

AFRICAN DEVELOPMENT BANK



TUNISIA

PORTFOLIO REVIEW REPORT

**COUNTRY OPERATIONS DEPARTMENT
NORTH, EAST AND SOUTH REGIONS
DECEMBER 2005**

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CURRENCY EQUIVALENTS

(30 July 2005)

Currency Unit	=	Tunisian Dinar (TND)
1 UA	=	TND 1.90519
1 UA	=	US\$ 1.45661
1 UA	=	Euro 1.20461

FISCAL YEAR

1st January to 1st December

ACRONYMS AND ABBREVIATIONS

ANPE	:	National Environmental Protection Agency (Agence nationale de protection de l'environnement)
ADB	:	African Development Bank
AFD	:	French Agency for Development (Agence française de développement)
BCT	:	Central Bank of Tunisia (Banque centrale de Tunisie)
BD	:	Bidding Documents
BDET	:	Economic Development Bank of Tunisia (Banque de développement économique de Tunisie)
BH	:	Bank for Housing (Banque de l'Habitat)
BNA	:	National Agricultural Bank (Banque nationale agricole)
BNDT	:	National Tourism Development Bank (Banque nationale de développement touristique)
BTEI	:	Tunisia-Emirates Investment Bank (Banque tunisienne des Emirats d'investissement)
BTKD	:	Tunisian-Kuwaiti Development Bank (Banque Tuniso-Koweïtienne de Développement)
CD	:	Development Committee
SWC	:	Soil and Water Conservation
CHU	:	University Teaching Hospital
CITET	:	International Centre for Environmental Technologies of Tunis (Centre international des technologies de l'environnement de Tunis)
CNE	:	National Environmental Commission (Commission nationale de l'environnement)
CPG	:	Gafsa Phosphate Company (Compagnie des phosphates de Gafsa)
CRDA	:	Regional Agricultural Development Commission (Commissariat régional de développement agricole)
CREDIF	:	Centre for Research, Documentation and Information on Women (Centre de recherche, de documentation et d'information sur la femme)
CSP	:	Country Strategy Paper
EU	:	European Union
FSAP	:	Financial Sector Assessment Programme
GDP	:	Gross Domestic Product
Ha	:	Hectare
ICB	:	International Competitive Bidding
IMF	:	International Monetary Fund
LOC	:	Line of credit
LV	:	Low voltage
MAU	:	Maghreb Arab Union
MEAT	:	Ministry of Environment and Regional Planning (Ministère de l'environnement et de l'aménagement du territoire)
MICTA	:	Middle-Income Countries Technical Assistance
MV	:	Medium Voltage
NCB	:	National Competitive Bidding
NPL	:	Non-performing Loan
PAC	:	Competitiveness Support Programme
IADP	:	Integrated Agricultural Development Programme
PDP	:	Participatory Development Plan
PMAN	:	Upgrading Programme
PMU	:	Project Management Unit
MI-RMC	:	Middle-Income Regional Member Countries
SNCFT	:	Tunisian National Railways (Société nationale des chemins de fer tunisiens)
STB	:	Société tunisienne de banque
STEG	:	Tunisia Electricity and Gas Corporation (Société tunisienne d'électricité et de gaz)
STUSID	:	Tunisian-Saudi Investment and Development Corporation (Société Tuniso-Saoudienne d'investissement et de développement)
TND	:	Tunisian Dinar
UA	:	Unit of Account of the Bank Group
UNFT	:	National Union of Tunisian Women (Union nationale des femmes tunisiennes)
UST	:	Socio-territorial Units (Unités socio-territoriales)
VAT	:	Value-Added Tax

Executive Summary

1. This portfolio review report is intended to inform the Board on the Bank Group's portfolio performance in Tunisia and to recommend measures to improve its quality. It is based on information gathered during various supervision missions and the multidisciplinary portfolio review mission undertaken in April 2005.
2. In 38 years of cooperation with Tunisia, the Bank Group has financed 90 operations of which 72 are completed, 17 are ongoing and 1 is cancelled. The operations include 48 projects and 37 lines of credit, with three for the private sector and five for institutional support. As at 30 June 2005, the total value of commitments, net of cancellations, stood at UA 3,088.98 million. The sectoral distribution of these operations shows that the financial sector is the largest beneficiary, with 39.33% of all interventions, followed by transport (17.12%), reform support (14.97%), agriculture (13.12%), public utilities (7.29%), industry (4.87%) and the social sector (2.08%). As at 30 June 2005, total disbursements amounted to UA 2,478.72 million, representing a disbursement rate of 80.24%.
3. The Bank Group's portfolio in Tunisia consisted of 17 ongoing projects, as at 30 June 2005. Total net commitments for ongoing operations amounted to UA 786.45 million. The sectoral distribution of these commitments is as follows: i) Transport (39.88%); ii) Finance (34.89%); iii) Public utilities (13.74%); iv) Agriculture (4.53%); v) Social (3.98%) and vi) Industry (2.98%). Seven out of 17 ongoing projects were expected to be completed by the end of 2005, with an average disbursement rate of over 80%. The entire portfolio was supervised in 2004, at a rate of about 2 supervisions per project. The total amount of disbursements for these ongoing projects, as at 30 June 2005, stood at UA 388.064 million, representing a disbursement rate of 49.34%.
4. The Bank's projects are in line with the objectives and priorities of the 10th Plan (2002-2006), corresponding to the period under review, notably with respect to enhanced competitiveness through the effective control of key sectors (lines of credit and infrastructure) and strengthening of gains made in the social sector (secondary education, rural electrification and integrated development programme). With the implementation of these projects, the Bank contributed in some measure to the good performance recorded in 2003 and 2004, with growth rates of 5.6 and 5.8% respectively.
5. The last Tunisia portfolio review report was submitted to the Board in January 2003. It described the portfolio performance as generally satisfactory. The rating of 2.41 reflected the satisfactory management and execution observed since 2000 by the various supervision and monitoring missions.
6. Tunisia's portfolio is still ranked among the Bank's best. In this regard, the April 2005 review of operations showed that the performance portfolio is satisfactory, with a rating of 2.53. The project by project review of the portfolio showed an improvement of the portfolio performance in 2003 and 2004. The problem of disbursement, which affected the portfolio in 2001, relating to the provision of loan disbursement vouchers to executing agencies is now resolved. The Bank now makes available to the executing agencies, in real time, all relevant information on disbursements as projects are being implemented. Furthermore, and especially in view of the temporary relocation of the Bank to Tunisia, the quality of services has improved and the Bank has responded more effectively to the expectations of the Tunisian party.

7. Nonetheless, this good performance cannot mask certain inadequacies revealed during the missions and highlighted in the review. Although the relocation has had a positive impact on project implementation, it has made the coordination of the Bank's activities less rigorous (multiplicity of contact persons, direct contact between Task Managers and executing agencies), especially with regard to the programming of missions to the field. The opportunities arising from the Bank's presence in Tunisia, as a result of the relocation, need to be exploited more effectively. Furthermore, the changing of executing agency teams for certain projects highlights the need to organise seminars to familiarise such new teams with the Bank's rules of procedure. Lastly, efforts need to be pursued for the implementation of loans, where slight delays are observed, as well as in the submission of status reports.

8. On the whole, the Government's capacity to execute projects financed by the Bank is deemed satisfactory. Nonetheless, in a desire for constant improvement of the overall performance of the portfolio and in order to strengthen the projects' impact, the following recommendations have been made to the two parties:

The Bank

- (i) Include in new Bank projects a component for the preparation of a manual of administrative, accounting and financial procedures for the implementation of certain complex aspects of such projects; (cf. §2.2.13 and §2.2.19)
- (ii) Strengthen the supervision teams in line with project components in order to provide, during such supervision missions, diverse forms of technical assistance to the executing agencies of such projects, especially for complex projects with multiple components; (cf. §3.1.2)
- (iii) Organise workshops on the procurement, disbursement and audit procedures of the Bank as well as its financial products, for project executing agencies and the principal ministerial departments involved in the implementation of projects financed by the Bank; (cf. §2.6.3 and §2.7.2) and
- (iv) Consider the possibility of granting loans in local currency. (cf. §2.2.31 and §2.6.4)

The Government

- (i) Submit on a regular basis to the ADB periodic status reports as well as completion reports of all projects, including reports for reform programmes; (cf. §3.1.2)
- (ii) Keep the ADB informed about the results of the ongoing study on the assessment of the foreign exchange risk coverage mechanism. (cf. §2.6.4)

I. INTRODUCTION

1.1 Objectives and Structure of Report

1.1.1 The last Bank portfolio review report on Tunisia (ref. ADB/BD/WP/2003/02) concluded that the Bank's portfolio performance in this country was generally satisfactory, with an average rating of 2.41. This report is intended to inform the Board on the status of implementation of ongoing operations funded by the Bank in Tunisia and to make recommendations for improving the quality and overall performance of the portfolio. It was prepared on the basis of the findings of the Bank's portfolio review mission undertaken in Tunis from 4 to 16 April 2005 and from various supervision mission reports. As part of this exercise, each operation is reviewed in detail to identify the major problems and difficulties encountered in its implementation and to propose action plans, with an implementation schedule for resolving them.

1.1.2 In addition to the introduction, this report is composed of six sections, namely (ii) review of ongoing projects; (iii) assessment of the management and implementation capacity of projects; (iv) coordination with other donors; (v) the status of debt repayment and contributions to Bank capital; (vi) measures to be taken to improve the quality of the portfolio; and lastly, (vii) conclusions and recommendations.

1.2 Scope and Composition of Portfolio

1.2.1 In 38 years of cooperation with Tunisia, the Bank Group has approved 90 operations, of which 72 are completed, 17 ongoing and 1 cancelled, for a total amount of UA 3,429.31 million. These include 87 operations in the public sector and 3 in the private sector, of which 37 are lines of credit (three for the private sector), 5 structural and sectoral adjustment programmes and 48 projects. As at 30 June 2005, disbursements amounted to UA 2,478.72, representing a disbursement rate of 80.24%.

Table 1
Breakdown of Bank Commitments by Sector as at 30 June 2005
(UA million)

Sectors	Number	Amount		% of Total	Disbursements	
		Total	Net		Amounts	%
Finance	34	1,348.89	1,170.89	39.33	1,030.43	46.60
Industry	3	167.14	164.23	4.87	162.97	99.23
Agriculture	16	449.90	441.20	13.12	284.37	64.45
Multi-sector	5	513.38	453.92	14.97	453.92	100.00
Transport	13	587.25	556.34	17.12	259.27	46.60
Public Utilities	12	249.99	163.91	7.29	186.03	81.61
Social	4	71.06	67.98	2.08	60.1	76.71
Private Sector	3	41.70	41.70	1.21	41.70	100.00
TOTAL	90	3,429.31	3,088.98	100.00	2,478.72	80.24

1.2.2 The Bank's net commitments, as at 30 June 2005, amounted to a total of UA 3,088.98 million, of which UA 3,047.518 million (98.56%) was for the public sector and UA 41.462 million (1.34%) for the private sector. The sectoral breakdown of funding granted shows that the financial sector was the main beneficiary with 39.33% of the overall loan package. Out of 37 lines of credit, 31 have been completed, one cancelled while 5 are ongoing. The transport sector came second with 17.12% of the total amount. Out of 13 operations

approved, 9 have been completed while 4 are ongoing. Structural and sectoral reform support, representing 14.97% of the total amount, was third. All the five reform support operations have been completed¹. The agricultural sector followed with 13.12% of total commitments. Out of 16 operations approved, 12 have been completed while 4 are ongoing, including one study. Public utilities accounted for 7.29% of total commitments and comprised 12 projects, of which 11 have been completed and one is ongoing. The industry sector represented 4.87% of total commitments, with one ongoing and two completed operations². Lastly, with regard to the social sector, which accounted for 2.08% of the portfolio, education has had two projects, of which one is still ongoing³, and health, two projects, which have both been completed.

II. REVIEW OF ONGOING OPERATIONS

2.1 Overview of Ongoing Operations

2.1.1 The Bank's portfolio in Tunisia comprises 17 ongoing operations including 4 for agriculture, 5 for finance, 4 for transport, 2 for public utilities, 1 for education and 1 for industry. The total amount of approvals for these 17 ongoing operations stands at UA 798.86 million. All the ongoing projects were approved over the period of 1998 to 2004, of which 4 were between 2003 and 2004, thus reflecting the vitality of the portfolio and the young nature of the ongoing projects (an average of 3.6 years).

2.1.2 Total disbursements stand at UA 388.064 million, representing a disbursement rate of 49.34%. This average level of disbursement can be largely attributed to the fact that 25% of the active portfolio (i.e. 4 projects) was approved between 2003 and 2005⁴ while 50% (9 projects) was approved between 2000 and 2003 and 25% (4 projects) before 2000. The entire portfolio was supervised in 2004, at a rate of 2 supervisions per project.

Table 2
Sectoral Breakdown of Ongoing Bank Group Loans as at 30 June 2005
(UA million)

SECTORS	Number of Operations	Amount		% of Total	Disbursements	
		Total	Net		Amounts	%
FINANCE	5	274.43	274.43	34.89	165.87	60.44
INDUSTRY	1	23.50	23.50	2.98	22.24	94.60
AGRICULTURE	4	35.56	35.56	4.53	11.46	32.93
TRANSPORT	4	326.06	313.65	39.88	53.99	17.21
PUBLIC UTILITIES	2	108.02	108.02	13.74	51.72	47.88
SOCIAL	1	31.30	31.30	3.98	25.70	82.09
TOTAL	17	798.86	786.45	100.00	388.064	49.34

2.1.3 The sectoral breakdown of the active portfolio shows a predominance of the transport (39.88%) and finance (34.89%) sectors, which account for 75% of the portfolio. They are followed by the public utilities (13.74%), agriculture (4.53%), social (3.98) and industry (2.89%) sectors. The active portfolio is thus characterized by its selectivity, two predominant sectors (transport and finance) and the young nature of its projects (with the

¹ A loan agreement amounting to Euro 117 million (UA 100 million), for a new reform support operation, the third Competitiveness Support Programme (PAC III), was signed on 28 September 2005.

² A loan agreement worth US\$ 50.092 million (UA 34.313 million), for the CPG Environmental Protection and Phosphate Mining Capacity Building Project, was signed on 28 September 2005.

³ A loan agreement amounting to UA 50 million, for a new education sector support project (PAESII), was signed on 23 November 2005.

⁴ Out of the 17 ongoing projects, 2 were approved in 1998, 2 in 1999, 5 in 2000, 2 in 2001, 2 in 2002, 3 in 2003 and 1 in 2004.

exception of the three projects approved earlier). Furthermore, all the ongoing operations are in line with the strategy contained in the CSP, which aims at providing increased support to the government for the realization of the objectives of the 10th five-year plan (2002-2006).

2.2 Review of Ongoing Projects

2.2.1 After the general presentation of the entire active portfolio, the following sections will be devoted to a detailed analysis by sector of the performance of each ongoing project.

A. AGRICULTURAL SECTOR

2.2.2 Over the period 2000-2005, the agricultural sector represented an average of 12.31% of GDP, with an average annual growth rate of 2.27% and a contribution to growth of 0.21%. This average growth masks the major disparities recorded during the period, with negative growth rates in the sector from 2000 to 2002, and positive rates in subsequent years. The severe drought in 2002 resulted in a significant decline of -11% in the agricultural sector, thus leading to a negative contribution (-1.37) by the sector to overall growth. However, in 2003, the sector recorded an upswing of 21%, thus contributing 2.29% to economic growth, which stood at 5.6%. The sustained policy of encouraging private sector participation in the agricultural sector resulted, for the first time, in a higher level of private investment over public investment (51% for the former as against 49% for the latter).

2.2.3 Since the commencement of its operations, the Bank has financed 16 agricultural projects, four of which are ongoing, including the three integrated agricultural development programmes (PDAI) in three different regions, and one study (preparation of the PDAI of Karajan). The latter was financed from an MICTA grant of UA 75,160. Three individual consultants are to be recruited to conduct this study. The Bank has already approved the recruitment of two consultants, and the recruitment of the third consultant is underway. The study, which was to be completed by the end of the third quarter of 2005, will serve as the basis for the preparation of the IADP of Kairouan, scheduled for evaluation in November 2005.

A.1 GABES INTEGRATED AGRICULTURAL DEVELOPMENT PROJECT (IADP)

<u>ADB Loan Amount:</u> UA 11.53 million	<u>Source:</u> ADB: UA 11.53 million Gov. and beef.: UA 5.47 million	<u>ADB Loan Amount Disbursed:</u> UA 3.917 million (34%) <u>Balance:</u> UA 7.609 million (66%)
<u>Approval Date:</u> 08/11/2000	<u>Signature Date:</u> 28/02/2001	<u>Date of Effectiveness:</u> 13/06/01
<u>Deadline for Last Disbursement:</u> 31/12/2006	<u>Executing Agency:</u> C.R.D.A (Regional Commission for Agricultural Development) of Gabès	
<u>Accounts Audit:</u> 2001, 2002, 2003 and 2004 received	<u>Status Reports:</u> Submitted regularly to the Bank each quarter	<u>Last Supervision Mission Date:</u> 6-14 April 2005
<u>Objective and Description:</u> The sector goal is to reduce poverty and regional imbalances. The specific objective of the project is to increase, sustainably, the output and incomes of farmers in the areas concerned, and thus contribute to improving the living conditions of the beneficiaries. The project components are: (i) Development Works; (ii) Agro-pastoral Development; (iii) Assistance to Rural Organisations and (iv) Project Management Unit.		

2.2.4 Compliance with Loan Conditions: The loan agreement became effective barely four (04) months after signature. The five conditions precedent to first disbursement have all been fulfilled.

2.2.5 Procurement Performance: The Bank's standard documents were used in preparing the Bidding Documents and the invitations to bid that were issued or are to be issued for the various project components. Most of the reports on the opening of bids submitted to the Bank for approval were approved. Consequently, procurement for the Gabes IADP was performed in accordance with Bank procedures.

