-the-job training, leading the expected creation of 290 jobs.

These positions are mainly created through: skill development in order to comply with international standards and meet customer requirements, which enhances competitiveness, creates new business, and requires a larger workforce to meet the increase demand; and upskilling labor into higher positions, creating vacancies which must be filled by new hires.

Sub-Task 1.3: Increase enterprise access to finance

SME lack of access to finance in Tunisia is a severe constraint to economic growth and employment. BRCP seeks to increase access to finance through promotion of improved institutional capacity to match viable enterprises with progressive financial entities. To this end, BRCP provides enabling technical assistance to both enterprises and local financial institutions.

On the banking side, BRCP is boosting and promoting the implementation of SME lending pilot programs in order to institutionalize a streamlined risk-assessment-based lending analysis and approval approach. On the enterprise side, BRCP works with companies to provide integrated technical assistance programs: improving the viability and competitiveness of enterprises on the one hand, and the other addressing gaps and deficiencies in enterprise investment proposals. BRCP does not provide investment capital, but functions as a facilitator and as a credibility partner

- **\$4,345,000 in equity and credit capital raised for 3 enterprises, through**
- **\$130,850 complete FDI for 1 Enterprise (PSC); \$281,643 FDI in progress for 2 enterprises. 6 further enterprises in evaluation.**
- **2 Loans approved through BFPME pilot lending program for a total of \$1,973,684**

Completed Deals

In Year 2 Q2, BRCP facilitated three deals for a total amount of \$4,345,000 equity and credit financing:

N°	Enterprises	Sector	Equity (\$)	Credit (\$)	Total (\$)	Financial Institutions	
						Equity	Banks
1	Atlas Packaging	Packaging	\$1,196,000	\$1,679,000	\$2,875,000	ATD, FOPRODI/Promotor	BIAT, QNB
2	Proxym IT	ICT/BPO	\$750,000		\$750,000	TAEF	
3	Marion	Textile	\$720,000		\$720,000	TAEF	
Q2	TOTAL		\$2,666,000	\$1,679,000	\$4,345,000		
Q1	Phone Service Center	ICT/BPO		\$270,000	\$270,000	BTK	
Y2	TOTAL		\$2,666,000	\$1,949,000	\$4,615,000		

- Atlas Packaging produces packaging for dairy products. BRCP assisted Atlas in securing \$2,875,000 in debt and equity financing to open a new factory in Sousse to serve the local and Maghreb markets. The package includes \$1,679,000 in loans through Banque Internationale Arabe de Tunisie (BIAT) and the Qatar National Bank (QNB), as well as \$490,000 in equity investment from the Arab Tunisian Development (ATD) SICAR fund. BRCP provided technical assistance to develop the business plan, played a facilitation role between the three financing partners, and coordinated the specific structure of the deal. BRCP was particularly instrumental in bringing the equity partner to the deal through a series of meetings with the CEOs of Atlas and ATD. This financing will allow Atlas to expand production and market share and result in the creation of 31 new positions by March 2016.
- Proxym-IT is based in Sousse and provides services in several ICT/BPO areas including e-commerce support, app development, and tech support for the healthcare industry. BRCP provided technical assistance in the development of a sound financial plan for accelerated growth, requiring \$750,000 in investment capital. BRCP introduced Proxym-IT to the Tunisian-American Enterprise Fund (TAEF). Proxym-IT will be TAEF's first deal. Following the financing, BRCP will then provide technical training assistance that is expected to create 18 new positions by the end of 2015.
- Marion Confection, founded in 2009, is a manufacturer in the textile industry. The company operates solely as an exporter (under Law #72 status). They sell full ready-to-wear lines to the French, Spanish, Italian, and US markets. BRCP collaborated with TAEF to define a strategic plan for Marion involving \$720,000 in financing. One essential component of the investment plan is the implementation of international certifications. BRCP will provide technical assistance, expected to generate 70 new positions by the end of March 2016.

Foreign Direct Investment

In addition, BRCP has placed a targeted focus on promoting FDI, empowered by the partnership with Foreign Investment Promotion Agency (FIPA). BRCP worked with stakeholders to encourage FDI, with a total amount of FDI completed in Y2 Q2 of \$130,850:

N°	Enterprises	Investment category	FDI (\$)
1	Phone Service Center	Human Capital& Equipment Provision	\$130,850
SUM			\$130,850

Currently in progress are **\$281,643** of FDI for Phone Service Company.

- In Y2, BRCP continued technical assistance to Phone Service Center (PSC), a company which repairs, supports, and provides services for mobile phones and multimedia. BRCP completed a complex \$270,000 loan fund in Y2Q1. Following upon the loan fund, PSC received a commitment for \$378,350 in FDI.
- In Y2Q2, PSC completed an initial \$130,850 of FDI, with \$247,500 expected in Y2
-

6 further accounts are currently in the evaluation process for FDI:

Lacroix, Vistaprint, Mahdco, STAFIM, B&D, and A.M.I.

Pilot SME Lending Program

BRCP provides technical assistance to lenders such as risk assessment and cash-flow-based lending to increase their capacity to lend to SMEs. Tunisian financial institutions have traditionally avoided the SME lending sector based primarily on a lack of competition from international investors specialized in this area, and on the overall hyper-conservative risk outlook of Tunisian banks.

BRCP has implemented a pilot lending program with BFPME. The goal of this program is primarily to provide technical assistance in order to improve and streamline the treatment of SME loan proposals, allowing BFPME to serve as catalyst lenders in the approval of SME financial investment proposals.

BFPME, Banque de Financement des Petites et Moyennes Entreprises, is a government lending institution focused on providing small and medium enterprises with startup or expansion capital. BRCP performed an initial diagnosis on the BFPME loan approval process and provided a series of recommendations to optimize and streamline the process. These recommendations are now implemented in the pilot lending program, which upon completion will go through a complete BRCP validation phase. BRCP is hopeful that the program and subsequent validation will result in the institutionalization, sustainability, and scalability of the program at BFPME.

In Y2, Q2, two loans were approved through the pilot program with BFPME:

- Société Nouvelle de Production Alimentaire “New Food” (SNPA New Food) is a Tunisian start-up in the agribusiness sector, specializing in the industrial production of ready-made and packaged meals for catering. These products will be directly sold through owned stores or through contracts with establishments requesting institutional catering. The mobilization of this initiative required total project financing of over \$1.8 million.

SNPA New Food was approved for a loan of \$363,158 through BFPME, as the initial step in a larger total financing package involving other larger equity and credit investors.

After the initial BRCP recommendation, in order to complete the financing package, BRCP reached out to other institutional partners, including BTK and BH, a bank whose SIMSICAR equity investment subsidiary provided equity capital.

- Biology Analysis Laboratory, a startup medical analysis laboratory proposed by a female entrepreneur, was approved for a loan of \$47,368 through BFPME, as part of a total financing package of \$157,895.
- 4 additional loans are currently in the review process

BRCP and BFPME increased the capacity, scope and speed of the SME pilot lending program by raising the number of BFPME analysts applying BRCP's recommended credit process and increasing the number of loans in the program. There are now 8 analysts, up from 2 in Q1, working in the pilot program. 18 loans have been analyzed, with 12 rejected, 2, approved, and 4 in process.

Proxym-IT

Proxym-IT exemplifies BRCP's synergistic approach to job creation. BRCP works with a variety of private and institutional partners in order to improve access to finance for enterprises in Tunisia. Among these, BRCP works closely with the new Tunisian-American Enterprise Fund. Specifically, BRCP refers client enterprises searching for financing and potentially qualifying for TAEF products. TAEF, in turn, refers enterprises to BRCP which TAEF is interested in but which need technical assistance to meet TAEF investment standards.

