

AFRICAN DEVELOPMENT BANK GROUP



TUNISIA

**GHEZALA-MATEUR MIXED AGRICULTURAL
DEVELOPMENT PROJECT**

Project Performance Evaluation Report (PPER)

**OPERATIONS EVALUATION DEPARTMENT
(OPEV)**

19 June 2000

1. PROJECT GENESIS AND RATIONALE

1.1 This abridged project performance evaluation report concerns the Ghezala-Mateur Mixed Agricultural Development Project in Tunisia. Identified by the Bank in 1981, the project was prepared by the State Lands Agency (Office de terres domainiales, OTD) and submitted to the Bank in 1982 for financing. The preparation report was very brief, with little detail on the technical, financial, economic and institutional aspects. Review of the report enabled the Bank to make recommendations to the Tunisian authorities with a view to updating the technical data and improving the quality of project preparation. However, in view of the number of modifications made to the project during the implementation phase, it may be concluded that those recommendations were not taken into account during the preparation or appraisal stages (see PCR § 3.2.1).

1.2 Appraised in 1983 by Bank experts, the project the total cost of which was estimated at UA 37.55 million fell within the framework of the national agricultural intensification policy and tallied with the country's Sixth Economic and Social Development Plan. At the sectoral level, the project was considered as a component of the national agricultural policy to modernize Tunisian agriculture. The Bank's contribution to project financing was estimated at appraisal at UA 14.95 million (39.8% of the total cost). Other project co-financiers were the OTD (UA 21.61 million) and the Government (UA 0.95 million). Due to the Borrower's ignorance of Bank rules of procedure, the country's red tape and the bureaucracy surrounding contract award in the Bank, the loan entered into force one and a half years late.

1.3 The project was designed around the following major components: a) irrigation schemes; b) agricultural equipment; c) livestock building; d) herd procurement; e) pasturage improvement; f) poultry farming; g) agro-industry; h) arboriculture; and i) operations. Although scheduled for 1987, the project was actually completed in 1992. The completion report prepared in 1995 by Bank experts was considered satisfactory. The technical and management issues connected with the development of mixed agricultural operations were comprehensively analyzed in the PCR and the lessons drawn are relevant. Therefore, it was decided that an abbreviated project performance evaluation report (PPER) should be prepared.

1.4 The PPER evaluates and complements information contained in the PCR. It is based on data drawn from the PCR, the appraisal report and other documents at the Bank's disposal.

2. SECTORAL OBJECTIVES, ACHIEVEMENTS AND RESULTS

Project Objectives

2.1 The aim of the project was to improve the living conditions of rural dwellers in Ghazala-Mateur Governorate. Its objective was to contribute to food self-sufficiency by substantially increasing crop and livestock production.

Achievements

2.2 To attain these objectives, nine (9) components (see. PCR §.2.3.2) were designed, with the aim of overcoming land development constraints and providing at full development 1 500 t of apples/peach, 9 000 t of table grapes, 2 000 t of wine

grapes (i.e. a total of 140 000 litres of wine), 43 000 t of fodder, 6 250 l of milk, 54 million eggs and 400 t of processed poultry. The financiers set up the needed financing within the time-frame. Although the amount of Bank financing is precisely known thanks to disbursement documents, the contribution of other co-financiers (OTD, Government) is hard to determine since OTD and Government accounts were combined (see PCR § 4.6.9).

3. IMPLEMENTATION AND OPERATING PERFORMANCE

3.1 Implementation Performance

3.1.1 The project which should have been completed within four (4) years, from 1984 to 1987, took twice that time (1984-1992); in the process, several modifications were made. These modifications, resulting from inadequate project preparation and non-respect of Bank procedures by the executing agency and borrower, concerned the list of goods and services, the procurement method for certain goods and services, and the financing plan. The inaccurate appraisal of activities in connection with the livestock and agro-industry components also contributed to the said modifications, taking into account the realities that prevailed during the implementation phase. Indeed, it was necessary to no longer procure sheep, set up hatcheries and the cheese factory to avoid duplication, since Ghezala already had two larger private cheese factories and the capacity of existing hatcheries was yet to be fully exploited (see PCR § 4.6.2).

