

**AFRICAN DEVELOPMENT BANK GROUP**



**TUNISIA**

**SECOND AGRICULTURAL LINE OF CREDIT TO THE  
BANQUE NATIONALE AGRICOLE**

**Project Performance Evaluation Report (PPER)**

**OPERATIONS EVALUATION DEPARTMENT  
(OPEV)**

**5 October 2000**

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*This report was prepared by Messrs. N. SANGBE, Agro-Economist and A. GHIDI, Financial Analyst (Consultant) following their mission to Tunisia from 14 to 28 April 2000. Further information may be obtained from Mr. G.M.B KARIISA, Director, OPEV, extension 4052 or Mr SANGBE, extension 4554.*

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## CURRENCY EQUIVALENTS, ACRONYMS AND ABBREVIATIONS

CURRENCY EQUIVALENTS:      Currency: Tunisian Dinar (TND)

<u>At Appraisal</u>	<u>AT Completion</u>	<u>At the audit report</u>
1 UA = TND 1.23080 (from 01/07 to 30/09/92)	1 UA = TND 1.63970 (October 99)	1 UA = TND 1.73540 (May 2000)

Fiscal Year  
1 January to 31 December

### Acronyms and Abbreviations

ADB :	African Development Bank
BCT :	Banque centrale de Tunisie (Tunisia Central Bank)
BNA :	Banque Nationale agricole (National Agricultural Bank)
BNDA:	Banque nationale de développement agricole (National Agricultural Development Bank)
IBRD :	Banque internationale de la reconstitution et du développement (International Bank for Reconstruction and Development)
CRDA :	Commissariat régional de développement agricole
CRP :	Commissariat régional à la pêche
DGRE :	Direction de gestion des ressources d'emprunt
LOC :	Ligne de crédit (Line of Credit)
TND :	Tunisian Dinar
INS :	Institut national des statistiques (National Institute of Statistics)
md :	Thousand Dinars
M D :	Million Dinars
PCR :	Project Completion Report
PPAR :	Project Performance Audit Report
SMAG	Salaire minimum agricole garanti (Guaranteed Minimum Agricultural Wage)
UA :	Unit of Account

**BASIC DATA****A) Preliminary Data**

Country	TUNISIA
Name of Project	2 <sup>nd</sup> Agricultural Line of credit to the BNA
Loan Number	B/TUN/BNA/LC-2/92/47
Borrower	Banque Nationale Agricole (BNA)
Guarantor	Government of Tunisia
Recipients	Agricultural and Fisheries Promoters
Executing Agency	BNA

**B) Basic data on the line of credit**

a-	Essential Data	Projected	Actual
	Official request	-	
	Amount (million UA)	50	50
	Interest Rate (variable)	7.3% (average)	7.3%
	Commitment charge	1%	1%
	Repayment period	20 half-yearly payments	idem
	Grace Period	4 years	idem
	Date of appraisal	N/A	October 92
	Dates of negotiations	N/A	6 November 92
	Date of approval	N/A	3 December 92
	Date of loan signature	N/A	4 March 93
	Date of loan effectiveness	N/A	4 October 93
	Deadline for first disbursement	N/A	15 December 93
	Deadline for last disbursement	31/12/97	31 December 98
	Completion date	31/12/97	31 December 98
b-	Commitment	Totality	
c-	Disbursement / Repayment		
	Disbursement (million UA)	50	
	Overrun	None	
	Undisbursed amounts	None	
	Repayment payments	6 half yearly	
	Annual Disbursements (in UA)		
	1993	8,522,836.81	
	1994	11,919,584.43	
	1995	6,168,643.74	

1996	5,960,199.65
1997	8,753,241.60
1998	8,674,962.47

### C) Performance Indicators

- Number of extensions of deadline for the last disbursement	1
- Status of implementation of LOC	Completed
- Operational Performances	Satisfactory
- Financial Performances	Satisfactory
- Performances of the Borrower	Satisfactory
Overall Performance	H. satisfactory

### D) Missions

<i>Nature</i>	<i>Periods</i>	<i>Nbre of persons</i>	<i>Composition</i>	<i>S/D</i>
Preparation/Appraisal	02/07 to 14/07/92	2	Agronomist/financial analyst	24
Appraisal	02/09 to 22/09/92	2	Agronomist/agro- economist	20
Supervision/portfolio review	09/10 to 12/10/95	1	Agronomist	7
Supervision	20/11/ to 28/11/96	2	Agronomist/financial analyst	16
Supervision/portfolio review	02/02 to 09/02/98	1	Agro-economist	7
Supervision/preparation 3rd LOC	27/04 to 15/05/98	2	Agro- economist/financial analyst	36
Completion	05/09 to 16/09/99	2	Agronomist/financial analyst	22
Audit	14/04 to 28/04/00	2	Agro-economist/ financial analyst	22

## **Preface**

- 1-** This Project Performance Audit Report (PPAR) concerns the second line of credit granted in March 1993 to the Banque Nationale Agricole (BNA) to help achieve food self-sufficiency and to promote development of the agricultural and fisheries sectors.
- 2-** This line of credit for UA 50 million was intended to finance foreign exchange costs for equipment and materials for small, medium and large scale farming units, agro-based industry, co-operatives and fisheries, thereby helping to augment the BNA's external resources.
- 3-** A Project Completion Report was prepared by the Bank in July 1999. The major weakness of the PCR lies in the absence of analysis of the sub-projects financed from the line of credit and its impact on the recipients. The major conclusions of this report focus on the following ideas: (i) partial coverage of the BNA's financial requirements in foreign exchange, (ii) policy for small and medium scale farming units, (iii) BNA's incapacity to assess the impact of the LOC on the recipients and the insufficiency of the recovery rate.
- 4-** The PPAR, based on the review of the appraisal report, the PCR and the Strategy Paper for Tunisia, the portfolio review and investigations in the field, aim at making up for the shortcomings of the PCR and learning lessons required to improve future Bank operations in the area of rural finance.
- 5-** Observations received from the Government of Tunisia and operational departments have been included in this report.

## **1. SUMMARY OF THE EVALUATION**

### **1 Objective and Scope**

The second line of credit, falling within the framework of the national effort for the mobilisation of resources to achieve food self-sufficiency and promote the development of agriculture and fisheries, was intended to finance the foreign exchange costs of the sub-projects financed.

### **2 Implementation Performance**

Despite the 9-month delay between the date the loan agreement became effective and considering the modifications made during implementation of the line of credit, the implementation performance was deemed satisfactory. The line of credit made it possible to finance 4786 sub-projects. There was a slight overrun of the project's total cost resulting from co-financing with the IBRD.

### **3 Institutional Performance**

The LOC was in keeping with the appropriate national institutional environment (existence of support structures to farming units; fiscal and financial benefits to agricultural investments), which are conducive to its implementation and the attainment of anticipated objectives. The BNA developed internal mobilisation and management capacities that make it a full-service bank. Owing to the scope of its establishment throughout Tunisia, the BNA benefits from the advantage of being in the vicinity of farmers. However, some rather important shortcomings persist as regards the decentralisation of decision making, the information system, monitoring of sub-projects and recovery.

### **4 Economic Performance**

According to estimates and a lack of precise indicators, the LOC's contribution to the formation of value added in agriculture was TND 317 million, i.e. 3.30% of the sector's value added during the 1994-1995 period. The number of jobs generated by the line of credit during that same period was 9,333 or 3.33% of the number of jobs created in all the sectors combined. These results are evidence of satisfactory economic performance, considering the persistent drought during the reference period.

1998 was characterised by the attainment of the food self-sufficiency objective with regard to sensitive items such as milk and meat for which the volume of production increased by more than 10% in comparison to 1997 for milk and 6% for meat. The wage bill used for employees of the sector in general, increased, on the average, by 12.6%/year during the period 1990-1998, whereas the SMAG per working day went from TND 4,961 in September 1996 to TND 5,509 in May 1999, that is to say a cumulative increase of 11%.

## 5 Financial Performance

The LOC's implementation period (1993-1998) coinciding with BNA's restructuring, was characterised by the positive development of BNA's financial indicators. BNA's net capital went from TND 123.05 million to TND 286.10 million. The solvency ratio, which was 2.95 % in 1994, improved constantly reaching 10.6 % in 1998. The shortage of provisions was brought down to TND 11.1 million in 1998 against 201.3 million in 1994. Total BNA outstanding commitments developed by 5.9 % between 1997 and 1998. Net bank earnings in 1998 increased gradually by 3% in relation to that of 1997, going from TND 105.2 million to TND 108.7 million.

The sub-projects visited in the different categories financed by the line of credit (small and medium agricultural enterprises, large farming units, agro-based industry and fisheries), from the technical standpoint were well executed. These projects generated sufficient profitability making it possible to repay the credits normally, expand farming units and create a substantial number of permanent and casual assistance positions (more than 40 % are held by women, except for fisheries activities).

## 6 Sustainability

The BNA is an institution with an appropriate structure and competent staff having acquired considerable experience and mastery of new banking occupations. Furthermore, the BNA, in accordance with its strategic orientations, was able to consolidate its financial basis and improve its managerial and resource mobilisation methods which permitted it to achieve satisfactory development of its major economic and financial indicators and ensure its stability. However, the recovery rate for its commitments is rather low in comparison to the objectives set.. Beside the climatic factors which particularly affect farmers' repayment capacity, it should be pointed out that a monitoring system closer to clients would permit the rate of outstanding payments to be reduced.

The viability of the sub-projects visited, although limited in number in comparison to the total number of projects financed from the second line of credit, make it possible to conclude that the prospects for sustainability in general are reassuring. This is corroborated by the amount of revenue generated (25 to 30 % of the net margin with a turnover from TND 80,000 to 375,000), the growing number of permanent jobs and the extensions noted in the field or for which new claims for financing have been made.

