

**AFRICAN DEVELOPMENT BANK GROUP**



**TUNISIA**

**INTEGRATED RURAL DEVELOPMENT PROJECT PHASE II**

**Project Performance Evaluation Report (PPER)**

**OPERATIONS EVALUATION DEPARTMENT  
(OPEV)**

**20 January 2003**

## TABLE OF CONTENTS

	<u>Page</u>
Currency Equivalents and Acronyms	i
Ratings	ii
Preface	iii
Basic Project Data	iv
Evaluation Summary	vi
<b>1. THE PROJECT</b>	<b>1</b>
1.1 Country/Sector Economic Context	1
1.2 Project Formulation	3
1.3 Objectives and Scope at Appraisal	4
1.4 Financing Arrangements	4
<b>2. EVALUATION</b>	<b>5</b>
2.1 Evaluation Methodology and Approach	5
2.2 Key Performance Indicators	5
<b>3. IMPLEMENTATION PERFORMANCE</b>	<b>6</b>
3.1 Loan Effectiveness, Start-up and Implementation	6
3.2 Adherence to Costs, Disbursements and Financing Arrangements	6
3.3 Project Management, Reporting, Monitoring and Evaluation	7
<b>4. PERFORMANCE EVALUATION AND RATINGS</b>	<b>8</b>
4.1 Relevance of Goals and Objectives and Quality at Entry	8
4.2 Achievement of Objectives and Outputs ("Efficacy")	9
4.3 Effectiveness	14
4.4 Institutional Development Impact	14
4.5 Sustainability	15
4.6 Aggregate Performance Rating	16
4.7 Borrower Performance	16
4.8 Bank Group Performance	16
4.9 Factors affecting Performance and Outcomes	17
<b>5. CONCLUSIONS, LESSONS AND RECOMMANDATIONS</b>	<b>17</b>
5.1 Conclusions	17
5.2 Lessons	18
5.3 Recommendations	19
5.4 Follow-up actions	20

**ANNEXES****No. of Pages**

1	Evaluation criteria	3 pages
2	Borrower performance	1 page
3	Bank performance	2 pages
4	Recommendations and future actions matrix	2 pages
5	Project retrospective logical framework matrix	7 pages
6	Factors affecting implementation performance and outcomes	2 pages
7	Physical achievements of project	2 pages
8	Project impact on animal and plant production	1 page
9	Economic rate of return	1 page
10	Beneficiary financial situation ( FODERI credit)	1 page
11	Box A : Typology of farms and credit systems	1 page
12	Box B : FODERI	1 page

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## CURRENCY EQUIVALENTS AND ACRONYMS

### Monetary equivalents

(TND/TND/ UA)

Dec.1993	1994	1995	1996	1997	1998	1999	2000	2001
1.40890	1.474449	1.412166	1.39821	1.54120	1.54120	1.70820	1.83900	1.83392

### Weights and measures

Metric system

### Acronyms and abbreviations

ADB	: African Development Bank
AFD	: French Development Agency
AMTA	: Agricultural Management Training for Africa
BNA	: Banque nationale agricole
BTS	: Banque tunisienne de solidarité
CGDR	: Commissariat général au développement regional (Regional Development Office)
CIG	: Common Interest Group
CNEA	Centre national des etudes agricoles
CRDA	: Commissariat régional au développement agricole (Agricultural Development Office)
DRE	: Direction des ressources en eau (Water Resources Directorate)
ERR	: Economic rate of return
FADES	: Arab Fund for Economic and Social Development
FKD	: Kuwaiti Fund for Development
FODERI	: Fund for Integrated Development
FOSDAP	: Special Fund for Agricultural Development and Fisheries
FSN	: National Solidarity Fund
GDP	: Gross Domestic Product
GNP	: Gross National Product
IDB	: Islamic Development Bank
IDP	: Integrated Development Programme
IMF	: International Monetary Fund
IRDP	: Integrated Rural Development Programme
ISAP	: Industry Sector Adjustment Programme
IUDP	: Integrated Urban Development Programme
LDG	: Local Development Groups
M&E	Monitoring-Evaluation
MA	: Ministry of Agriculture
ME	Ministère de l'équipement (Ministry of Infrastructure)
MED	Ministry of Economic Development
MTNDTND	: Million TNDTND
NOI	: Net Operating Income
OPEC	: Organization of Petroleum Exporting Countries

PIS	: Public Irrigation Scheme
RDP	: Regional Development Programme
SAP	: Structural Adjustment Programme
SCET-Tunisia	: Société centrale pour l'équipement du territoire (National Infrastructure Company)
SDF	: Saudi Development Fund
SONEDE	: National Water Supply and Distribution Company
SSFA	: Small-scale, socially-oriented family agriculture
STEG	: Tunisian Electricity and Gas Company
TND	: Tunisian dinar
UA	: Unit of account
WD	: Working days
WSAP	: Water Sector Adjustment Programme
WSC	: Water and Soils Conservation

### RATINGS

N°	EVALUATION CRITERIA	PCR	PPER
1	Relevance	4	3
2	Achievement of objectives "Efficacy"	4	3
3	Effectiveness		3
4	Institutional impact	2	3
5	Sustainability	3	3
6	Overall performance rating	3	3
7	Borrower Performance		3
8	Bank Performance	1.875	3

## **PREFACE**

1. This report has been prepared following the project performance evaluation of the Integrated Rural Development Project, Phase II (IRDP II), undertaken in the most disadvantaged areas of the Republic of Tunisia, at an initial cost at appraisal, in December 1999, of UA 220 million. The ADB participated in the financing by approving a loan of UA 63.50 million in February 1994. The project was co-financed by the Tunisian government, the Arab Fund for Economic and Social Development (FADES), the Islamic Development Bank (IDB), and the French Agency for Development (AFD).
2. The project's sectoral objective was, firstly, to improve the quality of life of rural dwellers by providing public amenities such as rural roads, water supply and electricity, and to increase food security by ensuring availability of cereals, fruits, meat and dairy products in sufficient quantities.
3. The project completion report (PCR) was prepared in October 2002 by Bank experts. The PCR considered that the overall project implementation and its global impact of development were satisfactory.
4. The government has embarked on a new development programme which takes account of the problems surrounding the phenomenon of poverty in peri-urban and rural areas. This is encapsulated in the Integrated Development Programme (IDP), whose principal lines of action and short, medium and long term objectives will receive more in-depth analysis and better assessment in a study expected to begin in the first quarter of 2003. The findings of the PPER will serve as inputs for this study.
5. This Project Performance Evaluation Report (PPER) is therefore to be considered as a complementary analysis of the PCR. It confirms certain points raised in the PCR, but also highlights the various nuances of project performance by deepening the analysis of the impact and shortcomings in terms of its achievement of certain objectives (gender, credit policy, institutional development etc.). The PPER draws relevant lessons with an eye on improving future Bank interventions in the rural sector and with regard to poverty reduction.
6. The observations and remarks from the operational departments and from the country have been reflected in this report.

## BASIC PROJECT DATA

### Preliminary data

Country	: TUNISIA
Project	: Integrated Rural Development Programme, phase II
Loan Number	: B/TUN/AGR-2/94/50
Borrower	: Tunisian Government
Guarantor	: Not applicable
Beneficiary	: Ministry of Economic Development
Executing Agency	: Commissariat general au développement régional (CGDR)

### A- Loan Data

	Projected	Actual
Loan amount (millions UA)	63.5	41.60
Interest rate	8.75	8.75
Repayment period	20 years	
Appraisal Date	December 1993	
Grace Period	7 years	
Repayment	26 equal, consecutive instalments	
Loan approval date	02/1994	23/02/1994
Loan signature date		24/02/1994
Loan effectiveness date	03/1994	11/01/1995
Completion date	12/1999	31/12/2001
Date of first disbursement	March 1994	25/09/1995
Last disbursement	N/D	31/12/2001

### B- Project/programme data

#### Financing plan (UA million equivalents)

Source	Initial appraisal				Re-appraisal				Actual			
	F.E	L.C	Total	%	F.E	L.C	Total	%	F.C	L.C	Total	%
ADB	63.50	-	63.49	28.9	63.50	0	63.50	31.26	43.10	0	43.10	28.21
AFESD	35.70	-	35.70	16.2	35.70	0	35.70	17.58	39.70	0	39.70	25.98
IDB	7.60	1.11	8.71	4.0	8.71	0	8.71	4.29	5.76	0	5.76	3.77
SFD	20.68	0.39	21.07	9.6	-	-	0	0	-	-	0	0
OPEC	2.88	1.92	4.81	2.2	-	-	0	0	-	-	0	0
Gov.	16.17	70.05	86.22	39.2	16.17	70.05	86.22	42.45	0	60.33	60.33	39.49
AFD	-				9.00	0	9.00	4.43	3.90	0	3.90	2.55
<b>TOTAL</b>	<b>146.52</b>	<b>73.48</b>	<b>220.00</b>	<b>100.00</b>	<b>133.07</b>	<b>70.05</b>	<b>203.12</b>	<b>100.00</b>	<b>92.46</b>	<b>60.33</b>	<b>152.79</b>	<b>100.00</b>

**C- Implementation performance indicators**

Cost overrun/underrun	Nil
Time overrun/underrun	12 months
Slippage on effectiveness	9 months
Slippage on 1 <sup>st</sup> disbursement	12 months
Extension on last disbursement date	12 months
Project implementation status	Completed

**D Missions**

N°	Type of mission	number of missions	Dates	number of persons
1	Identification (FAO)			N/A
2	Preparation (MDE)	1	September 1993	N/A
3	Appraisal	2	20/09 -06/10/ 1993 20/10-30/10/1993	N/A "
4	Monitoring/Supervision	7	25/06-10/07/95	N/A
			4-19/05/96	N/A
			27/03-14/04/97	N/A
			23/03-03/04/98	N/A
			24/05-04/06/99	N/A
			17-31/05/00	N/A
			27/11-2/12/00	N/A
5	PCR	1	10-21/09/01	2
6	PPER	1	12-28/06/02	2

**E- Disbursements (UA 000)**Annual ADB Disbursements (UA 000 Equivalent)

	1994	1995	1996	1997	1998	1999	2000	2001	<b>TOTAL</b>
Est.	5.80	10.92	12.96	15.98	12.00	5.83	0.00	0.00	<b>63.49</b>
Act.	0	3.51	3.72	9.29	9.55	10.13	2.71	2.66	<b>41.60</b>

## EVALUATION SUMMARY

### **The Project**

1. The objectives of the Integrated Rural Development Project, Phase II (IRDP II), conceived as an extension of IRDP I, were: to improve living conditions and reduce the pockets of poverty in the most disadvantaged rural areas and, secondly, to help to ensure food security in the country. It was designed as a public investment programme for the poorest areas and was integrated at three levels: the area of intervention, between the different project components, and at the level of operation. The project targeted low-income farming communities whose situation was expected to improve sustainably under its influence. The strategy adopted focused on decentralization, State withdrawal in favour of the private sector and professional groups; organization and active participation by the population.

2. The main components were:

- a) Agricultural development ;
- b) Livestock development ;
- c) Fisheries development ;
- d) Development of cottage industries ;
- e) Conservation of natural resources ;
- f) Economic infrastructure ;
- g) Studies;
- h) Training ;
- i) Consolidation of phase I of the IRDP; and
- j) Project Management.

3. Out of a total of UA 220M, the Bank granted the Tunisian government a loan of UA63.50M. The project was co-financed by the Tunisian government, AFESD, IDB, and AFD. The Bank loan was approved on 23/02/1994 and the agreement signed on 24/02/1994. The loan became effective on 11/01/1995, one year after signature. Bank loan disbursement was 100%, after UA21.9M was cancelled as a result of a foreign exchange gain, overestimation at appraisal, competition among companies, and the updating of the project, which revised the cost of certain objectives downwards, and introduced new ones.

### **Post-evaluation**

4. The project was considered to have been in conformity with the country development strategy and Bank Assistance Strategy. The objectives of poverty reduction, environmental protection, institutional development, gender equality and private sector development were consistent with the country macroeconomic and sector policies. Overall, the project was relevant and the quality at entry was rated satisfactory.

5. The activities, spread over 109 sub-projects across 22 governorates, were 100% completed. The poverty reduction objectives were partially achieved, taking into account the obvious improvement in living conditions which followed the provision of water supply, electrification, and rural roads for improved access; and the increased agricultural output observed despite persistent drought. Thanks to the project, the number of households in 1999 with access to drinking water and electricity rose by 9% and 2% respectively. It appears to

have had a less than desired impact as far as electrification is concerned, because the project covered so many governorates. Nearly 1500 km of rural roads were provided, opening up access to many areas, and boosting trade in agricultural products. More than 30,000 jobs were created. Nomad populations were sedentarized, notably in the desert areas in the south west (Tozeur governorate). With the improved living conditions created, rural migration lessened significantly, and often, people even moved back to the rural area. 13860 farms, 1192 (9%) of them worked by women, benefited from the project. 44% of the jobs created are held by women. Although there has been a marked improvement since the first phase where their numbers were negligible, farms operated by women are still not adequately taken into account in the project.

6. FODERI, the integrated rural development fund, is a subsidized fund established by the government to provide the poorest farmers in the IRDP with start-up funds. In common with phase I of the project, the fund is managed by the BNA, the national agricultural bank. Loan repayment on individual loans remains low (23.8% for the entire country), and depends primarily on the type of agriculture (irrigated, dry or mixed), the mentality of the beneficiary (whether content just to receive handouts), and on the sensitization efforts of the BNA and the project executing agency (ineffective so far).

7. Economic rates of return, calculated at 14.3% at appraisal, at 13.91% in the PCR, and at 13.99% by the PPER, are mostly good when compared to the capital cost of the Tunisian central bank (7%). However, some incoherence has been noted in the data supplied to the two Bank missions (PCR and PPER). Differing maintenance and operating costs are posted for years 1 to 7 (Annex 9).

8. Overall, the performances of the institutions which participated in the project implementation were considered satisfactory. The IRDP management structure comprises several agencies. At the central level is the CGDR, responsible for overall project design, coordination, monitoring, financial management, alignment of the IRDP with the regional development and monitoring-evaluation (M&E) strategy. Because of the delay in establishing the unit to carry out this latter function, the number and the profile of current M&E staff means that the projected activities cannot be executed on schedule. At the regional level, sector regional services oversee the activities: (CRDA, BNA, Ministry of Infrastructure, the Tunisian Gas and Electricity Company and the Labour Office). At local level, monitoring the implementation of the various activities under the project is the responsibility of sub-project heads; they work in collaboration with the beneficiaries, and are attached to the regional coordinators. Implementation of this project afforded practical implementation of the policy of decentralized management and state withdrawal in favour of the private sector and operating groups.

