

CLASSIFICATION PROJECT EVALUATION SUMMARY (PES) - PART I

Report Control Symbol U-447 36521

1. PROJECT TITLE Small Farmer Supervised Credit			2. PROJECT NUMBER 664-0302	3. MISSION/AID/W OFFICE USAID/Tunisia
5. KEY PROJECT IMPLEMENTATION DATES			4. EVALUATION NUMBER (Enter the number maintained by the reporting unit e.g., Country or AID/W Administrative Code; Fiscal Year, Serial No. beginning with No. 1 each FY) 664-84-6	
A. First PRO-AG or Equivalent FY <u>78</u>	B. Final Obligation Expected FY <u>81</u>	C. Final Input Delivery FY <u>85</u>	<input checked="" type="checkbox"/> REGULAR EVALUATION <input type="checkbox"/> SPECIAL EVALUATION 7. PERIOD COVERED BY EVALUATION From (month/yr.) <u>9/79</u> To (month/yr.) <u>11/83</u> Date of Evaluation Review _____	
6. ESTIMATED PROJECT FUNDING			8. ACTION DECISIONS APPROVED BY MISSION OR AID/W OFFICE DIRECTOR	
A. Total \$ <u>42,000</u>				
B. U.S. \$ <u>18,237</u>				

A. List decisions and/or unresolved issues; cite those items needing further study. (NOTE: Mission decisions which anticipate AID/W or regional office action should specify type of document, e.g., airgram, SPAR, PIO, which will present detailed request.)	B. NAME OF OFFICER RESPONSIBLE FOR ACTION	C. DATE ACTION TO BE COMPLETED
1. Extension of Project-changing PACD to 12/85	AID/NE/TECH	Sept. 30, '84
2. Revise PIO/T and PASA	AID/SER/CM/USDA	Sept. 30, '84
3. Revise loan collection procedures to take advantage of BNT's "Privelege d'etat" for loan collection	MOA/BNT	May 30, '84
4. Initiate Periodic Inspection Program for APMANE Regional Offices	APMANE Dir, Mgr. & Advis.	Oct. 30, '84
5. Implement "Trust Fund" to provide continuing capitalization of Loan Fund	APMANE/BNT Min. Fin.	March, '85
6. Revise Loan Eligibility requirement eliminating SCMA's role in APMANE	APMANE/MOA MoFA	Oct. '84
7. Initiate Management Information System	APMANE/USDA	Oct. '85
8. Bring APMANE and other supervised credit projects under a unified management system	MOA	June, '84
9. Revise loan approval process increasing authority of APMANE agents	MOA/APMANE	Sept. '85
10. Review and approve personnel policies to improve supervision, training, and performance incentives	APMANE, Fonction Publique	June '85

9. INVENTORY OF DOCUMENTS TO BE REVISED PER ABOVE DECISIONS	10. ALTERNATIVE DECISIONS ON FUTURE OF PROJECT
<input type="checkbox"/> Project Paper <input checked="" type="checkbox"/> Implementation Plan e.g., CPI Network <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Financial Plan <input checked="" type="checkbox"/> PIO/T <u>PASA/USDA</u> <input type="checkbox"/> Logical Framework <input type="checkbox"/> PIO/C <input type="checkbox"/> Other (Specify) _____ <input type="checkbox"/> Project Agreement <input type="checkbox"/> PIO/P _____	A. <input type="checkbox"/> Continue Project Without Change B. <input type="checkbox"/> Change Project Design and/or <input checked="" type="checkbox"/> Change Implementation Plan C. <input type="checkbox"/> Discontinue Project

11. PROJECT OFFICER AND HOST COUNTRY OR OTHER RANKING PARTICIPANTS AS APPROPRIATE (Names and Titles)	12. Mission/AID/W Office Director Approval
Harold Dickherber, ADO <i>[Signature]</i> USAID Tunis Mohamed Jerraya, Director, GOT/MOA Mokhtar Trabelsi, Manager, GOT/MOA	Signature <u>Thomas H. Reese</u> Typed Name Thomas Reese, Acting Director Date <u>Aug 16, 1984</u>

NEAR EAST EVALUATION ABSTRACT

PROJECT TITLE(S) AND NUMBER(S) Small Farmer Supervised Credit (664-302)		MISSION/ALOM-OFFICE USAID/Tunisia	
PROJECT DESCRIPTION The project provides small farmers access to improved agriculture production inputs and technical information through a Supervised Credit System. By joining the financing of production inputs and the technical information necessary to use those inputs, the project enabled farmers to significantly increase their production income.			
AUTHORIZATION DATE AND U.S. LOP FUNDING AMOUNT Auth. 78 LOP \$18,237	PES NUMBER 664-84-6	PES DATE Aug. 16, 84	PES TYPE <input checked="" type="checkbox"/> Regular <input type="checkbox"/> Other (Specify)
ABSTRACT PREPARED BY, DATE Harold L. Dickherber, Agriculture Development Officer	ABSTRACT CLEARED BY, DATE Frank Kerber 8/31/84 Mission Education Officer		<input type="checkbox"/> Special <input type="checkbox"/> Terminal

Narrative:

This evaluation was planned as an end of project evaluation to determine the degree to which the project was successful, the role supervised credit might continue to play in small farm development in Tunisia, and to recommend policies and action programs which could improve the efficiency and effectiveness of agricultural credit in Tunisia.

The evaluation found that the project is having a positive impact on agriculture production and farm income of the participants. The project is serving approximately 7,800 farmers or 70% of the proposed numbers of beneficiaries.

The evaluation further found that while the project had had a significant impact on participants' production and income, additional effort and some policy adjustments would be necessary to develop the agriculture credit system and assure its long-term availability. The evaluation report recommends specific action and policy changes in improving agriculture credit administration and for improving financial management of credit funds.

Lessons learned: An accurate assessment of the selected bank or financial institution's commitment to small farmer credit and their ability to manage numerous small accounts is very important and one can not assume that because its a "bank" it can keep accurate accounts and issue timely statements.

The project staff found that in addition to financing inputs, one of the most important services they provided small farmers was in helping them to get access to limited stocks available in country and in helping input suppliers in better planning for distribution and sales.

The evaluation recommended that the U.S. continue to provide technical assistance and training for the project for two additional years to assist the GOT in implementing the rest of the evaluation recommendations.

13. Summary

There is universal consensus among farmers, input suppliers, the Ministry of Agriculture and the Bank of Tunisia that APMANE is having a positive impact on agricultural production and farm income of the participants. A recent survey indicated the per farm gross income increased substantially for participants.

PMANE has a broad influence in rural areas where it demonstrates the use of farm management, improved seed and fertilizer use, and timely use of cultivation practices.

APMANE has experienced numerous problems in staffing, training, transportation, enrollment of farmers, disrupted input supplies, and accuracy of Bank of Tunisia (BNT) farmer accounts. Despite these continuing limitations, the project delivered supervised agricultural credit to 7,784 farmers during the 1982/83 crop season. This is about two-thirds the number projected at the beginning of the project; it is believed the projection was overly optimistic.

The project must depend upon several parastatal organizations for input supplies. There are inherent weaknesses in this system that are beyond the control of APMANE. Likewise, there are a number of other significant constraints to APMANE that are beyond the control of the Ministry of Agriculture involving loan accounting and individual borrower accounts.

Without question, the local APMANE agent has been vital to the success of APMANE operations, whereas the National Bank of Tunisia has caused many complications with individual farmer and project record accounting.

Following are conclusions and recommendations.

Credit System Recommendations

- A. The employment of APMANE agents has progressed satisfactorily; however, the training of agents needs to be improved. Additionally, a program of incentives for agents, designed to promote superior achievement, needs to be developed. It is recommended that adequate monetary and manpower resources be directed at developing an effective training and incentive program.
- B. The marketing of APMANE lacks a centralized organization for ensuring a cohesive marketing effort. It is recommended that a marketing department be established.

- C. The SCMA membership requirement in the eligibility criteria for an APMANE loan is nonproductive. It is recommended that this eligibility criterion be eliminated.
- D. The loan approval process is basically viable; however, it contains two significant weaknesses. First, the APMANE agents do not have loan approval authority. Second, the regional credit committee (RCC) is composed of too many members, with some being from inappropriate sources. It is recommended that APMANE agents be given loan approval authority up to certain limits based on the agent's individual ability. Further, it is recommended that the RCC be reduced to four members, as outlined in the body of the report.
- E. No adequate system exists for the annual review of local APMANE offices as to the quality of agent work performed in determining borrower eligibility, ensuring loan quality, and administering credit. It is recommended that the new "inspection committee" concept be expanded to address the effective internal review of APMANE credit activities.
- F. The credit manual is an excellent beginning to the development of a complete procedural manual for agents. However, it is written in general terms, lacks a consolidated section addressing criteria to be used in arriving at a loan approval decision, and appears to be less than fully used by agents. It is recommended that APMANE address these weaknesses and re-emphasize its commitment to this manual.
- G. The collection of APMANE loans, while relatively high compared to other agricultural credit programs, is the formal responsibility of the BNT. Cumulative recoveries for APMANE of 64 percent compare favorably to 59 percent for the World Food Program, 42 percent for FIDA, and 48 percent for FOSDA. In reality, the BNT has relinquished the collection responsibility to the APMANE agents. The agents' involvement is undoubtedly the reason for the relatively high payback rate. However, the recovery rate, although comparatively high, is a leading contributor to the project's capital deterioration. It is recommended that the formal responsibility for collecting APMANE loans be assigned to APMANE and that consideration be given to actually exercising "privilege d'etat" as one method of improving recoveries. Further, it is strongly recommended that APMANE reinforce to agents all aspects of a strong collection policy, that is, making sound loans, proper loan

supervision, and timely follow-up for repayment.

Financial Management Recommendations

- H. To better quantify APMANE's true added value relationship to costs, it is recommended that after each crop year, APMANE's management develop, or have developed, an added value analysis to measure the aggregate net benefit of the project.
- I. The revolving fund stability is being severely tested because the program is not generating capital accumulation into the fund, although the basic mechanics are available to enhance revolving fund capital accumulation. It is recommended that APMANE establish a trust fund concept as a requirement for participation. Additionally, it is recommended that the revolving fund be allowed to earn interest.
- J. The project's management information system, responsible for individual loan records, payments to suppliers, aggregate project loan records, and status/financial reports to project management, needs to be significantly improved if the project is to function more efficiently. A short-term recommendation is that certain mechanical changes in the system be immediately instituted by the BNT to improve individual loan records, expedite payments to project suppliers, and enhance the project's management reports. It is recommended that within 2 years, the project assume complete control and responsibility of the management information system, and as a long-term goal, the project move toward self-management of the revolving fund.

Post September 1984

- K. The APMANE project should be removed from project status and placed as a permanent credit program within the Ministry of Agriculture.
- L. The supervised credit aspect (technical extension) should be incorporated, where appropriate, into other credit programs in Tunisia.
- M. Technical cooperation should be provided by USAID to APMANE for at least 2 more years to assist in implementing recommendations contained in this evaluation and in strengthening APMANE.
- N. It is recommended that a comprehensive study of the overall agriculture credit system in Tunisia deal with identification and implementation of organizational and operational improvements in the BNT service to agriculture.

0. Incorporation, where practical, of these recommendations and improved efficiency of APMANE should be achieved prior to expansion of APMANE beyond present geographical boundaries.

EVALUATION METHODOLOGY

14. The project evaluation consisted of an in-depth review of project records located at the Ministry of Agriculture and USAID, interviews with responsible persons for agricultural credit in various ministries, and with agencies involved in implementation of the project, including the National Bank of Tunisia. Field visits were also conducted to APMANE regional offices.

The project evaluation was conducted jointly with the Government of Tunisia whose representatives included persons from the Direction of Planning, and the Direction of Assistance to Small and Medium Sized Farmers, Ministry of Agriculture. USAID procured the TDY services of three Federal Credit Administration officials for the evaluation.

The scope for this evaluation included the following: (a) analyze the impact of the project on agricultural production and income, (b) determine extent to which project purpose has been achieved, (c) examine the extent to which experiences gained through this project may provide a model for the development of a national supervised agricultural credit system.

15. EXTERNAL FACTORS

a. Host Government Priorities. As Tunisia has continued to develop economically, pressure has increased for improved social equity and improved income distribution. Government of Tunisia support for the project has improved over the years because the APMANE Project has proved efficient in increasing the production resource base of small farmers and in turn improved their productivity and income.

b. Involvement of the Banque National de Tunisie (BNT). It was originally envisaged that the BNT would implement the entire financial services component of the project. Implementation experience has shown that the BNT has been incapable, as an institution, of providing an adequate level of service for a large number of small farmer accounts. This deficiency was largely corrected internally, by the MOA Project staff.

16. Project Inputs

a. Personnel - Both U.S. technical assistance and GOT staffing of the project proved to be timely and adequate. GOT assigned agents were less experienced than desired resulting in some delays in reaching targets, but this is being corrected through local training. USDA was slow in staffing the second advisor position resulting in the position being dropped. This proved positive in the long run, enabling a continuation of TA over a longer time period.

b. Financial Services - As indicated above, the BNT proved incapable of providing the quality of financial services (e.g. timely and accurate individual account statements; follow-up on bad debts) originally foreseen. While this deficiency was largely corrected internally by the project, an earlier development of procedures for handling bad debts and correcting farmer accounts would have been useful.

c. Training - Short-term participant training has been less than planned and needed. This has been due to GOT problems in nominating trainees and funding travel costs and to advisor and project officers difficulties in identifying training programs available in French.

d. Commodities - The U.S.-financed U.S. sub-compact sedans were inappropriate for service in some areas and were exchanged in some cases for other Ministry of Agriculture vehicles. Management of the spare parts has been poor but is improving.

e. Other Cost - GOT and AID contributions to the revolving fund were occasionally delayed; however, BNT covered shortages for approved loans from other sources, thereby isolating farmers and project management from all possible negative impacts from those delays.

17. Outputs

The APMANE Project succeeded in reaching 7,784 farmers during the 1982-83 crop year, while a level of 11,000 was originally projected. Principal reasons for the project's failure to realize the farmer involvement goal are the following:

(a) The Agents' Lack of Training and Experience.

Many agents were recruited directly after graduation from technical school and lacked practical work experience. Agent quality needed to be improved for agent client loads to increase.

(b) Failure of the BNT to provide services required.

Project and agent time and attention for outreach to farmers was reduced by the necessity to fill the gap left by the failure of the BNT to provide accurate or timely reports. In effect, APMANE agents perform most of the work for accurately maintaining farmer accounts. In addition, failure by the BNT to exercise loan collection authority resulted in a higher loan default rate than should have been necessary. This tended to limit farmer numbers since farmers in default are not eligible for new loans.

18. Project Purpose

The approved project purpose for APMANE was "to provide, through a supervised credit program, access to improved agricultural production inputs and technical information necessary to increase the level of production technology employed by a significantly larger number of small and medium sized farmers than prior to project implementation."

EOPS indicators for the approved project were:

A. All participating farmers in the project area are

1. receiving assistance in planning individual farm production programs
2. receiving credit in kind or in cash for production units
3. applying recommended production technology and inputs.

B. Accumulative production on participating farms exceeds pre-project levels, by as much as 200% in some cases.

C. Spread of improved production technology evident in project area.

The project evaluation established that, the project had had the desired impact on farm income and agriculture production technology. Project actions, however, still need to be strengthened qualitatively in a number of areas, including (a) farm plans, (b) credit approval procedures, (c) credit collections, (d) financial reporting, and (e) management operations.

Accordingly, the project evaluators recommended USAID provide technical assistance to the project for two additional years.

The principal external factor that has limited the success of the APMANE project has been consistent under-performance by the

National Bank of Tunisia (BNT) in providing financial services. A less serious impediment was the failure of "Mutual Guarantee Associations" (SMCAs) to operate as originally foreseen. The Ministry of Agriculture is applying pressure on the BNT to improve services, and has agreed to abolish the requirement that participating farmers belong to SMCAs.

19. Goal/Subgoal

The approved project sector goal for APMANE was "to increase basic food and agricultural production and improve the income levels of small and medium size farm units."

While specific production statistics segregated by participating and non-participating farmers are not available, project evaluators were confident that APMANE has contributed significantly to the overall sector goal. Their basis for this conclusion was inspection of project records and direct interviews with project personnel as well as with a sample of participating farmers.

To some extent, overall improvement in applied technology and input availability during the life of the project contributed to improvement in farm production and income in the project area. APMANE project actions were important in assisting small and medium sized farmers to benefit from these conditions, as opposed to only larger farmers benefitting.