2.2.6 Financial Performance: All financial contributors to the project have regularly honoured their commitments and the resources available cover the remaining requirements of the project. The amount committed on the loan at the end of the first half of 2005 is TND 15.5 million (representing about 66% of the loan amount in Dinars). The disbursement rate stands at 34%. A mid-term review mission, undertaken from 6 to 14 April, examined the possibility of strengthening some components, at the request of the beneficiaries. Furthermore, in order to accelerate disbursement, it was decided to increase the ADB's contribution from 70% to 90%, for the financing of the works contracts.

2.2.7 Performance of Project Activities and Output: Implementation of the Gabes IADP is satisfactory. The schedule of physical implementation for 2004 was completed and that of 2005 is already at an advanced stage. The Soil and Water Conservation (SWC) works were undertaken very successfully and have exceeded expectations. The works carried out are of good quality. However, works for the consolidation of soil and water conservation activities, desertification control and reforestation were not as successful due to the failure of the participatory approach and the insufficient number of extension workers. Some project activities will have to be strengthened, either under a second phase or as another project or will have to be taken over by the CRDA, under its budget. These include notably the irrigation schemes to be established around the last boreholes to be drilled.

2.2.8 Impact on Development. The project involves activities that affect the region's agricultural economy. The distribution of activities in the region was done in consultation with the target population, through participatory development plans (PDP), which were prepared under the performance contracts. To date, 74 Development Committees (CD) have been set up by the Socio-territorial Units (UST). Out of the 74 UST identified by the project, 70 PDP were prepared and 64 contracts signed between the project and the CD for the implementation of these PDP for the benefit of 8,135 families. The project has also contributed to providing jobs for the people of the area through man-days organized for the execution of SWC and desertification control works.

2.2.9 Overall Performance Assessment: Project implementation is satisfactory. Overall performance, rated on the basis of the following indicators, is deemed satisfactory.

Indicators	Compliance with Conditions	Procurement of Goods and Services	Financial Performance	Activities and Output	Impact on Development	Overall Assessment
Rating	2.5	2.5	2.7	2.5	2.3	2.5

A.2 GAFSA INTEGRATED AGRICULTURAL DEVELOPMENT PROJECT (IADP)

<u>ADB Loan Amount:</u> UA 11.95 million		<u>Source:</u> ADB: UA 11.95 million Gov. and benef: UA 6.28 million	<u>ADB Loan Amount Disbursed:</u> UA 4.30 (36%) <u>Balance:</u> UA 7.65 million (64%)
<u>Approval Date:</u> 08/11/2000		<u>Signature Date:</u> 28/02/2001	<u>Date of Effectiveness:</u> 13/06/01
<u>Deadline for Last Disbursement:</u> 31/12/2006	<u>Executing Agency:</u> C.R.D.A (Regional Commission for Agricultural Development) of Gabès		
<u>Accounts audit:</u> 2001, 2002, 2003 and 2004 received	<u>Status Reports:</u> Submitted regularly to the Bank each quarter	<u>Last Supervision Mission Date:</u> 15-23 February 2005	
<u>Objective and Description:</u> The sector goal is to reduce poverty and regional imbalances. The specific objective of the project is to increase, sustainably, the output and incomes of farmers in the areas concerned, and thus contribute to improving the living conditions of the beneficiaries. The project components are: (i) Development Works; (ii) Agro-pastoral Development; (iii) Assistance to Rural Organisations and (iv) Project Management Unit.			

2.2.10 Compliance with Loan Conditions: The loan agreement became effective barely four (04) months after signature. The four conditions precedent to first disbursement have all been met.

2.2.11 Procurement Performance: The Bank's standard documents were used in the preparation of the Bidding Documents and of the invitations to bid that were issued or are to be issued for the various project components. Most of the reports on the examination of bids submitted to the Bank for approval have been approved. All procurement was done in accordance with Bank procedures.

2.2.12 Financial Performance: All financial contributors to the project have regularly honoured their commitments and the resources available cover the remaining requirements of the project. The total amount of contracts signed to date stands at TND 23.042 million of which TND 14.441 million is from the loan, representing a total commitment rate of about 60% of the initial loan amount. The total amount disbursed stands at Euro 6 million (UA 4.3 million), representing a disbursement rate of 36%. A mid-term project review mission, undertaken from 15 to 23 April 2005, examined the possibility of strengthening some components, at the request of the beneficiaries. Furthermore, in order to accelerate disbursement, it was decided to increase the ADB's contribution from 70 to 90%, for the financing of works contracts.

2.2.13 Performance of Project Activities and Output: On the whole, implementation of the project is satisfactory, and the quality of works done is good. All components have been implemented satisfactorily, albeit with varying degrees of effectiveness from one component to the other. There were start-up difficulties with the 'Assistance to Rural Organisations' component, in particular, mainly arising from a problem of design. Although the appraisal report and the implementation manual make clear reference to the adoption of a participatory approach, they do not explain how such an approach should be put into practice in the field. Yet the project team needed methodology training and initial assistance to implement the participatory approach mentioned in all the project documents.

2.2.14 Impact on Development: The project has contributed to establishing an infrastructural base for the development of the area of intervention through the significant investments made for soil and water conservation, mobilisation of water resources and agro-pastoral development. The dynamics for consultation and involvement of the beneficiaries in the management of their natural resources has also been initiated. These gains must be

consolidated for the duration of the Project through accelerated interventions by the extension teams among the UST, extension of the participatory approach training programme to PMU and district officials and the modification of project activities in favour of activities considered priorities by the beneficiaries.

2.2.15 Overall Performance Assessment: The project is being implemented satisfactorily. Overall performance, assessed on the basis of the following indicators, is deemed satisfactory.

Performance Indicators	Compliance with Conditions	Procurement of Goods and Services	Financial Performance	Activities and Output	Impact on Development	Overall Assessment
Rating	2.5	2.5	2.7	2.5	2.7	2.6

A.3 KASSERINE INTEGRATED AGRICULTURAL DEVELOPMENT PROJECT (IADP)

<u>ADB Loan Amount</u> : UA 11.33 million	<u>Source</u> : ADB: UA 11.33 million Gov. and benef : UA 5.869 million	<u>ADB Amount Disbursed</u> : UA 3.248 million (29%) <u>Balance</u> : UA 7.771 million (71%)
<u>Approval Date</u> : 08/11/2000	<u>Signature Date</u> : 28/02/2001	<u>Date of Effectiveness</u> : 13/06/01
<u>Deadline for Last Disbursement</u> : 31/12/2006	<u>Executing Agency</u> : C.R.D.A (Regional Commission for Agricultural Development) of Gabès	
<u>Accounts Audit</u> : 2001, 2002, 2003 and 2004 received	<u>Status Reports</u> : Submitted regularly to the Bank each quarter	<u>Last Supervision Mission Date</u> : 7-11 March 2005
<u>Objective and Description</u> : The sector goal is to reduce poverty and regional imbalances. The specific objective of the project is to increase, sustainably, the output and incomes of farmers in the areas concerned, and thus contribute to improving the living conditions of the beneficiaries. The project components are: (i) Development Works; (ii) Agro-pastoral Development; (iii) Assistance to Rural Organisations and (iv) Project Management Unit.		

2.2.16 Compliance with Loan Conditions: The loan agreement became effective four (04) months after signature. The four conditions precedent to first disbursement have all been fulfilled.

2.2.17 Procurement Performance: The Bank's standard documents were used in preparing the Bidding Documents and the invitations to bid that were issued or are to be issued for the various project components. Most of the reports on the examination of bids submitted to the Bank for approval were approved. All procurements were performed in accordance with Bank procedures.

2.2.18 Financial Performance: All financial contributors to the project have regularly honoured their commitments and the resources available cover the remaining requirements of the project. Loan commitments as at the end of the first quarter of 2005 was TND 12.406 million, representing a commitment rate of about 51% of the loan amount. The disbursement rate is 29%. A mid-term project review mission, undertaken from 6 to 14 April 2005, examined the possibility of strengthening some components, at the request of the beneficiaries. Furthermore, in order to accelerate disbursement, it was decided to increase the ADB's contribution from 70 to 90% for the financing of works contracts.

2.2.19 Performance of Project Activities and Output: Implementation of the project is generally satisfactory and the SWC works and dry planting of fruit trees have advanced well beyond the initial project schedule. There are delays in the implementation of the other activities, especially those relating to the "Assistance to Rural Organisations" component, due to the late recruitment of PMU extension workers and a problem of design at the start of the project. Although the evaluation report and the implementation manual make explicit references to the adoption of a participatory approach, they do not explain how such an

approach should be put into practice in the field. The project team, however, needed methodology training and initial assistance to implement the participatory approach mentioned in all the project documents.

2.2.20 **Impact on Development:** The project has benefited a population of about 18,400 people, broken down by sector of activity as follows: 7,310 engaged in dry planting of fruit trees, 5,000 in water and soil conservation works, 3,000 in extension support, 670 in land consolidation, 175 in livestock breeding activities and 237 in individual or community farming on irrigation schemes. The land occupancy rate in the project area has gone up from 68%, in the pre-project period, to 75%, in the post-project period, representing a 7% increase in reclaimed agricultural land. This increase can be attributed to the measures taken by the project to establish new rain-fed fruit tree plantations. Beneficiaries in the areas where SWC works have been undertaken also report improvements in dry crop yield. The impact on the revenue of the beneficiaries was assessed in a survey conducted by the CNE. Stock-breeders who received pregnant heifers improved their income by TND 700, representing an increase in revenue of 9%. Farmers who had access to drip irrigation equipment improved their income by more than TND 1,000 per hectare (a 15% increase in revenue prior to project). Revenue recorded among beneficiaries of micro-projects varies between TND 675 and 2,250 per micro-project. Twenty-seven (27) Small- and Medium-scale Enterprises are involved in the project. Works undertaken by these enterprises have revitalised the job market in the project area. It is estimated that these works have created about 740,000 person-days.

2.2.21 **Overall Performance Assessment:** The project is being implemented satisfactorily. Overall performance, assessed on the basis of the following indicators, is deemed satisfactory.

Performance Indicators	Compliance with Conditions	Procurement of Goods and Services	Financial Performance	Activities and Output	Impact on Development	Overall Assessment
Rating	2.5	2.5	2.7	2.5	2.7	2.6

B. FINANCIAL SECTOR

2.2.22 Strengthening of the Tunisian financial sector is critical to achieving the government's goals for the growth of private investment. The Bank has, through PACI and PACII, supported continued efforts geared towards this. PACIII, which was signed on 28 September 2005 and covers the period 2005-2006, is intended to (a) pursue the restructuring of the balance sheets of banks through increased provisioning for non-performing loans; b) pursue the restructuring of the insurance sector and strengthening the autonomy of its control organ, the CGA; and (c) improve the quality and availability of financial information, particularly through the adoption and implementation of the Financial Security Law.

2.2.23 The stability of the Tunisian banking sector has been confirmed by the findings of the Financial Sector Assessment Programme (FSAP) review conducted by the World Bank and the IMF in 2002. This stability has improved over the years, since the end of the 1990's, owing to the special attention that the monetary authorities have paid to it, particularly the Central Bank (CBT); but also following the measures initiated under the previous two Competitiveness Support Programmes, supported by the Bank, that facilitated among others (i) the restructuring of the banks' portfolio linked with debts of public enterprises, and (ii) the strengthening of standards and prudential controls and tighter supervision. However, the level of the non-performing loans (NPL) in the entire banking sector has continued to rise, and remains high (22% of total loans at the end of 2003). These developments reflect a

difficult economic situation encountered by some economic sectors such as tourism, but also the competitiveness pressure experienced by Tunisia with the increasing opening of its economy. These non-income generating loans for the banks that hold them increase the cost of financial intermediation and constitute potential liabilities for the State.

2.2.24 It is within this context of transformation of the banking sector that the Bank, through its lines of credit, has supported the efforts of selected banks with a view to meeting effectively the private sector's demand for financing. To this end, the Bank has financed 37 lines of credit, of which 31 have been completed, one cancelled and 5 ongoing. The completed projects were well implemented and have had a very positive impact on the country's development, especially the development of the tourism sector.

B.1 FOURTH LINE OF CREDIT TO THE BANQUE NATIONALE AGRICOLE (BNA)

<u>Amount:</u> Euro 160 million, or UA 113.404 millions	<u>Source:</u> ADB: UA 113.404 million	<u>Amount Disbursed:</u> UA 67,563 million (59.58%) <u>Balance:</u> 45.841 million (40.42%)
<u>Approval Date:</u> 28/06/2001	<u>Signature Date :</u> 15/01/2002	<u>Date of Effectiveness:</u> 06/05/02
<u>Last Disbursement Date:</u> 31/12/2005	<u>Executing Agency:</u> BNA (Banque Nationale Agricole)	
<u>Accounts Audit:</u> 2001, 2002, 2003/2004 in progress	<u>Status Reports:</u> Submitted regularly to the Bank each quarter.	<u>Last Supervision Mission Date:</u> 23 au 29 mars 2005
<u>Objective and description:</u> The specific objective of the line of credit is to contribute to the development of production and to enhance the competitiveness and modernisation of SME/SMI in the agricultural, manufacturing industry, tourism and housing sectors. To this end, the fourth line of credit to BNA is to finance private sector projects in agriculture, agro-industry, agribusiness, industry, tourism and housing. Part of the line of credit is intended to co-finance the BNA information system master plan.		

2.2.25 Compliance with Loan Conditions: The loan agreement became effective barely four (04) months after signature. The three conditions precedent to first disbursement have all been fulfilled.

2.2.26 Procurement Performance: Given the specific nature of the project, procurement has been carried out in accordance with the commercial practices in force in Tunisia. BNA ensured that the selection criteria were in conformity with the Bank's rules of procedure, especially with respect to the eligibility of suppliers and the origin of goods from Member Countries of the Bank. Procurement performance is rated highly satisfactory.

2.2.27 Financial Performance: With respect to disbursement, the cumulative amount disbursed stands at UA 67.563 million, representing 59.58% of the loan amount. This rate, attained three years after the coming into effect of the line of credit, is below expectation as the entire loan was expected to be disbursed by 31/12/2005. This is due to the depreciation by more than 23% of the Dinar to the Euro, leading to an increase in the volume of financing in Dinar and significant gains in Euro. Furthermore, the ADB loan has enabled the mobilization of resources to the tune of about TND 720 million, that is about UA 307 million, corresponding to the total cost of investments. The ADB's contribution, estimated at TND 157.944 million, which is about Euro 111 million, only covers 22% of the total investment. The remaining 88% is being covered by private sector operators, who are contributing 30%, and other local banks, particularly for sub-projects in the tourism sector.

2.2.28 Performance of Project Activities and Output: The resources of the line of credit have been essentially channelled towards the promotion of the private sector, through the financing of sub-projects in the agriculture, agro-industry, agribusiness, industry and tourism sectors as well as the financing of SME/SMI in the construction and civil engineering sectors.

To date, the BNA has charged to the line of credit 2,814 sub-projects for an investment volume of about TND 720 million. Agriculture, with 2,696 projects, comprising mainly small- and medium-scale farms, accounts for 96% of all projects, but only represents 30% of the commitment volume while the tourism and industry sectors absorbed respectively 31% and 23.5% of the funds, in line with the BNA's policy of diversification of activities implemented in recent years. The Bank also gave its approval, in October 2004, for the extension of the line of credit to private operators in the social sectors.

2.2.29 Impact on Development: The BNA credit programme, partly financed from the ADB line of credit, has enabled the modernisation of inputs in the agriculture, agro-processing, industry and tourism sectors. This has already resulted in the creation of new jobs in the various areas of intervention. Furthermore, in the area of agribusiness, agro-industry and industry, the resources of the line of credit have contributed to boosting activities such as packaging, processing and agro-based products. The BNA is one of the few banks that finance the agricultural sector and, particularly, smallholders. With 141 branches and 16 regional offices, it provides a community credit service that is unique in the country to a large number of farmers spread all over the country. In this regard, the BNA contributes significantly to poverty reduction in the rural areas by making available to farmers the resources required for the financing of their activities.

2.2.30 Overall Performance Assessment: The project is being implemented satisfactorily. Overall performance, assessed on the basis of the following indicators, is deemed satisfactory.

Performance Indicators	Loan Conditions	Procurement of Goods and Services	Financial Performance	Activities and Output	Impact on Development	Overall Assessment
Rating	2.5	3.0	2.7	2.7	3	2.8

B.2 LINE OF CREDIT TO BANQUE DE L'HABITAT

<u>Loan Amount:</u> Euro 28.5 million, i.e. UA 24.345 million	<u>Source:</u> ADB: Euros 28.5 millions	<u>Amount disbursed:</u> Euro 26.3 million (92.28%)
<u>Approval Date:</u> 28/02/02	<u>Signature Date:</u> 14/03/02	<u>Date of Effectiveness:</u> 27/08/02
<u>Last Disbursement Date:</u> 31/12/05	<u>Executing Agency:</u> Banque de l'Habitat	
<u>Accounts Audit:</u> Audit reports for 2003 and 2004 received	<u>Status Reports:</u> End 2002, 2003 and 2004.	<u>Last Supervision Mission Date:</u> March 2005
<u>Objective and Description:</u> The line of credit is intended to contribute to financing the establishment, expansion or renovation of sub-projects, mainly in the tourism, industry and services sectors. It is also meant to consolidate the long-term resources of the BH and build its capacity to mobilize long-term resources and to manage environmental risk.		

2.2.31 Compliance with Loan Conditions: The loan agreement was signed two weeks after its approval. Its entry into force, which was subject to the ratification of the loan guarantee agreement and the preparation of a legal opinion, became effective 6 months after signature. Another condition of the loan agreement required the Banque de l'Habitat to train professional staff of its Commercial Credit Department, assigned to the execution of the line of credit, in environmental risk management. The training of 8 professional staff in environmental risk management was carried out by a private international consulting firm.