9. The government has taken decisions to ensure sustainability of the investments on maintenance (placed under the responsibility of the technical ministries, and the Ministry in charge of the Budget). A highly sustained policy of subsidies has facilitated the procurement of farm equipment. Beneficiaries have also been educated on the need to pool their resources to carry out minor maintenance of certain collective investments. It is, however, uncertain whether the subsidisation policy can be maintained. Beneficiary ownership of methods of protecting natural resources is not yet satisfactory.

10. The Bank undertook 2 appraisal missions, 7 supervision missions, one completion report preparation mission, and a performance evaluation mission after 7 years. The PCR indicates that procurement of works and services was in conformity with Bank rules and procedures. However, some delays occurred in the disbursement process, for which joint responsibility is shared by the Bank (absence of an interlocutor), and by the Borrower (non-conform requests). The Bank rates the presentation of certain audit reports as unsatisfactory.

### **Conclusions and Evaluation Ratings**

11. In the main, the objectives of the project were achieved. The integrated, participatory approach is an effective strategy through which the ultimate beneficiaries have been able to assume more ownership and enjoy greater participation in the development process. This has entailed a gradual professionalisation of the agriculture sector, and institutional and political reform built around decentralization which, in the particular case of this project, contributed immensely to the sustainability of the achievements. Nevertheless, the handouts mentality remains entrenched within certain social segments and is one reason for the failure of the individual credit system, which records a consistently low repayment rate. The financial intermediation system chosen has also proved to have limitations in terms of its ability to effectively handle women's issues and they are still under-represented among the beneficiaries. The Tunisian government and the Bank fulfilled their commitments, despite some breakdown in communication, due to a lack of familiarity with Bank procedures on the part of some officials of the executing agency, and a temporary break in ADB supervision of the project at one point, caused by the departure of the project manager. The performances of the Borrower and the Bank are rated satisfactory.

### **Lessons and Recommendations**

12. Through integrated rural development, small-scale farming may not only be viable but may also constitute a vector for social progress and economic growth. It can also serve to reduce rural-urban migration and nomad populations can be sedentarized. Lessons learned from IRDP II focus on:

- (i) The need to build the capacities of the executing agency. Project implementation performance depends on the quality of its human resources and its capacity to provide effective organization and management based on transparency and the rapid flow of information: cf. para.3.3.3 & 3.3.4.
- (ii) A manifest need to enhance beneficiaries' capacity in terms of environmental protection techniques and formation of associations. Certain environmental protection measures are still being carried out by the supervisory service; cf. para 4.2.15.
- (iii) The importance of identifying and establishing a sustainable system for funding smallholdings, and loan recovery cf. para.4.2.10; 4.2.13.
- (iv) The need to step up Bank assistance through the AMTA programme; cf. para.3.3.2
- (v) The need for more rigorous ex-post evaluation of projects previously identified on the basis of quality at entry criteria. This will limit major cancellations in respect of Bank operations; cf. para. 3.2.1.

- (vi) The pivotal role of water in agriculture in Tunisia. Land is arid and drought is now a more-or-less endemic and recurrent phenomenon; cf. para.1.1.6, 1.3.3 & 4.5.3.
  - (vii) The need for beneficiaries and government authorities to ensure maintenance of public facilities; cf. para. 4.5.1.
  - (viii) The relevance of ensuring the continued future operation of the integrated rural development strategy; cf. para1.1.6.
13. It is recommended that the Borrower:
- (i) Seek to include the project in the Bank's AMTA programme(Agricultural Projects Management Training for Africa), which trains staff to use project management modules, particularly on the performance improvement programme (PIP); and on monitoring and evaluation;
  - (ii) Draw up a training programme for beneficiaries and monitor their application of environmental protection methods;
  - (iii) Work towards the establishment of a "women's" sub-section within local development associations so as to improve female participation;
  - (iv) Adapt the credit system for smallholders to their loan repayment capacity by acting on the study carried out by the SCET, (national infrastructure company) (cf. Box A) ; the credit mutual option can also be adopted ;
  - (v) Promote and support stringent measures to recover loans from beneficiaries;
  - (vi) Ensure strict adherence to covenants signed between the technical ministries and the Ministry of Economic Development (MED) to guarantee maintenance of public infrastructures ;
  - (vii) Encourage private-sector involvement in WSC activities.
14. It is recommended that the Bank:
- (i) Undertake project launching missions to raise awareness among the local partners about the practical and participatory implementation arrangements, and about Bank procedures ;
  - (ii) Consistently and regularly carry out project supervision, and establish direct communication links with local officials;
  - (iii) Organize joint missions with other co-financers to ensure effective project coordination and monitoring; and
  - (iv) Help to enhance project capacity by providing training for staff in the context of AMTA; this would enable better identification and preparation of future projects, such as the IDP.

# **1. THE PROJECT**

## **1.1 Country/Sectoral Economic Context**

1.1.1 Situated in the Mediterranean region of Africa, Tunisia covers a land surface area of 162,155km<sup>2</sup>. It is made up of 23 governorates and 6 regions: the North-East, the North-West; the East Central, West Central, South -East and South West. The population, in 2001, was estimated at 9.6 million inhabitants. Agriculture is the greatest consumer of the country's resources: 80% of water, 90% of arable land, and 40% of total population, if one counts all activities directly or indirectly related to the sector. Up until the mid-80s, Tunisia's economic development strategy was based on commercial protection of its productive system. This policy caused considerable distortions in relative pricing structure, and consequently, in the resource allocation process, contrary to the anchor concept of comparative advantage which underpins integration into the world economy. Since 1986, the country has embarked on reform with the aid of its development partners, notably the International Monetary Fund (IMF), the World Bank and the ADB. Three programmes were implemented during the period from 1987-92: the Industry Sector Adjustment Programme (ISAP) in 1987, the Structural Adjustment Programme (SAP) in 1990, and the Agriculture Sector Adjustment Programme (ASAP) in 1991.

1.1.2 In the economic sphere, implementation of the 8<sup>th</sup> Plan and, in the early years of its implementation, the 9<sup>th</sup> Plan (1996-2001) propelled Tunisia forward in terms of the stabilization of the macroeconomic framework. Some of the notable achievements include: sustained GDP growth at an average rate of 5.8% in constant prices (1997-2001), inflation lowered to 2.9% in 2000, sustained investment growth at a yearly rate of 13.5% (raising the investment rate from 23.2% of GDP in 1996 to 26.4% in 2001) and the rate of savings from 23.7% in 1996 to 25.5% in 2001, current deficit was narrowed to 2.9% in 2000, and indebtedness reduced from 50.5% between 1996 and 2001 to 48.9% of GDP.

1.1.3 Achievements in the field of education include: i) increased school enrolment of 6 year-olds, from 85% in 1975 to 99% in 2000 ; ii) a substantial rise in student numbers, which was 207,388 2000 as against 10,000 in 1970 ; increased numbers of girls enrolled in secondary schools and higher institutions, up from 26,5% and 19,4% in 1966 to 51.1% and 51.9% respectively in 2000; and iii) literacy rates for adults in the 15 to 24 year age bracket, which grew from 74.2% in 1984 to 91.5% in 1999.

1.1.4 One of the essential elements of Tunisia's model society has been on women's empowerment, to promote their active participation in the development effort. In 2002, 51.9% of students were women, and women held 12% of senior managerial posts, and accounted for 21% of civil servants, 23% of magistrates, 35% of doctors, 63% of pharmacists and 50% of university lecturers. The country has over 5000 women corporate heads, and 1500 farm owners. In the rural areas, girls represented 36, 4% of primary school enrolments in 1981-1982 and, by 2000-2001, that figure had risen to 46.6%.

1.1.5 Through the various policies and programmes it has implemented in different domains, Tunisia has been able to boost job creation, which has grown from a yearly average rate of 40,000 new jobs per month during 1982 -1986 to 60,800 jobs for the period 1997 – 1999. In 1996, 45.8%, 20.9% and 33.3% of the active population were employed in agriculture, industry and in the services sector respectively. In 1999, these figures were 22.7%, 33.8% et 43.5%, clear indications of developing industrial and tertiary sectors, and increasing rural-urban migration.

1.1.6 Integrated rural development has been the core strategy in the country's planning initiatives since the 80s. Its aim was to reduce the huge disparities between cities and the rural areas, and between the coastal areas and the hinterland. As part of measures to improve the quality of rural life, the 9<sup>th</sup> Plan sought to connect 125,000 homes to the electricity grid, of which 10,000 would be solar-powered; it also sought to increase rural access to electricity from 76% in 1996 to 87.4% in 2001. The country's water resources are estimated at 4800 million cubic metres per annum. 68% of surface water has been harnessed. Since 1990, the country has pursued a strategy that includes a plan to mobilize water resources over a 10 year period, by building 21 dams, 203 collinar lakes, 400 storage lakes, 1760 boreholes, and 98 water purification stations.

1.1.7 The agriculture sector occupies a pivotal place in Tunisia's economy, and accounts for 16% of GDP, 22% of employment and 12% of commodity exports. The main agricultural products are: olive oil, citrus, cereals and dates. Key elements of the agriculture development strategy are: i) mobilization of natural resources, their protection, their allocation and guaranteeing their judicious use; ii) upgrading the sector to make it more competitive; iii) to involve more professional agencies in the different areas such as provision of inputs, produce marketing, and dissemination of knowledge and expertise; iv) remove all existing constraints and thus improve productivity within the sector ; v) promote a more viable agriculture sector so that it can attract investments, encourage farmers to stay in the rural areas, and attract young people to take up employment in the sector.

1.1.8 The situation as regards the financing of small-scale farming is one of massive State participation, and involvement of very few private lending agencies. The mechanisms within the institutional financial and banking system are designed to be able to satisfy the funding needs of production operations and the investments operations of smallholdings. However, insufficient knowledge of the farm's level of viability and the farmer's socio-economic status leads to a dispersal of efforts, which undermines the effectiveness of the loans granted. There are four groups of mechanisms: i) bank credit, with agricultural loans, notably by the Banque Nationale Agricole (BNA), and micro-projects offered by the Banque tunisienne de solidarité (BTS); ii) budgetary credit, especially loans provided under the FODERI for IRDP or FOSDAP, credits from the 21-21 funds for employment, as well assistance loans from the regional development programme (RDP); iii) micro-credit, with micro-credits under the National Solidarity Fund (NSF) and micro-credit granted by associations; iv) assistance programme, with programmes providing in-kind structural assistance from the Governorates Council, and in-kind economic assistance programmes, managed by the CRDA (Commisariat régional au développement agricole), the Office de l'huile or the Governorates Council. Agricultural bank credits are essentially for viable smallholdings whose an annual net operating income is above 3,500 TND, and are thus, *a priori*, more likely to provide adequate guarantees. Budgetary credits are available for all categories of smallholders; unviable holdings are not particularly singled out since actual farmer income levels are not precisely known. Micro-credit mechanisms are more for farm

holdings that have a social goal, or are potentially viable, since they are granted for the portion of the NOI between 1,000 and 3,500 TND. Support mechanisms tend to target unviable farms.

1.1.9 The performances of all these credit mechanism, rated unsatisfactory for small-scale farmers, are marked by poor penetration and recovery rates. Several factors account for this, notably the inclusion in official statistics of a large number of subsistence micro farmers, the inadequacy of financial resources available to this category of farmers, and most especially, the handouts mentality that is still part and parcel of many of them.

1.1.10 Alongside the formal credit system for smallholdings, there are a number of informal financing circuits, mostly groups of loan providers, and mutual aid schemes; their role in the rural dynamics should not be underestimated.

## 1.2 **Project Formulation**

1.2.1 The government launched the IRDP in 1984: (i) to improve the quality of life of disadvantaged rural dwellers, and (ii) to increase production and income levels of these populations, and consolidate their jobs. In mid-1993, the FAO, called upon to evaluate the first generation IRDP, recommended that a second generation project be launched urgently, because changes to the small-scale farming sub-sector were putting such farms at a disadvantage, at a time when market conditions were becoming increasingly difficult because of gradual State withdrawal from the productive sector. Furthermore, with better infrastructure now available to them, people's attitudes have changed and they can no longer go back to traditional systems of production.

1.2.2 Project preparation was undertaken by the Ministry of Economic Development (MED) and the Commissariat général au développement rural (CGDR), along with the different technical services in all the regions. In response to a request by the government, an initial Bank appraisal mission visited Tunisia in September 1993; another mission was in the country in October of the same year to attend the donors meeting on IRDP I, and to complete the appraisal of IRDP II. The project formulation rightly complied with the recommendations made in the IRDP I completion and final evaluation report that the local momentum created by IRDP I be maintained, that regional development strategies be defined by bringing the departments and the project beneficiaries together under the coordination of the governorate, and that an operational monitoring-evaluation system be put in place. In essence, IRDP II is merely extending the programme to every other zone across the country, with a component that seeks to consolidate the first phase. The unsatisfactory aspects noted in the evaluation of the first phase were in relation to the preservation of some of the programme achievements (maintenance of infrastructures and plantations); as well as institutional inadequacies in the programme's management structures and modalities. The Ministry of Planning and Regional Development (later MED) and the CGDR already had a number of comparative advantages that recommended them to continue where IRDP I left off.

### 1.3 Objectives and Scope of Appraisal

1.3.1 The project had a dual sectoral objective, to improve the quality of life of rural dwellers, and to improve food security. Its specific goal was to increase agricultural output, and promote small businesses. The logical framework matrix prepared at appraisal does not specify parameters for quantitative and temporal income expected in the objectively verifiable indicators. The sector's contribution to the national economy is not stated either (effect on GDP). The global completion report prepared by the CGDR does not contain a complete logical framework matrix.

1.3.2 The key project components set out in the appraisal and completion report were coherent and likely to contribute to achieving the sectoral and specific objectives, particularly because of a coherent evaluation and monitoring system. They cover several areas including: i) intensification of agriculture, livestock, and fishery, and environmental protection; ii) a system of credit to beneficiaries; iii) development of rural employment; iv) capacity building (technical supervision and beneficiaries); and vi) provision of social and economic infrastructure. The actions proposed fall within the framework of efforts to develop production processes for encompassing irrigated and rain-fed agriculture, livestock, fishing, and small businesses.

