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An IDEV **Country Strategy Evaluation**

Tunisia:

Evaluation of the Bank's Country Strategy and Program 2004–2015

Summary Report

AFRICAN DEVELOPMENT BANK GROUP

September 2016

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ACKNOWLEDGEMENTS

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Tunisia: Evaluation of the Bank's Country Strategy and Program 2004–2015 – Summary Report
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Abbreviations and Acronyms

AFD	French Development Agency
AfDB	African Development Bank
ANETI	National Employment and Self-Employment Agency
AWF	African Water Facility
BCT	Central Bank of Tunisia
BFPME	Banque de Financement des Petites et Moyennes Entreprises (Bank for Financing Small and Medium-Sized Enterprises)
BTND	Billion Tunisian Dinars
BTS	Banque Tunisienne de Solidarité
CODE	AfDB Committee on Operations and Development Effectiveness
CPG	Gafsa Phosphate Company
CPIA	Country Policy and Institutional Assessment
CPPR	Country Portfolio Performance Review
CRDA	Regional Agricultural Development Commission
CSP	Country Strategy Paper
CTF	Clean Technology Fund
DGRE	General Directorate of Water Resources
DWS	Drinking Water Supply
EIB	European Investment Bank
ESMP	Environmental and Social Management Plan
ETAP	Entreprise Tunisienne d'Activités Pétrolières (Tunisian National Oil Company)
EU	European Union
FSAP	Financial Sector Assessment Programme
GDA	Agricultural Development Group
GDP	Gross Domestic Product
GEF	Global Environment Facility
i-CSP	Interim Country Strategy Paper
IMF	International Monetary Fund
INS	National Institute of Statistics
ITCEQ	Tunisian Institute of Competitiveness and Quantitative Studies
KfW	German Development Bank
MBO	Management by Objectives
MCC	Millennium Challenge Corporation
MDG	Millennium Development Goals
MDICI	Ministry of Development, Investment and International Cooperation
MTEF	Medium-term Expenditure Framework

OECD	Organization for Economic Co-operation and Development
PAC	Competitiveness Support Programme
PAES	Secondary Education Support Programme
PAGDI	Governance and Inclusive Development Support Programme
PARDI	Economic Recovery and Inclusive Development Support Programme
PDAI	Integrated Agricultural Development Projects
PEFA	Public Expenditure and Financial Accountability Assessment
PISA	Programme for International Student Assessment
PISEAU	Water Sector Investment Project
PNAFN	National Programme to Assist Needy Families
PPP	Public Private Partnership
RBM	Results-Based Management
SAP	Structural Adjustment Programme
SCEB	Second Cycle of Basic Education
SONEDE	Société Nationale d'Exploitation et de Distribution des Eaux (National Water Distribution Utility)
TA	Technical Assistance
TFP	Technical and Financial Partner
TIMSS	Trends in International Mathematics and Science Study
UA	Unit of Account
US	United States
WB	World Bank

Executive Summary

This evaluation aims to: (i) provide an independent evaluation of the Bank's development results in Tunisia over the 2004–2015 period; (ii) review the causes and factors of success and failure in terms of development results; and (iii) make recommendations for possible improvements. These recommendations will contribute to the preparation of the Bank's future Country Strategy Paper (CSP) for Tunisia.

Bank's Intervention Framework and Portfolio

The Bank's cooperation with Tunisia evolved over the 2004–2015 period in line with the country's priorities in the different plans. Before 2011, this assistance was provided under the 2002–2004 CSP, extended to 2006, and the 2007–2011 CSP. In the aftermath of the Revolution, and in the absence of a consensual development strategy for the country, the Bank developed two successive interim strategies (2012–2013 i-CSP and 2014–2015 i-CSP) to provide a framework for its operations in Tunisia.

The Bank intervened in 9 sectors, with special emphasis on transport infrastructure and governance. Between 2004 and 2015, the Bank financed 58 projects in Tunisia representing a total amount of about UA 2.38 billion (i.e. about USD 3.4 billion) and is one of Tunisia's main donors. AfDB provided support to the country's development in strategic sectors such as transport and energy infrastructure as well as technical assistance and analytical work in the areas of social protection, health and youth employability.

In the wake of the 'Arab Spring' in 2011, the Bank's commitment in the form of two successive budget support operations then obliged it to focus on non-lending activities. The Bank's operations accelerated and peaked in 2011 with the two successive budget support operations totalling one billion US dollars. This contribution exhausted the Bank's commitment capacity, as a result of which it refocused by prioritizing non-lending activities (technical assistance, advisory support and economic and sector work) in 2012–2013. However, commitments in favour of investment projects resumed in 2014.

How has the Bank Managed its Interventions?

The design quality of the Bank's strategies in Tunisia over the period under review improved over time due to the deepening of consultations and intensification of analytical work, especially in the post-2011 period when the analysis of regional disparities and employment issues was scaled up. Over the 2004–2011 period, the Bank aligned its strategies to Tunisia's clear development strategies. The design of results frameworks was strengthened over time but remained confined to outputs. After 2011, preparation of the Bank's strategies in Tunisia was enriched by the deepening of stakeholder consultations and increased use of analytical work on regional disparities and youth employment. Unlike the two previous strategies, the two interim strategies focused on two pillars with special emphasis on issues pertaining to regional disparities and jobs. The socio-political risks of post-Revolution programmes were analysed and mitigation measures identified. However, the degree to which the situation had deteriorated was not adequately assessed nor taken into account. (See "Quality of Country Strategies and Selectivity").

The Bank's approach in terms of partnership evolved in the pre and post-revolution periods. Before 2011, policy dialogue was mainly carried out within the traditional framework of consultations for the preparation of Country Strategy Papers (CSPs). Following 2011, the Bank adapted to the new Tunisian context by establishing a broad-based

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consultation process involving different actors, to provide advisory-support to the new political decision-makers. The Bank also seized the opportunity provided by the 2011 context to reinforce its dialogue with civil society. However, dialogue with the private sector remains weak.

While very few analytical studies were conducted and listed in the CSPs prior to 2011, the Bank stepped up its activities in that area following the revolution. Despite this strong momentum regarding the production of analytical work, greater selectivity and more effective strategic alignment are required. (See "Knowledge and Guidance on Policy Formulation")

Before 2011, coordination with other donors and the leverage effect were not the Bank's main concerns in its interventions. The Bank opted for co-financing with a limited number of donors in Tunisia but had a different approach to partnership in governance and agricultural. However, the scarcity of joint financing in the infrastructure sectors impeded the development of synergy and complementarity among donors. Since the Revolution, the Bank has been fully involved in the Deauville Partnership which led, among others, to the establishment of Trust Funds. (See "Partnership and Leverage")

Contribution to Development Results

According to the four evaluation criteria of relevance, effectiveness, efficiency and sustainability, the Bank's development results were as follows: (see diagram below).

Relevance: Satisfactory	Effectiveness: Moderately satisfactory
Efficiency: Moderately satisfactory	Sustainability: Moderately unsatisfactory

Relevance

Overall, relevance is deemed satisfactory. From both a strategic and operational standpoint, the Bank satisfactorily aligned its different interventions to meet Tunisia's development needs while appropriately combining the instruments offered by the public and private sector windows in the different economic sectors. Prior to 2011, the Bank's different strategies met the macroeconomic expectations and priorities of Tunisia's different economic development plans. Following 2011, in the absence of a country development strategy, the 2012–2013 i-CSP and 2014–2015 i-CSP extended to 2016, guided the Bank's interventions in Tunisia. The relevance of all the projects and programmes financed by the African Development Bank (AfDB) in Tunisia over the 2004–2015 period is assessed as satisfactory in relation to the country's needs and priorities. The needs of beneficiaries were more effectively taken into account after 2011. Similarly, the selection of conditionalities, some of which were linked to pressing social measures, was aligned with the challenges facing the country in the post-Revolution period. (See "Relevance")

The relevance of project design varies according to the sector and period (pre and post-revolution). Infrastructure sector projects (approved before 2011) were based on technical and economic feasibility studies, and implementation responsibility was clearly defined. The executing agency was designated and performance indicators established from the outset. In the area of governance, post-revolution programme design was clearly focused on outputs and did not adequately take implementation capacity into account. (See "Relevance")

Effectiveness

Effectiveness of the Bank's operations in Tunisia is rated as moderately satisfactorily. Over 85% of the projects reviewed were deemed moderately satisfactory or higher in terms of achievement of outputs and outcomes. A more detailed overview reveals that the achievement of results is mixed and varies by sector and period (pre and post-revolution). (See "Effectiveness")

The Bank's contribution to infrastructure development in support of productive sector growth (pre-2011 interventions) is tangible. In the agricultural sector, the objectives were achieved overall, often with implementation rates of 100%. In the water and sanitation sector, the objective of achieving a rural drinking water access rate of 98% in 2020 currently stands at 94.1% (51.3% achieved by Société Nationale d'Exploitation et de Distribution des Eaux (SONEDE, National Water Distribution Utility) and 42.8% by the Ministry of Agriculture). In the road transport sector, Bank support to the classified networks (Road Projects IV, V and VI) did not significantly alter the network's length between 2001 and 2014 (from 19,117 to 19,455 km), but contributed, in particular, to quality improvements and a reduction in the number of accidents. Paved roads represented 79% of the classified network's total length in 2014, while this percentage was 66% in 2001, i.e. a total length of 2,484 km of paved roads over the period (2001–2014). The impacts of these investments are reflected in increased traffic, lower vehicle operating costs and a reduction in the number of road accidents. Average daily traffic throughout the paved network rose from 4,539 to 6,992 vehicles for all motor vehicle traffic, representing a 54% increase. The number of accidents resulting in bodily injuries fell from 12,127 in 2002 with 1,585 fatalities and 16,416 injured people to 9,351 accidents in 2012 with 1,583 fatalities and 14,144 injured people.

In the air transport sector, the country's socio-political situation prevented the achievement of the expected results of the Enfidha Airport Project. Although the project has provided the country with a fine airport facility at Enfidha and upgraded Monastir Airport, the expected development results were not achieved due to the crisis in the tourism sector since the Revolution.

In the **energy sector,** the specific objectives of the network rehabilitation projects were to: 1) safeguard consumers' power supply; 2) reduce losses; and 3) improve the conditions of employees of Société Tunisienne d'Électricité et de Gaz (Tunisian Electricity and Gas Company, STEG) and third parties. While the evaluation noted an improvement in the quality of service delivery, in particular concerning power outage durations (less than half of the baseline indicator) and undistributed power, the number of occupational accidents among STEG employees increased significantly (almost 70%).

The two projects supported by the Bank in the energy sector from the private sector window contributed to the energy mix and to public revenue. Revenue from the Hasdrubal Gas Field Development Project far exceeded the project appraisal estimates. In 2013–2014, the Hasdrubal concession contributed 35% to 45% of the net income of Entreprise Tunisienne d'Activités Pétrolières – ETAP (Tunisian National Oil Company), which has 23 concessions. In 2014, the Hasdrubal field produced 2.9 million Nm3/day of gas, 10,000 bl/day of liquid hydrocarbons, 615 Nm3/day of propane and 315 Nm3/day of butane (ETAP activity reports) which contributes to attaining the country's energy autonomy objective.

Before 2011, significant improvements had been made in the areas of governance, improvement of the macroeconomic framework and competitiveness. The macroeconomic framework had remained stable for at least two decades due to a prudent macroeconomic policy. Progress had been made in enhancing the transparency of public procurement procedures and accountability. Similarly, the financial sector reform programmes had reduced the number of non-performing loans (NPL, as a % of total debt) in the Bank's portfolios from 23.7% in 2004 to 17.3% in 2007. As regards competitiveness and the business climate, significant results had been achieved through the Competitiveness Support Programme (PAC) and the Institutional Support Programme (PAI). This allowed Tunisia to remain slightly ahead of its neighbouring countries.

After 2011, despite some progress in certain areas of governance, the country's socio-political context and weak institutional capacity called into question the sustainability of the results achieved concerning the country's macroeconomic framework and competitiveness. Tunisia was ranked 8th out of 52 countries according to the 2015 Ibrahim Index of

African Governance with steadily improving scores, especially relating to the rule of law and accountability. The September 2015 Open Budget Survey shows that Tunisia also made considerable strides in terms of fiscal transparency compared to the previous survey in 2012. Its score virtually quadrupled from 11/100 to 42/100. However, the macroeconomic framework deteriorated. Public debt rose from 32% in 2010 to 49.4% of GDP in 2014 while the fiscal deficit, which had been contained (0.9% of GDP in 2010), also deepened after 2011, reaching 4.7% of GDP in 2014 far short of the 3% objective retained in the CSP. This slippage was due to the combined effect of an increase in the wage bill and stagnation of the relative share of tax revenue as a result of the economic recession. Despite the measures taken to foster investment in the priority poor regions, the implementation of additional tax incentives and an increase of 35% in civil service staffing between 2010 and 2014, the objective of reducing unemployment to 11% was not achieved. While it was 13% in 2010, the unemployment rate averaged around 15.4% in 2015 (National Institute of Statistics – INS) and was higher among women (22.6%) and tertiary education graduates (31%).

Despite some progress made in terms of administrative reforms, it is necessary to simplify administrative procedures. Moreover, access to information remains difficult. Principles of transparency were applied for public access to information but the e-government portal is still barely operational.

In the areas of competitiveness and the business climate, the post-revolution period coincided with Tunisia's sharp swings in its World Economic Forum (WEF) Global Competitiveness Index (GCI) rankings from 87th position to 40th position between 2010 and 2014 then to 92nd position in 2015. This trend is confirmed by the Ease of Doing Business figures. A slowdown of microfinance sector reforms was also noted. These reforms had been initiated by the existence of draft texts since September 2010 and the establishment of a committee at the Ministry of Finance without any progress having been noted since then.

In the social sector, the Secondary Education Support Programme – Phase II (PAES II) helped to build the intake capacity of educational establishments and increase the enrolment rate from 75.4% in 2005 to 81% in 2014. However, the impacts on educational performance, while positive, did not meet expectations.

Inclusion and the reduction of disparities remain unfinished projects. While Tunisia appears to be one of the most egalitarian countries in North Africa with a Gini coefficient of 0.36 (most recent 2012 INS estimate), wide inter-regional disparities remain. Emergency transfers to local governments and the governorates of the interior, and resource mobilization mechanisms at municipal level were introduced. However, the objective of increasing the proportion of resources from local taxation was not achieved and there are clear inter-regional infrastructure gaps. For example, the index for the level of knowledge built by the authorities shows that the level of knowledge is 30 times higher in Tunis than in Kasserine, and the quality of health services is six times higher in Tunis than in Kairouan and 11 times higher than in Sidi Bouzid. Similarly, access to water and sanitation, roads and energy is sometimes difficult for people living in the interior regions. The post-revolution reform programmes attempted to correct these disparities by readjusting public expenditure in favour of disadvantaged areas (the AMAL Programme for employment). But these programmes are faced with a problem of targeting.

Also AfDB still has a long way to go towards achieving its objective of beginning the transition to green growth. The Bank's operations did not include any solar and wind energy projects for operating pumping stations for boreholes or electrification. In the road sub-sector, there was unpredicted, invasive pollution. In the energy sub-sector, fossil fuels were the main source of virtually all energy distributed by the transmission and distribution grids. Renewable energies (wind, water and solar) were insignificant.

Efficiency

Despite sound financial performance evaluated by the economic and financial rates of return, delays were noted in the implementation of most projects. Therefore, efficiency was deemed moderately satisfactory. Ex post cost/effectiveness and cost/benefit analyses could not be conducted for all projects. When ex post cost/benefit analyses were conducted, it was noted that the economic and financial rates of return were in general higher than the ex-ante rates when projects were implemented in accordance with the initial configuration. Time overruns were noted in the implementation of most projects post 2011. The same applied to technical assistance and studies where the average time overrun was about 23 months. Extensions were given by the Bank to finalize works. The delays observed concerned excessively long delays for the approval of works contracts and an over-restrictive regulatory framework governing expropriations and clearing of rights-of-way, disruptions caused by social unrest, sit-ins on sites by young job seekers, the refusal of some contractors to respond to contracts in the interior, expropriation difficulties and lastly, the disorganization of labour in executing agencies following the Revolution. (See "Efficiency")

Sustainability

Sustainability of the Bank's operations over the period under review is rated moderately unsatisfactory. Sustainability of the outcomes of reforms implemented by the authorities is likely to be compromised by the lack of ownership observed since 2011, while budget allocations are insufficient to ensure normal infrastructure maintenance. Ownership of reform programmes by the Tunisian Authorities has helped to maintain the results of the pre-2011 programmes. However, the social crisis in 2011 increased the risk to sustainability of outcomes and the two post-revolution budget support operations were considered to be moderately unsatisfactory. With regard to infrastructure, the non-existence of permanent resources (road maintenance fund, for example) for road maintenance, subjects network maintenance to budget constraints. The environmental aspect is well covered at the design and preparation levels but does not appear to have received sufficient attention during implementation. (See "Sustainability")

Factors of Success or Failure

The following factors have contributed to the success of the Bank's operations in Tunisia: 1) the continuity and rapidity of the Bank's responses to the new challenges facing the country; 2) the consistency of all Bank operations in terms of instruments, public and private sector window, and non-lending activities (technical assistance, advisory support, etc.); and 3) the Bank's contribution to policy dialogue by intensifying consultations with civil society and stakeholders in the context of the post-revolution reforms. (See "Synthesis: Has the Bank made a difference in Tunisia?")

The most constraining factor to success was the inadequate design of operations that underestimated the complexity of the political and social environment during the transitional period as well as the complexity of reforms. The budget support reforms were compatible with the Government's objectives but did not contain proposals for the medium-to-long-term strategic reforms necessary for development, which require much longer implementation periods. Institutional strengthening was somewhat neglected in favour of financing construction or infrastructure rehabilitation projects (10 investment projects and 2 sector studies). (See "Synthesis: Has the Bank made a difference in Tunisia?")

The Way Forward – Recommendations

- **Recommendation #1:** Engage in dialogue with the Government in order to initiate a large-scale reform process that will affect all aspects of the economic recovery within the framework of an integrated national plan.

- **Recommendation #2:** Improve mainstreaming of inclusion aspects in the Bank's strategies and operations through closer targeting of adequate measures aimed at ensuring sustainable outcomes. The Bank should continue to support the Government in its administrative regionalization and decentralization efforts, including mechanisms for the establishment of contractual relationships with the regions and regional communities in order to pursue its commitment to inclusive and equitable growth.

- **Recommendation #3:** Prepare and implement a capacity building programme for central government, executing agencies and the regional authorities.

- **Recommendation #4:** Support the Government in completing the reforms in the finance and insurance sectors in order to strengthen financial intermediation and inclusion in Tunisia.

- **Recommendation #5:** Conduct a comprehensive analysis of the Bank's experience in the agricultural sector in Tunisia (Integrated Agricultural Development Projects – PDAI, Water Sector Investment Project – PISEAU, etc.) and draw lessons from the Bank's experiences in other countries (for example, Nigeria and Morocco) with a view to exploring alternative approaches (for example, value chain approaches) in the context of AfDB's new 2016–2025 agricultural transformation strategy. ■

Management Response

Management welcomes with satisfaction the outcomes of the Independent Development Evaluation (IDEV), which focused on the Bank Group's assistance to Tunisia over the 2004–2014 period and its contribution to the country's development. Management agrees overall with the findings of this report. The report emphasizes the need to initiate dialogue with the Government to undertake a comprehensive economic reforms programme within the framework of an integrated plan. It also recommends better consideration of inclusion aspects in the Bank's strategies and operations through improved targeting and the quest for greater sustainability by supporting the Government in its objective of regionalisation and administrative decentralization. In addition, the report proposes the implementation of a capacity building programme for the central government, executing agencies and regional authorities, to support the Government to complete reforms in the finance and insurance sectors in order to strengthen intermediation and financial inclusion and, lastly, to conduct an in-depth analysis of the Bank's experience in the agricultural and water sectors. The various conclusions and recommendations will be taken into account in preparing the Bank's new assistance strategy for Tunisia for the 2017–2021 period and in the various ensuing operations.

Introduction

The evaluation of the Bank's assistance strategy in Tunisia concerns the 2004–2014 period. This period covers four Country Strategy Papers (CSP): 2002–2004 extended to 2006, 2007–2011 and two interim CSPs (2012–13 and 2014–15). The evaluation was conducted based on the criteria of relevance, effectiveness, efficiency, impact and sustainability. Its scope of analysis focused on the formulation of the CSPs, their implementation and consideration of sector and cross-cutting issues in light of the Bank's recommendations and strategic guidelines. Therefore, this retrospective evaluation helps to inform reflection on the Bank's positioning and on the choice of its interventions in Tunisia for the upcoming period.

From the onset of this document and to inform the findings of the evaluation undertaken by IDEV, Management would like to briefly recall the specific context of Tunisia, in particular in terms of political, economic and social changes which led to the January 2011 Revolution. This had direct consequences for Tunisia and was the starting point of a major geopolitical upheaval in North Africa but also in the entire Mediterranean basin and the Middle East.

Tunisia has long been considered as a reference in Africa for its model of economic and social development. This appreciation of the Tunisian model has helped Tunisia to evolve from the status of low-income countries (LIC) in the early 1960s to middle-income countries (MICs) with a current per capita income which rose from 230 dollars in 1961 to 4150 Dollars in 2012, at which point in time the per capita income began to fall as a result of stagnation and the economic crisis. This has been made possible in particular by a deliberate policy of public investment in physical and human capital. The country has an efficient infrastructure network and has invested heavily in education in order to support the skills needed for the development of its economy and its industry. After a self-reliant development phase, Tunisia has gradually opened outward from the late 1970s by focusing on foreign direct investment (FDI), exports and tourism. However, despite a real average growth rate of 5.3% recorded for the period 1961–2012, the Tunisian "economic miracle" is actually built on many inequalities. It was thus not in a position to create the conditions for full employment and absorb the flow of young graduates arriving each year on the labour market, creating an immense frustration for this category of population. The industrial strategy advocated by the state to attract

FDIs was based on a so-called strategy of low value-added workshop employing essentially low or unskilled labour particularly in the textile sector. This strategy has led to a declassification of skills. Some engineers had no other choice than accepting higher technical positions to survive. Some also have been obliged to accept employment in service activities which did not build on their formative years and degrees. The accumulation of economic and social inequalities and the deterioration of the living conditions combined with the rise of nepotism and corruption were the seeds of the dispute that led to the overthrow of the Ben Ali regime in January 2011.