The third line of credit comes within the logical framework of ADB's continued support for the efforts made by the BNA to improve its performances. However, considering the rather high interest rates for ADB resources and the exchange risks, the BNA has already made early repayment of part of the first line of credit and is seriously considering early repayment of the second line of credit.

## 7 Lessons - Recommendations

### Lessons

The major lessons learned from the audit report are as follows:

- i) Considering the rather small size of most of the sub-projects, supervision of the recipients through support structures (CRDA, CRP) can help attain the anticipated objectives (see § 4.1);
- ii) Evaluating the socio-economic impact of the lines of credit is possible only if the executing agency strives to collect the required basic data or if necessary, the ADB allocates sufficient resources for periodic surveys to be conducted in the field by external, independent authorities (see § 4.4.1);
- iii) Continuing decentralisation of regional BNA structures would permit the proximity incentive to be consolidated (see § 4.5.1);
- iv) Reinforcing the recovery policy and adjusting disputed claims are important actions on which the reinforcement of consolidation of BNA's capital base is dependant (see § 5.1);
- v) Reducing national money market rates is an exogenous factor entailing an increase of the cost of the line of credit and affecting the profitability of resources for the Borrower (see § 5.3).

### **Recommendations**

#### **a) To the BNA**

- i) In all the Institution's structures develop a better perception of contingencies related to the environment, poverty and gender issues, and continue the improvement of the information system by reinforcing computerisation, developing Intra-net and Internet in order to promote the building up of an accurate data base enabling BNA's efficiency to be enhanced through efficient exploitation, in real time, of information;
- ii) Require that recipients, and if necessary assist them, keep simplified accounting records for their use and make them aware of the necessity to provide requested financial information in good time to the BNA, and ADB supervision and evaluation missions;
- iii) Envisage the creation of a monitoring-evaluation structure in order to ensure targeted data collection regarding the projects financed, especially those related to the turnover, value added, number of jobs by gender, the profitability and additional investment, in order to be able to assess BNA performances against the objectives set within the framework of the country's general strategy, and the impact of international resources on the recipients, in particular;

- iv) Consolidate the proximity advantage of BNA operational structures by providing them with the human and material means required for better project monitoring and assistance to promoters, especially during project operation;
- v) Continue recovery efforts through widespread decentralisation enabling enhanced involvement of regional structures in achieving the relevant BNA objectives;
- vi) Generalise the processing of disputed dossiers by regional Departments like those of SFAX, GABES, BIZERTE, SOUSSE and NABEUL ;
- vii) Boost the creation of a recovery company to take over small debts and unsecured debts in order to ease the pressure on the disputed claims Departments.

**b) To the ADB**

- i) Pay more attention to issues on the environment, poverty, and gender during supervision missions for which adequate time limits will be determined in order to cover a representative sampling of sub-projects financed by the LOC;
- ii) Make provision for the necessary resources within the context of lines of credit to finance accurate data collection by survey among recipients in order to permit evaluation of the LOC's socio-economic impact. The data thus collected by the executing agency or, where appropriate, by external authorities.

**II/ BACKGROUND OF THE LOC**

**2.1 Social and Economic Background**

**Overview of the Tunisian Economy**

2.1.1 The Tunisian economy depends mainly on the agricultural, tourist trade, textile trade, mechanical and electricity industry, phosphate and oil sectors. The gross domestic product (at current prices) went from TND 13,705 million in 1992 to TND 22,701 million in 1998. The provisional figure for 1999 is about TND 24,938 million. Economic growth in 1998 reached 5 % in real terms against 3.8 in 1992. Average growth during the first two years of the Ninth Development Plan (1997 and 1998) was around 5.3%, rate in compliance with projections (5.4 %). The inflation rate was brought down from 3.7% during the 1992-97 period to 3.1% in 1998. The international indebtedness rate dropped from 53.2% of the GNP in 1992 to 47.3% of the GNP in 1998. The domestic savings rate in comparison to the GDP accounted for 22.3% in 1992 against 25.1% in 1998, therefore resulting in an improvement of output by more efficient utilisation of resources.

2.1.2 Global consumption increased by 4.9% in 1998 against 6.1% in 1992. This decline in percentage stems from sustained increase in private consumption going from TND 7,445 million in 1992 to TND 9,375 million in 1998. As regards gross fixed capital formation, the investment rate declined slightly going from 27.2% of the GDP in 1992 to 25% of the GDP in 1998, whereas the number of jobs increased during that period from 58,000 in 1992 to 61,400 in 1998. Total coverage of the additional demand was only 90% achieved. This situation continues to weigh on the solutions to be envisaged with regard to the reduction of unemployment, which has a tendency to settle at about 15% of the working population.

2.1.3 The rate of imports is higher than that of exports. The coverage rate dropped from 71% in 1991 to 69% in 1998. The general balance of payments generated for the first time since 1991, a deficit of TND 213 million in 1998 against a surplus of TND 373 million in 1997; which had a negative impact on net assets in foreign exchange.

2.1.4 Evaluation of the major indicators of the Tunisian economy is illustrated in the table in Annex 3

### **The Agricultural Sector**

2.1.5 The 1992 – 1996 period is characterised by the important place given the agricultural sector by the State and the priority it was given considering the important role that this sector plays with regard to guaranteeing food for the population and its contribution to the attainment of macro-economic balances, job creation and regional development. Large agricultural dossiers therefore have been opened, like public lands, credit and investment, research and extension work, natural resources and professional structures in order to adapt them to new development requirements so that those sectors can contribute to the attainment of the agricultural sector's objectives.

2.1.6 Among the major performances, is the establishment of national strategies for mobilisation and rationalisation of the utilisation of different natural resources (water, soil, forests, pastures), identification of production and promotion of strategic crops (cereals, red meat, milk, tomatoes, potatoes, poultry farming, olive oil, and sea food). The total volume of investments made in the sector amounted to TND 824 million in 1998 against TND 459 million in 1992.

2.1.7 The sector's value added, expressed in real terms, however declined by 1% in 1998 against a 3% increase in 1997 because of the impact during the years of drought and the shortage of rainfall in 1998. Its contribution to global economic growth was negative by 3% against 8% the previous year and this subsequent to the decline in oilseed production and the slight development of some vegetable and fish products. As regards farm production, 1998 was characterised by the attainment of food self-sufficiency in respect of some sensitive items, especially meat and milk owing to strategic actions undertaken for development of these branches. Also, there was an improvement in farm revenues and stability, even a drop in unemployment in the rural area. The following table indicates the development of production of different crops in comparison to the Seventh Development Plan and projections for the Eighth Development Plan.

Table 1  
Farm Production Trends  
(in thousand tons)

<i>Crops</i>	<i>Actual 7th plan</i>	<i>Projection 8th plan</i>	<i>Actual 8th plan</i>	<i>% of Actual</i>
Cereals	1407.7	1 644	1 607	97.7
Olive Oil	563	790	740	93.6
Citrus Fruits	240	255	209	81.9
Vineyards	43.2	ND	ND	-
Date Palm	71.4	86	77	89.5
Summer Fruits	298	420	391	93
Potatoes	197	245	217	88.5
Tomatoes	487	626	507	81
Meat (including poultry)	225	272	269	99
Eggs (in million units)	1039	1 188	1.065	89.6
Milk	387.2	520	526	101.1
Sugar Beet	275.6	ND	ND	-
Fish	94.6	124	86	69.3

Source : VIII th. and IX th. Development Plans.

2.1.8 Lastly, it should be pointed out that as regards research aimed at improving the sector's efficiency, reforms were accelerated and concretised by early implementation of the programme to upgrade agricultural and fishing activities. This came within the framework of the preparation for trade liberalisation maturities for these products and in compliance with the standards required for access to the European market. In this way activities of inter-professional groups and technical centres were reinforced simultaneously to operations of the agricultural sector competitiveness development fund and fisheries operations initiated in 1995

### **Financial and Banking System**

2.1.9 The financial and banking system is comprised of the monetary system (central bank, deposit banks and CCP) development banks, leasing organisations and the savings bank (CENT). Assistance to the economy including BCT credits (money market transactions), credits to the economy from other banks, treasury bills and the financial system's securities portfolio went from TND 9,672.9 million in 1993 to TND 17,116.1 million in 1998 (see Table in ANNEX 4). The banking system in Tunisia enhanced its quality subsequent to a series of measures to consolidate its financial base and liberalise of banking activities. Furthermore, within the framework of its modernisation programme, this system strives to reinforce information systems and the utilisation of modern work methods enabling the quality of services to be optimised and improved risk and cost control.

2.1.10 Therefore, the banking sector pursues the reforms necessary for reorganisation intended to remodel its landscape in order to have Tunisian banks of an appropriate size permitting them to carry out their development strategy. It is in this context that a decision in favour of bank mergers was taken thereby responding to this concern by comparing commercial and development banks, in a new statutory framework for banking activity established by the single approval project.

## **2.2 Bank Group Operations**

2.2.1 The ADB, from June 1968 to September 1997, financed 14 operations in Tunisia for a total commitment of UA 412.03 million, as indicated in the portfolio review report (ref. ABD/BD/WP/98/23 of 24 March 1998).

2.2.2 The first line of credit for UA 18 million was allocated to the BNA in April 1986. The aim was to contribute to the attainment of food self-sufficiency by developing agricultural production and enabling promoters to make substantial revenues. Its implementation was realised as envisaged over a four year period and financed 321 agricultural sub-projects. According to the PPAR for the first LOC, the results of the sub-projects obtained did not meet the anticipated expectations, owing to the lack of monitoring and assistance to promoters and exogenous factors, including in particular the drought. A third multi-sectoral line of credit granted in May 99 for the sum of 62 million Euros, became effective on 12 October 1999, and is being implemented.