3.1.2 The Bank loan entered into force one and a half years late. The delay which disrupted the programming of project activities was mostly attributable to ignorance of Bank rules of procedure by the borrower and slowness in fulfilling the conditions precedent to the first disbursement. Concerning other conditions, the one regarding prior submission to the Bank of copies of bidding documents was not fulfilled at any time by the borrower. Even so, the borrower was subjected to no sanction whatsoever.

3.1.3 The procurement of project goods and services was fraught with several irregularities in relation to the procurement methods set forth in the loan agreement. Quarterly activity reports, generally too brief and of unsatisfactory quality, were not regularly forwarded to the Bank. In the light of these shortcomings linked with the non-observance of Bank rules of procedure by the executing agency, the Bank's reaction was often too flexible and hardly dissuasive.

3.1.4 The initial financing plan was also modified. Bank contribution to project financing stood at UA 12.4 million and not UA 14.95 million as appraised (i.e. 82.88% of projections), thus leaving a balance of UA 2.55 million. The Bank immediately cancelled the balance at the Borrower's request, considering it reasonable in the light of modifications stated in paragraph 2.1.3.

3.2 Operational, Economic and Financial Performance

Operational Performance

3.2.1 The project currently has an agro-pastoral potential and a set of appropriate technology, thanks to which it obtained generally satisfactory results under the livestock component: poultry production (54 million eggs at full development)

exceeded estimates with a layer mortality rate below 1%; cattle and sheep production also performed satisfactorily with average fertility above 75%, a cow mortality rate below 1.5% per specie and average lactation of 5 000 liters per cow and more than 100 liters per sheep.

3.2.2 Regarding the crop production component, including arboriculture, the results were particularly low vis-à-vis the appraisal estimates. Output for apple-tree plantations was only 1.2 t/ha in 1994 compared with 15 t/ha; vineyard output stood at 6.2 t/ha for the same year, against 30 t/ha. Average annual production for all fruits amounted to 1 700 tonnes, against the 8 500 tonnes expected. Fodder performance stood at 18.9 t/ha compared with the projected 80 t/ha. The poor performance of the major crops was mostly due to inaccurate agricultural output estimates at appraisal, on the one hand, and a series of poorly controlled technical factors in the course of running the plantations, especially the application of organic and chemical fertilizers, drip irrigation, appropriate varietal selection, the size of growing plants, etc. Unfavourable climatic conditions (drought) in 1987, 1988 and 1991 also impacted negatively on agricultural output.

3.2.3 Notwithstanding the modifications made during the implementation phase, the project's physical components were satisfactorily implemented, in consonance with generally accepted practices. So too were the agro-industrial units, installed without any technical error. The generalization of the nozzle irrigation system to all arboriculture, the double grafting on marginally productive arboriculture plots (apple-tree, vineyard) and crop lifting on certain plots where output had critically fallen has, for some years, resulted in a considerable increase in their productivity.

Economic and Financial Performance

3.2.4 The financing conditions stated in the loan agreement were generally respected as were the borrower's and OTD's commitment to contribute to project financing. Thus, project operations were undertaken without any major difficulty.

3.2.5 OTD accounts, prepared in accordance with the Tunisian accounting plan, were regularly subjected to internal auditing before presentation to the board of directors. However, an analysis of OTD operating accounts showed that despite an 11% yearly increase in receipts, the net performance remained in deficit, especially due to debt burden and provisions for loss and charges. The uncomfortable financial situation persisted beyond 1994. It is urgent to initiate a debt consolidation and management restructuring plan for the OTD if the project achievements are to be consolidated. The internal rate of return on project completion stood at 8% against 15% at appraisal. The PCR authors consider the new rate as low, so too the post evaluation in view of the fact that the Bank's average lending rate over the implementation period and prior to project completion was above 9%. At the institutional level, the OTD is a public megastructure which manages and is called to manage several mixed agricultural operations without separating the accounts of various entities under its responsibility and an operations monitoring system. Therefore, the OTD is too heavy to effectively meet government expectations without comprehensive restructuring.

3.2.6 The overall project economic and social benefits are considerable, the poor crop production performance notwithstanding. Indeed the project contributed to improving the key poverty reduction indicators by significantly reducing shortfalls in the region's basic food products (milk, eggs) by consolidating permanent jobs in the

area and creating an additional 500 temporary jobs 40% of which goes to women. Furthermore, the project played a major internal market regulatory role by providing food storage and conservation infrastructure. The zone recorded a higher girls' enrollment rate that some attribute to the improvement in women's income.