If the Revolution in January 2011 has undoubtedly helped to conquer new spaces of freedom, it has not been able to improve the economic situation and solve the problem of chronic under-employment, which was one of the main demands of the Tunisian youth who took part in the revolution. To meet the social requirements but also the consequences of exogenous shocks arising from the 2008–2009 financial crisis and the debt crisis in the euro zone in 2010, governments that have succeeded since January 2011 have largely preferred short-term policies and have implemented an expansionary fiscal policy primarily based on the massive recruitment in the civil service and public enterprises and support for consumption, but these have not fundamentally shaken the foundations of the current economic model of Tunisia characterized by the overwhelming weight of the state in the economy.

The hope shared by the entire Tunisian population in the initial months after the 2011 revolution to see the principles of transparency, fairness, good governance and fight against corruption building the foundations for a new Tunisia in the management of public affairs, has, however, proven disappointing. Progress has been made in access to information and transparency in public affairs, reflecting greater freedom of expression since the 2011 Revolution. Special bodies have been set up to fight against corruption but they face many obstacles in exercising their mission. The rise of corruption since 2011 is a major challenge facing the government. They must also cope with the informalisation of the economy, as 50% of the economy would be in the hands of the informal sector and smuggling, which undermines the foundations of the rule of law and weakens Tunisia's public finances. According to the World Economic Forum (WEF), the four major constraints penalising the business climate, and therefore the economic recovery, comprise, in addition to the financial sector (i) the ineffectiveness of the administration, (ii) political instability and, (iii) Corruption. Transparency International (TI) ranks Tunisia 79th out of 175 countries on the Corruption Perceptions Index (CPI).

In this context, Management takes note of the success factors of the Bank's projects and programmes which relate to: (i) the Bank's continuing and speedy response to the country's new challenges; (ii) overall consistency between budget support programmes, productive investments and infrastructure, under public and private sector windows, and non-project support interventions (TA, advisory support and ESW); and (iii) the Bank's contribution to policy dialogue by intensifying consultations with civil society and stakeholders as part of the reforms initiated since 2011.

On the other side, the failure factors underlined by IDEV lie in the design of projects and programmes that has often not factored in the complex political and social environment during the transition period, nor the complexity of the reforms in relation to available capacity. Budget support programmes did not include proposals for medium and long-term strategic reforms necessary for development, which require implementation over a longer period. Institution building was somewhat neglected in favour of the financing of infrastructure construction or rehabilitation projects (ten investment projects and two sector work).

Regarding this specific point, Management considers IDEV's position on the poor quality of project and program design as vastly exaggerated and not a true reflection of the reality found in Project completion reports (PCR). This position would have benefited from the use of specific examples. With specific regard to the post revolution period, the Bank has tried to adapt to the new existing constraints (weak administration, problem of land holdings for road projects, excessive delays in procurement, etc…) to the best of its ability. Management's understanding is that IDEV's point of view is more relevant to non-lending activities than to lending activities. While it is true that all operations financed by the Bank are subject to strict quality control based on the analysis of existing criteria, activities funded by donors receive less attention from both the Tunisian authorities and the Bank. This has however been internalised by management in 2014. Quality control at entry and greater selectivity in the choice of technical assistance funded by donors have been substantially reinforced.

Nevertheless, IDEV findings and recommendations should have been differentiated by type of activity in general for greater clarity.

Regarding the financial commitment of the Bank alongside Tunisia during the period under review, Management wishes to partially contest the argument advanced in the report that links the reduction of the Bank's commitment capacity in Tunisia in 2013 and for part of 2014 with the fact that it provided two successive budget supports for an overall amount of a billion Dollars in 2011 and 2012. While it is true that budget support have an impact on headroom, as they are capital intensive, at least two other reasons may explain this capacity problem since 2012. The first reason is the rapid degradation of the sovereign rating of Tunisia and Egypt in 2011 that have significantly impacted the prudential ratios of the Bank. The second reason is the change in methodology at Standard and Poor's with a higher weighting of regional risk in determining sovereign ratings of countries.

Management notes with satisfaction IDEV's opinion on the quality of the design of strategies and its strengthening linked to the intensification of dialogue and analytical work that informed the preparation of two interim strategies 2012–2013 and 2014–2015, extended to 2016. It also endorses the need for greater selectivity and a better strategic alignment in the analytical work, including studies conducted as part of technical assistance.

Management also partly supports IDEV's position regarding the weakness of the dialogue with the private sector. It is important however to distinguish the period before and after 2011. Before the 2011 revolution, the Bank's relationship with stakeholders, including with the private sector, were very standardises. The main employers' organization – the Tunisian Union of Industry, Trade and Handicrafts (UTICA), who survived the Revolution, was linked to the state, like most large companies supporting the ruling party (RCD). Flexibility in terms of dialogue was therefore near zero. The 2011 Revolution changed the situation with the emergence of new organisations such as the Confederation of Tunisian citizens Enterprises (CONECT). The strategy of the Bank since 2011 was to be an interface of the dialogue between the state and private sector representatives in the context of regular events that the Bank held since 2011. This is particularly the case in the field of Public Private Partnerships (PPP), as the rise in PPPs is likely to limit state interventions in weak investment and could be the tool for Tunisia to overcome the current economic crisis, characterised by an increase in financing needs. However, the Bank will intensify its relations with the private sector operators in the framework of the implementation of the new CSP 2017–2021 by creating room for specific dialogue which could take the form of biannual or annual forums.

Concerning the key area of coordination with development partners and co-financing, Management partially shares the opinion of IDEV on the absence of synergy and leverage partnerships among technical and financial partners.

However, Management wishes to emphasize that the inadequate coordination among development partners results from the pre-2011 policy practised by the Tunisian authorities consisting in "compartmentalizing" donor action by sector, thus rendering dialogue among the partners difficult. These practices continued after the revolution in the Ministry of Development and International Cooperation (MDCI) in charge of coordinating development assistance. It is expected that these practices will be mitigated within the framework of implementation of the Strategic Development Plan (SDP) 2016–2020 and generalization of programme budgets as part of the new Organic State Budget Law planned for early 2017.

Since 2011, as part of preparation of its budget support operations, the Bank undertook to carry out broad consultations with key partners present on economic governance, in particular the IMF, the World Bank and European Union. These consultations involved the French Development Agency (AFD) which, as part of parallel financing, co-financed the first post-revolution budget support operation, and more recently Japanese Cooperation (JICA), which has expressed interest in co-financing, with the Bank, a budget support operation for regional development in 2017. At the same time, the Bank plays a catalytic role in the mobilisation of financing from the Africa Growing Together Fund (AGTF) in the area of infrastructure. Fourty-six million Euro were thus mobilized from AGTF in synergy with the 144 million deployed by the Bank to finance the Road Infrastructure Modernisation Programme (PMIR) approved by the Boards on 28 October 2015. In the case of AGTF, this co-financing is managed according to the rules and procedures of the Bank.

Relevance

Over the period under consideration, the relevance of the Bank's assistance to Tunisia is deemed satisfactory. Management particularly welcomes the observation made by IDEV relating to the quality of alignment of Bank interventions with Tunisia's development needs, and the appropriate use of public and private sector windows to this effect as well as consideration of the needs of beneficiaries.

Management partially agrees with the opinion expressed in the report relating to inadequate consideration of the administration's capacity in the design of budget support programmes in support of governance. It recognizes that a one-year duration of implementation is not enough to obtain significant results in the area of reforms. At the same time, it is important to specify that governance support programmes presuppose measures that often involve a change of regulatory instruments (laws, decrees, circulars, etc.). A quick look at the completion reports of governance support programmes may give a false impression of a juxtaposition of outputs without real outcomes. However, changing the legal and regulatory context is the basis of any governance support programme. Management also shares the opinion in the report that too many measures are likely to jeopardise the programme's impact, particularly in a context of fragility of the administration, a situation Tunisia has been experiencing since 2011.

As part of the next CSP 2017–2021, the Bank will primarily resort to policy-based budgetary support programmes complete with triggers over a period of between two and three years in order to obtain maximum medium-to-long-term outcomes.

Effectiveness

Over the period under consideration, the evaluation report deemed the effectiveness of the Bank's assistance moderately satisfactory. The most palpable results of the Bank's assistance to Tunisia are in the infrastructure sector (roads, energy, water) in support of the growth of productive sectors and less that of governance. Management welcomes IDEV's observation about the exemplary nature of the results achieved in the agricultural sector. It also welcomes the Bank's contribution in the water and sanitation sector, which should help to achieve the objective of a drinking water access rate of 98% in 2020. Management notes with satisfaction the improvements on the national road network having allowed for a 54% increase in daily average traffic, a decline in vehicle operating costs and a significant decline in road accidents by 23%. Regarding energy, Management also welcomes the fact that the Bank has contributed to the goal of Tunisia's energy independence in particular through the Hasdrubal Gas Project whose higher-than-expected earnings increased public revenue during the period under consideration. At the same time, Management notes the significant increase in work-related accidents among STEG employees, an issue that should be among the topics of dialogue for the CSP 2017–2021, to further secure the workers.

Under the 2017–2021 CSP, the Bank will continue to give priority to infrastructure development to support the competitiveness of the Tunisian economy and improve the living conditions of the population. Facilitating the movement of goods and persons as well as intra and inter-regional investment in infrastructure will in particular help to actualize the development of value chains in the agricultural and industrial sectors at the level of the regions.

Regarding the air transport sector, Management shares IDEV's opinion that the profitability of the Enfidha-Monastir Airport facilities has been significantly affected by the decline in tourist flows because of the deterioration of the security situation in Tunisia as from January 2011 as well as to the onset of the Libyan crisis. However, Management is of the opinion that under normal conditions, the project had all the guarantees in terms of viability and profitability.

Concerning governance, Management agrees with the analysis developed by IDEV pointing to a deteriorating trend in economic governance after 2011. Nevertheless, Management welcomes IDEV's positive observations relating to the merits of the projects developed by the Bank before 2011 in the area of governance, competitiveness and financial sector support.

In relation to the post-revolution context, Management wishes to stress the fact that a major political event such as the January 2011 Jasmine revolution inevitably brings about disruptions at the macroeconomic level. In the case of Tunisia, the management of macroeconomic balances became extremely complicated owing to an explosion in the social demand for more equality and equity in wealth distribution and access to employment. Successive governments have responded to these pressures by implementing a Keynesian-type economic recovery programme through public expenditure, based on domestic demand and, as a matter of priority, on public and private consumption against a backdrop of low global and European growth weakened by the Greek debt crisis.

The recognition, as early as 2012, by the authorities that Tunisia's economic difficulties resulted from situational and structural difficulties requiring major reforms led the authorities to seek support from the International Monetary Fund (IMF) under a first three-year (2013–2015) programme. In addition, the political economy of reform in Tunisia proved both complex and highly politically sensitive owing to the weight and influence of trade unions in the political scene, and the sway of various pressure groups from civil society and represented within the political parties in Parliament. Accordingly, in the context of political and economic transition that has characterized Tunisia since 2011, major reforms with a high political cost were either postponed or abandoned. However, progress has been recorded in the area of public finance management in terms of budgetary transparency, access to information, performance budgeting and improvement of the public procurement code.

Like other development partners present in Tunisia, the Bank decided to adopt a pragmatic approach to the problems encountered by the Tunisian economy since 2011 by promoting dialogue with the Tunisian authorities in areas where substantial progress could be achieved, while participating in the necessary annual coverage of the financing need without which Tunisia's budgetary situation would have been heavily jeopardised.

The Tunisian authorities have requested IMF support for a second four-year (2016–2019) programme. This programme is the reference framework for all development partners, including the Bank.

Regarding the education sector, Management welcomes with satisfaction IDEV's observation on the contribution of PAES II to the increase in the school enrolment rate in Tunisia from 2005 to 2014. It also agrees with the opinion expressed in the report relating to the decreasing academic performance in Tunisia. This situation is due to inadequate employment prospects for young graduates, as a result of which certificates have lost value; it is also attributable to a mismatch between the skills produced by the Tunisian educational system and those required by businesses. Lastly, school performance also suffers from many years of decline in the overall quality of education in Tunisia demonstrated, among other things, by the country's drop in the international PISA ranking.

Under the new CSP 2017–2021, the Bank will continue its commitment in the education and higher education sectors in order to improve the employability level of young graduates and unemployed youth through increased investment in vocational training.

In the area of social development, Management agrees with the conclusion of the report concerning the targeting of social programmes since 2011. However, it wishes to stress that the targeting of beneficiaries of social programmes is a recurring issue since January 2011 and goes beyond the single AMAL Programme. The share of social transfers in the budget has increased exponentially since 2011, in particular within the framework of the National Support Programme for Needy Families (PNAFN), and also in the so-called compensation programme which consisted in subsidizing the prices of energy and certain staples (tomato concentrate, semolina, oil, etc.) which on average accounts for 17% of the budget, an amount almost equivalent to the resources devoted to public investment each year. Under pressure from development partners, the authorities at the beginning of 2014 launched a broad survey designed to identify social assistance beneficiaries in order to set up a permanent file for effective targeting of the latter based on a unique identifier. However, the application of this fundamental reform to streamline social assistance and improve public finance is for the meantime blocked at the level of the authorities.

Lastly, concerning the issue of Green Growth in Tunisia, Management notes the weaknesses identified, particularly regarding green energy. Tunisia's current energy mix is primarily obtained from the combustion of fossil fuels, in particular gas. The development of renewable energies is still embryonic and/or at the planning stage, and is due in particular to trade union resistance within STEG with respect to the change in the production tool required and the resulting internal reorganization. A law on renewable energies was passed by Parliament in September 2014 and was immediately attacked by the unions, as the law provided for the possibility of production of solar or wind energy by private producers; the unions considered the provisions concerned as attempts to privatize electricity production in Tunisia.

The fact remains that one of the aspects of the 2016–2020 Strategic Development Plan (SDP) concerns the promotion of green growth, which should improve the Bank's capacity to increase, under the 2026–2021 CSP, its interventions in the development of renewable energies in Tunisia, but also to spearhead proposals toward enhancing the management of environmental issues in general, and pollution and sustainable waste treatment, in particular.

Efficiency

Over the period under consideration, the efficiency of the Bank's assistance to Tunisia is deemed moderately satisfactory. Management welcomes IDEV's finding on the economic and financial rates of return, which are higher than the ex-ante rates for the operations implemented by the Bank, when the latter comply with the initial configuration. This confirms the realism of the work performed by financial analysts during the preparatory phase, which is positive both for the country and for the Bank.

Concerning the delays in the implementation of the Bank's portfolio in Tunisia, Management emphasizes that it has since 2014 taken a number of measures to improve the performance of its interventions in the country. These include: i) Direct support to project implementation units in 2014 and 2015 from the resources of the Transition Fund, which provided technical support in procurement and financial management for each of the Bank's operations. This has improved the pace of project implementation. Recruitment delays at the level of technical assistance and studies were reduced from sixteen months in 2013 to eight months in 2015. In addition, the backlog of projects reported in the monthly report (Flashlight) dropped from 22 in January 2014 to 9 in June 2016: only three projects are identified as slow-disbursing; ii) Management has closed the completed operations and cancelled the available balances. It has also, in consultation with the Government, totally or partially cancelled financing for non-performing operations in order to streamline the portfolio. Accordingly, in April 2015, three project balances totalling approximately UA 400,000 were cancelled and notice of cancellation of more than UA 2 million was recently sent to the Government with the most recent in August 2016. These initiatives have freed resources to finance other Government priorities; iii) The organization of four training sessions, including three in the form of fiduciary clinics, have helped to improve the quality of the procurement and disbursement files submitted to the Bank by the projects; and iv) The monitoring of implementation of supervision mission recommendations, the systematic fielding of launch missions and strengthening of dialogue with the executing agencies and supervisory ministries have also helped to speed up the pace of project implementation. Furthermore, in the country dialogue context, ORNA has regularly raised the issue of the quality of project preparation with the government. For its part, the Bank strengthened the multidisciplinary teams responsible for the design and preparation of projects. Similarly, the role of the Country Teams has been strengthened which has led to better quality at entry.

It is also important to recall the efforts of executing agencies under sector ministries such as the ministries in charge of infrastructure, agriculture, education, etc., and/or public enterprises, such as STEG and SONEDE, which have experienced and skilled human resources, and been decisive in maintaining the effectiveness of the Bank's interventions in spite of a sometimes difficult context.

Sustainability

The Bank notes the evaluation report's finding regarding the sustainability of outcomes of the Bank's assistance considered moderately unsatisfactory. The report highlights the authorities' inadequate ownership of the reforms undertaken under budget support operations.

Management agrees with this opinion. Regarding reforms, Tunisia agrees with the need for reforms. There is reluctance to accept the acquired benefits of reforming the country's administration. In this regard, the administration and also some political leaders baulk at the reforms and continue to extol the merits of Tunisia's development model based on the State's omnipresence in the economy and which, as the 2011 Revolution showed, was flawed as it is a source of inequalities. It was also a handicap to the return to strong and job-creating growth.

Regarding the sustainability of infrastructure, Management shares IDEV's opinion on the medium-to-long-term danger of the lack of lasting and stable resources devoted to road transport infrastructure maintenance. On this point, the Bank has already initiated dialogue with the Tunisian authorities within the framework of PMIR and the project in 2017 will finance a feasibility study on the establishment of a road maintenance fund. The Bank will subject the approval of any new road project under the new CSP 2017–2021 to the establishment of this fund.

Management takes good note of IDEV's observation concerning non-respect of the environment by awardees of Bank-financed project contracts.

On this specific point, the Bank will in early 2017 commission a study to assess compliance with environmental standards by project service providers, and will implement actions to raise the awareness of project management units (PMUs). ■

<table>
<tr><th colspan="2">Inventory of Measures Taken by Management</th></tr>
<tr><td>Recommendation</td><td>Management Response</td></tr>
<tr><td colspan="2">Management takes good note of the lessons drawn from the IDEV evaluation. It shares the evaluation's recommendations. The lessons and recommendations of this evaluation will be taken into account in the formulation of the Bank's new assistance strategy for Tunisia (2017–2021) and the operations implemented within this framework.</td></tr>
<tr><td colspan="2">RECOMMENDATION 1: Engage dialogue with the Government to initiate a vast reforms process concerning all aspects of economic recovery within the framework of an integrated national plan.</td></tr>
<tr><td>The 2011 crisis in Tunisia highlighted the need for an in-depth reform of its socio-economic model. One of the lessons of this evaluation is that support to reforms in a context of political transition requires a learning period. In this framework, it is important to have a clear vision and a prioritization of major reforms whose implementation would require some flexibility.</td><td>Agreed. The Strategic Development Plan (SDP) for the 2016–2020 period, which will be published in the course of 2016, will constitute the country's overall reforms framework. It was prepared with broad regional consultations and will have the following thrusts: green growth, job creation and promotion of good governance principles, by making Tunisia a high value added industrial hub underpinning the structural transformation of the economy. It also includes an investment programme combining private resources and an important component of the State reforms, including the Investment Code and sector reforms, for instance relating to the education, vocational training and finance sectors.

Actions:
The Bank will continue its efforts to support the capacity building put in place as early as 2011 through technical assistance and strategic studies aimed at addressing the institutional weaknesses arising from the transition period. [ORNA, continued]
The new CSP 2017–2021 will be strictly aligned on the SDP and will include a strategic policy-based support operation. [ORNA, 2017]</td></tr>
<tr><td colspan="2">RECOMMENDATION 2: Improve the mainstreaming of inclusion aspects in both strategies and operations of the Bank by improving the targeting of adequate measures to ensure sustainable results.</td></tr>
<tr><td>The 2011 crisis highlighted social inequalities, regional disparities and unemployment especially of young people as the major problems that should guide public action. The evaluation revealed weaknesses in the targeting of beneficiaries of social programmes, while there has been no consensus between the ministries on the new key for budgetary reallocation in favour of disadvantaged regions.</td><td>Agreed. Following the 2011 Revolution and during the preparation of the two interim strategies 2012–2013 and 2014–2015, the Bank laid considerable emphasis on inclusion and the reduction of regional disparities at the economic and social levels. A specific filter was developed to prioritize the aspects relating to inclusion in projects and programmes proposed by the sector departments. In 2016, the Bank also prepared two budget support operations focused on aspects of Inclusion – the Financial Sector Modernization Support Programme (PAMSFI) and the Inclusive Regional Development Support Programme (PADRI).

Actions:
Under the next 2017–2021 CSP, the Bank will continue and intensify its targeting policy to strengthen the inclusive nature of its operations. [ORNA, 2017]
The new CSP will include a specific pillar entitled "Improvement of quality of life in priority regions" whose objective will be to continue the actions already undertaken by the Bank since 2011 towards the reduction of regional disparities and local development. Among others, the pillar will cover the upgrade of basic socio-economic infrastructure and the strengthening of devolved public services. It will also implement mechanisms to increase the population's income and foster growth at the local level through a rational exploitation of specific value chains in the regions to support the creation of jobs.</td></tr>
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<table>
<tr><td colspan="2">RECOMMENDATION 3: Prepare and implement a capacity-building programme for the central government, executing agencies and regional authorities.</td></tr>
<tr><td>The evaluation has highlighted the lack of a strategic planning framework, inadequate mainstreaming of capacity-building, as well as the problems of consistency between strategies and coordination of institutional structures. All these aspects affected the quality of Bank assistance throughout the post-revolution period.</td><td>Agreed. The formalization of SDP 2016–2020 expected in November 2016 will help to streamline the action of the authorities in the area of economic and social development, and fill the gap in terms of planning tool.
Through the MENA Fund resources, the Bank in June 2016 approved the implementation of an integrated capacity building programme for the Ministry of Development, Investment and International Cooperation (MDICI) in cooperation with OECD in the areas of SDP monitoring/evaluation and regional statistics.

Actions:

■ Under the second pillar of the new 2017–2021 CSP entitled "Improvement of living conditions in the priority regions", the Bank will finance a capacity building programme and the upgrade of devolved State services and local governments, as well as support Tunisia's "municipalisation" programme. [ORNA, OSHD, 2018]
■ Lastly, the Bank will continue its institutional support to executing agencies involved in the implementation of its projects within the framework of fiduciary clinics and targeted institution building operations. [ORNA, ORPF, continued]</td></tr>
<tr><td colspan="2">RECOMMENDATION 4: Support the Government towards completing reforms in the finance and insurance sectors in order to strengthen intermediation and financial inclusion in Tunisia.</td></tr>
<tr><td>With a view to private sector development, the Bank must continue its support to the deepening and development of the financial sector in Tunisia. Reforms in the insurance sector should also be continued to better leverage its potential for the mobilization of institutional and non-institutional savings.</td><td>Agreed. The Bank continues its support to the development of the Tunisian insurance sector. In May 2016, the Bank also awarded a grant to the Tunisian Government to finance the conduct of a study on the establishment of an insurance and micro-agricultural insurance mechanism.