20. Beneficiaries

The direct beneficiaries of the APMANE project are the more than 7,000 participating farmers who receive loans, services, and extension assistance. These farmers, who farm less than 50 hectares of land, definitely fall into the lower income strata of Tunisia's population. Indirect project beneficiaries include nonparticipating farmers who acquire technical expertise from participating farmers through demonstration effect on neighboring farms.

The project evaluation found that APMANE had met its goals in terms of allocating most loans (70%) to the middle and lower strata of eligible farmers.

The APMANE project has also had a substantial positive effect in reducing underemployment among participating farmers. Many participating farmers could not afford to purchase inputs required for profitably farming their land prior to having access to APMANE loans. In addition, APMANE loans for livestock have reduced seasonal on-farm underemployment.

21. Unplanned Effects: None

22. Lessons Learned

The APMANE project demonstrated the importance of an accurate assessment of the involved financial institution's commitment to providing small farmers with a credit facility as well as its capacity to perform that function. Poor performance by the financial institution involved (BNT) severely aggravated many aspects of the project's implementation. Among the areas most severely affected were: (a) management of the revolving credit fund, i.e. accurate and timely statements were not forthcoming; (b) loan collection rate was adversely affected since farmers were not furnished with accurate individual account statements and were often not credited on their statements for repayments actually made, causing confusion and disincentive to repay; (c) less technical extension work was performed by APMANE agents who, by default, performed much of the loan accounting work for the BNT; and, (d) the attention of central project management was diverted from other important areas because of the excessive amount of time required to monitor BNT service.

The Mission agrees with the project evaluators' recommendations that project operations be qualitatively improved and that the project should receive technical assistance for two additional years. Problems highlighted by the evaluation fall into two broad categories: (a) those associated with outside supporting organizations, and (b) those internal to project operations. The Mission believes that problems in category (a) which are primarily associated with the BNT, can be resolved through appropriate dialogue and by pressure applied through the Ministry of Agriculture. For problems falling into category (b), the Mission proposes to provide APMANE with additional technical assistance (one resident technician, plus TA) in the areas of operations analysis, management, data systems, and internal evaluation, as recommended by the project evaluation. (Sufficient funds remain available in the project for the extension of the PACD into Dec. 1985.)

23. Special Comments or Remarks

Mission experience with APMANE has shown that supervised credit projects can be successful in achieving higher small farmer productivity, and consequently income, under certain conditions. Among the external conditions that contributed to the project's success in Tunisia were the following:

1. Small farmers lacked access to the inputs necessary to apply improved production technology. Supervised credit provided not only the financing but also arranged for the inputs to be available. The project staff provided suppliers with reasonable projections of inputs needed by farmers and brought pressures to bear on suppliers from higher levels of government to force suppliers to be responsive to small farmers in expanding and/or intensifying their operations.

2. Profitable technology that could be obtained by credit was known to researchers and extension agencies. In Tunisia, this consisted of seeds, fertilizer, and mechanized equipment or services.

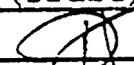
3. Marketing constraints for additional production outputs were not present.

In summary, the Mission believes that the APMANE project is able to offer a particularly attractive combined product to farmers, consisting of credit, service, and technical extension. The service function of APMANE agents appears to be particularly important in facilitating access by farmers to inputs distributed by various parastatal organizations in Tunisia.

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Drafted: F&A:HDICKHERBER 

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JOINT EVALUATION
OF THE
SMALL FARMER-SUPERVISED CREDIT PROJECT
(APMANE)
TUNISIA

000212

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I. INTRODUCTION

The United States Agency for International Development (USAID) scheduled this review at a time when the Government of Tunisia (GOT) is considering important decisions relative to the agricultural credit available for small- and medium-size farmers.

U.S. technical cooperation with the Assistance aux Petits et Moyens Agriculteurs du Nord-Est (AMPANE) project is scheduled to terminate in September 1984. This completes the project term that began with the 1978/79 crop season.

This major review of APMANE is intended to provide direction for the future organization, operation, and capitalization of the APMANE credit system, which is an important link in the development of the Tunisian agricultural economy and the nation's food security.

The review was accomplished from mid-November through mid-December 1983. A comprehensive annual evaluation of APMANE has been part of the project's methodology. These evaluations were an excellent reference for the review team. This current evaluation is intended to address the project as a whole and to review its impact on the agricultural production and income of small- and medium-size farmers (up to 50 hectares).

The team was constantly drawn into broader considerations of agricultural development, land ownership issues, input supply shortages, agricultural commodity prices and marketing, farmer cooperative development, and many other significant issues; however, this evaluation attempts to focus solely on the APMANE project and its operation.

The review team was composed of Team Leader Frank D. Aigner, International Affairs Officer, Farm Credit Administration, Washington, D.C.; Credit Specialist, Carl Clinefelter, Office of Supervision, Farm Credit Administration, Washington, D.C.; and Financial Specialist, Dennis J. Estopinal, Second Vice President, Federal Land Bank of New Orleans, New Orleans, Louisiana. The team's Tunisian members were Amor Chouchen, Director, Division of Planning, Statistics and Economic Analysis, Ministry of Agriculture; Ismail Gharbi, Director, Promotion des Petits et Moyens Exploitants et Developpement des Cooperatives Agricoles de Service (PROPEME), Ministry of Agriculture; and Amara Nouira, Agronomist, Ministry of Agriculture.

The team expresses its sincere appreciation to Harold Dickherber, Agricultural Officer, USAID; David Dupras, former Project Director for APMANE, USAID (David is currently stationed in Kigali, Rwanda, but worked for 2 weeks with the team in Tunisia); Mohamed Jerraya, Director of DAPME, Ministry of Agriculture; and Moktar Trabelsi, Director of APMANE, Ministry of Agriculture, for their leadership, encouragement, scheduling of numerous meetings and field visits with organizations and farmers, transportation, and all aspects of the

team's orientation and work. Their interest and support contributed greatly to the review activity. Further, a special thanks to David Dupras for his translation service for many of the team's meetings with Tunisian organizations and farmers. Salah Mahjoub, Program Specialist, USAID, also provided translation services for the team, and his assistance was greatly appreciated.

The team interviewed many Tunisian officials and farmers and expresses appreciation for their willing cooperation and sharing of information, which provided important background material for this evaluation.

Nevertheless, the review team assumes full responsibility for any errors or omissions in this review.

II. ABBREVIATIONS

1. APMANE Assistance aux Petits et Moyens Agriculteurs du Nord-Est. (Assistance to Small- and Medium-Sized Farmers of Northeast Tunisia)
2. BNT Banque Nationale de Tunisie (National Bank of Tunisia)
3. CCVE Cooperative Centrale des Viandes et des Eleveurs (Central Cooperative for Meat and Livestock)
4. CLC Comite Local de Credit (Local Credit Committee)
5. CNEA Centre National d'Etudes Agricoles (National Center for Agricultural Studies)
6. CRC Comite Regional de Credit (Regional Credit Committee)
7. CRDA Commissariat Regional au Developpement Agricole (Regional Agricultural Development Commission)
8. CTV Cellule Territoriale du Vulgarisation (Local Office of Extension Agents)
9. DAPME Direction de l'Assistance aux Petits et Moyens Exploitants, Ministere de l'Agriculture (Office of Assistance to Small and Medium Farmers, Ministry of Agriculture) Supervisor of APMANE
10. DPSAE Direction de la Planification, des Statistiques et des Analyses Economiques, Ministere de l'Agriculture (Office of Planning and Economic Analysis, Ministry of Agriculture)
11. DPV Direction de la Production Vegetale, Ministere de l'Agriculture (Office of Vegetable Production, Ministry of Agriculture) Former supervisor of APMANE
12. FAO Food and Agricultural Organization
13. FOSDA Fonds Special de Developpement Agricole (Special Fund for Agricultural Development)
14. GRAFOUPAST Graine Fourragere et Pastorale (Subsidiary of OEP)
15. IBRD International Bank for Reconstruction and Development
16. INAT Institut National Agronomique de Tunisie (National Agricultural Institute of Tunisia)

17. OC Office des Cereales (Office of Cereals)
18. OEP Office de l'Elevage et des Paturages (Office of Livestock and Pastures)
19. OTD Office des Terres Dominiales (Office of State Lands)
20. PROPEME Promotion des Petits et Moyens Exploitants of Developpement des Cooperatives Agricoles de Service (Promotion of Small and Medium Farmers in Agricultural Service Cooperatives)
21. SCMA Societe de Caution Mutuelle Agricole (Mutual Credit Society)
22. SIDA Swedish International Development AID
23. SOGET Societe Generale des Etudes (Organization of General Studies)
24. SONAM Societe Nationale de Motoculture (Organization for Farm Machinery Services)
25. UCP Cooperative de Production (Production Cooperatives)
26. UNA Union Nationale des Agriculteurs (National Union of Farmers)
27. USAID United States Agency for International Development

III. EXECUTIVE SUMMARY

The United States Agency for International Development scheduled this evaluation of the APMANE project at a time when the Government of Tunisia is considering policy aspects of its agricultural credit system. Thus, recommendations presented in this report are significant and timely relative to the small farmer-supervised credit program. This evaluation is focused on the APMANE project; however, the team was often drawn to consider broader aspects of agricultural development, such as land ownership, interest rate policy, production input shortages, service cooperative development, and related issues.

There is universal consensus among farmers, input suppliers, the Ministry of Agriculture and the Bank of Tunisia that APMANE is having a positive impact on agricultural production and farm income of the participants. A recent survey indicated the per farm gross income increased substantially for participants.

APMANE has a broad influence in rural areas where it demonstrates the use of farm management, improved seed and fertilizer use, and timely use of cultivation practices.

APMANE has experienced numerous problems in staffing, training, transportation, enrollment of farmers, disrupted input supplies, and accuracy of Bank of Tunisia (BNT) farmer accounts. Despite these continuing limitations, the project delivered supervised agricultural credit to 7,784 farmers during the 1982/83 crop season. This is about two-thirds the number projected at the beginning of the project; it is believed the projection was overly optimistic.

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Without question, the local APMANE agent has been vital to the success of APMANE operations. Whereas, the National Bank of Tunisia has caused many complications with individual farmer and project record accounting. Following are conclusions and recommendations. Supporting information and other details are provided in the report.

Credit System Recommendations

1. The employment of APMANE agents has progressed satisfactorily; however, the training of agents needs to be improved. Additionally, a program of incentives for agents, designed to promote superior achievement, needs to be developed. It is recommended that adequate monetary and manpower resources be directed at developing an effective training and incentive program.

2. The marketing of APMANE lacks a centralized organization for ensuring a cohesive marketing effort. It is recommended that a marketing department be established.
3. The SCMA membership requirement in the eligibility criteria for an APMANE loan is nonproductive. It is recommended that this eligibility criterion be eliminated.
4. Loan forms, while generally satisfactory, do not gather adequate information on a farmer's financial condition or the collateral value of his assets. It is recommended that APMANE develop a suitable financial statement form geared to the basic nature of an APMANE farmer's asset and debt structure. It is also recommended that APMANE institute a program of asset appraisal for use in establishing more reliable financial statement data and asset collateral values.
5. The loan approval process is basically viable; however, it contains two significant weaknesses. First, the APMANE agents do not have loan approval authority. Second, the regional credit committee (RCC) is composed of too many members, with some being from inappropriate sources. It is recommended that APMANE agents be given loan approval authority up to certain limits based on the agent's individual ability. Further, it is recommended that the RCC be reduced to four members, as outlined in the body of the report.
6. No adequate system exists for the annual review of local APMANE offices as to the quality of work performed in determining borrower eligibility, ensuring loan quality, and administering credit. It is recommended that the new "inspection committee" concept be expanded to address the effective internal review of APMANE credit activities.
7. The credit manual is an excellent beginning to the development of a complete procedural manual for agents. However, it is written in general terms, lacks a consolidated section addressing criteria to be used in arriving at a loan approval decision, and appears to be less than fully used by agents. It is recommended that APMANE address these weaknesses and reemphasize its commitment to this manual.
8. The collection of APMANE loans, while relatively high compared to other agricultural credit programs, is the formal responsibility of the BNT. Cumulative recoveries for APMANE of 64 percent compare favorably to 59 percent for the World Food Program, 42 percent for FIDA, and 48 percent for FOSDA. In reality, the BNT has relinquished the collection responsibility to the APMANE agents. The agents' involvement is undoubtedly the reason for the relatively high payback rate. However, the recovery rate, although comparatively high, is a leading contributor to the project's capital deterioration. It is recommended that the formal responsibility for collecting APMANE loans be assigned to APMANE and that consideration be given to

actually exercising "privilege d'etat" as one method of improving recoveries. Further, it is strongly recommended that APMANE reinforce to agents all aspects of a strong collection policy, that is, making sound loans, proper loan supervision, and timely follow-up for repayment.

Financial Management Recommendations

9. The financial management of APMANE, perhaps more so than any other project area, stands at a crossroads. It is imperative to select the path that will improve the project's financial stability and its overall financial reporting efficiency and credibility.
10. Costs are an important consideration in APMANE operations, but should be viewed relative to the project's purpose and the amount of added value of agricultural production to the Tunisian economy generated by the project. While no precise numbers are available to measure the gross or net added value over the past 5 years, statistics are available that reflect the program's increased impact on agricultural production and participant farmers' income. To better quantify APMANE's true added value relationship to costs, it is recommended that after each crop year, APMANE's management develop, or have developed, an added value analysis to measure the aggregate net benefit of the project.
11. The revolving fund stability is being severely tested, because the program is not generating capital accumulation into the fund, although the basic mechanics are available to enhance revolving fund capital accumulation. It was recommended in number 3 that APMANE borrowers not be required to join an SCMA as a condition for participation. Rather, it is recommended that APMANE establish a trust fund concept as a requirement for participation. Additionally, it is recommended that the revolving fund be allowed to earn interest.
12. The project's management information system, responsible for individual loan records, payments to suppliers, aggregate project loan records, and status/financial reports to project management, needs to be significantly improved if the project is to function more efficiently. A short-term recommendation is that certain mechanical changes in the system be immediately instituted by the BNT to improve individual loan records, expedite payments to project suppliers, and enhance the project's management reports. It is recommended that within 2 years, the project assume complete control and responsibility of the management information system, and as a long-term goal, the project move toward self-management of the revolving fund.

Post September 1984

13. The APMANE project should be removed from project status and placed as a permanent credit program within the Ministry of Agriculture.

14. The supervised credit aspect (technical extension) should be incorporated, where appropriate, into other credit programs in Tunisia.
15. Technical cooperation should be provided by USAID to APMANE for at least 2 more years to assist in implementing recommendations contained in this evaluation and in strengthening APMANE.
16. The Ministry of Agriculture is planning a comprehensive study of the overall agriculture credit system in Tunisia. The study will focus on consolidation of the numerous credit/development projects into a national agricultural credit program. It is recommended that a specific topic of study deal with identification and implementation of organizational and operational improvements in the BNT service to agriculture.
17. Incorporation, where practical, of these recommendations and improved efficiency of APMANE should be achieved prior to expansion of APMANE beyond present geographical boundaries.

IV. BASIS FOR CREATING APMANE

Since Tunisian independence, the Ministry of Agriculture has undertaken various programs to improve the production and income of small- and medium-sized farmers. On the whole, the results were not very successful, as the available human and material means did not adequately reach these smaller farmers and provide them with the necessary technical and financial assistance.

Access by this group to short-term credit has been limited by lack of clear land titles for guaranteeing the traditional credit provided by the BNT, farm size limitations for BNT credit (available only for farmers with 40 hectares or more), minimum size loan limitations (500 D), and processing complexities of the BNT lending operations.

APMANE was created to overcome these constraints. APMANE's objectives concern the integrated actions of credit and technical extension. It has contributed, to a large extent, to the accomplishment of these credit objectives as a factor in the development of the small- and medium-size farm sector. It consists of increasing both the production and income of the farmers by granting them the necessary loans backed by the appropriate technical framework, equipment, and materials.

V. DISCOVERY

A. APMANE Impact

1. **Agricultural Production** — There is universal opinion among farmers, input suppliers, the National Bank of Tunisia (BNT), and the Ministry of Agriculture that the APMANE project has created a positive impact on the agricultural production and income of small- and medium-size farmers who are participants in the project.

Some indications and measurements are provided in this section to verify the positive impact of APMANE. The team has concentrated on trend information and its implications for the future. There may be other detailed statistical information available from the project and general Tunisian statistics; however, time constraints limited the team's ability to gather and use such information.