2.2.32 Financial Performance: As at 30 March 2005, the Bank had received 26 requests for sub-projects, representing an overall investment of TND 238 million, in the industry, tourism and related service sectors. The cumulative volume of requests for approval stands at

Euro 22.63 million, representing 80% of the loan amount. The line of credit was contracted at a fixed rate. The final rate of the line of credit, which includes a foreign exchange risk coverage premium of 2%, however constitutes a handicap for the competitiveness of the resources provided.

2.2.33 Impact on Development: The resources of the line of credit enabled the Banque de l'Habitat to respond effectively to the strong demand for financing generated by the realisation of investments required for the country's economic growth. It will contribute notably to the growth of the tourism and industrial sectors, as well as the creation of jobs through the emergence of new SME.

2.2.34 Overall Performance Assessment: There is no particular problem with the line of credit to the Banque de l'Habitat. Although its rates are not very competitive, the line of credit is currently entering its completion phase. The overall performance is deemed satisfactory.

Performance Indicators	Loan Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	3	N/A	2.8	2	3	2.7

B.3 FOURTH LINE OF CREDIT TO THE BTKD

<u>Loan Amount</u> : Euro 40 million, i.e. UA 34.169 million	<u>Source</u> ADB: Euro 40 million	<u>Amount Disbursed</u> : Euro 20.36 million (50.90%)
<u>Approval Date</u> : 13/12/00	<u>Signature Date</u> : 12/03/01	<u>Date of Effectiveness</u> : 01/08/01
<u>Deadline for Last Disbursement</u> : 31/12/05	<u>Executing Agency</u> : BTKD	
<u>Accounts Audit</u> : 2001 to 2004 reports received.	<u>Status Reports</u> : Regularly submitted.	<u>Last Supervision Mission Date</u> : December 2004
<u>Objective and Description</u> : The line of credit is intended to contribute to promoting the establishment, rehabilitation and expansion of financially profitable and solvent as well as economically viable SME that comply with the environmental standards in force in the manufacturing industry, tourism and market service sectors.		

2.2.35 Compliance with Loan Conditions: The loan agreement was signed three months after its approval. It became effective 6 months later, after the ratification of the guarantee agreement by Parliament. All the conditions have been duly fulfilled.

2.2.36 Procurement Performance: Given the specific nature of the project, procurement was carried out in accordance with the commercial practices in force in Tunisia. BTKD ensured that the selection criteria were in conformity with the Bank's rules of procedure, especially with respect to the eligibility of suppliers and the origin of goods from Member Countries of the Bank.

2.2.37 Financial Performance: Cumulative approvals, as at 31 March 2005, stood at Euro 24.36 million, representing a rate of 60.90%, while disbursements amounted to Euro 20.86 million, accounting for 50.90% of the loan amount. These rates are below the appraisal projections, owing to the slowing-down of economic activity observed in 2002 and 2003, the timid recovery in 2004, the reserved attitude of operators and the cautious stance adopted by BTKD. All these factors led it to request an extension of the loan closing date by two (2) years. After review of the outstanding projects, on the basis of approved but uncommitted projects that may be charged to the line of credit and in accordance with the Bank's eligibility criteria, the Bank agreed to extend the loan closing date by one year, that is, up to 31 December 2005.

2.2.38 Performance of Project Activities and Output: The resources disbursed have been used to implement investment projects in the traditionally buoyant sectors of the Tunisian economy. Twenty-six (26) sub-projects, including fifteen (15) from the tourism sector and eleven (11) from the industry and service sectors have been financed from the line of credit. For the tourism sector, nine (9) facilities were newly established while six (6) were extensions and or rehabilitations. For industry and services, four (4) outfits were extensions while seven (7) were newly established. Twenty (20) of the sub-projects are operational including eleven (11) in tourism and nine (9) in industry.

2.2.39 Impact on Development: The line of credit has contributed to promoting the private sector through the modernisation, improved competitiveness and increased productivity of small- and medium-scale enterprises in these areas of intervention. The number of jobs currently created is 2,784.

2.2.40 Overall Performance Assessment: There have been problems with the line of credit due to the slowing-down of economic activities observed in 2002 and 2003, as well as the hesitant recovery in 2004. The rate of disbursement is low. Efforts made by the BTKD, under the financial sector reforms, to improve the quality of its portfolio in 2003 and 2004 have been salutary; the performing credits/commitments ratio remained within a fixed margin of 20%. The BTKD received, from the Ministry of Economic Planning and Finance, the authorization to operate as a full-service bank on 28 May 2004. The strategy of the new bank is to maintain its core vocation, namely that of a development bank for investment financing, while diversifying its activities as a full-service bank, focusing primarily on individuals and the liberal profession. The services provided as part of its second activity include consumer credit, automobile credit and housing credit. To develop this new activity, BTKD has opted for the redeployment of its staff after training. Overall performance, assessed on the basis of the following indicators, is deemed satisfactory.

Performance Indicators	Loan Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	3	3	2.7	2	2	2.5

B.4 FOURTH LINE OF CREDIT TO BTEI

<u>Loan Amount</u> : Euro 40 million, i.e. UA 34.169 million	<u>Source</u> : ADB: Euro 40 million	<u>Amount Disbursed</u> : Euro 21.92 million (54.80%)
<u>Approval Date</u> : 20/12/2002	<u>Signature Date</u> : 31/12/2002	<u>Date of Effectiveness</u> : 01/07/2003
<u>Deadline for Last Disbursement</u> : 30/04/07	<u>Executing Agency</u> : BTEI	
<u>Accounts Audit</u> : 2003 and 2004 reports received.	<u>Status Reports</u> : Regularly received.	<u>Last Supervision Mission Date</u> : April 2005
<u>Objective and Description</u> : The line of credit is intended to contribute to promoting the establishment, rehabilitation and expansion of financially profitable and solvent as well as economically viable SME that comply with the environmental norms in force in the manufacturing industry, tourism and market service sectors.		

2.2.41 Compliance with Loan Conditions: The loan agreement was signed eleven (11) days after approval, and it became effective six (months) after signature. The general conditions relating to the submission of quarterly status and supervision reports and the annual accounts audit reports have been met. Only the condition relating to the environment has not been fulfilled, because the BTEI is facing some difficulty in obtaining the ANPE certification, required by the Bank for certain sub-projects. The environmental training provided by the Bank will enable the official designated by BTEI to prepare the information sheets in conformity with Bank requirements.

2.2.42 Procurement Performance: Given the specific nature of the project, procurement has been carried out in accordance with the commercial practices in force in Tunisia. BTEI ensured that the selection criteria were in conformity with the Bank's rules of procedure, especially with respect to the eligibility of suppliers and the origin of goods from Member Countries of the Bank.

2.2.43 Financial Performance: Total approvals amount to Euro 23.557 million, representing 58.90% of the total amount. Cumulative disbursements stand at Euro 21.919 million, equivalent to a disbursement rate of 54.80%. These rates are satisfactory. The slowing down of new investments in tourism and industry, resulting from the international economic situation and international conflicts, and responsible for the decline in occupancy rates, has apparently not affected the line of credit as several renovations, extensions and modernizations have been carried out. The project implementation schedule will be complied with, and the loan closure date, initially fixed for 30 April 2007, is not expected to change.

2.2.44 The cost of the line of credit remains high as the fixed interest rate is 4.63%, in addition to the foreign exchange risk coverage premium of 2%, amounting to a final rate of 6.63% whereas the money market rate (MMR), which is the benchmark for loans granted by BTEI, is 5%. The interest rate applied by the BTEI is MMR+2%, that is, 7%. The margin of 0.37% is very low.

2.2.45 Performance of Project Activities: The funds disbursed have been used to implement investment projects in the traditionally buoyant sectors of the Tunisian economy. Allocations against the line of credit have financed twenty-two (22) sub-projects, which are broken down as follows: fourteen (14) in the tourism sector and eight (8) in industry (agro-industry, building materials, metal processing and electronics). In the tourism sector, four (4) hotels have been newly established while ten (10) have been expanded or renovated. In the industrial sector, five (5) projects are modernizations while three (3) are newly established. Fifteen (15) sub-projects are operational, including seven (7) in the tourism sector and eight (8) in industry.

2.2.46 Impact on Development: The line of credit is contributing to promoting the private sector through the modernisation, improved competitiveness and increased productivity of small- and medium-scale enterprises in these areas of intervention. The number of jobs currently created is 2,449.

2.2.47 Overall Performance Assessment: The line of credit is being implemented satisfactorily, despite the economic slow-down in 2003 and the timid recovery in 2004. Modernisation and extension projects were predominant over the new projects provided for in the project appraisal. The efforts of the BTEI, under the financial sector reforms, enabled it to obtain the authorization to operate as a full-service bank in July 2004. The quality of the portfolio improved with the financial restructuring of 2002 and the performing credits/gross credits ratio was brought down to 14.9%. Consultants were recruited to prepare an organizational chart for the new bank (investment financing, assets management, deposit and credit) and the manuals of procedure. The diversification of the BTEI's activities will involve short-term operations of a commercial bank with an open-ended operating network. External trade operations will take precedence over market operations. The overall performance, assessed on the basis on the following indicators, is deemed satisfactory.

Performance Indicators	Loan Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	1.7	3	3	2	3	2.5

B.5 SECOND LINE OF CREDIT TO THE BANQUE DE L'HABITAT

Loan Amount: Euros 80 million, i.e. UA 68.39 million	Source: ADB: Euro 80 million	Amount Disbursed: Euro 46.5 million (58.13%)
Approval Date: 21/07/03	Signature Date: 15/09/03	Date of Effectiveness: 18.12.03
Deadline for Last Disbursement: 30/09/2007	Executing Agency: Banque de l'Habitat	
Accounts Audit: First report submitted at the end of 2004	Status Reports: First status report submitted at the end of 2004.	Last Supervision Mission Date: March 2005
<p><u>Objective and Description:</u> The line of credit is intended to contribute to financing the establishment, expansion or renovation of sub-projects, mainly in the tourism, industry and services sectors. It is also meant to consolidate the long-term resources of the BH and build its capacity to mobilize long-term resources and to manage environmental risk.</p>		

2.2.48 Compliance with Loan Conditions. The loan agreement was signed a little over three weeks after it was approved. Its entry into force, which was subject to the ratification of the loan guarantee agreement and the drawing up of a legal opinion, took effect three months after signature.

2.2.49 Financial Performance: As at 30 March 2005, the Bank had achieved a disbursement rate of 58.13%, which is quite satisfactory. The funds allocated for the development of housing and the promotion of social and low-cost housing as well as for the purchasing of houses by households that fulfil the terms of income and contribution under the housing and savings scheme.

2.2.50 Impact on Development: The resources of the line of credit have enabled the Banque de l'Habitat to respond effectively to the high demand for financing engendered by the increased supply of housing for the target categories of the line of credit, namely, lower-income (social housing) and middle-income (low-cost housing) households. It will thus help to facilitate access to people falling within this income category.

2.2.51 Overall Performance Assessment: There is no specific problem with the line of credit to the Banque de l'Habitat. Its commitment level is quite satisfactory, and overall performance is also deemed satisfactory.

Performance Indicators	Loan Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	2.3	N/A	3	3	3	2.8

C. INDUSTRIAL SECTOR

2.2.52 The industrial sector is of major importance to the Tunisian economy. On the basis of current prices, its share of GDP in 2004 was 28.1%, with the manufacturing industries accounting for 17.8% and the non-manufacturing industries 10.3%. Under the 9th Development Plan, the industrial sector accounted for nearly 30% of jobs created. It is expected that under the 10th Development Plan, this level of job creation will be maintained, that is, about 95,000 jobs out of an estimated total of 322,000.

2.2.53 The Bank has intervened in the industrial sector through three projects, which are all in the phosphate sub-sector. Two have already been completed while one is ongoing, namely the Gafsa Phosphate Company (CPG) Consolidation Project.

C.1 CPG CONSOLIDATION PROJECT

Loan Amount: US\$ 34.74 million, i.e. UA 23.50 million	Sources: ADB: US\$ 34.739 million CPG: US\$ 11.64 million	Amount Disbursed: US\$ 32.8 million (94.6%)
Approval Date: 14/12/1998	Signature Date: 15/12/1999	Date of Effectiveness: 28/04/2000
Deadline for Disbursement: 30/06/05	Executing Agency: Gafsa Phosphate Company	
Accounts Audit: 2003 report received in July 2004	Status Reports: The first status report for 2001 was received in March 2002. Regular submission of subsequent reports	Last Supervision Mission Date: July 2004
Objective and Description: The project seeks to consolidate the results of the previous phosphate sector rehabilitation project and to boost the annual production capacity of the CPG from 7,300,000 metric tons to 8,000,000 MT of commercial phosphate. The project comprises the following components: (i) Procurement of quarry machines; (ii) Procurement of quarry machine sub-sets; (iii) Construction of flotation unit; and (iv) Automation and loading of filter.		

2.2.54 **Compliance with Loan Conditions.** The loan agreement became effective four (4) months after signature, which took place twelve (12) months after its approval. A loan condition required the CPG to hold consultations with the Bank once the debt service ratio reached the 1.2 mark. The current and previous ratio levels have not required the holding of consultations with the bank.

2.2.55 **Procurement Performance:** Three invitations to bid for the procurement of quarry machines were issued in May 2000 (ICB NO 2906 and 2907) and in November 2001 (ICB NO 1126). They resulted in the procurement of dumpers (10), loaders (2), hydraulic shovels (3), levellers (4) and bulldozers (8). For each type of equipment, provision was made for a set of spare parts. Each bid invitation included a training component and a technical assistance component, in conformity with the terms approved by the Bank. Thus, procurement performance was satisfactory. A fourth invitation to bid was made in 2003, for the procurement of six (6) hydraulic shovels and spare parts. The repurchasing of one of the successful bidders by Atlas Copco has made it necessary to extend the loan disbursement deadline, which is now fixed at 30/06/2005. The project is expected to be fully completed by this date. The other project components were procured with CPG funds and in accordance with national procedures. On the whole, apart from the delay recorded, procurement has proceeded satisfactorily.

2.2.56 **Financial Performance:** 94.6% of the bank loan has been disbursed. Apart from the delay with settling the Atlas COPCO contract, which will bring the total loan amount disbursed up to 99%, the financing plan has been adhered to. Performance is satisfactory.

2.2.57 **Performance of Project Activities and Output:** Physical implementation of the project started in May 2000, i.e. 16 months after the loan was approved. The delay in starting the project is due to the unavailability, in 1999, of the equipment required by the CPG to achieve its mining target in its 1999 season. As at the end of July 2002, the Bank's loan resources were committed only for the "procurement of quarry machines" component. For the "procurement of quarry engine sub-sets" component, the CPG financed it in full with its own funds for a total amount of US\$7.6 million, corresponding to 160% of this component's amount in the project. The CPG decided to finance this component with its own resources in order to benefit from the substantial advantages of the system of negotiated contracts it

practices with the quarry machine suppliers. The CPG also funded the “flotation unit” component from its own resources, deeming that the execution time (26 months from the work commencement date) was incompatible with the project implementation schedule. Lastly, with regard to the “automation and loading of filter” component, the CPG financed the Méthlaoui washing plant II to the tune of UA 0.752 million. This summary of the project’s physical activities confirms that the project’s objectives were attained and the CPG achieved its targeted production of 8 million MT in 2003, in line with its initial objective.

2.2.58 Impact on Development: The project was intended to consolidate the gains of the CPG, which experienced an improvement in its technical and financial performance following the implementation of the phosphate sector rehabilitation project. This consolidation was primarily reflected in the CPG’s ability to achieve a production capacity of 8 million MT of commercial phosphate, which will enable it to benefit from the market potential that it offers in the wake of the sector’s rehabilitation. This objective has been attained and the project is nearing completion.

2.2.59 Overall Performance Assessment: There were several problems with the implementation of the project. The first problem that caused a delay (12 months) in the signing of the loan agreement was due to the fact that, in 1999, the CPG did not require additional machinery to achieve its mining target. Logically, it therefore delayed in signing the loan agreement in order not to be liable for the payment of commitment fee for 1999. The second problem arose both from the underestimation of the time required for bidding in Tunisia and the unsuitable nature of the method of procurement of goods and services selected during the appraisal and confirmed during the loan negotiations. During the appraisal, the “negotiated contract” procurement method could have in fact been justified for the procurement of the quarry machinery sub-set. It also appears that if the time required in Tunisia for the preparation and approval of bidding documents had been duly considered, the project implementation time would have been probably extended by two years. Lastly, the final problem lay in the fact that the executing agency tended to manage the project as a line of credit and, as a result of this, did not hesitate to substitute itself for the Bank (implementation of entire project components with its own funds). The overall performance is thus deemed satisfactory.

Performance Indicators	Loan Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	2.5	2	2.8	2.3	3	2.5

D. TRANSPORT SECTOR

2.2.60 The transport sector accounts for about 6% of GDP, broken down between the road, air, maritime and railway sub-sectors with 48%, 30%, 17% and 5% respectively. The transport sector provides Tunisia with close to 140,000 direct jobs (representing more than 4.5% of the employed labour force), which are concentrated mainly in the road sub-sector (with more than 65%). Given the important role the transport sector plays in the country’s economic and social development and its key role in the world economic integration strategy, particularly through enhanced competitiveness, the Tunisian Government, for the 1997-2006 decade (covering the period of the 9th and 10th Development Plans), embarked on an ambitious programme to develop all the different components (land, sea and air) of the sector. In 2005, despite the delay in the implementation of reforms in some sub-sectors, the results were very encouraging and commensurate with the targeted objective of establishing an efficient, good quality and inexpensive transport system and services.

2.2.61 The Bank has financed 13 projects in this sector. It contributed actively to the realisation of the programmes outlined in the 9th and 10th National Development Plan, with the financing of 6 infrastructure modernization projects, including four (4) in the road sub-sector (classified road network rehabilitation projects, phase I to IV) and two (2) in the railway sub-sector (railway infrastructure modernization project, phases I and II). The phase 1 and II road projects were completed in 2001 and 2003 respectively, and the completion reports on them are available. The current portfolio therefore comprises four (4) ongoing projects. The performance of the sector's portfolio is deemed satisfactory, despite numerous problems encountered in the implementation of the phase I railway project, which was finally classified as an old project, and for which solutions have been proposed.