Actions:

■ In 2016, the Bank will support the reform and modernisation of the financial sector in Tunisia in collaboration with the World Bank under the Inclusive Financial Sector Modernization Support Programme (PAMSFI). [ORNA, OFSD, 2016)]
■ Support to the financial sector reform, including that of the microfinance sector, will be continued under the CSP 2017–2021 which provides for the financing of a second phase of PAMSFI in 2018. [ORNA, OFSD, 2018]
■ The Bank will also mobilize resources to build the capacity of institutional actors in the financial sector. [OFSD, ORNA, continued]</td></tr>
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<tr><td colspan="2">RECOMMENDATION 5: Conduct an in-depth analysis of the Bank's experience in the agricultural sector (PDAI, PISEAU, etc.) and build on its experience in other countries to explore alternative approaches (e.g. commodity chain approaches) in light of the Bank's new 2016–2025 Strategy for Agricultural Transformation in Africa.</td></tr>
<tr><td>Although the Bank made a significant contribution to the agricultural sector through PDAI and PISEAU, support for GDA and SMSA has not been adequate whereas their actions are decisive in developing the agricultural production chain and its contribution to economic growth.

The issue of water resource management and water risk should be strategic a medium and long term issue.</td><td>Agreed. The Bank continues its support to the agricultural sector in Africa and will prepare its new operations in this sector in line with the Bank's new Strategy for Agricultural Transformation in Africa.

Actions:

■ A study is planned under an ongoing grant on the experience of Integrated Agricultural Development Projects (PDAI). This study will include a critical analysis of the design and implementation of these projects. It will draw lessons for future interventions in the agricultural sector. The consultant's recruitment process is ongoing and the study will start before the end of the year. [ORNA, 2016, continued]
■ In addition, PISEAU ends in December 2016. Its completion report will provide the opportunity to draw specific lessons in the area of water from the experience of this project. [ORNA, S2 2017]
■ Concerning new operations being identified, the Bank has opted for an approach based on the value chain and the development of commodity chains. This is the case with the Irrigation scheme development project (scheduled for 2017), which will, among other things, include a strong component to support Agricultural Development Groups (GDA) and mutual agricultural service companies of (SMSA). [OSAN, ORNA, 2017]
■ The Bank will be involved in the new CSP 2017–2021 on the issue of water resources management and balance between human and economic needs particularly in agriculture and industry, in particular through the mobilization of non-conventional water (treated waste water, desalination of sea water and abnormally salty groundwater, artificial groundwater recharge, etc.) knowing that more than 80% of conventional resources are mastered [OWAS, OSAN 2018].
■ The rural Drinking Water Supply (DWS) Program – Phase II (approved by the Board on September 6, 2016) provides support to agricultural development groups "GDA" in the context of the National Strategy for sustainable management and use of water in rural areas (for both DWS for irrigation water) [OWAS, ORNA, 2016].</td></tr>
</table>

Introduction

Evaluation Objectives and Scope

This report presents a summary of evaluation results of the Bank's assistance to Tunisia over the 2004–2015 period at the request of the Committee on Operations and Development Effectiveness (CODE). It aims to:(i) provide an independent evaluation of the Bank's development results; (ii) consider to what extent its operations have made a difference as well as the causes and factors of success and failure; and (iii) make recommendations for possible improvements that will contribute to the preparation of the Bank's future CSP for Tunisia.

The reference period for this evaluation, 2004 to 2015, covers the following three CSPs: 2002–2004 (extended to 2006), 2007–2011 and two interim CSPs from 2012–2013 and 2014–2015. The evaluation includes the entire range of instruments used by the Bank, namely project loans (public and private sector windows), non-lending activities such as technical assistance (TA) products, analytical work, policy dialogue and advisory-support services, aid coordination and harmonization, and application of the principles of global partnership to development.

Box 1: Areas Covered by the Evaluation

- Quality and selectivity
- Partnership and leverage effect
- Results-based management
- Knowledge and advisory support
- Efficiency

- Relevance
- Effective
- Sustainability
- Crosscutting issues

- Did the Bank make a difference?
- Lessons
- Recommendations

The evaluation examines two major issues:

- The manner in which the Bank managed its operations to maximize its performance.
- The contribution of the Bank's assistance to the achievement of Tunisia's development results.

These two issues will determine the Bank's value added and identify the lessons for the future (See Box 1).

Evaluation Issues and Methodological Approach

The evaluation of results is based on a theory of change constructed retrospectively describing the sequence of expected results through the Bank's strategies (see Annex A1-3). Evaluation issues were then defined covering the criteria of relevance, effectiveness, efficiency and sustainability while taking into consideration the cross-cutting issues of inclusion and transition to green growth. In order to address these issues, the triangulation of information from different sources was carried out. The evaluation of results was undertaken at three levels (project, sector/pillar and country).

The evaluation criteria and their scoring scale are presented in detail in a Methodology Note presented as Annex A1-3. This Summary Report is based on 13 Performance Results Assessments (PRAs) for completed projects and 4 sector reports prepared following a document review (project documents, development strategies, the Bank's analytical documents, etc.), key informant interviews during two missions to Tunisia in June and November 2015, and visits to the sites of completed projects.

Limitations of the Methodology Used

The objective of this evaluation is to highlight development results using the methodological approach described above. However, it is worth pointing out three major difficulties:

- First, the specific context of Tunisia, which experienced two distinct periods between 2004 and 2015: the pre-January 2011 Revolution period and the post-revolution period. This situation interrupted data analysis, which limits the scope of the trends analysis.
- Second, the evaluation was confined to a contribution analysis since it was not possible to attribute the outcomes of operations to the Bank's action alone (before and after the social crisis), especially in the case of budget support operations, or to isolate the net impact due to Bank projects in the absence of a counterfactual[1].
- Lastly, most of the executing agencies visited did not have sufficient high quality data available in terms of results especially following the January 2011 social crisis which limited the outcomes, for which disaggregated data are often necessary.

To address these weaknesses, the evaluation triangulated data from different secondary sources and extrapolations, as far as possible from field surveys, the opinions of experts on the subject and focal groups. ■

Country Context

Political Context

For a long time, Tunisia's political system was dominated by a single political party. Following the 2011 uprising, the country entered a transitional political phase marked by legislative elections and the drafting of a new Constitution. The initiation of dialogue between the political parties, facilitated by civil society institutions (Tunisian General Labour Union – UGTT, Tunisian Confederations of Industry, Trade and Handicrafts – UTICA, the Tunisian League for Human Rights and the National Bar Association) resulted in the approval of the new Constitution in January 2014 and the organization of the first legislative and presidential elections. However, faced with persistent social demands and instability in its neighbouring country, Libya, the Government initiated urgent action to address the population's most pressing needs, i.e. the fight against terrorism and mitigation of the impacts of the political, social and economic crisis.

Economic and Social Context

The Tunisian economy was buoyant until 2011 when its macroeconomic and social situation deteriorated following the Revolution. The country had pursued a reform and liberalization process since 1986 following three decades of an economic system that favoured public ownership. The strengthening of monetary and fiscal policy management helped to contain the fiscal deficit (reduced from 3% to 0.9% of GDP from 2006 to 2010) and inflation, thus safeguarding most of the population's real purchasing power. These efforts enabled the country to post average annual economic growth of 4.9% over the decade preceding the 2011 Revolution. The composition of its national output initially dominated by agriculture and commodities (phosphates, oil and gas) shifted towards services and, to a lesser extent, the manufacturing industry. Sound economic performance raised GDP (in purchasing power parity terms) per capita to a little over USD 4,200 notwithstanding the shock of the 2008 financial crisis. However, this growth remained below the objectives of the Tenth and Eleventh Plans, revealing some structural weaknesses of the economy and the country's faltering economic and social development model. The lack of job creation, particularly for graduates, and the existence of wide regional disparities were the causes of growing frustration throughout the country that triggered the January 2011 Revolution. The Tunisian economy remains dominated by mining, industrial and low value-added activities in which businesses are stagnating in terms of productivity gains and job creation.

Since the Revolution, expansionary fiscal policies have deepened the fiscal deficit and increased public debt which rose respectively from 0.9% and 40.7% of GDP in 2010 to 4.7% and 49.4% of GDP in 2014. Average growth for the 2011–2014 period was 2%.

On the social front, with a Human Development Index (IDH) score of 0.698 in 2011, Tunisia was ranked 94th out of 187 countries and is included in the 'high human development' category of countries. Poverty has also been rolled back in rural and urban areas with improved health and education indicators. There is persistent unemployment (18.9% in 2011 and 15% in 2014) which affects young people most with almost 30% of unemployed people in the 15–24 year old age group compared to under 4% among 40 to 49-year olds. A 2012 AfDB Report (Tunisia: Post – Revolution Economic and Social Challenges) stresses that the skills mismatch and labour market inefficiency have limited decent employment opportunities for educated youth.

National Development Strategies

Tunisia implemented a far-reaching reform programme under the Tenth (2002–2006) and especially Eleventh (2007–2011) Economic and Social Development Plans. The Tenth Plan prioritized: (i) growth; (ii) employment; (iii) export development; and (iv) maintenance of financial balances. The main thrusts were: (a) strengthening the economy's competitiveness; (b) fostering favourable conditions for private sector development; (c) human resource development; and (d) maintaining the macroeconomic balances. The growth model was based on an average annual GDP growth rate of 5.4% over the Plan period and control of the macroeconomic balances with a view to reducing unemployment by two points. The broad lines of the Eleventh Plan underscored the need to strengthen the actions initiated under the previous plan by prioritizing the acceleration of the annual economic growth rate to around 6.5% and job creation, in particular for young graduates and reduction of the unemployment rate from 14.3% in 2005 to 10–11% in 2011.

In the aftermath of the "Revolution", the economic and social development programme (Jasmin Plan) defined by the provisional Government was based on the following five priorities: (i) improvement of public governance; (ii) acceleration of infrastructure creation; (iii) human capital development; (iv) deepening of economic integration into international markets; and (v) modernization of the financial sector to finance growth. However this only survived until the pre-electoral period (2011–2012) following which Tunisia no longer had any medium and long-term economic development plans. The preparation of a guidance note for the drafting of the 2016–2020 economic and social development plan (nearing completion at the time of our mission), marked the resumption of the five-year development plans.

A USD 1.74 billion 24-month International Monetary Fund (IMF) Stand-By Arrangement was signed in favour of Tunisia to support the country's economic reform programme over the 2013–2015 period. The purpose of the programme was to back efforts to reduce the public finance and balance of payments deficits while restoring the foundations of growth, reviving private sector development, restructuring the banking sector and reducing regional disparities as well as protecting vulnerable groups (social assistance mechanisms and systematic assessment of the social impact of the envisaged reforms).

Development Constraints and Challenges

The main development constraints and challenges facing Tunisia are:

- **Economic growth that creates few jobs,** based on low value-added sectors (mainly sub-contracting and unskilled labour such as the textile, construction or tourism sectors).
- **Geopolitical uncertainties** at the sub-regional level (in particular the crisis in Libya and in Europe which represents 50% of trade), seriously affect the country's stability.
- **Dependency on weather conditions affects agricultural production,** and creates pressure on demand for food and supply of agro-industries. This deteriorates the trade balance and reduces household income. For a long time, Tunisia has also faced the problem of sustainable natural resource (water, soils, plant cover, fishery resources and biodiversity) management, especially in agriculture.
- **Growing social demands:** During the post-revolution period, the growing involvement of civil society, demanding better natural resource and environmental management, was perceptible. The demands concerned an improvement in the quality of life and natural resource management, the closing of inter-regional and intra-urban public health gaps through equitable access to education, health, drinking water, sanitation and improved environmental protection.

- **The slow pace of economic reforms,** malfunctioning of the post-revolution administration and the existence of inefficient institutions are factors that discourage investment, especially foreign investment. The institutional constraints are related to excessive centralization of administrative procedures. This calls for immediate reforms to upgrade institutions pending implementation of structural reforms. ■

Bank Group Strategies and Programmes

Bank Strategies in Tunisia from 2004–2015: Overview

The Bank's cooperation with Tunisia over the 2004–2015 was carried out within the framework of four (04) successive CSPs (2002–2004 CSP extended to 2006; 2007–2011 CSP, 2012–2013 i-CSP and the 2014–2015 CSP extended to 2016) and evolved in line with the country's priorities. These were set out in the Tenth and Eleventh Five-Year Plans, the Jasmin Plan prepared immediately after the Revolution and response to specific needs to address new challenges.

The 2002–2004 CSP (extended to 2006) mainly supported the Tunisian Government's efforts to achieve the development objectives of the Tenth Five-Year Plan (2002–2006), namely to: accelerate economic growth with a view to reducing unemployment by strengthening competitiveness. That was why the priority areas of the Bank's strategy were focused on: (i) continuation of economic and financial reforms; (ii) strengthening of economic infrastructure; (iii) human resource development; (iv) reinforcement of the productive sectors; and (v) private sector development.

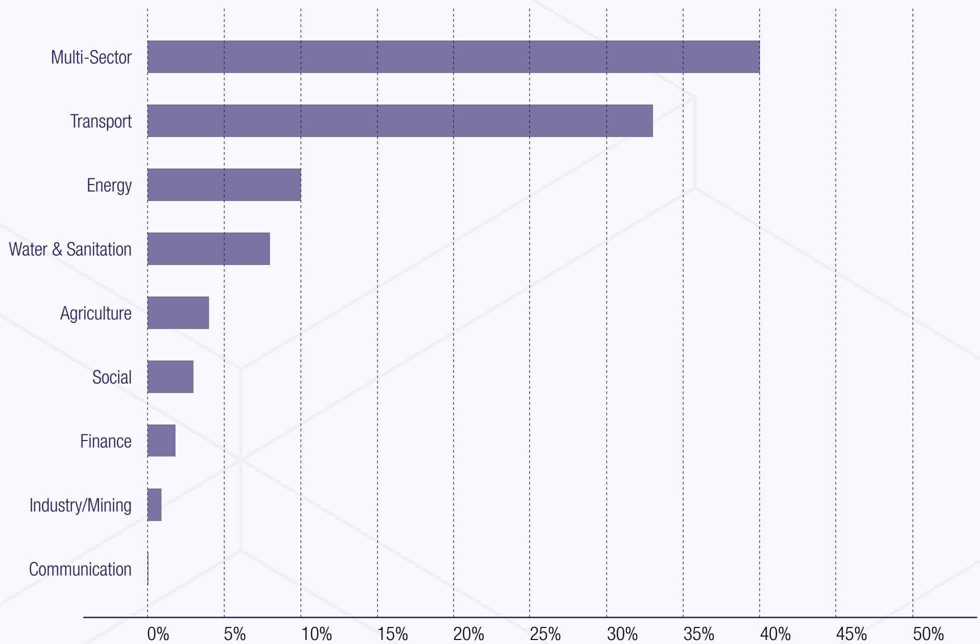
The 2007–2011 CSP supported the Eleventh Five–Year Plan. Its objective was to accelerate economic growth in order to reduce unemployment. The Bank's assistance strategy for Tunisia over that period aimed to consolidate the country's development results and prepare it for future challenges. Therefore, it focused on improving competitiveness while consolidating social achievements and protecting the environment. This Strategy's three (3) main pillars were: (i) strengthening of macroeconomic policies and acceleration of structural reforms; (ii) modernization of infrastructure and strengthening of the production system; and (iii) consolidation of human capital.

The Bank drew on the May 2011 Jasmin Plan in its 2012–2013 interim CSP to address the economic and social challenges of post-revolution Tunisia. This Plan which, to some extent, broke away from the previous five-year plans focused on the following five (5) priorities: (i) improvement of public governance; (ii) acceleration of infrastructure creation; (iii) human capital development; (iv) deepening of economic integration in international markets; and (v) financial sector modernization in order to fund growth. To address these new priorities, the Bank's intervention focused on the following two (2) pillars: (i) growth and the economic transition; and (ii) inclusion and reduction of regional disparities.

The 2014–2015 CSP extended to 2016, was a continuation of the previous CSP, albeit with the refocusing of the Bank's intervention on the following two pillars: governance and infrastructure, in compliance with the Bank's Ten-Year Strategy. Prepared against a backdrop of political transition, this i-CSP[2] had a dual time horizon: (i) short-term actions to make rapid gains; and (ii) medium- to long-term actions that would lay the foundations for more inclusive growth model with greater value-added.

The final outcome of these strategies and programmes is to contribute to equitable, sustainable and inclusive growth by enhancing the governance and strategic effectiveness of central government, transform the Tunisian economy and reduce poverty as well as social and regional disparities (see the Theory of Change in Annex A1.3).

Figure 1: Portfolio's Sector Distribution, 2004–2015 (as % of total commitments)



Source: AfDB, SAP

Operationalization of the Strategies

The Bank began its operations in Tunisia in 1968 and by 2014 its cumulative commitments in favour of the country had reached UA 4890 million i.e. 4.6% of its total commitments, making the country the Bank's second-largest beneficiary. Between 2004 and 2015, the Bank financed 58 projects in Tunisia for approximately UA 2.3 billion (i.e. over USD 3.4 billion). Of the 58 projects[3], 22 operations representing about 61.9% of net commitments in Tunisia over the period have been completed or closed, and the rest are ongoing.

The Bank intervened in 9 sectors, with particular emphasis on transport infrastructure and governance which alone represented 72% of its net commitments in Tunisia during the period under review (Figure 1).

The resources used by the Bank mainly came from the ADB window (97.5% for 24 projects) with the use of different Trust Funds to finance technical assistance operations. The later were mainly financed from the resources of the middle-income countries' (MIC) fund in the case of 22 operations but also from the resources of the two Trust Funds set up in the wake of the Arab Spring – the Transition Support Fund (TSF) and the Multi-Donor Trust Fund for Middle East and North African Countries (MENA/MDTF) – for 8 operations. Other Trust Funds such as the Fund for African Private Sector Assistance (FAPA), the African Water Facility (AWF) and the Special Relief Fund were used marginally.

The Bank's portfolio is concentrated in governance and infrastructure. In all, the Bank used budget support operations for 45.4% of its commitments to support the macroeconomic and sector reforms, and project loans for investment operations representing 53.7% of the portfolio, 3% of which was in the transport sector. Between 2011 and 2015, in addition to the three budget support operations, the majority of the Bank's interventions comprised technical assistance operations (22 out of 34 operations), economic and sector work, and advisory support.

The Bank has also financed four (4) projects from the private sector window comprising three (3) in infrastructure and a line of credit for small- and medium-sized enterprises. In addition, various Tunisian companies benefited from twenty-one (21) equity participations, representing UA 23 million. ■

Management of the Bank's Interventions

Quality of Country Strategies and Selectivity

The design quality of the Bank's strategies in Tunisia over the period under review has improved over time due to the deepening of consultations and intensification of analytical work especially after 2011 when the analysis of regional disparities and employment issues increased.

The evaluation of the quality of country strategies covers two pre-2011 CSPs and two post-revolution i-CSPs.

Over the 2004–2011 period, Tunisia had clear development strategies to which the Bank aligned its strategies. Identification of areas for support from 2004 to 2011 was marked by the existence of a clear Government strategy and identification of Bank areas of support based on consultations with the Tunisian Government. Therefore, the two strategies developed by the Bank for this period were closely aligned with the development objectives of Tunisia's Tenth and Eleventh Development Plans and the Millennium Development Goals (MDGs). They were also fully consistent with the Bank's priorities by focusing on governance and infrastructure.

The design of results frameworks improved over time but remained confined to outputs. Unlike the 2002–2004 CSP, which did not have a clear results framework, the 2007–2011 CSP contained a results matrix with sector level indictors. However, most of the indicators selected were confined to outputs and are not linked to the country's development indicators. This was the case of the transport sector where the indicators selected concerned the length of paved roads and the length of motorways constructed.

Following the 2011 social crisis, preparation of the Bank's strategies in Tunisia was enriched by the deepening of consultations and increased use of analytical work. The two 2012–2013 and 2014–2015 i-CSPs prepared during this period provided the Bank with an opportunity to review, in a context marked by many uncertainties, its operation strategies to ensure some relevance to the new socio-political context. Thus, faced with many uncertainties, and in the absence of a medium-term strategy for Tunisia, the Bank prepared interim strategies over two successive years. These were designed to be flexible and adaptable to the political, economic and social situation, in order to pursue Tunisia's development process and specifically incorporate the population's social aspirations.

Unlike the two previous strategies, the two interim strategies focused on two pillars and paid special attention to the issues of regional disparities and employment. The different reform programmes were designed based on analytical work, particularly those conducted by the World Bank (WB), European Union (EU) and AfDB. These programmes also benefited from the lessons drawn from previous operations. At project level, preparatory studies were conducted and have contributed to the identification of alternative solutions to meet the population's needs.

The socio-political risks of post-revolution programmes were analysed and mitigation measures identified, but the probability of accelerated deterioration was not sufficiently taken into account. The high degree of political and social risks due to the rapid evolution of the internal situation during the transition was likely to affect the macroeconomic balances and implementation of certain large-scale economic and social reforms. Deterioration of the security situation and continuation of social conflicts during the transitional period contributed to the political blockage and cumulative delays in the implementation of certain key reforms. This affected the recovery and macroeconomic stability during the first few months of 2013.

Knowledge and Guidance on Policy Formulation

The Bank adapted to the new Tunisian context by initiating a broad-based consultation process involving different actors. It intensified the number of analytical studies to build its knowledge of the new context and deepen dialogue with the Tunisian Authorities. However, despite this positive momentum, there remains a need for selectivity and strategic alignment of the studies.

Policy Dialogue

Policy dialogue remained constant in all of the Bank's pre-and post-revolution actions.

Prior to 2011, policy dialogue was carried out within the traditional framework of consultations for CSP preparation. All the CSPs prepared during this period highlighted policy dialogue by listing the main topics for the Bank's discussions with the Tunisian authorities. Dialogue was facilitated by the leadership of the authorities, which had a clear vision of the country's strategic development directions as confirmed by discussions in the field. During this period, the dialogue agenda focused on economic growth. It addressed the issues of public administration efficiency, the business environment, competitiveness and sub-regional integration, with, as a corollary, unemployment.