1.3.3 The IRDP works to achieve integration at three levels: (i) integration within the programme area, (ii) integration of the different project components and, (iii) integration at the level of operations. The project targets low-income farming populations whose situation would be sustainably improved by either collective or individual actions under the project. The project is sited partly in the semi-arid part of the country where rainfall is sparse and irregular. The risk of drought there is high but this was not adequately factored into the logical framework at ex-ante evaluation.

1.3.4 The strategy behind the project is based on decentralization, state withdrawal in favour of private operators and professional associations; organization and active participation of populations; regional re-equilibrium; incorporation of the programme in regional development plans, and conservation of natural resources. The project affected 20,000 farmers, roughly 197,000 direct beneficiaries. Given the specificity of women, the project should have been designed with more ambitious goals for integration of women into development. There were no specific gender components.

1.3.5 The project was designed around farms most in need of assistance and advice. The assumption is that, with proper managerial expertise, these farmers will evolve into professional associations that can ensure continuity of the actions taken beyond the life of the project. Such an assumption will depend on the quality of the supervision that the technical services receive, and the receptiveness of the beneficiaries.

### 1.4 Financial Arrangements

The financial arrangements were well set out in the PCR. Nevertheless, the Organization of Petroleum Exporting Countries (OPEC) and the Saudi Fund for Development (SFD) which, along with the Bank, FADES, IDB and the Tunisian government were to have co-financed the project defaulted on their commitments. Their withdrawal was partially offset by the participation of the AFD, which was not one of the planned co-financers at the outset. To avoid disruptions in the implementation of projects that can jeopardize their efficacy, donors must respect their commitments.

## **2. EVALUATION**

### **2.1 Evaluation Methodology and Approach**

2.1.1 The mission used three possible sources of information : (i) technical meetings with the agencies involved in the implementation of IRDP I and the project activities, (ii) visits to see the physical achievements and the beneficiaries, (iii) documentation available in the country and at the ADB, (DCP/ASAP/FSAP/SAP), PPERs of other projects, and iv) Tunisia's internet site.

2.1.2 At the central level, constructive working sessions were held with the Management of the CGDR, the central directorate for specific programmes, and the IRDP and IUDP monitoring-evaluation department. The banking institution partners (BNA and BTS) provided us with very useful information during these interviews.

2.1.3 At the regional level (governorates), very useful working sessions were held in the form of presentations of results obtained, projection of video cassettes, and discussions with the governors and the lead technical officers working on the project (coordinators, sub-project managers), and a few of the beneficiaries (agriculture, livestock, fishery, small businesses) in the governorates of Nabeul, Beja and Tozeur. Field visits were undertaken before or after these meetings.

2.1.4 Data that was already available in reports: (i) final evaluation of the IRDP phase I prepared by the FAO, (ii) appraisal report on the IRDP II prepared by the ADB, (iii) project completion report by the CGDR, and the PCR prepared by the Bank, were also used in preparing this document.

2.1.5 Meetings with organized groups, such as those of the common interest group or the GDL, could not be held formally. There were no organisations of women farmers so only a few individual beneficiaries were interviewed briefly.

### **2.2 Key Performance Indicators**

2.2.1 The post-evaluation sought mainly to analyse the impact of IRDP II on the beneficiaries and on institutional development, and the conditions that would ensure the sustainability of the outcomes. The priority benchmark remains the logical framework at appraisal, which sets out the objectives, inputs and outputs, as well as the results in terms of development, the indicators for assessing them, and externalities that were likely to influence project outcome.

2.2.2 The key performance indicators used are : i) relevance, which measures the pertinence of the actions taken against country requirements and institutional priorities ii) efficacy or the extent to which the project achieved, or is likely to achieve, project objectives; iii) sustainability evaluated by the likelihood that project results will be maintained over the project life. This entails an assessment of sensitivity to changes in the project environment, local capacity potential, beneficiary ownership of the results, efficacy in the long term; iv) efficiency; v) institutional development in terms of the extent to which the project has contributed to improvements that enable the country to make more efficient, equitable and sustainable use of its human, financial and natural resources.

### 3. IMPLEMENTATION PERFORMANCE

#### 3.1 Loan Effectiveness, Launching and Implementation

All the conditions precedent to loan effectiveness were fulfilled by the Tunisian government, albeit after a 9 month -long delay; this did not however impact negatively on the project, which was completed over 7 years (1995-2001), instead of the 6 years estimated at appraisal. The activities initially programmed at appraisal were completed, for the most part, in the 6th year; additional activities relating to the 17 new sub-projects and 48 kms of road, added at reappraisal in 1999, were all carried out in the 7th year. The mid-term review was only started in 1999, a year before the expected project completion date. This delay did not particularly affect executing agency performance, considering the length of time needed to provide infrastructure, and the time that must elapse before their impact becomes discernible. No project launching missions were undertaken, which would have helped to increase the different local partners' (beneficiaries, executing agency) familiarity with bank procedures. The perception of the project as an extension of IRDP I may be the reason for this omission.

#### 3.2 Adherence to Project Costs, Disbursements and Financial Arrangements

3.2.1 As stated earlier in chapter 1, OPEC and the SDF, included in the financing plan at appraisal, did not contribute funding in the end. This had no adverse effect on the project, as the AFD unexpectedly provided funds to make up the financing shortfall. Several cancellations, for UA21.9 million in total, were made on the ADB loan. These were due to: gains being made because the currency exchange rate of the TND to the UA had climbed from 1.41TND in 1993 to 1.83 in 2001, the savings made during bidding for contracts, and an overestimation of the project costs at appraisal. The following table presents the disbursements made:

**Table N° 1**  
**Annual Disbursements by ADB ( UA 000 equivalent)**

	1994	1995	1996	1997	1998	1999	2000	2001	2002	TOTAL
Est. (1)	5.80	10.92	12.96	15.98	12.00	5.83	0.00	0.00	0,00	<b>63.49</b>
Actual (2)	0	3.51	3.72	9.29	9.55	10.13	2.71	2.66	0	<b>41.60</b>
Diff. (2-1)	- 5.80	-7.41	-9.24	-6.69	-2.45	+4.30	+2.71	+2.66	0	<b>-21.90</b>

3.2.2 Disbursement at the Bank normally takes between 30 and 45 days. However, there were delays, sometimes as long as 15 months, in fund disbursement in respect of 7 requests. This happened during the period of time that there was no officer "managing" the project within the Bank; disbursements can be effected only when the data is inputted into the contract monitoring system. A number of requests were rejected outright because they were for amounts lower than UA 20,000; this showed lack of familiarity of the borrower with the donor's rules and regulations. Quite large disparities can be noted between estimated and actual schedules. 34.50% of Bank-financed costs were not disbursed and were subject to cancellation which the Bank showed flexibility in accepting.

3.2.3 Table N°2 presents the schedule of disbursements by the other donors. Disbursements at the IDB and AFD take the same length of time as at the Bank (30-45 days). The process takes longer at AFESD (2 months); the Borrower finds the procedures to be more flexible. Overruns noted in comparison to present values (2.93%, 10.65% and 8.18% respectively) were in response to adjustments to activity levels.

**Table N° 2**  
**Actual Disbursements by other Donors (million TND)**

DONORS	Appraisal		Actual disbursements								
	First	Pres. Value	1995	1996	1997	1998	1999	2000	2001	2002	TOTAL
AFESD	70	74.4	2.112	5.832	9.775	12.463	24.194	10.8	10.204	1.2	76.58
IDB	11.7	10.8	0	0.184	2.07	1.396	2.561	3.04	2.499	0.2	11.95
AFD	9.0	7.3	0	1.513	3.173	1.021	0.403	0.602	1.087	0.098	7.897
<b>TOTAL</b>	<b>27.7</b>	<b>22.5</b>	<b>2.112</b>	<b>7.529</b>	<b>15.018</b>	<b>14.88</b>	<b>27.158</b>	<b>14.442</b>	<b>13.79</b>	<b>1.50</b>	<b>96.427</b>

### 3.3 Project Management, Reporting, Monitoring and Evaluation

3.3.1 The CGDR, supervised by the MED, is the programme executing agency. Institutions for project management and monitoring were set up at two levels : i) at the central level, with the IRDP department that coordinates and monitors implementation of the actions, and the evaluation and monitoring unit responsible for assessing the technical, physical and financial performance of the project; ii) at regional level, the coordinators and sub-project managers. The establishment of a monitoring and evaluation department was a Bank condition precedent to loan effectiveness. The M&E unit and the internal Audit units were however set up in conformity with the recommendations made at project appraisal.

3.3.2 The M&E directorate, set up in 1994, only became functional in 1996. It is made up of two sections: the Specific Programmes M&E sub-directorate and the Policy M&E sub-directorate. The Directorate also monitors the IUDP. Currently, only the Specific Programmes Sub-Directorate is operational because of inadequate staffing. The team comprises four female officers (economists, managers and statisticians). In 1997 and 1998, it carried out the monitoring on 23 sub-projects, visiting 5 beneficiaries of each agricultural project, and 2 for each small businesses project under each sub-project. An evaluation report was prepared, which contained a major observation about the lack of precise information on the beneficiaries, particularly the development patterns for products and sales. The mid-term review, carried out with CNEA assistance in 1999, highlighted some positive and negative impacts of the project. At first glance, an evaluation in the fifth project year may appear to have been tardy, but borehole constructions, development of small irrigation schemes and rural roads, electrification and water supply, water and soil conservation are all actions that take a certain amount of time to accomplish. The results of an evaluation conducted at an earlier date would not have been well-founded. It is also worth noting that the M&E Unit, which only started working in 1996, lacked the requisite experience to coordinate this evaluation. Ultimately, it was able to monitor only 4 projects in 2001, because of the mid-term review of the IDR. Overall, the M&E Unit is yet to find its feet and serve its purpose within the CGDR. We were unable to assess and rate the quality of its reports, which were in Arabic. Urgent training in M&E is of the essence. ADB may provide technical assistance in this regard so that this vital structure can be more operational and effective.

3.3.3 The absence of an adequate information system within the CGDR was noted during the first phase of the IRDP. To offset these shortcomings and enhance the efficacy of the CGDR, it was agreed at the time that integration would be approached at three levels: integration within the area of intervention, integration between the different sub-project components, and integration at operational level. On the other hand, the CDGR would be restructured slightly by establishing a department for regional development in each of the biggest regions. The IRDP II fully applied this fundamental recommendation pertaining to institutional reorganization. At the central level, the decision to opt for an autonomous M&E Unit has the advantage of allowing it to compile a database common to all departments and to achieve economies of scale. The downside, however, is that it makes it difficult to fix priorities. The M&E and IRDP departments have a few problems of coordination, and have conducted only one joint monitoring and evaluation mission. Hierarchization is one major constraint to the central management of IRDP II, but the decentralized system masks the negative effects on project performance and implementation.

3.3.4 At regional level, the covenants signed with the other technical partners ensured that technicians with the requisite profile from the Ministries of Agriculture and Equipment were on hand to work under the supervision of coordinators, who show marked personal initiative having devised a monitoring system (those in the governorates visited, for example). Project managers were trained to use computers, with varying degrees of success as some of the older ones were less enthusiastic. Sub-project heads, seconded from CRDA, hold weekly meetings chaired by the coordinator, who prepares quarterly project progress reports for the central Management Service. The report is distributed to the MED, MF and to donors. This system, focused on the smooth flow of information, makes for effective communication and ensures that all the regional and local partners are actively involved.

3.3.5 The loan agreement contained a commitment by the Borrower to provide the Bank with a quarterly implementation report. The project forwarded 10 status reports to the ADB in the course of its implementation. Despite having reservations about the quality of these reports, the ADB regularly transmitted them to the donors. The government's completion report, setting out the results achieved for each of the main elements, was also prepared and sent to the Bank, and provided the basic elements for the PCR prepared in October 2001.

## **4. PERFORMANCE EVALUATION AND RATINGS**

### **4.1 Relevance of Goals and Objectives and Evaluation of Quality at Entry**

4.1.1 From Annex 1 of this report, one can draw an inference as to the relevance of the set goals and objectives. IRDP II reflects the participatory approach in which the beneficiaries and local, regional and national officials are all involved, and pursues the objectives begun under the 8th and 9th national development plans, and the policy of decentralization. The central objective remains the reduction of poverty, and this makes for better identification of the concerns of the beneficiaries, who are the populations living in the disadvantaged areas and survive on agriculture. The aim is to augment the income of rural dwellers while guaranteeing access to drinking water and electricity for a greater number of rural communities. The environmental protection aspect is included in the water and soil conservation works (WSC) built into the project. Although the issue was not adequately treated in the project logical framework, the need to foster gender equality was addressed by fixing a goal of ensuring that 20% of the beneficiaries are women. The human resources development aspect of the project envisages a *training* component for farmers, heads of

stakeholders associations, and the technical staff. Institutional development concerns are reflected in the organization chart proposed by the project, which aimed to achieve improved efficiency in the performances of the project management agency. The *small businesses* component seeks to encourage development of the private sector in the rural area through the activities of the dairy centres, carpentry and fishing.

4.1.2 Despite this conformity of objectives, the quality at entry of the IRDP II is adversely affected by the inadequate attention accorded to the *agricultural credit organisation* component. As in phase I, the FODERI was managed by the BNA. Prime attention was focused on assigning more responsibility to the BNA, which handled loan preparation, provision, monitoring and recovery. In actual fact, the BNA carries out no vital activities with the beneficiaries at the grassroots, and the heads of the sub-projects, who are independent of the bank, made a greater impact in terms of sensitization. In light of the FAO's evaluation of the matter, the sensitization process would have been improved if there been consultation during the preparation phase.

4.1.3 Rigid adherence to certain Bank rules of procurement of goods and services frequently prevented effective project implementation. For instance, government tender announcements take 21 days in Tunisia whereas the period stipulated in the ADB's contract award procedures is 45 days. These contract procedures and conditions should be harmonized to guarantee efficacy and transparency in the context of free competition.