## **2.3 Formulation**

2.3.1 For the needs of agricultural sector financing within the framework of the Eighth Development Plan (1992-1996), BNA's international resource requirements were fixed at TND 268 million (that is to say UA 217.7 million). Thus the BNA requested, with the Government's backing, a second line of credit for UA 50 million representing 23% of its international resource requirements.

2.3.2 The appraisal for the proposal to allocate the 2<sup>nd</sup> line of credit, carried out in July 1992, was favourable while pointing out certain problems related, in particular, to the BNA strategic development plan and its recovery policy. The completion mission in September 1999 also indicated certain shortcomings related in particular to the BNA information system, monitoring and rehabilitation of the portfolio, recovery and the assistance-advisory aspect to be ensured for promoters.

## **2.4 Basis of the Project and Logical Framework of the LOC**

### **Basis of the Project**

2.4.1 Tunisia has always considered agriculture a priority sector in its development strategy. The last three development plans considered the agricultural sector a vector of growth. Moreover, because of the role it plays in the diffusion of regional development, considering its importance in all the regions especially in undeveloped areas, the agricultural sector represents the focal point of economic activity and the major source of improvement of revenues and living conditions, thereby constituting a fundamental link to preserve the company's solidarity and stability.

2.4.2 Implementation of this strategy implies a continual and sustained resource mobilisation effort. The Tunisian Government depended on the banking system, in particular the BNA, to implement the sector's financing programme. The second line of credit comes within the framework of the reinforcing BNA international resources to finance the agricultural sector.

## Logical Framework

2.4.3 The ultimate objective of the 2<sup>nd</sup> line of credit is to contribute to attaining food self-sufficiency, promote the development of agricultural and fisheries sectors and to improve the alimentary balance of payments. This objective set by the Tunisian development plan constitutes the global framework of the 2<sup>nd</sup> line of credit given the international resources requirements of the BNA. The LOC's specific objective is to promote the emergence of viable, private small and medium scale farming units contributing to the development of the least developed areas and to the improvement of farmers' quality of life.

2.4.4 Intermediate outputs to be attained are:

- As regards the BNA: Consolidated financial bases, increasing farming units taking into account the diversity of crops and geographic distribution, portfolio adjustment and reinforced analytical monitoring capacity.
- As regards the sub-projects: Viable operational, technical and financial situation, increased production and contribution to the improvement of the quality of life.

2.4.5 The retrospective matrix of the logical framework is given in Annex 2.

## 2.5 Executing Agency : The Banque Nationale Agricole

### Legal Framework

2.5.1 The Banque Nationale Agricole (BNA) was established on 1 October 1989 subsequent to the merger of the Banque nationale de Tunisia (BNT) and the Banque nationale de développement agricole (BNDA) effected within the framework of Tunisia's agricultural sector adjustment programme. The BNA is a financially autonomous legal entity with the status of a full service bank. It aims at promoting economic development in general and participating in fisheries and agricultural sector development in particular .

### Capital Stock

2.5.2 To the initial capital of TND 33 million, the BNA, from 1992 to 1995, increased its capital four times; it now stands at TND 100 million.

BNA's capital trend is as follows:

- Start-up Capital (after merger)	TND 33 million
- First increase (1992)	TND 17 million
-Second increase (February 1994)	TND 12.5 million
-Third increase (November 1994)	TND 12.5 million
-Fourth increase (1995)	TND 25 million

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or TND 100 million

Its current capital structure is as follows:

Table 2 : BNA Capital Structure.

Categories	Amount (in thousand TND)	Percentage
Tunisian State	16,088	16
Public bodies	28,837	29
Private and Other	55,075	55
Total	100,000	100

Source : BNA Annual Report

## Organisation and Management

2.5.3 The major units helping to implement the line of credit are:

- *La direction gestion des ressources d'emprunt ,DGRE, (Borrowed Resources Management Department).* Major unit responsible for implementing the line of credit, this department comprises the division of resource mobilisation and the management and monitoring of foreign borrowings division. Its major responsibilities reside in the monitoring of commitment charges and the release of credits, requests for funds from the ADB, the monitoring of the LOC's repayments and the payment of commissions and interests to the ADB, calculation of the differences of charges and the payment of exchange risk coverage commissions, preparation of statistics related to the line of credit, organisation of ADB supervision missions and the monitoring of recommendations made by these missions and the study and negotiation of new products eventually proposed by the ADB.
- *La direction de l'informatique, DI, (Computer Department) .* This department is responsible for taking stock of all the credits realised under the 2<sup>nd</sup> LOC by nature and by category of investment and the transmission of all periodic statistics required for the management and monitoring of ADB loans at DGRE's request.
- *La direction centrale des crédits Agricoles, DCCA, (Central Department for Agricultural Credits).* It is responsible for technical and financial studies for centralised credit requests for financing under the line of credit. It also ensures the coverage and control of decentralised credits realised in regions.
- *La direction de l'Etranger, D.E., (International Department).* This unit is responsible for the payment of principal, interest and commission maturities to the ADB on the basis of a payment order established by DGRE.
- *La direction du recouvrement, D.R., (Recovery Department).* This unit is responsible for recovery of the Bank's loans. It operates regardless of the resources on the basis of a recovery strategy dependant on a stratification of debts and ensures the monitoring of maturities and implementation of the timing for recovery up to the pre-disputed claims phase.
- The BNA comprises 16 regional departments of which five have been decentralised and organised into operations, credit and legal and disputed claims divisions

## **2.6 Evaluation Methodology and Approach**

The evaluation consisted in conducting a series of meetings with the different BNA central and regional managers, the Bizerte CRDA manager and the regional commissioner for fisheries in Teboulba (Monastir Division). It also consisted in a series of field trips to the seven promoters of the sub-projects financed under the second line of credit. Preparation of the PPAR is based on the analysis of the development of the indicators selected in respect of the evaluation subsequent to implementation of the line of credit. The major limitation in this exercise is the absence of viable data on the sub-projects; this makes it difficult to evaluate the impact of the line of credit on recipients.

## **III/ PROJECT IMPLEMENTATION**

### **3.1 Loan Effectiveness**

The second line of credit was approved on 1 December 1992. The loan agreement was signed on 4 March 1993; the loan became effective on 23 November 1993. If the delay between the loan's date of approval and the date of signature (3 months) is rather short, that separating the date of approval and the date of effectiveness for the LOC (9 months) seems very long. This was due in particular to the slowness of the administrative circuit followed for ratification of the loan agreement.

### **3.2 Project Modification**

The modifications made during the line of credit's implementation period are related to revoking the principle of allocating financing on behalf of a credit system in accordance with promoters' requests and to co-financing with the IBRD. These two modifications accelerated the pace of utilisation of the line of credit

### **3.3 Implementation Schedule**

Implementation of the LOC covered a period of five years (from 15/12/93 to 31/12/98). This exceeded the time envisaged in the appraisal by one year due in particular to the drought in the country in 1994 and 1995.

### **3.4 Reporting**

Throughout the line of credit's implementation period, the BNA regularly transmitted half-yearly LOC implementation statements along with computerised, listings of the sub-projects financed, in accordance with the loan conditions. Furthermore, the BNA sent the ADB (in July 1999), a completion report for the 2<sup>nd</sup> line of credit and BNA audited financial statements with a special report from the chartered accountant regarding utilisation of the line of credit in 1998. In general, these reports, of satisfactory quality, however received no response from the Bank.

### **3.5 Procurement of Goods, Works and Services**

Not being assorted with ADB special conditions, the procurement of goods, works and services is effected according to promoters' choice. The BNA settles directly the suppliers of materials and equipment on the basis of invoices submitted.

### 3.6 Project Cost, Disbursements and Sources of Finance

The total projected cost submitted by the BNA and reiterated in the appraisal is UA 90.9 million. Financing under the 2<sup>nd</sup> line of credit was set at UA 50 million. Outputs amounted to UA 103,40 million of which UA 50 million under the 2<sup>nd</sup> line of credit show a difference of UA 12,5 million which can be explained by consideration of additional costs consecutive to the system of co-financing sub-projects with the IBRD, not envisaged in the appraisal. The programme's sources of financing are presented in the following table

Table 3 : Source of Finance  
(in million UA)

ADB	50.00
IBRD	21.72
Recipients	31.68

i.e. a total of 103.40

Disbursements under the 2<sup>nd</sup> LOC were 50.20% for agricultural SMEs, 38.50% for the agro-based industry sub-sector, 4.10% for co-operatives and 7.20% for fisheries and fish farming. This distribution of disbursements which differs from the initial allocation was justified by the ADB agreement on the replacement of the principle of allocation by sub-sector by a system of appropriating credit according to promoters' requests.

- Subsequent to the extension of the line of credit's implementation period, the pace of disbursements was extended until 1998. The major difference in comparison to projections was noted during 1994 and 1995 (years of drought). Moreover, the percent of disbursements in comparison to the initial projections for these two years was 47.8% and 43.2% respectively.

### 3.7 Application of Loan Agreements and Conditions

All the conditions (five in all) envisaged in article 5 of the loan agreement between the ADB and the BNA were regularly complied with by BNA except for the 3<sup>rd</sup> condition regarding the annual report on the medium-term development policy and anticipated outputs with regard to training, computer and recovery development. Aside from recovery, these aspects were always highly appreciated by the various ADB supervision missions.

## IV/ PERFORMANCE EVALUATION

### 4.1 Exploitation Performances

The BNA, with the assistance of the ADB, was able to finance from the second line of credit 4,786 sub-projects of which 93% rely on small and medium scale farming units. The objectives aimed at in the appraisal were attained. On the whole, the sub-projects financed were well implemented and permitted sound exploitation of agricultural potential in the regions concerned, owing to promoters' supervision by regional support structures (CRDA, CRP).