The most meaningful measurement reflecting impact on agricultural production of small farmers is the change in per farm gross income. It should be noted that 1982/83 was a drought season and all production areas were adversely affected, particularly the wheat crop. Nevertheless, the 1982/83 gross income by governorate and farm size all show an increase from 1978/79, the year before the project started.

GROSS FARM INCOME OF APMANE FARMERS

Unit = Dinar

Governorate	Farm Size (Hectares)	Pre-Project 1977/1978	1982/1983
Beja	0 - 10	601	1667
	11 - 20	775	2210
	21 - 50	1910	4238
Bizerce	0 - 10	426	3668
	11 - 20	1050	2295
	21 - 50	1216	7601
Nabeul	0 - 10	336	1784
	11 - 20	816	3187
	21 - 50	1750	4491
Siliana	0 - 10	413	650
	11 - 20	363	945
	21 - 50	652	2496
Zaghuan	0 - 10	303	713
	11 - 20	1160	2461
	21 - 50	1222	3785

Source: Ministry of Agriculture: APMANE

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Another indication of impact on agricultural production is the number of farmers and hectares involved in the APMANE project. The increasing number of hectares represents improved production techniques, higher yielding varieties of seeds, more timely fertilizer use, improved seedbed preparation, and timely harvests. This normally results in increased production. This may also create extra forage and may enable farmers to expand livestock production, which further expands agricultural production and farm income.

Hectares involved in project APMANE have experienced an impressive increase during the project period. Likewise, the number of farmers served has steadily increased, even though the number has not kept pace with the project projections.

	<u>Total Number of APMANE Farmers</u>	<u>Total Number of Hectares Involved</u>
1978/79	964	18,386
1979/80	1,717	34,980
1980/81	4,072	61,388
1981/82	5,645	89,481
1982/83	7,784	98,060

It should be noted that 47 percent of the farmers served in 1982/83 had operations of less than 20 hectares (Table 1, Appendix). Project estimates indicated that approximately 89 percent of the project farmers would have less than 20 hectares.

Even though precise measurements are not available, all indications are that agricultural production on participating farms has been positively influenced. This was substantiated by interviews with farmers.

A comparison of crop yields per hectare prior to participation in the project with the 1982/83 season indicates a general increase in yields, except in the humid areas (Table 2, Appendix). This comparison is not fully valid, because the 1982/83 season was hit by severe drought throughout the country.

2. **Loans Granted** — Cash and in-kind credit for the 1982/83 season totaled 5,123,440 dinars to 7,784 farmers for an average size loan of 658 dinars. This compares with APMANE projections for the 1982/83 season of 12,213,255 dinars to 11,665 farmers for an average size loan of 1,047 dinars. Thus, the project is well behind its projections. Reasons for this shortfall are discussed elsewhere in this report.

Loans granted by purpose and governorate by the APMANE project are presented in Table 3, Appendix. Additional details on loans by farm size and total number of hectares involved are presented in Table 4, Appendix.

3. **Market Penetration** — APMANE was designed to operate in Northeast Tunisia and to cover five governorates -- Beja, Bizerte, Nabeul, Siliana, and Zaghouan (see map, p. 14). During the forthcoming 1983/84 crop season, APMANE has been expanded to include the governorate of Tunis.

APMANE was projected to involve 11,665 small- and medium-size farms at the end of the period represented by crop years 1978/79 - 1982/83.

The project is directed toward small- and medium-size farmers, and it is important that measurements be provided to verify results of the project. Thus, the target small- and medium-size farmers were classified into the following groups with average loan per farm projected. These estimates are provided to show the original expectations for the project at the end of 5 crop years.

**FARM AND LOAN SIZE PROJECT SUMMARY
FOR ANTICIPATED BENEFICIARIES OF THE PROPOSED
TUNISIAN SMALL FARMER-SUPERVISED CREDIT PROJECT***

SIZE RANGE (HA.)	(0-5)**	(5-10)	(10-20)	(20-50)	All farms (0-50)
Ave. Farm Size in Range (HA.)	3	7	12	31	10
Number of Farms	3,585	2,760	4,033	1,287	11,665
Percent of Farms in Range	30%	24%	35%	11%	100%
Loan Volume for Range (\$Mil)	2.6	5.7	10.3	9.5	28.1
Percent of Loan Volume for Range	9%	20%	37%	34%	100%
Ave. loan per farm (T.D.)	315	898	1,110	3,209	1,047
Ave. loan per farm (U.S.S)***	725	2,065	2,554	7,381	2,409

Source: USAID Project Paper 2281

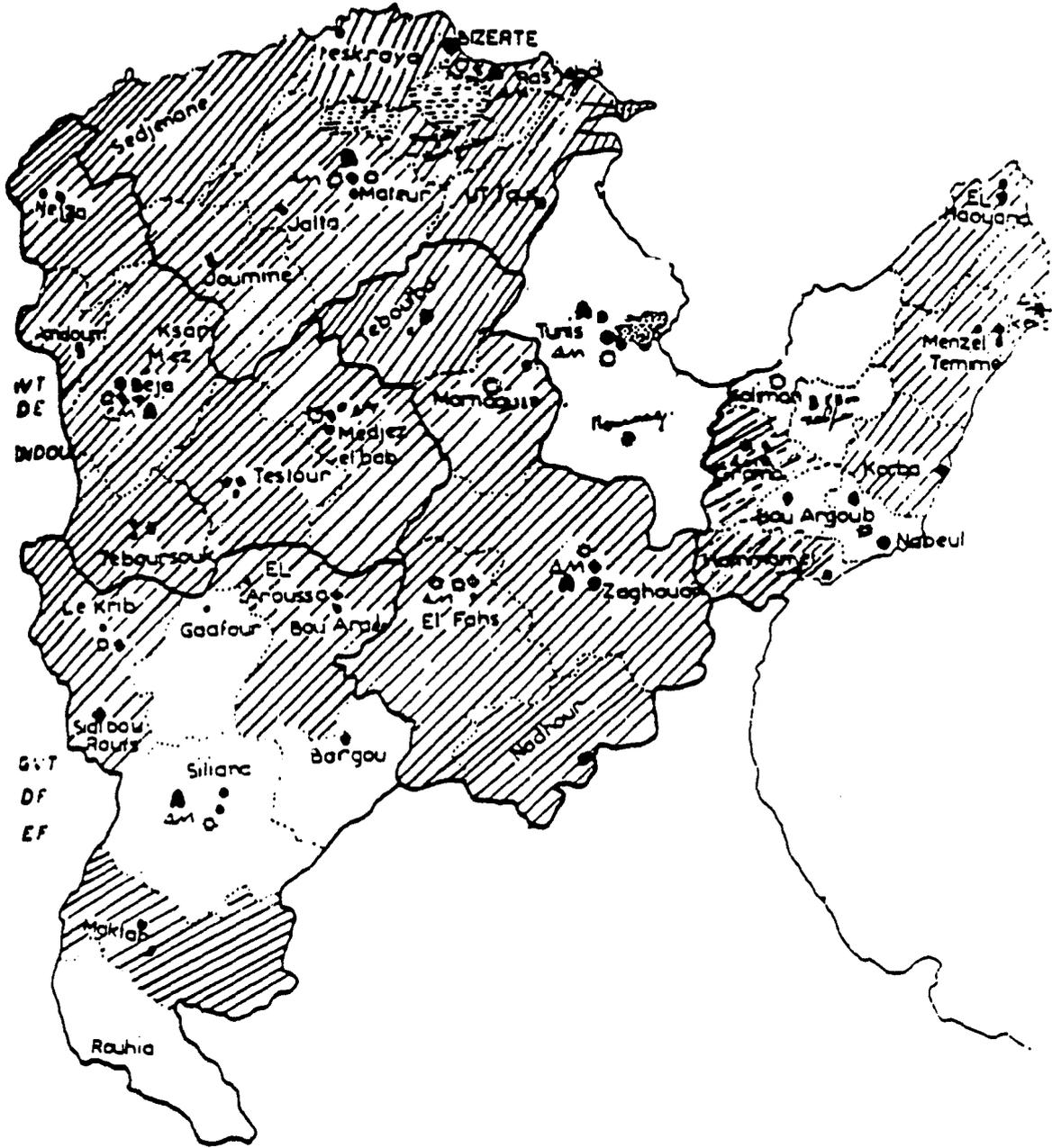
*Calculations based on research conducted by the Tunisian National Center for Agricultural Studies (CNEA) as reported in the publication, "PROJECT DE CREDIT AGRICOLE" UNDP/FAO TUN 72/004, May 1977. Figures have been rounded.

**Computations for the 0-5 ha. group were estimated based on factors used in the study and related to an incremental revolving loan fund amount to be allocated to the project to permit the financing of this "smallest of the small" group, which was excluded from the original project design.

***Based on exchange rate of 1 Tunisian Dinar = U.S. \$2.30

The startup of a new program always turns up limitations, and the APMANE project is no exception. Based on experience, it now seems clear that the projected number of farmers to be reached with the supervised credit program was too optimistic. Reasons to support this conclusion are documented in

NORTHEAST TUNISIA
CARTE DE LOCALISATION DES ZONES DU PROJET ET DES FOURNISSEURS 1981-82



-  Délégation touchés par le projet
-  Limite de gouvernorat
-  Limite de délégation
-  Siège de gouvernorat
-  Siège de délégation
-  Office de cereales
-  S.O.N.A.M.
-  b.N.T
-  O.E.P
-  C.T.A.M.A

Ech. 1/100000

other sections of the report, particularly VI.B. A significantly high responsibility for the operation of APMANE is vested in the agents. This fact may not have been fully recognized in the design of the project. The agents' personal limitations, transportation problems, reluctance of farmers to participate in the new program, and other difficulties combined to limit the number of farmers that an agent can effectively service.

Thus, the current enrollment of 7,784 farmers should not be considered a failure in project penetration, but as a recognition that in a difficult environment, this number of farmers has received credit in the form of improved seeds, fertilizer, and management assistance who would have been bypassed in the agricultural credit system. The cost of the credit delivery system to these farmers is a factor that must be considered in relation to the increased food production or to other social costs for dealing with this segment of the population.

The number of farmers involved in APMANE and the hectares affected are shown in Table 1 of the Appendix. The percentage of APMANE farmers relative to the total number of farms by governorate, year, and size of farm is presented in Table 4, Appendix.

In summary, there has been a substantial yearly increase of APMANE farmers in practically all years, governorates, and size of farm group. Nevertheless, only about two-thirds of the projected farmers have been reached at this time.

4. **Inputs of Production** — Use in aggregate has increased sharply during the project period. This is reflective of improved management on the participating farms resulting in higher operating costs, but also higher farm income.

Several examples are that in 1978/79, 964 APMANE farmers used 7,991 hours of machinery time (from a machinery leasing company) and in 1982/83, 7,784 APMANE farmers used 67,749 hours of machinery time (Table 5, Appendix). This machinery use was well-distributed among the farm size groups.

The average amount of fertilizer (superphosphates and ammonitrates) used per hectare has edged upward, as farmers experience the benefits of its use. The increased rate of fertilizer use and the greatly increased number of hectares receiving treatment have greatly increased the amount of loans for fertilizer.

Livestock distribution in the form of medium-term loans began in 1979/80. During this first year, 183 cows and 4,000 ewes were distributed to APMANE farmers. The number of head of cows has continued fairly stable; however, the number of sheep projected for 1983/84 has increased to over 11,000 (Table 6, Appendix).

An unmeasured input is the additional opportunity for farm employment in the rural areas. Rural people who may be underemployed on their own farms may elect to work part-time for a neighbor when there is a source of cash for wages.

Inputs are generally in short supply, and the GOT distribution system often results in farmers obtaining inputs late and/or in less-than-full amounts needed. The APMANE project has assisted in early planning to see that supplies are ordered and delivered to local areas. Substantial improvement has been made, but there are still problems as related by farmers interviewed.

The major input suppliers are all parastatal organizations operating with fixed prices and little or no competition. The team visited the headquarters and some local offices of the suppliers in its evaluation of APMANE. The major suppliers are the Office of Cereales (O.C.) (sells seeds and fertilizer and buys cereals) and the National Organization for Farm Machinery (SONAM) (rents tractors, machinery, and combine services). These organizations have programs to upgrade their services for farmers; however, improvements have been slow.

Aspects discussed with these suppliers to further improve their services were:

- a. locate supply outlets closer to farmers;
- b. improve planning by farmers relative to the quantity of production inputs needed;
- c. give priority to APMANE farmer supplies, possibly holding their supplies in reserve.

5. **Diffusion of APMANE Extension to Non-APMANE Farmers** — This could not be determined with any firm measurement. However, many officials provided examples of the positive influence of the APMANE agents' activities in dealing with input suppliers and in scheduling machinery (particularly harvesting). It is reasonably ensured that some of this improved activity in a local area would impact all farmers in the area. Also, the inquisitive nature of farmers would lead them to see improved crop varieties and new or expanded animal production of neighboring APMANE farmers, leading them to possibly incorporate some of the innovations into their farming operations.

Observations in the three governorates visited by the team and discussions with farmers, both APMANE participants and nonparticipants, did not reveal any noticeable difference in their farm appearance. The changes are more subtle than can be observed by a brief visit.

B. Employment, Training, and Incentives — APMANE Agents

Employing and training APMANE agents is perhaps the most important factor in determining the success of the APMANE project. When APMANE was begun, the original agents were positioned by

transferring them from other agencies, i.e., the Office of Livestock and Pastures (OEP), the Department of Vegetable Production (DPV), etc. New agents are now being hired, primarily from agricultural schools. For example, in one governorate in which 20 agents are employed, 15, 4, and 1 have the equivalent of junior college, high school, and junior high school educations, respectively. Even though these figures would seem to indicate that APMANE is achieving a relatively satisfactory level of education among its agents, the agents employed directly from school generally have no formal work experience. It is, therefore, essential for such employees, in particular, to have the benefit of a well-structured and comprehensive training program. It was noted that the Ministry of Education has agreed with APMANE management to begin credit instruction to cover APMANE procedures in the senior year of college.

According to the Society for General Studies' (SOGET) evaluation report of APMANE covering the 1982/83 crop year, there has been insufficient emphasis placed on training agents until this most recent crop year, 1982/83. Current efforts include on-the-job training, a formal training seminar each quarter for agents, and monthly meetings with the regional APMANE head. Such training efforts cover topics such as the APMANE credit manual, goals of APMANE, agricultural credit and extension practices, communication skills, the agents' work planning, etc. Additionally, APMANE is developing a library system at the central and regional levels to provide resource material in the areas of agricultural credit principles and production technology. Considering that APMANE is in its formative years, that seasoned agricultural credit agent candidates are not widely available, and that APMANE is in the early stages of building a fully satisfactory training program, it is not difficult to understand that the APMANE director has indicated that his overall cadre of agents is inexperienced and insufficiently trained, even though there are agents performing at a relatively high level.

APMANE agents, once hired, trained, and placed in the field, have virtually no incentive to perform at an above-average level. The APMANE agent is asked to perform a wider variety of tasks, requiring perhaps more personal initiative than his counterparts in other Government agencies or programs, frequently under less-than-satisfactory working conditions, and at no higher level of pay than comparative level government employees.

C. Credit System

1. Terms of Loans

APMANE extends credit on a short-, medium-, and long-term basis. The interest rate for all three categories is 6 percent. This is fixed by the GOT.

Short-term production loans have a maturity of 1 year. These loans are normally unsecured; however, the farmer must show that he has control of the land for the period of time

necessary to complete the necessary production. This is encouraged for long-term development of agriculture. Such evidence of land control could be a lease, a certificate of possession, or a land title. No down payment is required for these loans. Examples of eligible loan purposes for short-term production loans are the fattening of livestock, and cereal, vegetable, and fruit production. The maturities for short-term loans occur generally four times during the crop year, depending on the type of production involved: cereal loans are due on June 30; potato loans on July 31; vegetable loans on September 30; and fruit production loans on December 31.

Medium-term loans have maturities from 2 to 7 years. These loans are normally secured by the item purchased by the loan's proceeds. Additionally, the farmer having a certificate of possession or land title is desired, as with the short-term loans. A down payment of 10 percent is required. Examples of eligible medium-term loan purposes are the purchase of breeder livestock and small equipment.

Long-term farm loans have maturities from 8 to 20 years. These loans are secured by land backed by either a certificate of possession or a land title. The APMANE farmer must make a 10 percent down payment. The balance of the loan is provided by the Government of Tunisia (GOT). Examples of eligible long-term loan purposes are land improvements, such as wind breaks, well digging, and fruit tree planting.