After 2011, the Bank adapted to the new Tunisian context by initiating a broad-based consultation process involving different actors and aimed at providing the new political decision-makers with advisory support. The Bank actively participated in partnership with other donors to initiate emergency programmes in response to the 2011 crisis. The need to closely monitor economic and social developments and the challenges posed by the reforms to be implemented prompted the Bank to introduce a monthly dialogue framework (this subsequently became bi-monthly from 2014). Issues of trade-offs between sovereign and non-sovereign financing, political and social instability, youth employment and regional disparities were at the core of the dialogue and influenced the different analytical studies conducted[4].

The Bank also seized the opportunity provided by the 2011 context to strengthen its dialogue with civil society. Civil society organizations (CSO) have become major actors in Tunisia since 2011. AfDB-CSO relations mostly involve consultations, exchanges of information, advocacy and participation in discussions on study outcomes. However, the lack of structuring and synergy in these organizations has not always facilitated the deepening of these consultations. CSOs have regretted that they were not often involved in the design, implementation and monitoring/evaluation of AfDB projects (Note on the evaluation team's meeting with the CSOs in December 2015).

However, dialogue with the private sector remains weak. The private sector actors contacted regretted the absence of continuing and deep dialogue with the Bank. They considered that they were often consulted upstream rather than downstream. This was the case, for example, for the Public-Private Partnership (PPP) Law. Similarly, consultations during CSP missions were more of a formality than an exchange of views on the country's strategic directions. They suggested that the Bank follow the example of the European Investment Bank which engaged in intensive, sustained dialogue with the private sector. Furthermore, faced with the new institutional requirement (all laws must be discussed in Parliament), difficulties arose in passing some sensitive laws such as those concerning PPPs. This raises the relevance of dialogue with the Assembly's finance commission as is done by the World Bank.

Analytical Work

Analytical studies are often selected based on needs expressed by the Government during consultations or by knowledge building required of the Bank as a result of the country's evolving situation. **Before 2011, very few analytical studies were conducted and listed in the CSPs** (2 and 3 studies for the 2002–2004–2006 CSP and the 2007–2011 CSP, respectively). However, the design of the PAC-III and PAI budget support operations was largely influenced by the study on competitiveness.

In the aftermath of the Revolution, the Bank intensified its analytical work to build up its knowledge of the new context and improve the quality of its country dialogue. About thirty analytical studies were produced between 2011 and 2014 (see the detailed list of studies in Annex A3.2). However, their nature, number and urgency of their conduct made it impossible to track them all in the CSPs. In particular, ORNA has initiated the production of different knowledge products (North Africa Policy Series, Economic Briefs, Study reports, etc.)[5]. The growth diagnostic of the Tunisian economy and other analytical studies affecting the social protection and employment sectors and public procurement are examples of this.

Despite this, greater selectivity and closer strategic alignment are required. This finding was corroborated by the conclusions of the evaluation of quality-at-entry of Country Strategy Papers and Regional Integration Strategy Papers (IDEV, 2014) which affirmed that these aspects were among the lessons learned from the implementation of the first interim strategy (2012–2013 i-CSP) but were not adequately taken into account[8] in the 2014–2015 i-CSP.

Partnership and Leverage

The Bank opted for co-financing with a limited number of donors in Tunisia but has different experiences of partnership in governance and agricultural projects. However, the scarcity of joint financing in the infrastructure sectors impeded the development of synergy and complementarity among donors. Since the Revolution, the Bank has been fully involved in the Deauville Partnership which led, among others, to the establishment of Trust Funds.

The Bank co-financed six projects (mainly budget support operations and agricultural projects) with a limited number of donors during the period under review. Its main co-financiers were the World Bank and the European Union. Following the Revolution, the intervention framework was suitable for closer collaboration and coordination with the other donors for co-financed programmes, in particular budget support operations. PISEAU was also a good example of a partnership set up between three donors, i.e. the World Bank, l'Agence française de développement (AFD) and AfDB – all three of which had financed projects in the sector in the past. The German Development Bank (KfW) also financed the PISEAU support measures. However, the uncertainties of each of the donors added to the project's complexity, the lack of resources allocated to Project Management Units' (PMU), especially at regional level, and the overall context of the Tunisian post-revolution administration led to slippage on implementation and the withdrawal of the World Bank after the initially planned completion date.

However, there is still little coordination between the different donors in the infrastructure sector where the latter often operate without any real coordination among themselves and without any overall evaluation and global financing of the entire investment programme. This observation is valid for the road development programmes, the electricity network restructuring programmes and the railway infrastructure modernization programme. The non-existence of a long-term vision has undoubtedly been a major constraint.

At the national level, the Bank was entrusted with the coordination of the finance component in the Deauville Partnership, which also resulted in the establishment of Trust Funds. This partnership enabled the Bank to play a leadership role by hosting the International Financial Institution (IFI) Coordination Platform. The Middle East and North Africa Transition Fund (MENA TF) was established at the initiative of the Deauville Partnership in response to ongoing changes in several countries in the Middle East and North Africa (MENA). The Bank has already used these resources, mainly to finance technical assistance operations and analytical work.

Efficiency

Efficiency was assessed as moderately satisfactory because of a sound financial performance evaluated by the economic and financial rates of return generally higher than those calculated ex ante, when projects are implemented in accordance with the original configuration. However, delays were observed in most projects because of the excessive time taken to approve works contracts and, particularly after 2011, difficulties of implementing environmental and social measures.

Evaluation Criteria	Rating
Adherence to Schedule	Moderately unsatisfactory
Financial Performance	Moderately satisfactory
Overall Efficiency	**Moderately Satisfactory**

Efficiency was analysed on the basis of two sub-criteria: financial performance and adherence to schedules. **The financial performance is satisfactory and dependent on compliance with the original project configuration.** While cost/effectiveness and cost/benefits could not be measured ex post for all projects, it was noted that the economic and financial rates of return were generally higher than those calculated ex ante, when projects were implemented in accordance with the original configuration. This was the case with Road Project IV, Electricity Project VII and the Hasdrubal Project. Unfortunately, it was not the case of the Enfidha Airport Project which did not benefit from the transfer of air traffic from the nearby Monastir Airport. This situation, combined with the 2011 crisis and subsequent drop in tourism activity prevented the project from achieving its output forecasts during the first years of operation (2010–2015). In the case of the other ongoing projects such as the two Road Projects V and VI, it has not been possible to up-date the cost-benefit analyses. These three

Box 2: Partnership Actions Implemented in the Context of Tunisia's Projects

(i) Sharing of analytical work;

(ii) Conduct of joint identification/preparation missions (Case of Line of Credit to SMEs, June 2011);

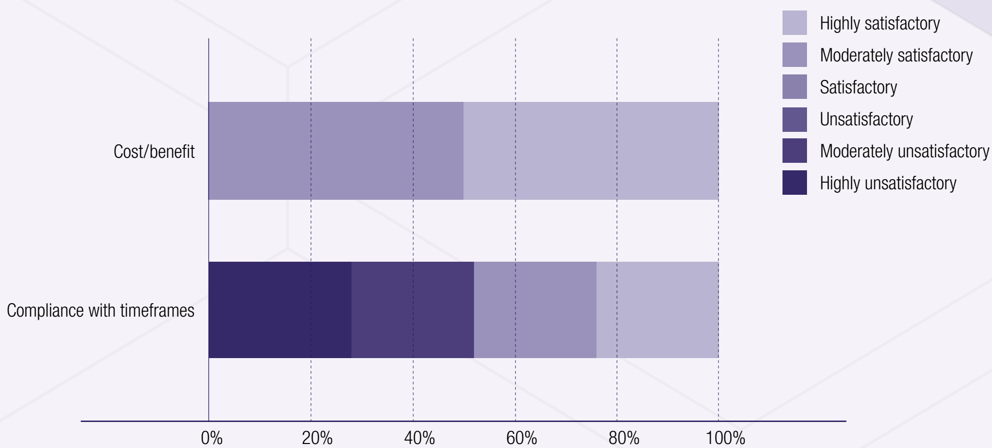
(iii) Joint aide-mémoires (PAI, 2009 and PARDI, 2011);

(iv) Common matrices of measures prepared for multi-donor programmes (PARDI);

(v) Negotiation and coordinated presentation to the Boards to ensure close complementarity and sustained implementation rate of the measures.

Source: Project Performance Sheets, Project Documentation and Discussions

Figure 2: Efficiency Rating on the Basis of Performance Sheets of Completed Projects



Source: Ratings for 13 performance sheets of completed projects

projects have suffered considerable delays, which have undoubtedly affected the rates of return as a result of higher costs incurred.

The sound performance in respect of project implementation periods was due to governance and private sector projects. Analysis of adherence to schedules was based both on a document review of operations (studies and technical assistance operations) and 13 Project Results Assessment (PRAs). While almost no delays were observed in private sector projects, the slight delays observed in governance projects were related to effectiveness and disbursement condition waivers. The longest delays were observed in social and agricultural projects with several waivers. The same applied to technical assistance operations and studies where the average delay approached 23 months. The delays observed were generally due to the excessive time taken to approve works contracts and an over-restrictive regulatory framework for expropriations and the clearing of rights-of-way.

However, implementation difficulties were exacerbated in the case of most projects during the Revolution. The new social demands that arose under pressure from the population in the wake of the revolution required adjustments to ongoing projects (such as extension of the PPIs, expansion of the drinking water supply network, change of alignment for PISEAU, etc.). Extensions were given by the Bank in order to finalize the works. This was combined with disruptions caused by social unrest, sit-ins on work sites by young job-seekers, the challenging of the initially agreed upon expropriation measures and lastly the disorganization of executing agencies' work after 2010.

Results-based Management

The Bank's role in the establishment of development results-based management, including at sector level, was limited with the exception of the African Framework Community of Practice (AFCOP). Capacity building ranging from the formulation of sector policies or strategies to the preparation of public expenditure frameworks by objective or result-based, and the results-based monitoring-evaluation system did not meet expectations.

Evaluation Criteria	Rating
Alignment on Tunisia's overall and sector strategies	Satisfactory
Consideration of beneficiaries' needs	Moderately satisfactory
Alignment of interventions on the Bank's general priorities	Satisfactory
Project design	Moderately satisfactory
Relevance	**Satisfactory**

The different strategies implemented by the Bank during the period under review were regularly monitored. Thus, four country portfolio performance reviews (2005, 2008, 2011 and 2013 CPPR) were prepared in addition to the Combined 2007–2011 Completion Report and 2011 CPPR, then the Combined Interim 2012–2013 and 2013 CPPR report. Portfolio performance improved steadily before weakening after 2011.

The Bank did not carry out any country evaluations during the 2004–2015 period but monitored the portfolio regularly. Recommendations were made for improvements following each review. For example, following the 2012–2013 i-CSP, it was recommended that the 2014–2015 CSP: (i) refocus the Bank's interventions on governance and infrastructure; (ii) improve the alignment between technical assistance, studies and operations; (iii) review the results indicators; and (vi) involve all stakeholders in the design of Bank projects.

All the reviews point out the high quality of supervision both in quantitative and qualitative terms. Generally, the number of visits fluctuated between 1 and 2 with an average annual number of project visits of 1.4 to 1.5. AfDB's presence in Tunisia undoubtedly played some role in this performance. Overall, the recommendations of the supervision team were accepted and followed up (sometimes with delays) by the executing agencies. Continuing dialogue with the executing agencies has always contributed to the resolution of difficulties encountered (clearing of rights-of-way, delays and technical solutions,). ■

Contribution to Development Results

Relevance

The Bank's strategies in Tunisia are fully aligned with the Bank's strategies and with the country's priorities and the beneficiaries' needs, especially during the post-revolution period. The Bank has satisfactorily aligned its different instruments to meet Tunisia's development needs while combining lending and non-lending operations under the public and private sector windows in the different economic sectors. At sector level, post-revolution project design focused on outputs and was not always realistic.

Alignment on National and Sector Strategies[6]

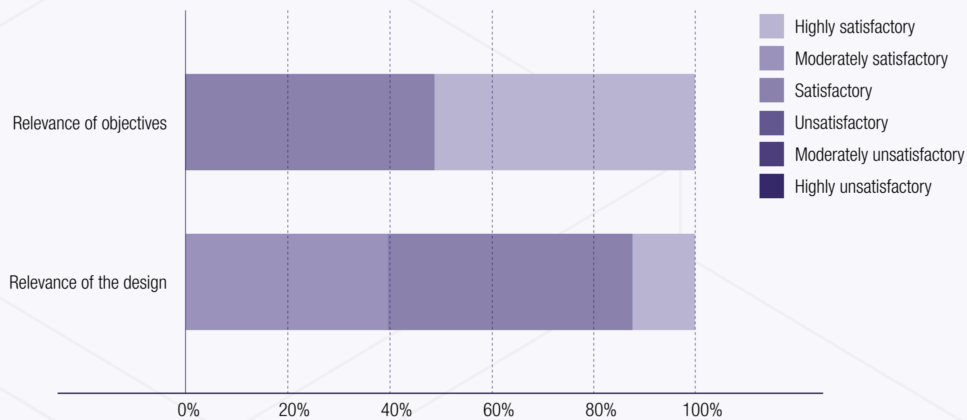
Before 2011, the different Bank strategies were aligned with the macroeconomic and sector expectations and priorities of Tunisia's different economic development plans prior to 2011 through the three CSP pillars, namely: (i) strengthening of macroeconomic policies and acceleration of reforms; (ii) modernization of infrastructure and strengthening of the productive sector; and (iii) consolidation of human capital.

After 2011, in the absence of a country development strategy, the 2012–2013 and 2014–2015 (extended to 2016) i-CSPs, provided the Bank with an opportunity to review its intervention strategies in a context marked by many uncertainties, in order to provide a relevant response to the country's new socio-political context. Thus, faced with many uncertainties, and in the absence of a medium-term strategy for Tunisia, it developed interim strategies over two successive years. These were designed to be flexible and adaptable to the political, economic and social situation so as to provide a continuation of Tunisia's development process and, specifically, incorporate the population's social aspirations.

The 2012–2013 interim Country Strategy Paper is focused on two pillars: (i) Growth and economic transition; and (ii) Inclusion and reduction of regional disparities. The poor economic performance (1.9% drop in GDP according to AfDB data and a deterioration of external imbalances) linked to growing insecurity and disruptions in the key sectors of the economy (mining, gas, tourism, off-shore enterprises, etc.) did not foster job creation or improve purchasing power in general. Therefore, the objective of restoring economic and social stability as well as the specific objectives of the post-revolution reform programmes were relevant in relation to the challenges of the country's economic transition phase and the Government's priorities as defined in the Emergency Economic and Social Programme adopted on 1 April 2011 for the transitional period. The 2014–2015 interim strategy extended to 2016, while representing a continuation of the previous strategy, partly took into account the lessons learned[7] (3 out of 5 lessons). The two lessons relating to selectivity and strategic alignment of Economic and Sector Work (ESW) were not adequately taken into account by the Bank.

At sector level, the relevance of governance projects is considered satisfactory as confirmed by the Project Results Assessments of the 13 completed projects[9] (see Figure 3) insofar as they were focused on the countries major concerns, namely strengthening of competitiveness, skills building in statistics and economic analyses (Tunisian Institute of Competitiveness – ITCEQ and Institute of Statistics, INS), promotion of transparency in the administration (public procurement and e-government) to encourage citizen participation or the development of administrative structures. In particular, the two

Figure 3: Rating of Relevance on the Basis of Performance Sheets of Completed Projects



Source: Rating of 13 Performance sheets of completed projects

most recent budget support operations (Governance Support Programme – PAGDI and Economic Recovery Support Programme – PARDI) were consistent with the Government's governance improvement and citizen participation priorities to enhance efficiency and transparency in the management of public affairs, in addition to the expansion of social welfare following the reduction of regional and social disparities to ensure more inclusive development. These programmes fell within the framework of the two (2) pillars of the two interim CSPs, i.e. (i) growth and economic transition; and (ii) inclusion and reduction of regional disparities.

For all the investment projects and programmes financed by AfDB in Tunisia over the 2004–2015 period, the relevance in relation to the country's needs and priorities is deemed satisfactory (see Figure 3). These concerned the agriculture, water/sanitation and transport infrastructure sectors to ensure greater mobility and facilitation of access that would provide opportunities for development and intra-regional trade[10], electricity, etc. The strategic objectives in the oil and gas sector were aligned on the country's strategic priorities by contributing to the generation of cleaner energy since the two projects were also compliant with the Clean Energy Investment Framework for Africa (CEIF).

The Tunisian Government's different social projects were aligned with their strategic objectives geared towards providing Tunisians with a higher quality of education and health services in a bid to boost employment in sectors such as the cultural sector and equitable distribution of social assistance in monetary form or services to the vulnerable segments of the population. The objective of inclusion and prioritization of the regions of the interior and disadvantaged areas in the main coastal urban areas in terms of the new distribution areas of public investment and introduction of the 'positive discrimination' criterion was concretized.

Consideration of Beneficiaries' Needs

Consideration of beneficiaries' needs improved considerably after 2011, at two levels: (i) the involvement of civil society and strengthening of dialogue with development actors, including at the regional level; and (ii) greater flexibility in adapting to the evolving context during the preparation of the CSP in order to mainstream the priorities stemming from the Revolution. The depth of consultations[11] was recognized by the civil society actors met during data collection.

Similarly, the selection of conditions precedent addressed the challenges facing the country following the Revolution, some of which concerned the following urgent social measures: (i) improved social coverage (social protection, access to local proximity social services, jobs for young graduates); (ii) improvement of the business climate to boost economic recovery; and (iii) adjustment of the method of public affairs' governance to ensure greater transparency and citizen participation (evaluation of public services, access to information by the general public and improvement of public procurement procedures).

Alignment with the Bank's Priorities

By focusing on infrastructure and governance, all AfDB programmes in Tunisia were aligned on its general strategies, especially the 2003–2007 Strategic Orientations, the 2008–2012 Medium-Term Strategy, the Ten-Year Strategy (2013–2022) and, since 2014 on the 'High 5s' rolled out by the Bank's new Management. Continuation of the Bank's support to agricultural development and the most recent commitments in the energy sector (South Tunisian gas pipeline) are fully in keeping with this dynamic. Several private sector reforms initiated under the governance pillar aimed to improve competitiveness and the business climate, including the investment code and law on public-private partnerships. In addition to these reforms, the loan to ETAP and financing of the gas project by the private sector window are fully consistent with the Bank's vision for indirect private sector financing through non-sovereign loans to public enterprises (AfDB Group's Private Sector Development Policy, 2012). At sector level, programmes were aligned on sector policies and strategies, especially in the transport, water/sanitation and energy sectors.

Project Design

The relevance of project design is rated as moderately satisfactory overall (Figure 3) but varies according to sectors and periods (pre- and post-revolution).

At sector level, project design in the infrastructure sectors is deemed satisfactory overall. Given the country's development objectives, projects were the subject of preliminary technical and economic feasibility studies. The participatory process begun in 2011 was also prioritized. Project implementation responsibilities were clearly defined. The executing body or agency is designated in the project as are previously established indicators.

With respect to governance, project design in post-revolution programmes was clearly focused on outputs and did not adequately incorporate the analysis of available implementation capacity (realism). More specifically, the major problem concerns the realism of programme objectives especially in the post-revolution period. The programme was clearly focused on outputs and not outcomes, and the short project implementation period (one year) limited the relevance of the selected indictors. The increase in the number of measures against a backdrop of the weak capacity of some government services, lack of clarity of coordination prerogatives between Ministry of Development (MDCI) and the Prime Minister's Office are obvious weaknesses. The frequent change of interlocutors linked to changes of government created problems regarding the continuation of dialogue with the Bank and consequently ownership. This slackening, combined with problems generated by the high turnover of supervisory staff in government services and observed by several donors met, exacerbated the capacity problems.

Table 1: Comparison of project effectiveness before and after the 2011 Revolution (as % of projects whose effectiveness was deemed at least moderately satisfactory)

	Before 2011	After 2011	2004–2015
Achievement of outputs	100%	50%	92%
Achievement of outcomes	90%	50%	85%
Overall effectiveness	90%	50%	85%

Source: Rating of 13 completed project performance sheets

Effectiveness

Prior to the 2011 social crisis, the Bank's contribution to improving the macroeconomic framework and governance as well as to the development of infrastructure to support the growth of the productive sectors was tangible. Following 2011, the results of the two budget support programmes were mixed given the scale of the reforms that did not sufficiently take into account the short implementation periods of programmes and the country's weak institutional capacity as a result of the country's economic and social situation.

Evaluation Criteria	Rating
Effectiveness of outputs and immediate outcomes	Moderately satisfactory
Effectiveness of intermediate and final outcomes	Moderately satisfactory
Consideration of crosscutting issues	Satisfactory
Effectiveness	**Moderately satisfactory**

The Bank's contribution during the 2004–2015 period was focused on the following two main pillars: (i) strengthening of growth, competitiveness and governance through coordination of the macroeconomic framework and improvement of the public action governance system; and (ii) reduction of poverty and social and regional disparities (facilitation of access to infrastructure, job creation, integration and strengthening of social protections as well as improvement of the population's living conditions).

Overall, effectiveness of the Bank's operations in Tunisia is rated moderately satisfactory. Over 85% of the projects reviewed were considered moderately satisfactory or more in terms of the achievement of outputs and outcomes. However, a more detailed overview shows that the achievement of outputs is mixed and varies by sector and period (pre-and post-revolution).

The specific outcomes achieved for the main pillars are analysed opposite.

Improvement of the Macroeconomic Framework, Governance and Competitiveness

Stability of the Economic Framework, Growth, Investment and Employment

Stabilization of the macroeconomic framework observed for at least two decades through a prudent macroeconomic policy was compromised by the 2011 crisis. Public debt rose from 32% in 2010 to 49.4% of GDP in 2014, while the fiscal deficit which had been contained (0.9% of GDP in 2010) also deepened after 2011, reaching 4.7% of GDP in 2014 far short of the 3% objective retained in the CSP. This slippage was due to the combined effect of an increase in the wage bill and stagnation of the relative share of tax. Civil service staffing increased by 35% between 2010 and 2014 to over 465,218 civil servants according to INS data.

Figure 4: Trends for some macroeconomic data in %

Source: AfDB's Statistics Department (ESTA)

The objective of reducing unemployment to 11% was not achieved, despite measures taken to encourage investment in the so-called priority poor regions, and the application of additional tax incentives. While it was 13% in 2010, the unemployment rate averaged around 15.4% in 2015 (INS) and is higher among women (22.6%) and tertiary education graduates (31%).