### 4.2 Financial Performances

4.2.1 The sub-projects under the different categories financed generated profitability of about 25 to 30 % having enabled the normal repayment of maturities, extension of exploitations and creation of a number of permanent and casual assistance positions, sometimes more than 40% held by women. Production and profitability projections were attained, even exceeded for certain projects having already begun the extension phase (see the Table on the Indicators of the Projects Visited in Annex 7). However, in the absence of information on economic and financial indicators of the sub-projects financed by the BNA, it was not possible to assess the impact of the second line of credit on increasing recipients' revenues.

4.2.2 BNA balance sheets for 1993 to 1998 are summarised in the following Tables:

Table 4 : Compared Assets  
Comparative Balance Sheets  
(Unit: thousand TND)

ASSETS	1993	1994	1995	1996	1997	1998
Fund, BCT, Mon. Market loans & CCP	180,072	151,398	146,267	439,688	42,802	27,545
Banks & special institutions	29,522	25,548	24,982	13,751	83,313	54,850
Anticipated portfolio	1,130,742	1,014,708	1,378,260	855,995	723,367	880,563
Debit current account	464,710	511,705	186,233	222,875	235,701	218,655
State loans-BNA	-	132,237	130,368	111,260	97,550	86,078
Credits on special resources	431,989	325,001	340,385	351,884	372,932	395,426
Arrange. Re-sched.& Consolidations			-	146,136	128,369	114,334
Other credits to customers	247,000	291,771	339,370	388,106	425,504	466,928
Securities portfolio	119,531	127,298	67,951	91,382	104,339	109,573
Fixed and un-productive assets net of amor	37,919	39,858	41,486	42,708	50,764	51,259
Other assets	401,024	378,011	390,700	517,246	559,717	599,361
<b>Total</b>	<b>3,042,509</b>	<b>2,997,535</b>	<b>3,046,002</b>	<b>3,181,031</b>	<b>2,824,358</b>	<b>3,004,572</b>

Source : BNA Annual Report

4.2.3 This Table shows that all assets developed irregularly from 1993 to 1998. This variation was due in particular to the unstable development of the anticipated portfolio accounting for the largest portion of the assets, and the withdrawals made necessary subsequent to the publication of bank accounting standards. The chapter on credits from special resources developed constantly from 1994 going from TND 325,001 thousand to TND 395,426 thousand in 1998, therefore increasing by TND 70,425 thousand in 4 years, that is to say 21.6%. A significant variation can also be noted in respect of credits to customers which went from TND 247,000 thousand in 1993 to TND 466,928 thousand in 1998 thereby showing an increase of 89% over 5 years.

Table 5: Compared Liabilities  
(Unit: thousand TND)

**Table 5: COMPARED LIABILITIES**  
(Unit : thousand TND)

<i>Liabilities</i>	1993	1994	1995	1996	1997	1998
BCT and money market borrowings	1,003,557	619,171	678,644	2,234	0	0
Bank & special institutions	13,193	234,779	112,452	657,268	73,331	248,890
Customer's sight deposits	341,973	338,525	386,757	379,526	405,835	430,825
Savings deposits	466,843	480,594	490,383	536,180	602,519	654,848
Bonds, CAT and other financial products	87,447	72,780	68,875	146,069	195,477	72,081
Other sums due clients	33,060	81,139	43,716	69,081	43,185	55,679
Special resources	444,542	349,039	370,141	400,919	432,744	445,134
Bonds, CAT and other financial products	35,229	30,349	27,193	17,564	11,663	5,072
Capital stock	-	75,000	100,000	100,000	100,000	100,000
Capital or allocation	50,000	133,000	133,000	133,000	133,000	133,000
Reserves	55,942	54,212	65,504	67,255	68,741	69,694
New postponement	50	86	48	36	25	233
Other Assets	501,373	515,410	554,596	652,469	738,730	769,021
Profits for the year	9,300	13,451	14,693	19,430	19,108	20,095
<b>Total</b>	<b>3,042,509</b>	<b>2,997,535</b>	<b>3,046,002</b>	<b>3,181,031</b>	<b>2,824,358</b>	<b>3,004,572</b>

Source :BNA Annual Report

4.2.4 As regards the liabilities, it can be noted that the use of the money market which accounted for more than 32% of the bank's resources had zero balance with the abolishment of the rediscount system in 1997 and 1998. On the other hand, special resources stabilised at TND 400,000 thousand accounting for an average of 13% of all liabilities at a rate slightly below that of credits from special resources for assets. This shows the bank's capacity to mobilise its foreign resources while controlling its rate of indebtedness.

#### 4.2.5 BNA operating accounts for the period 1993 – 1998 are as follows :

**Table 6 : Comparative Operating Accounts**  
(in thousand TND)

<i>Credit</i>	1993	1994	1995	1996	1997	1998
Proceeds from cash & inter-bank transactions	18 681	13 306	10 902	8 612	1 168	2 348
Proceeds from cash & inter-bank transactions	171 952	150 976	150 687	200 998	119 442	122 312
Commissions on banking transactions	19 832	24 913	25 197	26 885	27 867	30 882
Securities portfolio income	10 382	11 609	10 065	8 158	9 653	9 835
Provisions for operation made available	3 899	8 820	4 213	9 192	11 453	15 743
Misc proceeds	3 205	11 353	6 078	6 008	5 961	7 756
<b>Total</b>	<b>227 951</b>	<b>220 977</b>	<b>207 142</b>	<b>259 853</b>	<b>175 544</b>	<b>188 876</b>

Source : BNA Annual Report

#### 4.2.6 From the analysis of operating accounts, it has been found that:

- The proceeds from credit transactions developed irregularly going from TND 172 million in 1993 to TND 151 million in 1994 and 1995 and from TND 201 million in 1996 to 119 and TND 122 million in 1997 and 1998, this reflects the impact of the variation of commitments developed in paragraph 4.3.2; having specified that the peak for the year 1996 stems from the importance of commitments made during the year 1995 and incoming interests due by agencies related to previous years.

**Table 7 : Comparative Operating Accounts**  
(in thousand UA)

<i>Debit</i>	1993	1994	1995	1996	1997	1998
Charges on cash and inter-bank transactions	96,218	76,249	67,402	85,579	10,920	11,398
Interests on customers' deposits	47,898	40,319	37,881	41,897	37,516	42,002
Charges on foreign debenture borrowings	13,624	9,995	11,481	12,091	10,441	11,910
Charges on misc. Transactions	8,139	17,609	4,304	9,114	2,760	3,169
Wage bill	26,374	29,886	33,585	38,050	41,554	45,733
General operating charges	9,668	11,711	12,831	12,957	13,240	14,215
Allocations for provisions and amortizations	16,730	21,757	24,965	35,780	33,262	34,806
Taxes on profits	-	-	-	4,955	6,743	6,448
Profits for the year	9,300	13,451	14,693	19,430	19,108	20,095
<b>Total</b>	<b>227,951</b>	<b>220,977</b>	<b>207,142</b>	<b>259,853</b>	<b>175,544</b>	<b>189,776</b>

Source : BNA Annual Report

- Expenses for cash and inter-bank transactions fell by TND 96 million in 1993 to TND 11 million in 1997 and 1998 owing to the fact that the BNA no longer used the money market;
- Net income developed constantly from TND 9.3 million in 1993 to TND 20 million in 1998 therefore increasing by more than 100% in five years. This trend can be explained in particular by the development of net banking proceeds which went from TND 67 million in 1993 to TND 108.7 million in 1998;
- Lastly, the BNA complied with the Cook ratio from 1995 by attaining a coverage ratio of 6.2% against 4.8% in 1993 (the standard being 5%);
- At 31 December 1998, the BNA solvability ratio is 10.6% therefore exceeding the new prudential norm of 8%.

The table of the major indicators of BNA activity is shown in Annex 5.

### 4.3 Operational Performances

4.3.1 For lack of projections in respect of BNA commitments and resources for the audit and completion, it was not possible to compare projections. The BNA operational performance analysis was in fact based on retrospective data for the last five years. The following tables illustrate the development of BNA resources and commitments.

**Table 8 : BNA Resources Trend (in thousand TND)**

<i>Year</i>	<i>1993</i>	<i>1994</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>
<u>Total deposits</u>	<u>929,323</u>	<u>973,039</u>	<u>989,731</u>	<u>1130,856</u>	<u>1247,015</u>	<u>1213,434</u>
Sight deposits	341,973	338,525	386,757	379,526	405,835	430,825
Savings	466,843	480,595	490,383	536,180	602,519	654,848
Time deposits	87,447	72,780	68,875	146,069	195,476	72,081
Other customers						
<u>Treasury Bonds</u>	33,060	81,139	43,716	69,081	43,185	55,680
<u>Debenture loans</u>						
	<u>278,865</u>	<u>257,845</u>	<u>191,616</u>	<u>259,798</u>	<u>220,290</u>	<u>373,726</u>
	<u>35,229</u>	<u>30,349</u>	<u>27,193</u>	<u>17,564</u>	<u>11,663</u>	<u>5,072</u>
<b>Totals</b>	<b>1252,417</b>	<b>1261,233</b>	<b>1208,540</b>	<b>1408,218</b>	<b>1478,968</b>	<b>1592,232</b>

Source : BNA Annual Report

- Resources mobilised from customers (excluding treasury bills) went from TND 1252,417 thousand in 1993 to TND 1592,232 thousand in 1998 reflecting an annual average increase of 5.4% with a periodic decline in 1995 (-4.1%) and culminating in 1998 (+7.6%).
- Savings having declined slightly in 1996 in comparison to 1993, improved in 1997 and in 1998 to exceed its 1993 level and in 1998 to account for 53.96% of total deposits against 50.23% in 1993.
- Sight deposits only represented 35.5% of total deposits confirming the stability of deposits and the low volatility rate.