3.2.7 At the environmental level, the project had no noticeable impact on the environment during the implementation phase and the years preceding completion. The development of irrigated farming based not on new plots but on those previously under rain-fed cereal farming, as well as improvement of natural grazing grounds for transhumance were among the precautions taken to limit soil deterioration. The use of straw, manure and poultry droppings as organic fertilizers played a key role in improving and preserving soil fertility, despite the intensive use of chemical fertilizers. However, appropriate bio-chemical studies should be conducted to determine the impact of percolation of these fertilizers on the ground water table. (PCR § 10.2).

4. PERFORMANCE OF THE BORROWER, THE EXECUTING AGENCY AND THE BANK

4.1 The borrower honoured its commitments to contribute to the project funding and assign to it qualified national managers. However, it performed unsatisfactorily in terms of the long period (one and a half years) it took the loan to enter into force, and for approving all the executing agency's proposals in connection with the procurement of goods and services, most of which contradicted the Bank's rules of procedure.

4.2 The performance of the OTD, the project's executing agency, was considered unsatisfactory for the following reasons: contract award without considering the relevant Bank rules of procedure, modification of the content of the list of goods and services without prior agreement from the Bank, inadequate account on the contribution of various donors, OTD financial performance which remained in deficit throughout the implementation period and prior to project completion, irregular forwarding of quarterly reports that were mostly brief and of unsatisfactory content, non-existence of adequate documentation and archiving.

4.3 The Bank's performance was considered satisfactory, notwithstanding its somewhat limited participation in project preparation. Indeed, it went ahead to appraise and finance the project without in-depth analysis of diverse preparation problems, inadequacies and errors (see PCR § 12.2.1). Although of acceptable frequency, the supervision missions were inadequate and ineffective. Often limited to a single expert, the missions only focused on ad-hoc problems. Therefore, it was not possible to critically analyze the trend of project activities and propose appropriate solutions to issues arising during the implementation phase.

5. PROJECT SUSTAINABILITY

5.1 Generally, prospects for the sustainability of project achievements are encouraging despite weaknesses at the institutional and financial level (see § 4.2).

5.2 The infrastructure and agro-industrial units were set up according to usual practices and present sustainability guarantees since the public budget systematically provides for their maintenance. Production from the project faces no marketing problems, given the proximity of the capital, Tunis, which is a major and sure outlet for various crops, most of which are well suited to the region's vocation. By offering hundreds of jobs to the region's population, reducing basic food shortfalls and improving the balance of payments, the project falls within the context of the country's economic and social development priorities and for that reason cannot but receive Government support.

6. PERFORMANCE RATING AND RESULTS

The various project performance ratings are given in Annex 4 of this report.

Implementation Performance

6.1 The implementation performance was satisfactory. However, there is need at the executing agency level to improve the project follow-up and evaluation system, as well as accounting for loans and grants from various donors.

Bank Performance

6.2 The Bank performed unsatisfactorily. The evaluation revealed several shortcomings; supervision was inadequate and ineffective.

Project Performance

6.3 Overall, the project results are satisfactory. However, management rationalization efforts are needed. Emphasis should be placed on management accounting and contract management in accordance with donors' rules of procedure.

7. Conclusions

Generally, the project performed satisfactorily. However, in view of several design and management errors that adversely affected implementation as well as some agricultural and financial results, the sustainability of project achievements is subject to a reorganization of project structures and status.