Investment declined in the wake of the 2011 crisis following an upturn as a result of the PAC and PAI. In the case of the specific objective of improving the tax environment for investment, reflection on the issue carried out in 2005 resulted in the promulgation of Law 2006–80 of 18/12/2006 on the reduction of taxes and easing of the tax burden for businesses. In 2012, a comprehensive series of tax reforms was initiated on the basis of a schedule and action plan but was not implemented. Investment, which rose from 22.6% of GDP in 2006 to 24.6% in 2010, slipped to 21.9% in 2011 and was even lower in 2014 (20.6% of GDP) according to INS statistics.

Modernization and Improvement of the Public Governance System

Progress was observed in strengthening transparency in public procurement procedures and in accountability. Actions were taken to review the system and the procedures of the Public Procurement Code, with Bank financing. Training sessions for public purchasers were organized in 2011 on the new public procurement arrangements. Public procurers' access to the "l'Observatoire national des marchés publics" (ONMP) website was improved by publishing invitations to bid and bidding results. Since the adoption of the action plan by the Council of Ministers on 24 August 2012, progress has been made regarding the preparation of a new Public Procurement Code (Decree and Circular) with AfDB technical assistance support. Several other actions concerned the revision of standard procurement documents, preparation of a public procurers' guide, preparation of training programmes and capacity building through the training of trainers. The full publications of the completed Court of Auditors' reports on its website since 2011 with the new practice (without authorization of the Prime Minister's office) has improved transparency in the presentation of central government accounts. Tunisia is ranked 8th out of 52 countries according to the 2015 Ibrahim Index of African Governance with steadily rising scores, especially in terms of rule of law and accountability. The September 2015 Open Budget Survey shows that Tunisia also made considerable strides with regard to fiscal transparency compared to the last survey in 2012. Its score virtually quadrupled from 11/100 to 42/100.

Little headway has been made regarding the simplification of administrative procedures. The High Commission for Administrative Reform (CSRA) was established in 2011 to simplify administrative procedures through a participatory process. Launched in 9 Ministries, this process of inventorying and self-evaluation of administrative procedures with a view to implementing concrete reforms was not feasible due to insufficient coordination and delays accumulated by some ministries. Nor was the simplification of procedures to start a business carried out and the new investment code was not finalized.

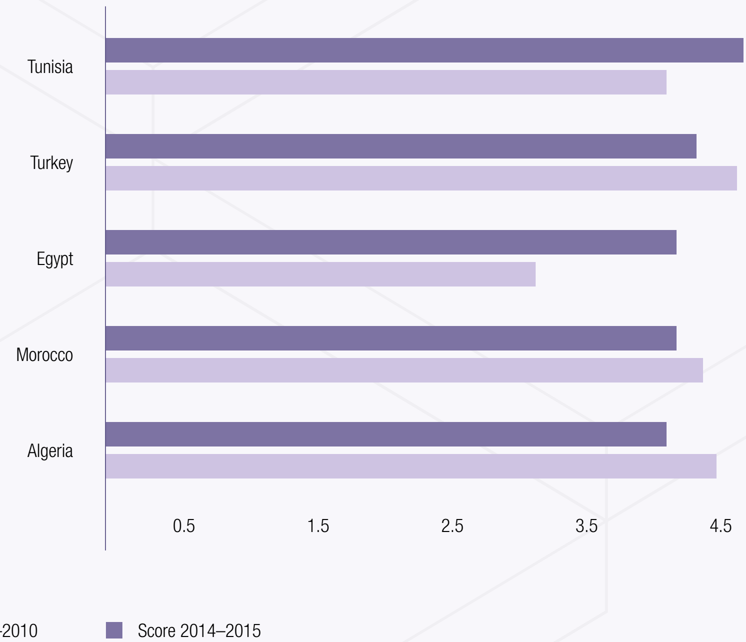
Access to information remains difficult. The principles of transparency were applied for access by the general public to/and dissemination and publication of information with great strides made since 2011 in the proactive communication of information, especially in the area of budget and financial information published on the Ministry of Finance website. However the e-government portal is barely operational. All documents, with the exception of the circular on the 2013 draft budget law describing the preparation of the 2013 budget and its execution, were published on the Ministry of Finance website in accordance with the instructions contained in the note issued by this ministry in 2012. Almost two years after the adoption of the legislative decree and since the issuance of Implementing Order No.25 of 5 May 2012 by the Head of Government, the implementation rate for access to information is very low.

Restructuring of the Banking and Insurance Sector

Financial sector reforms concerned the revision of the institutional and regulatory frameworks, including strengthening of the prudential rules prompting in-depth reflection on internal control of banks to improve credit risk management, provisioning for bad and doubtful debts, and governance in banks. The Law amending the Insurance Code strengthened the competencies of the General Insurance Council (CGA), with a view to restructuring and modernizing the sector.

The financial sector reforms led to a reduction in the number of non-performing loans (NPL, as a % of total debts) in the bank portfolios from 23.7% in 2004 to 17.3% in 2007, which remained inadequate. The tax exemption rate for bad debts constituted by the banks to gradually increase and reach 100%, and the provisioning requirement in accordance with the prudential rules have been gradually enforced. The progress made towards restructuring the banking sector was backed up by efforts to prepare for the changeover to application of the Basel II principles. Provisions of BTND 1200 (BTND

Figure 5: Global Competitiveness Index



Source: Wolrd Economic Forum, 2009–2010 and 2014–2015

500 for the STB – Société Tunisienne de Banque) were made by the banks following application of the new coverage rules. Moreover, an improvement of the tax exemption rates on provisions in 2013 in order to allow the banks to build up the necessary provisions to improve the quality of their portfolio, was adopted, combined with the adoption and implementation of the Financial Security Law. As regards outcomes, the measure aimed at covering the provisioning rate in 2013 resulted in an improvement in the rate from 45% to 58%. Enhanced transparency and quality of financial information was targeted by: (i) enforcement of the obligation to deposit certified and consolidated financial statements of public interest companies at the Registry of the Commercial Court; and (ii) enactment and implementation of the Financial Security Law (LSF)[12].

The insurance sector, which is in deficit, despite its potential as an institutional investor of the economy, has been the subject of reforms initiated since PAC-I (restructuring) and PAC-II (prudential rules and restructuring), which have continued under PAC-III aimed at restructuring the sector and establishing the authority of the control body (General Insurance Council – CGA). The CGA, whose mission was expanded and status modified, now has financial autonomy but requires further strengthening. The sector's restructuring continued with the restructuring of the two main groups (Société Tunisienne d'Assurance et de Réassurance and Mutuelle Générale d'Assurances). Lastly, enactment of the Motor Vehicle Insurance Law and its 16 implementing texts and supplementary provisions helped to gradually increase tariffing and revamp the compensation system, and resulted in the adoption of new scales.

It was observed that the pace of microfinance sector reforms has been slow. Draft implementing texts for these reforms had existed since September 2010 and a Commission established at the Ministry of Finance. However, this reform did not progress at the desired pace because of delays in establishing the control authority and adopting implementing decrees. The slowness in establishing the regulatory framework was the reason for the delay in installing new operators and consequently of providing the population with financial and credit services. The performance achieved in terms of beneficiaries in 2012 was unrelated to the intervention of new IMF operators but rather to the performance of the main existing operators (Enda, Banque Tunisienne de Solidarité – BTS). In 2012, central government financing of Tunisian Micro-Credit Associations had reached an estimated BTND 46 compared to the projected BTND 70.

Competitiveness of the Economy, Business Climate and Private Sector Development

As regards competitiveness and the business climate, significant results were achieved as a result of the PAC and PAI which enabled Tunisia to remain ahead of its neighbouring countries. Almost ten years after the start-up of the Competitiveness Support Programmes (PAC) financed by the Bank, Tunisia passed the test of opening up its economy by a successful transition from the end of the Multi-Fiber Agreements (MFA) to the full application of free-trade with the EU, which were challenges targeted since PAC-1.

A new series of programmes aimed at integrating Tunisia into the global economy was then launched. The series of PAC reforms consolidated the competitiveness of the economy (see Figure 5) particularly by streamlining administrative procedures and taxation, including for foreign trade, as well as specific investment and facilitation measures.

However, this momentum ended with the 2011 crisis as confirmed by Tunisia's sharp swings in its World Economic Forum (WEF) Global Competitiveness Index (GCI) rankings from 87th to 40th position between 2010 and 2014, then to 92nd position in 2015. Indeed, over that period, the authorities focused on the post–revolution priorities of unemployment, particularly youth unemployment, regional disparities and the social exclusion of poor communities in the interior. This trend was confirmed by the Ease of Doing Business indicators.

Contribution to the Improvement of Living Conditions, Poverty Reduction and Social and Regional Disparities

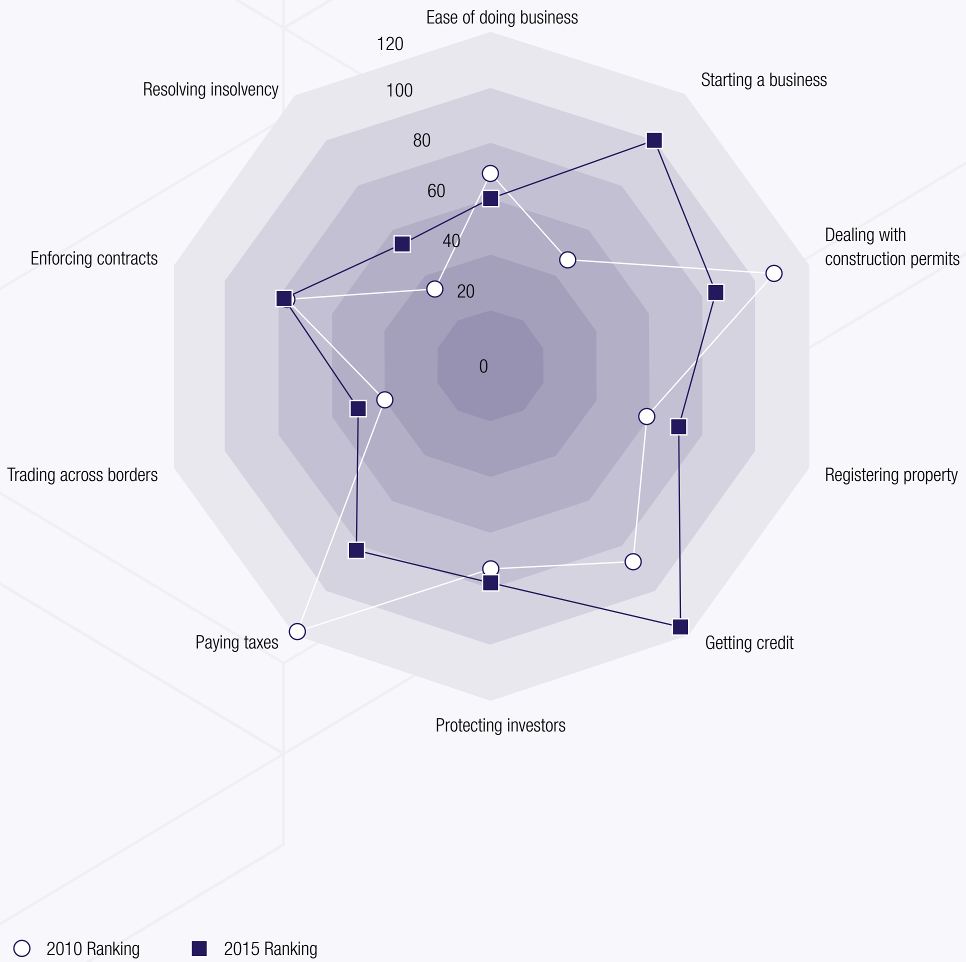
Agriculture, Water and Sanitation

The Bank's operations in the agricultural, water and sanitation sectors mainly concern the PDAIs, PISEAU and RDWS which helped to improve the drinking water access rate, almost reaching the target set for 2020. Analysis of the outputs of the projects under review confirms that the objectives were achieved overall, often with a 100% implementation rate. (See Kairouan PDAI Evaluation Report dated January 2016, the GABES PDAI Evaluation Report dated January 2016 and the PISEAU III Project Evaluation report dated January 2016).

The objective of achieving a rural drinking water access rate of 98% in 2020 currently stands at 94.1% (51.3% achieved by SONEDE and 42.8% by the Ministry of Agriculture). The project is a success from the standpoint of the effectiveness of the procedures established (finalization of the project ahead of schedule), flexibility of relations with AfDB and, above all, satisfying the beneficiaries (about 100,000 newly supplied inhabitants whose equipment has been rehabilitated) who are favourable to the payment of levies. However, the issue of equipment management in rural areas, (by SONEDE or the General Directorate of Water Resources – DGRE), the role of the Agricultural Development Group (GDA), reform of water tariffs, as well as environmental problems need to be adequately resolved.

With regard to the search for new alternatives and the mobilization of new water resources, the

Figure 6: Tunisia's Ease of Doing Business Ranking



Source: 2010 and 2015 'Doing Business' Reports technical/economic study on the implementation of a sea water desalination project in Zarat using concessioning has now been finalized and financing is now being sought in order to proceed with the investments. Following this, a second project emerged in Sfax (study financed by Japanese Cooperation, JICA). For the management of groundwater resources, it was planned to drill 176 boreholes and install 100 piezometers. Finally, 146 boreholes were drilled. The objectives of this component were revised in order to meet beneficiary demand which exceeded the borehole drilling capacity of the contractors, as a result of which it became difficult to achieve the objective in terms of the number of piezometers (revised downwards from 100 to 20, 19 of which have been installed). Also, strategic supportive actions concerning water table recharging and the establishment of participatory management of water tables (3 water tables) have been postponed.

The AWF awarded the Government a grant of EUR 1.973 million to contribute to the financing of the programme for the establishment and development of SINEAU and its 3 sub-systems (COPEAU, SYSOLS and SYGREAU)[13], the objective of which is to optimize decision-making in the management of surface and groundwater resources as well as irrigated land resources. This project, which experienced a difficult start-up, is progressing normally and has now achieved a 56% implementation rate. The design of cross-cutting indicators between the different data to enrich the system and strengthen its services – a guarantee for attracting contributor and user interest and consequently of sustainability – has not yet been completed.

Access to Infrastructure

In the road transport sector, Bank support for the classified networks (Road Projects IV, V and VI) did not significantly change the length of the network between 2001 and 2014 (from 19,117 to 19,455 km), but in particular contributed to improving the network's quality and to a decline in the number of accidents. Paved roads represented 79% of the total length of the classified network in 2014, whereas that percentage was 66% in 2001 i.e. a total of 2,484 km of paved roads over the period (2001–2014). This result was due to the rehabilitation component present in all AfDB projects. In addition 48%, i.e. a length of 7,377 km of the 15,369 km, is asphalted. The width of 66% of the paved roads exceeds 7 m, i.e. a length of 10,143 km compared to 44% and 5,565 km.

The total length of rural roads is about 50,000 km, 35% or 17,500 km of which were paved on Bank financing (Road Project VI). Only 5,500 km were paved in 2001. The impact of these investments is perceptible, on the increase in traffic, vehicle operating costs and road accidents. Between 2002 and 2012 (five-year traffic censuses in 2002, 2007 and 2012), it was observed that:

- Average daily traffic on the entire paved network rose from 4,539 to 6,992 vehicles for all motor vehicle traffic, representing an increase of 54%. Heavy duty vehicles (trucks, semi-trailers, machinery and public transport) represented a daily traffic flow of 684 vehicles in 2012 compared to 599 in 2002.

- The number of accidents resulting in bodily injuries fell from 12,127 in 2002 with 1,585 fatalities and 16,416 people injured to 9,351 accidents in 2012 with 1,583 fatalities and 14,144 people injured, against a backdrop of an increase in the number of vehicles from 955,105 motor vehicles to 1,571,498 in 2012.

- The movement of heavy trucks which did not previously visit the areas, and which, due to road widening, found it advantageous (shorter distance to be covered) to use local or regional roads.

In contrast, in the air transport sector, the country's socio-political situation prevented achievement of the expected results of the Enfidha Airport Project. Although the project has provided the country with a fine airport facility at Enfidha and upgraded Monastir Airport, the expected development results were not achieved due to the crisis in the tourism sector since the Revolution. However, this project represented a

Table 2: Some Energy Sector Project Outcomes

Indicator Name	Unit	Baseline Level	Target	Level Achieved
Number of accidents at work to STEG employees with stoppage of work	u	132	80	224
Number of accidents to third parties	u	35	25	NA
Number of incidents on the MV/LV grid	u	6031	3000	4844
Duration of faults on the MV network	mn	360	264	128
Duration of faults on the LV network	mn	444	296	157

Source: STEG Activity Reports

model of public-private cooperation and partnership, and an experience that could have been sustained.

In the **energy sector,** the specific objectives of the network rehabilitation projects were to safeguard consumers' power supply, reduce losses and improve the conditions of operators and third parties. With rising annual demand of about 5% for low voltage and an average of 3% for medium voltage (due to the slowdown of growth between 2010 and 2014), a comparison between the trend of sales and the number of customers shows that consumption per customer had probably increased due to the widespread use of air conditioners, a phenomenon which displaced the peak power consumed in July, causing very serious disruptions during the summer of 2012.

Service quality criteria improved in terms of power outages and non-distributed energy (see Table 1), but accidents increased considerably. The large-scale recruitment of cleaners and security guards at the Tunisian Electricity and Gas Company (STEG) following the prohibition of sub-contracting in government services and public enterprises was a major contributory factor.

The two projects supported by the Bank in the energy sector from the private sector window have contributed to the energy mix and to public revenue. Revenue from the Hasdrubal Gas Field Development Project far exceeded the project appraisal estimates. In 2013–2014, the Hasdrubal concession contributed to 35% to 45% of ETAP's income (155 BTND out of 440 BTND in 2013 and BTND 226 out of BTND 497 in 2014); the company has 23 concessions. In 2014, the Hasdrubal field produced 2.9 million Nm3/day of gas, 10,000 bl/day of liquid hydrocarbons, 615 Nm3/day of propane and 315 Nm3/day of butane (ETAP activity reports), which contributes to the country's energy autonomy objective. The project also made a positive contribution to Tunisia's balance of payments and job creation (1,200 jobs during the works phase and 90 jobs during the operational phase). The project also had a positive socio-economic impact on local communities through several initiatives: (1) highly skilled technical training for 390 youths; (2) supervision of 189 young entrepreneurs; (3) improvement of connection to SONEDE (National Water Distribution Utility) for 360 homes; (4) donation of 900 school supply kits; and (5) construction of a new medical centre, etc.

Strengthening of Social indicators, Employability and Professional Integration as well as Social Protection

Health and Social Protection

Social protection outputs were less well targeted, and for this reason required fine-tuning the criteria for selection and granting subsidies and support to needy families and unemployed people. Some actions were inadequate – for instance the AMAL Programme, subsequently replaced by the programme to encourage employment with more effectively targeted incentives, programmes to assist needy families – PNAFN and more inclusive initiatives such as Souk Ettanmia, Microfinance, etc., including institutional support and launching of TA which represented a significant part of the Bank's interventions in 2012–2014.

The programmes to provide social assistance to needy families (average of one social assistant per 4,000 persons) slightly increased the coverage rate (1 assistant per 6,474 persons compared to 1 per 7,000 in April 2011). In 2011, the Ministry of Social Affairs also regularized the situation of 300 specialized teachers: this explains the lower-than-estimated number of social assistants recruited in 2011. This raised the percentage of families benefiting from direct social assistance to 7.3% from 5.6% in April 2011. In 2011, 50.3% of women were social assistance recipients. In 2012, the Government made provision for financial assistance to an additional 50,000 families, increasing the total number of families covered by the PNAFN in 2012 to 235,000 families (9% of the population), while also raising the amount of the allowance to 100 dinars from 70 dinars as well as the allowance for children enrolled in school from March 2012, representing a total budget of 268.7 million dinars.

In addition 558,000 families (22% of the population) receive subsidized health insurance cards. A total of 66% of people in need receive social welfare payments pending the establishment of an exit strategy based on the short-and medium-term reintegration of families into the economic and social circuit (microcredit, public utility programmes and social housing programmes). The list of recipients is revised annually to take into account the evolution of family status (filial support etc.). However, there is need for greater equity and transparency in the social assistance recipient selection process.

Local proximity services were gradually rolled out in 2011 and continued in 2012. At least 2 visits per quarter were made to needy families and 70% of women received pre-natal visits. The programme depended on the network of the Tunisian Social Solidarity Union (UTSS) to provide wider coverage of the local population (social services and microcredit). The Ministry of Health initiated the preparation of a community health programme in three (3) pilot regions in a first phase (Jendouba, Kasserine and Tataouine).

In the health sector, the contributions of the different operators, based on a sound analysis of the situation and the proposal of recommendations for the establishment of an epidemiological surveillance and monitoring system with the sentinel network, boosted health services exports. This project demonstrated the need for the establishment of a health accreditation body and a health services export agency at the Ministry of Health.

Education Sector

The Secondary Education Support Programme –Phase 2 (PAES II) helped to increase the intake capacity of schools and school enrolment, particularly of girls with 58,000 new slots created following the construction of 48 preparatory schools and 20 high schools. These new buildings and the rehabilitation of 1,130 dilapidated establishments responded to the needs expressed by the Regional Education Commissions in several Governorates, including those in disadvantaged regions in the West of the country. These investments helped to increase the school enrolment rate from 75.4% in 2005 to 81% in 2014, and eased congestion in certain establishments (in particular, those in the North-East and Mid-West) while reducing student density at all levels. The reduction of regional and gender disparities was achieved by lowering disparities in the regional school enrolment rate in the 12 to 18 year old age group by 4% between 2005 and 2011. There was a significant improvement in the second cycle of basic education and in secondary education from 52.8% in 2005 to 54% in 2014, according to Ministry of Education statistics. Along with the increase in the female school population in the agricultural and southern regions practicing traditional cropping, the percentage of girls enrolled rose to exceed the national average in certain governorates such as such as Kébili and Tataouine (South region), Béja and Kef (North and North-West).

Improved supervision was also noted. The physical conditions as well as the training provided under

Figure 7: Comparison of Baccalaureate Success rates: 2014 Session for pupils of schools visited with the CRE average

Source: Statistics Directorate/Ministry of Education, October 2015 and Principals of High Schools Visited

this project built the skills of educational supervision personnel by providing them with an opportunity to monitor and support teachers, as well as providing teachers with more effective opportunities for teaching innovations and student learning. The training of administrative staff at the central and regional level had an impact on skills building and improved the management of the different PAES II components, including monitoring of the construction and rehabilitation work sites. Rational governance of the education system impacted its stability during the turbulent phases that the country witnessed, and triggered initial reflection on how to reform the system's different components.