4.3.2 BNA commitments developed in accordance with the following table:

**Table 9 : BNA Commitment Trends (in thousand TND)**

<i>Commitments by disbursement</i>	<i>1995</i>	<i>1996</i>	<i>1997</i>	<i>1998</i>
Agricultural commitments	<u>1779,069</u>	<u>1247,419</u>	<u>1307,034</u>	<u>1328,338</u>
- By disbursement	1355,800	1039,065	907,917	945,519
- By signature	423,269	208,354	399,117	382,819
Commercial Commitments				
- By disbursements	<u>1462,743</u>	<u>1542,881</u>	<u>1572,396</u>	<u>720,278</u>
- By signature	1125,263	1167,017	1221,758	1377,310
	337,480	375,864	350,638	342,968
<b>Total Commitments</b>	<b>3241,812</b>	<b>2790,300</b>	<b>2879,430</b>	<b>3048,616</b>

Source : BNA Annual Report.

### **Ratios (%)**

Agricultural Commitments/Total Commitments	54.87	44.70	45.39	43.57
Commercial Commitments/Total Commitments	45.13	55.30	54.61	56.43

4.3.3 This Table showed that the volume of commitments declined in 1996, particularly as regards the agricultural sector. The downturn in the pace of commitments resulted in fact from BNA's decision to rationalise its credit policy by selecting the most creditworthy customers with the least risks and considering the regulations regarding the coverage and division of risks given its current financial situation. From 1997, an upturn of commitments can be noted which continued until 1998 bringing the overall volume of commitments to TND 3,048,616 thousand in 1998 against TND 2,790,300 thousand in 1996, that is to say a 9.2% increase distributed as follows:

Agricultural commitments	2.9%
Commercial commitments	6.3%

4.3.4 By the end of 1998, BNA commercial commitments represented 56.43% of the total volume of commitments against 43.57% for the agricultural sector. This reversal of the trend in comparison to 1995 (45.13% against 54.87%) is explained by unfavourable climatic conditions in the country in 1994 and 1995.

## **4.4 Economic Performances**

4.4.1 The absence of financial and economic indicators regarding BNA sub-projects constitutes a shortcoming that should be corrected despite the difficulties in taking stock of these indicators given the rather small size of farming units and promoters' extent of organisation. On the basis of national economic indicators relating to the line of credit's implementation period (1994/1998), extrapolation of the data permitted the line of credit's effects to be assessed in respect of formation of the value added and the creation of jobs. These effects are illustrated in the following table:

Table 10 : Impact of the LOC on the value added and employment

Jobs	Data
b. of jobs created in all sectors combined	280000
Volume of agricultural investments (in MTND)	3390
Charges for a position (thousand TND)	12
Investments financed (MTND)	112
Nb. Of jobs generated by the LOC	9333
% of contribution	3.33

Value Added	Data (MTND)
Agricultural Sector Value Added	9597
Volume of agricultural investments ( )	3390
Value added for TND 1 million	2,83
Investment financed by the LOC	112
Value added generated by the LOC	317
% of contribution	3,30

Source : VIIIth and IXth Plans (mid-term document)

4.4.2 The line of credit made a substantial contribution, through the number of projects financed (4,786), to the development of agricultural production and the improvement of recipients' quality of life. Moreover, the objective of food self-sufficiency was attained in 1998 for milk, red meat and eggs whose volume of production increased by more than 10% in comparison to 1997 for milk and 6% for meat. The wage bill intended for agricultural sector employees increased by 12.6% per year during the period 1992-1998, whereas the SMAG /working day increased from TND 4, 961 in September 1996 to TND 5,509 in May 1999, that is to say an 11% cumulative increase.

#### 4.5. Institutional and Social Performance

4.5.1 Within the framework of the improvement of its structures and the modernisation of its managerial methods, since 1997, the BNA has launched widespread action regarding the information system strategic plan. Completion of this action is envisaged for 2001. Furthermore, the development of its commercial network currently comprising 140 branches, its staff increased to 3,154 employees by 31 December 1998 and the modifications to its organisation chart constitute factors proving the BNA's determination to adapt itself to demands and the development of the environment by reinforcing its institutional capacities. Nevertheless, of the 16 regional departments, only five are affected by decentralisation which is capable of reducing the positive effects of being in the vicinity. As regards training, the BNA continued its policy based on upgrading skills and the mastery of new bank occupations. Thus, varied actions concerning the majority of its operational and other staff were undertaken according to a coherent three year programme. Lastly, from the domestic social standpoint, the NBA continued to give priority to social loans and to staff accession to real estate ownership.

4.5.2 As regards the LOC's socio-economic effects, in particular those regarding recipients, in the absence of viable data, estimates had to be based on national accounting data. Therefore, owing to the development of the 4, 786 sub-projects financed, of which 50% are

composed of small and medium scale farming units, the LOC contributed to the value added for the sum of TND 317 million, i.e. 3.33%, which is substantial. The LOC promoted the creation of approximately 9,000 jobs in about 10 years. The average revenue in the regions covered increased by 20 to 30%. On the basis of these estimates, it can be said that the LOC, despite the operating problems related to the climate (drought), permitted Recipients' socio-economic conditions to be improved in general, and the reduction of poverty in the rural areas concerned.

#### **4.6 Women In Development**

Owing to their objective, the agricultural sub-projects financed by the 2<sup>nd</sup> LOC are in general female labour intense. Nevertheless, the BNA does not have accurate statistics on the number of projects promoted by women nor the number of jobs held by women. However, it should be pointed out that during field visits, it was noted that for some crops, in particular, market gardening, fruit harvesting, etc., a rather high rate of female labour is used. In the fruit conservation project, for example, women hold 30 posts out of 50 special assistance jobs. Also, development companies such as SODEAT, usually employ more than 150 people, 70% of whom are women.

#### **4.7 Environmental Performance**

4.7.1 The agricultural sub-projects financed had a beneficial impact on the environment. Moreover, the different crops depending on arboriculture, market gardening or stockbreeding can contribute either to anti-soil erosion by protecting catchment basins, or soil enrichment by using organic fertilisers. Furthermore, agro-based industrial projects (milling, dairy plant, oil works, etc.), financed from the LOC, were included in prior environmental assessment studies, controlled by relevant specialised public services. However, an effort remains to be made regarding the standardisation of environmental measures. Un-declared agro-based industries, in violation of national regulations on environmental protection, can still be seen in the country.

4.7.2 The rigorous control of regional authorities (regional fisheries commissariats) permitted the distribution of fisheries according to the home port, thus avoiding any over exploitation of saturated waters.

#### **4.8 Bank Group Performances**

4.8.1 The performance of the Bank, throughout the cycle of the line of credit, is considered satisfactory. The Bank contributed to the successful finalisation of the LOC's preparation and ensured its supervision by carrying out 3 missions considered highly useful by the BNA in so far as they permitted the examination of different problems raised, related in particular to the supplementary financial charges generated by the difference between the value dates of ADB installments and those announced by the Central Bank, the cancellation of some credits charged by error to the 2<sup>nd</sup> LOC and the replacement by other allocations, World Bank co-financing of up to 50% of some projects and extension of the Line of Credit's utilisation period. However, some improvements can be made especially with regard to the time required to reply to the Borrower's requests.

## V/ PROJECT SUSTAINABILITY

5.1 BNA's structure as well as its strategic orientations regarding management and development augur in favour of good prospects for sustainability. The BNA comprises 140 branches and employs more than 3000 people, all categories combined. Implementation of its staff development programme will make it possible to consolidate its position on a market that is henceforth open to international competition. The average recovery rate estimated at 61% nevertheless indicates some risks likely to unbalance BNA funds considering the substantial volume of outstanding agricultural payments (TND 326.3 million).

5.2 The situation of the sub-projects visited, although limited in number in comparison to the total number of sub-projects financed from the second line of credit, makes it possible to conclude that, in general, the prospects of sustainability are reassuring. This is corroborated by the growing number of permanent jobs and extensions observed in the field or having been the subject of new demands for financing. However, it can be noted that above all small sized projects whose commitments do not exceed TND 10,000, encountered difficulties subsequent to unfavourable climatic conditions. These projects have accumulated considerable outstanding debts of about TND 130 million out of a total of TND 322 million. The BNA is in the process of closely monitoring the evolution of outstanding debts subsequent to Presidential decisions of May 1999 consisting in particular of abandoning outstanding credits less than TND 2000 and consolidating debts of between TND 2000 and 40,000. The consolidation is likely to be ensured by 31 December 2000. A statement of commitments and outstanding agricultural debts by tranche and by funds is presented in Annex 6

5.3 The third line of credit, currently being implemented, comes within the logic of the ADB's continued support to efforts made by the BNA to improve its performances. However, the decline in the national money market rate during 1995 and 1998, increased the ADB line of credit's interest rate and consequently affected its efficiency as a development instrument. This brought the BNA to make early repayment of part of the first line of credit and to seriously consider early repayment of the second line of credit

## VI/ PERFORMANCE RATING

The evaluation of performances as shown by the rating of the different indicators, illustrated in formulars PR1, PB1 and RP3 (see ANNEXES 8, 9 and 10) is as follows :

	<i><u>Descriptive Rating</u></i>
Implementation Performance	Satisfactory
Bank Performance	Satisfactory
Performance of Outputs	Highly Satisfactory

## **VII/ CONCLUSIONS, LESSONS AND RECOMMENDATIONS**

### **7.1 Conclusions**

The second line of credit contributed to reinforcing BNA's international resources ; its financial situation showed successful results enabling compliance with cautious standards for risk division and coverage. It also permitted the BNA to cover more than 23% of its international resource requirements within the framework of the Eighth Development Plan. Despite the climatic constraints, the LOC made a significant contribution to the increase of agricultural farming and to the attainment of food self-sufficiency as regards basic foods (milk, red meat, eggs). In addition, it also permitted improvement of the quality of life in rural areas through the creation of a considerable number of jobs. Although endowed with a successful institutional framework, the BNA still does not have an information system allowing for the integration of different central and regional structures. Furthermore, the decentralisation of BNA structures, begun several years ago, has not yet attained an adequate level to consolidate its advantages of being in the vicinity. BNA monitoring and assistance services to promoters, considered unsatisfactory, are limited to the liquidation of investments. The absence of sub-projects' operational indicators is a weak link in its credit management system. The volume of outstanding payments, the rather low recovery rate and the many disputed claims are all matters of concern for BNA management.