D.1 CLASSIFIED ROAD NETWORK REHABILITATION PROJECT - III

<u>Loan Amount:</u> UA 103.41 million, i.e. Euro 144.33 million	<u>Sources:</u> ADB: UA 103.41 million Govt: UA 41.05 million	<u>Amount Disbursed:</u> UA 41.237 million (39.9%) <u>Balance:</u> UA 62,172,878.67 (60.1%)
<u>Approval Date:</u> 21/11/2001	<u>Signature Date:</u> 28/05/2002	<u>Date of effectiveness:</u> 31/08/2002
<u>Last Disbursement Date:</u> 31/12/2006	<u>Executing Agency:</u> Department of Highways (DGPC) at the Ministry for Infrastructure and Housing (MEH)	
<u>Accounts Audit:</u> Audit report for fiscal year 2003 received in September 2004, Report for fiscal year 2004 to be received latest by 30/09/2005	<u>Status Reports:</u> Last report covering Jul-Dec 2004 period submitted on 20 January 2005. Next report to be submitted latest by 31/07/2005	<u>Last Supervision Mission Date:</u> April 2004
<u>Objectives and description:</u> The total project cost, net of taxes, is UA144.46 million. It is a continuation of the transport sector infrastructure rehabilitation programme embarked upon by the Government under the previous development plans covering the period 1992-2001. It is specifically aimed at improving the capacity of the classified road network in order to reduce the width and structural constraints of paved roads and to remove other bottlenecks, thus reducing transport costs and promoting the development of intra-regional trade. The project has three components, including: (A) road works for (i) the rehabilitation (widening and strengthening) of a cumulative total alignment of 460 km of paved roads; (ii) the strengthening of 640 km of roads; and (iii) the construction of 21 highway structures along the classified road network and which will replace the temporary and unsecured structures. (B) project supervision services for: a) the monitoring and supervision of the highway structure works; and b) the geotechnical inspection of the works and the quality of materials; and (c) supervision of the works and monitoring of the project by the Department of Highways, which is the executing agency.		

2.2.62 Compliance with Loan Conditions: The loan became effective three (3) months after signature. All the 'Other Conditions' have been complied with. The budget allocations of TND 41.4 million for road maintenance for 2005 already exceed the TND 40 million limit set for 2007 under the loan conditions. Similarly, since the loan became effective, these allocations have increased at an average annual rate of 5%, and therefore higher than the annual inflation rate. Furthermore, the Bank has received each year, as required, the road maintenance schedule and the status report for the previous year. As reflected in the progress of the road works, there were no particular problems with the few modifications of the right-of-way alignment. With regard to the special conditions of the loan agreement, both the accounts audit reports and the periodic progress reports of the project were regularly submitted to the Bank.

2.2.63 Procurement Performance: Several contracts were awarded for the road works, including 2 on the basis of international competitive bidding for the rehabilitation works (239 km – 10 contracts / 245 km – 11 contracts), and national competitive bidding for the road strengthening works (372.8 km – 15 contracts / 267 km – 9 contracts / 166 km – 7 contracts) and the highway structure work (48 contracts). Apart from some problems encountered in the award of contracts for the rehabilitation works, which were finally resolved, the other contracts were awarded within the prescribed time and to the satisfaction of the Bank.

2.2.64 Financial Performance: Disbursements for the loan are made from a special account opened at the Central Bank of Tunisia. As at the end of June 2005, these disbursements amounted to Euro 57.7 million (UA 41.237 million), representing a disbursement rate of about 40%. In view of the appreciation of the loan currency and the savings made on contracts for works initiated at the Government's request, the Bank approved the utilization of part of the available uncommitted loan balance of Euro 23 million (UA 16.47 million) for the execution of additional works (166 km of road strengthening and 24 highway structure works). The project is not facing any problems with disbursements, and payments for the works are made within the prescribed deadlines. The special account is regularly replenished and the Government's counterpart funds are available.

2.2.65 Performance of Project Activities and Output: The project is being implemented satisfactorily with a total commitment rate of 86% as at June 2005, i.e. 78.2% (879 km out of the 1,124 km) for the actual road works and 95% for the highway structure works. The completed works have been in accordance with good practice. Contracts for the last tranche of rehabilitation works (245 km – 11 contracts) have been approved and the works are scheduled to start in July 2005. For the additional works to be undertaken, the 166 km of road strengthening works have been fully completed with only works for 22 highway structures left to be carried out. All contractual deadlines have been complied with and the project is well managed with reasonable cost overruns for the various contracts.

2.2.66 Impact on Development: The project will be completed within the prescribed time, despite the implementation of the additional works approved. The team set up for the supervision of the sites is discharging its duties effectively and the quality of works completed is highly satisfactory. The road segments that have been modernized and opened to traffic have significantly improved the level of service as evidenced by the marked improvement in traffic flow for users of the various service roads and increased intra- and inter-regional trade.

2.2.67 Overall Performance Assessment: The project does not have any particular problems and the initial objectives will be attained. The overall performance of the project is deemed satisfactory.

Performance Indicators	Compliance with Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	3	2	3	2	3	2.6

D.2 CLASSIFIED ROAD NETWORK REHABILITATION PROJECT - IV

<u>Loan Amount:</u> UA 136.20 million, i.e. Euro 165 million	<u>Source:</u> ADB: UA 136.20 million	<u>Amount Disbursed:</u> 0 (0%)
<u>Approval Date:</u> 24/11/2004	<u>Signature Date:</u> -	<u>Date of effectiveness:</u> -
<u>Last Disbursement Date:</u> 31/12/2009	<u>Executing Agency:</u> Department of Highways (DGPC) at the Ministry for Infrastructure and Housing (MEH)	
<u>Accounts Audit:</u> Not applicable at this stage.	<u>Status Reports:</u> Not applicable at this stage	<u>Last Supervision Mission Date:</u> Launching mission undertaken in April 2005
<p><u>Objectives and description:</u> The project aims at reducing transport costs by improving the capacity of the classified road network and reducing the width constraints of paved roads, etc., in order to improve the service level of the road network and to contribute to the development of intra- and inter-regional trade. The project involves the implementation of the following components: Clearance of the required right-of-way and the relocation of highway concession companies; (ii) the actual road works involving the rehabilitation of a total road alignment of 1,256 km; (iii) services for project supervision and the geotechnical supervision and inspection of the works to be carried out; and (iv) support for maintenance of the road network through the strengthening of resources for the inspection of maintenance works and supervision of the network, through the procurement of 70 utility vehicles.</p>		

2.2.68 Compliance with Loan Conditions: The signing of the loan agreement, initially scheduled to take place in May 2005, in the sidelines of the Bank's Annual Meeting in Abuja, has been postponed until further notice as the Government has requested that the loan be made eligible for the new conditions applicable, since 4 May 2005, to new loans to Middle-Income Regional Member Countries (MI-RMC), particularly the cancellation of the commitment fee. As at 30 June 2005, the Bank was still considering the Government's request, and was unable to accede favourably to the request. Nonetheless, in the face of the arguments put forth by the Tunisian party, the Operations Department has initiated steps to obtain a special dispensation that will enable the country benefit from the new loan conditions for MI-RMC.

2.2.69 Procurement Performance: Not applicable.

2.2.70 Financial Performance: Not applicable.

2.2.71 Performance of Project Activities: Not Applicable

2.2.72 Impact on Development: There is a delay in the project's provisional timetable. Nonetheless, it stands a good chance of achieving its objectives.

2.2.73 Overall Performance Assessment: The overall performance of the project, assessed on the basis of the following indicators, is deemed satisfactory.

Performance Indicators	Compliance with Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	1	-	-	-	3	2.0

D.3 RAILWAY INFRASTRUCTURE MODERNISATION PROJECT PHASE I

<u>Loan Amount:</u> US\$ 33.40 million (UA 24.84 million), reduced to US\$ 16.4 million (UA 12.425 million) following cancellation of US\$ 17 million (UA 12.409 millions)	<u>Source:</u> ADB: UA 12.425 million	<u>Amount Disbursed:</u> UA 12.425 million (100%)
<u>Approval Date:</u> 09/06/1999	<u>Signature Date:</u> 11/06/1999	<u>Date of effectiveness:</u> 23/09/1999
<u>Last Disbursement Date:</u> 31/12/2003 extended to 31/12/2005	<u>Executing Agency:</u> Société Nationale des Chemins de Fer Tunisiens (SNCFT) under the supervision of the Ministry of Transport.	
<u>Accounts Audit:</u> Management audit report for 1999, 2000, 2001, 2002 and 2003 already submitted; management report for 2004 expected in September 2005	<u>Status Reports:</u> Submitted regularly every quarter; last report for Jan-Jun 2005 expected end of Jul 2005	<u>Last Supervision Mission Date:</u> April 2005
<u>Objectives and description:</u> The sector goal of the project is to modernize the transport sector by improving its efficiency and the quality of its services. Its specific objectives are, on one hand, to strengthen the transport capacity of the SNCFT at least cost and under the best safety conditions and, on the other, to improve the quality of SNCFT's quality of service to adapt it to a more competitive environment on the local transport market. It comprises 9 components, namely: (i) completion works on the dual carriage-way of the Tunis-Sousse line; (ii) rehabilitation of 26 km of rail tracks on the Tunis-Ghardimaou line; (iii) improvement of the signalling equipment on the Tunis-Ghardimaou line; (iv) modernization of the ground-train telecommunication system on the Tunis-Sfax line; (v) strengthening of the Tunis-Gabès line; (vi) fixture and equipment of the maintenance workshops; (vii) renewal of switches and crossings equipment on the southern network and on the Tunis-Ghardimaou line; (viii) automation assistance; and (ix) overall project supervision and inspection.		

2.2.74 Compliance with Loan Conditions: The loan agreement was signed 3 days after loan approval and it became effective 3 months later. All the "Other Conditions" of the loan have been fulfilled, with the exception of the strengthening of the audit unit or department, for which the number of personnel was to be increased to 6 by the end of 2003, instead of the 5 currently. This slight default is due to the hiring freeze on positions other than that of train conductor. Concerning the "Other Conditions", SNCFT regularly submits to the Bank at the beginning of each year the status of implementation of the current performance contract relating to the technical and financial performance of the Corporation.

2.2.75 Procurement Performance: In spite of its familiarity with the Bank's rules of procedure, the procurement performance of the executing agency is deemed poor. The timetables drawn up have never been adhered to, following delays in the opening of bids and the raising of objections by the Higher Tender Board (CSM). The opinions delivered by the CSM, often in contravention of Bank rules, obstructed the award of contracts, and the time it took to resolve this problem led to considerable slippages in the project implementation schedule. The delay in the award of contracts for the signalling equipment amply illustrates this problem. The invitation to tender, which was declared unsuccessful by the CSM in 2001, was reissued in 2002, but it was unsuccessful in the end, following sharp differences of opinion with the CSM over the award of the contract. The Bank was obliged to cancel the portion of the loan for the implementation of this component.

2.2.76 Financial Performance: Disbursements on the loan are made through direct payments and the replenishment of a special account opened at the Central Bank of Tunisia. Disbursement flows have been slow from year to year, as reflected in the low rate of disbursement (45%) recorded after four years of project implementation. The Bank had to cancel execution of the last 2 components of the project before the disbursement rate could improve in relation to the net loan amount.

2.2.77 Performance of Project Activities and Output: Implementation of the project has been delayed considerably, and the loan closure date was extended by 2 years, as of December 2005. The scheduling of various activities could not be complied with due to delays in the outcome of invitations to tender, causing additional slippages of over 24 months in the timetable for project completion. In view of this additional delay, requiring a further

extension of the loan closing date, the Bank finally decided to stop the implementation of the project as of 31/12/2005. In this regard, the financing of the last 2 uncompleted components, namely the signalling of lines 5 and TA and the installation of the Computer-Assisted Train Traffic Management (GCAO) system, for the automation component, has been cancelled. This cancellation took effect from 30 June 2005. Suppliers and other contractors, however, honoured their respective obligations for the completion of the other components.

2.2.78 Impact on Development: Despite the considerable delay in the implementation of the project, the components that were completed have contributed to strengthening the competitiveness of rail transport, through a marked improvement in the quality of service on the main Tunis-Sousse-Sfax-Gabes and Tunis-Ghardimaou lines and in rail traffic safety (reduction in the rate of railway incidents). Train traffic has increased on these lines, as reflected in the increase in passenger traffic on the major lines and in the company's revenue (cf. annual performance contract reports 1997-2001 and 2002-2006 for performance indicators on time savings, productivity, operating expenses, traffic and revenue, data on railway accidents). The economic and financial viability is proven and the financial rehabilitation of the company is also on track.

2.2.79 Overall Performance Assessment. The overall performance of the project, assessed on the basis of the following criteria, is deemed unsatisfactory.

Performance Indicators	Compliance with Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	2	1.5	1.7	1	2	1.6

D.4 RAILWAY INFRASTRUCTURE MODERNISATION PROJECT PHASE II

<u>Loan Amount:</u> Euro 74.44 million , i.e. UA 61.61 million	<u>Source:</u> ADB UA 74.44 million	<u>Amount Disbursed:</u> UA 0.334 million (0.54%)
<u>Approval Date:</u> 12/11/2003	<u>Signature Date:</u> 04/05/2004	<u>Date of Effectiveness:</u> 13/09/2004
<u>Last Disbursement Date:</u> 31/12/2008	<u>Executing Agency:</u> Société Nationale des Chemins de Fer Tunisiens (SNCF) under the supervision of the Ministry of Transport	
<u>Accounts Audit:</u> management audit report 2004 expected in September 2005, at the latest.	<u>Status Reports:</u> Biannual status report Jun-Dec 2004 submitted on 20/02/2005, report for Jan –Jun 2005 pending.	<u>Last Supervision Mission Date :</u> April 2005
<p><u>Objectives and Description:</u> the project comprises 2 components, namely an institutional study component and a physical investment component for the modernization of infrastructure:</p> <p><u>Institutional study component:</u> It covers the conduct of the following 4 studies: Remodelling of the support units; ii) Railway rolling stock strategy; iii) introduction of an analytical accounting system for the SNCF; and iv) Development of an environmental framework for maintenance workshops.</p> <p><u>Physical investment for modernisation of infrastructure component:</u> It comprises the following works: i) Strengthening of infrastructure; ii) Rehabilitation of exclusive railroads for Tunis South; iii) Upgrading of train station facilities; iv) Development of freight operations; v) Construction of a 10-wagon maintenance depot at Sousse; vi) Replacement of rail tracks on lines TA and 6; vii) Rail service to Radès Olympic Village; and viii) Ground-train signalling and telecommunication equipment.</p>		

2.2.80 Compliance with Loan Conditions: The loan agreement became effective 4 months after signature and 9 months after the loan was approved. All the “Other Conditions” of the loan have now been met. The SNCF has submitted the performance contract implementation reports for 2002-2006 and for 2003 and 2004. These performance reports were deemed satisfactory on the whole, although the 2004 report fell slightly short of the targeted objectives for technical and financial performance. The deadline for fulfilling the other conditions (strengthening of the audit section by increasing the number of personnel to 12 and the action plan to be submitted for the implementation of the relevant conclusions and recommendations of the institutional study) has not yet expired.

E. PUBLIC UTILITIES SECTOR

2.2.86 The public utilities sector plays an important role in the country's economy. Its contribution to GDP is in the range of 10%, mainly from the energy sector, which accounts for 6.5% and communication, approximately 3%.

2.2.87 Since the commencement of its operations, the Bank has financed 12 projects in this sector, including 1 gas delivery, 6 electricity supply, 4 water supply and 1 sanitation project, for a total of UA 228,652 million. Eleven out of the 12 projects have been completed, and completion reports have been prepared for 10 of them. All these projects have been implemented without any major problem.

E.1 RURAL ELECTRIFICATION PROJECT VI

<u>Loan Amount:</u> US\$ 62.960 million, i.e. UA 46.815 million	<u>Source:</u> ADB	<u>Amount disbursed:</u> US\$ 62.96 million (100%)
<u>Approval Date:</u> 09/06/1999	<u>Signature Date:</u> 11/06/1999	<u>Date of Effectiveness:</u> 28/12/1999
<u>Deadline for Last Disbursement:</u> 30/06/2005	<u>Executing Agency:</u> Société tunisienne d'Electricité et de Gaz (STEG)	
<u>Accounts Audit:</u> Reports for 2000 to 2003 received.	<u>Status Reports:</u> Regularly submitted	<u>Last Supervision Mission Date:</u> July 2005
<p>Objectives and description: The objective of this project is the electrification of close to 1,000 localities and rural clusters of dwellings and the supply of electricity to about 45,000 households and 320 pumping stations for the irrigation of the entire country. It will contribute to raising the rural electrification rate from 83% in 1998 to 90% upon completion and to raising the national electrification rate from 93% to 96%. It comprises the following major components: (i) Extension of the MV network through the construction of 2,800 km of 30 kV and 17.5 kV overhead power lines; (ii) Construction of 2,820 MV/LV distribution terminals; (iii) Construction of 4,800 km of LV lines; (iv) Connection of 45,320 LV supply lines; (v) Procurement of operating and management equipment for subscribers; (vi) Engineering studies, works inspection and supervision</p>		

2.2.88 Compliance with Loan Conditions: The loan agreement became effective 6 months after signature. General conditions relating to the submission of project status reports and accounts audit reports have been regularly met. The other loan conditions have also been fulfilled. These include submitting to the Bank the implementation status of the performance contract between the Government and STEG for the period 1997-2001 and the audited financial statements of STEG, as well as a separate financial status of the project.

2.2.89 Procurement Performance: From the commencement of the project, 96 invitations to bid were issued of which 47 were for the procurement of equipment (41 ICB and 6 NCB) and 49 for works. Ninety-four (94) of these tenders (47 for procurement of equipment and 47 for works) resulted in the award of 189 contracts (93 for the procurement of equipment and 96 for works). All these contracts were concluded and submitted to the Bank. Two tenders for the procurement of equipment were declared unsuccessful for technical non-conformity of the equipment proposed. All these bids were issued in full compliance with the Bank's standard bidding documents and rules of procedure. 1,626 contracts were awarded for works amounting to less than TND 30,000/contract. The project's procurement performance is deemed highly satisfactory.