The project also led to the establishment of the National Language Centre aimed at supporting the retraining of language teachers and introducing new teaching methods. The Centre covers an area of 3,400m² dedicated to laboratories and training rooms in addition to accommodation for 80 recipients, including 4 for disabled people. The project also provided the National Educational Technology Centre with a data centre. This structure with high technology value added has contributed to the development of virtual educational resources and been the main internet provider to school networks in Tunisia. However, according to the regional commissioners and principals of establishments visited, improved

Table 3: Trend of Student's Results in International Evaluations[14]

PISA Scores			
Subjects/Years	**2006**	**2012**	**Trend**
Written comprehension	380	404	+24
Scientific competence	386	398	+12
Mathematical competence	365	388	+23
TIMSS Scores			
Subjects/years	2007	2011	Trend
Mathematics	420	425	+5
Science	445	439	–6

Source: PISA and TIMSS Reports

learning facilities and the newly acquired equipment have not produced the expected outcomes as confirmed by the results of the national exams (for instance the baccalaureate).

Although positive, the impact on educational performance fell short of expectations. Improvement of the quality of learning impacted positively on educational performance (see Table 3). However, such performance remain below the objectives, especially in light of the results in national exams over the 2005–2014 period and those of international evaluations.

Crosscutting Issues

Inclusion

While Tunisia appears to be one of the most egalitarian countries in North Africa with a Gini coefficient of 0.36 (most recent 2012 INS estimate), wide inter-regional disparities remain. These inter-regional economic and social inequalities reflect the centralized development model that adopted a sector approach based on national objectives without taking regional challenges into consideration. (Guidance Note, August 2015). For example, the index for the level of knowledge built by the authorities shows the level to be 30 times higher in Tunis than in Kasserine; the quality of health services is six times higher in Tunis than in Kairouan and 11 times higher than in Sidi Bouzid. Similarly, access to water and sanitation, roads and energy is sometimes difficult for people living in the regions of the interior.

Therefore, the post-revolution reform programmes have attempted to correct these disparities by readjusting public expenditure in favour of disadvantaged areas. The different social programmes started under the PAGDI, in particular 'AMAL' for the employment of 144 000 unemployed graduates, PNAFN for the social protection of 185,000 needy families, public utility projects for 80,000 unemployed people (paid the guaranteed minimum wage) and development projects are consistent with this approach. However, it is clear that most of these programmes do not have sustainable outcomes because of lack of preparation and support measures (training, targeting of beneficiaries, site preparation) under pressure from the population. Some recent analyses by the ITCEQ and Arab Institute for Business Leaders (IACE) confirm this. IACE has designed a local attractiveness index, a sub-component of which measures the living environment. This index reveals wide disparities between the different regions with, for example, the standard of living 4 times higher in Tunis than in Kairouan. For its part, ITCEQ has developed a marginalization index (inter-regional public investment gap) which confirms the divide between the coastal and non-coastal regions.

The programmes face a targeting problem. The assistance provided under these programmes undoubtedly helped to calm down the social climate in 2011 but the refocusing of these programmes made it necessary in 2012 to seek greater efficiency, transparency and equity in terms of poverty reduction and job creation. Indeed, the programme's main supportive measure, 'training and internships' did not go on stream. The eligibility criteria had to be revised in order to improve the effectiveness and equity of the programme in favour of disadvantaged areas. This targeting reduced the number of beneficiaries in 2012 to 39,745 people. In February 2013, the number of applications accepted stood at 35,783 of which 28,496 under the Employment Incentive Programme (PEE). Despite the improvement in targeting in 2012, the integration rate is very low because of the lack of adequate support measures at the level of ANETI whose intervention capacity remains limited.

With regard to the reallocation of public investment to impoverished regions, the public investment distribution criteria to eliminate regional disparities were revised and an emergency plan, prepared in October 2012, allocated an envelope of 251 million dinars for regional development, of which 80% to 14 Governorates of the interior and 20% to the rest of the coastal area. Based on currently available information, it was impossible to conduct an objective evaluation of the equity of targeting and the economic and social impact of these transfers on disadvantaged regions. However, this new distribution key[15] was not the subject of consensus with the other Ministries (Finance and Interior).

With regard to access to financing, the physical implementation rate of the line of credit was 103%, while the disbursement rate was only 68%. This difference was due to the granting of a relatively limited number of loans, but also to other factors including the unattractiveness of the AfDB line compared to the one awarded by IBRD, completely utilized. Also, the specific objectives of regional distribution and innovation may at this stage be considered realistic. The BTS study was closed, having achieved a disbursement rate of 51% and the physical implementation of only the 'Diagnostic' component. The two other components, 'Strategy and Action Plan' could not be implemented due to depletion of the budget as a result of a change to the first service provider selected.

Transition towards Green Growth

The Bank's operations did not include any solar and wind energy projects for operating pumping stations for boreholes or electrification. In the road sub-sector, there was unpredicted, invasive pollution. In the energy sub-sector, fossil fuels were the main source of virtually all energy distributed by the transmission and distribution grids. Renewable energies (wind, water and solar) only represented a tiny part (3%) of the energy mix.

Environmental support to Gafsa Phosphate Company (CPG capacity building in environmental protection and phosphate mining project) is one of the salient features of the transition to green growth. This support was successful in terms of outputs but some sustainability impacts of the measures taken (protection of the hydrographic system, elimination of infiltration of muddy water into the groundwater tables of the water contained in the mud), non-existence of an action plan with relevant monitoring indicators, and non-existence of the strategic study on sub-sectors limited the scope of this support operation[16].

Sustainability

Sustainability of the outcomes of reforms implemented by the authorities is threatened by the lack of ownership observed since 2011 while budget allocations are insufficient to ensure normal infrastructure maintenance.

Sustainability of the Bank's operations is assessed as moderately unsatisfactory.

In the case of reform programmes, ownership by the Tunisian authorities helped to maintain the programme outcomes, but the 2011 social crisis increased the risk to the sustainability of

outcomes. Before 2011, the high degree of ownership contributed greatly to improving programme and project implementation rates while, at the same time, stimulating reflection on the continuation and deepening of reforms. It also led to complementary and convergent actions by co-financiers. Hence, the Bank supplemented its support by extending lines of credit to Tunisian banks and by its own economic and sector work, for instance the study on the competitiveness of the Tunisian economy. More generally, the redefining of public and private sector roles must be deepened. Central government played a much more important role than that of market regulator, faced with lower-than-expected private sector response to reforms (e.g. in terms of the share of investment). However, post-2011, the sustainability of post-revolution programme outcomes was deemed moderately unsatisfactory due, among others, to the failure to implement urgent measures to streamline public expenditure and improve public expenditure in the regions in support of medium-term growth.

With regard to infrastructure, sustainability is moderately satisfactory, in light of the review of the 13 completed projects. The non-existence of permanent resources in the form of a road maintenance fund for road maintenance, subjects network maintenance to budget constraints. As a result, during the period under review, the annual maintenance budget at maximum only covered 10% of the classified network, excluding rural roads, even though that budget was increased. This resulted in the accumulation of road network damage that could compromise the quality of expected services and user safety.

The environmental aspect is well covered at the design and preparation levels but does not appear to have received sufficient attention during implementation. Of course, executing agencies mention in contractors' contracts the need to respect the environment during works, but evidence of the efforts made could not be verified. In general, the supervision teams do not include environmentalists, nor is it specifically mentioned whether the project ESMPs (Environmental and Social Management Plans) are implemented and regularly monitored. In the aftermath of the revolution, these measures were called into question by the lack of beneficiary sensitization to the initially agreed upon environmental measures particularly in the PISEAU, PDAIs and the Rural Drinking Water Supply Project (RDWSP).

Synthesis: Has the Bank made a difference in Tunisia?

The Bank has supported the public authorities in the pre and post-revolution governance and economic transformation reform programmes, the productive sectors and in infrastructure. It has been able to combine different financing instruments ranging from general budget support to project loans, including private sector window loans to support investments in sectors that have emerged as strategic for the country such as energy or road infrastructure which are factors of territorial and social integration, as well as technical assistance operations and analytical work.

The private sector window has financed three infrastructure projects: the project for the construction of the new Enfidha Airport via a loan to the concessionaire (TAV Tunisie), the Hasdrubal Gas Field Development Project and the South Tunisian Gas Pipeline Project through two loans awarded to ETAP.

AfDB's requirements in terms of environmental and people protection have prompted the executing agencies to prepare environmental and social impact assessments and corresponding management plans, even though this is not mandatory for network rehabilitation projects under Tunisian law.

However, the Bank has reduced its commitments in light of the country's specific context. This is reflected in the financing conditions and the possibility of completing programmes to which the Bank is already committed and that would have required supplementary financing.

The factors of success of the Bank's projects and programmes concern: (i) the continuity and rapidity of the Bank's response to the country's new challenges; (ii) the overall consistency between budget support programmes, productive investments and infrastructure, under the public and private sector windows, and non-project support (TA, advisory support and ESW); and (iii) the Bank's contribution to policy dialogue by intensifying consultations with civil society and stakeholders in the context of the reforms initiated since 2011.

The factors of failure concern the weaknesses observed in project and programme design which did not often take into account the complexity of the political and social environment during the transitional period, nor the complexity of the reforms in relation to available capacity. The budget support programmes did not contain proposals for the medium and long-term strategic reforms required for development, which require implementation over longer periods. Institutional strengthening was somewhat neglected in favour of infrastructure or rehabilitation projects (10 investment projects and 2 sector studies). ■

Conclusions and Recommendations

Conclusions

Between 2004 and 2015, the Bank financed 58 projects in Tunisia, amounting to approximately UA 2.38 billion (i.e. about USD 3.4 billion) and is one of Tunisia's main donors. The Bank, which had acquired experience in supporting the public authorities in the pre-and post-revolution governance and economic transformation reform programmes as well as in the productive sectors and infrastructure, especially transport (road, rail and airport), has been able to combine different financing instruments ranging from general budget support to project loans (including private sector window loans) to support investments in sectors that have emerged as strategic for the country. These interventions include energy and road infrastructure operations which are factors of territorial and social integration, as well as technical assistance operations and analytical work relating to social protection, health and youth employability.

In the aftermath of the Revolution, the two successive budget support operations representing a total amount of USD 1 billion exhausted the Bank's commitment capacity. The Bank shifted most of its focus to non-lending activities (technical assistance, advisory support, and economic and sector work).

Policy dialogue was a constant element of the Bank's actions before and after the Revolution. It was particularly after the Revolution that the Bank acted as a major donor to provide the new political decision-makers with advisory support, which resulted in the initiation of emergency programmes in partnership with other donors. The growth diagnostic of the Tunisian economy served as the basis for this dialogue in addition to other analytical studies on the social protection and employment sectors, public procurement and other areas.

The Bank's strategies and programmes were consistent with the Government's sector strategies and thematic areas, and these programmes specifically took into account crosscutting issues such as gender, the degree of inclusion of poor communities by promoting the reduction of social, territorial or spatial inequalities, especially regarding access to public services. The Bank, in partnership with successive governments and the TFPs, paid attention to these aspects by prioritizing the issues of social inclusion and the reduction of regional disparities.

The Bank's value added lies not only in its significant financial contribution, but also in its technical assistance and analytical work to support the country, against a backdrop of serious crisis, economic and social challenges, and emergency support through social integration programmes.

The Bank's programmes made a significant contribution towards consolidating reforms and restoring the pre-2011 business climate, although macroeconomic stability had been disrupted since the revolution in terms of fiscal deficit-related indicators, external debt and inflation. Macroeconomic results have been mixed since 2012 in terms of economic growth and if the rise in inflation and its negative impact on the competitiveness of the economy and the purchasing power of the poorest segments of the population are taken into account. These indicators deteriorated in 2014 and in 2015.

The non-existence of a strategic planning framework and consultation and dialogue framework with civil society and the private sector at government level or at the level of the appropriate authorities have made implementation and consensus reaching more difficult. Failure to take these aspects into account, and introduce components to ensure the consistency of strategies and coordination of institutional structures have affected the quality of the Bank's assistance throughout the post-revolution period.

Lessons

The main lessons to be drawn from the experience of the Bank's assistance are as follows:

- An assessment of risk factors (also in terms of institutional capacity) is essential in providing support to any reform programme in a context of political transition marked by a strong probability of a deteriorating economic, social and security situation, and continuing social conflicts or political blockages;

- The non-existence of a strategic planning framework and consultation and dialogue framework with civil society and the private sector at government level or at the level of the appropriate authorities complicates any large-scale reform drive and wipes out the leverage effect of financial partners' financing. Programmes targeting economic and social transformation require these aspects to be taken into account as well as capacity building, the integration of inter-sector and crosscutting aspects, and the consistency of strategies and coordination of institutional structures;

- For a country in political transition marked by major political and social upheaval, a learning (or re-learning) period is necessary to comprehend the machinery of government while – and this is often difficult – seeking the broadest consensus among the different political actors, including members of parliament. Hence the need to maintain some flexibility in the schedule for implementing large-scale political, economic and social recovery reforms;

- The appropriate combination of the different financing instruments: budget support, project loans from the public and private sector windows, support to investments in strategic sectors (such as energy or road infrastructure, a factor of territorial or social integration), technical assistance and analytical work strengthening policy dialogue are essential to ensure the success of support for medium-term reforms.

Recommendations

Based on these lessons, the following recommendations are made to the Bank:

- **Recommendation #1: Engage in dialogue with the Government in order to initiate a large-scale reform process that will affect all aspects of economic recovery within the framework of an integrated national plan.** The 2011 economic crisis in Tunisia highlighted the need for in-depth reform of its socio-economic model. One of the lessons learned from this evaluation is that a learning period is required to be able to support reforms in a context of political transition. Therefore, it is important to have a clear vision and to prioritize major reforms whose implementation would require some flexibility. The series of studies conducted by the Bank since 2011 has built its knowledge of the Tunisian context and enhanced its credibility with the different actors. Hence, the Bank must capitalize on this advantage in order to pursue and deepen inclusive dialogue with the Government and the other actors (civil society and the private sector) so as to move the reform agenda forward. Enriched by this experience and its continuing support to the reform process in the country, the Bank must trigger a dialogue process that will culminate in the implementation of large-scale reforms to which the country is committed. To that end, the Bank will have to mobilize the necessary resources (including concessional) and technical assistance instruments, as well as carry out sector analytical work.

- **Recommendation #2: improve mainstreaming of inclusion aspects in the Bank's strategies and operations through closer targeting of adequate measures aimed at ensuring sustainable outcomes.** The 2011 crisis highlighted social inequalities, regional disparities, and unemployment

– especially among youths – as major problems that should guide public action. The evaluation revealed the weaknesses in targeting beneficiaries in the social programmes while there was no consensus among the ministries on the new distribution key for budgetary reallocation. Moreover, adequate measures were not always implemented to ensure the sustainability of such programmes. The Bank should continue to support the Government in its regionalization and administrative decentralization efforts, including mechanisms to establish contractual relationships with the regions and regional communities in order to pursue its commitment to the achievement of inclusive and equitable growth.

- **Recommendation #3: prepare and implement a capacity building programme for central government, executing agencies and the regional authorities.** The evaluation highlighted the absence of a strategic planning framework, insufficient consideration of capacity building aspects as well as problems concerning the consistency of the strategies and coordination of institutional structures. All these aspects affected the quality of the Bank's assistance throughout the post-revolution period. At sector level, high staff turnover in the Tunisian civil service affected the capacity of executing agencies whereas in the context of decentralization/devolution, capacity building needs have emerged as a result of growing development programme monitoring demands.

- **Recommendation #4: support the Government in completing the reforms in the finance and insurance sectors in order to strengthen financial intermediation and inclusion in Tunisia.** With a view to private sector development, the ongoing financial sector restructuring is timely. Therefore, the Bank must continue to support the deepening and development of the Tunisian financial sector. Insurance sector reforms should also be continued to make the most of its institutional and non-institutional mobilization potential. The slow pace of microfinance reforms has prevented the emergence of new structures and central government support has not met expectations.

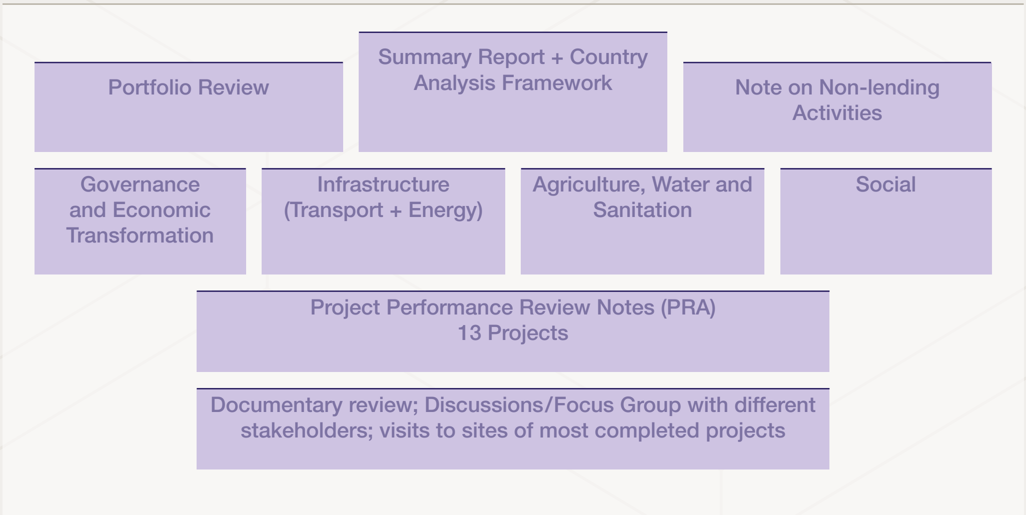
- **Recommendation #5: Conduct a comprehensive analysis of the Bank's experience in the agricultural sector in Tunisia (PDAI, PISEAU, etc.) and learn lessons from its experience in other countries so as to explore alternative approaches (for example, value chain approaches) in the context of the Bank's new 2016–2025 African Agricultural Transformation Strategy.** While the Bank has made a significant contribution to the agricultural sector through the PDAI and PISEAU, the GDA and SMSA received insufficient support even though their actions were essential to develop the agricultural production chain and ensure its contribution to economic growth. ■

Annexes

Annex 1: Methodology Note

A.1.1 Evaluation Approach and Process

The evaluation is based on a theory of change (Annex A.1.3), which considers the Bank's operations in Tunisia's development context. This approach examines the extent to which the expected results were achieved, the conditions and reasons for the achievement of, or failure to achieve, the outcomes and their contribution to the country's development outcomes. The evaluation of results was carried out at three levels – project level, aggregation at sector/pillar level followed by aggregation at country level (see diagram below). The evaluation structure and criteria are reflected in an evaluation matrix with 21 questions presented in the matrix.



The evaluation summary report is informed by four main components:

i) 13 project performance sheets: A review of all completed projects was carried out (with the exception of technical assistance) of the portfolio under review. They were the subject of a comprehensive analysis focused on four key criteria (relevance, effectiveness, efficiency and sustainability) comprising sub-criteria. Each criterion is evaluated on a scale of 1 to 6 (see table below on project performance evaluation criteria).

ii) Four sector/thematic reports were prepared to deepen the analysis of the different sectors of Bank assistance. The selection of the themes or sectors was guided by their strategic importance and their volume of operations. These reports therefore concern governance and the financial, transport, energy, water and sanitation, agriculture and social sectors.

iii) The two previous components were complemented by a project portfolio review aimed at analysing composition and structure, then a review of non-lending activities in order to examine their contribution to the Bank's actions in Tunisia.

Project Performance Evaluation Criteria (PRA)	
Evaluation Criterion 1: RELEVANCE	1.1 Relevance of project objectives
	1.2 Relevance of project design for the achievement of its objectives
Evaluation Criterion 2: EFFECTIVENESS	2.1 Effectiveness in the production of outputs
	2.2 Effectiveness in the achievement of outcomes
	2.3 Possible unpredicted outcomes
Evaluation Criterion 3: EFFICIENCY	3.1 Cost-benefit analysis
	3.2 Cost–effectiveness analysis
	3.3 Adherence to schedule
	3.4 Implementation Status (IS)
Evaluation Criterion 4: SUSTAINABILITY	4.1 Technical Soundness
	4.2 Economic and financial viability
	4.3 Institutional sustainability and capacity building
	4.4 Political and governance environment
	4.5 ownership and sustainability of partnerships
	4.6 Environmental and social sustainability
	4.7 Resilience to exogenous factors and risk management

Rating scale: 6 – Highly satisfactory (HS)/Highly probable (HP); 5 – Satisfactory (S)/Probable (P); 4 – Moderately satisfactory (MS)/Moderately probable (MP); 3 – Moderately unsatisfactory (MU)/Moderately improbable (MI); 2 – Unsatisfactory (I)/Improbable (I); 1 – Highly unsatisfactory (HU)/Highly Improbable (TI).

i) A country analysis framework which examined nine mechanisms using the same rating scale as for projects, and two conditions to assess their absence or presence at country level. They are presented as follows: M1 – Knowledge and strategic guidance; M2 – Adapted solutions; M3 – Strategic direction; M4 – Leverage effect; M5 – Supervision; M6 – Project steering; M7 – Project design; M8 – Results-based management and apprenticeship; M9 – Partnership and coordination; C1 – National ownership; and C2 – Readiness to implement reforms.

The country analysis framework as well as the project performance sheets were the subject of quality assurance by an IDEV internal review team.

A.1.2 Data Collection and Analysis

The evaluation team used both secondary and primary data to carry out the analysis of the Bank's development outcomes. This data was collected using the following different methods:

Document Review

Project documents, Bank strategies (Strategic Orientations for 2003–2007, 2008–2012 MTS, 2013–2022 Ten-Year Strategy, CSP, etc.), national development strategies (Tenth and Eleventh Plans, Jasmin Plan, etc.), the different available studies relevant to the evaluation (Growth Diagnostic and other Bank analytical studies, etc.) and statistical data (from INS, Statistical Department of Ministries, Project Executing Agencies, etc.).