Sousse-based Proxym-IT, operating in the ICT & BPO sector, initially came to BRCP for technical assistance. BRCP's business advisors, recognizing that Proxym-IT would drastically benefit from financing, referred the company to BRCP's Access to Finance team who then developed a financial plan for accelerated growth involving a \$750,000 capital investment. BRCP then introduced Proxym-IT to TAEF, who agreed to provide the necessary equity financing. With this financing committed, BRCP was then able to proceed with the necessary technical assistance originally requested as part of a larger growth and job-creation initiative for the enterprise. Significantly, the investment was TAEF's first investment.

This integrated approach, in which BRCP components communicate both inter- and intra-task, maximizes BRCP's ability to leverage resources into job creation in Tunisia.

Next Steps

During Year 2, Q3, BRCP plans to expand its efforts in access to finance activities, specifically focusing on continued relevant impact on bank lending by institutionalizing a streamlined risk-assessment based lending analysis and approval approach by BFPME. With BFPME, an agreement is already in place to reach 100 loans evaluated and processed by the end of December 2015.

Additionally, to promote FDI in Tunisia, BRCP will intensify FDI activities through the creation of a mission with an FDI expert. To implement FDI strategy, the expert will focus on promoting key sectors in Tunisia and targeting new investment markets through actions articulated around the following components:

- Working with BRCP partner companies that represent FDI potential in Tunisia;
- Targeting individual companies and groups of companies in specific sectors that can receive outsize growth and job-creation benefits from FDI, and linking these companies with FDI sources already in-country; including those companies already targeted by FIPA for outreach efforts;
- Preparing the documentation for an outward mission for the selected companies
- Develop and execute targeted branding efforts with FIPA in specific sectors, tied to areas of existing/anticipated sectoral focus by BRCP

Sub-Task 1.4: Develop export-oriented markets for Tunisian goods and services

Export markets represent a significant and unique opportunity for Tunisian enterprises to leverage value propositions in several key sectors, increase sales and revenue, and expand employment opportunities. In addition to providing SMEs with the targeted technical assistance and better access to debt and equity capital necessary to seize these opportunities, BCRP promotes Tunisian export market development through inward/outward trade missions and a network of partner enterprises including Tunisia's Foreign Investment Promotion Agency (FIPA) and the Center for Export Promotion (CEPEX) under the Ministry of Trade (MoT).

Textiles

In the first quarter of year two, BRCP together with CEPEX continued to fully supported door-to-door trade mission for Tunisian textile manufacturers in the German apparel market. This activity, supported by a senior expert in the German apparel market, involved the assessment of Tunisian manufacturer capacity, matching between manufacturer products and potential German buyers, a B2B excursion by the producers into Germany to meet with buyers, and attendance in Frankfurt to the world's most-visited technical textile trade fair in May.

In Year 2, Quarter 2, BRCP provided continuous follow-up and liaising with the core group apparel companies as well as institutional stakeholders with regards to the evaluation and assessment of mission outcomes.

- Based on interactions between BRCP and core group companies, in consultation with senior German expert recommendations, individual technical assistance programs were designed and implemented for selected apparel companies from the Year 1 core group.
- In response to positive feedback from both private companies and stakeholders on the first B2B trip initiative in Germany, BRCP and partners started a round of discussions concerning a follow-on mission to support a core group of Tunisian apparel manufacturers trying to access German, Austrian and Swiss markets.

BRCP, the Ministry of Trade, CEPEX, and other textile sector institutions had several committee meetings to discuss and design the year 2 mission to Germany. Major topics discussed included:

- New core group composition, including selected companies from the initial group as well as new companies for each of the product segments;
- Terms of Reference for the consultant regarding the mission between October 2015 and April 2016

Agribusiness

In Year 2, Quarter 2, BRCP, in collaboration with the Ministry of Trade (MoT), the Packaging Technical Center (PACKTEC), and CEPEX, the export agency under the MoT, began negotiations aimed at an outward trade mission to attend the summer Fancy Food Show in New York in June, 2016.

Agribusiness is a key sector in the Tunisian economy, both historically as an economic driver and an industry which has proven capable of value-retention and scalability throughout changing economic and social conditions, and for the future as the industry has a significant potential for scalability and leverage. In order to achieve this potential, key constraints must be addressed, among them the quality of Tunisia's agribusiness export brand as well as the overall lack of development of export markets for Tunisian products.

TASK 2: FILL IN JOBS IN STRATEGIC VALUE CHAINS THROUGH EMPLOYABILITY AND WORKFORCE DEVELOPMENT ACTIVITIES

Task 2 Approach

Making meaningful, sustainable progress on Tunisia's underemployment requires not only the creation of new positions, but *job matching* as well. Currently, Tunisia's employment cycle is drastically limited as a result of:

- Structural unemployment: skills gap between job-seeker capabilities and employer requirements
- Key employer deficiencies in employee recruitment and retention
- Labor market friction resulting from inadequate communication and interaction between employers, educators, and business development services stakeholders

Microsoft estimates that of the approximately 800,000 unemployed job seekers, around 100,000 could find existing employment with some combination of training, coaching and increased access to employers. While some disciplines such as ICT and engineering have kept pace with global standards, other industries such as tourism, some health services sectors, and project management have fallen behind creating a lack of market-relevant **technical skills** in the workforce. Additionally, employers have made it clear that young Tunisians lack **cross-cutting skills** relevant in the workplace, including language skills; soft skills such as communication, critical thinking and collaboration; business skills; and ICT skills outside of the ICT industry itself.

On the part of employers, BRCP has documented key Tunisian employer deficiencies which have led to inadequate employee recruitment and retention. These include poor HR skills and tools, inability to create appropriate position descriptions and link them to career paths, unrealistic demands, underuse of potentially useful tools such as internships, and lack of meaningful involvement in the education system.

Acting as a catalyst, through a network of strategic partnerships, BRCP aims to increase workforce capacity throughout Tunisia by promoting a two-way communication "bandwidth" between education/training, employer recruitment, and the career development sector. These employment cycle linkages are critical to the sustainable improvement of Tunisia's overall labor market.

Implementation Process

Through its strategic partnership with the Ministry of Higher Education & Scientific Research (MHESR), the Ministry of Vocational Training and Employment (MVTE) and in particular its affiliate ANETI (National Agency for Employment and Entrepreneurship) as well as other main stakeholders, BRCP implemented a number of initiatives and events to promote employability and job matching.

These include Employability events, such as Career Days held through the CDC Network, Job Fairs, and Enterprise Days, as well as capacity-building initiatives such as Training of Trainer events and workshops based on building employment agency and CDC counselor capacity.

Partnerships with business associations

BRCP works in collaboration with several stakeholders to contribute actively in job matching activities, including private-sector and state-supported business associations (for instance, Chambers of Commerce, UTICA, CONECT, Microsoft & Silatech, ARFORGHEm etc.).

Task 2 is divided into **four Sub-Tasks**:

- **Sub-Task 2.1:** Employability Capacity Building
- **Sub-Task 2.2:** Curricula Development
- **Sub-Task 2.3:** Career Development Centers
- **Sub-Task 2.4:** Job Fairs

The four Task 2 activities are implemented by BRCP in a synergistic model, where each mechanism enhances the impact of the three others and in turn supports Task 1 impact. For example, jobs created through Task 1 technical assistance, training, or access to finance clear opportunities for job matching solutions through Task 2 initiatives.

Sub-Task 2.1: Employability Capacity Building

BRCP seeks to address deficiencies in the Tunisian labor market by working with enterprises to improve their HR capabilities, job seekers to improve workforce capacity and job-seeking techniques, and public sector aptitude to provide a higher quality of assistance to enterprises and job seekers.