7.1 Lessons

The PCR lessons mostly focus on preparation and supervision inadequacies, non-compliance with the Bank's rules of procedure, the need to audit the project yearly and set up a reliable archiving system. The evaluation finds them to be relevant and in addition recommends as follows:

- i) The incorrect estimate of the production costs and objectives at appraisal impairs the results of project performance analysis (see § 3.1.1 and § 3.2.2);
- ii) The preparation of quarterly and annual reports allows for better project follow-up (see. § 4.1);

- iii) The Bank's excessive flexibility vis-à-vis the borrower jeopardized effective project management (see § 3.1.3);
- iv) The absence of a follow-up/evaluation structure at the executing agency level hampered project follow-up, coordination and result evaluation (see § 4.2);
- v) The project can only be effectively managed if it is restructured and its legal status reviewed (see § 3.2.5);

7.2 Recommendations

The evaluation approves the PCR recommendations and in addition recommends:

For the Borrower

- i) Plan to restructure the OTD as soon as possible to give it the needed institutional resources to effectively manage farm operations;
- ii) Plan to set up a follow-up/evaluation unit within the executing agency that will serve as a management tool for the project manager and a dialogue interface with donors;

For the OTD, project executing agency

- i) Manage project accounts separately from other operations under its responsibility;
- ii) Respect Bank rules of procedure on procurement of goods and services and project follow-up/monitoring;
- iii) Improve operations financial management.

For the Bank,

- i) Ensure close project follow-up through regular and effective supervision;
- ii) Improve project preparation and appraisal through improved cost estimate and judicious activity planning;

7.3 Follow-up Actions

The key areas requiring follow-up are summarized in the matrix in Annex 1.

TUNISIA

GHEZALA-MATEUR MIXED AGRICULTURAL DEVELOPMENT PROJECT

ABBREVIATED PERFORMANCE EVALUATION REPORT

Some Basic Data

A- The Borrower

Country : Tunisia
 Project : Ghezala-Mateur Mixed Agricultural Development
 Borrower : Government of the Republic of Tunisia
 Executing agency : Office des terres domaniales (State Land Agency, O.T.D)

The Loan

Loan Number : CS/TN/AGR/ 83/020

	<u>Estimate</u>	<u>Actual</u>
Amount (UA million) :	14.95	12.41
Approval date :	Sep. 83	22/11/83
Signature date :	-	30/12/83
Date of entry into force :	Jan. 84	15/05/85
Date of first disbursement :	31/12/85	06/08/85
Date of final disbursement :	31/12/89	12/09/91

The Project

Total cost (UA million) : 37.50 23.38

	<u>For. Exc.</u>	<u>L.C.</u>	<u>For. Exc.</u>
Source of finance			
<u>L.C.</u>			
ADB :	14.95	-	12.41
-			
OTD :	21.63	18.24	-
N.S.			
Govt :	0.95	0.36	-
N.S.			
Duration :	Estimate-: 4 years	Actual : 9 years	
Completion date :	1987	1992	

Performance Indicators

Cost overrun : 17% savings vis-à-vis the initial cost
 Delay vis-à-vis:
 entry into force : one and a half years
 completion date : 6 years 4 months
 No. of postponements of the deadline: 1 (31/12/92)
 Performances
 general : satisfactory
 implementation: satisfactory
 of the Bank : inadequate

GHEZALA MATEUR MIXED AGRICULTURAL DEVELOPMENT PROJECT
ABBREVIATED PERFORMANCE EVALUATION REPORT
LOGICAL FRAMEWORK MATRIX

Hierarchy of Objectives	Objectively Verifiable Indicators		Means of Verification	Assumptions/Risks
	At Appraisal	On Completion		
I. Sectoral Objectives 1.1 Ensure the region's food self-sufficiency in essential products.	2.2 Food growth rate: milk : 100% eggs : 100% fruits : 100%	2.3 Food growth rate : milk : 97% eggs : 120% fruits : 20%		
II. Project Objectives 1 Increase in farm and livestock production. 2. Reduction in unemployment	2.2 Agricultural output (t.) Cereals 80 Green fodder : 80 Apple trees : 15 Peach trees : 15 Table grape : 30 Livestock production Milk 6450 Eggs (no.) 54 million Jobs created : - permanents : 650 - casual : 500	2.3 Agricultural output (t.) Cereals : 3 Green fodder : 35 Apple trees : 7 Peach trees : 7 Table grape : 5 Livestock production Milk (t) 6246 Eggs 65 million Ejobs created : - permanent : 38 - casual : 518 -	* (1) Appraisal reports * (2) Completion reports	Drought strongly affected agricultural production. Production methods understood.