2. Marketing APMANE

In the 5 crop years during which APMANE has been in existence, concluding with the just completed 1982/1983 crop year, APMANE has grown to service approximately 8,000 small- and medium-sized farmers in the five governorates of Beja, Bizerte, Nabeul, Siliana, and Zaghouan. This accounts for about 9 percent of the eligible target population in the five governorates, according to the latest SOGET evaluation report on APMANE. All delegations in these governorates, with the exception of a few in Nabeul and Siliana, are being served. Beginning with the 1983/1984 crop year, the governorate of Tunis is included in the APMANE project.

APMANE does not have a separate marketing department. Nevertheless, its marketing efforts have included advertising in newspapers, on radio and television, and distributing brochures on the project. However, as with most commodities or services, perhaps the most effective advertising medium is word of mouth. In this regard, APMANE has established a program designed to reach nonparticipating farmers by having successful, participating farmers advise prospects of the advantages of obtaining credit from APMANE. This is called an information field day and is held on the farm of a successful APMANE farmer. In addition to such marketing efforts, APMANE's growth rests heavily on the shoulders of

its agents. The agents' inclination to engage in marketing efforts in addition to their credit, supervision, and extension efforts, will determine to a significant degree whether APMANE reaches a satisfactory level of penetration into the target market.

3. Eligibility/Loan Dossier

After successfully marketing APMANE to a farmer, but prior to completing a loan application, farm plan, etc., the agent must determine whether the farmer is in fact eligible for an APMANE loan. Eligibility criteria for joining APMANE are as follows:

- a. The farmer must join a Societe de Caution Mutuelle Agricole (SCMA).
- b. If the farmer is in field crop production, he can farm no more than 50 hectares; if engaged in vegetable production, he can farm no more than 8 hectares.
- c. For livestock production, the farmer must have successfully completed 1 year in the project in order to obtain a livestock loan. Additionally, after the agent and the farmer analyze the farm's capability to sustain a livestock operation, the analysis must show that a livestock operation is feasible.
- d. The farmer can have no outstanding debts that are due and not paid. However, if the farmer could not pay due to conditions beyond his control, the project may elect to help the farmer work the debt into the repayment schedule of the APMANE loan.

Once the agent has determined that the farmer is eligible, the process of completing the loan application package begins. The loan application package consists primarily of a loan offering sheet or contract, a farm plan, and other survey forms only used when a particular type of loan purpose is sought. The loan offering sheet or contract comes in two forms, one for short-term and one for medium-term credit, and contains information on the farmer, such as his name, address, number of children, etc. It also specifies the amount of the requested loan, the date of the request, and provides a place for the members of the regional credit committee (RCC) to indicate their approval. Finally, the legal terms and conditions of the relationship between the borrower and the Banque Nationale de Tunisie (BNT) are enumerated. Both the short- and medium-term loan offering sheets or contracts contain essentially the same information. Farm plans also come in two forms, one for short-term and one for medium-term credit. However, starting with the 1983/1984 crop year, the two forms are being combined and now for a short-term loan request, both the short- and medium-term planning aspect will be completed. The short-term farm plan defines what the farmer hopes to accomplish during the current crop year. The medium-term farm plan defines where the farmer hopes to be at the fourth year. The two farm plans contain a map of the farm, information about the farmer

and his family, a discussion of the crop and/or livestock produced and planned to be produced, and income and expenditure information. Additionally, if a farmer requests medium-term credit for the purchase of livestock or a tractor, for example, survey forms are completed that essentially analyze the farmer's need and ability to effectively use and pay for the livestock or tractor. Examples of other forms used by agents are the loan control card, the farm visit report, the monthly calendar, the release of credit for cash form, the purchase order, and the transfer order. These forms will be discussed later.

Until the 1983/1984 crop year, essentially all the loan forms were written in French. Beginning with this crop year, APMANE is printing the forms in Arabic also. Even though most of the APMANE farmers are illiterate, this is a step in the proper direction to try to ensure that the farmer is adequately informed regarding the loan transaction. Where the farmer is literate or where a family member is literate, Arabic printed loan forms will certainly be useful, as Arabic is the principal language in the rural areas. Additionally, this year APMANE is giving a copy of the loan application package to the farmer. In the past, farmers did not receive a copy of the loan paperwork, because of their illiteracy and because the forms were written in French. Printing the loan forms in Arabic and giving a completed copy to the farmers should provide long-term benefit to the farmer and the project.

There are several constraints to the agent's ability to efficiently gather the information necessary to determine eligibility and to complete the loan application package. Examples of the more important constraints are:

- a. Most of the farmers with whom the agents deal are illiterate. Written communication is precluded, unless there are family members who are literate.
- b. The target farmers are reluctant to divulge information about their income, assets, etc.
- c. Recordkeeping by the target farmers is virtually nonexistent.
- d. The initial lack of sufficient transportation for agents and the deteriorating condition of the fleet of cars purchased about 2 years ago to overcome the transportation problem have both contributed to the inherent difficulty in reaching the relatively isolated areas in which many target farmers live.
- e. The requirement of the GOT that official vehicles be driven by a chauffeur also contributes to inefficient use of transportation.

4. APMANE Loan System

The following describes the current loan approval process and includes a brief discussion of funds disbursement and input delivery to the farmer, payment to the supplier, and loan supervision.

- a. Marketing APMANE
- b. Farmer Indicates Desire for APMANE Service
 1. BNT checks for due, but unpaid, debt
 2. Agent checks with suppliers for same
- c. Agent and Farmer Complete Loan Application Package
- d. Agent Sends Loan Application Package to Regional Credit Committee (RCC)
- e. RCC Acts on Loan Request
- f. Copy of Approved Loan Application Package Sent to Local BNT
- g. BNT Sets Up Account in Farmer's Name (and assigns loan number)
- h. As the Farmer Needs Inputs, He Obtains a Purchase Order (P.O.) from Local APMANE Agent
- i. Farmer Takes P.O. to the Supplier
- j. Farmer Receives Inputs
- k. Supplier Sends Bill to the Regional APMANE Office
- l. Regional APMANE Sends the Bill to the Local APMANE Agent
- m. The Local Agent Verifies the Bill Against the P.O.
- n. Upon Verification, the Regional APMANE Accounting Division Sends a Transfer Order (T.O.) to the Local BNT for Payment from the Farmer's Account to the Supplier

The RCC is composed of the Commissariat Regional au Developpement Agricole (CRDA) as president; regional representatives of the Direction de l'Assistance aux Petits et Moyens Exploitants (DAPME), and Assistance aux Petits et Moyens Agriculteurs du Nord-Est (APMANE); the local BNT, SCMA, and Union Nationale des Agriculteurs (UNA) representative; and representatives from local suppliers (nonvoting). In the first 2 years of the RCC's operations, the agent was not invited to be present at meetings. Now he is present to represent the farmers, but is a nonvoting participant. The agents have no individual loan approval authority nor can they reject a loan. While the review team did not have the opportunity to observe the functioning of an RCC, we have been advised that the RCC's approval of loan applications is basically perfunctory, with little indepth analysis of individual loans.

In step b.1 and 2, new APMANE borrowers undergo a credit check; however, repeat APMANE borrowers need not have the BNT verify the absence of bad debts. Repeat borrowers can get a P.O. without having had their new loan approved by the RCC by showing the agent verification from the BNT that last year's bills have been paid.

In step h, if the farmer needs cash in lieu of a P.O., the agent fills out a release of credit for cash form, for which the farmer receives cash from the bank. No more than 20 percent of an APMANE farmer's loan is permitted to be disbursed in cash. The balance is disbursed in kind by the various local suppliers. An example of a legitimate purpose for a cash disbursement of loan proceeds would be for the farmer to purchase custom traction services from a neighbor.

Loan supervision essentially flows between steps h and n, as the agent is involved in ascertaining that the farmer is complying with the farm plan, that bills are paid, and that problems arising during the crop year among all participants in the process, i.e., the farmer, the BNT, and suppliers, are resolved. In planning loan supervision, the agent uses a monthly calendar and a loan control card. The former is used to plan the agent's next month's work schedule, including visits to farmers, suppliers, the BNT, etc. The latter is used to document the date of the last farm visit, any action taken, observations, and the date of the next farm visit. As a follow on to this, the agent completes a detailed visit report form; generally, agents visit a farm about 2 to 3 times per crop year.

Until the 1983/1984 crop year, several loans might be made to a farmer during the year depending on his farm plan, that is, a loan would be made in the fall for soil preparation and seed, a loan would be made in the winter for cultivation and herbicides, etc. Now, only one loan will be made per crop year and will cover all expenditures identified in the farm plan.

The Ministry of Agriculture has recently initiated an "inspection committee" concept for all credit programs. The inspection committee is to random-sample loans periodically to check, for example, in the APMANE project, whether agents may be inappropriately assisting friends or relatives in obtaining a loan from APMANE. This committee is made up of agents. Also, the Ministry of Agriculture has created a committee to be coordinated by the CRDA to monitor agricultural credit from all sources. There are no known results from this activity to date.

APMANE has published a credit manual for use by all personnel. The manual addresses administration, loan characteristics, loan processing and disbursement, farm planning, supervision, and loan collection. It was published in the summer of 1980. It has been made available to all agents. While the review team did not test the agents' familiarity with the manual, we were told that a survey conducted by APMANE and USAID revealed that many agents could either not find their copy and/or were not adequately familiar with the manual.

During the review team's numerous interviews with farmers, agents, and officials of DAPME, APMANE, O.C., etc., we were apprised of many examples of problems that persist in the APMANE network of placing credit and supplies into the hands of the farmers. Most of these problems revolved around the BNT's participation in the APMANE program; more specifically, in the BNT's inadequate recordkeeping and report preparation regarding project funds and farmers' accounts and in the BNT's tardiness in paying suppliers for inputs furnished to APMANE farmers.

Some of the complaints dealt with the farmers' difficulty in obtaining in a timely manner adequate quantities of the supplies they needed. The suppliers mentioned that they sometimes had problems with having excess supplies on hand, due to the APMANE farmers not purchasing the quantity of supplies they had projected they would need vis-a-vis the farm plan. While the input supply aspect is not a major problem in the APMANE project, it nevertheless has weaknesses. An emerging counterbalance is the service cooperative, which is an organization that could play a significant role in the input supply and commodity marketing network for small- and medium-size farmers.

5. Loan Repayment

The loan repayment cycle should begin the day the loan is made. The first key to ensuring loan repayment, beyond any negative effects of uncontrollable influences, is making a sound loan that includes a complete understanding by the farmer of the loan's terms and conditions. The APMANE credit manual addresses this credit truism and also discusses the need to keep in regular contact with the farmer as the crop year progresses and as income materializes.

Typically, an APMANE farmer has two markets for the sale of farm production. The first is the network of parastatal organizations such as the O.C. The second is the farmer's local private market. The former is by far the predominant recipient of the farmer's production. Another use of some part of his farm production is retention by the farmer for his on-farm needs. The farmer typically sells his commodities to the O.C., for example, and then pays the BNT to settle the APMANE loan. If the farmer does not pay, the agent assesses the reasons why. Then the agent furnishes the list to the local civil authorities who bring pressure on the farmers in arrears. If there is no progress, the local APMANE agent, via the regional APMANE office, sends the list of farmers in arrears to APMANE (Tunis). This list is passed to the BNT (Tunis) whose litigation office processes for collection. This is the way the collection system actually works; however, the credit manual specifies that the agent furnishes the chef du bureau de liaison a list of farmers in arrears. The farmers would then be contacted by the BNT for repayment. This failing, the regional collection commission, which has apparently never functioned effectively, comprised of the CRDA, SCMA, UNA, BNT, and the chef du bureau de liaison, attempts to collect the loan. This failing, the BNT starts legal proceedings to collect the loan.

The major collection participants were designed to be the BNT and the SCMA. The BNT is responsible, by formal understanding with APMANE, for collecting past-due accounts. The SCMA's were factored into the APMANE project vis-a-vis the eligibility requirements, in order to bring peer pressure on the farmer for repayment of debts. In practice, neither has

played an effective role in loan collections. The agent was to be a facilitator of the collection process.

The APMANE agent has become the only consistent contact with the farmer for collecting loans. The BNT's only role has been to send out loan-due notices; however, these notices are typically in error as to the amount of principal and interest owed. This normally necessitates the agent and farmer going to the local BNT office to reconcile the farmer's account. More than one farmer has left APMANE due to such inefficiency on the BNT's part. The SCMA's have not functioned as originally intended. Their efforts at bringing peer pressure on the member/farmer for payment of past-due loans have been virtually nil. As a result, a void developed in the loan collection process into which the agent has stepped. Because of the agents' efforts, the project's pay-back rate of 64 percent over the 5-year project life through crop year 1982/1983, though not satisfactory, is the highest relative to other agricultural credit programs such as FOSDA, SIDA, etc.

D. Financial Management

1. Resources and Organization

Resources for the APMANE Project are provided by direct contributions and "in-kind" assistance from the Government of Tunisia (GOT) and by grants and loans from the USAID. The original agreement between the GOT and USAID specified the following resources for the Project: (1) GOT - \$24 million; and (2) USAID - \$17.3 million in loans, with an additional \$.9 million granted for assistance in launching and advancing the project.

Direct contributions/loans are the resource for project loans and are placed into a revolving fund. As of this date, the most current available statistics reflect the following amounts as contributed to the revolving fund:

<u>SOURCE</u>	<u>CONTRIBUTION</u>
Government of Tunisia	\$12,071,000
USAID	\$16,800,000
TOTAL	<u>\$28,871,000</u>

The project's direct contribution revolving fund is managed by the Banque Nationale de Tunisie (BNT), a majority government-owned commercial bank whose origin was rooted as an agricultural credit specialist. Over the past 20 years, the GOT has allowed the bank to engage in commercial lending (for profitability purposes), but BNT continues as an agricultural credit specialist through providing limited BNT resources to rural areas, and the GOT requested task of administering a variety of agricultural loan funds provided by the GOT and foreign lenders and donors.

The BNT, through an agreement with the Ministry of Finance, is empowered to manage the noninterest bearing revolving fund and to provide a variety of credit and financial services to the project, including (a credit voice in) making and collecting loans; maintaining individual loan and program macro-loan records; periodically providing financial statements for the program; and engaging in those other banking activities required in the administration of an agricultural lending program.

Remuneration to the BNT for services provided to the program is a commission of 3 percent of loans outstanding at calendar year end, and BNT's credit risk relationship in the agreement/program is 40 percent of the loans deemed uncollectable (default) if the BNT voted affirmatively to grant the loan(s) in default. At this time, the most recently published status of the revolving account is reflected as Exhibit 1 of this section.

2. Flow of Funds

Upon approval of a loan under the project, the amount approved is credited into the borrower's account at the local BNT branch office serving the borrower's rural area (BNT has 82 branch offices throughout Tunisia), providing for decentralization of borrower account management. There appears to be no delay in providing credit to the farmer's account through which the suppliers providing "in-kind" services and products to the farmer are paid.

As the "in-kind" services/product documentation is received by the BNT branch office, the charge is applied against the farmer's account, and the supplier is paid by one of two methods. If the supplier's main bank account is with the BNT Tunis or another bank in Tunis, the BNT Tunis credits directly the supplier's BNT Tunis account or submits a credit advice to the servicing commercial bank for credit to the supplier's account(s). If the supplier's bank account is with the BNT branch, the supplier's account is credited in that branch upon receipt of proper documentation.

Conversations with BNT Tunis revealed that the BNT branches are authorized to allow interest to be earned by the supplier on payments due that are delayed in processing/payment. The BNT branches visited made no mention of this fact and gave no indication that the BNT branch was doing such. An example of a delayed supplier payment made by the BNT Tunis is included in Exhibit No. 3 of the ^{next} section. There is no indication of interest paid by the BNT Tunis to the supplier.

Thirty days prior to the loan due date on short-term (production) loans, the BNT Tunis mails a loan (and interest) due statement directly to the borrower. Repayment is made locally, and the principal and interest payments roll back into the revolving fund for relending.

The loan rate for APMANE loans is 6 percent, which is the rate established by the GOT for agricultural loans. This 6-percent loan rate for rural programs compares with an 11-percent rate prevalent in commercial credit.

For purposes of accounting and administration efficiency, each production loan bears a maturity date coincidental with loan purpose crop harvest, and interest is calculated upon the actual number of days between advancement and repayment of the loan approval amount.

3. Capitalization and Risk Analysis

At the present time, capitalization (capital accumulation) under APMANE is not being achieved. Given the present level of interest rates charged, loan volume outstanding, and repayment experience, the program will continue in a subsidy mode for the near term.