### **7.2 Lessons**

The major lessons learned from the audit report are as follows:

- i) Considering the rather small size of most of the sub-projects, supervision of the recipients through support structures (CRDA, CRP) can help attain the anticipated objectives (see § 4.1);
- ii) Evaluating the socio-economic impact of the lines of credit is possible only if the executing agency strives to collect the required basic data or if necessary, the ADB allocates sufficient resources for periodic surveys to be conducted in the field by external, independent authorities (see § 4.4.1);
- iii) Continuing decentralisation of regional BNA structures would permit the proximity incentive to be consolidated (see § 4.5.1);
- iv) Reinforcing the recovery policy and adjusting disputed claims are important actions on which the reinforcement of consolidation of BNA's capital base is dependant (see § 5.1);
- v) Reducing national money market rates is an exogenous factor entailing an increase of the cost of the line of credit and affecting the profitability of resources for the Borrower (see § 5.3).

### **7.3 Recommendations**

#### **a) To the BNA**

- i) In all the Institution's structures develop a better perception of contingencies related to the environment, poverty and gender issues, and continue improvement of the information system by reinforcing computerisation, developing Intra-net and Internet in order to promote the building up of an accurate data base enabling BNA's efficiency to be enhanced through efficient exploitation, in real time, of information;
- ii) Require that recipients, and if necessary assist them, keep simplified accounting records for their use and make them aware of the necessity to provide requested financial information in good time to the BNA, and ADB supervision and evaluation missions;
- iii) Envisage the creation of a monitoring-evaluation structure in order to ensure targeted data collection regarding the projects financed, especially those related to the turnover, value added, number of jobs by gender, the profitability and additional investment, in order to be able to assess BNA performances against the objectives set within the framework of the country's general strategy, and the impact of international resources on the recipients, in particular;
- iv) Consolidate the proximity advantage of BNA operational structures by providing them with the human and material means required for better project monitoring and assistance to promoters, especially during projects' operation;
- v) Continue recovery efforts through widespread decentralisation enabling enhanced involvement of regional structures in achieving the relevant BNA objectives;
- vi) Generalise the processing of disputed dossiers by regional Departments like those of SFAX, GABES, BIZERTE, SOUSSE and NABEUL ;
- vii) Boost the creation of a recovery company to take over small debts and unsecured debts in order to ease the pressure on the disputed claims Departments.

#### **b) To the ADB**

- i) Pay more attention to issues on the environment, poverty, and gender during supervision missions for which adequate time limits will be determined in order to cover a representative sampling of sub-projects financed by the LOC;
- ii) Make provision for the necessary resources within the context of lines of credit to finance accurate data collection by survey among recipients in order to permit evaluation of the LOC's socio-economic impact. The data thus collected by the executing agency or, where appropriate, by external authorities.

## ANNEX 1

### REPUBLIC OF TUNISIA : SECOND LINE OF CREDIT TO THE BANQUE NATIONALE AGRICOLE PROJECT PERFORMANCE AUIT REPORT

#### MATRIX OF RECOMMENDATIONS AND FOLLOW-UP ACTIONS

MAJOR OBSERVATIONS AND CONCLUSIONS	MAJOR RECOMMENDATIONS	FOLLOW-UP ACTIONS	RESPONSIBILITIES
<p><b><u>1-Project Design</u></b> 1.1 The sub-projects financed took into account, in their design, social and environmental aspects but their climatic risks are still considerable.</p>	1.1.1 The consideration of loan applications should take environmental aspects into account.	1.1.2 Integrate social and environmental aspects in the criteria for BNA loan approval	1.1.3 BNA
<p><b><u>2- Project Implementation</u></b> 2.1 The follow-up of financed sub-projects is still a rather weak link in BNA loan management process, because of the shortage of field staff and logistical resources.  2.2 Improved communications between BNA and donors and targeted supervision, are an advantage for efficient management of the line of credit</p>	<p>2.1.1 Envisage the creation of a follow-up/evaluation strategy within the BNA with a view to the regular and targeted collection of data on the sub-projects financed.</p> <p>2.2.1 Sensitize recipients to the importance of providing information on their farming units.</p>	<p>2.1.2 Establish, on the basis of a survey, a performance evaluation for some projects financed in the different sub-sectors considered and diffuse the findings as widely as possible.</p> <p>2.2.2 Design a simplified accounting model to be applied by promoters.</p> <p>2.2.2 Entrust, if necessary, these field investigations, to competent, independent external experts.</p>	<p>2.1.3 BNA.</p> <p>2.2.3 BNA</p> <p>ADB (OCDN)</p>
<p><b><u>3- Institutional Development</u></b> 3.1 Aside from some decentralised regional directorates, most of them depend to a large extent on central directorates for all major decisions regarding credit management, especially disputed claims.</p>	<p>3.1.1 Pursue decentralisation efforts to consolidate the benefit of the proximity of BNA operational structures.</p> <p>3.2.1 Accelerate the creation of a company to take over small debts and unsecured debts.</p>	<p>3.1.2 Generalize the decentralization of regional directorates within a reasonable time.</p> <p>3.2.2 Guarantee the self-reliance of departments within the prescribed limits of loan management including the processing of contentious claims.</p>	<p>3.1.3 BNA</p> <p>3.2.3 BNA</p>
<p><b><u>5- Project Sustainability</u></b> 5.1 The projects financed had considerable outstanding debts, particularly worrying for small-scale operators whose outstanding credit is less than TND 10000.</p>	5.1.1 Improve the credit recovery rate with a view to ensuring BNA's financial balance and the replenishing internationally mobilized funds.	5.1.2 Prepare, for any Project with outstanding payments, a plan to consolidate outstanding credits..	5.1.3 BNA.

**REPUBLIC OF TUNISIA : SECOND LINE OF CREDIT TO THE BNA  
PROJECT PERFORMANCE AIT REPORT  
Retrospective Matrix of the Legal Framework**

Narrative Summary	Objectively Verifiable Indicators (projected and actual)			Means of Verification	Important Verified Assumptions
	Formulation	Evaluation	PCR/PPAR		
<b>Overall Sectoral Goals</b>					
Contribute to the attainment of food self-sufficiency	Volume of production (000'T)			Mid-term evaluation of the 9 <sup>th</sup> plan	The objectives of Food self-sufficiency were attained For milk and red meat
	Milk	387	820		
	Red Meat	225	218		
	Cereales	1408	1813s		
	Tomatoes	487	800		
	Potatoes	197	305		
	Food balance coverage rate	NA	81%	Idem	
Promote the agricultural and fisheries sectors	Private sector share in agricultural investments	40%	49%	Idem	
<b>Specific Objectives of the LOC</b>					
Increase agricultural production	Contribution to the creation of the	NA	317MTND	Estimate	
	Value added		i.e. 3.33%		
Improve the quality of life	Number of jobs created	NA	9333		
<b>BNA Outputs</b>					
Consolidation BNA financial resources	Level of net equity	-123	286	Financial Statements	
	Coverage of Intern. Res. Requirements	23%	23%		
	Risk coverage Ratio : 8%	2.5	10.6	Reports Comm.aux	
	Inadequate provisions	201 MTND	11MTND	idem	
	Exchange risk coverage		Verified	Agreement with	
Promoted SME commitments increasing	Volume of commitments	1.26 MD	0.95 MTND	Activitiy Reports	Climatic Conditions

	Number of sub-projects financed	NA	4786	Evaluation Report and PCR	
	Small and Medium farming units	45%	50%		
	Large agro-industrial projects	35%	39%		
	Cooperatives	15%	4%		
	Fisheries and aquaculture	5%	7%		
Portfolio put on a healthy footing	Volume of outstanding agricultural payments	201MTND	322mTND	BNA statistics	idem
	Recovery rate	75%	61%		idem
Strengthened analytical capability	Information System Review	none	On-going		
	Training Policy	none	Good		
	Upgrading	none	On-going		
<b>SUB-PROJECTS</b>					
Viable sub-projects	Project cost overrun <10%	N/A	Verified	Project visits	
	Entry in production <1year	N/A	Verified, except arbo	Idem	
	Normal repayment of installments	N/A	Part. Verified	Idem	Climatic Conditions
	Intention to expand	N/A	Part. Verified	Idem	Project visits
Improvement of the quality of life	Number of jobs created	NA	9333	Estimate	
	Average revenue increasing	NA	20 to 30% of Net margin	Project visits	
<b>Activities (Components)</b>					
Equipment	Total ML investment F.E.	In million UA			Cofinancing with IBRD
Materials	Self-financing	22.7	31.68		
	LOC ADB	50.0	50.0		
	BNA	18.2	0.00		
	IBRD	0.00	21.72		
	Total	90.9	103.4		

TUNISIA  
SECOND LINE OF AGRICULTURAL CREDIT.  
PROJECT PERFORMANCE AUIT REPORT  
**TUNISIA'S Major Economic Indicators**