## 4.2 Achievement of Objectives and Outputs ("Efficacy")

### a) Policy goals

4.2.1 Tunisia initiated an important programme of wide-ranging, far-reaching reforms in all sectors of activity, as it sought to establish a basis for a solid, diversified, competitive economy that could fit in with the new international environment. These fundamental reforms, designed to remove distortions to liberalization focused successively on pricing, trade, taxation, investment incentives, the banking sector, the stocks and capital market; to these must be added the restructuring of public enterprises and the introduction of an important privatization and administrative reform programme. The IDRP I benefited from the investment incentives to agricultural machinery; ranging from banking sector reform through preferential conditions under FODERI, administered by the BNA, from tax waivers granted to project beneficiaries. These concessions help to raise beneficiaries' income levels.

4.2.2 Concurrently, particular focus was given to developing human resources through a reform of the education and vocational training systems; which could lead to the successful implementation of the programme to upgrade the economy, increase productivity, and be able to take on foreign competition under the best possible conditions. The project developed a training component for both the beneficiaries and the managerial team. This component was successfully implemented. The use of new farming methods and total or partial harnessing of irrigation water- outcomes of this component- constitute factors that augur well for sustainable development.

4.2.3 The performances of the agricultural sector have enabled the country to be self-sufficient in most products. Tunisia became self-sufficient in milk production in 1999 whereas the national production in the early 90s covered barely 50% of the country's requirements. Self-sufficiency in the other products has been achieved, despite the rapid rise

in population and demand per capita as a result of higher incomes. The country stopped importing red meat in 2001. The results achieved in the framework of the project (para.4.2.6.) closely mirror the global results for the entire country.

4.2.4 In terms of the contribution of the agriculture and fishery sector to the country's growth, it is worth noting that the sector accounts, on the average, for 13.5% of Gross Domestic Product. This figure varies from year to year depending on climatic conditions, but it has never been lower than 11%, and is as high as 16% in good years. Apart from soft wheat and barley, the project's contribution to the country's agricultural production has almost tripled, (para.4.2.6), and this positive result has impacted positively on the country's GDP.

4.2.5 In the area of marketing, there has been a net improvement in the food trade balance, despite six years of drought (1988, 1989, 1994 and 1995, 1997 and 2000). The rate of coverage rose to 87.7% for 1990-2000 compared to the period for 1980-89 when it was less than 50%. This was the result of efforts made to improve farming methods and water management, which brought about higher yields of improved crops, control of production costs, and galvanized operators to make more dynamic efforts to seek new markets and diversify their export range. The project contributed to developing new farming techniques and substantially improving yields, and helped to integrate the operators, especially women, into the market economy.

#### b) Physical outputs

4.2.6 The tables in the attached annexes (5) and (6) detail the project achievements in terms of the actions, and its impact on plant and animal production of the direct beneficiaries. It is heartening to note that all of the actions projected at re-appraisal were completed. The increase in virtually all productions also means an increase in their monetary value. Beef and milk production, for example, increased five-fold in both quantity and value. The following table, which compares production figures for certain plant and animal products under the project to national production, proves that the expectation that the project would help to increase national production has been met, thereby ensuring food security. Overall, the IRDP helped to triple the project area's contribution to country production. The fall in the production of soft wheat, due essentially to changes in farming and rotation techniques, must however not be downplayed.

**Table N° 3**  
**Food ratios before and after the project**

<b>Production</b>	<b>ratio before project (1994) (1)</b>	<b>ratio after project (2000) (2)</b>	<b>Ratio (2)/ratio(1)</b>
Meat (cattle/ on hoof)	0.36	0.32	3.9
Milk	0.51	2.19	3.2
Meat (goats and sheep)	0,803	.685	2.1
Durum wheat	4.36	1.647	3.5
Soft wheat	14.31	3.31	0.2
Barley	8.84	2.61	0.3
Peas	2.51	7.01	3.3
Broad beans	42.00	43.25	1
Pepper	0.32	4.56	5.5
Tomato	0.29	2.09	3.2
Others	0.19	3.17	4.3

### c) Financial objectives

4.2.7 Average beneficiary gross income increased by 196% between 1994 (before IRDP II) and the year 2000; the agriculture sector was the least successful (125%); in the fishery sector during the same period it rose by 204%, and in the small businesses sector by 205%. The poor performance of agriculture can be attributed to the drought. The lowest figure was in the governorate of Jendouba with 55%, and the highest was 334% for Bizerte.

4.2.8 The financial internal rate of return was not estimated at ex-post evaluation. The project logical framework did not estimate target rates for individual loan recovery (FODERI). As at 30 May 2002, the financial situation of loan beneficiaries under the project totalled 46,694,000 TND for 13 857 beneficiaries of these 3,369,000 TND have been repaid, 10,764,000 TND are due and 32,561,000 TND will soon fall due. Average repayment rate is 23.8% for all beneficiaries. This consistently low rate indicates a problem of efficacy of the existing credit systems. The lowest figures are in the North-West (15%), while the North-West achieved 30.6%, the West central and East central regions 23.9% and 30% respectively; and the South-East and South-West 23.4% and 23.2% respectively (Annex 10). The low figures are mainly on account of the drought which has struck the country for the past four years and has gravely threatened food production in the poorest areas. Over the 1997-2000 period, no locality achieved a monthly average of 100mm, and only Bizerte recorded 64 mm in 1997. Other causes were insufficient education, and the mentality of many farmers who are content just to receive handouts.

4.2.9 Fishing areas (Nabeul and Sfax) show a repayment level higher than the national average. No substantive conclusion could be drawn from the calculation of the Pearson correlation coefficient between the repayment rate and the numbers of farmers engaged in the different forms of farming (irrigated agriculture, dry agriculture, mixed agriculture), the numbers of small businesses, fishing, and the proportion of women, and annual monthly average for the period 1997-2000 in the different governorates. Nevertheless, it does confirm the nature of the relationship between the repayment rate and the different variables identified. One notes a positive, albeit slight, correlation between the repayment rate and: a) the share of women beneficiaries (0.38); b) the numbers engaged in fishing (0.21); c) irrigated agriculture (0.02). The ratio is negative for dry agriculture (-0.09), and mixed agriculture (-0.03). The latter result does not reflect the true situation on account of the rainfall date used. The right rainfall figures would be the ones for cropping period.

4.2.10 One equally important explanation for the poor loan repayment rates is the increasingly universal orientation of the BNA, the principal agriculture financing institution, whose portfolio gives pride of place to agro-industry at the expense of small-scale farming. This has resulted in a net financial performance in the past 5 years, with farms recording a steady improvement: the financial rate of return rose from 6.08% in 1995 to 7.2% in 2000, while the solvency ratio increased from 6.2% to 11.5%. This is an appreciable increase considering that the standard set by the Central Bank of Tunisia is 8%. The BNA, however, does not carry out any economic evaluation of sub-projects that it finances. An impact assessment on the national, regional or even the local economy would be difficult. This situation raises the issue of the orientation of the financial intermediation for future projects. Increasing use of the mutual credit experience and a better policy of identifying beneficiaries are possibilities that could be explored.

#### d) Institutional development objectives

4.2.11 In terms of the decentralization policy, Tunisia implemented a global and coherent strategy based on maintaining the existing momentum to consolidate its achievements, intensifying the efforts deployed for each region, and eliminating all obstacles to development; the strategy had two main thrusts : a) the first seeks to position the region as a full-fledged player in the development process and enable it to upgrade, and fully exploit its existing and potential resources; b) the second aims to promote greater complementarity between the regions in order to create synergies that can promote development and cement national cohesion. Assigning greater responsibility to regions was initiated during preparation of the VIIIth Plan; it was upheld and intensified, and they were increasingly involved in the process of elaboration of the IXth Plan. The decentralization and deconcentration process was initiated to endow the region with the institutional capacity that can help it to assume the management of its own development. The process was deepened through the establishment of local general councils, restructuring of regional development promotion institutions, and enhancing the powers of regional administrations and the municipal institution. Incentives were provided in various fields to make the regions more attractive: a) coordination between the many stakeholders, to ensure the coherence and efficacy of their interventions ; b) market regulation and dissemination of economic information to assist economic agents to rationalize their decisions ; c) development of appropriate infrastructure to open up the regions and facilitate their integration into the market arena; d) upgrading of the region's human resources by adapting the training apparatus to suit their needs and those of enterprises operating there; e) granting tax and financial incentives to private investment. This system of incentives is completed, for the disadvantaged regions, by specific programmes, including the Regional Development Programme (RDP); the Integrated Urban Development Programme (IUDP) and the activities of the National Solidarity Fund (NSF).

4.2.12 The main institutional development objectives of the IRDP II were: i) to put in place an adequate information flow system and an audit unit directly attached to the Management of the CGDR; ii) to make management procedures less cumbersome ; iii) to strengthen monitoring and evaluation ; iv) in the management of the IRDP, to assign greater responsibilities at regional level to the Regional Development Council presided over by the Governor v) assign greater responsibility, at local level, to the sub-project heads; and vi) make the operators play a greater participatory role by establishing group associations; and vii) assign responsibilities to the BNA in the management of agricultural loans.

4.2.13 All the necessary measures were taken during implementation, but some dysfunctioning and shortcomings were noted at certain levels: i) the Monitoring and Evaluation Directorate helped to evolve a monitoring and impact assessment system, but it is working inefficiently due to understaffing and failure to fully embrace evaluation techniques ; ii) the supervision of common interest groups (CIG) is still inadequate, and they have not yet reached the stage of being valid professional organizations; iv) the existing credit system is defective in terms of recovery. The principal agricultural financing and promotion institution has opted for a more universal orientation, and is granting fewer agricultural loans. The relatively high number of unpaid debts, particularly in the agriculture and fishing sectors, prompted BNA management to adopt new strategic orientations, encapsulated in a five-year plan covering the period 1997-2001. The impacts of these provisions could be assessed in future evaluations; recovery policies will attempt to:

- Strictly monitor all agricultural commitments (due and falling due);
- Closely monitor and ensure permanent evaluation of agricultural credit loan recovery ;
- Analyse and assess recovery measures taken and results obtained;
- Identify shortcomings and inadequacies, if necessary, to enable necessary corrective measures to be taken early.

On a practical level :

- Identify the target clientele;
- Take follow-up actions in respect of farmers with commitments under TND 40,000;
- Monitor farmers whose loan commitments are between TND 2 and 40,000 and who are eligible for consolidation by virtue of the presidential measures of 12 May 1999;
- Apply strictly, the circular on decentralization of prelitigation
- Time recovery efforts to coincide with the crop year when farmers are more disposed to pay their debts.

#### e) Social objectives and beneficiaries

4.2.14 The social objectives have been largely exceeded. Average gross beneficiary income increased by 196% between the IRDP II commencement date and 2000; this figure varies between 55% and 334% depending on the areas and their potential. The number of jobs created by the direct beneficiaries is 31 214, 44% of them by women. A classification by job type would have given a better insight into the quality of this distribution. The daily drudgery of domestic chores (water collection) was reduced. There was a net improvement in living conditions. Opening up of hinterland disadvantaged areas, water supply, electrification and accessibility to modern shelter and health centres all help to fix populations and curtail rural-urban migration.

#### f) Environmental objectives

4.2.15 All the natural resource and environmental protection measures planned under the project were executed. The windbreaks installed around the irrigation schemes are being maintained by the regional services. Reforestation has helped to improve the plant cover in the irrigated areas and in the WSC areas. Establishment of collective and private grazing areas has improved the supply of fodder in the project area. In application of the rational water management policy, prior approval of the relevant departments of the Agriculture Ministry must be obtained before drilling boreholes. . Despite having been gradually associated in the application of protection methods, the beneficiaries have still not assumed full ownership, as the bulk of the work is still carried out either by the CRDA or under its supervision.

#### g) Development of the private sector

4.2.16 A number of small businesses sprang up in the context of the project locally, constituting development poles for the private sector. The most common are bricklaying, carpentry, plumbing, agricultural service, flour mills, well sinking, vulcanizers, and agricultural mechanics. In the long term, the 913 beneficiaries could work on other

development projects. Organizing them by area of activity will facilitate their mainstreaming into the formal private sector. Private companies which won contracts under the project for rural road development, sand dune control, and clearing, saw a boom in their activities. In total and for all manner of financing, the project awarded 749 contracts, of which 665 were works contracts, 2 were supply contracts, and 82 were contracts for studies. 26 of these contracts were cancelled for non-performance by the companies. As a general rule, however, the suppliers honoured their commitments. The project made it possible to consolidate the momentum created by the emergence and development of small and-medium-size enterprises (SMEs) at regional and local level, which started with the first phase of the IRDP. The performance of the service providers is rated satisfactory.

### 4.3 Efficiency

Internal economic rates of return, calculated at appraisal, at completion (PCR), and at performance evaluation based on the table of investments, maintenance and operating costs, and income over 30 years (Annex 5) show only a very slight difference (14.39 and 13.91 and 13.99 respectively). Bank interest rate for the period varied around 7%. The decision to invest in the project is fully justified. The ERR are higher than for the ERR calculated following evaluation sensitivity analyses. Cost/benefit ratios, calculated in present value terms at a rate of 10% are presented in the table below. They are all significantly positive, despite differentials of 25% and 55% respectively. It could be inferred from the evaluation data, that for each monetary unit invested, the total benefits obtained would be 62%. The results at completion show a figure of 46%, which remains significant.

**Table N° 4**  
**Cost/benefit ratios**

	Appraisal (ar)	Completion (cr)	Ratio(cr/ar)
Benefits/Investment	0.62	0.46	0.74
Benefits/Oper.+Inv. Costs	0.37	0.17	0.45

### 4.4 Institutional development impact

The project enhanced the social and human capital of communities in the disadvantaged areas. The satisfactory implementation of IRDP II countrywide made the local development groups interested in development. The experience of the CGDR in project development management was further enriched by the more decentralized functioning of the regional departments. Training for the technical staff, the 21 coordinators and 92 sub-project heads especially, focused on the use of computers, and project management and monitoring. The supervision missions proposed, and the CDGR organized visits for the technical and finance staff at the headquarters who visited Morocco and Egypt which have similar projects, to exchange experiences. The result would have been more positive if this had been done at project commencement. The positive impacts of decentralization were very evident in the IRDP II project. Involving the populace and regional and local heads in the project design improves capacities for endogenous development. Certain coordinators evolved a monitoring and impact assessment tool on their own (as in Nabeul). Harmonizing and generalizing this

momentum will help to overcome the shortcomings in the M&E unit. The CGDR has submitted a request for a study on integrated development (IDP), which would cover both rural and urban areas. Funds are currently being sought from the Bank. This prospect means that analytical and personnel management capacity will need to be built up at the decision center.