Job Matching

The BRCP Employability Team has developed a focused, network-driven approach to maximize job matching activities in Tunisia. BRCP works on the enterprise level to identify hiring needs and co-sponsor a recruitment Action Plan to find, hire, and retain the best candidates. The Action Plan includes optimal use of BRCP job matching tools and resources, including Job Fairs, Career Development Centers (CDCs), Career Days, Open Door Days, HR coaching, collaboration with the National Agency for Employment & Entrepreneurship (ANETI), etc.

In Y2 Q2, 7 Career Events were held:

- 4 CDC-oriented Career Days
- 3 Enterprise Days
- **203** jobs matches were reported in **Y2 through Q2**

- 28% (56 out of 203) of matched jobs were filled by women

Chili's

Chili's is an American-based global franchise network of casual dining restaurants. A Tunisian start-up franchisee, in advance of the opening of the first Chili's in Tunisia in September, needed to hire 120 staff and requested BRCP assistance. Hiring in the hospitality sector in Tunisia is challenging due to a general lack of critical soft skills, and moreover a negative general perception among job seekers of working in the hospitality sector.



BRCP developed an action plan with Chili's Tunisia to meet the large hiring requirements in a time-sensitive manner. This assistance included:

- Participation in the BRCP/Microsoft/Silatech pilot invitation-only Job Fair in June (Q1), with preparatory HR training in innovative group interview techniques;
- Establishing partnerships between Chili's and a number of different offices of the National Agency for Employment & Entrepreneurship (ANETI) in greater Tunis to identify Chili's skill needs in ANETI's database
- Supporting Career Days in relevant vocational institutions (e.g. cooking, hospitality management) in greater Tunis
- Designing Chili's employment ads in print media channels most widely visible to job seekers

In Year 2, Q2, As a result of this joint program and BRCP job-matching, Chili's hired 132 employees.

Enterprise Open Day (Business Hotel): August 27th, 2015

Business Hotel Management (BHM) is a new four-star boutique hotel in downtown Tunis, comprising 35 rooms, a sky bar and a restaurant, and managed by a female Tunisian entrepreneur. Planning to open in September 2015, BHM was facing a significant challenge in finding, hiring and training the required staff.

The manager requested the assistance of BRCP to ensure the success of the launch of the new hotel. BRCP, in collaboration with BHM, developed a targeted action plan to:

- Assist BHM designing and implementing a recruitment strategy, including the design of adequate job descriptions and an action plan;
- Ensure BHM's close collaboration with employability stakeholders in Tunisia, including the National Agency for Employment & Entrepreneurship (ANETI) and vocational schools specialized in the hotel industry. This collaboration would ensure that BHM could:
 - Implement effective job matching actions in a manner replicable in the future;
 - Build and continually develop an active recruitment database with applicant profiles;
- Establish a BHM capacity to hold effective career days at the hotel, including co-organizing the first career event;
- Cost-share pre-employment training for the new recruits in hotel management and cuisine.

As a result of BHM's first career event, and the pre-employment training implemented in collaboration with BRCP, BHM hired 81 new employees at the beginning of October 2015 and successfully opened for business.

Sub-Task 2.2: Curricula development

BRCP continues to work with MHESR and private sector employers to create or upgrade higher education curricula to improve the employability of graduating jobseekers.

During Q2, there was an update in the type of curricula to be implemented by BRCP in response to the following evaluation of the previously identified (Q1) curricula initiative:

- Priority is now given to new institutions rather than those that have already received BRCP support;
- Curricula requests with enterprise support and specific recruitment tie-ins are prioritized
- Curricula development should align with BRCP target value chains
- Some institutions have not prepared supporting documentation for curricula project approval in line with BRCP requests

BRCP, in collaboration with MHESR, is currently conducting further research in order to improve the strength and relevance of curricula development programs with a priority focus on strong potential for employability and alignment with BRCP target value chain sectors.

Sub-Task 2.3: Career Development Centers (CDCs) and the 4C concept

BRCP and the Ministry of Higher Education & Scientific Research (MHESR) have partnered to improve the employability of graduating students in Tunisia through the formation of a comprehensive network of "4Cs" (Centers for Careers and Skill Certification) embedded in universities. These combine the services provided by Career Development Centers (CDCs) sponsored by USAID and the network of World Bank financed Certification Centers.

In Year 2, Quarter 2, BRCP formed **1 new CDC (ISET – Djerba)**, on the way to BRCP's goal of 5 new CDCs in 2015, as well as continuing support and assistance visits to all 22 CDCs to assess current activities, share best practices, and design annual Action Plans.

Career Days

- The Sfax 4C Career Counselor asked BRCP to assist the 4C in the annual, 3-day University of Sfax *Univ-Expo* which attracted 20,000 visitors, including the Minister of Higher Education & Scientific Research. BRCP and the 4C collaborated to include the first Career Day in the Expo. At the 4C Career Day, workshops on entrepreneurship and job seeking skills were held for students and graduate job seekers. A special program was arranged for pre-selected employers to conduct 70 interviews for 27 open positions.
- TPS, Tunisia Polytechnic School, is one of the most prestigious engineering schools in Tunisia. All TPS students are required to complete an internship project with a company or laboratory to obtain their engineering degree. 41 students graduated from TPS during the last academic year.

BRCP assisted the TPS CDC counselor in organizing a career day to help match graduates and students (as well as those from INSAT and ENIT, two other engineering education institutions) with leading Tunisian enterprises. BRCP and its partner Tounes Ta3mal, a web-based employability platform, helped employers to craft higher quality job descriptions and post them online as well as on TPS' job board to advertise recruitment needs. 13 enterprises (UIB, Oxia, Marquardt, Kopileft, Servicom, Kap IT, MD Web, SAMM, Terrasol, MD Soft, Kaust, Decade, Samm) attended the event, presenting 37 job descriptions for 51 positions. More than 80 job seekers attended the event and the employers interviewed selected candidates.

CDC Support

BRCP continued the process, started in year 1, of visiting all 22 CDCs to discuss the role of CDCs, BRCP's support, initiatives available to CDC counselors, and to establish Action Plans and monitoring toward the development, expansion, and support of the CDC Network. Two examples are:

ISET Keilibia

BRCP visited the recently created 4C at ISET Keilibia to meet with the Director and 4C staff and develop initiatives to assist graduating students find employment, including:

- Establishing a certification program in the 4C for SolidWorks, a French Solid Modeling Computer-Aided Design (CAD) and Computer-Aided Engineering (CEA) software program on the Microsoft Windows platform. Many Tunisian companies (such as Tunisie Cables) request this certification during recruitment;
- Undertaking a joint tour of regional enterprises to specify recruitment needs and assess potential further BRCP-supported training for ISET Keilibia graduates;
- Inviting enterprises to a job fair at ISET Keilibia in October, 2015

Sousse 4C/CDC Visit

BRCP visited the Sousse University 4C, which is the leading 4C/CDC program in Tunisia based on full support from the University to fund three full-time staff and a part-time psychologist. Sousse University has 17 branches and 32,000 students of which 63% are female. BRCP is assisting the Sousse 4C as a leader in development of the 4C model.

Sousse 4C Year 2 accomplishments and activities include:

- Internships arranged with Ooredoo (mobile service provider) and Meublatex (furniture);
- Sponsorship of SolidWorks engineering software certification exam with support from the North American Tunisian Engineers Group (NATEG) and Ooredoo;
- Planned Advisory Committee including Sousse Chamber of Commerce, the local ANETI branch (National Agency for Employment & Entrepreneurship), and local enterprise to raise funds and sponsor activities
- Development of Junior Enterprise Club to teach students entrepreneurship
- Development of recruitment strategy with the BPO (Business Process Outsourcing) market leader *Teleperformance*

Microsoft/Silatech Partnership – Tounes Ta3mali

BRCP has formed a key partnership with Microsoft and Silatech, a regional NGO created to improve employment among Arab youth. The partnership will build the capacity of the CDC/4C centers by integrating the Silatech *Tamheed* Career Counselor training & Certification program, and the Microsoft *TounesTa3mal* career development web platform into the CDC/4C network created and supported by BRCP and the MHESR.