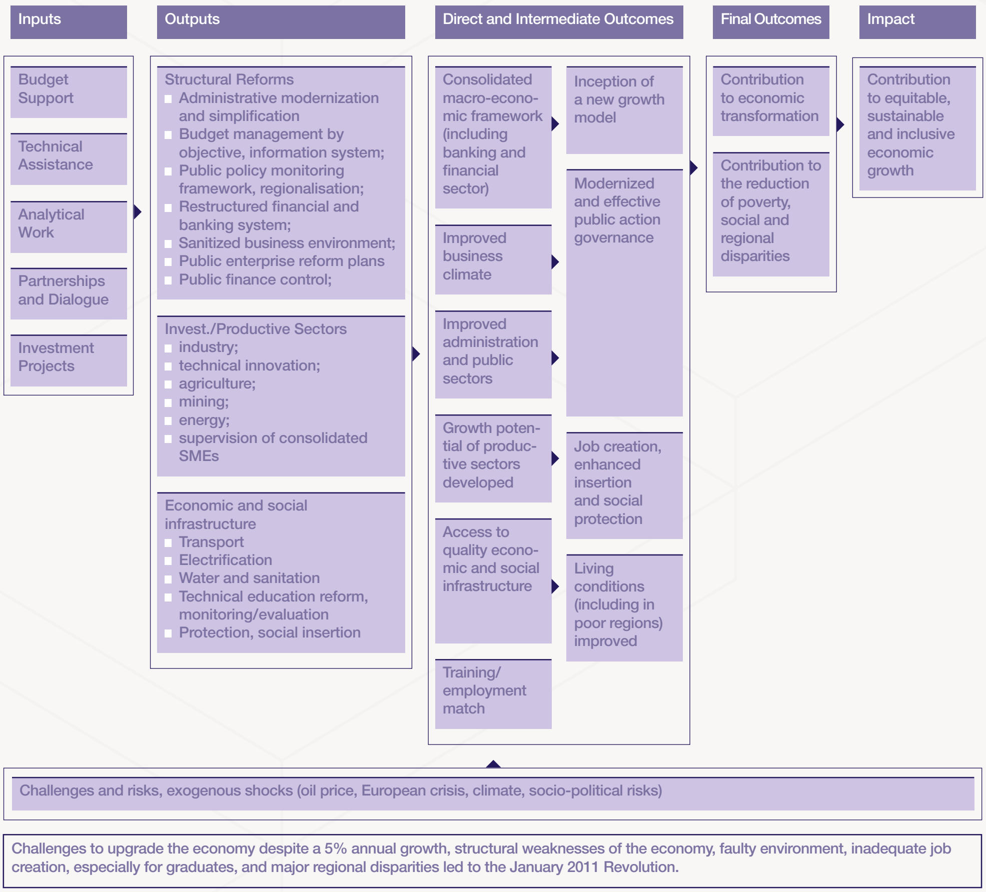
Meetings and Site Visits

Meetings were held with key stakeholders to discuss in detail the relevance of the Bank's operations, the development outcomes and their sustainability as well as the Bank's performance in addressing the country's challenges. These semi-structured meetings also provided an opportunity to discuss the factors explaining the results. The IDEV team met all the Ministerial Departments concerned by assistance as well as the project executing agencies and end beneficiaries. A focus group was organized with civil society, the private sector and the country's other development partners (EU, AFD, KfW, etc.) to obtain different perspectives on the Bank's performance and its strategic positioning. Lastly, site visits were carried out for all completed projects.

Analysis of Results

Several analysis grids for information collected on results were used: (i) a descriptive analysis of the context (baseline situation and trend over the study period); (ii) a qualitative and quantitative analysis based on the key outcome indicators of the CSPs and projects under review; (iii) a contributory analysis to assess to what extent the results achieved by the Bank could be associated with changes observed in the country; and (iv) an analysis of the Bank's performance and instruments (see Annex A.1.4). These different analyses have helped to identify the key factors of the success or failure of recommendations to improve future Bank operations.

A.1.3 Theory of Change in Bank's Operations in Tunisia, 2004–2015



A.1.4 Evaluation Questions

Development Outcomes – What Has The Bank Achieved In Tunisia?	
Relevance	1. To what extent are the Bank's operations aligned on the country's development needs and priorities? 2. To what extent do the Bank's operations meet the needs of the target groups in the country? 3. To what extent are the country's intervention aligned on Bank priorities?
Effectiveness	4. To what extent have the Bank's operations achieved the expected development objectives and outcomes? 5. To what extent have the Bank's operations benefited the members of target groups? 6. To what extent have the Bank's operations contributed to the achievement of the country's development objectives and outcomes, including impacts (both intentional and unintentional)?
Sustainability	7. To what extent have achieved benefits continued or will be likely to continue once the Bank's interventions are completed?
Crosscutting Issues	8. To what extent are the Bank's operations inclusive (i.e. bringing prosperity by extending the economic foundations across age, gender and geographic barriers) in terms of gender equality and regional disparities? 9. To what extent are Bank operations environmentally sustainable and do they support the transition to green growth?
Bank's Management Of Its Operations – How And Why Were The Development Outcomes Achieved, Or Not Achieved?	
Efficiency	10. To what extent are the Bank's operations implemented efficiently (i.e. resources and inputs are economically converted into outcomes? 11. To what extent are Bank's operations implemented on schedule and according to operational standards?
Design And Implementation	12. To what extent is CSP quality satisfactory? 13. To what extent has the Bank applied selectivity in designing its country portfolio? 14. To what extent has the Bank been innovative by adapting its approach to the country context and its development challenges and needs? 15. To what extent are the Bank's interventions well-coordinated internally?
Knowledge Management And Policy Guidance	16. To what extent is the Bank engaged in knowledge management and how does it influence policy dialogue through relevant advice? 17. To what extent has the Bank carried out sufficient analytical work to support its operations, strategic positioning and advisory activities?
Partnership And Leverage Effect	18. To what extent are the Bank's operations harmonized with those of other donors (by avoiding duplication, simplifying procedures, etc.)? 19. To what extent have the Bank's resources and operations carried along other donors and created a leverage effect to maximize development effectiveness at country level?
Management For Development Outcomes	20. To what extent has the Bank successfully implemented a performance management study that is focused on results and fostered learning from past experiences? 21. To what extent has the Bank supported national capacity building and results-based management systems?
Lessons	22. What factors have positively or negatively affected the achievement of sustainable development outcomes?

Annex 2: Statistical Data

A.2.1 Sector Distribution of Bank Support

Sectors	2004–2006		2007–2011		2012–2015		Total		
	No.	Ammount (million UA)	No.	Ammount (million UA)	No.	Ammount (million UA)	No.	Ammount (million UA)	% Ammount
Agriculture	1	12930.6	2	14810.1	5	75425.5	8	103 166.2	4.3
Finance			2	36218.3	1	681.6	3	36 899.9	1.5
Energy			2	145639.7	2	93292.1	4	238 931.8	10.0
Water & Sanitation			6	77666.7	1	116717.2	7	194 383.9	8.2
Industry & Mining	1	24929.8			2	1589.7	3	26 519.5	1.1
Multi-Sector	1	91939.9	5	541769.6	6	310371.6	12	944 081.1	39.6
Social	2	44668.1	3	1574.4	7	16662.5	12	62 905.0	2.6
Communication					1	683.6	1	683.6	0.0
Transport	1	145790.6	4	477478.2	3	153751.4	8	777 020.2	32.6
Total	**6**	**320 259.0**	**24**	**1 295 157.651**	**28**	**769175.2**	**58**	**2 384 591.2**	**100.0**

Source: AfDB, Project Database

Table A.2.2 Relevance of Completed Projects

Table A.2.2a Relevance of Project Objectives

Sectors	Performance Levels			
	MS	S	HS	Total
Agriculture		2		2
Energy		1	1	2
Industry/Mining			1	1
Multi-sector		4		4
Social		1		1
Transport		1	2	3
Total		9	4	13

Table A.2.2b Relevance of Project Design

Sectors	Performance Levels			
	MU	MS	S	Total
Agriculture		1	1	2
Energy			2	2
Industry/Mining		1		1
Multi-sector	1	2	1	4
Social		1		1
Transport			3	3
Total	1	5	7	13

MU: Moderately unsatisfactory; MS: Moderately satisfactory; S: Satisfactory; HS: Highly satisfactory

Source: Project Performance Evaluation Sheets

A.2.3 Key Macroeconomic Indicators

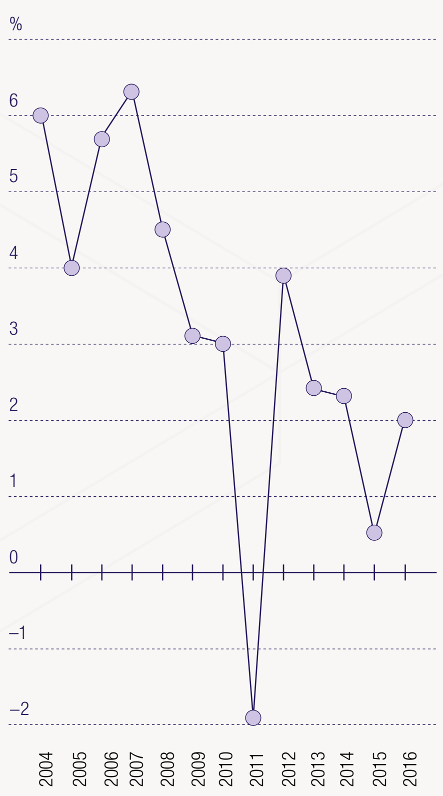
Indicators	Unit	2000	2011	2012	2013	2014	2015(e)	2016(p)
National Accounts								
GNI at Current Prices	Million US $	22,405	43,573	45,376	46,334	…	…	…
GNI per Capita	US $	2,310	4,050	4,170	4,210	…	…	…
GDP at Current Prices	Million US $	19,443	45,811	45,044	46,257	47,604	41,280	42,572
GDP at 2000 Constant prices	Million US $	19,443	29,442	30,591	31,337	32,045	32,216	32,857
Real GDP Growth Rate	%	4.3	–1.9	3.9	2.4	2.3	0.5	2.0
Real per Capita GDP Growth Rate	%	3.3	–3.0	2.7	1.3	1.1	–0.6	0.9
Gross Domestic Investment	% GDP	27.3	23.1	24.4	22.7	23.2	21.7	21.0
Public Investment	% GDP	4.4	8.8	9.3	8.6	8.8	8.3	8.0
Private Investment	% GDP	22.9	14.3	15.2	14.1	14.4	13.5	13.0
Gross National Savings	% GDP	22.3	16.2	16.1	13.6	13.1	16.7	19.3
Prices and Money								
Inflation (CPI)	%	3.0	3.5	5.6	6.1	5.5	5.0	4.0
Exchange Rate (Annual Average)	local currency/ US $	1.4	1.4	1.6	1.6	1.7	2.0	2.0
Monetary Growth (M2)	%	85.8	6.7	8.8	7.3	7.7	5.5	…
Money and Quasi Money as % of GDP	%	90.1	111.2	110.9	111.3	111.5	117.4	…
Government Finance								
Total Revenue and Grants	% GDP	23.0	26.0	26.3	26.6	26.0	21.3	20.2
Total Expenditure and Net Lending	% GDP	25.2	28.4	29.0	31.2	30.5	25.0	23.4
Overall Deficit (–) / Surplus (+)	% GDP	–2.4	–2.4	–2.7	–4.6	–4.4	–4.2	–3.9
External Sector								
Exports Volume Growth (Goods)	%	7.3	–0.2	1.4	4.7	1.4	4.8	3.7
Imports Volume Growth (Goods)	%	6.5	3.8	8.5	5.1	2.4	2.0	2.1
Terms of Trade Growth	%	–2.2	69.9	–6.0	–4.2	–3.3	–15.4	1.3
Current Account Balance	Million US $	–821	–3,386	–3,721	–3,879	–4,302	–3,136	–2,497
Current Account Balance	% GDP	–4.2	–7.4	–8.3	–8.4	–9.0	–7.6	–5.9
External Reserves	months of imports	2.4	3.5	3.8	3.3	3.2	3.8	…

Key Macroeconomic Indicators

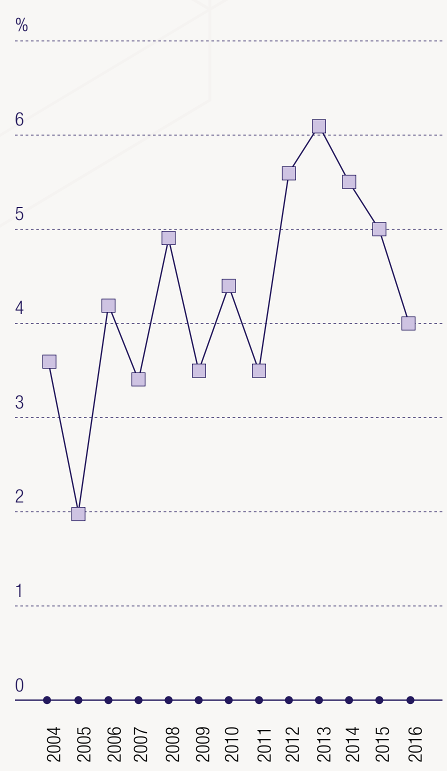
(Continuation)

Debt and Financial Flows								
Debt Service	% exports	55.7	55.5	57.7	65.4	70.4	86.1	71.0
External Debt	% GDP	52.9	48.1	54.0	55.0	59.3	60.2	58.8
Net Total Financial Flows	Million US $	660	881	2,467	1,326	1,961	…	…
Net Official Development Assistance	Million US $	222	922	1,017	710	921	…	…
Net Foreign Direct Investment	Million US $	779	1,148	1,603	1,117	1,060	…	…

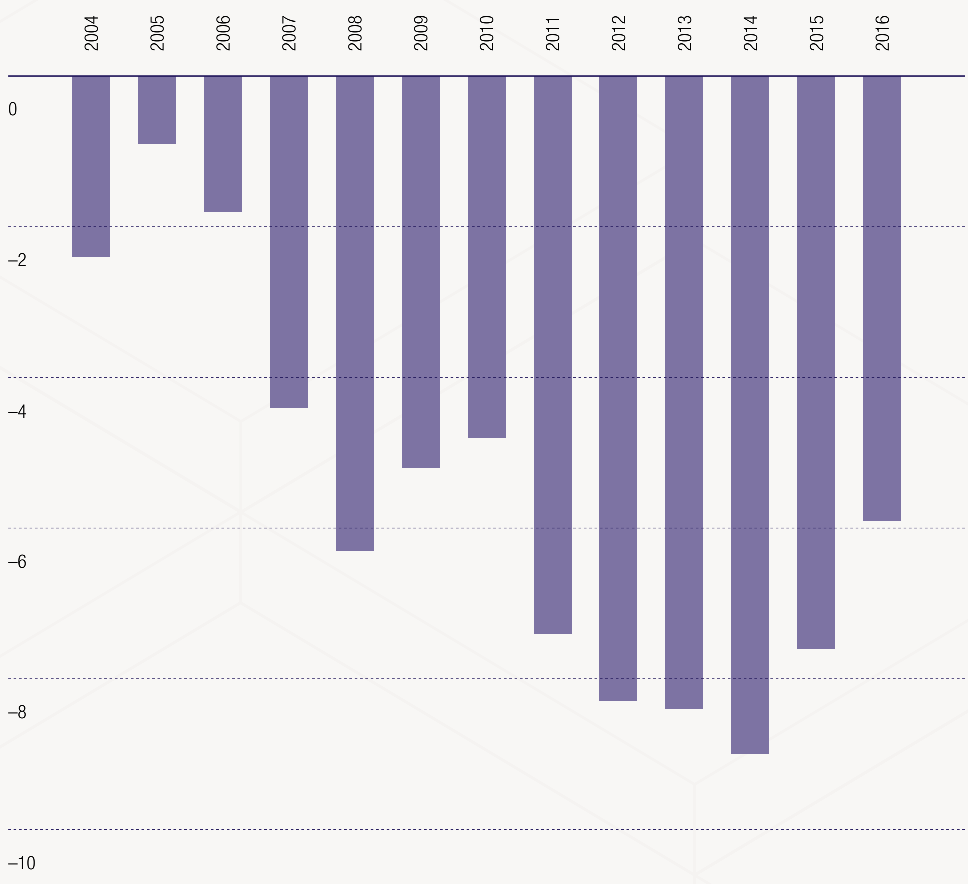
Real GDP Growth Rate, 2004–2016



Inflation (CPI) 2004–2016



Current Account Balance as a % of GDP, 2004–2016



Source: AfDB Statistics Department; IMF: World Economic Outlook, October 2015 and International Financial Statistics, October 2015; AfDB Statistics Department: Development Data Portal Database, March 2016. United Nations: OECD, Reporting System Division.

Notes: … Data Not Available; (e) Estimations; (p) Projections.

Last Update: April 2016

A.2.4 Comparative Socio-Economic Indicators

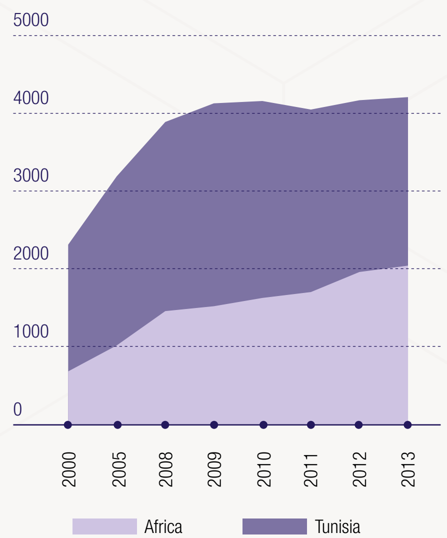
	Year	Tunisia	Africa	Developing countries	Developed countries
Basic Indicators					
Area ('000 Km²)	2016	164	30,067	94,638	36,907
Total Population (millions)	2016	11.4	1,214.4	3,010.9	1,407.8
Urban Population (% of Total)	2016	66.9	40.1	41.6	80.6
Population Density (per Km²)	2016	73.2	41.3	67.7	25.6
GNI per Capita (US $)	2014	4 210	2 045	4 226	38 317
Labor Force Participation *– Total (%)	2016	47.7	65.6	63.9	60.3
Labor Force Participation **– Female (%)	2016	25.1	55.6	49.9	52.1
Gender-Related Development Index Value	2007–2013	0.891	0.801	0.506	0.792
Human Develop. Index (Rank among 187 countries)	2014	96	…	…	…
Popul. Living Below $1.90 a Day (% of Population)	2008–2013	2.0	42.7	14.9	…
Demographic Indicators					
Population Growth Rate – Total (%)	2016	1.1	2.5	1.9	0.4
Population Growth Rate – Urban (%)	2016	1.3	3.6	2.9	0.8
Population < 15 years (%)	2016	23.5	40.9	28.0	17.2
Population >= 65 years (%)	2016	7.8	3.5	6.6	16.6
Dependency Ratio (%)	2016	45.5	79.9	52.9	51.2
Sex Ratio (per 100 female)	2016	97.6	100.2	103.0	97.6
Female Population 15–49 years (% of total population)	2016	27.0	24.0	25.7	22.8
Life Expectancy at Birth – Total (years)	2016	75.2	61.5	66.2	79.4
Life Expectancy at Birth – Female (years)	2016	77.6	63.0	68.0	82.4
Crude Birth Rate (per 1,000)	2016	17.6	34.4	27.0	11.6
Crude Death Rate (per 1,000)	2016	6.6	9.1	7.9	9.1
Infant Mortality Rate (per 1,000)	2015	12.1	52.2	35.2	5.8
Child Mortality Rate (per 1,000)	2015	14.0	75.5	47.3	6.8
Total Fertility Rate (per woman)	2016	2.1	4.5	3.5	1.8
Maternal Mortality Rate (per 100,000)	2015	62.0	495.0	238.0	10.0
Women Using Contraception (%)	2016	64.7	31.0	…	…

Comparative Socio-Economic Indicators

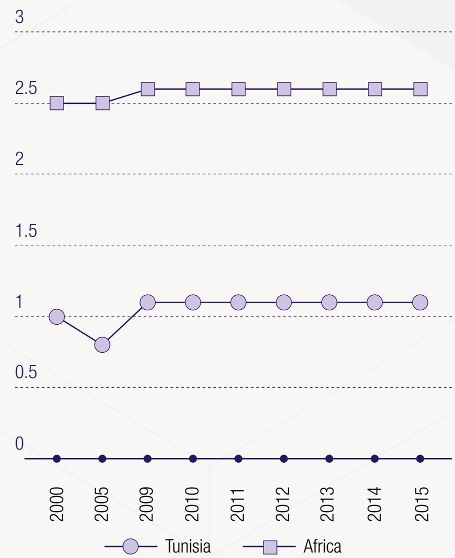
(Continuation)

Health & Nutrition Indicators					
Physicians (per 100,000 people)	2004–2013	122.2	47.9	123.8	292.3
Nurses and midwives (per 100,000 people)	2004–2013	328.0	135.4	220.0	859.8
Births attended by Trained Health Personnel (%)	2010–2015	98.6	53.2	68.5	…
Access to Safe Water (% of Population)	2015	97.7	71.6	89.3	99.5
Healthy life expectancy at birth (years)	2013	66.7	54.0	57	68.0
Access to Sanitation (% of Population)	2015	91.6	39.4	61.2	99.4
Percent. of Adults (aged 15–49) Living with HIV/AIDS	2014	0.1	3.8	…	…
Incidence of Tuberculosis (per 100,000)	2014	33.0	245.9	160.0	21.0
Child Immunization Against Tuberculosis (%)	2014	95.0	84.1	90.0	…
Child Immunization Against Measles (%)	2014	98.0	76.0	83.5	93.7
Underweight Children (% of children under 5 years)	2010–2014	2.3	18.1	16.2	1.1
Daily Calorie Supply per Capita	2011	3 362	2 621	2 335	3 503
Public Expenditure on Health (as % of GDP)	2013	4.0	2.6	3.0	7.7
Education Indicators					
Gross Enrolment Ratio (%)					
Primary School – Total	2010–2015	113.1	100.5	104.7	102.4
Primary School – Female	2010–2015	111.4	97.1	102.9	102.2
Secondary School – Total	2010–2015	87.6	50.9	57.8	105.3
Secondary School – Female	2010–2015	94.2	48.5	55.7	105.3
Primary School Female Teaching Staff (% of Total)	2010–2015	59.3	47.6	50.6	82.2
Adult literacy Rate – Total (%)	2010–2015	81.1	66.8	70.5	98.6
Adult literacy Rate – Male (%)	2010–2015	89.7	74.3	77.3	98.9
Adult literacy Rate – Female (%)	2010–2015	72.8	59.4	64.0	98.4
Percentage of GDP Spent on Education	2010–2014	6.2	5.0	4.2	4.8
Environmental Indicators					
Land Use (Arable Land as % of Total Land Area)	2013	18.4	8.6	11.9	9.4
Agricultural Land (as % of land area)	2013	64.0	43.2	43.4	30.0
Forest (As % of Land Area)	2013	6.6	23.3	28.0	34.5
Per Capita CO2 Emissions (metric tons)	2012	1.9	1.1	3.0	11.6