## **4.5 Sustainability**

4.5.1 The adoption of new technical processes for plant production, introduction of new, improved races of cattle and goats in animal production, and good water management makes it mandatory that producers must now have the appropriate rigour and training. With the existing extension and supervisory apparatus, the CGDR and the Agriculture Ministry are equipped to supervise and monitor works on all the agriculture components. The government has taken measures to ensure maintenance of the investments and has transferred the achievements to the technical ministries. In particular, the Interministerial Council took the decision to transfer maintenance of all rural roads to the Ministry of Infrastructure. Management of water in irrigation schemes by user associations is a rational step that will ensure savings on resources, and especially on equipment maintenance. So-called minor breakdowns were regularly and efficiently handled by the beneficiaries. The fact that the beneficiaries form part of the local development groups guarantees that, ultimately, they will play a part in decision-making. The State was also able to handle major faults from its budget allocations. One however wonders whether it will be able to continue doing this in the long term. With higher incomes, and the resulting investment capacity of farming communities, with training in management, maintenance and servicing provided by the CRDA, and with the growing disappearance of the handouts mentality, it should be possible, over time, to transfer all the operating costs to the farmers.

4.5.2 Tunisia enjoys political stability, and the government has embarked on economic and institutional reform designed to improve the general environment of the agriculture sector. Also, the Tunisian investment incentive code grants privileges to agricultural development, notably, a total exemption from profits tax and tax on income re-invested during the first ten years of activity; variable bonuses depending on the amount invested, as well as the size of the farm. As part of agricultural development efforts, procurement of equipment and machinery for irrigation water economy attracts a specific subsidy of 60% of the cost of such equipment and machinery for agricultural projects involving investments below or equal to 40,000 TND (Category A), 50% for projects costing between 40,000 and 150,000 TND (Category B), or 40% for Category C (projects costing more than 150,000TND). Provided that the activity forms an integral component of agricultural investments, water and soil conservation attracts a specific bonus equal to 50% of the works (Categories A and B), and 30% (Category C). The National Solidarity Fund (NSF) finances projects having multiple goals (infrastructures, interconnection) in disadvantaged areas, and may make loans and grants of between 300 and 200 TND for establishing or consolidating income-generating activities in agriculture, small businesses, and handicrafts; credit systems for smallholders lean towards the principle of regional credit mutual schemes to be operated through associations created and managed by the farmers themselves. Such associations provide a platform for a credit mutual system, which will gradually have to integrate the bank credit system and be governed by its existing rules.

4.5.3 Since 1995, implementation of the agricultural agreements under the Uruguay Round has been a feature of the international agricultural environment. These called for a reduction, over a 10-year period, of the 13% applied as domestic support, effective 1995, the dismantling of all non-tariff measures, and lowering of the 24% customs tariff on agricultural products over the same period. Trade in agricultural products with the EU continues to be regulated. These provisions may impact positively or negatively on the sustainability of the project outcomes. Persistent drought remains one of the factors that are certain to affect sustainability.

#### **4.6 Overall performance rating**

The project achieved its main objectives, including its institutional development goals. The performance is rated satisfactory and receives a score of 3. The project helped to reduce poverty in disadvantaged areas by improving living conditions (opening up access, drinking water supply, electrification, health centres) and raising income levels, and it made a significant contribution to ensuring national food self-sufficiency. Decentralizing the operations allowed the beneficiaries to assume increasing ownership and galvanized supervision at regional and local levels. Women however make up only 9% of beneficiaries.

#### **4.7 Borrower Performance**

4.7.1 The government showed satisfactory commitment to the project and complied with all loan clauses and conditions within the prescribed period. The government also took the right decision by choosing the CGDR to be the executing agency, in light of its experience acquired with phase I. Because of the decentralized structure of this institution, responsibility could be assigned at regional (governorate) and local (delegation and sector) level, a fact which impacted positively on the conduct of its activities. However, there were some delays as regards monitoring at the central level. The M&E unit began working only in 1996. The government also showed determination by taking necessary measures to ensure sustainability of the investments through internal councils, and by budgeting funds for each goal identified. A Council of Ministers decided to transfer the maintenance costs for the different investments to the relevant technical ministries, which are to budgetise them. The Integrated Development Programme anticipates that it will learn lessons from the experience of the IRDP II.

4.7.2 On account of the quality of preparation, implementation, compliance with the conditions, and the outcomes achieved, Borrower performance is rated satisfactory (Annex 2).

#### **4.8. Bank Group Performance**

The Bank was not involved in either project identification or preparation. This will not significantly affect Bank performance since IRDP II is an extension of IRDP I, which benefited from Bank technical and financial assistance in 1985. Its involvement in the evaluation of IRDP II can be considered as a guarantee of the identification and preparation phases. 7 supervision missions were conducted in 7 years, followed by a project completion report mission. The Bank did not carry out any project launching mission; this omission may be due to the IRPD being considered as an extension of IRDP I. The Borrower however ran into some disbursement problems in the course of implementation. A few communication problems were also noted, notably the long delays in treating tender documents. The Bank

did not hold enough consultations with the other co-financers (only one consultation meeting). The other donors were to blame for this because they failed to put in place a project monitoring mechanism. The Bank honoured all its commitments, and receives a satisfactory rating (Annex 3).

#### **4.9 Factors Affecting Performance and Outcomes**

Factors outside the control of the Borrower and CGDR, and which have negatively affected performance and outcomes are, essentially, the long drought over the past few years, communication delays with the Bank at a certain point, the fact that certain donors defaulted, and the lack of a coordination effort by the other co-financers. Drought was a constant feature across the entire project coverage area, resulting in agricultural output that was well below expectations in certain localities. The project's logical framework should have envisaged a less optimistic situation in terms of the climate at the study stage. The project managers experienced disbursement problems with the Bank for a while; some donors initially included in the project withdrew (OPEC and SFD); apart from the Bank, no other partners carried out any supervision. This led to a delay in project implementation. Factors impacting positively on the project were the country's political stability, State reform, and the priority accorded to the agriculture sector, State commitment evidenced by the elaboration of an investment incentive code, a robust subsidization policy, the signing of inter-ministerial covenants assigning responsibility for investments, the experience gained from IRDP I, and the fact that the project management agency had qualified technical and administrative staff. Management of the credit policy (recovery) and dysfunctional relations between the IRDP management and the monitoring and evaluation unit at the central level negatively affected the project outcomes.

### **5. CONCLUSIONS, LESSONS AND RECOMMENDATIONS**

#### **5.1 Conclusions**

5.1.1 The IRDP II is fully consistent with the orientations and objectives of the Republic of Tunisia's 8th and 9<sup>th</sup> Development Plans. The cross-cutting impact of its measures makes it a proven poverty reduction tool.

5.1.2 From the standpoint of outcomes, the objectives were attained, despite persistent drought over the past four years: the quality of life of inhabitants of the most disadvantaged areas improved, their income levels rose, and the project helped to improve food self-sufficiency.

5.1.3 One of the institutional development objectives of decentralization was to give the population greater responsibility and involvement in decisions concerning them. This was the strategy which underpinned IRDP I, and it did succeed in involving the population; however, their assumption of ownership of certain tools is still unsatisfactory, especially methods of protecting natural resources. The participatory approach should be intensified by providing technical supervision when implementing these measures. Regional and local technicians and administrations were also given a more prominent role in decision-making. Some organisational improvements however need to be made at the central level, in terms of training and hierarchization of the various departments of the IRDP, and as regards monitoring and evaluation.

5.1.4 The social objectives affected a significant part of the population but women were still not adequately involved (10%). The project, however, resulted in the creation of a number of jobs, 14% of which were held by women. The project at appraisal stage gave no fixed indicators for gender issues.

5.1.5 Judging by the recovery rate over the two project phases, the system of individual credits applied under the IRDP clearly has limitations. Not enough was done from the outset to raise awareness, and other causative factors for the woeful results obtained can be found in the unfavourable climate year after year, the handouts mentality rampant among many farmers, and inappropriate farm types.

5.1.6 The Bank was virtually the only donor in IRDP II to provide constant monitoring, but no real supervision mission was conducted together with the other donors. OPEC and SDF defaulted on their financing commitments. The development partners must show more discipline and must respect the commitments they enter into. The Borrower estimated that the donors' lack of flexibility in the award of contracts affected project implementation, judging by the delays observed.

5.1.7 In conclusion, the project appears to have obtained a satisfactory rating; the performances of the Borrower and the Bank are satisfactory, the performances of the other donors are rated unsatisfactory, in light of their lack of involvement in project monitoring.

## 5.2 Lessons

Several vital lessons were learnt from this project:

- (i) Integrated rural development showed that small-scale farming can not only be viable, but can constitute a vector for social progress and growth, once it is sustained, supervised and monitored;
- (ii) Constant capacity building within the executing agency is a vital necessity, and helps to adjust and sustainably improve its performances.
- (iii) The capacity of a project management team to react depends on the speed and smooth operation of its internal monitoring system;
- (iv) Enhancing the capacity of rural communities to form associations will help to promote greater ownership by beneficiaries and encourage them to be effective participants in community activities, notably environmental protection and maintenance of service roads;
- (v) Establishing, urgently, a sustainable system of financing for small-scale farmers and for loan recovery would enable the needs of numerous rural dwellers in the marginal areas to be met;
- (vi) Bank assistance in building project analysis and evaluation capacities is a pressing need urged by management and supervisory agencies ;

- (vii) A more rigorous ex-post evaluation of projects, based on their outcomes, should be encouraged throughout the Bank to enable a better assessment of objectives and costs and, in particular, to avoid significant cancellations;
- (viii) Water is a crucial handicap to agriculture in Tunisia, and a rigorous and innovative approach is required in this country where land is arid and drought quasi-permanent; and
- (ix) The development of public and local capacities to operate and maintain public infrastructure augurs well for the success and sustainability of the project.

### **5.3 Recommendations and Follow-up Actions**

The following recommendations are made in addition to those set out in the PPAR, and fully endorsed by the PPER.

It is recommended that the Borrower:

- (i) Seek to bring the project within the Bank's AMTA programme (Agricultural Projects Management Training for Africa) which trains staff to use project management modules, particularly the performance improvement programme (PIP); and monitoring and evaluation;
- (ii) Draw up a training programme for beneficiaries and monitor their application of environmental protection methods
- (iii) Work towards the establishment of a "women's" sub-section within local development associations as a means of enabling greater female participation;
- (iv) Adapt the credit system for small- scale operators to their loan repayment capacity by acting on the study carried out by the SCET, (national infrastructure company) (cf. Box A) ; the credit mutual option can also be adopted ;
- (v) Promote and support stringent, effective loan recovery measures among beneficiaries;
- (vi) Ensure strict compliance with covenants signed between the technical ministries and the Ministry of Economic Development (MED) to guarantee maintenance of public infrastructures; and

Encourage increased participation of the private sector in WSC activities.

1.5 It is recommended that the Bank:

- (i) Undertake project launching missions to raise awareness among the local partners about the practical and participatory implementation arrangements, and Bank procedures;
- (ii) Undertake regular and constant project supervision, and establish direct communication relations with local leaders;

- (iii) Organize joint missions with other co-financers to ensure effective project coordination and monitoring;
- (iv) Help to enhance project capacity by providing training for staff in the context of AMTA; this would enable better identification and preparation of future projects such as the IDP.

#### **5.4 Follow-up Actions.**

Follow-up actions to be taken on these recommendations are detailed in Annex 4.

## TUNISIA : INTEGRATED RURAL DEVELOPMENT PROJECT - PHASE II

### EVALUATION CRITERIA

N°	COMPONENT INDICATORS	SCORE (1-4)	OBSERVATIONS
<b>1</b>	<b><u>Relevance and evaluation of quality at entry</u></b>	<b>3</b>	<b>Satisfactory</b>
i)	Consistency with country development strategy	3	Satisfactory. IRDP II is consistent with the country's 8th and 9th development plans. Key objectives are poverty reduction, and improved living conditions for the population.
ii)	Conformity with Bank Assistance Strategy	3	Satisfactory. The IRDP II is in keeping with the Bank assistance strategy which emphasizes sustainable and equitable development, and reduction of poverty.
iii)	Macro-economic policy	3	Satisfactory. The objective of sustainable growth and poverty reduction in disadvantaged areas fits into the country's macroeconomic adjustment policy: tax reform, rationalization of public expenditure, price liberalization, etc.
iv)	Sector policy	3	Satisfactory. The project's sectoral policy aims at reducing vast urban and rural disparities, on the one hand and disparities between the coastal and hinterland areas on the other. Increased agricultural output is also targeted through ensuring access to credit.
v)	Public policy reform	4	Highly satisfactory. IRDP II benefited from the relevance of agriculture sector reform, notably, the modernization of agriculture, institutional development and capacity building, private-sector development, decentralization policy, etc.
vi)	Poverty reduction	4	Highly satisfactory. IRDP II is fully consistent with the ultimate goal of reducing poverty. Better road access, water supply, electrification and a rise in income levels offer tangible proof.
vii)	Social and gender equality	3	Satisfactory. IRDP II focuses particularly on vulnerable groups (rural populations in disadvantaged areas, the youth). However, female representation remains low.
viii)	Environmental concerns	3	Satisfactory. IRDP II includes a natural resources protection component. The planned training in WSC methods for the beneficiaries must be sustained. The beneficiaries have also been educated on the importance of the water sector.
ix)	Human resources development	3	Satisfactory. The project contains a training component for beneficiaries and for technicians working on the project. This was 100% implemented resulting in the upgrading of the beneficiaries' skills.
x)	Institutional development	3	Satisfactory. IRDP II envisages a decentralized project management and implementation structure. This policy has fostered greater involvement and sense of ownership in the beneficiaries and in the decentralization agencies.
xi)	Development of the private sector	3	Satisfactory. The "small businesses" component is a line of action that aims at the development of the private sector. The competition expected among the enterprises involved has contributed to the development of the sector.
xii)	Regional economic integration		N/A
xiii)	Quality at entry (including demandingness, complexity, riskiness etc.)	4	Highly satisfactory. Being an extension of IRDP I, the project was able to draw lessons from the experiences during the first phase.
<b>2</b>	<b><u>Achievement of objectives and outcomes ("Efficacy")</u></b>	<b>3</b>	<b>Satisfactory</b>
i)	Policy goals :	4	Highly satisfactory. The IRDP II has helped to reduce poverty and regional disparities by increasing income, job creation (macroeconomic stabilization). Contract award procedures were rigorously applied.