BRCP's first training produced 14 counselors from 9 CDCs. Full certification requires each trained counselor to give at least 20 career counseling sessions to student job seekers in their universities, followed by a report for each and a discussion with a certified *Tamheed* Master Trainer.

In **Year 2, Quarter 2**, BRCP held training resulting in the certification of **6 *Tamheed* Career Counselors**:

Year 2 Task 2 CDC-ANETI Training		
Activity	Partners	Date
Tamheed Trainings	BRCP	07/13/2015
Tamheed Trainings	MHESR - CDC- Nabeul	09/09/2015

CDC/4Cs, Tunisia

#	Career Development Centers 4Cs	Regions	BRCP assistance
1	University of Sousse	Sousse	Continued support & strengthening (created in 2013)
2	University of Kairouan	Kairouen	Reactivated & strengthened (created in 2013)
3	University of Jendouba	Jendouba	Reactivated & strengthened (created in 2013)
4	University of Gafsa	Gafsa	Reactivated & strengthened (created in 2013)
5	University Tunis El Manar	Tunis	Continued support & strengthening (created in 2013)
6	ISET Zaghouen	Zaghouen	Continued support & strengthening (created in 2013)
7	Tunis Business School	Ben Arous	Strengthening (added in February 2015)
8	ISET Rades	Ben Arous	Strengthening (added in February 2015)
9	ISET Sidi Bouzid	Sidi Bouzid	Strengthening (added in February 2015)
10	ISET Kelibia	Kelibia	Launching (added in April 2015)
11	ISET Gabes	Gabes	Launching (added in April 2015)
12	ISET Nabeul	Nabeul	Launching (added in April 2015)
13	ISET Ksar hellal	Ksar Hellal	Launching (added in April 2015)
14	ISET Tataouine	Tataouine	Launching (added in April 2015)
15	ISET Beja	Beja	Launching (added in April 2015)
16	Tunisian Polytechnical School	Tunis	Launching (added in April 2015)
17	University of Sfax	Sfax	Launching (added in April 2015)
18	University of Monastir	Monastir	Launching (added in April 2015)
19	University of Tunis	Tunis	Launching (added in April 2015)
20	University of Ezzitouna	Tunis	Launching (added in April 2015)
21	Virtual University of Tunis	Tunis	Launching (added in April 2015)
22	ISET Djerba	Medenine	Visited on Aug 12 th , 2015



Near the end of Year 1, based on the success of the CDC program, the new minister of MHESR issued an Order formally establishing the 4Cs as separate entities within each University establishment.

However, the Order did not provide a budget or designate full-time staff for the 4Cs, which is still a significant impediment to the goal of establishing 4Cs in all 200 higher education institutions; or at least providing hub-and-spoke coverage from an expanded, strategically placed network of 4Cs. As part of higher education institutions, 4Cs are not permitted to raise revenue directly from fees.

BRCP, in partnership with the CDC network, continues to promote the allocation of budget and full-time staff to the creation of CDCs in order to facilitate the sustainability and scalability of the program.

Sub-Task 2.4: Job Fairs

During Year 2, based on lessons learned, BRCP is implementing an augmented/nuanced approach to job fairs, including reinforced technical assistance to job seekers and employers, as well as enhanced Web platform facilitation of self-selection and screening. The goal is to respond to enterprise feedback and increase the quality and targeting of the candidates who will attend particular job fairs.

Bolstered with web-based technology, BRCP conducts extensive pre-fair outreach and coaching, as well as rigorous follow up with both employers and candidates. Post-event follow-up seeks to identify where and why job matching activities during the job fair process were or were not successful. This expanded, comprehensive approach means that the new job fair model is actually a process occurring over several months, with the actual event day in the middle.

The first phase of implementation (June-Dec 2015) involves intensively assisting enterprises and stakeholders in implementing BRCP's new job fair model. Phase 2, (Jan-Apr 2016) will involve the identification and assistance on the part of BRCP of qualified partners who can efficiently operate this end-to-end job fair model, with periodic successful events.

BRCP Pilot Job Fair

Last June, Ms. Nawel Guetat, a young job seeker from the poor region of Medenine in south Tunisia, participated in a pilot BRCP job fair in Tunis which involved web-based pre-application and employer pre-selection to achieve a higher job matching rate.

Ms. Guetat has is educated in finance and has six months of experience working at the Tunisian Central Bank, but really wanted to work in her home region where she is raising her young family.

"I heard about the event on social media so I registered to participate with the companies that posted jobs in the financial sector. I had previously been working in occasional jobs that did not pay well and did not meet my qualifications. I was invited for an interview with Oddo & Cie [a French private bank with a new branch in Tunisia] and Zitouna Bank.

"I came all the way to Tunis from Medenine [485 kilometers away], traveling over 8 hours in a taxi with my young son to attend the fair. At the fair, I started with a simulated interview session with an

expert [from one of BRCP's partners]. The practice session really helped my preparation for the real interviews!

"My first interview was with with Oddo & Cie, who told me I was overqualified for the job they had available. Zitouna Bank then interviewed me and immediately invited me for a second interview the next day at their headquarters. Fortunately, the second interview was a success and I started to work one week later as the Manager for Customer Relations in the Zitouna Branch in Medenine. It has been two months now and I am very happy. I never thought I would get such a great job through a job fair. And I always thought that I couldn't work in a bank unless I had connections, but I am glad that I was not right. I hope that BRCP will continue to organize similar events to help people like me find work."

TASK 3: ENABLING ENVIRONMENT IMPROVEMENT THROUGH TARGETED TECHNICAL ASSISTANCE TO STAKEHOLDERS AT TUNISIAN GOVERNMENT AGENCIES

BRCP supports targeted technical services to Government of Tunisia counterparts and other stakeholders in critical areas to improve the legal and regulatory environment and enable the promotion of enterprise growth and increased employment.

Partnership with the MICT

Digital Communications Code

BRCP continues to work with Ministry of ICT on a Digital Communications Code that will advance the Minister's vision of bringing digital communications service to all Tunisians by 2020. BRCP is driving towards review of a final draft by the Government by 2015, with presentation to Parliament during 2016. Key policy points include:

- The DCC will be based on international best practice standards, and establish an independent, transparent, accountable regulatory framework;
- The DCC will promote additional private investment in communications, infrastructure and services, and facilitate cost-efficient sharing of communications infrastructure;
- The DCC will mandate development of a National Broadband Plan, encouraging infrastructure buildout and service innovation including e-government, e-health and e-learning;

BRCP has also been advising the Ministry on an innovative universal service strategy designed to bring advanced communications services to disadvantaged rural areas of Tunisia. Primary initial focus will be on service availability to primary schools in order to advance the Minister's directive of providing every child with access to a "digital school".

Enabling Environment & Telecomm

In September, BRCP Senior short-term Legal Consultant and BRCP experts met on a daily basis with Mr. Ziad Miled, leader of the task force established by the Minister of Information,

Communications Technologies and the Digital Economy, Nooman Fehri, to continue work-in-progress on drafting a new law to replace the Telecommunications Code of 2001.

This trip also presented an opportunity to review and comment on formal drafts of the Ministry's proposed tender for bids to provide universal service projects in 18 districts in remote areas of Tunisia and on the draft tender for 4G wireless licenses. Both initiatives are intended to improve the availability of broadband Internet service to under-served parts of the country in order to enhance economic development.