The only current attempt at capital accumulation arises from an APMANE program farmer/borrower joining a Societe de Caution Mutuelle Agricole (SCMA), which is an organization whose functional purpose is to join farmers together for their collective and individual benefit, and whose theoretical purpose is to provide guarantees against loans made by its members.

Risk dispersion for a project loan was originally established at 5 percent to the BNT, 25 percent to the SCMA, and 70 percent to the GOT. Subsequently, the BNT's portion of risk assumption was increased at 40 percent if the BNT voted affirmatively in granting the loan. The SCMAs no longer assume any risk factor for APMANE loans, and the GOT assumes the remaining risk factor on APMANE loans (above the BNT's level).

The SCMAs are legal entities whose requirements are for farmers to contribute a minimum of 5 dinars for membership. The membership (capital) contributions are to be used to guarantee loans from financial institutions or projects to members. The member's liability is limited to his membership (capital) contribution, and there has been little relationship to the size of the member's contribution and size of the member's loan guaranteed by the SCMAs.

Minimum membership (capital) contribution per SCMA is established at 1,000 dinars, and maximum membership per SCMA is 200, with all members residing in one township. To strengthen the SCMA system's theoretical (loan guarantee) purpose, the Ministry of Agriculture has recently established loan limitations for the SCMAs and individual members based upon the SCMA's total membership (capital) contribution and the individual members' contributions (8 times capital and 20 times capital, respectively).

4. Repayment Experience

The responsibility for loan recovery rests primarily with the BNT, as specified in the BNT/Ministry of Finance agreement. Collection procedures used by the BNT, in addition to mailing loan due notices to the farmers approximately 30 days prior to the loan due date, include newspaper notices reminding the farmers to pay their loans, solicitation of local civil authorities and farmer leaders to exert peer pressure on the farmer borrower, reliance upon APMANE agents for assistance, and assistance from the BNT Tunis' litigation office.

A loan is considered delinquent if not repaid within a short grace period after the due date, and after a 2-year delinquency period (2 crop years) the loan is considered in default. Those amounts of loans in default status are reimbursed to the revolving fund by the GOT and considered as loan losses by the program. If certain farmer loans in delinquency status are determined by the BNT to have the capacity to repay the loan and interest but not the inclination to do so, the loan can be turned over to a private collection group that has produced admirably in collecting the funds.

The BNT Tunis office has, within the past year, created a collection department of 11 individuals whose sole duty is to pursue the collection of loans. Conversations with the BNT Tunis office indicated that the BNT is quite pleased with its collection efforts and success and points out the fact that APMANE has one of the highest recovery percentages among Tunisia's various agriculture projects and programs.

According to BNT records, the following repayment experience has been attained by Project APMANE:

<u>Crop Year</u>	<u>Cumulative Loan Recoveries*</u>
1978/79	53%
1979/80	65%
1980/81	69%
1981/82	64%
1982/83	N/A

*Includes both short-term and medium-term loans.

N/A - Not Available

Through the date of this paper, the GOT reimbursed the revolving fund approximately 260,200 dinars for loan write-offs, i.e., those default loans determined uncollectable. The BNT and the SCMAS did not share in loan absorption on these write-offs.

The collection effort, reviewed in detail in the discovery-loan repayment section, reinforces the fact that the APMANE agent is the key figure in the collection process, exerting the most direct collection effort, although the BNT is accountable for recoveries.

5. Management Information System

Article 12 of the BNT/Ministry of Finance (MOF) agreement specifies that the BNT shall provide the MOF, Credit Division, with a quarterly report on authorized loans and grants, the amounts used, the amounts recovered, and the amounts unpaid (Exhibit No. 1 is a prototype report). Additionally, the BNT is charged with the responsibility of maintaining individual farmer loan records through its management/administrative assignment.

BNT Tunis related that during the first 2 years of the project, there was difficulty experienced in individual loan and project records (accuracy, timeliness, and thoroughness), mostly because the system was not fully understood by all parties involved, including the farmer. Through the cooperative efforts of the project management, USAID, and the BNT, improvements in individual loan records have occurred, and the BNT Tunis' management is satisfied with the system's output and management level (a viewpoint not shared by the other parties to the system).

a. Farmer Loan Records

The BNT Tunis' headquarters has an agricultural credit department with a staff of 84 employees handling 65,000 loan dossiers per year (an average of 775 dossiers per staff member). Through the insistence of project management and USAID, the BNT has established an office within the agricultural credit department to handle APMANE transactions and records exclusively.

A staff of six is responsible for controlling and monitoring the program. Individual loan records are maintained in the BNT branch office, although vital loan information should be transmitted from the branch to BNT Tunis for input into the computer system controlling loan approval amounts, farmer account credits and charges, and loan statement disbursements. Visits with two BNT branches in the Bizerte and Zaghouan Governorates revealed different levels of recordkeeping technology and staff in the branches. Also, farmer account transactions were not handled identically by the two branches, i.e., partial loan payments as an example.

The primary (and continuing) problems with individual farmer loan records center on the loan amount due for payment (and applicable interest) indicated on the statement billing mailed to the farmer by BNT Tunis. The

billing statement reflects the amount of loan approved for the farmer, whether the farmer used the entire approved amount or not.

BNT Tunis indicated that it is the farmer's responsibility to notify the BNT if an unused loan balance remains in the farmer's account. This notification is accomplished by having the farmer and the APMANE agent complete a transfer order in the BNT branch and ensuring that the transfer order is entered into the BNT computer system 60 days prior to the loan due date. This action appears unnecessary if the BNT branch is submitting, as they profess, individual loan transactions to the computer system in Tunis, which should maintain a balance of loans funds used against the loan amount approved.

To resolve this continuing billing statement inaccuracy problem, which as documented discourages farmers from continuing their participation in APMANE, the project maintains individual farmer loan records. The farmer and APMANE agent visit the BNT branch with the statement due notice and the APMANE records to resolve the problem. This latter action is almost universal in the Governorates we visited.

b. Project Loan Records

The problem referenced in farmer loan records spills over to the macro-project records. If the BNT bills farmers for loan amounts approved rather than used, and the farmers repay loan amounts used, the delinquency statistics provided by the BNT would be overstated, especially because BNT repayment statistics are cumulatively calculated by the BNT. To overcome this problem, the project maintains macro-records and verifies the BNT repayment statistics, resulting in duplicate effort and evidencing a lack of program credibility in BNT's management statistics.

Additionally, program management has experienced difficulties in reconciling the periodic project status statements and has asked for the report improvements, such as having delinquencies aged, but has not yet received any concrete response from the BNT. A prime example of the BNT's lack of timeliness and accountability is a request made over a year ago by the project for the BNT to compare their billing records against a list provided by the project of the loan amount used by each APMANE participant during the first 4 years of the project. The purpose of comparing the two sets of records was to identify those individual farmers who were billed by the BNT for the loan approval amount (rather than the used amount) and who overpaid their loans. The principal and interest overpayment should be refunded to the farmer. The BNT has not completed this project request as of this evaluation.

In summary, our visits with the various parties in the system have produced one common and documented response on the BNT's management efforts: dissatisfaction by the farmers (incorrect statements of principal and interest due), by the suppliers (delays in being reimbursed for services/products), and by the APMANE management members (inaccuracies and inconsistencies in reports). Attached as Exhibit No. 3, page 59 are documents/examples supporting the claims of those dissatisfied with the BNT's performance.

6. Cost Analysis

Annual cost quantification for APMANE over the 5-year period 1978/79 crop year through 1982/83 crop year will not be reflected in the report because of certain expenses irregularly charged to the project. For example, the BNT service fees covering the years 1978/1981 were not charged to the project until year-end 1981. Also, there is an absence of annual added value through the first 5 crop years.

Two cost measures that can be reviewed are the cumulative operating costs (subsidy) of the project through the end of the 1982/83 crop year, and a modified annual measurement of administrative cost, the latter being the most complete and consistent cost figures available to the team. Operating costs (subsidies) are considered to be those expenses arising from the administration and management of the project: administrative costs, bank management costs, and reimbursement of unsuccessful recovery efforts, less the interest earned by the program. These are the costs that the project must overcome to become self sustaining, given that the direct funding costs (GOT contributions and USAID loans) will be the subsidized base of the program.

PROJECT APMANE
CUMULATIVE OPERATING COSTS (Subsidy)
1978 - 1982

<u>Description</u>	<u>Dinars</u>
Administrative Costs	1,352,822
BNT Service Fees	287,263
GOT Reimbursement of Defaults	90,569
TOTAL	<u>1,730,654</u>
Less Interest Earned on Loans	<u>- 159,084</u>
Net Cumulative Operating Costs (Subsidy)	<u><u>1,571,570</u></u>

According to APMANE statistics, the total amount of credit granted over the 5 crop years (including both short- and medium-term credit/loans) is 12,236,163 dinars. The cumulative operating cost of delivering 1 dinar of loan to the farmer is .128 dinars. A more frequently used measurement is

the cost per hectare affected, although the costs reflected above are for both short- and medium-term loans granted. The total hectares affected over the 5 crop-year period were 302,295 hectares or a cumulative average cost of 5 D 199 per hectare.

The team reviewed an added value analysis prepared after the 1982/83 crop year that estimated that the cumulative added value of agricultural production to the Tunisian economy by the project over the 5 crop-year period was 41,462,643 dinars, or an average added value of 137 D 157 per hectare affected. The basis of this estimate was a survey by APMANE of the borrower/farmer throughout the Governorates covered by the program.

Administrative costs, as reflected in the following table, are relatively consistent after the second program year.

PROJECT APMANE
ADMINISTRATIVE COSTS
1978-1982

<u>Year</u>	<u>Administrative Costs</u>	<u>Loans Granted</u>	<u>Administrative Costs Per 1 Dinar of Loan Granted</u>
	(D)	(D)	(D)
1978	197,980	249,719	.926
1979	187,380	876,072	.252
1980	222,708	1,640,541	.156
1981	301,493	4,346,391	.077
1982	<u>443,261</u>	<u>5,123,440</u>	<u>.117</u>
Total/ Average	<u>1,352,822</u>	<u>12,236,163</u>	<u>.111</u>

Discovery - Financial Management Section
 Exhibit I
 Status of Project APMANE
 Revolving Fund*
 July 13, 1983

(Tunisian Dinars)

I. Uses of Funds

Loans Outstanding -- Not Due	5,173,171
Delinquent Loans	7,071,404
Loans Entered for Collection	17,148
Subsidies Paid	355,943
Repaid Loans	4,306,959
BNT Commissions Paid	<u>287,263</u>
 Total Uses of Funds	 <u><u>17,211,888</u></u>

II. Sources of Funds

Direct Contributions -- USAID	6,670,369
Direct Contributions -- GOT	5,050,000
Interest Earned	159,084
Defaults Reimbursed -- (GOT)	90,569
Repaid Principal (Loans)	<u>4,020,112</u>
 Total Sources of Funds	 <u><u>15,990,134</u></u>

III. Surplus (Deficit) (1,221,754)

*Source: BNT

VI. CONCLUSIONS AND RECOMMENDATIONS

A. APMANE Impact

Conclusions:

1. APMANE project has a positive impact on agricultural production and income of small- and medium-size farmer participants.
2. This positive influence has gained momentum as more farmers have become involved in APMANE.
3. The number of APMANE farmers at 7,784 for 1982/83 season represents about two-thirds of the project's initial projections.
4. The average size loan at 658 dinars (1982/83 season) is slightly below two-thirds of the expected average.
5. The smallest of the small farmers (0-10 hectares) are well-represented in the project membership, particularly for the 1982/83 season.
6. Use of agricultural input supplies has increased sharply for the project; however, disruptions often cause farmers delay in obtaining inputs and in their timely use.
7. Medium-term loans in the form of livestock distribution have increased substantially and should provide a new or expanded source of farm income for many participants.

Recommendations: N/A

B. Employment, Training, and Incentives -- APMANE Agents

Conclusions:

Conversations and interviews with officials of APMANE and USAID indicated that agents vary widely in their ability to establish credit relationships with farmers, develop a farm plan, complete loan forms, supervise the farmers' use of credit, and provide extension consultation to farmers. Some degree of this would be expected in any credit program and is perhaps a situation that can never be totally resolved. While it appears that APMANE is recruiting from the proper sources, it is readily concluded that training of APMANE agents should be intensified. The APMANE agent's job is one requiring a wide variety of skills, i.e., knowledge of agricultural production practices, analytical ability, judgmental skill, communicative expertise, etc. It appears that the agents are being under-compensated vis-a-vis salary, bonuses, working conditions, etc. The following are initiatives that should be considered by officials of the Ministry of Agriculture, APMANE, and APMANE's training department in continued efforts toward building a strong employment and training program.

Recommendations:

1. Philosophically, the Ministry of Agriculture and APMANE leadership must be committed to the belief that proper recruitment, training, and incentive practices yield dividends worth the investment of resources toward this end.
2. It is recommended that at least the training department head be sent to the U.S. for exposure to training programs of various agricultural lending institutions. The Farm Credit Administration (FCA) would gladly coordinate such orientation visits to, for example, Farm Credit banks, the USDA's Farmers Home Administration, and FCA.
3. Develop a program for the best agents wherein they would be provided the opportunity to visit the agricultural credit programs of other countries, such as Morocco, France, the U.S., etc.
4. Establish a formal training needs analysis process. This should use the current performance evaluation process as its basis. That is, ensure that an agent's weaknesses in job tasks are identified and that the agent is directed to specific training for such deficiencies.
5. Ensure that the training department staff calls upon the expertise available among the agents and other APMANE staff at the local, regional, and central levels in order to develop lesson plans and to assist in presenting the training sessions.
6. Place newly hired agents with agents of proven ability for initial orientation and training.
7. APMANE should seriously consider various methods to enhance work incentives for the agents. Examples would be:
 - a. Increased level of base salary plus gradients for agents performing at higher levels of achievement.
 - b. A bonus program apart from the regular government bonuses. Such a program for APMANE agents could emphasize marketing, credit quality, and repayment results, for example.
 - c. Working conditions, such as office facilities, secretarial assistance, and office furnishings should be upgraded where necessary.
 - d. Vehicles should be upgraded to provide dependable transportation that will access virtually all types of roads.

C. Credit System

1. Terms of Loans

Conclusions:

The categories of loans available to APMANE farmers is relatively consistent with other agricultural lending systems. The eligible purposes for which these loans may be used are also generally comparable; however, the interest rate, the amount of down payment necessary, and the security required are inconsistent with sound lending practices. The low interest rate is government controlled; the amount of down payment required is a reflection of the APMANE farmers' general lack of significant amounts of available personal cash and the project's desire not to establish loan requirements, which would act as a disincentive to farmers to join the project; and the lax security requirements appear to be a product of the lack of a well-defined system in Tunisia for recording agricultural asset ownership and liens upon such assets, and for the legal process whereby a lender may move against such assets to collect agricultural loans. The above factors, which contribute to the inadequacy in certain aspects of APMANE's loan terms and conditions, are essentially beyond the control of APMANE. There appears to be little APMANE can do in the near term to remedy any of these factors.

Recommendations:

As APMANE achieves a greater role and influence, its officials should endeavor to increase their efforts to address the above factors and, in particular, to bring about legal conditions for foreclosure on farmer assets for repayment of loans.

2. Marketing APMANE

Conclusions:

APMANE appears to have been relatively successful in marketing its service. Its marketing strategy, implemented without the benefit of a marketing department to provide continuity to business development efforts, contains the traditional approaches to marketing. The field information day concept is particularly innovative. As additional ways to strengthen marketing, APMANE officials should consider the following:

Recommendations:

- a. Establish a separate marketing department. This department would be on the same organizational level as the training and accounting departments, for example. This department would be responsible for formalizing a marketing policy and strategy and for providing consistency to marketing efforts.

- b. This department should develop a process that will measure the results of overall marketing efforts and of each marketing medium, i.e., newspapers, radio, field information days, etc. Resources should then be concentrated on the more productive marketing mediums.
- c. Reemphasize throughout APMANE and to agents, in particular, their importance in the overall marketing strategy and in its ultimate success. Marketing results should be made part of agents' job performance criteria.
- d. APMANE should develop a standard sign or logo for display at all APMANE local offices. Some variation to the logo now used on APMANE vehicles may be necessary.
- e. Additionally, the logo should be displayed on all official correspondence from APMANE to farmers and other parties, on all advertisements, on business cards for APMANE agents and other professional staff, etc.