ii)	Physical objectives (outputs)	3	Highly satisfactory. All planned activities were 100% completed.
iii)	Financial targets	2	Unsatisfactory. The rate of individual loan repayment remains low despite the experience gleaned from IRDP I.
iv)	Institutional development objectives : National capacity  Executing agency	3	Satisfactory.  IRDP II cuts across several technical ministries (Agriculture, Equipment, Economic Development), enabling several qualified officers from these various ministries to be deployed throughout the territory. The project contributed to poverty reduction in the country. The financial intermediation system provided for the project proved to have serious limitations.  The CGDR underwent a restructuring on account of the policy of decentralization. Its M&E department was established very late and needs more staff.
v)	Social objectives and targets:	3	Satisfactory. Communities in disadvantaged areas benefited from collective amenities (health centres, water supply, etc.) and an increase in their incomes ; The project encouraged the formation of local development groups; The project also fostered sedentarization and some people returned to the rural areas ; Participation by women, however, remains very low.
vi)	Environmental Objectives :	3	Satisfactory. WSC methods were applied. Water points were provided for camels in the desert. Group associations were established to strengthen water management; the beneficiaries however require closer monitoring to ensure that the methods used are adequate.
vii)	Private sector development	3	Satisfactory. Contracts awarded under the project have helped the private sector to develop; the small businesses established in the rural areas are the nucleus of the private sector in the rural area.
<b>3</b>	<b><i>Efficiency</i></b>	<b>3</b>	<b>Satisfactory</b>
	ERR: Appraisal Estimate : 14.39% Reestimated at completion PCR : 13.91% Estimation : 13.99%	3	Highly satisfactory.  ERR at appraisal and at PPER remain highly viable; but the data provided to PCR and PPER Evaluators are inconsistent.
<b>4</b>	<b><i>Institutional Development Impact</i></b>	<b>3</b>	<b>Satisfactory</b>
i)	National capacity :  Governance Poverty reduction Financial intermediation Support to private sector Environment and natural resources	3	Satisfactory.  The government fulfilled its obligation, and this, coupled with the policy of decentralization, is promoting a climate of confidence where the populace is being increasingly involved, and which augurs well for poverty reduction. The financial intermediation system was not effective in ensuring individual loan recovery.
ii)	Executing Agency : Management control and auditing Training/Skills upgrading. Management information system. Technology transfer. Agency restructuring.	2	Unsatisfactory. The information system shows a number of inadequacies. The Bank found the audit reports to be of poor quality. Skills were upgraded, but certain fundamental aspects are still in need of improvement (M&E). Communication between certain departments appears inadequate. An intranet system could be developed, with internet access extended to all the different departments and sub-departments.
<b>5</b>	<b><i>Sustainability</i></b>	<b>3</b>	<b>Satisfactory.</b>
i)	Continued Borrower	3	Satisfactory. The government has launched a series of reforms aimed at

	Commitment		eliminating distortions hampering the liberalisation of initiatives. The reforms concern prices, trade, tax, incentives to investment, the banking sector, restructuring of public enterprises, administrative reform, and the educational system. The government has begun a robust subsidization programme but it is not clear whether it can be sustained.
ii)	Socio-political support	4	Highly satisfactory. The population adheres to the project, and actively participates in the identification of activities.
iii)	Economic Viability	3	Satisfactory. Sustained GDP growth at an average rate of 5.8% at constant prices for the period from 1997-2001. Inflation pegged at 2.9% in 2000; investment growth: from 23.2% of GDP in 1996 to 26.4% in 2001; Indebtedness reduced from 50.5% in 1996 to 48.9% in 2001
iv)	Financial Viability	2	The financial intermediation system has been revised. The system of subsidies may negatively impact the banking system if the State does not meet its commitments within the prescribed period.
v)	Institutional arrangements	3	Satisfactory. Legal arrangements (interministerial decisions) have been made to ensure that the investments are maintained.
vi)	Environmental viability	4	Highly satisfactory. The IRDP II contains no environment- polluting or destructive activities.
vii)	Resilience to exogenous factors	3	Satisfactory. Political stability in the country and its cordial relations with the neighbouring countries constitutes a positive factor for the country's endogenous development.
<b>6</b>	<b>Aggregate performance indicator</b>	<b>3</b>	<b>Satisfactory.</b>

## TUNISIA: INTEGRATED RURAL DEVELOPMENT PROJECT - PHASE II

BORROWER PERFORMANCE

Component indicators	Score	Observations
<b>Quality of Preparation :</b>	<b>3</b>	
<ul style="list-style-type: none"> <li>Ownership, beneficiaries participation</li> </ul>	3	The project was prepared with the participation of the beneficiaries, and local and government leaders.
<ul style="list-style-type: none"> <li>Government commitment</li> </ul>	3	The government showed commitment by entrusting the project to the CGDR, attached to the Ministry of Economic Development, and by involving the Agriculture and Equipment Ministries.
<ul style="list-style-type: none"> <li>Macro-economic and Sector policies</li> </ul>	3	Through the 8th and 9th development plans, the government applied macro-economic and sector policies dictated by the project (tax, banking system, administrative reform, priority to the rural sector)
<ul style="list-style-type: none"> <li>Institutional Arrangements(counterpart fund)</li> </ul>	4	The government honoured its counterpart obligations.
<b>Quality of Implementation :</b>	<b>3</b>	<b>Satisfactory</b>
<ul style="list-style-type: none"> <li>Assignment of key staff</li> </ul>	3	The CGDR has vast experience in project management. The project staff is, on the whole, well-qualified and experienced, notably the field technicians (coordinators and sub-projects managers). The M&E department requires more staff.
<ul style="list-style-type: none"> <li>Managerial Performance of Executing Agency</li> </ul>	2	Overall, the staff performed adequately; M&E was better compared to phase I, but there is still a shortfall of staff, so not all the expected tasks can be undertaken. There is a serious problem of consultation between certain services.
<ul style="list-style-type: none"> <li>Mid-term adjustments</li> </ul>	3	Loan recovery arrangements under FODERI have been ineffective.
<ul style="list-style-type: none"> <li>Adherence to costs schedule</li> </ul>	3	Adjustments had to be made to the project to include a number of actions that had been omitted at appraisal, and to remove some other activities.
		The implementation conditions were met as far as the deadlines were concerned; disbursements were however delayed by a year.
Compliance with covenants	3	All the covenants were adhered to.
Adequacy of Monitoring and Evaluation and Reporting	2	The M&E lacks experience. The presentation of certain audit reports left much to be desired.
Satisfactory Operations	4	Borrower funds were satisfactory. Some cancellations were made possible.
<b>Overall borrower performance</b>	<b>3</b>	<b>Satisfactory</b>

## TUNISIA: INTEGRATED RURAL DEVELOPMENT PROJECT- PHASE II

### BANK PERFORMANCE

Component indicators	Score	Observations
<p><u>At Identification :</u></p> <ul style="list-style-type: none"> <li>• Project consistency with government development strategy</li> <li>• Project consistency with Bank's strategy for country</li> <li>• Involvement of government/beneficiaries</li> </ul>	<p><b>4</b></p> <p>4</p> <p>4</p> <p>4</p>	<p><b>Highly satisfactory</b></p> <p>The project is consistent with the government's development strategy which accords pride of place to poverty reduction.</p> <p>The project is consistent with the bank's strategy for Tunisia.</p> <p>IRDP II being an extension of IRDP I, the government and the beneficiaries were the major project initiators.</p>
<p><u>At Preparation:</u></p> <ul style="list-style-type: none"> <li>• Relevance of Bank support</li> </ul>	<p><b>3</b></p> <p>3</p>	<p><b>Satisfactory.</b></p> <p>The Bank was not really approached at the project preparation stage, as this project also covers other areas and consolidates IRDP I. Nonetheless, Bank support for the project is justified by the target population, and by the positive outcomes of IRDP II.</p>
<p><u>At Appraisal :</u></p> <ul style="list-style-type: none"> <li>• Quality of technical, economic, financial, institutional, social, environmental analyses</li> <li>• Relevance of conditions and covenants</li> <li>• Suitability of lending instrument</li> <li>• Appropriateness of financial package</li> <li>• Quality of coordination with other donors/partners</li> </ul> <p>Implementation and supervision plans (including performance indicators, M&amp;E criteria)</p>	<p><b>3</b></p> <p>3</p> <p>3</p> <p>4</p> <p>3</p> <p>2</p> <p>3</p>	<p><b>Satisfactory.</b></p> <p>The analyses carried out were thorough because of the considerable expertise the Evaluators have in the matter. The analyses were however very optimistic with regard to the climatic conditions. The persistent drought conditions over the past years should make it possible to adjust expected yields.</p> <p>The conditions and covenants were very relevant, but the long period that preceded the signing affected the project completion date.</p> <p>The project loan is downstream from the Bank-financed macroeconomic reform.</p> <p>Certain donors withdrew but this had no significant impact on the project.</p> <p>No collaboration whatever with the other co-financers.</p> <p>Two types of monitoring were envisaged (permanent and periodic). It was expected that monitoring would enable the necessary adjustments and impact assessment to be carried out. The profiles of the managerial staff required were however not specified.</p>
<p><u>At Supervision</u></p>	<p><b>3</b></p>	<p><b>Satisfactory.</b></p>

• Adequacy of Bank Staff (skills, time and continuity)	3	The project monitoring team had the requisite skills, but communication with the Tunisian authorities was disrupted for some time following the departure of the officer in charge.
• Problem solving	3	The crucial problem of disbursements was resolved through the supervision process.
• Responsiveness to changing conditions	4	The Bank showed flexibility in allowing about 30% of the voted credit to be cancelled.
• Adequacy of follow-up on recommendations /decisions	3	7 supervision missions were undertaken in six years as well as a mission in connection with the preparation of the project completion report.
• Realistic ratings at CPPR/APPR	3	Satisfactory overall, but the Bank was rated very harshly.
• Attention to likely social development impact	4	The missions acknowledged it would probably have an impact but dwelt on the need for constant monitoring..
• Attention to sustainability problems	3	Sustainability problems constantly cropped up : maintenance of infrastructures, organization of beneficiaries etc.
<b>Overall Bank performance evaluation</b>	<b>3</b>	<b>Satisfactory.</b>

**TUNISIA: INTEGRATED RURAL DEVELOPMENT PROJECT - PHASE II**  
**RECOMMENDATIONS AND FUTURE ACTION MATRIX**

<b>Principal observations and conclusions</b>	<b>Recommendations</b>	<b>Follow-up actions</b>	<b>Responsibility</b>
<b><i>Project design and objectives</i></b>  1. The objectively verifiable indicator for the sector objective is imprecise ; moreover the potential contribution to the economy is not stated ;  2. The lessons of IRDP I were not sufficient to enable a better identification of the suitable credit arrangement  3. The objectives did not particularly reflect gender considerations (women)	1. The contribution to GDP should be stated in future ;  2. Study more detailed in-depth study on the credit repayment system for individual credit ;  3. Take account of gender-based analysis	1. Train project staff on how to prepare the logical framework ;  2. act on the SCET-Tunisia study on financing small scale agriculture ;  3. train staff in the gender approach	Borrower and Donor
<b><i>Implementation and execution</i></b>  1. One year later than projected: long period to achieve conformity with conditionalities  2. Delays in disbursements: rejections for non-conformity (ignorance of procedures)  3. Absence of an interlocutor at the Bank over a period of time  4. Delay in setting up the Monitoring&Evaluation unit, which also oversees some other projects (IRDP). Inadequate staffing.	1 Government should establish a framework that will allow the different covenants to be signed with dispatch;  2 Government should train staff of the project financing services to familiarize them with donor procedures; ;  3 The Bank should ensure continuity in the processing of project dossiers ;  4 The CGDR should increase staff strength in the M&E	1. Simultaneous treatment of dossiers.  2.The Bank should facilitate such periodic training  3. Identify a permanent interlocutor  4. Recruitment or assignment of an officer with a background in agronomy	1. Borrower  2. Borrower  3. Bank  4. Borrower (CGDR)
<b><i>Institutional development</i></b> 1. Inadequate collaboration between the	1. The CGDR should improve the flow of information between the different services	1. More frequent consultations and field missions. Joint action on reports from regions	1. Borrower (CGDR)

<p>central services responsible for project supervision. .</p> <p>2. Inadequate profile and staffing at the M&amp;E. (at central level) ; irregular IRDP monitoring and evaluation.</p>	<p>involved in IRDP II</p> <p>2. The CGDR should upgrade staff in M&amp;E by adding staff who have a background in agricultural economics or rural engineering;</p>	<p>and local communities.</p> <p>2 Recruitment or assignment of the appropriate profile ; participation in the Bank's AMTA programme;</p>	<p>2. Borrower (CGDR)</p>
<p><b>Sustainability</b></p> <p>1. Inadequate beneficiary ownership of methods of protecting natural resources</p> <p>2. Inadequate sensitization of beneficiaries to the need to repay loans ;</p> <p>3. Insufficient involvement of women</p> <p>4. Considerable individual and collective investments.</p>	<p>1. The government should continue to train and give additional training to beneficiaries on ways of protecting natural resources, even after the project life;</p> <p>2. The CGDR, BNA and the Ministry of Agriculture should introduce a credit system that is more suited to disadvantaged populations ;</p> <p>3. The CGDR and the Ministry of Agriculture should give women greater encouragement to set up associations that will ensure that women are more closely involved in the project ;</p> <p>4. Inter-ministerial arrangements for the maintenance of collective amenities investments should be given effective application. .</p>	<p>1. Elaboration of appropriate modules; increase use of the participatory approach;</p> <p>2. Act on the SCET-Tunisia-prepared study on small scale agriculture and family and community farming (2001); experiment with the mutual credit approach ;</p> <p>3. Develop use of the gender approach in future</p> <p>4. Envisage appropriate budgets and set up a monitoring agency.</p>	<p>1. Borrower (Ministry of Agriculture/ CGDR)</p> <p>2. Borrower</p> <p>3. Borrower</p> <p>4. Borrower</p>

**TUNISIA: INTEGRATED RURAL DEVELOPMENT PROJECT INT - PHASE II**  
LOGICAL FRAMEWORK RETROSPECTIVE PROJECT MATRIX

HIERARCHY OF OBJECTIVES	OBJECTIVELY VERIFIABLE INDICATORS			MEANS OF VERIFICATION	ASSUMPTIONS AND CRITICAL RISK FACTORS
	APPRAISAL	RE-APPRAISAL	AT POST-EVALUATION		
<b>1. Sector goals</b> 1. Improve the standard of living of rural dwellers;  2. Increase food security	1.1. increase in incomes ; 1.2. 61.000 rural dwellers have drinking water access; 1.3. 13.000 rural dwellers have electricity  2.1. the population's food situation is good; cereals, milk, meat, vegetables, fruits are available in sufficient quantities	Idem	1.1. There has been, overall, a 196% increase in beneficiary average gross income between 1994 (project commencement) and 2000 ; 1.2. Dry agriculture: +125% Fishery : + 204% Small businesses : +205% 1.3. Job creation : apart from the direct beneficiary : 31214 of which 44% are women  2.1. Increased food security	1. Post evaluation ; 2. Overall project completion report (CGDR) ; 3. PCR (ADB)	The provisions of the SAP as set out in the 8 <sup>th</sup> and 9 <sup>th</sup> Plans were applied.  Unsatisfactory rainfall levels.