Inventory	1995	1996	1997	1998	Variation in %	
Gross Domestic Product (*) At 1999 constant prices	13074	14009	14768	15500	5,4	5,0
GDP except agriculture and fisheries	11501	11972	12670	13423	5.8	5.9
Value added for agriculture and fisheries	1573	2037	2098	2077	3.0	-1.0
Gross domestic products at list prices	17052	19066	20901	22701	9.6	8.6
GDP deflator (1999=100)	130.4	136.1	141.5	146.5	4.0	3.5
GNP per capita (in dinars)	1815	1987	2160	2327	8.7	7.7
GNP per capita (in dollars)	1919	2039	1958	2046	-4.0	4.5
Gross available national revenue (RNDB)	16953	18863	20737	22656	9.9	9.3
Final consumption	13505	14586	15841	17195	8.6	8.5
Public consumption	(2777)	(2976)	(3274)	(3585)	(10.0)	(9.5)
Private consumption	(10728)	(11610)	(12567)	(13610)	(8.2)	(8.3)
Average propensity to consume (consumption/RNDB) :in % (1)	79.7	77.3	76.4	75.9	-0.9	-0.5
Gross national savings	3448	4277	4896	5461	14.5	11.5
National Savings Rate (in % of GDP) (1)	21.2	23.7	24.6	25.1	0.9	0.5
Gross fixed capital formation	4121	4422	5153	5592	16.5	8.5
Public sector	(2126)	(2184)	(2556)	(740)	(17.0)	(7.2)
Private sector	(1995)	(2238)	(2597)	(2852)	(16.0)	(9.8)
Investment rate (in % of GDP)(1)	24.2	23.2	24.7	24.6	1.5	-0.1
Consumer Price Index (1990=100)	132.4	137.4	142.4	146.8	3.7	3.1
Including : food products	132.0	137.0	142.8	146.7	4.3	2.7
Job Creation (in thousand positions) (2)	61.0	55.3	58.0	61.4	4.9	5.9
<b>External Account</b>						
Cover rate (Export FOB / import CAF in % )(1)	69.3	71.6	69.9	68.7	-1.7	-1.2
Trade Deficit	2291	2127	2646	2971	24.4	12.3
Tourism receipts	1323	1413	1565	1713	10.8	9.4
Work income	712	798	846	902	6.0	6.6
Current account deficit	735	466	655	769	40.6	17.4
In % of GDP (1)	4.3	2.4	3.1	3.4	0.7	0.3
Net capital inflows	839	882	1054	558	19.5	-47.1
General Account Balance	76	386	373	-213	-3.4	-157.1
External debt servicing coefficient (In % of current revenue) (1)	17.6	17.2	16.4	16.1	-0.8	-0.3
International indebtedness rate (In % of RNDB)	53.6	51.0	52.2	47.3	1.2	-4.9

Source : BCT

**ANNEX 3**  
**Page 2 of 2**

<b>Public finances</b>						
Tax ratio (In % of GDP (1))	20.5	19.8	20.2	21.0	0.4	0.8
Current budget balance	432	443	338	604	-23.7	78.7
Investment Expenditure	1291	1439	1515	1524	5.3	5.9
Budgetary deficit excluding repayment of debt and in % of GDP (1)	4.2	4.3	4.2	1.3	-0.1	-2.9
Total State indebtedness /GDP (in %) (1)	58.5	56.8	58.6	54.2	1.8	-4.4

Source : BCT

<b>SECOND LINE OF CREDIT TO THE BNA</b>							
<b>PROJECT PERFORMANCE AIT REPORT</b>							
<b>Resources of the Financial System and their Counterparts</b>							
Unit: Million Dinars							
	1993	1994	1995	1996	1997	1998	1999*
<b>Resources (A+B+C+D)</b>	<b>13171.1</b>	<b>14468.2</b>	<b>15920.9</b>	<b>18016.6</b>	<b>19760.3</b>	<b>21361.5</b>	<b>23096.9</b>
<b>A- Aggregate M4 (d)</b>	<b>9294.4</b>	<b>9999.1</b>	<b>11056.5</b>	<b>12504.5</b>	<b>13576.2</b>	<b>14836.4</b>	<b>16206.5</b>
- Money stock M3 (c)	7324.6	7900.1	8447.6	9617.8	10981.0	11638.9	13808.6
- Money Stock.(strictly speaking) M2 (b)	6640.1	7197.2	7695.4	8764.1	10161.7	10726.3	12815.9
- Currency M1 (a)	2914.7	3206.5	3518.7	3981.5	4473.9	4790.2	5553.5
- Paper currency	1179.2	1196.0	1314.2	1472.5	1593.8	1695.0	1993.9
- Deposit money	1735.5	2010.5	2204.6	2508.9	2880.2	3095.2	3559.6
- Quasi-money	3725.4	3990.8	4176.7	4782.7	5687.8	5936.1	7262.4
- Obligations. & Borrowings à + d/year	684.5	702.9	752.1	853.7	819.3	912.6	992.7
Saving for housing-purchase, Project & investment							
- Dominion securities & Commercial paper	1969.8	2099.5	2608.9	2886.7	2595.2	3197.5	2397.9
<b>B- Special Resources</b>	<b>1591.3</b>	<b>1825.8</b>	<b>1795.2</b>	<b>1891.3</b>	<b>2031.0</b>	<b>2011.9</b>	<b>2022.2</b>
<b>C- Capital stock</b>	<b>2005.0</b>	<b>2249.4</b>	<b>2769.0</b>	<b>3073.1</b>	<b>3389.0</b>	<b>3659.6</b>	<b>3871.5</b>
<b>D- Other Resources</b>	<b>280.4</b>	<b>393.9</b>	<b>300.2</b>	<b>547.7</b>	<b>764.1</b>	<b>853.6</b>	<b>996.7</b>
- Allocations of SDR	48.9	49.7	48.2	49.0	52.6	52.7	59.1
- Other Misc. Resources	231.5	344.1	252.0	498.7	711.5	800.9	937.6
<b>Counterparties (A+B+C)</b>	<b>13171.1</b>	<b>14468.7</b>	<b>15920.9</b>	<b>18016.6</b>	<b>19760.3</b>	<b>21361.5</b>	<b>23096.9</b>
<b>A- Net non-local claims</b>	<b>580.1</b>	<b>907.4</b>	<b>853.7</b>	<b>1137.0</b>	<b>1537.5</b>	<b>1372.9</b>	<b>1841.5</b>
- Foreign Assets	1551.5	2061.7	2027.9	2550.0	3074.7	2881.1	3775.8
- Commitments (less)	971.5	1154.3	1174.2	1413.0	1537.2	1508.2	1934.3
<b>B-State's Net foreign debts (f)</b>	<b>2918.2</b>	<b>3016.5</b>	<b>3164.3</b>	<b>3526.9</b>	<b>3701.2</b>	<b>4112.3</b>	<b>4139.2</b>
<b>C- Assistance to Economy (g)</b>	<b>9672.9</b>	<b>10544.8</b>	<b>11902.9</b>	<b>13352.7</b>	<b>14521.6</b>	<b>15875.3</b>	<b>17116.1</b>
- Credits to the economy	9164.4	10007.0	11333.1	12750.5	13831.1	15107.5	16247.3

- Credits from BCT	881.8	613.5	690.6	1111.3	532.5	887.8	350.5
- Credits from banks of deposits	6267.8	7075.9	7775.8	8637.4	10116.3	10569.2	12108.7
- Credits from Dev. Banks.& AIS	1580.3	1866.8	2105.9	2371.1	2652.8	2977.9	3160.9
- Commercial paper	434.5	450.8	760.8	630.7	529.5	672.6	627.2
-Securities portfolio	508.5	537.8	569.8	602.2	690.5	767.8	686.8
- Banks of deposits	250.2	284.0	302.2	325.5	397.8	464.6	548.2
- Dev. Banks and AIS	258.3	253.8	267.6	267.7	292.7	303.2	320.6
						Source: INS	
(*): Provisional Figures							