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GHEZALA MATEUR MIXED AGRICULTURAL DEVELOPMENT PROJECT
 ABBREVIATED PERFORMANCE EVALUATION REPORT
 LOGICAL FRAMEWORK MATRIX

Hierarchy of Objectives	Objectively Verifiable Indicators		Means of Verification	Assumptions/ Risk
	At Appraisal	On Completion		
III. Achievements 3.1 Scheme infrastructure	3.1.2 Drip irrigation (400 ha): - equipped wells : 3 - filter station : 1 - PVC pipes and drain pipes : complete system over 400 ha	3.1.2 Drip irrigation (137 ha): - equipped wells : 3 - filter station : 1 - PVC pipes and drain pipes : complete system over 137 ha	3.1.4 Completion report Activity report. Supervision reports	* The cost of drip irrigation equipment led to a reduction in the area concerned.
3.2 Agricultural equipment	3.1.2 Sprinkle irrigation (500 ha) : complete system for 500 ha. 3.1.2 Controlled flooding : 0	3.1.2 Sprinkle irrigation (550 ha) : complete system for 550 ha. 3.1.2 Controlled flooding : 200 ha	Activity reports Supervision reports	
	3.2.1 Agricultural Equipment - motorized line : 48 - rolling stock : * vehicle : 10 * trucks : 3 * articulated trucks : 10 * pelles : 3 * tankers : 3 * weigh bridge : 1 * cattle scale : 5	3.2.1 Agricultural Equipment - motorized line : 32 - rolling stock : * vehicle : 12 * trucks : 9 * articulated trucks : 20 * pelles : 3 * tankers : 5 * weigh bridge : 1 * cattle scale : 0		

3.3 Bâtiments d'élevage	3.3.1 Stabling Units : - stabling/dairy cow : 5 - stabling/heifer calf : 1 - stable/feeding : 1 - housing : 0	3.3.1 Stabling Units : - stabling/dairy cow : 5 - stabling/heifer calf : 1 stable/feeding : 1 - housing : 12	Idem	The young bull feeding centre was abandoned.
3.4 Herd Procurement	3.4.1 No. heifer calves : 1000 No. of sheep : 3000 No. of cattle : 0	3.4.1 No. heifer calves : 1000 No. of sheep : 1200 No. of cattle : 1500	Supervision report Activity report	
3.5 Pasture Improvement : -Improved grazing grounds : -Fodder production:	3.5 Pasture Improvement Area : 500 ha. Irrigated area : 550 ha	3.5 Pasture Improvement Area : 550 ha. Irrigated area : 230 ha	Idem Idem	
3.6 Poultry Farming : - buildings : - equipment :	3.6 Poultry Farming - hen house : 10 to 200.000 layers - incubator : 1 - brooder houses : 3 - laying facilities: 4	3.6 Poultry Farming - hen house : 20 to 400.000 layers - incubator : 1 - brooder houses : 0 - laying facilities: 4	Idem Idem	
3.7 Agro-industry - fruit processing station (8000)	3.7.1 Agro-industry - buildings : number and	3.7.1 Agro-industry -1 cold room for fruits : 1500 t/annum - 1 cold room for eggs : 270 t.		

<p>t/ anum)</p> <p>- cheese factory (55 t)</p> <p>3.8 Arboriculture</p>	<p>dimensions not stated</p> <p>- cold room : number and dimension not stated.</p> <p>- equipment : not stated.</p> <p>- Cheese factory</p> <p>- No. : 1</p> <p>3.8.1 Area (ha)</p> <p>- Vat vine : 250</p> <p>- Table vine : 300</p> <p>- Apple trees : 100</p> <p>- Juneberry : 0</p> <p>- Peach trees : 0</p>	<p>- 1 central building plus 1 platform;</p> <p>- 1 weigh bridge; 10 cold rooms; -</p> <p>- 1 processing area;</p> <p>- 3 lift trucks</p> <p>- 1 emergency generator</p> <p>Cheese Factory</p> <p>- No. : 0</p> <p>3.8.1 Area (ha)</p> <p>- Vat vine : 0</p> <p>- Table vine : 175</p> <p>- Apple trees : 167</p> <p>- Juneberry : 5</p> <p>- Peach trees : 10</p>	<p>Idem</p> <p>Idem</p>	<p>The cheese manufacturing activity was abandoned.</p>
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TUNISIA