<p><b>2. Project objectives</b></p> <p>Increase agricultural output and develop small businesses</p>	<p>Additional products planned (tonnes) :</p> <p>almond: 11.877 fishery : 4.164 olive : 39.585 grenadine: 3.120 dates : 1.104 apple : 21.588 pear: 21.624 market crops: 116.519 fish: 1600 live cattle: 2 000 live goats : 3.900 milk (m<sup>3</sup>) : 20.600 small businesses (created) : 800</p>			<p>Additional products :</p> <p>Cereals : - 3458 Legumes : + 16671 Market crops : +52085 Irrigated tree planting : <i>Table Olive oil</i> : + 392 <i>Grenadine</i>: + 126 <i>Others</i> : + 596 Dry Tree planting : <i>Olive for oil</i> : + 4860 <i>Almond</i> : + 1122 <i>Others</i> : +306 Honey : + 97.7 Fishery : + 971 Beef : +1566 Milk (m3) : + 17606 Manure : +21406 Mutton : + 1259 Wool : +123.8 manure : +10561 camels : + 190.7</p>	idem	<p>The products are yielding profits ; The group associations and GDL, and the private sector provided inputs and marketed the agricultural produce ;</p>
<b>3. Results</b>	<b>Evaluation 1993</b>		<b>Updated 1999</b>	<b>PPER 2002</b>	idem	
	<b>Units-</b>	<b>Planned (for end 1999)</b>	<b>Planned</b>	<b>Completed</b>		
<b>A. Agriculture</b>						
Construction of boreholes	U	40	57	57		<p>The donors made funds for the works available to the government , but there were often delays in disbursement;</p> <p>There is sufficient water flow from the boreholes and the salinity is correct;</p> <p>The farmers subscribed to the different credit schemes available, but repayment levels have been unsatisfactory;</p>
Borehole drilling equipment	U	40	97	97		
Borehole electrification	U	20	77	77		
Public irrigation schemes	Ha	4429	4590	4529		
Supplementary irrigation schemes	Ha		4590	4590		
Digging of surface wells (sw)	U	754	636	636		
Development of SW	U	536	558	558		

Equipping of SW	U	1312	1189	1189	<p>The credit management agency has not sufficiently educated the beneficiaries on the need to repay loans;</p> <p>Overall, the contracted agencies were effective;</p> <p>There was no over-exploitation of fishery resources ;</p>
<b>Wadi intake</b>	U		191	191	
Irrigated plantations	Ha	4223	2443	2443	
Greenhouses	U	1936	555	555	
Nantais Tunnels	Ha		52.35	52.35	
Dry plantations	Ha	29055	20580	20580	
Tractor-drawn water carts		5975	4940	4940	
Dairy animals(head)	U	2261	3384	3384	
<b>B. Livestock</b>					
Cattle (head)	U	3862	6067	6067	
Sheep /goats	U	27091	67577	6757	
Box Hives	U	16156	12730	12730	
Camels	U	660	969	969	
Dairy centers	U	9	12	12	
Stables	U	2679	2679	2679	
<b>C. Fishery</b>					
Procurement of boats	U	46	25	25	
Kitting of boats	U	-	617	617	
<b>D. Small trades</b>					
Creation of small scale employment	U	800	1022	913	
<b>E. Conservation of natural resources</b>					
WSC manual	Ha	24423	17591	17591	
WSC	Ha	11223	21120	21120	
Consolidation of mechanical berms	Ha		4580	4580	
Development of collective grazing lands	Ha	17867	9942	9942	
Development of private grazing land	Ha		7212	7212	
Sand dune control and windbreaks	Ha		3010	3010	
Equipping of collinar lakes	U	4	7	7	

Clearing of jujube trees	Ha	1520	1298	1298										
<b>F. Socio-economic infrastructures</b>														
Rural roads	Km	610	1015	1015										
Rural electrification (beneficiaries)	U	13473	12641	12641										
Water supply (beneficiaries)	U	61017	63808	63808										
Public facilities	U	70	59	59										
CTV et CRA Offices	U	100												
<b>G. Studies</b>														
Number of studies	U	750	750	750										
<b>H. Training</b>														
Beneficiary training days	U	4390	4390	4390										
Employee training days	U	30	30	30										
<b>I. Consolidation of Phase I</b>														
Rural roads	Km	85	443	443										
Wind breaks	Ha		3685	3685										
wind erosion control tabias	Km		201	201										
Increasing height of tabias	Km		324	324										
Sand dune control	Ha		800	800										
Protection of Plantations	Ha		2055	2055										
<b>4. Activities</b>	Funding source/ Amount (MUA )at Appraisal						Source /Amount financed (MUA)						Idem	The loans were approved and disbursed by donors, except OPEC and KDF. The AFD contributed funds, even though it was not scheduled to initially.
	AD B	FADE S	IDB	FSD	OPE C	GVT	ADB	FADE S	IDB	AFD	GVT			
1. Agriculture	32.68	11.15	2.75			28.98								
2. Livestock	13.02	0.32				9.15								
3. Fishery			0.76			0.03								
4. Small businesses					4.81									

5. Resources	4.3 4	3.99				9.22							
6. Infrastructures	8.2 6	15.85	5.20	21.07		22.69							
7. Studies	1.3 6	0.86				3.33							
8. Training	0.1 3					0.13							
9. Consolidation IRDPI	3.6 8					2.56							
10. Management		3.53				10.12							
<b>TOTAL</b>	<b>63.</b> <b>49</b>	<b>35.70</b>	<b>8.71</b>	<b>21.07</b>	<b>4.81</b>	<b>86.22</b>	<b>43.10</b>	<b>39.70</b>	<b>5.76</b>	<b>3.90</b>	<b>60.33</b>		

**TUNISIA : INTEGRATED RURAL DEVELOPMENT PROJECT - PHASE II**  
**FACTORS AFFECTING IMPLEMENTATION PERFORMANCE AND OUTCOMES**  
**Factors positively (+) or negatively (-) affecting implementation and achievement of key objectives**

Factors	Substantial	Partial	Negligible	SO	Observations
<b>1. Outside government control</b>					
1.1 Market prices					
1.2 Natural events	(-)				Years of drought brought low agricultural yields, especially in dry farming.
1.3 Bank performance		(-)			Delays in Bank reaction to requests over a certain period due to the departure of the schedule officer at the Bank.
1.4 Performance of contractors/consultants	(+)				All planned collective actions, trainings and supervision missions were carried out. Defaulting contractors were replaced.
1.5 Civil war				(+)	Tunisia enjoys political stability.
<b>2. Subject to government control</b>					
2.1 Macroeconomic policies	(+)				The country has undertaken broad reform in all sectors of activity as part of efforts to lay the groundwork for a solid economy.
2.2 Sector policies	(+)				The agriculture sector ranks high among the development objectives in the 8 <sup>th</sup> and 9 <sup>th</sup> Plans. Electrification and water supply are key objectives.
2.3 Government commitment	(+)				The government granted up to a 60% subsidy on certain actions; The legal provisions have been clearly elucidated for all partners in the project.
2.4 Appointment of key personnel	(+)				Previous experience of managing the IRDP I stood the CGDR in good stead.
2.5 Counterpart funding	(+)				The government fulfilled all its obligations.
2.6 Administrative capacity	(+)				The ministries involved in the project implementation (Agriculture, Equipment, Economic Development, Finance) showed their full commitment to the implementation of the project by signing internal covenants among themselves.
<b>3. Subject to executing agency control</b>					
3.1 Management	(+)				Le CGDR already had experience from being involved in IRDP I.
3.2 Staffing	(+)				The staffs on the ground have the requisite profile. The CGDR, in collaboration with the technical ministries concerned, appointed the right caliber of staff at central, regional and local levels.
3.3 Use of technical assistance					S/O
3.4 Monitoring-Evaluation		(-)			Late arrival of staff and understaffing made it impossible to undertake many of the scheduled monitoring activities. The team needs more staff with expertise in agriculture.
3.5 Beneficiary participation	(+)				The beneficiaries were massively involved in Phase II.
3.6 Others : women involvement		(-)			Only 10% of beneficiaries were women.
<b>4. Factors affecting implementation</b>					
4.1 Changes in project scope/scale /design	(+)				The re-evaluation resulted in objectives being set at levels which it was possible to achieve at project completion.
4.2		(+)			The initial cost overestimation made it

Overestimation/underestimation of physical inputs, base unit costs					possible to cancel 1/3 of the ADB loan.
4.3 Inadequacy of contingencies					SO
4.4 Changes in exchange rates, financial and institutional arrangements		(+)			Changes in exchange rates led to an overestimation, resulting in cancellations by the Bank.
4.5 Unrealistic implementation schedules			(-)		The schedule was realistic, going by the experiences of phase I.
4.6 Quality of management, including financial management		(-)			The Bank expressed strong dissatisfaction with the quality of the audit report received.
4.7 delays in selecting staff/consultants/contractors and in receiving counterpart funds.			(-)		The Borrower considered that publication of national call for tenders was done too late.
4.8 inefficient procurement and disbursements.		(-)			The Bank delayed in disbursements for the first year; thereafter, significant delays were also recorded in respect of 7 applications (as long as 15 months).

## TUNISIA: INTEGRATED RURAL DEVELOPMENT PROJECT - PHASE II

### PHYSICAL ACHIEVEMENTS OF PROJECT

Actions	Units	Evaluation	Programme Reevaluation	Achievement	Achievements updated(%)	Achievements/Evaluation(%)
<b>A. Agriculture</b>						
Construction of boreholes	Unit	40	57	57	100	142.50
Equipping of boreholes	Unit	40	97	97	100	242.50
Borehole electrification	Unit	20	77	77	100	385.00
Government irrigation schemes	Ha		4469	4469	100	
Comp.irrigation schemes	Ha		4590	4590	100	
Digging of surface wells (sw)	Unit	754	636	636	100	84.35
Development of <b>SW</b>	Unit	536	558	558	100	104.10
Equipping of SW	Unit	1312	1189	1189	100	90.63
<b>Wadi Intake</b>	Unit		191	191	100	
Irrigated plantations	Ha	4223	2443	2443	100	57.85
Greenhouses	Unit	670	555	555	100	82.84
<b>Nantais Tunnels</b>	<b>Ha</b>		<b>52</b>	<b>52</b>	<b>100</b>	
Dry plantations	Ha	29055	20580	20580	100	70.83
Animal-drawn water carts		5975	4940	4940	100	82.85
Dairy animals (head)	Head	2261	3384	3384	100	149.67
<b>B. Livestock</b>						
Cattle	Head	3862	6067	6067	100	157.09
Sheep/goats	Head	27091	67577	67577	100	249.44
Boxed hives	Unit	16156	12730	12730	100	78.79
Camels	Unit	660	969	969	100	146.82
Dairy centers	Unit	9	12	12	100	133.33
Stables	Unit	1675	2679	2679	100	159.94
<b>C. Fisheries</b>						
Procurement of fishing boats	Unit	46	25	25	100	54.35
Equipping of fishing boats	Unit		617	617	100	
Cold storage	Unit	1	0			
<b>D. Small businesses</b>						
Creation of small businesses	Unit	793	913	913	100	115.13
<b>E. Conservation of natural resources</b>						
Manual WSC	Ha	11528	17591	17591	100	152.59
Mechanical WSC	Ha	20030	21120	21120	100	105.44
Consolidation of mechanical berms	Ha		4580	4580	100	
Development of collective grazing lands	Ha	17867	9942	9942	100	55.64
Development of private grazing lands	Ha		7212	7212	100	
Sand dune control, and wind breaks	Ha		3010	3010	100	
Equipping of collinar lakes	Unit	4	7	7	100	175.00
Clearing of jujube trees	Ha	1520	1298	1298	100	85.39
<b>F. Socio-economic infrastructure</b>						
Rural roads	Km	610	1015	1015	100	16.,39
Rural electrification	Beneficiary	13473	12641	12641	100	93.82
Water supply	Beneficiary	61017	63958	63958	100	104.82

Public facilities	Unit	70	59	59	100	84.29
<b>G. Studies</b>						
Number of studies	Unit	80	80	80	100	100
<b>H. Training</b>						
Beneficiary training days	Day	4390	4390	4390	100	100
Employee training days	Day	30	30	30	100	100
<b>I. Consolidation of phase I</b>						
Rural roads	Km		470.3	440	93.56	
Wind breaks	Ha		3685	3685	100	
<b>Wind erosion control tabias</b>	Km		201	201	100	
Increasing height of tabias	Km		324	324	100	
Sand dune control	Ha		800	800	100	
Protection of plantations	Ha		2055	2055	100	