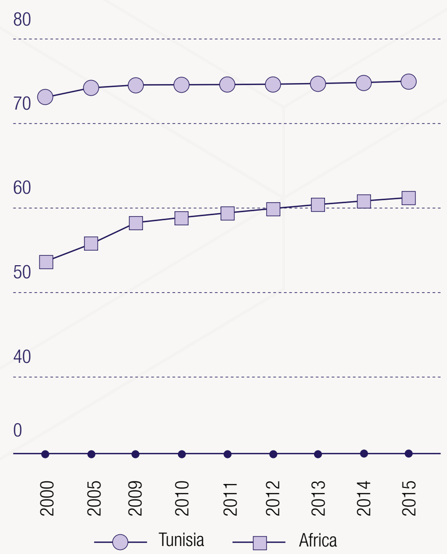
GNI Per Capita US $



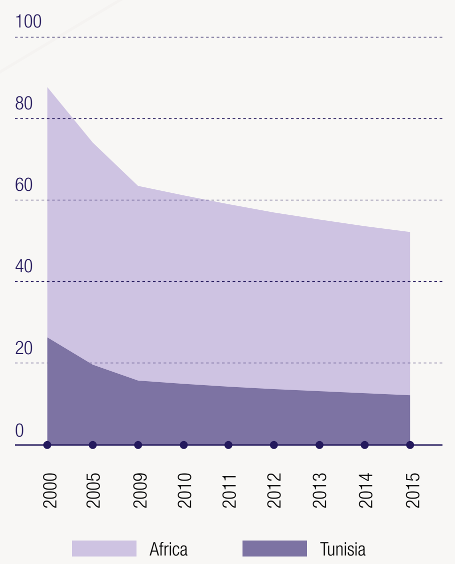
Population Growth Rate (%)



Life Expectancy at Birth (years)



Infant Mortality Rate (Per 1000)



Sources: AfDB Statistics Department Databases; World Bank: World Development Indicators; UNAIDS; UNSD; WHO, UNICEF, UNDP; Country Reports.
Note: n.a.: Not Applicable; … : Data Not Available. *Labor force participation rate, total (% of total population ages 15+)
**Labor force participation rate, female (% of female population ages 15+)

A.2.5 Progress towards achieving the MDGs

	1990[1]	2000[2]	2014[3]
Goal 1: Eradicate Extreme Poverty and Hunger			
Employment/population ratio, 15 +, total (%)	40.3	40.7	41.3
Malnutrition prevalence, weight for age (% of under-5 children)	3.3	3.3	2.3
Poverty headcount ratio at $1.25 a day (PPP) (% of population)	6.5	1.4	0.7
Prevalence of undernourishment (% of population)	5.0	5.0	5.0
Goal 2: Achieve Universal Primary Education			
Youth literacy rate, population 15–24 years, female (%)	75.1	95.8	96.3
Adult literacy rate, population 15+ years, both sexes (%)	59.8	77.6	79.7
Primary completion rate, total (% of relevant age group)	90.8	90.1	101.7
Net enrolment ratio in primary education (%)	95.7	98.8	98.7
Goal 3: Promote Gender Equality and Empower Women			
Proportion of seats held by women in national parliaments (%)	11.5	27.6	28.1
Ratio of girls to boys in primary education,	94.2	96.9	97.2
Ratio of girls to boys in secondary education	101.0	107.6	104.9
Goal 4: Reduce child mortality			
Immunization, measles (% of children ages 12–23 months)	90.0	98.0	94.0
Mortality rate, infant (per 1000 live births)	27.0	15.7	13.1
Under-five mortality rate (per 1000)	32.6	18.3	15.2
Goal 5: Improve maternal health			
Births attended by skilled health staff (% of total)	80.6	94.6	98.6
Contraceptive prevalence rate (% of women 15–49 years of age)	63.3	62.6	63.9
Maternal mortality rate (per 100000)	81.0	55.0	46.0
Goal 6: Combat HIV/AIDs, malaria and other disease			
Incidence of tuberculosis (per 100,000 people)	26.0	27.0	32.0
Prevalence of HIV, female (% ages 15–24)	…	…	…
Prevalence of HIV, male (% ages 15–24)	…	…	…
Prevalence of HIV, total (% ages 15–49)	0.1	0.1	0.1
Goal 7: Ensure Environmental Sustainability			
CO2 emissions (kg per PPP $ of GDP)	1.0	0.6	0.7
Improved sanitation facilities (% of population with access)	81.1	88.5	90.4
Improved water source (% of population with access)	88.7	95.3	96.8
Goal 8: Develop a global partnership for development			
Aid per capita (current USD)	26.7	47.8	64.9
Internet users, per 1000 users	15.9	340.7	414.4
Mobile cellular telephone subscriptions, per 1000 people	5.9	932.1	1180.8
Fixed telephone subscriptions, per 1000 people	90.0	121.6	101.7

Sources: Database of AfDB Statistics Department; World Bank, WDI; INAIDS; UNSD; WHO, UNICEF, WRI, UNDP, Country Reports

Notes: n.a. Not Applicable; …: Data not available.

1 Most recent year available over the 1990–1999 period; 2 Most recent year available over the 2000–2009 period; 3 Most recent year available over the 2010–2014 period

A.2.6 Statistics on Regional Disparities in Tunisia

Mapping of Regional Disparities in Tunisia

Source: Regional Inequalities in Tunisia, ITCEQ December 2014

Amount of Private Investment per capita

Region	1997–2001	2002–2006	2007–2009
Greater Tunis	121	106.6	106.6
North East	137.6	161.6	158.6
Mid-East	127.6	117.9	113.4
South East	109.6	114.9	115.3
North-West	50.3	47.5	49.9
Mid-West	49	52	53.6
Mid-West	50	62.3	63.4
Total	**100**	**100**	**100**

Source: Tunisian Government's Strategic Direction Note, August 2015. Score: Baseline 100=average

Amount of Private Investment per capita

Regions	Score
Tunis	6.51
Sousse	4.51
Beja	3.92
Ariana	3.83
Ben Arous	3.75
Monastir	3.51
Gabes	3.51
Bizerte	3.34
Zaghouan	3.33
Sfax	3.27
Manouba	3.24
Nabeul	3.22
Kef	3.19
Tozeur	3.18
Gafsa	2.88
Medenine	2.72
Siliana	2.67
Kasserine	2.56
Tataouine	2.55
Jendouba	2.34
Mahdia	2.33
Sidi Bouzid	2.15
Kebili	2.07
Kairouan	1.66

Source: Arab Institute for Business Leaders (IACE)' 2015

Annex 3: List of Bank Operations in Tunisia, 2004–2015

Table 3.1 List of Bank's Ongoing and Completed Operations in Tunisia, 2004 – 2015

	Project Names	Project Status	PCR/ESR	Project Type	Approval Year	Amount (UA 1000)	Disbursement Rate	Loan/Grant
Agriculture	Preparation of Kairouan PDAI	Completed		Study	2004	50	100	Grant
	Kairouan PDAI	Completed		Project	2006	15.731	90.23	Loan
	Water Sector Investment Project – Piseau II	Ongoing		Project	2008	20.243	74.78	Loan
	North Gafsa Integrated Agricultural Development Project	Ongoing		Project	2013	19.540	47.89	Loan
	Mic Grant – Gabès And Gafsa PDAI	Ongoing		Study	2012	380	48	Grant
	Mic – Support to Gda	Ongoing		TA	2009	587	17	Grant
	Preparatory Study on Project for 500 Km of Agricultural Feeder Roads	Ongoing		Study	2013	79	0	Grant
	Integrated Agric. Development Project – South Gabes PDAI	Approved		Project	2014	16.532	0	Loan
	MIC Grant Preparation Of Zaghoaun PDAI	Ongoing		Study	2014	390	0	Grant
Water and Sanitation	Study on Zaarat Sea Water Desalination	Completed		Study	2009	627	66.35	Grant
	Study on Flood Protection In Greater Tunis	Ongoing		Study	2009	580	61.67	Grant
	Strategic Sanitation Study, Tunisia	Completed		Study	2009	575	60.79	Grant
	DWS Improvement Study – Bizerte And Beja	Completed		Study	2009	460	50.65	Grant
	Sineau	Ongoing		TA	2009	1.743	33.99	Grant
	Rural DWS Programme (RDWS)	Ongoing		Project	2011	83.781	30.86	Loan
	Treated Water Quality Improvement Project	Ongoing		Project	2012	28.672	10	Loan
	Preparation of Water Vision And Strategy (Multiwatsubsec)	Completed		Study	2011	1.053	7	Grant

List of Bank's Ongoing and Completed Operations in Tunisia, 2004 – 2015 (Continuation)

Energy	ETAP Corporate Loan	Closed	Yes	Project	2010	97.640	100	Loan
	ELEC Electricity Distribution Network Rehabilitation Porject – Electricity VII	Closed	Yes	Project	2003	66.100	100	Loan
	Electricity Networks Rehabilitation and Restructuring Project Electricity VIII	Ongoing		Project	2009	42.032	78	Loan
	South Tunisia Gas Pipeline Project	Ongoing		Project	2014	48.686	0	Loan
	Natural Gas Transmission And Distribution Development Project	Ongoing		Project	2015	39.163	0	Loan
Finance	Sme Apex Facility Tunisia	Ongoing		Line Of Credit	2011	32.547	50	Loan
	Study on Assessment of Bts Microcredit System	Completed		Study	2010	139	31.27	Grant
	Fapa Tunisia SME BFPME	Ongoing		TA	2013	618	0	Grant
Industry/Mining	Environmental Capacity Building	Closed	Yes	Project	2005	22.485	100	Loan
	Structural Transformation and Support to Promising Markets	Approved		Project	2015	798	0	Grant
	Project to Support The Development of an Industrial Policy	Approved		Project	2015	791	0	Grant

List of Bank's Ongoing and Completed Operations in Tunisia, 2004 – 2015 (Continuation)

Multisector	Competitiveness Support Programme III	Closed	Yes	Budget Support	2005	103.379	100	Loan
	Integration Support Programme	Closed	Yes	Budget Support	2009	162.734	100	Loan
	Governance and Inclusive Dev. Support Programme	Closed	Yes	Budget Support	2011	325.468	100	Loan
	Economic Recovery and Inclusive Development Support Programme	Closed	Yes	Budget Support	2012	342.475	100	Loan
	Support to ITCEQ	Completed		TA	2009	199	90	Grant
	SCB – II	Ongoing		TA	2011	491	50	Grant
	Preparatory Study on The Commercial Law Strengthening Project	Completed		Study	2010	323	16	Grant
	PPP Advisory	Ongoing		TA	2013	789	0	Grant
	E-Government and Open-Governement	Ongoing		TA	2012	684	0	Grant
	Public Procurement Support Project	Ongoing		TA	2013	530	0	Grant
	Managerial Capacity Building in Tunisia	Approved		TA	2013	1.000	0	Grant
	Project to Increase Domestic Resource Mobilization	Approved		TA	2013	1.920	0	Grant
	Support to Improvement of Implementation of AFDB Projects	Ongoing		TA	2013	33	0	Grant

List of Bank's Ongoing and Completed Operations in Tunisia, 2004 – 2015 (Continuation)

Social	Sidi-Thabet Biotechnology Park Study	Closed		Study	2004	100	100	Grant
	Study on Emerging And Re-Emerging Diseases	Completed		Study	2009	581	100	Grant
	Humanitarian Assistance to People at The Tunisian-Libyan Border	Completed		Emergency Assistance	2011	651	100	Grant
	Secondary Education Support Project II	Completed		Project	2005	52.838	89	Loan
	Health Service Exports	Completed		Study	2009	527	25	Grant
	MIC-Development of Cultural Industries	Completed		TA	2010	271	15	Grant
	Performance Evaluation of Social Assistance System	Approved		Study	2013	22	0	Grant
	Support for The Development of a Social Economy Process	Approved		TA	2013	22	0	Grant
	Regional Development and Job Creation Support Project	Completed		Budget Support	2015	145.106	100	Loan
	Investment and Export Promotion Support Programme	Approved		TA	2015	222	0	Grant
Transport	Classified Road Network Improvement–IV	Closed	Yes	Project	2004	145.791	100	Loan
	Enfidha Airport Project	Closed	Yes	Project	2009	59.845	100	Loan
	Classified Road Network Improvement–III	Closed	Yes	Project	2001	103.410	100	Loan
	Railway Infrastructure Modernization–II	Closed	Yes	Project	2003	51.590	100	Loan
	Road Project–V	Ongoing		Project	2008	154.034	75	Loan
	Road Project–VI	Ongoing		Project	2010	208.525	63.56	Loan
	Construction Of The Gabes Motorway Link	Ongoing		Project	2011	121.351	16.75	Loan
	Study On Road Safety Strategy	Ongoing		Study	2013	1.000	0	Grant
	Master Plan Study	Approved		Study	2014	800	0	Grant
	Road Infrastructure Modernization Project (PMIR)	Approved			2015	151.951	5	Loan+Grant

A.3.2 List of Recent Bank Analytical Studies in Tunisia, 2012–2014

Analytical Studies	Publication Date
Food Subsidies and Direct Social Assistance: Towards Better Targeting of Monetary Poverty and Deprivations in Tunisia	2014
Analysis of Tunisia's Productive System	2014
Final Report on the Evaluation of the National Public Procurement System in Tunisia	May 13
Capital Market Development in North. Africa: Current Status and Future Potential	April 13
Trends in Investment Flows (FDI) in 2012	March 13
Development of International Trade in Health Services: North Africa's Export Prospects	March 13
Measuring Poverty, Inequalities and. Polarization in Tunisia, 2000–2010	January 13
Identifying Tunisia's Binding Constraints to Broad-Based Growth	January 13
Growth Diagnostic: Towards a New Growth Model for Tunisia	December 12
The Political Economy of Food Security in North Africa	November 12
Unlocking North Africa's Potential through Regional Integration	October 12
Comparative Study on Export Policies in Egypt, Tunisia and South Korea	October 12
Forecasting the Costs and Benefits of Implementing Basel III for North African Emerging Economies: An Application to Egypt and Tunisia.	September 12
Tunisia: Economic and Social Challenges Beyond the Revolution	September 12
Inflation in Tunisia: Between Perception and Reality in a Context of Transition	July 2012
Political Transitions and New Socio-economic Bargains in North Africa	May 12
Jobs, Justice and the Arab Spring: Inclusive Growth in North Africa	May 12
The African Development Bank Group in North Africa 2012 – A Year of Transition	May 12
Open, Smart and Inclusive Development: ICTs for Transforming North Africa	April 12
New Libya, New Neighbourhood: What Opportunities for Tunisia?	January 12
Islamic Banking and Finance in North Africa	December 11
Update of the situation in North Africa in light of recent events: Development Outlook and Challenges: Operational Response and Strategic Refocusing	2011
Tunisia: Status of Tunisian Banking System	2011
Distortions to Incentives and Agricultural Policy in Tunisia: A Preliminary Analysis	September 11
Poverty and Inequality in Tunisia, Morocco and Mauritania	August 11
Tackling Youth Unemployment in the Maghreb	July 11
Impact of Libya's Conflict on the Tunisian Economy: A Preliminary Assessment	July 11
The Revolution in Tunisia: Economic Challenges and Prospects	March 11
The BRICs in North Africa: Changing the Name of the Game?	January 11
Alleviating Poverty in Rural Tunisia: An Integrated Approach to Agriculture	July 10
PEFA Report	2010
Study on Global Integrations	2008
Study on Competitiveness	2007

Source: 2007–2011 CSP Completion Report, 2012–2013 i-CSP and 2014–2015 i-CSP, Tunisia

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African Development Bank – Tunisia: Interim Country Strategy Paper, 2012–2013 – ADB/BD/WP/2012/02 – January 2012

African Development Bank – Tunisia: Interim Country Strategy Paper, 2014–2015 – ADB/BD/WP/2014/20 – February 2014

African Development Bank – Tunisia: Portfolio Review Report – 2007 – ADB/BD/WP/2008/203 – December 2008

African Development Bank, CRES, Statistics of Tunisia – Analysis on Impact of Food Subsidies and Social Assistance Programmes on the Poor and Vulnerable Population, June 2013

African Development Bank, Tunisia: Country Strategy Paper, 2002–2004-ADB/BD/WP/2002/114 – November 2002

African Development Bank, USAID, MCC – Towards a New Economic Model for Tunisia – 2013

World Bank: Faced with Difficult Choices in the Context of a Growing Energy Gap

World Bank – Doing Business 2015, Going beyond efficiency, Tunisia Economy Profile – 2015

World Bank – Escape Austerity through Accelerating Growth – March 2013

World Bank – The unfinished revolution: bringing opportunity, good jobs and greater wealth for all Tunisians – 2014

World Bank – Middle East and North Africa Region, Public Sector and Governance Unit – Policy Research Working Paper: Estimating Informal Trade across Tunisia's Land Borders, December 2013

World Bank – Policy Note: Towards greater equity: energy subsidies, targeting and social protection in Tunisia – November 2013

World Bank – Poverty Reduction and Economic Management Department Middle East and North Africa Region – Advancing Tunisia's Global Integration Reforms options in the context of deeper integration with the EU (In Two Volumes) Volume I: Main Report – June 2014

World Bank – Micro-Small and Medium Enterprises Development Project – March 2014

World Bank: Breaking the Barriers to Youth Inclusion – 2014

World Bank: Presentation of the Report on the Tunisian Economy in its Present State and Its Development Prospects – Chair of Administrative Studies at the ENA of Tunis – October2014

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OECD – Presentation of the Reform Programme in support of Competitiveness and Inclusive Growth

UNDP: 2003 Human Development Report 2013, Development of the South: Human Progress in a Diversified World – 2014

Touhami, H.: Poverty Threshold, the poor population in Tunisia – March 2012

European Union: European Neighbourhood and Partnership Instrument, Tunisia: 2007–2013 Strategy Paper and 2007–2010, National Indicative Programme – 2007

European Union: European Neighbourhood and Partnership Instrument, Tunisia: 2007–2013 Strategy Paper and 2011–2013 National Indicative Programme – 2011

Endnotes

1. The counterfactual analysis assumes the projection of the beneficiaries' conditions in the absence of the Bank's interventions and contribution. This analysis reveals the net impacts of the development action on the end-beneficiaries.

2. As at 31 Mars 2016, five projects were approved. These include: the loan to ETAP to implement the Nawara Gas Project, ¨Gabes IAD –Phase 2, the Natural Gas Distribution Project for the Governorates in the South-West, the Road Infrastructure Modernization Programme – PMIR, and the Regional Development and Job creation Support Programme (PADRCE).

3. This amount does not include the Kairouan PDAI preparation study (2004) and the study on the Water Vision and Strategy (2011) which were closed prior to completion.

4. The list of analytical studies is presented in Annex 2.

5. http://www.afdb.org/fr/countries/north-africa/tunisia/tunisia-knowledge-products/

6. This section is based on a review of Tunisia's national strategies (Tenth and Eleventh Development Plans as well as the Jasmin Plan) and different public enterprise investment programmes complemented by discussions with the authorities and stakeholders, including beneficiaries.

7. The lessons learned also include the mobilization of supplementary resources from non-traditional donors. Therefore, the Bank mobilized resources from the Africa Growing Together Fund (AGTF), a co-financing fund between AfDB and the People's Bank of China (PBOC).

8. IDEV (2014) Evaluation of CSP and RISP Quality at Entry, Summary Report.

9. This concerns the 13 completed projects (excluding technical assistance operations), which were the subject of a comprehensive review (see Methodology Note in Annex A.1.).

10. Until Road Project V, specialization characterized the positioning of the different donors: AfDB for improvement of the classified network, the programme to strengthen roads and the construction of road structures; EIB for the main arteries of major towns and cities and motorways with AFESD and JBIC; ISDB and IBRD for the rural roads project and completion of missing links in the regional road network. As from 2010, AfDB broadened the scope of its interventions to include rural roads and motorways. The two sector studies approved in 2013 and 2014 respectively, focused on the preparation of a road safety strategy and a national transport sector master plan by 2014.

11. A strategy for engagement with civil society was initiated in January 2011. The interim CSP (2012–2013) states that it was prepared through a process of consultation with civil society.

12. Law 2005–95 of 18 October 2005 governing the obligations and penalties for non-compliance with the new regulations aimed at improving quality and standardized disclosure of financial information for Tunisian enterprises.

13. The Water Information System (SINEAU) comprises three sub-systems: Water Resource Management System (SYGREAU); Water Control Pollution System (COPEAU) and the Soil Information System (SISOLS).

14. This concerns the PISA (Programme for International Student Assessment) and TIMSS (Trends in International Mathematics and Science Study).

15. The resource distribution key was based on a scoring system to rank the governorates in accordance with several attractiveness parameters. Based on a survey conducted by the Arab Institute of Business Leaders (IACE) on a sample of 313 Tunisian businesses in 24 Governorates, the key drew from the following 5 analytical areas: municipal services, participatory process, non-municipal services, transparency and access to information, infrastructure and the living environment. The ranking refers to the one used by the World Bank in its reports on the business climate or by the Davos Forum during preparation of its report on the competitiveness of economies.

16. However, observation of infiltration basins in November 2015, shows the existence of sludge on wadi beds, which reflects a problem of sustainability of outcomes. This situation may be partly explained by technical constraints relating to the functioning of the largest basin in terms of surface area, i.e. the Kef Eddour Basin (slope, soil porosity, etc.).

IDEV

Independent Development Evaluation

African Development Bank

An IDEV **Country Strategy Evaluation**

About this Evaluation

This evaluation examines the African Development Bank's assistance to Tunisia over the 2004–2015 period as well as its contribution to the country's development. It aims to draw lessons from past performance to improve the Bank's future strategy and operations in Tunisia. Between 2004 and 2015, the Bank financed 58 projects in Tunisia worth over USD 3.4 billion.

Four successive Country Strategy Papers (CSPs) guided the Bank's actions over the period in review. This evaluation covers all sectors of the Bank's interventions in Tunisia, especially the transport infrastructure and governance sectors. It is based on data and information gathered from different sources including document reviews, key informant interviews and site visits.

Overall, this evaluation finds that the Bank aligned its different interventions to meet Tunisia's development needs and that the Bank's contribution towards improving the macroeconomic framework, governance and productive sector growth, prior to the 2011 social crisis, was tangible. The evaluation recommends that the Bank continues to support the Government of Tunisia in its financial and economic recovery reforms, administrative regionalization and decentralization efforts, and capacity building.

IDEV
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