Our counterparts reaffirmed their intention to complete a draft Code by the end of 2015 in order to introduce it in Parliament in the first half of 2016.

Partnership with the MHESR

BCRP and MHESR have built a strong partnership to identify and fast-track key curricula reform in order to institutionalize enhanced market-relevancy in higher-education, expand and strengthen career development services across all Tunisian higher-education institutions, and support the creation and maintenance of stronger linkages between labor market participants, especially between employers and the higher education system.

CDCs

In addition to BRCP's ground-level operation work to create and support the network of CDC/4C centers, and training & certification work in counselor training, BRCP continues to collaborate directly with relevant agencies to accelerate and expand the CDC network and effectiveness. These activities include Cabinet level meetings as well as frequent activities with the MHE's Directorate General of University Innovation based around the ongoing Action Plan related to 4C support: Training of trainers (ToT) for career counsellors; regular 4C visits; new 4C launches; organization of specific career events in partnership with 4C centers.

Partnership with the MVTE

BRCP, the Ministry of Vocational Training and Employment, and its network of ANETIs (National Agencies for Employment and Entrepreneurship) collaborate closely with BRCP to co-organize career events across Tunisia, facilitate better matching between employers and job seekers at career events, and train job seekers in search techniques and career event preparation. BRCP holds regular meetings with ANETI to follow up job matching activities carried out with various ANETI-affiliated employment offices.

Forsati

BRCP held a high level meeting with MVTR at the cabinet level to identify areas of collaboration and to announce BRCP willingness to collaborate with the Ministry in implementation of the FORSATI program, whose goal is the training and placement of 85,000 job seekers. This was followed by a meeting with the Director of the FORSATI program.

Partnership with the MDIC

FIPA

In the first quarter of year 2, on June 12th, as part of the 2015 “Tunisia Investment Forum”, BRCP and the Foreign Investment Promotion Agency (FIPA) under the Ministry of Trade signed a Memorandum of Understanding to enhance access to FDI in various economic sectors in Tunisia in addition to raising Tunisia’s profile and brand as an investment destination. In Quarter 2, BRCP and FIPA proceed with the next step, preparing for the implementation of the Action Plan. FIPA has designated a team focused on the automotive and aerospace sectors, and BRCP and FIPA have agreed on Terms of Reference for the outside FDI promotion expert. Work is now in progress to hire the FDI-specialized expert consultant to provide guidance on the strategy and specific initiatives necessary to attract sector-specific FDI in Tunisia.

Impact of BRCP on Net Job Creation in Tunisia – A Preliminary Analysis

The BRCP Program is centrifugally focused on creating robust job opportunities for young job aspirants by improving the job creation performance of Tunisian SMEs in high potential sectors of the economy; and by strengthening the capacity of progressive training/educational institutions to promote effective job skilling and matching services. The combination of strategic cost-shared technical/training support being provided by BRCP has already generated almost 4,000 jobs during its 1st full year of implementation. The program has targeted and is well on its way to generating 7,500 jobs during Year II; through its network of over 140 partner SMEs and over 20 partner Career Development Centers.

The operation of this robust partnership network, and the strategic targeting of competitiveness enhancement constraints and job expansion opportunities undertaken by BRCP, have put the program in the somewhat unique position (particularly for a private sector development-focused project) of exerting a macro-level impact on job creation capacity in Tunisia. This can be effectively illustrated by reference to critical aggregate labor market performance figures for the country, and the related application of reasonable assumptions about certain operational features of the Tunisian job market. A concise analysis of this nature is provided below:

Assuming a current population for Tunisia of about 11.1 million persons (IMF figures), a working age population of just under 70% (World Bank figures), and a labor force participation rate of approx. 47% (derived from World Bank figures), that would yield approx. 3.55 million persons in the workforce. Let’s assume a (relatively stable) unemployment rate of 15.2% (also IMF figures for 2014-15). Let’s also assume a 2% approx. increase in the number of labor force entrants each year (again derived from World Bank figures). That implies about 71,000 new job entrants each year.

Now assuming a stable 15.2% unemployment rate for 2015, that means about 60,000 net new jobs need to be produced annually to keep the unemployment rate from rising. Current projections of a 15.2% unemployment rate are associated with a projected real GDP growth rate of 2.5-3% for 2015. In reality a combination of external demand dampening and internal security related “shocks” are lowering annual real GDP growth projections for 2015 down to or below the 1% range. So assuming that to be the case, and that the unemployment rate was to increase to the 17-18% range for 2015; then that would mean that the economy would be producing around 58,000 net jobs. Given recent World Bank estimates that the Tunisian economy produced 45,000-50,000 jobs annually during the 2010-14 period, these seem pretty high end estimates of the current and prospective net job creation performance of the economy, particularly under current adverse external and internal circumstances.

Again current projections are that BRCP over its 2nd year of operation will generate a total approximately 7,500 filled jobs. Under these particular assumptions, this would imply that BRCP is generating a volume of filled jobs which is the equivalent of about 12-13% of new net jobs created annually in Tunisia. If we instead simply assumed that the number of net new jobs created by the economy in 2015 was 10% greater than the high-end of the World Bank’s 2010-14 annual net new job estimates (ie. 55,000 jobs), that would imply that BRCP would be generating the equivalent of about 14% of net new jobs produced annually. Thus overall a reasonable case can be made that BRCP is generating jobs which represent the equivalent of 12-14% of total net new jobs produced annually.

There are of course a number potential caveats here, most particularly that the vast majority of jobs created through BRCP are net new jobs. This appears in fact to be a very reasonable assumption, based on the fact that most of the enterprises that BRCP is working with are export-focused mid-tier companies who with BRCP’s assistance are expanding export orders/sales. There is little reason then to think that their increased sales and derived increases in labor demand and employment are “displacing” existing jobs from other companies. Similarly workers placed from better focused and more efficient training and job matching programs are filling positions that would likely for the most part go unfilled for significant periods of time, and might in some if not many instances never be filled with permanent staff. These are also in the vast majority of cases filled by currently unemployed job-seekers or initial workforce entrants.

Moreover this analysis only takes into account the direct job creation impact of the BRCP Program, and does not account for the indirect impact which the program has on supply chain competitiveness and up-stream employment creation. Even if we were to assume that fully one-quarter of the jobs created were not “net” new jobs, that would still mean that BRCP was generating the equivalent of 9 – 11% of the total net new jobs generated annually by the Tunisian economy. Moreover the per capita cost to the USG per job generated is just over \$1,000/job – a very economical figure.

Again the key point here is not to claim that the BRCP Program is producing a precise specific fraction of net new jobs in Tunisia annually. It is rather to underscore that the program has been

strategically targeted and focused in a manner which is allowing it to have what strongly appears to be a macro-level impact on labor market outcomes; an impact which with additional support could be further accelerated during the next few years. Given the urgency from a U.S. foreign policy and from a related CVE perspective of helping immediately leverage significantly higher rates of job growth in Tunisia, it appears that this program is generating unique results which merit significant additional support moving forward. The program could also serve effectively as a 'benchmark' for development of similar intervention strategies and initiatives in other MENA countries facing very similar Post-Arab Spring challenges.

M&E APPROACH FOR YEAR 2

The M&E component is positioned as a management tool that works at every stage of BRCP implementation to ensure that project activities are designed, implemented, and carried out in a manner consistent with optimized outcomes (impact and results). This component is continually being evaluated and revised to ensure maintenance of reporting standards and accuracy, as well as practicality. The Tunisian business environment presents certain challenges to the collection and verification of certain types of data. BRCP as a whole, and the M&E component in particular, work together to generate effective reporting and verification procedures. M&Es project is process-oriented, fact-based, and result-driven.