2.2.90 Financial Performance: The project had all the required financial resources for both foreign and local currency expenditure. The total amount of disbursements authorised by the Bank for the 189 contracts awarded on the basis of competitive bidding as well as for the 1,626 small works contracts is estimated at US\$ 62.96 million of which \$52.23 million was used for the procurement of equipment and \$10.73 million for works. As at 30 June 2005, the entire ADB loan amount had been disbursed. The financial performance of the project is deemed satisfactory.

2.2.91 Performance of Project Activities and Output: As at 30 June 2005, all the project components had been implemented with the exception of the procurement of receiver-transmitter radio sets for operations and hand-held units (HHU) for meter readings and sales. The number of installation of facilities (MV and LV lines, MV/LV distribution terminals and LV supply line connections) planned at project appraisal was achieved and exceeded at completion. The project made it possible to connect and supply electricity to 51,851 new LV customers (51,770 households and 81 irrigation pumping stations) as against 43,320 connections planned at appraisal, representing an increase of 14.4%. The project was completed, however, with an 18-month delay against the projected schedule at appraisal. The implementation performance of the project is deemed satisfactory.

2.2.92 Impact on Development: The project implementation objectives were attained and even exceeded. The project made it possible to supply electricity to over 1,000 localities and rural dwelling clusters. It contributed to raising the country's rate of rural electrification from 86% in 1999 to 97% in 2004 and the national electrification rate from 96.3% to 98.9% in 2004. It also contributed to increasing the utilisation of electricity by rural households and to the development of agricultural irrigation schemes. It has generated several positive social and economic outcomes for the rural population. It has further contributed to the stability of the people, poverty reduction, the creation of a number of economic activities (farms, mills, oil plants) and the improvement of the living conditions of women in rural areas. It has also helped to improve the conditions for enrolment and education of children as well as those of health and public and family hygiene in rural areas. Its impact on development is highly satisfactory.

2.2.93 Overall Performance Assessment: The overall performance of the project is satisfactory.

Performance Indicators	Compliance with Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	3	3	2.8	2.6	2.5	2.8

E.2 POWER SUPPLY NETWORK REHABILITATION PROJECT (ELECTRICITY VII)

<u>Loan Amount:</u> Euro 77.15 million, i.e. UA 61.20 million	<u>Source:</u> ADB	<u>Amount Disbursed:</u> Euro 6.19 million (8.01 %)
<u>Approval Date:</u> 10/12/2003	<u>Signature Date:</u> 20/09/2004	<u>Date of Effectiveness:</u> 21/02/2005
<u>Last Disbursement Date:</u> 31/12/2008	<u>Executing Agency:</u> Société tunisienne d'Electricité et de Gaz (STEG)	
<u>Accounts Audit:</u> Report for 2004 received	<u>Status Reports:</u> None submitted yet to the Bank.	<u>Last Supervision Date:</u> July 2005
<p>Objectives and Description: The project is aimed at meeting, at least cost and under the best conditions of reliability and safety, the growing energy requirements of the country. Its objectives are the improvement of power supply safety, quality customer service and safety for STEG personnel and third parties, as well as environmental conservation and rationalisation of the supply network operating costs. It will help to increase the performance and reliability of the power supply network. It comprises the following major components: (i) installation of new facilities; (ii) rehabilitation of MV networks; (iii) rehabilitation of LV networks; (iv) procurement of equipment as well as research and operating resources; and (v) engineering studies as well as works supervision and inspection. It will involve: the laying of 439 km of MV underground cables (10 kV, 15 kV and 30 kV); the construction of 1,634 km of 30 kV MV overhead power lines; the construction and equipping of 2 MV/30 MV/15 kV substations of 15 MVA each; the replacement of 551 MV/LV distribution terminals and the construction of 233 new MV/LV distribution terminals; the construction of 1,591 km of LV lines, the connection of 170,331 new MV and LV customers, including 858 SME/SMI for MV supply, and 169,473 domestic customers for LV supply, and equipping of the STEG research and operations units with logistics in order to build their capacity in the different parts of the country.</p>		

2.2.94 Compliance with Loan Conditions: The loan agreement became effective five (5) months after its signature. Concerning the other loan conditions relating to the submission to the Bank of the implementation status of the performance contract between the Government and STEG for the period 2002-2006 and the audited financial statements of STEG as well as the separate financial status of the project, STEG has submitted to the Bank the 2002, 2003 and 2004 status reports for the 2002-2006 performance contract.

2.2.95 Procurement Performance: The first invitations to bid were issued in February 2004 for the procurement of equipment and in August 2004 for works. Since 2004, 64 tenders have been issued of which 24 were based on international competitive bidding (ICB), for the procurement of equipment, and 40 on national competitive bidding (NCB), for works. With regard to equipment, 13 bids have been opened, with 12 approved by the Bank. All these bids were issued in full compliance with the Bank's rules of procedure. STEG planned to issue, as of the second half of 2005, 34 tenders including 6 for the procurement of equipment and 28 for works. However, no invitations to bid have been issued for execution of some turnkey facilities. The bidding documents are currently being prepared. STEG planned to issue, in the second half of 2005, 3 turnkey ICB tenders, for the supply and laying of 10 kV and 30 kV underground cables as well as for the construction of MV/LV terminals. The procurement performance of the project is deemed highly satisfactory.

2.2.96 Financial Performance: The project is benefiting from an ADB loan of Euro 77.15 million (UA 61.20 million), which was approved in December 2003, and which is meant to cover the foreign exchange costs of the project, representing 87.2% of the total project cost. Total commitment is estimated at Euro 16.09 million of which Euro 15.56 million is for the procurement of equipment and Euro 0.21 million for works. The portion of these commitments to be financed by the Bank is estimated at Euro 15.77 million, or 20.4% of the loan amount. As at 30 June 2005, cumulative disbursements on the loan stood at Euro 6,188 million, or 8.01% of the loan amount. Nonetheless, there is a 12% gap between commitments and the disbursement level.

2.2.97 Performance of Project Activities and Output: Implementation of the project commenced in 2004. As at 30 June 2005, none of the equipment financed by the Bank had been delivered. Works are underway in various districts. These works are being carried out with materials advanced by STEG from its stock.

2.2.98 Impact on Development: There is a very high probability that the project will attain its objectives. It will enable small- and medium-scale enterprises and the population supplied with electricity in the urban, industrial and tourist areas to benefit from a sound distribution network with safer power supply and better quality service. It will help to improve the conditions for education, health as well as public and family hygiene. It will further contribute to curbing accidents caused by the proximity or collapse of bare conductors of old MV and LV overhead power lines and MV/LV terminal devices, as well as reduce accident hazards caused by obsolete equipment and improve the safety of STEG personnel and third parties.

2.2.99 Overall Performance Assessment: The overall performance of the project is satisfactory.

Performance Indicators	Compliance with Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	2.7	3.0	2.75	2.0	2.0	2.5

F. SOCIAL SECTOR

2.2.100 Social development is a core priority of the 10th Development Plan. The strides made by Tunisia in terms of health and health coverage (in 2003, 80% of the population had access to a health facility less 4 km from their place of residence) were achieved through the tangible improvement of several indicators. Thus, life expectancy reached 73 years in 2003 while the infant mortality rate dropped from 37.3% in 1990 to 2.1% in 2003 and the total fertility rate was almost 2 in 2004. With regard to education, the results recorded are also good, as reflected in the following figures: the rate of schooling among children below 10 years reached 80% in 2004, while the primary enrolment rate stood at 98.1%, and for secondary education, 77% (with girls accounting for 52.4%), and higher education, 29.2% (56.5% of whom are girls).

2.2.101 Since the start of its operations in Tunisia, the Bank has financed 4 projects in this sector, including 2 in education and two in health, for a total amount of UA 67.082 million, net of cancellation. Three of these 4 projects have been completed. They were all implemented without any major problem.

F.1 SECONDARY EDUCATION SUPPORT PROJECT I (PAES I)

<u>Loan Amount:</u> UA 31.30 million	<u>Source:</u> ADB	<u>Amount Disbursed:</u> UA 25.70 million (82.09%)
<u>Approval Date:</u> 16/09/1998	<u>Signature Date:</u> 13/10/1998	<u>Date of Effectiveness:</u> 29/03/1999
<u>Deadline for Last Disbursement:</u> 31/12/2005	<u>Executing Agency:</u> Direction générale des services communs (DGSC) of the Ministry of Education	
<u>Accounts Audit:</u> Reports for 1999 to 2003 received.	<u>Status Reports:</u> Submitted regularly	<u>Last Supervision Mission Date:</u> February 2005
<p><u>Objectives and Description:</u> The sector goal of the project is to contribute to the human resource development of the country. Its specific objective is to enhance the reception and management capacity of the secondary education system and to improve its quality. The project comprises the following three components:</p> <p>I) <u>Expansion of intake capacity:</u> (construction and equipping of 40 new schools : 20 junior secondary schools and 20 senior secondary schools, including two with boarding facilities);</p> <p>II) <u>Strengthening of teaching facilities and improvement of the quality of education system</u> (supply of laboratories with computer equipment; creation of innovative teaching networks ; and procurement of science laboratory equipment for the extension of the existing schools);</p> <p>III) <u>Institutional support</u> (training of the teaching, administrative and technical staff of the 40 schools to be built; and pilot studies and innovative teaching networks).</p>		

2.2.102 Compliance with Loan Conditions: The loan agreement became effective 5 months after signature. The general conditions are fulfilled regularly and the other conditions of the loan agreement have also been met.

2.2.103 Procurement Performance: All procurement of goods, works and services financed by the ADB has been implemented in accordance with the Bank's rules of procedure for the procurement of goods and works or, as applicable, the rules of procedure for the use of consultants, based on the relevant Bank standard bidding documents.

2.2.104 Financial Performance. The financial performance of the project is deemed satisfactory. The relevant contracts for the construction works and supply of equipment and teaching materials have been fully completed, representing a commitment rate of 100% for construction and equipment. The disbursement rates vary between 97%, for construction works, and 43% for equipment supply. The implementation rate for technical assistance contracts, under the institutional support component, still remains low, with a disbursement rate of 82.09%.

2.2.105 Performance of Project Activities and Output: The project implementation rate is about 98%. The civil works (construction and equipping of 20 senior secondary schools, including 2 with boarding facilities, and 20 junior secondary schools) have been fully completed. The work done is generally of good quality and the facilities are functional. The procurement of equipment is virtually completed and the opening of final tenders has been approved by the Bank. With regard to technical assistance, the study for improvement of teaching facilities, contracted to the TECSULT consultancy firm, has been completed. A few additional training activities, envisaged to use up the undrawn loan balance, are underway. The procedure for the recruitment of consultants to carry out the outstanding activities has been initiated upon approval by the Bank. In addition, the Bank has approved the draft proposal submissions and shortlists proposed by the Government. The last activity planned, which is training in project management, will take the form of training courses with professional firms abroad for project officers and managers of the buildings and equipment department. To allow for the implementation of these activities, the Bank extended the deadline for final disbursement to 31 December 2005.

2.2.106 Impact on Development: The project implementation objectives have been achieved. The project has made it possible to expand the intake capacity of secondary education through the construction and equipping of 40 senior and junior secondary schools. It has also contributed to improving the quality of secondary education. It has further contributed to improving the performance of the technical, teaching and administrative management and supervisory staff, through the training provided for the different categories of personnel and the support for the institutionalisation of the new teaching and learning monitoring and evaluation systems. The project's impact on development is satisfactory.

2.2.107 Overall Performance Assessment. The project's overall performance is satisfactory.

Performance Indicators	Compliance with Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	2.3	2.5	2.6	2.8	3.0	2.6

2.3 Ageing, Problem Projects and Potentially Problematic Projects

2.3.1 Ageing Projects: The Bank's portfolio in Tunisia is relatively young and does not have any ageing project. The average age of ongoing projects is 3.6 years. There are however two (2) projects aged 6 years, namely the CPG Consolidation Project and the Secondary Education Support Project, approved at the end of the 1998 fiscal year. After delays recorded at the commencement stage, implementation of these 2 projects is presently satisfactory, and the completion date is scheduled for 31 December 2005. The disbursement rates for these two projects, as at 30 June 2005, were 94.6% and 82.09% respectively. Two other projects were approved in June 1999, and therefore aged more than 5 years. They are the Railway Modernization and Electricity IV project, but they have now been completed.

2.3.2 Problem or Potentially Problematic Projects: The entire portfolio in Tunisia is being implemented satisfactorily. Only one potentially problematic project has been identified, namely the railway modernization project phase I. There were problems with procurement as some invitations to bid were unsuccessful, following differences of opinion between the CSM (Higher Tender Board) and the Bank, leading to significant delays in the activity schedule. To avoid further undue delays, it was decided that financing of the last two

components (signalling equipment for lines 5 and TA and installation of the Computer-Assisted Train Traffic Management system), amounting to UA 12.409 million, be cancelled. To date, the project is completed, and cancellation was effective as of 30 June 2005.

2.4 Assessment of Supervision Frequency and Quality

2.4.1 The presence of the Temporary Relocation Agency of the Bank Group in Tunisia has helped to accelerate the pace of supervision of ongoing operations financed by the Bank. Between 2003 and 2004, the rate of two supervision missions per year and per project was largely attained and even exceeded for some projects.

2.4.2 The duration and composition of such supervision missions are not always in keeping with the Bank's recommendations concerning the composition of multidisciplinary teams that can provide diverse forms of technical assistance to the executing agencies, especially for projects with complex and multiple components. The recent attempt to recruit consultants for the supervision mission was hampered by the Bank's internal bottlenecks with respect to the recruitment of consultants and by financial constraints.

2.4.3 Furthermore, in order to facilitate the implementation of complex projects financed by the Bank, the Borrower expressed the desire for the inclusion of a descriptive manual of specific tasks to be carried out under the project and their mode of implementation as well as the means of verification by the Bank of the accomplishment of such tasks in accordance with the set objectives.

2.5 Cross-cutting Issues

2.5.1 Environment. The Government has acquired extensive experience in the inclusion of environmental concerns in the five-year economic development plans, especially under the 9th (1997-2001) and 10th (2002-2006) Plans. Thus, after the creation of the Ministry of the Environment, other institutions were set up to assume responsibility for environmental matters and incorporate them into all sectoral policies. In this regard, the National Environmental Protection Agency (ANPE) plays a key role in this set-up. Furthermore, measures such as the adoption of an energy-saving industrial structure, the utilization of pollution-free energy (natural gas), energy management, the protection and rehabilitation of the natural environment, pollution control and the development of the tertiary sector are in line with the Government's endeavour to promote sustainable development. For all ongoing Bank projects, the Bank's categorization criteria and requirements have been complied with, in keeping with its environmental policy. This was reflected in the environmental categorization of the various projects according to international standards. Special attention was paid to projects with a direct impact on the environment, particularly with regard to industrial and tourism development.

2.5.2 Gender Issues. The major principle underlying all Tunisian laws is that of the equality of men and women before the law. With the abolition of polygamy and the institution of legal divorce, the Personal Status Code introduced new relations between men and women, based solely on the law, and put Tunisia ahead of all the Arab-Muslim countries with respect to promoting women's development. Efforts in this direction have constantly intensified, notably over the past 10 years, and the increased participation of women in active life has favoured the setting up of institutions for promoting the status of women and improving their living conditions. These institutions include notably the National Union of Tunisian Women (UNFT) and the Centre for Research, Documentation and Information on

Women (CREDIF). The purpose of this Centre, which has an observatory on the status of women, is to promote greater awareness of women's contribution to national production, contribute to a change of attitude and mentality towards women as well as greater recognition of women in the democratic process. This deliberate women's emancipation policy, instituted since independence, has enabled Tunisia to record high enrolment ratios for young girls, literacy of women (70%) and relatively high education parity between men and women. With regard to employment, the participation of women between the ages of 15 and 64 in active life stands at 39.6% and is projected to rise to 44.7% by 2010 while the average annual growth rate for the female population is estimated at 3.15% for the period of 2000-2010, as against 2.14% for men. In 2004, Tunisia ranked 77th on the UNDP's women's development index. Concerning the Bank, all its operations in Tunisia include an important component for the integration of women into active life and/or the improvement of their living conditions. Thus, the rural development projects have contributed to a better integration of women into their communities and to increasing their income. The transport and electrification projects have also contributed to reducing the arduous nature of their chores and improving their living conditions.

2.5.3 Poverty Reduction: The improvement of the social situation is reflected essentially in the reduction of poverty, which dropped from a level of 7.7% of the population in 1984 to 4.2% in 2000. Nevertheless, poverty remains markedly higher in rural areas. The annual per capita income has risen from 1,059 Dinar in 1987 to 3,300 Dinar in 2003, with a target of 5,000 Dinar in 2009. The UNDP World Development Report 2005 ranks Tunisia 89th out of 177 countries, moving it up three places from its position in 2004. Since the targeting of poverty reduction interventions becomes more complex as the level of poverty reduces, it is important to allow the greater participation of the affected communities in the design and maintenance of programmes in order to guarantee their effectiveness. The Bank contributed the most to poverty reduction in Tunisia, and in the rural areas, through the IADP, which contributed to increasing agricultural and agro-industrial production as well as farmers' income. They also helped to structure rural communities and provide support to the Public Interest Associations. The electrification projects have also had a significant impact on poverty reduction by increasing the rural population's access to electricity and have contributed to raising the rate of electrification of villages and rural localities. They have also helped to provide electricity to schools, health centres, rural telephone posts and various economic activities. The secondary education project, on its part, helped to improve supply in the education sector, thus contributing to the attainment of a net enrolment ratio of 90.5% in 2004/05 as against 87.5% in 1997/98, for children aged 6-16 years, irrespective of gender. The transport projects have contributed to reducing transport costs and providing good quality service roads linking the major development centres of the country. Lastly, the lines of credit have contributed to strengthening economic growth and the creation of jobs, by providing inputs and productive investments.