3. Eligibility/Loan Dossier

Conclusions:

The eligibility criteria are designed to permit only a certain target group of farmers access to APMANE services. This group is, of course, the small- and medium-size farmer, a segment of the farming sector that traditionally has had difficulty in obtaining a reliable, constructive source of credit. With the exception of the requirement for the farmer to join an SCMA, the criteria seem adequate for APMANE's purposes. The SCMA criterion was established to foster the cooperative concept in the small- and medium-size farmer and to provide an organization that would help ensure that APMANE's loans were repaid. Based on the team's interviews with numerous officials of the Ministry of Agriculture, regional and local APMANE personnel, farmers, and the review of conclusions drawn by other organizations that have studied Tunisian agricultural credit programs, it is our conclusion that the SCMA concept has not been successful and that APMANE's requirement that a farmer join an SCMA prior to receiving a loan is cumbersome and nonproductive.

Loan forms should be designed to gather complete information necessary to make a sound and constructive credit decision for both the farmer and the credit institution. Complete information could be described as data on the farmer's credit history and integrity, the purpose and terms of the loan, repayment capacity, financial condition, and collateral. Given the newness of APMANE, the relative inexperience of its agents, and the fact that none of APMANE's loans could be considered large and complex, the loan forms currently in use by APMANE seem to gather adequate data on all the above areas except for financial condition and collateral. The review team is aware that efforts have been made to institute a process for building financial condition information on

APMANE farmers and that this has not been successful thus far. Because of the practical consideration of not overburdening agents with paperwork, APMANE should be careful to institute new loan forms only when absolutely necessary. It is felt that financial condition data on APMANE farmers is such a necessity. It is the best way to measure a farmer's financial progress in farming from one year to the next. A process is not in place to identify the appraised market and collateral value of chattels and real property. Such a process could provide information for use in measuring a farmer's financial progress and his ability to secure his loan.

With the past practice of not leaving the loan application package with the farmer, notwithstanding the illiteracy of the majority of the APMANE farmers, it is felt that the majority of the APMANE farmers did not understand the farm plan, the loan's terms and conditions, or, in some cases, that they were receiving a loan and not a grant.

Recommendations:

- a. The requirement that a farmer join an SCMA before he can obtain an APMANE loan should be eliminated.
- b. Obtain or develop a financial statement form to measure a farmer's assets, liabilities, and net worth. Because of the simplicity of APMANE farmers' holdings and debt structure, the financial statement used should be simple in design.
- c. Agents should be provided training on the purpose of and on how to complete and analyze a financial statement.
- d. APMANE should establish a mechanism to periodically review all loan forms to ensure that the current forms still have utility and that, as needed, forms are added, deleted, or revised.
- e. In a credit relationship, it is essential that the borrower fully understand all aspects of the credit transaction. APMANE should become particularly sensitive to this necessity. Agents should be thoroughly counseled to ensure that:
 - (1) Where the farmer is literate, he reads and understands the loan paperwork.
 - (2) If another member of the family is literate, that person should be present during the loan workup.
 - (3) If neither situation exists, the agent should review carefully aspects of the loan paperwork with the farmer.

- f. A formal process for appraising a farmer's agricultural assets should be developed. This process should establish as reliably as possible the market value of such assets and realizable value from their forced sale. While this process may not yield immediate results in terms of improved loan collection due to the less-than-adequate system in the country for documenting property ownership and creditor's liens on such property and for initiating foreclosure, it is a process that should be established due to the inherent value of the information gathered.

4. APMANE Loan System

Conclusions:

The APMANE loan system contains the approval process, funds disbursement and input supply to the farmer, payments to the suppliers, and loan supervision.

The loan approval process is essentially viable; however, it has two principal weaknesses. The loan approval decision (1) is in no part delegated to the individual (the agent) closest to the reality of the farmer's creditworthiness, and (2) is vested in too many participants on the RCC. It is a truism in agricultural credit that efficiency of credit service to a farmer is dependent on placing the loan approval authority in the hands of the loan officer or in APMANE's case, the agent. However, an agent should only be delegated loan approval authority after having demonstrated his ability to receive such authority through superior farm data collection, loan analysis, and judgment in making approval or rejection recommendations to the RCC. The composition of the RCC appears inefficient. Effective operation of a loan committee, i.e., being able to review in detail loans above the agent's authority, requires that the committee should be composed only of individuals knowledgeable in extending agricultural credit and that the number of such individuals should be minimal.

In actuality, the agents are performing all supervisory functions over the loan accounts and doing extension work, whereas originally planned, for example, the collection supervision was to have been handled by the BNT. Undoubtedly, the reason the project has been successful is due to the agents' direct involvement in all aspects of loan account supervision, including spending considerable time troubleshooting difficulties between farmers, suppliers, the BNT, etc. As APMANE grows, loan supervision will have to become more refined. Thus, rather than implicit responsibility for all aspects of loan supervision, APMANE agents will need explicit responsibility.

APMANE's intention to make only one loan to a farmer per crop year based on the farm plan is well-founded and should help prevent piecemeal financing. However, it should be realized

that changes in farm plans may necessitate an additional loan(s). Establishing a complete line of credit at the beginning of the crop year, intended for 1983/1984, should help to improve the use of the agents' time. Controlling the line of credit is well provided for by the purchase order concept for disbursement of loan funds.

The "inspection committee" concept is a good starting point to establish a complete agricultural loan review function, which typically and primarily audits the eligibility and scope of financing involved, i.e., whether the loan meets the eligibility criteria and if loan purposes and the amounts set up for those purposes are appropriate; the credit quality of the loans made; whether the loan meets the credit factor criteria for a sound loan; and the quality of the agent's credit administration (information gathering, analysis, credit decision judgment, and loan supervision). Such reviews or audits of a local agent's work should be made by persons in APMANE (Tunis) qualified to make such judgments on the above three areas, but not by peers (other agents). Normally, reviews should be done on an annual basis. The results would form the basis, for example, for the agents' performance evaluations and delegation of authority.

The APMANE credit manual is an excellent beginning for providing documented guidance to agents on how to proceed in handling each aspect of credit extension; however, much of the text is written in general versus specific instruction. Additionally, there is no section dealing with defined sets of criteria or credit factors that must be the sole consideration in determining whether a loan is granted. Finally, it appears from the survey previously mentioned that effective use of the manual by agents needs to improve.

The APMANE system requires the involvement of a number of entities. For APMANE to operate efficiently, each participant must exhibit a high degree of coordination in and commitment to the project. Based on the team's data collection, it is apparent that complete coordination and commitment is lacking. Farmers assert that the BNT keeps inaccurate record of their accounts; suppliers contend that the BNT does not process their payments in a timely manner; farmers complain that suppliers often cannot furnish inputs in the proper quantity and on time; and suppliers complain that farmers' projections of supplies needed are overstated.

As stated in the discovery section of this report, the input supply network has caused some problems for small- and medium-size farmers and suppliers as well. It is felt that a method to achieve increased local contact between the APMANE farmers and suppliers is necessary to largely resolve the supply difficulties. The service cooperative organization seems the logical answer to this local contact necessity. The service cooperative could provide the one-on-one contact at the local level between the APMANE farmer and the supplier. This would also provide the farmer some measure of control in his production and marketing activities.

Recommendations:

- a. Agents should be delegated a level of loan approval authority based on demonstrated job performance. Authority should be delegated to approve, disburse, and grant loan servicing actions on loans, but only up to a predetermined level, for example, 200 TDs. This level would vary, depending on the ability of the agent. Loans below this level would not require the RCC's approval; however, the loans should be furnished to the RCC so that its members could randomly postreview the loans approved by the agent. The particular level of an agent's approval authority could change based on how effectively he uses such authority.
- b. The composition of the RCC needs to be streamlined. It is suggested that the representatives from the BNT, the SCMA, UNA, and the various suppliers be removed. The resultant RCC should contain only the respective CRDA, regional DAPME and APMANE representatives, and local agent. All would be voting members, with a unanimous vote required to approve a loan.
- c. Draw responsibility and accountability for all aspects of APMANE loanmaking and servicing into APMANE. For example, remove the documented responsibility for loan collection from the BNT and establish it under APMANE. This will permit APMANE management to completely delegate authority and develop accountability for loanmaking, servicing, and supervising to the appropriate level in the APMANE organization.
- d. Follow through with the intention to make only one loan per crop year based on the farm plan.
- e. Establish a credit or loan review function headquartered in APMANE (Tunis) staffed with individuals who have had experience as agents. It should be structured to assess objectively on an annual basis the work of each local office in the three major areas as discussed in the conclusions. A documented report should be made available to appropriate APMANE supervisory personnel, with the results communicated to the respective agent.
- f. APMANE should ensure that the credit manual:
 - 1) is modified, revised, and written so that it is current to the needs of the agent;
 - 2) contains a consolidated section dealing with the following credit factors:
 - (a) The Individual or Farmer (Repayment History, Integrity, etc.)
 - (b) Loan Terms and Conditions
 - (c) Repayment Capacity

- (d) Financial Condition
- (e) Collateral

3) is effectively used by the agent.

- g. On a trial basis in perhaps one delegation where the decision has been made to construct an APMANE office, a service cooperative should be housed in or adjacent to the local APMANE office to test the validity of the co-op's ability to effectively bridge the gap between the APMANE farmer and the suppliers.

5. Loan Repayment

Conclusions:

The APMANE payback rate is the highest of all the agricultural programs. This is undoubtedly due to the efforts of the agents. Maximum repayment can best be provided for by ensuring that a sound loan is made to begin with, that the farmer understands all the terms and conditions of the loan, and that proper loan supervision is applied.

It is apparent that no other entity will be effective in collecting APMANE loans. The BNT and SCMAS have been nonproductive in the process. Loan collecting, like loanmaking and servicing, must and should be the sole province of APMANE.

The primary negative influence with which APMANE must deal in collecting of loans is the traditional practice in Tunisia, particularly with small farmers, of not moving against their property in order to collect debts. Until a remedy is found that will allow the forced acquisition and sale of a farmer's assets by the creditor to satisfy loans in default, all credit programs, including APMANE, will probably never achieve a fully satisfactory rate of loan collection.

Recommendations:

- a. APMANE should request complete and formal responsibility for loan collection.
- b. APMANE should formally delegate to the agents responsibility and authority for loan collection.
- c. APMANE should provide training to agents on loan collection techniques.
- d. APMANE should ensure that all aspects of loanmaking are properly administered, including setting maturities to coincide with farm income and ensuring that written or verbal notice of loan maturity is communicated to the farmer.

- e. APMANE should proceed to the extent practical to collect its loan via the sale of the farmer's assets, once determined that a farmer is a bad credit risk.
- f. APMANE should be persistent in pursuing past-due debts.

D. Financial Management

Conclusions:

Given the fact that APMANE is a supervised credit program requiring certain subsidy levels to exist -- as do most all other agricultural programs in Tunisia -- and that financial record systems are a support function vital to the success of an agricultural project, the evaluation team's conclusions and recommendations are directed toward improving the project's financial stability and its overall financial reporting efficiency and credibility.

1. Cost Analysis

The project's administrative and direct operating costs are thought to be within acceptable boundaries, given the estimated added value of agricultural production to the Tunisian economy from the project. Added value should be (and is) the central focus of management's attention when evaluating the cost of the project.

One concern the team shares relative to direct operating costs is the amount of the GOT subsidy for default loans under the program, which is a function of the recovery experience and collection efforts. It is believed this figure should be closely monitored in the future, as default subsidies could become a problem if recoveries are not enhanced.

Recommendations:

After each crop year, it is recommended that the project calculate the added value so that a meaningful comparison of the cost/return relationship can be made. This annual added value calculation would replace periodic estimates that are now used for comparative purposes and should be performed by an objective third party.

2. Capitalization and Risk Analysis

Conclusions:

The program is experiencing a deteriorating capital position and lack of financial stability due to several factors. First, the 6 percent loan rate charged is out of line with prevailing loan rates in other sectors of the economy and is inadequate to significantly sustain administrative costs. Secondly, the loan recovery rate is insufficient to sustain direct original capital contribution levels, which require

annual (default) subsidy capital by the GOT. Third, the opportunity to acquire funds to partially offset default loans is being squandered through the mandatory requirement that an APMANE borrower join an SCMA. Fourth, the agreement to establish a noninterest-earning revolving fund eliminates the possibility of earning income to offset administrative expenses.

These four factors cannot be resolved with one simple recommendation; however, the following recommendations can be used as a starting point to resolve the capital stability problem.

Recommendations:

a. Trust Fund Concept Versus the SCMAs

It is recommended that project borrowers not be required to join an SCMA as a condition for participation. Rather, each borrower should pay at least 25 dinars or 2 percent of the loan amount granted (whichever is greater) before project loan credit is released to the farmer's account.

These funds are to be held "in trust" for the farmer and cannot be used for loan purposes. Trust funds can be returned to the farmer after the crop year at his request, provided his loan and interest is repaid in full. Failure to repay his loan would result in forfeiture of the trust funds. If the farmer withdraws his trust funds when the loan is repaid, he must make a trust fund payment the next crop year, prior to placing the approved loan credit into his account. Ideally, the trust farmer would leave the funds on deposit year to year, adding to the trust amount as the size of his loan request (approved amount) increased the following year. This would foster the idea of rural savings, which would assist in individual asset accumulation.

The trust funds would be invested to earn interest that would be placed into the revolving fund for loan use.

Trust funds attempt to overcome two of the four factors of capital instability. First, the trust funds provide (ensure) some offset against defaults (the amount of trust funds contributed), and secondly, the interest earned on the trust funds increases the effective return on that loan. For example, if the farmer borrows 2,000 dinars, he must pay 40 dinars into the trust fund. The loan (assuming the farmer uses all of it) returns 80 dinars in interest (6 percent for 8 months). The trust funds are invested at, let's assume, 10 percent and return an additional 2 D 700 to the fund (over 8 months). The effective return on that loan is 6.2 percent. The amount (percentage) of the trust fund requirement can be

increased or decreased, depending upon the project management's purposes.

Forfeiture of trust funds by a farmer is applicable to those farmers who fail to repay their loans by choice, rather than failure due to a poor crop. In the latter case, the trust funds can be applied against the unpaid loan balance or held by the project until the next year and applied toward the farmer's trust fund requirement for the following crop year. The same would be true for partial loan payments due to climatic or natural disasters.

As the numbers of farmers reached and the volume of credit extended through the project increases, the trust funds and the interest earned on them will also increase. Had this concept been in existence between 1978 and 1983, the project would have collected 504,550 dinars (20,182 beneficiaries at 25 dinars each) as a hedge against delinquencies, and this sum of dinars, invested at 6 percent for 8 months would have yielded over 20,000 dinars in interest to the fund.

At some point in the future, when capital is stabilized, the trust fund concept can be revised so that the interest earned on trust funds accrues to the farmer and provides a savings mechanism for the farmer.

b. Allow Interest Earned on the Revolving Fund

The excess daily balance of the revolving fund could be invested in a short-term interest-bearing instrument at prevailing money market rates to increase the income stream to the project.

If the flow of dinars during a crop season is 5 million dinars and interest can be earned at 6 percent on idle balances for 4 months of the year, the revolving fund could add 100,000 dinars in income to offset administrative expenses.

3. Repayment Experience

Conclusions:

APMANE's repayment experience ranks high, compared to other agricultural programs, with cumulative recoveries of 64 percent, compared to 59 percent for World Food Program, 42 percent for Agricultural Development Fund (FIDA), and 48 percent for Special Fund for Agricultural Development (FOSDA). The recovery rate, although comparatively high, is a leading contributor to the project's capital deterioration and instability.

Recommendations:

To improve the project's repayment experience, it is recommended: (1) that consideration be given to actually exercising "privilege d'etat," and (2) that the BNT's liability on default subsidy payments to the revolving fund be enforced. An even more practical recommendation would be to vest the recovery responsibility with the program, whose agents are already performing the collection function for the BNT and whose efforts are directly responsible for the project's comparatively high recovery rate.

The APMANE agent is the individual closest to the farmer, monitors the farmer's progress throughout the crop season, and is most aware of agricultural production and the farmer's ability to repay the loan. Additionally, the recovery rate could be enhanced if incentives were directed to the APMANE agent for collection successes, as previously suggested in another recommendation section of this report.

It is recommended that an immediate study and analysis of delinquencies be performed, reflecting for each delinquent loan the length of time delinquent, the amount delinquent, the reason for delinquency, and what action the BNT has taken to collect the loan.

4. Management Information System

Conclusions:

The APMANE management information system, which is responsible for maintaining individual loan records, making payments to suppliers, and providing aggregate project loan records and status/financial reports to project management needs to be improved significantly if the project is to function efficiently.