**GHEZALA MATEUR MIXED AGRICULTURAL DEVELOPMENT
PROJECT
ABBREVIATED PERFORMANCE EVALUATION REPORT**

MATRIX OF MAJOR RECOMMENDATIONS AND FOLLOW-UP ACTION

OBSERVATIONS AND LESSONS	RECOMMENDATIONS	FOLLOW-UP ACTION	RESPONSIBILITY
FORMULATION			
1)...The absence of detailed engineering sketches did not allow for determining the project investment cost.	1.1 Undertake detailed engineering sketches when physical infrastructure make up a major part of the project.	1.2 Use the logical framework matrix to better analyze project activities.	1.3 ADB (OCDN)
2) The inadequate preparation is responsible for technical errors and several modifications made during the project implementation phase.	2.1) Deepen project preparation by specifically analyzing all issues especially technical, economic, social and environmental.	2.2) Prepare a logical framework matrix during project preparation.	2.3) Govt./ ADB (OCDN)
3) The quantitative objectives and staff needs were not correctly estimated at appraisal.	3.1) Clearly define the quantitative objectives to better determine costs.	3.2) Undertake detailed engineering studies prior to project appraisal.	3.3) Govt.
IMPLEMENTATION			
1) The executing agency did not understand Bank rules of procedures, thus delaying entry into force of the ADB loan.	1.2) Improve knowledge and application of Bank procedures on loan administration.	1.2 a) Respect Bank goods and services follow-up and procurement procedures b) Organize a seminar on loan administration for managers of projects in Tunisia. 1.3) Respect Bank procedures.	1.4 a) Government b) ADB (OCDN)
2) Missions were inadequate both in terms of composition and regularity	2.2) Regular project follow-up by multi-disciplinary supervision missions	2.3) Respect operational guidelines on project follow-up and supervision.	2.4) Bank (OCDC)
3) The Bank was excessively flexible with	3.2) Bank rules should be strictly followed except in	3.3) Apply sanctions in connection with the non-	3.4) Bank (OCDC/FLAD).

regard to management errors committed by the borrower and the executing agency.	rare cases that justify a waiver.	compliance with Bank rules of procedure.	
4) Owing to the absence of a follow-up/evaluation structure within the project, results and performance could not be evaluated.	4.2) Set up a follow-up/evaluation unit within the executing agency.	4.3) Submit the CV of the follow-up/evaluation unit to the ADB for approval.	4.4) Government.
RESPECT OF LOAN PROVISIONS			
- The project accounts were not audited nor was the suspensive condition to submit bidding documents to the Bank for prior consideration effected. -	- Audit project accounts in accordance with loan provisions.	- Submit the project audit contract to the Bank.	- Government.
SUSTAINABILITY			
- The OTD's poor financial performance jeopardized the sustainability of the project's positive impact.	- Improve OTD's financial management.	- Consolidate OTD loans and keep separate accounts for various donors.	- Government/ executing agency.

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ABBREVIATED PERFORMANCE EVALUATION REPORT

IMPLEMENTATION PERFORMANCE

INDICATORS	RATING	REMARKS
1. Respect of the implementation schedule	1	Scheduled for four years, the project was implemented over eight years, i.e. four years behind schedule.
2. Respect of costs	4	A UA 2.55 million savings (17.12% on the initial project cost) were made, attributable to several modifications and a 45% depreciation of the Tunisian Dinar vis-à-vis the UA.
3. Respect of loan conditions	1	The conditions precedent to the first disbursement were fulfilled 17 months following loan signature. One of the “other conditions” regarding prior submission of bidding documents to the Bank was not fulfilled.
4. Adequate follow-up of quarterly reports.	1	Apart from the project’s difficult start-up, its follow-up by the executing agency was unsatisfactory: irregularity in forwarding generally brief activity reports often containing serious errors.
5. Satisfactory operation	2	The operating prospects are hampered by repeated drought and lack of maintenance of the irrigation network.
6. General performance evaluation	1.5	Unsatisfactory