2.5.4 Population. The population growth rate dropped to 1.2% in 2003 as against 1.6% in 1996. In 2005, the population was estimated at 10 million. A reduction in fertility is expected to prolong this decline in the population growth rate, reaching 1.3% and 0.9% respectively during the periods 2005-2010 and 2025-2030. Based on these projections, the Tunisian population is expected to reach 12.5 million by 2020. The population density is low (59 inhabitants/km²), but the population is 65% urbanised. Life expectancy at birth is 72 years. The population structure reveals a relatively young population, with 20% below 15 years, 40% between the ages of 15 to 30 years, 30% between 30 to 59 years and 10% over 60 years. The major challenge confronting Tunisia is employment. The unemployment rate is

estimated at 14%, and graduate unemployment is rising rapidly. The Government has made this a priority in its five-year plan and has initiated several measures geared towards job creation, through the introduction of incentives and subsidies. The Bank, through its various operations, is supporting Government efforts in this direction and is contributing to job creation (implementation of projects and lines of credit) as well as the improvement of the business environment, notably with the competitiveness support programmes.

2.5.5 Regional Integration: Tunisia is a member of the Maghreb-Arab Union (MAU). There is no regional project in the current portfolio of ongoing projects covering two or more MAU member countries. Discussions are underway, however, for the Bank to contribute to the Tunisia-Libya gas pipeline, which is estimated to cost US\$ 204 million. It should be pointed out that the Bank has been involved right from the beginning of this project, which is being monitored carefully, in view of its importance and expected impact, particularly on the supply of gas to Tunisia. The Bank is still waiting for the official request for financing from the respective Governments of the two countries.

2.6 General Assessment of Portfolio Performance

2.6.1 The performance of the Bank's portfolio in Tunisia improved during 2003 and 2004. The disbursement problem that affected the portfolio in 2001 and 2002, concerning the provision of loan disbursement vouchers (LDV) to the executing agencies, has now been resolved. In this regard, the executing agencies have been asked to give their email addresses to the Bank to enable them obtain in real time all necessary information on disbursements as projects are being implemented. The executing agencies have, generally, expressed satisfaction with efforts made by the Bank to improve the processing time for disbursement requests.

2.6.2 For the period under review, ongoing projects contributed largely to Tunisia's positive results with respect to economic growth and the strengthening of competitiveness, on the one hand, and the improvement of the living conditions of the people, on the other. The various ongoing projects are all in line with the priorities of the 10th Plan (2002-2006), and serve to backstop initiatives taken by the Government to attain its objectives. More specifically, the projects have contributed to job creation, financing of private sector activities, strengthening of rural electrification and transport, as well as secondary education (cf. details in sections A to E on the review of individual projects).

2.6.3 In spite of this significant improvement, some implementation difficulties have still been observed in the application of Bank rules of procedure in disbursement and procurement, due in part to the changing of executing agency teams and the emergence of new executing agencies that have not yet mastered the Bank's procedures, and also to the complex nature of some projects. More regular and better staffed Bank supervision missions will help address such problems.

2.6.4 Lastly, the banking sector raised an issue about the possibility of contracting loans in local currency from the Bank. In the case of lines of credit, the borrower has to convert the foreign exchange received and, in conformity with existing regulations in Tunisia, insure against foreign exchange risk. This renders the funds less competitive. In a constant desire to better satisfy the client, the mission first held discussions with the authorities and asked to be informed about the findings of the ongoing study on the evaluation of the foreign exchange risk coverage mechanism. It also indicated that the matter will be raised and examined by the appropriate Department of the Bank.

2.6.5 Overall, the performance of the Bank's portfolio in Tunisia is deemed satisfactory, with a rating of 2.53 over 3⁵, and is an improvement over the last review which rated it 2.41. This improvement can be largely attributed to the Bank, which has improved the quality of its services, mainly as a result of its geographical proximity to the client. Nonetheless, even though no major problem has been identified, efforts still need to be made to pursue and strengthen the improvement of the implementation, monitoring and supervision of Bank-financed operations. It is worth noting that the slow pace of implementation of some projects causes delays in the disbursement of loans for such operations. Additionally, the periodic status reports, particularly for the reform support programmes, are not submitted regularly to the Bank.

Table 3
Overall Evaluation of Ongoing Project Performance

Indicator	Compliance with Conditions	Procurement Performance	Financial Performance	Activities and Output	Impact on Development	Overall Evaluation
Rating	2.52	2.46	2.68	2.32	2.68	2.53

2.7 Disbursements

2.7.1 The average disbursement rate for ongoing operations financed by the Bank was 49.34% as at 30 June 2005. This rate reflects the young nature of the portfolio and its vitality, in terms of new operations, as well as the good progress of the projects. It is expected to drop considerably, from the beginning of 2006, due to the introduction of two projects⁶, and the completion of 4 projects, which have high disbursement rates of nearly 100%.

2.7.2 The relatively low disbursement levels for the transport sector (17.21%) is partly due to two new projects, approved in November 2003 and 2004, for which disbursements have not yet started. The reason for these delays is the problems encountered in the award of contracts (c.f. 2.2.63), as well as some amount of slowness in the implementation of projects. For the agricultural sector, the relatively low level of 32% is due in part to the highly fragmented nature of contracts and the complexity of the projects. In this regard, the Tunisian party has called for the strengthening of the supervision teams, to include all the specific expertise required for the smooth implementation of the project and for capacity building.

2.7.3 Lastly, it should be pointed out that the considerable depreciation of the Tunisian Dinar against the Euro (over 23%) accounts for the relatively low disbursement levels for the projects, which have minimal requirements for imported goods and services, but which have still been implemented quite satisfactorily (c.f. 2.2 ongoing projects review). The conversion of Euro-denominated loans automatically resulted in an increased volume of financing in Dinar.

⁵ Performance: 3 = Highly satisfactory; 2 = Satisfactory; 1 = Unsatisfactory; 0 = Highly unsatisfactory.

⁶ There is no disbursement yet on PAESII, and PACIII will be 50% disbursed (first tranche disbursed)

III. EVALUATION OF PROJECT IMPLEMENTATION AND MANAGEMENT CAPACITY

3.1 Performance of Government and Executing Agencies

3.1.1 The Regional Cooperation Department of the Ministry of Economic Development and International Cooperation (MDCI) is responsible for monitoring Bank-financed projects. The Department coordinates the monitoring and management of the entire portfolio, especially issues concerning requests for project financing, the effectiveness of loans for projects financed by the Bank, disbursements, submission of status and audit reports and loan repayments to the Bank. It is also in charge of coordinating Bank field mission activities. On the whole, this coordination has improved considerably over the past few years. With the temporary relocation of the Bank to Tunis, however, this Department's coordination and monitoring role has weakened to some extent. The latter is no longer systematically informed about Bank field missions and sometimes has to deal with several contact persons. Even when Bank Project Officers, for the sake of effectiveness, deal directly with the executing agencies of projects, they still need to inform the Ministry about any planned mission. Strengthening communication between this Department, the Bank and the executing agencies will help to give greater exposure to the Bank's activities in Tunisia.

3.1.2 With regard to the executing agencies, the changing of management teams of Bank-financed projects has contributed to the slow implementation of some projects. This situation could quickly be corrected with the organization of training seminars for such agencies on Bank rules of procedure.

3.2 Performance of the Bank

3.2.1 Although considerable progress has been made over the past two years, the Bank has still not taken full advantage of its temporary relocation to Tunis. The continued implementation of the policy of systematic cancellation of loan balances has helped to speed up the implementation of ongoing projects and supervision missions have been stepped up. During the composition of such missions, however, the complex nature of projects to be supervised is not taken into account. Yet the Bank should be using such missions to provide technical assistance to the executing agencies, particularly for complex projects with multiple components.

3.2.2 The Bank needs to organise more workshops on its rules of procedure for the procurement of goods and services, disbursements, and loan auditing and accounts, in order to lessen the problems of delays in the effectiveness of some loans.

3.2.3 The Bank needs to be more vigilant when making payments to the country. Officials of the BTEI notified the Bank about a delay in payment that was to be made to them at the Central Bank, and which was due to information that had not appeared on the payment order received by the Central Bank.

IV. COORDINATION OF ASSISTANCE WITH OTHER DONORS

4.1 Government Capacity to Coordinate External Assistance

4.1.1 Tunisia has, for several years now, adopted a strategy of limiting joint financing in favour of parallel financing in order to prevent the problem of cross-conditionalities. The coordination of external assistance is carried out through the organization of meetings for the launching of the five-year development plans and/or large-scale programmes in which the major financial partners of Tunisia participate. These meetings contribute to more effective coordination of assistance between donors, on the one hand, and between donors and Government, on the other.

4.1.2 The Ministry of Economic Development and International Cooperation and the Ministry of Finance are jointly responsible for defining the country's debt strategy and mobilizing external resources. Despite the relatively high level of Tunisia's indebtedness, it has not been observed to default on payment and its collaboration with all its development partners is very active and well supervised.

4.2 Assessment of the Bank's Capacity to coordinate its Assistance with other Donors

4.2.1 In its assistance to Tunisia, the Bank has been working closely with the World Bank for the past 10 years. The two institutions organize meetings twice a year to coordinate their respective activities, with the objective of identifying projects/programmes for co-financing and also of harmonising their operational strategies. During the period under review, the Bank co-financed with the World Bank five (5) reform programmes, including (i) the Structural Adjustment Program (SAP); (ii) the Economic and Financial Reform Strengthening Programme (PRREF); (iii) the Competitiveness Support Programmes (PAC1, II and III). The Bank's collaboration with the World Bank could be strengthened upstream, by jointly undertaking analytical work prior to the appraisal of projects.

4.2.2 Coordination with the European Union was limited to the co-financing of the five abovementioned reform programmes. This cooperation could be further strengthened under the upcoming Euro-Mediterranean Association Agreement (2008) and, more generally, through "the Wider Europe/New Neighbourhood Initiative".

4.2.3 With regard to other partners, there has been no joint operation yet. Nonetheless, some of them, such as the AFD, for example, are constantly in contact with the Bank.

4.3 Assessment of the Impact of Other Donors in Co-financed Projects

In view of the approach adopted by the Tunisian Government with regard to the co-financing of projects and programmes, co-financing activities were limited to reform support programmes, supported by the Bank, the World Bank and the European Union. This co-financing approach has proven very effective and should be strengthened in future.

V. REPAYMENT OF LOANS AND SUBSCRIPTION TO BANK CAPITAL

Tunisia has no arrears on loan repayments and Bank capital subscription. It has always promptly honoured its financial obligations to the Bank.

VI. MEASURES TO IMPROVE THE QUALITY OF THE PORTFOLIO

6.1 Potential Problems and Proposed Solutions

6.1.1 The portfolio review mission did not identify any major problem.

6.1.2 The January 2003 portfolio review report observed that the Tunisia portfolio was being executed satisfactorily. Recommendations were made to improve the performance of the portfolio. Most of them have been implemented, but in spite of the efforts made by the two parties, some still remain current.

Table 4
Evaluation of Implementation of Recommendations of Previous Portfolio Review
Recommendations

RECOMMENDATIONS OF THE 2002 REVIEW 2002	DONE	NOT DONE	COMMENTS
Ensure compliance with the general conditions applicable to loan agreements and guarantee agreements by submitting to the Bank regular quarterly and bi-annual reports of project activities and project accounts audit reports, no later than six months after the closing of the fiscal year.	Done (sometimes with some delays)		To be strengthened
Organise regularly, under the supervision of the MDCl, meetings to exchange information and experience in project implementation with Bank financing;	Done		To be strengthened
Strengthen the mechanisms for monitoring and technical control of project outputs.	Done		The Bank's presence in Tunisia has been an asset
Promote the means of reducing delays between loan approvals and their effectiveness.	Done		Apart from the road project, the authorities wish to benefit from the new measures adopted for middle-income countries.
Foster interaction between executing agencies and the Bank through the organisation, within the scope of projects, of working visits and regular training at the Bank's Headquarters.	Done		To be strengthened
Provide loan disbursement vouchers (LDV) regularly to executing agencies.	Done		
Strengthen supervision missions in line with project components and complexity		Not done	Problems with financial resources
Organise regularly for executing agencies workshops on Bank rules of procedure	Done		To be strengthened, in view of staff rotation and the emergence of new agencies

6.1.3 Implementation of recommendations of internal audit: A follow-up internal audit was undertaken in 2003 (No. FR/99/13), outlining 12 recommendations, including 5 for the borrower and 7 for the Bank. The final internal audit report indicates that three have been implemented while 7 are ongoing. The portfolio review has repeated some of these recommendations in order to accelerate their implementation. The others were developed during the supervision missions.

6.2 Plan of Action to Improve Portfolio Performance

The plan of action for improvement of Tunisia's portfolio will essentially consist of monitoring actions. The details of these actions are summarized in Annex 6.

6.3 Lessons for Future CSP's and Portfolio Reviews

6.3.1 **For the CSP:** This review was undertaken at the end of the implementation of the 2002-2004 CSP, updated for 2005. It helped to highlight the coherence between the Bank's strategy and its operations, namely (i) support to the strengthening of competitiveness of the economy through the pursuance of economic and financial reforms (PACII and III), strengthening of infrastructure (2 road, 2 railway and 2 electricity projects) and human resource development (1 education project); and (ii) the development of the productive base through the strengthening of the productive sectors (5 lines of credit, 5 PDAI and 1 CPG consolidation project), as well as the 10th Five-Year Development Plan of Tunisia (2002-2006), whose main objective is to accelerate economic growth and reduce unemployment, notably through the strengthening of competitiveness. Considering the encouraging results obtained by the country, as well as the Bank's positive contribution to these results, the Bank's next assistance strategy will continue to support the Government's efforts and contribute to the attainment of the 11th Plan, which will consist of a continuation and strengthening of the 10th Plan, while laying emphasis on competitiveness and a knowledge-based economy. This document will be prepared within the framework of the Bank's complementarity with other development partners. The Bank will consider issues of harmonization and the framework of cooperation. It will endeavour to play a greater role in this area, in line with Bank recommendations and, especially, in light of its geographical situation.

6.3.2 **For the Portfolio:** Measures required to improve the Bank's portfolio in Tunisia include the following:

- (i) Strengthening the staffing of supervision teams, including addition of consultants and depending on the project components, in order to provide during such missions diverse forms of technical assistance to the project executing agencies, especially for complex and multi-component projects; and
- (ii) Organising workshops on the Bank's procurement and disbursement procedures and on its financial products for project executing agencies and the major Ministerial Departments involved in the implementation of Bank-financed projects.

VII. CONCLUSIONS AND RECOMMENDATIONS

7.1 Conclusion

The portfolio review has provided a detailed analysis of all ongoing operations in Tunisia. The average rating of 2.53 for the entire portfolio review reflects the satisfactory management and implementation observed by the various supervision, follow-up and review missions and a slight improvement in the performance for 2003. Nonetheless, this performance should not mask the persistent slowness in the implementation of some operations, often due to the complex nature of projects and leading to delays in loan disbursements for those operations.

Furthermore, new executing agencies experience some difficulty in applying the Bank's rules of procedure for disbursements and procurement. Thus, the current objective pursued for the portfolio is to improve its quality, by accelerating the commencement of projects, complying with disbursement timetables and providing enhanced multi-disciplinary supervision of projects.

7.2 General Recommendations

7.2.1 At the end of this review of operations, the following recommendations have been made to the two parties:

7.2.2 Action to be taken by the Bank

- (i) Include in new Bank projects a component for the preparation of a manual of administrative, accounting and financial procedures for the implementation of certain complex aspects of such projects; (cf. §2.2.13 and §2.2.19)
- (ii) Strengthen the supervision teams in line with project components in order to provide, during such supervision missions, different forms of technical assistance to the executing agencies of such projects, especially for complex projects with several components; (cf. §3.1.2)
- (iii) Organise workshops on the procurement, disbursement and audit procedures of the Bank as well as its financial products, for project executing agencies and the principal ministerial departments involved in the implementation of projects financed by the Bank; (cf. §2.6.3 and §2.7.2) and
- (iv) Consider the possibility of granting loans in local currency. (cf. §2.2.31 and §2.6.4)

Action to be taken by the Government

- (i) Submit on a regular basis to the ADB periodic status reports as well as completion reports of all projects, including reports for reform support programmes; (cf. §3.1.2)
- (ii) Keep the ADB informed about the results of the ongoing study on the assessment of the foreign exchange risk coverage mechanism. (cf. §2.6.4)

7.3 Specific Recommendations

- (i) *PAES*: Take measures to ensure maintenance of buildings constructed under the project;
- (ii) *Classified Road Network Rehabilitation Project IV*: Continue discussions with the Tunisian party to avoid cancellation of this operation.
- (iii) *Railway Infrastructure Modernisation Projects*: Make the Higher Tender Board aware of the delays in the procurement process for ADB-financed projects.