BRCP's principle goal is to increase employment. M&E established a rigorous, conservative verification process for measuring employment impact in enterprises, job fairs, and other activities and events. BCRP's job creation tracking component is based on three main principles:

- **Causality:** BRCP does not take credit for jobs created/matched through BRCP action unless the following conditions are met:
 - A direct link exists between BRCP Assistance and job creation/matching
 - Job creation/matching chronologically follows BRCP assistance implementation
 - The partner would not have been able to create the position without BRCP assistance
 -
- **Veracity:** A created position must be a full-time, contractual position for one year or more of employment. (Some industries in Tunisia operate through short-term CDD contracts, renewable at intervals until confirmation of permanent employment. These contracts represent permanent positions required by the employer and are counted as such)
Excluded from the job count baseline are:
 - Final Project Internships: (required by educational institutions for degrees)
 - Seasonal assignments
 - Informal sector jobs – job without contracts (or licenses for entrepreneurs)
 - Temp/Interim assignments
 - Part-Time jobs
 - Re-hires (M&E verifies that hires are for **new positions** only)

- **Additionality:** Jobs created beyond the initial implementation period as a result of BRCP activity are included provided there is a direct, established link between BRCP activity and the subsequent later creation of the position.

APPENDIXES

Appendix 1: Detailed Program Description

1A: BRCP's principal goal is to increase employment through three initiatives:

- **Enterprise Assistance:** Job creation through sustainable improvement of SME competitiveness in key sectors, with the following core elements:
 - Establishing a shared strategic vision with partner firms to identify critical constraints to enhanced competitiveness, and addressing these constraints through a co-financed action plan for effective resolution within a defined time-frame;
 - Providing targeted technical assistance and training to high potential SMEs, through a pool of primarily Tunisian experts, in critical competitiveness-enhancement areas including: lean manufacturing, quality management, global standards compliance, market linkage enhancement, cost management, market outreach and human resource management (including on-the-job training to address defined workforce capability deficiencies);
 - Improving sustainable access to equity and debt capital, including microfinance, through partnerships with progressive banks, investment funds, microfinance organizations; and increasing Foreign Direct Investment (FDI) through assisting banks and investment funds and by partnering with the Foreign Investment Promotion Agency (FIPA) to target FDI opportunities in high potential sectors; and
 - Assisting Tunisian companies to open new export markets in high-potential industries such as textiles and agribusiness, in collaboration with the Ministry of Trade and the Center for Export Promotion (CEPEX) and other key stakeholders.

- **Enhancing Employability:** Improving the market-relevance of training/education programs and improving the efficiency and operation of job placement networks through the following BRCP initiatives:
 - In collaboration with the Ministry of Higher Education (MHESR), establishing and/or reforming curricula through a national network of higher education institutions, focusing on key occupational niche areas required by private employers;
 - Providing pre-employment training through a pool of local training providers (public and private) to fill employer-identified skill gaps for job candidates;
 - Co-sponsoring targeted job fairs across the country with private and public sector partners, and working in partnership with Microsoft to introduce innovative online job matching systems to further enhance placement opportunities for job-seekers; and
 - In partnership with MHESR, establishing a robust Career Development Center (CDC) system, which can serve as platform for systematically enhancing job placement rates and improving the market-relevance of key training/educational curricula.

- **Enabling Environment:** To provide targeted technical assistance to the public sector:

- In partnership with the Ministry of Finance (MOF), assisting tax and customs reforms in Tunisia, including drafting the new Tunisian tax code;
- In partnership with the Ministry of Development, Investment and International Cooperation (MDIIC) and its Foreign Investment Promotion Agency FIPA, promoting foreign direct investment in Tunisia;
- In partnership with the Ministry of Information and Communication Technology (MICT), working on approval of the Digital Communication Code;
- In partnership with the MHESR:
 - Promoting the production of a Decree that will formally enable each establishment to allocate space, equipment, and full-time staff to increase the impact of the career development centers;
 - Sponsoring the training and the certification of professors and tutors in different areas (i.e. technical skills, soft skills) to enhance their ability to teach and coach students and graduates in market-relevant skill areas;
 - Promoting vocational training through sponsoring co-constructive curricula development reform to successfully narrow the gap between labor supply and private sector needs;
- In partnership with the MVTE:
 - Sponsoring the training and the certification of employment agency counsellors to enhance their ability to coach and direct job seekers and employers;
 - Promoting vocational training through the technical training centers to address skills gaps between the labor force and private employers;

Following these three initiatives, BRCP's activities are organized in **tasks**:

- **Task 1: Enterprise and value chain (VC) assistance** through:
 - Technical assistance by local and international consultants, including on-the-job training (OJT)
 - Improved access to domestic and foreign equity and debt capital
 - Inward and outward trade missions/market development
 - Support for business development service (BDS) providers
- **Task 2: Employability and workforce development** through:
 - Working with employers to improve their capacity to recruit and retain employees
 - Working with relevant stakeholders to improve the employability of job seekers
 - Assisting higher education in Curricula development
 - Launching and assisting Career Development Centers (CDCs) in higher education institutions
 - Organizing Job Fairs
- **Task 3: Enabling environment improvement** through:

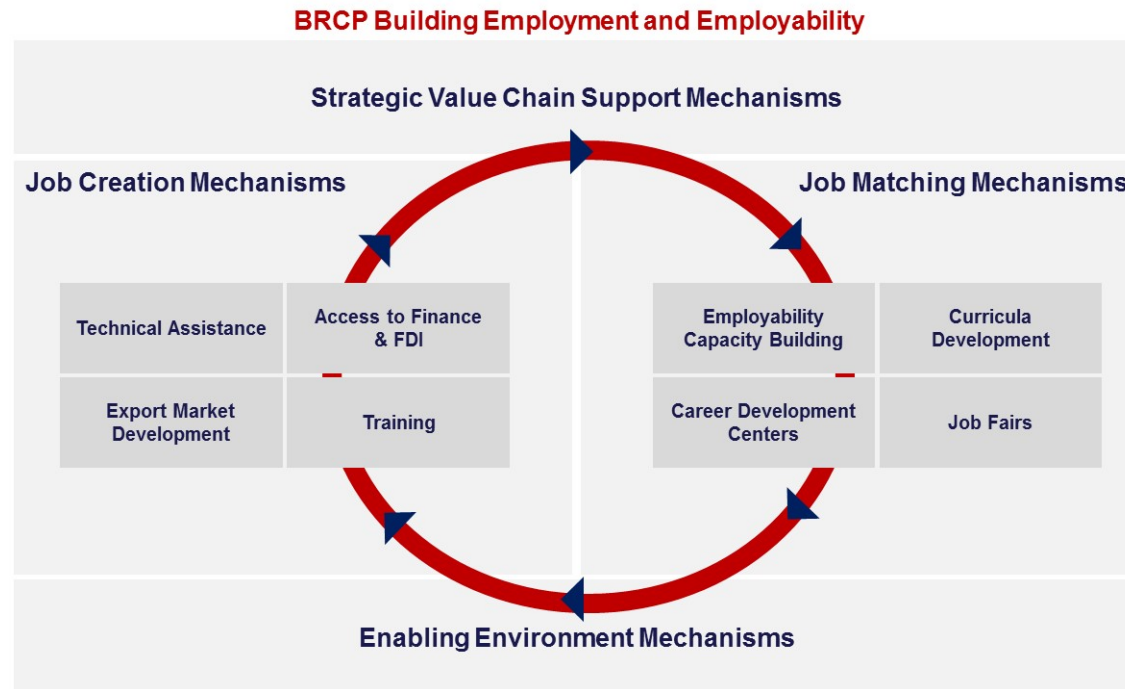
- Providing targeted technical assistance to stakeholders at Tunisian Government Agencies, mainly the MICT, the MDIIC, the MHESR, the MVTE and the MOF;
- In partnership with the MICT, drafting and consulting on a new Electronic Communications Code;
- In partnership with the MOF, drafting and consulting on a new Tax Code (this work was subsequently migrated in fall 2014 to the new USAID-financed Tax and Customs Project).