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PROJECT

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BANK'S PERFORMANCE

INDICATORS	RATING	REMARKS
1. At identification	2	Bank identification established the project's major thrusts and implementation constraints. At that stage, the Bank did not prepare a logical framework matrix as required in the operational guidelines.
2. At preparation	3	The preparation report that the OTD prepared was extensively reviewed and corrected thanks to the Bank's remarks and comments. However, major shortcomings persisted.
3. At appraisal	1	The project scope was not clearly determined at appraisal; certain aspects of the poultry and agro-industry components were included without taking the existing potential into account; overall, output and production projections were over-estimated. In addition, the appraisal did not correct several technical errors attributable to inadequate preparation.
4. At supervision	1	Although regular, Bank supervision missions contributed only to a limited extent in solving ad-hoc problems. The project's overall achievements could not be monitored. Mission composition, often limited to a single expert, was inadequate and inefficient.
5. General Bank performance.	1.75	The Bank's performance is unsatisfactory.

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PROJECT PERFORMANCE

N°.	INDICATORS	RATING	REMARKS
1.	Relevance and attainment of objectives	2.29	Project objectives were relevant and satisfactorily attained.
i)	Macro-economic policy	3	The project fell squarely within the context of Tunisia's Five-Year Plan aimed at achieving commercial balance and stemming rural exodus.
ii)	Sectoral policy	3	The project was in sync with the objectives of the national agricultural strategy, namely: reduction of the food deficit, modernization of production methods, supervision of farmers, water control, etc.
iii)	Physical achievements	3	Irrigation infrastructure, storage, water supply and buildings were set up according to trade practice, and permitted satisfactory results at the operational level.
iv)	Financial performance	1	OTD's net operating results were constantly in deficit owing to high loss provisions, miscellaneous expenses and excessive debt. Furthermore, the management accounting was inadequate.
v)	Poverty reduction, social issues and women in development	2	The project contributed to improving the key poverty reduction indicators despite the fall in agricultural production owing to the drought.
vi)	Environment	2	The project had no noticeable harmful impact on the soil structure or texture. However, real risks exist in connection with the effect of fertilizers and chemical products used.
Vii)	Private development	2	No direct impact on the private sector. The development of agricultural and livestock production will encourage private operators to set up business.
Viii)	Others	NA	NA

2.	Institutional development	2.50	The institutional framework is satisfactory.
i)	Institutional framework, including restructuring	2	Notwithstanding a few changes at OTD level, the project's management structure indicates financing in deficit; the account management is inadequate; it is practically impossible to audit the mixed operating accounts nor those of various co-financiers.
ii)	Financial and management information system, including the audit system	2	The account and financial management conforms with the national accounting plan. The accounts are regularly submitted for internal and external auditing before presentation to the board of directors. However, separate accounts were not maintained for various co-financiers.
iii)	Technology transfer	3	The practical training sessions run by the project enabled staff and certain mixed agricultural operators in various production areas to increase their technical competence.
iv)	Staffing with qualified personnel (including rotation), training and counterpart staffing.	3	Staffing was appropriate; staff received continuous training (refresher training).
3.	Sustainability	2.63	
i)	The Borrower's continued commitment	3	Government contribution beyond the appraisal estimate permitted new investments needed for the project's success.
ii)	Political environment	3	The political environment is characterized by awareness and stability, and strengthened by provisions that encourage private initiative and integration into the international market. For that reason, it is a key asset to agricultural development.
iii)	Institutional framework	2	Change towards greater efficiency. However, book keeping and computerization improvements are necessary with a view to rational management.
iv)	Technical viability and staff development	3	Staff are technically competent and operate within an adequate development framework.

v)	Financial viability (including cost recovery)	2	Despite a positive cash-flow, the OTD recorded losses throughout the project duration due to excessive debt.
vi)	Economic viability	3	The project had a positive social impact and created rural jobs, reduced basic food product shortages and regulated food prices in the local market. The 10% economic rate of return is satisfactory.
vii)	Environmental viability	2	The project took the key environmental concerns into account. However, a study on the impact of percolation of chemical fertilizers and agro-chemicals on fodder, ground and surface water (Ichkeul Lake) is necessary.
Viii	Operating and maintenance mechanism	3	The operating and maintenance system is adequate, thus guaranteeing the sustainability of infrastructure and equipment.
4.	Rate of return	3	Satisfactory at 10% despite the drought which impacted negatively on agricultural production.
5.	General performance evaluation	2.55	Satisfactory overall. However, management rationalization efforts are necessary.