TUNISIA: LIST OF BANK GROUP OPERATIONS AS AT 30 SEPTEMBER 2005

(Amounts in million UA)

PROJECTS	GROSS LOANS	CANCELLATIONS	NET LOANS	DISBURSEMENTS	% DISBURSED					REMARKS
	ADB	ADB	ADB	ADB **	ADB *	APPROVAL	SIGNAT	EFFEC DATE	DEADLINE FOR LAST DISBURS	
1 AGRICULTURE (16)										
Kairouane PDAI Study	0.75	0	0.75	0	0%	30/09/04	30/09/04	30/09/04	31/12/05	Ongoing
Kasserine Integrated Development Programme	12.8	0	12.8	3.793	30%	11/8/2000	28/02/01	13/06/01	31/12/06	Ongoing
Gabes Integrated Development Programme	13.46	0.00	13.46	6.00	45%	11/8/2000	28/02/01	13/06/01	31/12/06	Ongoing
Gafsa Integrated Development Programme	13.95	0.00	13.95	5.02	36%	11/8/2000	28/02/01	13/06/01	31/12/06	Ongoing
Rural Development (Madhia)	19.8	9.277	10.523	10.522	100%	28/08/85	13/09/85	28/11/86	31/12/94	Completed
Medjerda Irrigation Valley	2.75	0.345	2.405	2.404	100%	10/06/68	01/02/71	10/11/68	31/12/74	Completed
Raz-djebel-galaat Irrigation	23.6	13.711	9.889	9.888	100%	14/12/82	07/01/83	31/12/84	31/12/94	Completed
Oued Barbara Dam	62.3	32.1	30.2	30.2	100%	14/12/92	12/05/93	22/06/95	21/12/01	Completed
Sidi El Barrack Development	54.2	35.7	18.5	18.5	100%	20/10/93	11/05/94	01/06/95	31/12/01	Completed
Ext. of Cap Bon Citrus Fruits Production Area	8.14	0.718	7.422	7.421	100%	1/2/1996	19/09/96	29/04/97	31/12/04	Completed
Jendouba Irrigation Development Project	17.2	7.576	9.624	9.623	100%	1/2/1996	19/09/96	29/04/97	31/12/04	Completed
Ghezala Mateur Ago-Industrial Complex	14.95	2.544	12.406	12.405	100%	22/11/83	30/12/83	12/12/1985	30/03/94	Completed
Agric sector adjustment PGM	90	0	90	90	100%	24/09/91	5/4/1992	19/08/92	30/06/94	Completed
IRDP for the Poorest Regions phase 1	53.1	18.66	34.44	34.439	100%	17/03/86	1/4/1986	15/05/87	31/12/98	Completed
IRDP for the Poorest Regions phase 2	63.5	22.242	41.258	41.257	100%	23/02/94	24/02/94	11/1/1995	31/12/01	Completed
Madhia Rural Dev phase II	9.45	1.145	8.305	8.304	100%	21/09/95	21/09/95	17/09/96	31/12/02	Completed
Sub-Total 1	459.505	144.018	315.487	289.772	92%					
2 INDUSTRY (4)										
Consolidation of CPG	23.797	0.331	23.466	23.466	100%	14/12/98	15/12/99	12/4/2000	31/12/05	Completed
Environment capacity building *	34.313	0	34.313	0	0%	21/05/05	28/09/05		31/12/09	Ongoing
GAFSA Phosphate Company Rehabilitation	33.64	0.319	33.321	33.321	100%	23/08/89	3/10/1989	17/04/90	31/12/96	Completed
Rehabilitation of the Phosphate Sector	110.00	2.598	107.402	107.401	100%	24/08/94	11/10/1994	12/1/1995	31/12/01	Completed
Sub-Total 2	201.75	3.248	198.502	164.188	83%					
3 TRANSPORT (13)										
Nefta-Hazoua Road	0.9	0.064	0.836	0.835	100%	23/06/72	17/07/72	26644	31/12/76	Completed
Rehabilitation of the classified road network	39.4	14.343	25.057	25.056	100%	13/04/95	1/12/1995	12/6/1996	31/12/01	Completed
Road Network Rehabilitation Project	69.168	12.041	57.127	57.127	100%	20/11/97	10/12/1997	10/12/1997	31/12/01	Completed
Development of State Classified Road Network II	81.241	2.598	78.643	78.643	100%	22/02/99	11/6/1999	23/09/99	31/12/03	Completed

Development of State Classified Road Network III	119.854	0	119.854	47.794	40%	21/11/01	28/05/02	31/08/2002	31/12/06	Ongoing
Development of State Classified Road Network IV	137.869	0	137.869	0	0%	24/11/04				Ongoing
SNTCF Railway I	3.9	0	3.9	3.9	100%	8/5/1974	2/7/1974	9/12/1974	31/12/79	Completed
SNTCF Railway II	5	0	5	5	100%	24/06/75	3/7/1975	10/1/1976	31/12/80	Completed
SNTCF Railway III	4.172	0.226	3.946	3.945	100%	19/09/77	15/11/77	5/5/1978	31/12/82	Completed
SNTCF Railway Sfax	11	3.994	7.006	7.005	100%	21/06/83	30507	29/01/85	31/12/93	Completed
Railway Modernisation	22.879	10.96	11.919	11.446	96%	09/06/1999	11/6/1999	23/09/99	31/12/05	Ongoing
Railway Modernisation II	62.2	0	62.2	0.493	1%	17/11/03	1/4/2004	1/4/2004	31/12/08	Ongoing
Intra-railway/Road Rehabilitation	26.45	7.011	19.439	19.438	100%	2/5/1991	33455	26/06/92	30/09/01	Completed
Sub-Total 3	584.033	51.237	532.796	260.682	49%					
4 PUBLIC UTILITIES (12)										
Sahel Drinking Water Supply	5	1.645	3.355	3.354	100%	22/08/78	18/09/78	29086	31/12/83	Completed
Gabes Water Supply	8	3.337	4.663	4.662	100%	25/09/79	19/11/79	29438	31/12/84	Completed
Water Supply to 8 North-eastern localities	10	4.033	5.967	5.966	100%	27/02/81	29649	30288	31/12/87	Completed
Cape-Bon Drinking Supply	19.23	12.869	6.361	6.36	100%	19/01/84	23/03/84	15/09/84	31/12/88	Completed
Rural Electrification Project (Electricity VI)	43.128	0	43.128	43.128	100%	9/6/1999	11/6/1999	31/12/99	31/12/05	Completed
Rehabilitation of Power Supply Network	64.464	0	64.464	6.286	10%	7/12/2003	20/09/04	21/02/05	31/12/08	Ongoing
Rural Electrification	8	0	8	8	100%	21/03/79	3/5/1979	6/8/1979	31/12/83	Completed
Urban Electrification	20.67	0	20.67	20.67	100%	13/06/84	24/10/84	8/11/1985	31/12/90	Completed
Rural Electrification Project (Electricity IV)	28.44	0	28.44	28.44	100%	16/10/89	22/11/89	8/4/1994	31/12/94	Completed
Rural Electrification Project (Electricity V)	30	0.146	29.854	29.853	100%	3/3/1993	12/5/1993	31/12/99	31/12/01	Completed
Rural electrification phase II	10	0	10	10	100%					Completed
El Borma Gas Pipeline	3.75	0	3.75	3.75	100%	18/11/75	27437	30/10/78	31/12/80	Completed
Sub-Total 4	250.682	22.03	228.652	170.469	75%					
5 FINANCE (37)										
1st Agricultural Line of Credit to BNA	18	0	18	18	100%	28/08/85	1/4/1986	16/02/87	31/12/91	Completed
2nd Line of Credit to BNA	50	0	50	49.9	100%	1/12/1992	4/3/1993	4/10/1993	31/12/98	Completed
3rd Line of Credit to BNA	51.88	0	51.88	51.88	100%	14/12/98	26/05/99	12/10/1999	31/12/02	Completed
1st Line of Credit to BDET	3	0	3	3	100%	16/07/76	16/08/76	22/06/77	31/12/94	Completed
2nd Line of Credit to BDET	10	0	10	10	100%	25/04/80	23/06/80	10/10/1980	31/12/83	Completed
2nd Line of Credit to BTQI	20.006	0	20.006	20.006	100%	17/06/91	29/08/91	25/03/92	31/12/96	Completed
2nd Line of Credit to BTKD	35	0.02	34.98	34.997	100%	29/08/90	27/02/91	25/03/92	31/12/96	Completed

3rd Line of Credit to BDET	10	0	10	10	100%	16/03/82	5/5/1982	12/8/1982	31/12/85	Completed
4th Line of Credit to BDET	20	0	20	20	100%	12/12/1984	28/12/84	12/5/1985	31/12/92	Completed
5th Line of Credit to BDET	30	0	30	30	100%	29/08/90	27/02/91	15/10/91	31/12/95	Completed
6th Line of Credit to BDET	60	1.04	58.96	58.96	100%	23/06/93	24/11/93	27/06/94	31/12/97	Completed
5th Line of Credit to BNDT	160	0	160	0	0%					Cancelled
1st Tourism Line of Credit to BNDT	30	0.00	30	30.00	100%	12/12/1984	28/12/84	10/10/1985	30/06/91	Completed
2nd Line of Credit to BNDT	20	0.00	20	20.00	100%	21/03/88	1/6/1988	16/09/88	30/06/92	Completed
6th Line of Credit to BNDT	60	1.04	58.961	58.96	100%	19/11/97	13/10/98	22/02/99	31/12/02	Completed
7th Line of Credit to BDET	68.517	0.00	68.517	68.52	100%	17/05/00	29/05/00	7/9/2000	31/12/04	Completed
3rd Line of Credit to BNDT	60	0.00	60	60.00	100%	11/6/1990	31/07/90	26/12/90	31/12/95	Completed
4th Line of Credit to BNDT	120	0.00	120	120.00	100%	27/01/92	13/05/92	3/8/1992	31/12/97	Completed
5th Line of Credit to BNDT	213.908	50.10	163.811	163.81	100%					Completed
Line of Credit to BTEI I	8	0.00	8	8.00	100%	21/03/88	1/6/1988	21/10/88	31/12/94	Completed
Line of Credit to BTEI II	25	0.097	24.903	24.902	100%	29/08/90	17/06/91	29/08/91	31/12/96	Completed
Line of Credit to BTEI III	20	13.426	6.574	6.573	100%	27/04/94	4/7/1995	29/08/95	31/12/99	Completed
Line of Credit to BTEI IV	33.423	0	33.423	21.469	64%	20/12/02	31/12/2002	1/7/2003	30/04/07	Ongoing
Line of Credit to STUSID I	10	0.02	9.98	9.997	100%	21/03/88	1/6/1988	21/10/88	31/12/92	Completed
Line of Credit to STUSID II	20	0.154	19.846	19.845	100%	17/06/91	29/08/91	25/03/91	31/12/96	Completed
Line of Credit to STUSID III	20	7.989	12.011	12.01	100%	27/04/94	23/05/95	22/06/95	31/12/99	Completed
4th Line of Credit to BNA	133.692	0	133.692	79.65	60%	28/06/01	15/01/02	6/5/2002	31/12/05	Ongoing
3rd Line of Credit to BTKD	20	8.438	11.562	11.561	100%	27/04/94	23/05/95	31/10/96	31/12/99	Completed
1st Line of Credit to BTKD	15	0	15	15	100%	21/03/88	1/6/1988	7/11/1988	31/12/92	Completed
4th Line of Credit to BTKD	33.423	0	33.423	17.557	53%	13/12/00	2/3/2001	1/8/2001	21/12/05	Ongoing
Line of Credit to BTQI	7	0	7	7	100%	21/03/88	1/6/1988	21/10/88	30/06/94	Completed
3rd Line of Credit to BTQI	20	7.597	12.403	12.402	100%	27/04/94	29/11/94	22/06/95	31/12/98	Completed
Line of Credit to BH	23.813	0	23.813	18.913	79%	27/02/02	14/03/02	27/08/02	21/12/06	Ongoing
2nd Line of Credit to BH	66.846	0	66.846	38.855	58%	21/07/03	15/09/03	30/09/03	31/12/05	Ongoing
Line of Credit to Amen Bank	16.711	0	16.711	16.771	100%	14/03/02	29/05/02	29/05/02	31/12/04	Completed
Line of Credit to the Banque de Tunisie	25.067	0	25.067	25.067	100%	10/7/2002	11/11/2002	22/01/03	31/12/04	Completed
Line of Credit to Tunisie Leasing	6.684	0	6.684	6.684	100%	1/8/2003	1/8/2003	1/8/2003	31/12/06	Completed
Sub-Total 5	1425.09	89.917	1335.173	1060.504	79%					
6 SOCIAL (5)										
Secondary Education Support Programme PAESI	31.571	0	31.571	25.987	82%	16/09/98	13/10/98	29/03/99	31/12/05	Ongoing
Secondary Education Support Programme PAESII *	50.00	0	50.00		0%	28/09/05			31/12/10	Ongoing

Strengthening of Technical Education	28.3	0.383	27.917	27.916	100%	14/03/84	11/5/1984	08/51/84	31/12/95	Completed
Sousse Teaching Hospital	10	2.686	7.314	7.313	100%	11/12/1981	14/04/82	2/11/1984	31/12/96	Completed
Tunis District Programme	0.3	0.02	0.28	0.279	100%	3/4/1977	3/4/1978	8/9/1978	31/12/80	Completed
Sub-Total 6	120.71	3.089	117.082	61.495	53%					
7 MULTISECTOR (6)										
Competitiveness Support Programme	96.472	0	96.472	96.472	100%	17/03/99	8/3/1999	1/4/1999	30/06/01	Completed
Competitiveness Support Programme II	180.484	30.08	150.404	150.403	100%	28/12/01	30/11/01	31/12/01	31/12/04	Completed
Competitiveness Support Programme III *	100.000		100.000	0	0%	21/09/05	27/09/05		31/12/07	Ongoing
Industrial Sector Programme	80	0	80	80	100%	18/08/87	1/9/1987	6/1/1988	30/06/94	Completed
Programme for Strengthening of Economic and Financial Reforms	80	0.007	79.993	79.993	100%	23/02/94	24/02/94	25/11/94	30/06/97	Completed
Structural Adjustment Programme	75	0	75	75	100%	17/01/89	18/05/89	27/03/90	30/06/94	Completed
Sub-Total 7	611.956	30.087	581.869	481.868	83%					
GRAND TOTAL	3653.187	343.626	3309.561	2488.978	75%					

* projects approved after the portfolio review mission

TUNISIA: LIST OF ONGOING BANK GROUP OPERATIONS AS AT 30 JUNE 2005
(Amount in UA million)

PROJECT	GROSS LOANS	CANCELLATIONS	NET LOANS	DISBURSEMENT	% DISBURSED					REMARKS.
	ADB	ADB	ADB	ADB **	ADB *	APPROVAL	SIGNAT	EFEC DATE	DEADLINE FOR LAST DISBURS	
1 AGRICULTURE (4)										
Kairouane PDAI Study	0.75	0	0.75	0	0%	30/09/04	30/09/04	30/09/04	31/12/05	Ongoing
Kasserine Integrated Development Programme	11.33	0	11.33	3.248	29%	11/8/2000	28/02/01	13/06/2001	31/12/06	Ongoing
Gabès Integrated Development Programme	11.53	0.00	11.53	3.917	34%	11/8/2000	28/02/01	13/06/2001	31/12/06	Ongoing
Gafsa Integrated Development Programme	11.95	0.00	11.95	4.30	36%	11/8/2000	28/02/01	13/06/2001	31/12/06	Ongoing
Sub-Total 1	35.56	0	35.56	11.465	32.93%					
2 INDUSTRY (1)										
Consolidation of the CPG	23.50	0	23.50	22.24	94.60%	14/12/98	15/12/99	12/4/2000	31/12/05	Ongoing
Sub-Total 2	23.50		23.50	22.24	94.60%					
3 TRANSPORT (4)										
Development of the Classified Road Network III	103.41	0	103.41	41.237	39.90%	21/11/01	28/05/02	31/08/2002	31/12/06	Ongoing
Development of the Classified Road Network IV	136.20	0	136.20	0	0%	24/11/04				Ongoing
Railway Modernisation	24.84	12.409	12.425	12.425	100%	09/06/1999	11/6/1999	23/09/99	31/12/05	Ongoing
Railway Modernisation II	61.61	0	61.61	0.334	0.54%	17/11/03	1/4/2004	1/4/2004	31/12/08	Ongoing
Sub-Total 3	326.06	12.409	313.651	53.996	17.21%					
4 PUBLIC UTILITIES (2)										
Rural Electrification Project (Electricity VI)	46.815	0	46.815	46.815	100%	9/6/1999	11/6/1999	31/12/99	31/12/05	Ongoing
Rehabilitation of the Power Supply Network	61.20	0	61.20	4.90	8.01%	7/12/2003	20/09/04	21/02/05	31/12/08	Ongoing
Sub-Total 4	108.015	0	108.015	51.715	47.88%					
5 FINANCE (5)										
4th Line of Credit to BTEI	34.169	0	34.169	18.725	54.80%	20/12/02	31/12/2002	1/7/2003	30/04/07	Ongoing
4 th Line of Credit to BTKD	34.169	0	34.169	17.392	50.90%	13/12/00	2/3/2001	1/8/2001	21/12/05	Ongoing
4 th Line of Credit to BNA	113.404	0	113.404	67.563	59.58%	28/06/01	15/01/02	6/5/2002	31/12/05	Ongoing
Line of Credit to BH	24.345	0	23.345	22.466	92.28%	28/02/02	14/03/02	27/08/02	21/12/06	Ongoing
2 nd Line of Credit to BH	68.339	0	68.339	39.725	58.13%	21/07/03	15/09/03	30/09/03	31/12/05	Ongoing
Sub-Total 5	274.426	0	274.426	165.871	60.44%					
6 SOCIAL (1)										
Secondary Education Support Programme PAESI	31.30	0	31.30	25.70	82.09%	16/09/98	13/10/98	29/03/99	31/12/05	Ongoing
Sub-Total 6	31.30	0	31.30	25.70	82.09%					
GRAND TOTAL	798.861	12.409	786.452	388.064	49.34%					