Recommendations:

There is both a short- and medium-term recommendation to improve the management information system.

a. Short-term recommendation

Request the BNT make the following improvements by the end of the 1983/84 crop year:

- (1) Improve the accuracy of loan (and interest) due statements to the farmer. This can be accomplished by ensuring that each BNT branch submits all transactions in an individual loan account on an ongoing basis to the BNT Tunis to be included in the farmer's computerized loan records. The BNT Tunis would notify the branch confirming that the transaction was entered and would provide the branch with an unused loan balance after each transaction. At

statement billing time, the BNT Tunis computer system should compare amounts used against the loan amount approved, calculate the appropriate interest due, and print the billing statement reflecting the principal amount used (due) and interest. The statements should be sent to the respective BNT branches, who would be responsible for verifying the statement principal due amount against the decentralized records. Once verified, the BNT branch should mail the statement to the farmer.

- (2) Pay interest to suppliers on all payments taking longer than 30 days to execute. This procedure was professed by the BNT Tunis as a standing policy, although our interviews with suppliers and BNT branch personnel failed to confirm such. Specifically, if the supplier's account is not credited correctly within 30 days from the receipt of payment request documentation by the BNT branch, the BNT must pay interest to the supplier for the total number of days from the time the documentation was received until the time the supplier was credited with payment. The rate of interest paid would be the prevailing rate charged to BNT's commercial accounts. All suppliers and BNT branches should be notified of this action.
- (3) Improve the quality and timeliness of project status/financial reports. This would require that the BNT age delinquencies and provide reconcilements between the total amount of approved loans, the total amount of credit actually used, the total amount of loans repaid, and the total delinquent/default loans. Additionally, the BNT should provide project management with an analysis of total interest earned by the project, including the amount of interest billed, the amount collected, the balance of delinquency/default interest, and the amount of interest waived (if any). Finally, the BNT should submit its regularly produced reports and the information suggested above on a quarterly reporting basis to project management, rather than requiring that project management request the reports. Attached at the end of this section as Exhibit No. 1 are examples of the management information system financial reports to be implemented immediately by the BNT.
- (4) Where appropriate, increase staff to expedite the handling of APMANE loan transactions. In one BNT branch in the Zaghuan Governorate, one individual was responsible for 1,500 agricultural loans under the various agricultural programs (500 were APMANE farmers). When asked how one person could process and adequately control so many loans, we were advised that the APMANE agents assisted the BNT

branch during peak periods, and that the branch staff worked overtime to process loans. BNT Tunis advised that excess staff is shifted among branches to assist during peak periods. We think the excess staff referenced by BNT Tunis are the APMANE agents. More important than processing, how can one person exert adequate collection efforts for 1,500 loans?

b. Long-term recommendations

The BNT, although professing committed involvement to the program through its voice in the credit decision, its credit (verification) investigation, and its collection efforts, is really performing a cashier's task. The BNT takes the funds from the institutions supplying the resources and credits the funds to program loan participants. Administrative costs to the BNT are subsidized by the 3 percent fee and by the "free use" of the noninterest-bearing revolving fund monies. Although a risk factor is assigned to the BNT -- 40 percent of default loans approved by the BNT -- the BNT has never been required to contribute toward default contributions/subsidies. BNT collection efforts are heavily subsidized by the assistance of APMANE agents, as are the peak period loan processing/reimbursements efforts. Project financial management records and timeliness are unsatisfactory to the farmer and the suppliers and incomplete to the project management. Where is the motivation (incentive) for the BNT to improve its efforts to all parties' satisfaction? Given the present structure, motivation (incentive) for the BNT does not exist.

It is recommended that within 2 years the complete responsibility and control for the project's management information system (loan records and management reports) should be vested with APMANE. This action will add the needed control feature to make the project's support functions as effective as its direct actions of credit extension and collection.

It is realized that this recommendation will require a feasibility study to determine the project's current capabilities and needed capabilities to accept this responsibility, and it is recommended that a task force be organized (composed of project management, data processing management, and accounting management) to deliver within 6 months the feasibility study, organizational plan, and requirements for vesting management information control with the project. The ensuing 18 months can be dedicated to implementing the task force's report so that the 2-year timetable can be achieved.

The APMANE project is already maintaining manual loan records. Also, the DAPME division of the Ministry of Agriculture is successfully implementing a computerized recordkeeping system for the project and needs only to

develop the capacity to record reimbursements into the system before having a total APMANE loan accounting system. The direction and capacity for implementing the recommendation is already in motion.

There are several obvious areas that need to be addressed in accepting the management information system. Evaluation team members who have experience in this type of conversion/acceptance activity would offer the following comments based upon the size and infrastructure of the project.

- (1) The transfer or employment of one programmer to full-time support of the project.
- (2) Employ or transfer several (3) data input operators to the project to record project loan and reimbursement transactions. The input operators will need computer terminals.
- (3) Employ one administrative assistant in each regional APMANE office who would be responsible for preparing input to submit to the computer center for entry into the system and who would verify the daily or weekly input transactions upon their return from the computer center. This individual would also be responsible for the clerical output of the regional APMANE office (such as loan statistics reports, etc.), which would give the APMANE agent more time for loan making, servicing, and collecting functions.

Under the project's management information system responsibility concept, the BNT's important role of depository/management bank for the revolving fund and credit verification on loan applications would remain undisturbed. The fees paid to the BNT would be scaled down proportionately from present levels. After establishing and perfecting the internal loan recordkeeping system and attendant financial reporting, the project should move toward self-management of the revolving fund.

5. Project Potential Study

It is recommended that an updated study be performed to realistically determine and estimate the potential number of beneficiaries that may be served by the project in the existing program Governorates. The previous study was prepared 5 years ago and appears to have been overly optimistic. The recommended study should establish goals (targets) for the number of farmers to be reached within the potential number of beneficiaries and should specify the requirements (resources) needed to achieve the established goals.

RECOMMENDATIONS-FINANCIAL MANAGEMENT SECTION

EXHIBIT #1

COPIES OF REPORTS THE BNT SHOULD

PROVIDE TO

PROJECT MANAGEMENT

Bank of Tunisia REPORT #1 -- Flow of Funds/Balance Statement

(Prepared Monthly, Annually, Cumulatively)

Purpose: To provide project management with a monthly picture of project funds available to meet loan demand and to provide an annual and continuing accounting of project fund flow. Also, this statement will reflect the amount of excess cash balances (or deficits) being carried by BNT on a monthly basis.

Format:

Flow of Funds/Balance Statement
(Month, or Year, or Period Ending _____)

I. Sources of Funds		
A. GOT Contributions		
1. Direct	X	
2. Subsidies (Default)	<u>X</u>	X
B. USAID Contributions		X
C. Repaid Principal		X
D. Interest Earned		<u>X</u>
Total Cash Inputs		<u><u>XX</u></u>
II. Uses of Funds		
A. Loans		
1. Outstanding - not due	X	
2. Delinquencies	X	
3. Defaults	X	
4. Entered for collection	<u>X</u>	X
B. Subsidies Paid		X
C. BNT Commissions Paid		<u>X</u>
Total Cash Uses		<u><u>XX</u></u>
(I - II =)		
III. Balance Available/Contribution Required		<u><u>XX</u></u>

Bank of Tunisia REPORT #2 — Delinquency Report*

(Prepared Monthly, Annually, Cumulatively)

Purpose: To identify repayment trends to assist in directing energies/plans toward improving repayment practices. Can be produced Monthly, Quarterly, Annually (or by crop year), and Cumulatively.

Format:

Delinquency Report
(Date of Report)

<u>Description</u>	<u>Quarter</u>	<u>Current Crop Year</u>	<u>(Life of Program) Cumulative</u>
I. Loans due for payment			
A. Delinquencies*	X	X	X
B. Defaults	X	X	X
C. Entered for collection	<u>X</u>	<u>X</u>	<u>X</u>
Total	XX	XX	XX
II. Loans Made*	<u>XX</u>	<u>XX</u>	<u>XX</u>
III. Delinquency Ratio	<u> % </u>	<u> % </u>	<u> % </u>

Delinquency of Governorates
(Date of Report)

<u>Governorate</u>	<u>Quarter</u>	<u>Crop Year</u>	<u>Cumulative</u>
1. Nabeul	%	%	%
2. Bizerte	%	%	%
3. Zaghouan	%	%	%
E			
T			
C			

*It is imperative that delinquencies be predicted upon the actual amount of loan funds used by the farmer and not the amount of loan funds approved.

Bank of Tunisia REPORT #3 -- Delinquency Analysis

(Prepared Coincidental with Report #4)

Purpose: To identify the age of delinquencies, defaults, and loans entered for collection so that management decisions may be rendered on their (the loans) prospects for recovery or absorbing the loan loss (amount of subsidy).

Format:

Delinquency Analysis
(Date of Report)

(Should be produced for current Qtr, Crop Year, and Cumulatively.)

	<u>Total</u>	<u>Amount 0-30 Days</u>	<u>Amount 31-90 Days</u>	<u>Amount 91-180 Days</u>	<u>Amount 181-730 Days</u>
Description:					
Delinquencies	<u>Y</u>	=	<u>X</u>	+	<u>X</u>
				+	<u>X</u>
				+	<u>X</u>
	<u>Total</u>				
Defaults	<u>X</u>				
	<u>Total</u>	<u>0-30 Days</u>	<u>31-90 Days</u>	<u>91-180 Days</u>	
Entered for Collection	<u>Y</u>	=	<u>X</u>	+	<u>X</u>
				+	<u>X</u>

Bank of Tunisia REPORT #4 -- Interest Income Analysis

(Prepared Quarterly, Annually/Crop Year, and Cumulatively)

Purpose: To analyze loan interest income to ensure that the correct amount of interest is being collected (or what portion is being collected).

Format:

<u>Description</u>	<u>Interest Income Analysis</u> (Date of Report)		
	<u>Currently Ended</u> <u>Quarter</u>	<u>Current (Crop)</u> <u>Calendar Year</u>	<u>Cumulative</u> <u>Basis</u>
1. Loans repaid when due	X	X	X
2. Interest collected	<u>X</u>	<u>X</u>	<u>X</u>
3. % of interest to loans	<u> </u>	<u> </u>	<u> </u>
1. Delinquent loans repaid	X	X	X
2. Interest collected	<u>X</u>	<u>X</u>	<u>X</u>
3. % of interest to loans	<u> </u>	<u> </u>	<u> </u>
1. Total loans repaid	X	X	X
2. Total interest collected	<u>X</u>	<u>X</u>	<u>X</u>
3. % of interest to loans	<u> </u>	<u> </u>	<u> </u>
1. Total loans delinquent, in default, and entered for collection	X	X	X
2. Total interest due on these loans	<u>X</u>	<u>X</u>	<u>X</u>
3. % of interest due to loans	<u> </u>	<u> </u>	<u> </u>

RECOMMENDATIONS-FINANCIAL MANAGEMENT SECTION

EXHIBIT #2

COPIES OF REPORTS THAT PROJECT APMANE
SHOULD PRODUCE AS INTERNAL
MANAGEMENT INFORMATION

APMANE PROJECT REPORT #1 -- Statement of Income/Expenses
(Prepared Quarterly, Annually, and Cumulatively)

Purpose: To provide project management with the amount (total) of subsidy required to operate Project APMANE.

Format:

Statement of Income and Expenses
(Quarter ending, Year ending, Period ending)

I. Income		
A. Interest earned on loans		<u>X</u>
Total Income		<u>X</u>
II. Expenses		
A. <u>Administrative Expenses</u>	X	
(includes salaries, benefits, rent, utilities, depreciation, etc., for all employees and facilitates 100% committed to Project APMANE)		
B. <u>Bank Services Expense (3% fee)</u>	X	
C. <u>Default Subsidies</u>	X	
D. <u>Other Subsidies</u>	<u>X</u>	
Total Expenses		<u>X</u>
III. Net Earnings or Subsidy		<u>X</u>

APMANE PROJECT REPORT #2 -- Administrative Expense Analysis

(Prepared monthly for various periods)

Purpose: To identify all aspects of administrative expenses for project management and provide comparison with previous periods to ascertain fluctuation factors and assist in budgetary process.

Format:

Administrative Expense Analysis
(DATE)

<u>Description</u>	<u>Month Ending</u> <u>X</u>	<u>Previous</u> <u>Month</u>	<u>Year to Date</u> <u>Current Year</u>	<u>Year to Date</u> <u>Prior Year</u>
Salaries	X	X	X	X
Benefits	X	X	X	X
Rents	X	X	X	X
Utilities	X	X	X	X
Depreciation	X	X	X	X
Communication	X	X	X	X
Supplies	X	X	X	X
Travel	X	X	X	X
E				
T				
C				

APMANE PROJECT REPORT #3 -- Cost per Loan Volume/Loan Number

(Prepared Semiannually, Crop or Annual Year, Cumulatively)

Purpose: To provide project management with the cost of delivering each dinar loaned to the farmer and to measure the administrative/operating cost per dinar loaned.

Format:

Cost per Loan Volume/Loan Number
(Date of Report)

<u>Description</u>	<u>Current Crop Year</u>	<u>Previous Crop Yr.</u>	<u>Cumulative</u>
1. Administrative expenses	X	X	X
2. Default subsidy payments	X	X	X
3. Bank service fee	X	X	X
4. Miscellaneous expenses/subsidies	X	X	X
TOTAL (A)	=====	=====	=====

	<u>Outstanding</u>	<u>Made</u>
(B) Loan volume outstanding/made	X	X
(C) Number of loans outstanding/made	X	X
(D) Cost per lTD of loan volume outstanding/made	X	X
(E) Cost per loan outstanding/made	X	X

(D) = (A) ÷ (B)

(E) = (A) ÷ (C)

Note: For current and previous crop year calculations, use expenses and loan volume/number figures for the current crop year on the date the report is prepared. For cumulative calculations, use figures over the life of the program.

DISCOVERY - FINANCIAL MANAGEMENT SECTION

EXHIBIT #3

EXAMPLES OF BANK OF TUNISIA FARMER LOAN

STATEMENT INACCURACIES AND DELAYS

SUPPLIER PAYMENTS

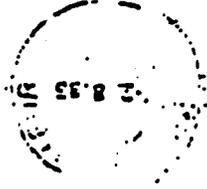
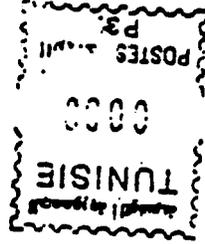
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عذا ونذكركم وانه بئمتكم ديون فات لجل خلاصها ولم يتع تسديدها لحد الان وهي كما يلي :

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لذا نالمرغوب منكم الاتصال بفرعكم والمبادرة بفتح ما بئمتكم في اقرب الاجال .

REPUBLIQUE TUNISIENNE
 MINISTERE DE L'AGRICULTURE

- C.R.D.A. DE ELZERTE -

" PROJET A.P.A.M.E "

Nom et Prénom : Bachir B. Med B. Rezzou. F.L. Ouz Hanoum
 Délégation : M. Bourguiba
 N.P. : 27. 528
 N° Compte courant agricole : 024.308
 Montant accordé : 1800
 Montant utilisé : 1.131,665
Détail de l'utilisation :

NATURE	quantité PRIX UNITAIRE	TOTAL
Ammouitra super 45%	60 qd 60 qd.	714,000
Fenugnac.	10 qd	
L.L.D.	25 c.	123,000
Illokou.	25 c.	
Assurances		38,065
<u>TOTAL GENERAL :</u>		<u>1.131,665⁰⁰</u>

وزارة الفلاحة
مشروع التربة الانتاجية
لدى حصار وموسلي
الفلاحين بالشمال
الشرقي

المستأجر

انني السفي اعلمه بمستأجر الواقفون
الفلاح بمنطقة: مستديرة جندوب ولاية بنزرت
أعترف بأن الاشغال والمواد مخفية والآلات الفلاحية الآتية:

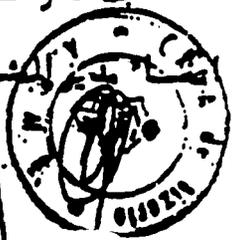
ملاحظات	الكمية	القيمة التقديرية	القيمة	نوع الاشغال والمواد
	٦٥.٥٥	٦٩٥.٥٥	١١٤.٥٥٥	امونيستين
	٦٥.٥٥	٥٥١.٥	٣٥٥.٦٥٥	مستأجر
	٢٥٥.٥٥		٧١٤.٦٥٥	الحمل

قد انجزت بضميتي بمستأجر بمستأجر بمستأجر بمستأجر
القوي التونسي من بمستأجر بمستأجر بمستأجر بمستأجر
سبعة مائة واربعه عشر بمستأجر بمستأجر بمستأجر بمستأجر
بما قدره بمستأجر بمستأجر بمستأجر بمستأجر مقابل ذلك

مستأجر بمستأجر بمستأجر بمستأجر

الإضمان

DATE DE بمستأجر
NOV. 1982.