## SECOND LINE OF CREDIT TO THE BNA

		1993	1994	1995	1996	1997	1998
<b>TOTAL BALANCE SHEET</b>		<b>3,042,509</b>	<b>2,997,535</b>	<b>3,046,002</b>	<b>3,181,031</b>	<b>2,824,358</b>	<b>3,004,573</b>
<b>Customers' Resources</b>		<b>1,341,917</b>	<b>1,408,933</b>	<b>1,550,990</b>	<b>1,639,218</b>	<b>1,818,368</b>	<b>1,912,582</b>
<b>DEPOSITS</b>		<b>929,323</b>	<b>973,039</b>	<b>989,731</b>	<b>1,130,856</b>	<b>1,247,015</b>	<b>1,213,434</b>
	Sight deposits	341,973	338,525	386,757	379,526	405,430	430,825
	Savings	466,843	480,595	490,383	536,180	602,519	654,848
<b>OTHER RESOURCES</b>		<b>412,594</b>	<b>435,894</b>	<b>561,259</b>	<b>508,362</b>	<b>571,353</b>	<b>699,148</b>
	Customer treasury bills	287,865	257,845	191,616	259,616	220,290	373,726
	Commercial paper	89,500	147,700	342,450	231,000	339,400	320,350
<b>GLOBAL COMMITMENTS</b>		<b>2,993,977</b>	<b>3,040,770</b>	<b>3,241,812</b>	<b>2,790,298</b>	<b>2,879,430</b>	<b>3,048,616</b>
<b>COMMITMENTS BY DISBURSEMENT</b>		<b>2,363,935</b>	<b>2,373,402</b>	<b>2,481,063</b>	<b>2,206,080</b>	<b>2,129,675</b>	<b>2,322,829</b>
	Agricultural (including commercial credit)	1,261,250	1,235,971	1,355,801	1,039,065	907,917	945,518
	Marketing	1,102,685	1,137,431	1,125,262	1,167,015	1,221,758	1,377,311
<b>COMMITMENTS BY SIGNATURE</b>		<b>630,042</b>	<b>667,368</b>	<b>760,749</b>	<b>584,218</b>	<b>749,755</b>	<b>725,787</b>
<b>FIXED ASSETS</b>		<b>69,922</b>	<b>75,153</b>	<b>81,768</b>	<b>81,104</b>	<b>106,270</b>	<b>115,912</b>
	Net fixed assets	37,919	39,858	41,485	42,708	50,764	51,259
	Participation	32,003	35,295	40,283	38,396	55,506	64,653
<b>CASH POSITION</b>		<b>-807,157</b>	<b>-677,003</b>	<b>-619,846</b>	<b>-206,063</b>	<b>30,453</b>	<b>-182,450</b>
<b>TURNOVER</b>		<b>228,722</b>	<b>220,977</b>	<b>207,142</b>	<b>259,853</b>	<b>175,544</b>	<b>189,776</b>
<b>NET BANK EARNINGS</b>		<b>67,084</b>	<b>85,595</b>	<b>86,164</b>	<b>111,094</b>	<b>105,213</b>	<b>108,724</b>
	Interest margin	32,893	37,720	44,824	70,044	61,732	70,087
	Commissions	19,833	24,913	25,197	26,885	27,867	30,882
	Other products	14,358	22,962	16,143	14,165	15,614	7,755
<b>OPERATING CHARGES</b>		<b>36,813</b>	<b>41,597</b>	<b>46,416</b>	<b>51,007</b>	<b>54,795</b>	<b>59,948</b>
	Money stock	26,374	29,886	33,585	38,050	41,555	45,733
	Operating expenditures	10,439	11,711	12,831	12,957	13,240	14,215
<b>OTHER EXPENDITURES</b>		<b>11,131</b>	<b>20,493</b>	<b>7,963</b>	<b>12,768</b>	<b>6,786</b>	<b>7,509</b>
<b>GROS INCOME</b>		<b>19,140</b>	<b>23,505</b>	<b>31,785</b>	<b>47,319</b>	<b>43,632</b>	<b>41,267</b>
<b>NET INCOME</b>		<b>9,299</b>	<b>13,452</b>	<b>14,693</b>	<b>19,430</b>	<b>19,108</b>	<b>20,095</b>
<b>EQUITY</b>		<b>115,291</b>	<b>275,750</b>	<b>313,245</b>	<b>319,721</b>	<b>320,874</b>	<b>323,022</b>
	Capital	50,000	75,000	100,000	100,000	100,000	100,000
	Capital Or allotment		133,000	133,000	133,000	133,000	133,000
	Reserves	55,942	54,212	65,504	67,255	68,741	69,694
	Balance carried forward	50	86	48	36	25	233
	Income	9,299	13,452	14,693	19,430	19,108	20,095
<b>FUNDING</b>		<b>95,923</b>	<b>113,003</b>	<b>122,023</b>	<b>146,106</b>	<b>190,334</b>	<b>211,364</b>
<b>INSUFFICIENT FUNDS</b>		<b>238,346</b>	<b>201,350</b>	<b>136,364</b>	<b>130,672</b>	<b>110,086</b>	<b>11,132</b>
<b>NET WORTH</b>		<b>-123,054</b>	<b>103,649</b>	<b>176,528</b>	<b>188,714</b>	<b>207,618</b>	<b>286,109</b>
<b>CREDITWORTHINESS RATIO</b>		<b>-4.8</b>	<b>4.1</b>	<b>6.2</b>	<b>7.8</b>	<b>8.2</b>	<b>10.6</b>
<b>STAFF STRENGTH</b>		<b>2,852</b>	<b>2,996</b>	<b>3,030</b>	<b>3,075</b>	<b>3,121</b>	<b>3,154</b>
<b>NETWORK</b>		<b>137</b>	<b>139</b>	<b>139</b>	<b>140</b>	<b>140</b>	<b>140</b>

**REPUBLIC OF Tunisia: Second Line of Credit to the BNA**  
**Status of Agricultural Commitments by tranche and by funds**

(In m TND)

*Tranches*

<i>Funds</i>	<i>&lt;10 M TND</i>	<i>10 - 50</i>	<i>50 - 100</i>	<i>100 - 500</i>	<i>&gt;500</i>	<i>TOTAL</i>
<b><i>AT 31/12/1997</i></b>						
Equity	36,444	31,897	21,094	64,396	46,480	200,311
External Funds	34,288	34,311	12,800	30,792	25,871	138,062
Budgetary funds	205,518	58,565	23,495	67,301	17,654	372,533
Grand total	276,250	124,773	57,389	162,489	90,005	710,906
Including outstanding payments	176,677	71,371	26,222	59,038	40,846	374,154
%	63.95	57.2	45.69	36.33	45.38	52.63
<b><i>AT 31/12/1998</i></b>						
Equity	35,876	32,524	19,957	63,741	40,634	192,732
External Funds	33,994	32,624	12,780	27,818	19,460	126,676
Budgetary funds	222,364	63,407	24,940	67,491	20,425	398,627
Grand total	292,234	128,555	57,677	159,050	80,519	718,035
Including outstanding payments	186,720	73,182	28,246	63,558	30,060	381,766
%	63.89	56.92	48.97	39.96	37.33	53.16
<b><i>AT 31/12/1999</i></b>						
Equity	60,059	41,293	23,933	73,118	44,207	242,610
External Funds	31,056	42,897	20,932	53,708	35,720	184,763
Budgetary funds	130,379	38,724	11,871	18,706	1,667	201,347
Grand total	221,944	122,914	56,736	145,532	81,594	628,720
Including outstanding payments	129,774	69,867	27,677	62,398	32,268	321,983
%	58.47	56.84	48.78	42.87	39.54	51.21
<b><i>AT 31/12/2000</i></b>						
Equity	58,649	43,271	24,530	75,536	47,632	249,618
External Funds	30,875	41,317	20,338	54,386	33,533	180,449
Budgetary funds	137,284	42,588	13,174	20,284	2,895	216,225
Grand total	226,808	127,176	58,042	150,206	84,060	646,292
Including outstanding payments	133,126	70,863	27,224	62,356	32,762	326,331
%	58.69	55.72	46.9	41.51	38.97	50.49

## REPUBLIC OF TUNISIA

## Second Line of Credit to the BNA

## Summary of Indicators of Projects Visited

Project	1	2	3	4	5	6	7
Site	Bizerte Sejnane	Bizerte Mateur	Bizerte Sejnane	Beja Testour	Monastir Teboulba	Monastir Teboulba	Sousse
Investment (in thousand dinars)	146	850	231	150/year	255	165	13400
ADB Financing (In thousand dinars)	59,2	287,6	81	600	90	55	560
Category	Small farming units	Agro-industry	Small farming units	SMVDA	Fisheries	Fisheries	Agro-food industry
Turnover	80mTND	2710MTND	NA	2500	300	375	Not yet entered in production
Margin	30%	30%	NA	NEGATIVE	25%	25%	N/A
Nbre of jobs	12	130	45	250	15	12	80 proposed

Republic of Tunisia

**SECOND LINE OF CREDIT TO THE BNA  
PROJECT PERFORMANCE AUIT REPORT .**

**Implementation Performance**

(Formular PR1)

<i>Indicator</i>	<i>Rating</i>	<i>Observations</i>
1- Compliance with the implementation schedule	1	One year delay compared to a year delay
2- Compliance with costs	3	Difference of at least 15%
3- Compliance with conditions and provisions for credit allocation.	2	Failure to attain the recovery objective
4- Balance of monitoring-evaluation and half-yearly monitoring reports.	3	All the half-yearly reports have been submitted
5- Satisfactory operation	2	Regular monitoring of clientel but limited to the implementation period.
Total number of points		No socio-economic data collection of interest to recipients.
Global evaluation of implementation performance	11	
	2.2	S : satisfactory

***Performance of the Bank  
(Formular PB1)***

<i>Indicator</i>	<i>Rating</i>	<i>Observations</i>
1- At identification	3	
2- At Project preparation	3	Some points have been clarified by the evaluation
3- At evaluation	3	
4- At supervision	3	Only 3 supervision missions have been carried out
Total number of points	12	
Global evaluation of the Bank's performance	3	S : Satisfactory

**Rating of Project results  
(Formular RP3)**

<i>Indicator</i>	<i>Rating</i>	<i>Observations</i>
1- <u>Relevance and performance of objectives</u>		
▪ Macro-economic policy	3	The objectives of the LOC fit in with those envisaged in development plans
▪ Sectoral Policy	3	The LOC contributes to the promotion of agriculture and fisheries
▪ Physical performances	4	The LOC financed 4 786 agricultural and fisheries sub-projects
▪ Financial Resultats	4	The total ( 100%) loan was used
▪ Poverty Reduction	2	Considerable improvement of the quality of life and additional job creation (estimated at 9333).
▪ Environment	4	Positive effects of enterprises financed under the environment (soil uptake and enrichment).
▪ Private Sector Development	4	Strengthening the private sector in accordance with the plan's objectives.
2- <u>Institutional Development</u>	3	
▪ Institutional framework	3	Reinforced BNA institutional capacities reinforced
▪ Financial information and management system	3	Satisfactory general information system
▪ Transfer of technology	2	N/A
▪ Personnel and training	N/A	Increasing staff strength, competent staff and satisfactory training programmes
3- <u>Sustainability</u>	3	
▪ Borrower's commitment	4	Capacity to mobilise resources and experience acquired in programme implementation
▪ Environment Policy	4	Stable
▪ Institutional framework	4	Satisfactory development ensuring the institution's stability
▪ Technical viability and upgrading of staff	4	Successful supervision
▪ Financial viability and recovery system	3	Financial bases consolidated. However, inadequate recovery can be noted.
▪ Economic viability	2.5	-
▪ Internal Rate of Return	2.5	-
▪ Total number of points	N/A	-
Global evaluation of results	50	HS :Highly satisfactory
	3.12	