Task 1 and Task 2 are organized by functions and main partners. They work together to both create and match jobs in order to increase the number of employed Tunisians. Task 1 works with enterprises, mobilization of capital, and market development to promote job creation. Task 2's focus on upskilling the Tunisian workforce facilitates job matching for existing jobs, but also creates jobs in certain high-growth sectors where expansion of revenues and jobs is directly constrained primarily by lack of qualified personnel.

The three tasks are integrated and enhanced through continuous *intra-task* and *inter-task feedback loops*. These feedback loops tie information and capacities in individual areas to other areas within the larger BRCP project, using experience to inform and complement project functions. For example, the **Task 1** provision of technical assistance to enterprises provides enterprise-level information which can be used to enhance the efficiency and impact of other BRCP tasks and functions. Within **Task 1**, companies provided technical assistance can also be directly referred for access to finance assistance. Within **Task 2**, enterprise level information can drive targeted job matching activities as well as direct curriculum reform efforts. If enterprises are facing particular skill gap constraints to growth and job creation, these gaps can be identified to BRCP's employability stakeholder partners, as well as to educational stakeholders. The informational feedback loops provide a unique opportunity to tighten the dialogue between employers, job seekers, and training/educational institutions regarding priority occupational skill needs in a re-shaped post-Arab-Spring job market.

1B: BRCP CROSS-CUTTING & INTEGRATED STRATEGIC FRAMEWORK

Cross-Cutting Integrated Strategic Initiatives: The Feedback Loop



In order to maximize the impact of BRCP’s activities, they are joined synergistically through **Feedback Loops**, such that work in one project area is reinforced by additional support through other BRCP activities. This “cross-provision” of services works both through BRCP capacities to multiply the effects of a particular initiative through support capabilities via another, as well as informationally, to use information from particular initiatives to inform and enhance the efficiency and impact of resource utilization in other initiatives. These feedback loops function both within, and across BRCP *Tasks*.

Intra- and Inter-Task Feedback Loops:

An enterprise, for example, that receives a targeted technical assistance under Task 1 Enterprise Assistance may be assessed to determine if they can also benefit from other Task 1 activities, for example Access to Finance, or Development of Export Markets. **[Intra-Task]**

Similarly, the enterprise may be a candidate for Task 2 activities, such as job-matching or dialogue with CDCs and other employability stakeholders. If the enterprise assisted is facing particular skill or capacity gaps which constrain growth, these will be passed on to other Task 2 activities in order to help curriculum reform, workforce capacity development, etc. benefit from market-relevant information. **[Inter-Task]**

An enterprise attending a job fair, under Task 2 activities, may be referred for further job matching activities to a Career Development Center, or to a training program producing candidates with their skill requirements. Likewise, enterprise information on missing skill requirements in the work force can be addressed to curriculum reform efforts in order to tailor curriculum reform to match existing, targeted workforce capability gaps. **[Intra-Task]**

Similarly, enterprises involved in BRCP job matching or workforce capacity development may be candidates as well for targeted technical assistance or access to finance under Task 1. **[Inter-Task]**

Recursive Feedback Loops:

These feedback loops are recursive, functioning in both directions and continually informing and enhancing each other. Enterprise assistance is a primary driver of assistance from other BRCP components, however, information regarding particular enterprise constraints is fed back into an ongoing dialogue with training/educational institutions, the MHESR, and with jobseekers. This design drives permanent improvements in the dialogue between enterprises, job-seekers, and educational institutions, increasing the market-relevance and employment impact of training and academic programs, and improving labor market signaling between networks of employers at the regional and sub-regional levels and prospective job seekers.

Within the project, key Feedback Loops are supported by:

- Creation of a consolidated database with comprehensive information on the companies' interaction with all aspects of BRCP;
- Participation of representatives from each Task Team in other Task Team meetings, as well as participation of the Communications Specialist and the M&E Team to identify cross-cutting opportunities; and
- Utilization of an application form which focuses on the complete portfolio of services BRCP can provide enterprise clients (technical assistance, trainings, specific curricula development, recruitment events, access to finance, market development).

Appendix 2: Detailed list of association partners

While job creation and revenue growth ultimately take place at the enterprise level, BRCP works with business and professional associations related to job creation and job matching. These institutions are important partners for developing model activities (e.g. job fairs) and institutions (e.g. Career Development Centers) that are both sustainable and scalable.

BRCP emphasizes capacity-building through committee work/groups in the following primary areas:

- Referring enterprises for technical assistance, access to finance, new market development, and/or recruitment assistance;
- Workforce development, including working with the CDCs/4Cs, Job Fairs, formal education institutions and governing bodies to increase employability of job seekers.

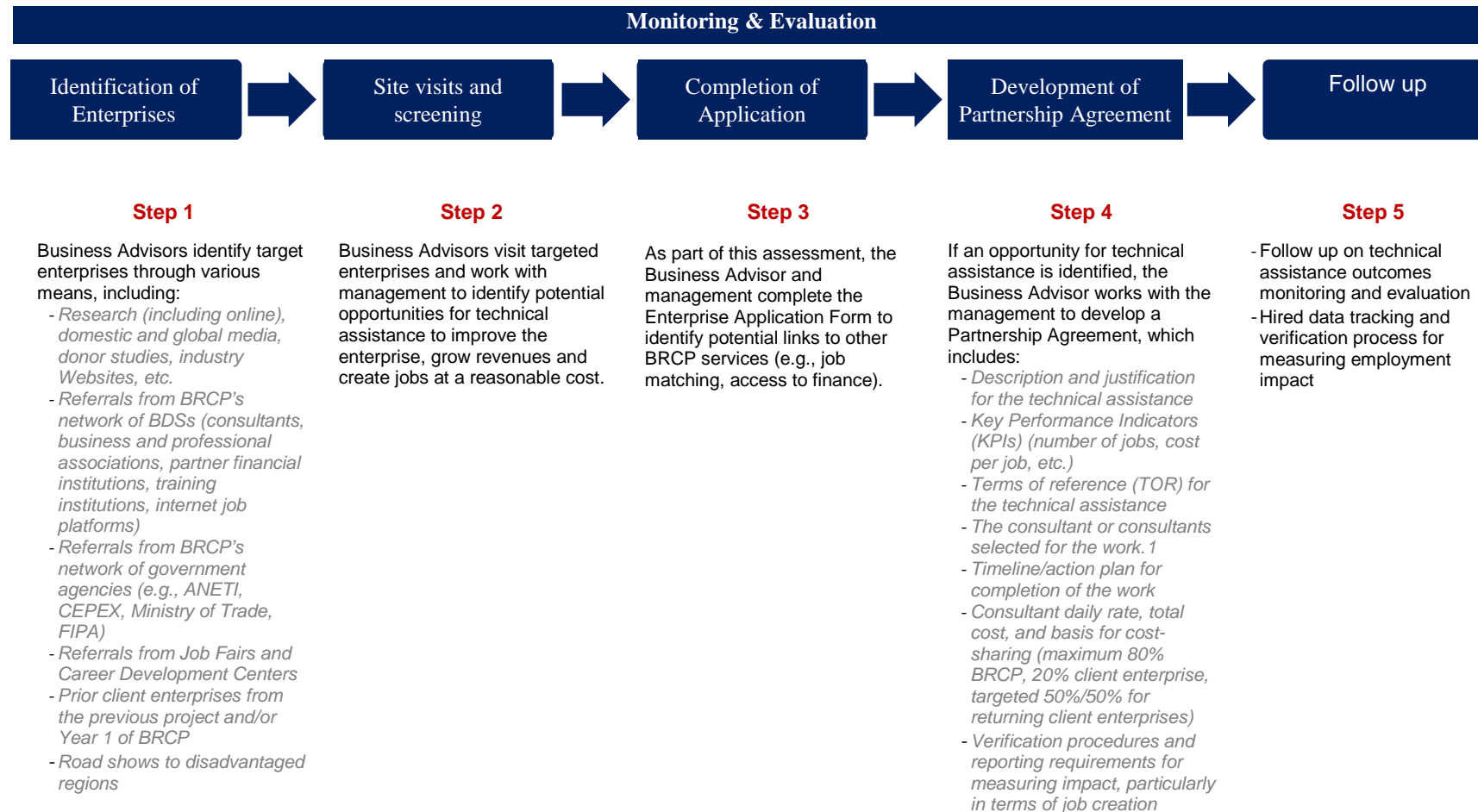
In Year 2, Q2, BRCP continued work with 14 associations:

- IACE Arab Institute of Heads of Enterprises
 - Sfax Chamber of Commerce
 - The Confederation of Tunisian Citizen Enterprises (CONNECT)
 - Chamber of Commerce & Industry of the Center (CCIC), Sousse
 - Union of Industry, Commerce and Artisans in Tunisia (UTICA), Sfax
 - The American Chamber of Commerce in Tunisia (AmCham)
 - Silatech/Microsoft
 - ENDA Inter-Arabe Microfinance NGO
 - Federation of Tunisian Travel Agencies (FTAV)
 - Chamber of Commerce & Industry of the Southeast, Gabes
 - Association of Hotels and Bed & Breakfasts (EDHIAFA)
 - Association of Tunisian Graduates of *Grandes Ecoles* (ATUGE)
 - Association of HR and Training Managers (ARFORGHE)
 - Chambre de Commerce et d'Industrie du Sud Ouest (CCISO)
-
- **Arab Institute of Heads of Enterprises (IACE):** Independent association of enterprise CEOs with branches across Tunisia. In September 2014, BRCP organized a presentation at the Sfax branch of IACE. IACE members expressed their needs in reference to job creation. Different BRCP activities were presented according to these expressed needs and follow up actions were planned with companies which met BRCP selection criteria.
 - **Chamber of Commerce & Industry in Sfax:** The Chamber of Commerce & Industry and the Business Center of Sfax are among the most strongest and most active of the network of eight Chambers of Commerce & Industry, which are supported by the Ministry of Trade (MOT). In November 2014, BRCP participated in an annual Enterprise Fair with an information stand which was visited by the Minister of Industry, Energy and Mines, as well as a number of enterprises interested in technical assistance.

- **The Confederation of Tunisian Citizen Enterprises (CONECT):** CONECT is a relatively new and fully independent, private-sector business association, with branches across Tunisia. BRCP partnered with CONECT in Tunis to mount a major Job Fair on October 2nd 2014, with the participation of more than 80 enterprises. BRCP co-financed the event with CONECT, which raised matching funds from enterprise members. BRCP provided training and tools to build CONECT's capacity to sponsor future Job Fairs.
- **Chamber of Commerce & Industry of the Center (CCIC) in Sousse:** The CCIC located in Sousse is another particularly active member of the network of eight Chambers of Commerce & Industry under the MOT. BRCP assisted CCIC and its partners, including ANETI (the National Agency for Employment & Entrepreneurship under the Ministry of Employment & Vocational Education) branches, as well as other stakeholder partners in the region to put on a Job Fair in Sousse on February 24th 2015, with four underdeveloped regions participating. BRCP provided tools, training, and coaching to its partners to support future Job Fairs.
- **Union of Industry, Commerce and Artisans in Tunisia (UTICA) in Sfax:** UTICA is the national umbrella organization of state-supported business associations organized by sector. UTICA is comprised of Federations, covering sub-sectors, beneath the Federations are specific industry Associations. BRCP worked with the UTICA branch in Sfax and various partners, including ANETI's Sfax branch, to put on a Job Fair on April 16th 2015. This included providing Job Fair tools, training and coaching to the partners to facilitate future Job Fairs.
- **The American Chamber of Commerce in Tunisia (AmCham):** BRCP participated in and co-sponsored AmCham's annual investment forum on March 5th 2015. BRCP also agreed with AmCham to co-sponsor a series of round-tables on key business and economic issues in Tunisia in Year 2 of the program.
- **Silatech/Microsoft:** BRCP established a partnership with Microsoft and Silatech, a Doha-based regional NGO that promotes employment of Arab Youth to support establishment of the Microsoft *Tounes Ta3mal* Career Development Website and the related Silatech *Tamheed* Career Counselor Certification Program focused on higher education Career Development Centers and Job Fairs. The first training of CDC counselors in the Tamheed program was held on 9th to 12th April 2015.
- **ENDA Inter-Arabe Microfinance.** ENDA is an NGO which has been the sole provider of microfinance in Tunisia. ENDA operates all over Tunisia and focuses on poor regions and women. During Year 1, BRCP provided training and instructions to loan candidates on how to register their new businesses and receive patents.
- **Federation of Tunisian Travel Agencies (FTAV):** FTAV is a national Federation under UTICA, which seeks to develop tourism in Tunisia. During autumn 2014, BRCP partnered with FTAV to sponsor a tourism expert from Mauritius to provide workshops in Tunis, Sousse, and Sfax on the steps necessary to modernize tourism in Tunisia to meet global standards.
- **Chamber of Commerce & Industry of the South East (Gabes):** In November 2014, BRCP partnered with the chamber to facilitate a partnership agreement with its member SOHATRAM.
- **EDHIAFA:** During autumn 2014, BRCP partnered with EDHIAFA, the Association of Hotels and Bed & Breakfasts, to sponsor a tourism expert from Mauritius to provide workshops on bed & breakfast strategy.
- **Association of Tunisian Graduates from Grandes Ecoles (ATUGE):** This influential association of graduates from the best universities in France, with branches in Paris, London, and several other cities in France, works to promote private sector development in Tunisia. BRCP participated in and co-sponsored its annual Enterprise Exhibition and Job Fair on September 18th 2014. BRCP had a stand at the event and made contact with a number of enterprises interested in working with the project to create jobs.

- **Association of HR & Training Managers (ARFORGHE).** ARFORGHE is a private sector professional association that seeks to raise the professionalism of HR managers. HR is a critical weakness in Tunisian enterprises, which contributes to enterprise problems in recruiting and retaining employees. BRCP partnered with AFROGHE in several BRCP employability events. For instance, ARFORGHE provided senior HR professionals to coach job seekers at the Sousse Job Fair on February 24th 2015.
- **Chambre de Commerce et d'Industrie du Sud Ouest (CCISO)** BRCP signed an MOU with CCISO in Dec 2014, which led to the approval on July 6th 2015 of a Partnership Agreement with Magtex, a textile enterprise based in Gafsa (for 40 jobs). Significantly, this was the first enterprise assistance agreement in Gafsa, an economically disadvantaged governorate in Southwest Tunisia.

Appendix 3: M&E Process



¹ To the maximum extent possible, BRCP uses domestic consultants, which can include Tunisian consultants with training and experience abroad. Where international consultants are used, BRCP seeks to leverage their impact through training of trainers and participation of groups of enterprises.

Appendix 4: Year 2 Organizational Chart

USAID Tunisia

BRCP Year 1

Organizational Chart