SUMMARY PERFORMANCE EVALUATION BY SECTOR AND BY PROJECT

<i>SECTOR/PROJECT</i>	<i>Loan Conditions</i>	<i>Procurement of Goods and Services</i>	<i>Financial Performance</i>	<i>Activities and Output</i>	<i>Impact on Development</i>	<i>Overall Evaluation</i>
AGRICULTURE	2.5	2.5	2.7	2.5	2.6	2.6
1. Kasserine PDAI	2.5	2.5	2.66	2.5	2.7	2.6
2. PDAI of Gabès	2.5	2.5	2.66	2.5	2.3	2.5
3. Gafsa PDAI	2.5	2.5	2.66	2.5	2.7	2.6
INDUSTRY	2.5	2.0	2.8	2.3	3.0	2.5
4. Consolidation of CPG	2.5	2.0	2.75	2.33	3.0	2.52
TRANSPORT	2.0	1.8	2.2	1.7	2.5	2.0
5. Development of Classified Road Network III	3.0	2.0	3.0	2.0	3.0	2.6
6. Development of Classified Road Network IV	1.0	N.A	N.A	N.A	3.0	2.0
7. Railway Modernisation	2.0	1.5	1.7	1.0	2.0	1.64
8. Railway Modernisation II	2.0	2.0	2.0	2.0	2.0	2.0
PUBLIC UTILITIES	2.8	3.0	2.8	2.3	2.3	2.6
9. Rural Electrification Project (Electricity VI)	3.0	3.0	2.75	2.66	2.5	2.78
10. Rehabilitation of Power Supply Network	2.66	3.0	2.75	2.0	2.0	2.48
FINANCE	2.5	3.0	2.8	2.3	2.8	2.7
11. 4 th Line of Credit to BTEI	1.66	3.0	3.0	2.0	3.0	2.53
12. 4 th Line of Credit to BTKD	3.0	3.0	2.66	2.0	2.0	2.53
13. 4 th Line of Credit to BNA	2.5	3.0	2.66	2.66	3.0	2.76
14. Line of Credit to BH	3.0	N.A	2.8	2.0	3.0	2.7
15. 2 nd Line of Credit to BH	2.33	N.A	3.0	3.0	3.0	2.83
SOCIAL	2.3	2.5	2.6	2.8	3.0	2.6
16. Secondary Education Support Programme	2.33	2.5	2.6	2.8	3.0	2.64
OVERALL AVERAGE	2.52	2.46	2.68	2.32	2.68	2.53

KASSERINE IADP

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	2
Compliance with other Conditions	N.A
B. Procurement of Goods and Services	
Procurement of Consultancy Services	3
Procurement of Goods and Works	2
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	2
Cost Management	
Co-financiers' Performance	
D. Activities and Output	
Compliance with Implementation Schedule	2
Performance of Assistants or Technical Assistants	2
Performance of Contractors	3
Performance of Project Management	3
E. Impact on Development	
Likelihood of Attainment of Project Objectives	3
Likelihood of Sustaining Benefits beyond the Project Investment Phase	2
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	3
F. Overall Evaluation	
Currently	2.6
Trends over Time	3
Legend: 3= Highly satisfactory. 2= Satisfactory, occasional problems 1= Unsatisfactory, Bank should monitor closely 0= Highly unsatisfactory, serious problems	

GABES IADP

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	2
Compliance with other Conditions	N.A
B. Procurement of Goods and Services	
Procurement of Consultancy Services	3
Procurement of Goods and Works	2
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	2
Cost Management	
Co-financiers' Performance	
D. Activities and Output	
Compliance with Implementation Schedule	2
Performance of Assistants or Technical Assistants	2
Performance of Contractors	3
Performance of Project Management	3
E. Impact on Development	
Likelihood of Attainment of Project Objectives	2
Likelihood of Sustaining Benefits beyond the Project Investment Phase	2
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	3
F. Overall Evaluation	
Currently	2.5
Trends over Time	3
Legend: 3= Highly satisfactory. 2= Satisfactory, occasional problems 1= Unsatisfactory, Bank should monitor closely 0= Highly unsatisfactory, serious problems	

GAFSA IADP

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	2
Compliance with other Conditions	NA
B. Procurement of Goods and Services	
Procurement of Consultancy Services	3
Procurement of Goods and Works	2
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	2
Cost Management	
Co-financiers' Performance	
D. Activities and Output	
Compliance with Implementation Schedule	2
Performance of Assistants or Technical Assistants	2
Performance of Contractors	3
Performance of Project Management	3
E. Impact on Development	
Likelihood of Attainment of Project Objectives	3
Likelihood of Sustaining Benefits beyond the Project Investment Phase	2
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	3
F. Overall Evaluation	
Currently	2.6
Trends over Time	3
Legend:	
3=	Highly satisfactory.
2=	Satisfactory, occasional problems
1=	Unsatisfactory, Bank should monitor closely
0=	Highly unsatisfactory, serious problems

CONSOLIDATION OF CPG

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	2
Compliance with General Conditions	3
Compliance with other Conditions	
B. Procurement of Goods and Services	
Procurement of Consultancy Services	N/A
Procurement of Goods and Works	2
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	3
Cost Management	2
Co-financiers' Performance	
D. Activities and Output	
Compliance with Implementation Schedule	1
Performance of Assistants or Technical Assistants	N/A
Performance of Contractors	3
Performance of Project Management	3
E. Impact on Development	
Likelihood of Attainment of Project Objectives	3
Likelihood of Sustaining Benefits beyond the Project Investment Phase	3
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	3
F. Overall Evaluation	
Currently	2.52
Trends over Time	2.52
Legend:	
3=	Highly satisfactory.
2=	Satisfactory, occasional problems
1=	Unsatisfactory, Bank should monitor closely
0=	Highly unsatisfactory, serious problems

DEVELOPMENT OF CLASSIFIED ROAD NETWORK III

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	3
Compliance with other Conditions	3
B. Procurement of Goods and Services	
Procurement of Consultancy Services	2
Procurement of Goods and Works	2
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	3
Cost Management	
Co-financiers' Performance	
D. Activities and Output	
Compliance with Implementation Schedule	2
Performance of Assistants or Technical Assistants	2
Performance of Contractors	2
Performance of Project Management	2
E. Impact on Development	
Likelihood of Attainment of Project Objectives	3
Likelihood of Sustaining Benefits beyond the Project Investment Phase	3
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	
F. Overall Evaluation	
Currently	2.6
Trends over Time	3
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

DEVELOPMENT OF CLASSIFIED ROAD NETWORK IV

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions Compliance with Conditions Precedent to Loan Effectiveness Compliance with General Conditions Compliance with other Conditions	1 1
B Procurement of Goods and Services Procurement of Consultancy Services Procurement of Goods and Works	N.A
C. Financial Performance Availability of Foreign Exchange Availability of Local Currency Disbursement Flows Cost Management Co-financiers' Performance	N.A
D. Activities and Output Compliance with Implementation Schedule Performance of Assistants or Technical Assistants Performance of Contractors Performance of Project Management	N.A
E. Impact on Development Likelihood of Attainment of Project Objectives Likelihood of Sustaining Benefits beyond the Project Investment Phase Project Contribution to Institutional Capacity Building Expected Rate of Return	3
F. Overall Evaluation Currently Trends over Time	2 2.5
Legend: 3= Highly satisfactory. 2= Satisfactory, occasional problems 1= Unsatisfactory, Bank should monitor closely 0= Highly unsatisfactory, serious problems	

RAILWAY MODERNISATION

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	2
Compliance with other Conditions	1
B. Procurement of Goods and Services	
Procurement of Consultancy Services	2
Procurement of Goods and Works	1
C. Financial Performance	
Availability of Foreign Exchange	2
Availability of Local Currency	2
Disbursement Flows	1
Cost Management	
Co-financiers' Performance	
D. Activities and Output	
Compliance with Implementation Schedule	0
Performance of Assistants or Technical Assistants	
Performance of Contractors	2
Performance of Project Management	
E. Impact on Development	
Likelihood of Attainment of Project Objectives	2
Likelihood of Sustaining Benefits beyond the Project Investment Phase	2
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	
F. Overall Evaluation	
Currently	1.64
Trends over Time	2
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

RAILWAY MODERNISATION II

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	2
Compliance with General Conditions	2
Compliance with other Conditions	2
B. Procurement of Goods and Services	
Procurement of Consultancy Services	2
Procurement of Goods and Works	2
C. Financial Performance	
Availability of Foreign Exchange	2
Availability of Local Currency	2
Disbursement Flows	2
Cost Management	
Co-financiers' Performance	
D. Activities and Output	
Compliance with Implementation Schedule	2
Performance of Assistants or Technical Assistants	2
Performance of Contractors	2
Performance of Project Management	2
E. Impact on Development	
Likelihood of Attainment of Project Objectives	2
Likelihood of Sustaining Benefits beyond the Project Investment Phase	2
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	2
F. Overall Evaluation	
Currently	2
Trends over Time	2.5
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

RURAL ELECTRIFICATION PROJECT (ELECTRICITY VI)

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	3
Compliance with other Conditions	3
B. Procurement of Goods and Services	
Procurement of Consultancy Services	N.A.
Procurement of Goods and Works	3
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	2
Cost Management	3
Co-financiers' Performance	N.A.
D. Activities and Output	
Compliance with Implementation Schedule	2
Performance of Assistants or Technical Assistants	N.A.
Performance of Contractors	3
Performance of Project Management	3
E. Impact on Development	
Likelihood of Attainment of Project Objectives	3
Likelihood of Sustaining Benefits beyond the Project Investment Phase	3
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	2
	2
F. Overall Evaluation	
Currently	2,78
Trends over Time	3
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

REHABILITATION OF POWER SUPPLY NETWORK PROJECT
(ELECTRICITY VII)

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	2
Compliance with other Conditions	3
B. Procurement of Goods and Services	
Procurement of Consultancy Services	N.A.
Procurement of Goods and Works	3
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	3
Cost Management	2
Co-financiers' Performance	N.A.
D. Activities and Output	
Compliance with Implementation Schedule	2
Performance of Assistants or Technical Assistants	N.A.
Performance of Contractors	2
Performance of Project Management	2
E. Impact on Development	
Likelihood of Attainment of Project Objectives	2
Likelihood of Sustaining Benefits beyond the Project Investment Phase	2
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	2
	2
F. Overall Evaluation	
Currently	2.48
Trends over Time	3
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

FOURTH LINE OF CREDIT TO BTEI

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	1
Compliance with General Conditions	2
Compliance with other Conditions	2
B. Procurement of Goods and Services	
Procurement of Consultancy Services	N/A
Procurement of Goods and Works	3
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	3
Cost Management	NA
Co-financiers' Performance	NA
D. Activities and Output	
Compliance with Implementation Schedule	NA
Performance of Assistants or Technical Assistants	NA
Performance of Contractors	NA
Performance of Project Management	2
E. Impact on Development	
Likelihood of Attainment of Project Objectives	3
Likelihood of Sustaining Benefits beyond the Project Investment Phase	
Project Contribution to Institutional Capacity Building	3
Expected Rate of Return	3
	NA
F. Overall Evaluation	
Currently	2.53
Trends over Time	3.0
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

FOURTH LINE OF CREDIT TO BTKD

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	3
Compliance with other Conditions	3
B. Procurement of Goods and Services	
Procurement of Consultancy Services	N/A
Procurement of Goods and Works	3
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	2
Cost Management	NA
Co-financiers' Performance	NA
D. Activities and Output	
Compliance with Implementation Schedule	NA
Performance of Assistants or Technical Assistants	NA
Performance of Contractors	NA
Performance of Project Management	2
E. Impact on Development	
Likelihood of Attainment of Project Objectives	2
Likelihood of Sustaining Benefits beyond the Project Investment Phase	
Project Contribution to Institutional Capacity Building	2
Expected Rate of Return	2
	NA
F. Overall Evaluation	
Currently	2.53
Trends over Time	3.0
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

FOURTH LINE OF CREDIT TO BNA

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	2
Compliance with other Conditions	
B. Procurement of Goods and Services	
Procurement of Consultancy Services	3
Procurement of Goods and Works	3
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	2
Cost Management	
Co-financiers' Performance	
D. Activities and Output	
Compliance with Implementation Schedule	2
Performance of Assistants or Technical Assistants	
Performance of Contractors	3
Performance of Project Management	3
E. Impact on Development	
Likelihood of Attainment of Project Objectives	3
Likelihood of Sustaining Benefits beyond the Project Investment Phase	3
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	3
F. Overall Evaluation	
Currently	2.76
Trends over Time	3
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

LINE OF CREDIT TO BH

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	3
Compliance with other Conditions	3
B. Procurement of Goods and Services	
Procurement of Consultancy Services	N/A
Procurement of Goods and Works	N/A
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	2
Cost Management	3
Co-financiers' Performance	3
D. Activities and Output	
Compliance with Implementation Schedule	2
Performance of Assistants or Technical Assistants	N/A
Performance of Contractors	N/A
Performance of Project Management	2
E. Impact on Development	
Likelihood of Attainment of Project Objectives	3
Likelihood of Sustaining Benefits beyond the Project Investment Phase	3
Project Contribution to Institution Capacity Building	
Expected Rate of Return	3
	N/A
F. Overall Evaluation	
Currently	2,7
Trends over Time	3,0
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

SECOND LINE OF CREDIT TO BH

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	3
Compliance with General Conditions	2
Compliance with other Conditions	2
B. Procurement of Goods and Services	
Procurement of Consultancy Services	N/A
Procurement of Goods and Works	N/A
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	3
Cost Management	3
Co-financiers' Performance	3
D. Activities and Output	
Compliance with Implementation Schedule	3
Performance of Assistants or Technical Assistants	N/A
Performance of Contractors	N/A
Performance of Project Management	3
E. Impact on Development	
Likelihood of Attainment of Project Objectives	3
Likelihood of Sustaining Benefits beyond the Project Investment Phase	3
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	3
	N/A
F. Overall Evaluation	
Currently	2.83
Trends over Time	2.83
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

SECONDARY EDUCATION SUPPORT PROGRAMME (PAES)

PROJECT PERFORMANCE CRITERIA	
Indicators	Rating
A. Loan Conditions	
Compliance with Conditions Precedent to Loan Effectiveness	2
Compliance with General Conditions	3
Compliance with other Conditions	2
B. Procurement of Goods and Services	
Procurement of Consultancy Services	3
Procurement of Goods and Works	2
C. Financial Performance	
Availability of Foreign Exchange	3
Availability of Local Currency	3
Disbursement Flows	2
Cost Management	
Co-financiers' Performance	
D. Activities and Output	
Compliance with Implementation Schedule	2
Performance of Assistants or Technical Assistants	3
Performance of Contractors	3
Performance of Project Management	3
E. Impact on Development	
Likelihood of Attainment of Project Objectives	3
Likelihood of Sustaining Benefits beyond the Project Investment Phase	3
Project Contribution to Institutional Capacity Building	
Expected Rate of Return	3
F. Overall Evaluation	
Currently	2.64
Trends over Time	2.64
Legend:	
3= Highly satisfactory.	
2= Satisfactory, occasional problems	
1= Unsatisfactory, Bank should monitor closely	
0= Highly unsatisfactory, serious problems	

PERFORMANCE INDICATORS

INDICATORS	31/07/2002	30/06/2005
Overall Portfolio		
Number of projects	83	90
Net commitments (UA million)	2,621.88	3,088.98
Disbursements (UA million)	1,924.24	2,478.72
Rate of disbursement	74.42%	80.24%
Number of problem projects	0	1*
Ongoing Projects		
Number of active projects	21	16
Net Commitments (UA million)	910.05	786.45
Rate of disbursement	40.83%	49.39%
Average age of projects	3 years	3.6 years
Performance rating	2.41	2.53

* measures have been taken and the project has been finalised

TUNISIE: MATRIX OF ACTIONS TO IMPROVE THE PORTFOLIO PERFORMANCE

	Problems encountered	Actions taken	Actions outstanding	Indicator	Date
<u>Generic Problems</u>					
	MDCI's difficulty in effectively coordinating schedule of missions	Strengthening of communication with MDCI	MDCI should systematically receive copies of all letters to the executing agencies	MDCI is informed about all missions in Tunisia	July 2005
	Delays in project implementation	Strengthening of communication with executing agencies	- Workshops to train new agencies in Bank rules of procedure; - Preparation of a manual of administrative, accounting and financial procedures for more complex projects	A number of workshops/training sessions organised A number of manuals prepared	2006 2006
<u>Specific Problems</u>					
PAES	Maintenance of buildings	Sensitisation of authorities	Ensure that the Government has taken measures for the maintenance of the buildings constructed	Measures taken	2006
IADP (Gafsa, Gabès and Kasserine)	Difficulty with the implementation of the participatory approach		Strengthening of staff numbers and multidisciplinary nature of supervision teams	Composition of supervision missions	2006

TUNISIA: MATRIX OF COMMON ISSUES

ISSUES	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Non-compliance with procurement procedures					X		X									
Status reports not submitted										X						
Delay in the forwarding of audit reports											X					
Problems with management of participatory approach	X	X	X													
Low capacity of executing agency							X									
Delay in physical implementation						X	X									
Delay in effectiveness						X										

1 : Gabes IADP; **2** : Gafsa IADP; **3** : Kasserine IADP; **4** : Consolidation of CPG; **5** : Development of Classified Road Network III; **6** : Development of Classified Road Network IV; **7** : Railway Modernisation; **8** : Railway Modernisation II; **9** : Electricity VI; **10** : Rehabilitation of Power Distribution Network; **11** : Fourth Line of Credit to BTEI; **12** : Fourth Line of Credit to BTKD; **13** : Fourth Line of Credit to BNA; **14** : Line of credit to Banque de l'Habitat; **15** : Line of credit to Banque de l'Habitat II; **16** : Sec. Education Support;

TUNISIA: MATRI X OF CROSS-CUTTING ISSUES COVERED BY THE PORTFOLIO

ISSUES	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Environment	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Gender	X	X	X		X	X	X	X	X	X						X
Poverty reduction	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X	X
Population																
Regional Integration																
Participatory Approach	X	X	X													
Social issues	X	X	X													
Micro-credit																

1 : Gabes IADP; 2 : Gafsa IADP; 3 : Kasserine IADP; 4 : Consolidation of CPG; 5 : Development of Classified Road Network III; 6 : Development of Classified Road Network IV; 7 : Railway Modernisation; 8 : Railway Modernisation II; 9 : Electricity VI; 10 : Rehabilitation of Power Distribution Network; 11 : Fourth Line of Credit to BTEI; 12 : Fourth Line of Credit to BTKD; 13 : Fourth Line of Credit to BNA; 14 : Line of credit to Banque de l'Habitat; 15 : Line of credit to Banque de l'Habitat II; 16 : Sec. Education Support;