## TUNISIA : INTEGRATED RURAL DEVELOPMENT PROJECT - PHASE II

## PROJECT IMPACT ON ANIMAL AND PLANT PRODUCTION

Production	Before project			After project			Differential		
	Number /surface	Qty (T/an)	Value (mTND)	Number /surface	Qty (T/yr)	Value (mTND)	Number /surface	Qty (T/yr)	Value (mTND)
<b>Animal</b>									
No. cattle on the hoof	2932			9859			6927		
Meat		376	1327		1942	7775		1566	6448
Milk		4229	1415		21835	7746		17606	6301
Manure		7758	106		29164	449		21406	343
Sheep	49260			129263			80003		
Meat		803	3425		2062	9728		1259	63.3
Wool		78.4	72.4		202.2	231.2		123.8	158.8
Manure		4436	98.3		14997	242		10561	143.7
Camel	150			1816			1666		
Meat		11.5	49.7		200.2	733.2		190.7	683.5
Boxed hives	849			21038			11189		
Honey		7.2	122.7		104.9	1616		97.7	1493.3
<b>Plants</b>									
Cereals	41602			32108			-9494		
Durum wheat		19341	5149		17900	4886		-1441	-263
Soft wheat		9789	2348		8427	2055		-1362	-293
Barley		12737	2465		12082	2451		-655	-14
Legumes	1343			1684			341		
Peas		338	436		1035	1319		697	883
		6921	310		19367	468		12446	158
Others		2326	269		5854	467		3528	198
Market crops	953			3648			2695		
Pepper		1373	793		8429	5165		7056	4372
Tomato		3018	169		18685	1473		15667	1304
Others		7763	1408		37125	6923		29362	5515
Irrig.	752			3444			2692		
Table olive oil		177	62.8		569	220		392	157.2
Grenadine		287	77.4		413	114		126	36.6
Others		466	156		1062	497		596	341
Tree farming	25463			23533			-1930		
Olive oil		21776	5920		26636	8161		4860	2241
Almonds		649	550.5		1771	1137		1122	586.5
Others		1397	637		1703	869		306	232
<b>Fishing</b>									
Total no.	617			642			25		
Products		527	1674		1498	5726		971	4052
<b>Total</b>			29041			70421			41380

**TUNISIA: INTEGRATED RURAL DEVELOPMENT PROJECT - PHASE II**  
**ECONOMIC RATE OF RETURN**

Year	Appraisal (1993)						PCR(2001)						PPER(2002)					
	I	M.O.	C.E.	T.C.	TR	S	I	E.F.	C.E.	T.C.	TR	S	I	E.F.	C.E.	T.C.	TR	S
1	19.75	1.57	0.09	21.42	1.77	-19.65	22.21	2.45	0	24.66	0	-24.66	22.21	2.221	0.286	24.717	0.878	-23.838
2	45.87	1.40	0.2	47.47	1.79	-45.68	27.00	2.19	0	29.19	6.28	-22.91	27.00	2.700	1.428	31.128	4.392	-26.736
3	56.11	3.25	2.41	61.77	1.83	-59.94	50.91	5.08	0.25	56.24	6.36	-49.88	50.91	5.091	7.140	63.141	13.175	-49.966
4	54.12	3.79	8.79	66.70	7.97	-58.73	57.78	5.92	3.17	66.87	6.51	-60.36	57.78	5.778	14.280	77.838	17.566	-60.272
5	33.43	3.62	13.78	50.83	15.17	-35.66	47.08	5.66	19.09	71.83	28.38	-43.45	47.08	4.708	22.848	74.636	30.741	-43.895
6	11.36	2.97	13.89	28.22	21.27	-6.95	25.34	4.64	44.22	74.2	54.38	-19.82	25.34	2.534	28.560	56.434	39.524	-16.910
7	2.63	1.89	13.89	18.41	28.49	10.08		2.95	44.56	47.51	54.03	6.52	0.278	1.267	28.560	30.105	57.090	26.985
8		1.89	13.89	15.78	37.78	22.00		2.95	44.56	47.51	75.75	28.24	0.338	1.267	28.560	30.165	61.481	31.317
9		1.89	13.89	15.78	51.64	35.86		2.95	44.56	47.51	101.46	53.95	0.636	1.267	28.560	30.463	65.873	35.409
10		1.89	13.89	15.78	64.34	458.56		2.95	44.56	47.51	101.46	51.09	0.722	1.267	28.560	30.549	70.264	39.715
11	2.63	1.89	13.89	18.41	71.76	53.35		2.95	44.56	47.51	101.46	53.95	0.589	1.267	28.560	30.416	74.656	44.240
12		1.89	13.89	15.78	77.05		2.86	2.95	44.56	47.51	101.46	53.95	0.317	1.267	28.560	30.144	79.047	48.903
13		1.89	13.89	15.78	81.40	61.27		2.95	44.56	47.51	101.46	53.95	0.278	1.267	28.560	30.105	74.830	57.726
14		1.89	13.89	15.78	84.83	65.62		2.95	44.56	47.51	101.46	53.95	0.338	1.267	28.560	30.165	74.830	57.666
15		1.89	13.89	18.41	87.67	69.26		2.95	44.56	47.51	101.46	53.95	0.636	1.267	28.560	30.463	74.830	57.367
16		1.89	13.89	15.78	87.83	72.05		2.95	44.56	47.51	101.46	53.95	0.722	1.267	28.560	30.549	74.830	57.281
17		1.89	13.89	15.78	87.83	72.05		2.95	44.56	47.51	101.46	53.95	0.589	1.267	28.560	30.416	74.830	57.415
18		1.89	13.89	15.78	87.83	72.05		2.95	44.56	47.51	101.46	53.95	0.317	1.267	28.560	30.144	74.830	57.686
19	2.63	1.89	13.89	18.41	87.83	69.42		2.95	44.56	47.51	101.46	53.95	0.278	1.267	28.560	30.105	74.830	57.726
20		1.89	13.89	15.78	87.67	72.05	2.86	2.95	44.56	47.51	101.46	51.09	0.338	1.267	28.560	30.165	74.830	57.666
21		1.89	13.89	15.78	87.83	72.05		2.95	44.56	47.51	101.46	53.95	0.636	1.267	28.560	30.463	74.830	57.367
22		1.89	13.89	15.78	87.83	72.05		2.95	44.56	47.51	101.46	53.95	0.722	1.267	28.560	30.549	74.830	57.281
23	2.63	1.89	13.89	18.41	87.83	69.42		2.95	44.56	47.51	101.46	53.95	0.589	1.267	28.560	30.416	74.830	57.415
24		1.89	13.89	15.78	87.83	72.05	2.86	2.95	44.56	47.51	101.46	53.95	0.317	1.267	28.560	30.144	74.830	57.686
25		1.89	13.89	15.78	87.67	72.05		2.95	44.56	47.51	101.46	53.95	0.278	1.267	28.560	30.105	74.830	57.726
26		1.89	13.89	15.78	87.83	72.05		2.95	44.56	47.51	101.46	53.95	0.338	1.267	28.560	30.165	74.830	57.666
27	2.63	1.89	13.89	18.41	87.83	69.42		2.95	44.56	47.51	101.46	53.95	0.636	1.267	28.560	30.463	74.830	57.367
28		1.89	13.89	15.78	87.83	72.05	2.86	2.95	44.56	47.51	101.46	51.09	0.722	1.267	28.560	30.549	74.830	57.281
29		1.89	13.89	15.78	87.83	72.05		2.95	44.56	47.51	101.46	53.95	0.589	1.267	28.560	30.416	74.830	57.415
30		1.89	13.89	15.78	87.83	72.05		2.95	44.56	47.51	101.46	53.95	0.317	1.267	28.560	30.144	74.830	58.605
<b>ERR = 14,39%</b>						<b>ERR = 13,91</b>						<b>ERR = 13,99</b>						

**I: Investment ; M.O: Maintenance - operation ; O.C: operating costs ; TC: total costs ; TR : total revenue ; B : balance**

**TUNISIA : INTEGRATED RURAL DEVELOPMENT PROJECT - PHASE II**  
**BENFICIARY FINANCIAL SITUATION (CREDIT FODERI)**  
 AS AT 31/05/2002 (1000TND)

N°.	Governorate	No. of Beneficiaries	Credit	Due Amount	Am falling due	Amount repaid	Rate of repayment
1	MANOUBA	219	895	257	546	92	26.4
2	BEN AROUS	37	102	7	87	8	53.3
3	NABEUL	293	1372	181	515	676	78.9
4	ZAGHOUAN	403	1443	407	988	48	10.5
5	BIZERTE	544	2792	1161	1566	65	5.3
	<b>TOTAL N.EAST</b>	<b>1496</b>	<b>6604</b>	<b>2013</b>	<b>3702</b>	<b>889</b>	<b>30.6</b>
6	BEJA	1024	2916	1139	1494	283	19.9
7	JENDOUBA	1153	3558	849	2650	59	6.5
8	LE KEF	905	3035	772	2152	111	12.6
9	SILIANA	868	1975	578	1263	134	18.8
	<b>TOTAL N.WEST</b>	<b>3950</b>	<b>11484</b>	<b>3338</b>	<b>7559</b>	<b>587</b>	<b>15.0</b>
10	SOUSSE	376	1510	373	1029	108	22.5
11	MONASTIR	190	1364	505	691	168	25.0
12	MAHDIA	270	919	104	775	40	27.8
13	SFAX	1069	2662	821	1385	456	35.7
	<b>TOTAL C.EAST</b>	<b>1905</b>	<b>6455</b>	<b>1803</b>	<b>3880</b>	<b>772</b>	<b>30.0</b>
14	KAIROUAN	1068	3473	494	2698	281	36.3
15	KASSERINE	1476	4629	910	3597	122	11.8
16	SIDI BOUZID	1319	4602	931	3340	331	26.2
	<b>TOTAL C.WEST</b>	<b>3863</b>	<b>12704</b>	<b>2335</b>	<b>9635</b>	<b>734</b>	<b>23.9</b>
17	GABES	861	2967	399	2394	174	30.4
18	MEDENINE	311	866	108	742	16	12.9
19	TATAOUINE	311	684	214	440	30	12.3
	<b>TOTAL S.EAST</b>	<b>1483</b>	<b>4517</b>	<b>721</b>	<b>3576</b>	<b>220</b>	<b>23.4</b>
20	GAFSA	717	2584	350	2107	127	26.6
21	KEBILI	265	1153	83	1070	0	0.0
22	TOZEUR	178	1193	121	1032	40	24.8
	<b>TOTAL S. WEST</b>	<b>1160</b>	<b>4930</b>	<b>554</b>	<b>4209</b>	<b>167</b>	<b>23.2</b>
	<b>TOTAL</b>	<b>13857</b>	<b>46694</b>	<b>10764</b>	<b>32561</b>	<b>3369</b>	<b>23.8</b>

**TUNISIA : INTEGRATED RURAL DEVELOPMENT PROJECT-PHASE II**  
**BOX A**

**Typology of farm holdings and credit systems**  
**(extract from the “Study on small-scale, socially-oriented family agriculture”**

The Department of Funding, Investments and Professional Agencies of the Ministry of Agriculture commissioned SCET-Tunisia to prepare a study on small-scale, socially-oriented family agriculture (SSFA) to help determine what would be the most appropriate funding mechanisms for sustainable development of farms within the target group.

In the first phase, the PACFS prepared a diagnostic review; a consensus was reached on the criteria that the SSFA had used, the total number of smallholdings based on those criteria, and their sub-division into 4 sub-types (SSFA1 to SSFA 4), based on income groups, on the one hand, and also on the guiding principles for the funding mechanism for each sub-type.

In the second phase, a detailed description was prepared of the funding mechanisms for which guiding principles had already been agreed under phase I.

Categorization of farms based on net operating income:

- 184,000 “ economic” with NOI exceeding 2,000 dinars, of which:
  - 92,000 for 3,500<NOI<6,000 (Category A0 termed viable);
  - 92,000 for 2,000<NOI<3,500 (A1 potentially viable or SSFA1);
- 225,000 “ social “ holdings with an annual NOI lower than 2000 TND, of which : 110,000 for 1000<NOI<2000 (A2 or SSFA2)
  - 55,000 for 500< NOI<1000 (unsteadyA3 or SSFA 3)
  - 60,000 for 500> NOI (borderline A4 or SSFA4).

The result of the field survey indicates that the loan beneficiaries are very few, and are in the irrigation sector. The survey showed that the lower their income, the less access to credit farmers have. The regional officials and populations made the following recommendations:

- Aid and subsidies should be granted rather for rain-fed agriculture system;
- Possibilities of granting non-institutional credit for the “economic“ category ;
- Adaptation of institutional credit to fit in with the circumstances of smallholders;
- State support to producer prices, and pegging the price of inputs.

The financing system recommended in the study was arrived at with the following factors in mind:

- ◆ The high number of potential beneficiaries to be targeted;
- ◆ The farmers are dispersed over a wide area and are difficult to reach;
- ◆ The need to control the use, monitoring and recovery of public funds in order to ensure sustainability of the system;
- ◆ Application of the orientations set by the State for the decentralization of decision making powers for local development programmes.

**TUNISIA: INTEGRATED RURAL DEVELOPMENT PROJECT - PHASE II**  
**BOX B : THE FODERI**

**BOX B**

**THE INTEGRATED RURAL DEVELOPMENT FUND "FODERI"**

**1. Description**

These are medium and long term loans under the 2<sup>nd</sup> generation of funds earmarked for integrated rural development, and governed by the covenant signed on 11/05/1984 between the State and the BNA as amended by the Additional Clause of 15/10/1994 and Order n° 94-1383 dated 20/06/1994, and the Order, dated 08/07/1994, of the Minister of Planning and Regional Development.

The resources of the fund are lodged in a revolving fund replenished every quarter, in accordance with the annual provisional budget, with amounts corresponding to loans and grants and proceeds from loan recoveries.

The Bank grants medium-term loans from its ordinary resources (BNA-FODERI) up to 10% of those selected under the provisional programme of the CGDR.

**2. Target populations and eligibility criteria**

Any persons operating a viable farm within the IRDP intervention area, selected following the socio-economic study conducted within the governorate and approved by the regional integrated rural development commission, based on the following eligibility criteria:

- solvency
- aged between 20 and 60 years;
- Annual income below 2,500 dinars before the project and 2,500 dinars after the project
- available and resident within the project intervention area

**3. Grant conditions**

- Duration of commitment:
  - medium term: 3 to 7 years, of which 2- year grace period
  - Long term: 8 to 25 years with a grace period of 1 to 15 years

Financing scheme:

Water savings: loan 30%, grant 60%, own funds 10%.

Other actions: loan 60%, grant 30%, own funds 10%.

Interest rate: MLT FODERI : 6% with no grace period

BNA/FODERI R:

MAR+ 3% (6% at client expense, the difference to be borne by the FODERI)

Interest to be borne by client in the event of delay exceeding 3 months)

Interest during the grace period is borne by the fund.

**4. Consideration of the application**

The application will be considered by the project manager, in conjunction with the technical services of the Ministry of Agriculture and the Bank Regional Offices.