37 (28)

X

التزام

6
الجمهورية التونسية
وزارة الفلاحة
مشروع التنمية الانتاجية
لدى سفار ومتوسطي
الفلاحين بالشمال
الشرقي

الوافقي
انني السفي انقله :
الفلاح بمنسقة :
اعترف بان الاشغال والمواد :
الاجهية والآلات الفلاحيية الاجهية :

نوع الاشغال أو المواد	الكمية	القيمة	الجميلة	ملاحظات
حلبة	10 قناطر	25,003	2,503,006	
			2,503,006	

DATE DE
23 DEC. 1982
VALEUR

قد انجزت بضيتي وطلب من طرفه المشورين المذكورين انقله كما ارشدني للبنك
القومي التونسي فرع ...
رقصة ...
مقابل ذلك
متر - متر / 24/8



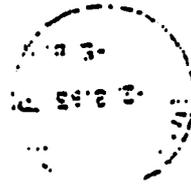
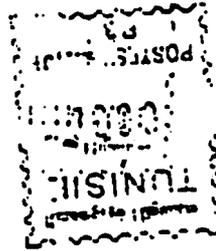
ML. BOURGUIBA فرغ

M.

REZGUI B MANSOUR B AMOR DHAKOUANI
HR DHAKHOJANI MEL BOURGUI

016

X



37 00 00645 016 CODE. س

- اعلام -

نلمكم ان الترفن الذي تحملتم عليه من مؤستنا يحل لعله
يوم 30/06/93
الاصل : 2004.0.06
النواض : 4702.1.7
الجملة : 702.7.1.7
C.T. US-AID

مذا ونفكركم وانه بضمكم ديون فات اجل خلاصها ولم يتغ تسديدها لحد الان وهي كما يلي :

ML. BOURGUIBA

يلك دون النواض .

لذا فالترغوب ، نتم الاتصال بفرعكم والمبادرة بنفع ما بضمكم في اقرب الاجال .

- C.R.D.A. DE BEZERVE -

PROJET APMANG

Nom et Prénom : Rezgui B. Mansour B. Amor. Oth. Kouari.
 Délégation : M. Bourguiba
 N.P. : 37
 N° Compte courant agricole : 026.296
 Montant accordé : 700
 Montant utilisé : 166,884
 Date de l'utilisation :

NATURE	Quantité PRÉLIMINAIRE	TOTAL
Ammonitne	590	69,570
Super 45%	790	
Ble dur.	590	
Assurances	-	10,884
<u>TOTAL GENERAL</u>		<u>166,884</u>

الجمهورية التونسية

وزارة الفلاحة

نوع التسمية الانتاجية لدى صغار ومتوسطي
الفلاحين بالشمال الشرقي

34665

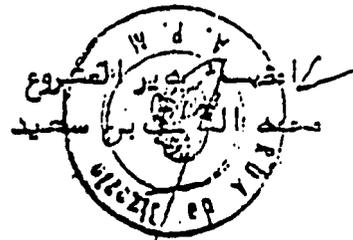
التزام

اسي المضي اسفله : التزام
الفلاح بمنطقة جندوب متعددة : جندوب ولاية بنزرت
اعترف بان الاشغال والمواد الفلاحية والآلات الفلاحية الاتية :

نوع الاشغال او المواد	الكمية	القيمة الفردية	الجملة ملاحظات
أونسيا	200	690	34500
عناصير	200	540	35070
مجموع	400		69570

تد ابزت بضيتي وطلب ملي من دارف المشروع المذكور اعلاء كنا ارضن للبيت
التونسي الترنسي الحاج محمد من المزود
بما قدره 69570 دينار تونسي مقابل ذلك

التاريخ 10/11/27



DATE DE
NOV. 1927
VALEUR

3-1 663

الجمهورية الجزائرية الديمقراطية الشعبية
وزارة الفلاحة
مشروع التنمية الانتاجية ادى بخار ومتوسطي
الناحين بالشمال الشامي

التزام

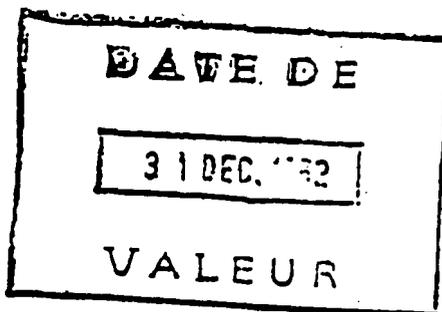
الذي المضي اسفله : الذكيوان الشريف بن عبد الحور
اللاج بمطقة جيب معتمدية : المنستير ولاية بسكرة
اعترف بان الاشغال والمواد الفلاحة والآلات الفلاحة الاتية :

نوع الاشغال او المواد	الكمية	القيمة الفردية	الجملة - ملاحظات
جميع علب	5 ق	17286	86430
كينة	5 ق		86.430

قد اجزت بضيحتي وبطلب مني من دارق المشروع المذكور اعلاه كما ارفقت للبيك
القودي التوسي فرم بن عبد الحور بخلا من المزود
بما قدره 86430 دينار جزائري بمقتضى بن عبد الحور مقابل ذلك

حسب طلب بن عبد الحور من بن عبد الحور
الاضمان

ألمر



الجمهورية التونسية
وزارة الفلاحة

34 645

مشروع التنمية الانتاجية لذي صفار ومتوسطي
الفلاحين بالشمال الشرقي

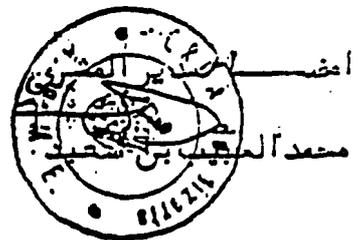
التزام

ابي العضي اسفله: بن يحيى بن حسون خذوا
الفلاح بعدة قيد متعددة منزل ولاية بسرت
اعترف بان الاشغال والمواد الفلاحة والآلات الفلاحة الاتية:

نوع الاشغال او المواد	الكمية	القيمة الفردية	الجملة	ملاحظات
حاشي	عربي	حجر	الورد و الحريها	
			10884	

قد اجزت بشيحتي ونطلب من طرف المشروع المذكور اعلاه كما ابشيتي
للبنك التونسي التونسي فرع منزل بنفلا من النزول لندونيس
التمويل الدولة بن يحيى بن حسون منزل ولاية بسرت
ما قدره 10884 مقابل ذلك

مد بن يحيى بن حسون منزل ولاية بسرت
الامضاء
الم



البنك التونسي
BANQUE NATIONALE DE TUNISIE
19 , شارع باريس - تونس

.....

BEJA IE 22 04 1983

C.C.V.C.

Monsieur le chef d'agence BNT

BEJ1A

S/C de Monsieur le chef regional
du projet ARKANE
BEJA

BORDEREAU D'ENVOI DES PI

DEMANDE RECU PAR LA BNT BEJ

10 DEMANDES .contratt

Contrat de pret Moyen terme pour paiement CCVE

NP II- 2457-III2-2776-2849-42II-4369-466I-3954-I2I8- 3644-

BANQUE NATIONALE DE TUNISIE
AGENCE DE BEJA

~~X~~ { Date de livraison affective 6/11/83
Date de signer les dossiers à la B.N.T 22/4/83
Date de tri/cocage et de valon 7/11/83

البنك القومي التونسي
شركة خفية الاسم رأسمالها 12.000.000 د.ت.

BANQUE NATIONALE DE TUNISIE

Société Anonyme au Capital de 12.000.000 Dinars
Siège Social 19, Av. de Paris - TUNIS - R.C. 29.954

SERVICE VIREMENTS

Nous avons l'honneur de vous informer que nous avons
rédigé à votre compte le montant des opérations ci-dessous
liquées.

Tunis, le

AVIS
D'OPÉRATION

COURANT VIANDERIE ET J.-V	
EURS	
6 AV. HAHIM THAMOUJ	
TUNIS	
N° DE COMPTE	CLI
13 0115 007272	07 11 83

NATURE DE L'OPERATION	DEBIT	CREDIT
TIREMENT D'ORDRE VERS CLIENTS BEJA		
<p>Veuillez agréer nos salutations distinguées</p> <p>BANQUE NATIONALE DE TUNISIE</p>		207,500

BANQUE NATIONALE DE TUNISIE
AGENCE DE TESTOUR

-LISTE DE DIVERS CLIENTS (US.AID.) POUR AUTOFINANCEMENT ACHAT OVINS -

<u>NOMS & PRENOMS</u>	<u>MONTANT</u>
MILED B.MACEUR MEKNI	107,000
ABRAHIM B.SALA H ABFAOUI	54,500
MOHSEN B.KHEMIS FOUGHALI	54,500
AMOR B.AMARA ZAIBI	54,500
MUSTAPHA B.OUSSAIEF BOMDEHANI	54,500
ABDERRAZAK EL' KEMBI	107,000
MOHAMED JRIDI KHLARI	107,000
HABIB B.SALEM GRANI	107,000
MOHSEN B.AHMED KHELFI	80,750
MABROUK B.SADOK GHOZZI	80,750
	<hr/>
TOTAL :	807,500
	<hr/>

././ HUIT CENT SEPT DIXIERS 500 MILLIMES ././

BANQUE NATIONALE DE TUNISIE

AGENCE DE BEJA

~~BANQUE NATIONALE DE TUNISIE
AGENCE DE BEJA~~

Tunis, le

البنك القومى التونسي
شركة ذاتية التمس رأس مالها 12.000.000 دينار

BANQUE NATIONALE DE TUNISIE

Société Anonyme au Capital de 12.000.000 Dinars
Siège Social 10, Av. de Paris - TUNIS - R. C. 29 854

SERVICE VIREMENTS

AVIS
D'OPÉRATION

Nous avons l'honneur de vous informer que nous avons
porté à votre compte le montant des opérations ci-dessous
indiquées.

COU' C. NT VIREM.	
TUNIS	
S AV TUNISIE TUNIS	
TUNIS	
N° DE COMPTE	CLÉ
10 000 000	7-11-85

NATURE DE L'OPERATION	DEBIT	CREDIT
VIREMENT D'ORDRE DIVERS CLIENTS BEJA		
<p>Vous agréer nos salutations distinguées BANQUE NATIONALE DE TUNISIE</p>		7067,500

BANQUE NATIONALE DE TUNISIE

AGENCE DE BEJA

-LISTE DE DIVERS CLIENTS (PROJET APMAN) POUR REGLEMENT ACHAT OVINS-

<u>NOMS</u>	<u>&</u>	<u>PRENOMS</u>	<u>MONTANT</u>
MILED	B.	NACEUR MEKNI	943,000
BRAHIM	B.	SALAH ARFAOUI	470,500
MOHSEN	B.	XHEMIS FOUGHALI	470,500
AMOR	B.	AMARA ZAIBI	470,500
MUSTAPHA	B.	OUSSAIEF BONDHANI	470,500
ABDERRAZAK	B.	MOKTAR KEMBI	943,000
MOHAMED	JRIDI	KHIARI	943,000
HABIB	B.	SALEM GRAMI	943,000
MOHSEN	B.	AHMED KHELFI	706,750
MABROUK	B.	SADOK EL GEOZZI	706,750
TOTAL :			<u>7.067,500</u>

./ . SEPT MILLE SOIXANTE SEPT DINA RS 500 MILLIMES ./ .

BANQUE NATIONALE DE TUNISIE

AGENCE DE BEJA

BANQUE NATIONALE DE TUNISIE

AGENCE DE BEJA

البنك القومي التونسي
شركة خفية الاسم رأس مالها 12.000.000 دينار

BANQUE NATIONALE DE TUNISIE

Société Anonyme au Capital de 12.000.000 Dinars
30 Boulevard 19, Av. de Paris - TUNIS - R.C. 29.964

AVIS D'OPÉRATION

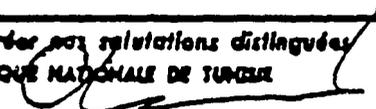
SERVICE VIREMENTS

Nous avons l'honneur de vous informer que nous avons
débité à votre compte le montant des opérations ci-dessous
liquées.

Tunis, le

17 11 63

COOP CENT VIANCES ET BLEV EURS C AV MAÏTE THAMOUR TUNIS		
DE COMPTE	CLE	100
10 0115 007272		11 11 23

NATURE DE L'OPERATION	DEBIT	CREDIT
VIREMENT C CRECE RCHID B BECHIR ROBARA PROJET APHANE		34,500
<p>Vous êtes agréer nos salutations distinguées</p> <p>BANQUE NATIONALE DE TUNISIE</p> 		54,500

البنك القومي
شركة خفية الاسم رأس مالها 1.000
NATIONALE DE TUNISIE
Capital de 12.000.000 Dinars
19, Av. de Paris - TUNIS - R.C. 28.954

SERVICE VIREMENTS
Nous l'honneur de vous informer que nous avons
notre compte le montant des opérations ci-dessous

AVIS D'OPÉRATION

Tunis, le

17 11 83

CCCC CENT VIANDES : T L V	
EUF8	
E AV FAEIE THAMEUR	
NUMERO COMPTE	CLI
10 C315 307272	11 11 83

NATURE DE L'OPERATION	DEBIT	CREDIT
ENT C ORDRE E SECHIF ROEANA PRGJET APNANE		470,500
<i>Vous l'honneur de vous informer que nous avons</i> BANQUE NATIONALE DE TUNISIE		470,500

VII. APPENDIX

A. Lists

1. Team Members

Mr. Frank D. Aigner, Farm Credit Administration
 Mr. Carl A. Clinefelter, Farm Credit Administration
 Mr. Dennis J. Estopinal, Federal Land Bank of New Orleans
 Mr. Amara Noura, Chief Engineer at the DAPME
 (Office of Assistance to Small and Medium Farmers)
 Mr. Ismail Gharbi, Senior Engineer at the DAPME
 (Director, PROPEME)
 Mr. Amor Chouchen, Engineer at the DPSAE
 (Director, Division of Planning)
 (Office of Planning and Economic Analysis)

2. Team Support Personnel

Mr. Mokhtar Trabelsi: Chief of Project APMANE (DAPME)
 Mr. David Dupras: Technical Adviser for Project APMANE
 Mr. Salah Mahjoub, Program Specialist, USAID

3. Officials Interviewed

Ministry of Agriculture

DAPME: Mr. Mohamed Jerraya: Director of the APME
 Mr. Moncef Fayeche: Assistant Director of Rural
 Institutions
 GRAFOUPAST: Mr. Jaber Ammar: President General Manager of
 GRAFOUPAST
 CCVE: Dr. Henri: Director of the CCVE
 SONAM: Mr. Fadhel Bouzaine: Manager of the Technical
 Department
 Mr. Ben Yedder: Commercial Department
 SOGET: Mr. Nasri Youssef: President General Manager of
 SOGET
 OEP: Mr. Mahmoud Minouchi: Commercial Manager
 CNEA: Mr. M'tiba Salah: General Manager of the CNEA
 OC: Mr. Mohamed Lassaad Mouaffak: Assistant General
 Manager of the OC
 BNT: Mr. Mokhtar Atallah: Director of Agricultural
 Credit
 Mr. Abdelmoumen Zaiem: Accounting Division

Bizerte

CRDA: Mr. Habib Ben Said: APME District Chief
 Mr. Bejaoui Belgacem: Head of the Liaison
 Office
 OC: Mr. Abdelaziz: Center Manager
 BNT: Mr. Mannoubi Chourou: Branch Manager
 Mr. Mustapha Chamkhia: Credit Manager

Previous Page Blank

Nabeul

CRDA: Mr. Hassen Hamza: APME District Chief

Zaghouan

CRDA: Mr. Habib Haddad: CRDA
Mr. Abdelaziz Ben Thlija: APME District Chief
Mr. Jelassi Med Salah: PV District Chief
Mr. Hammami Mohamed: Head of the Liaison
Office

4. Field Trips**Governorate of Nabeul:**

- Ben Khalled Service Cooperative
- Ben Khalled Sector

Governorate of Bizerte:

- South Bizerte Sector

Governorate of Zaghouan:

- Bir M'Chargua Sector

B. Background

1. Evolution of APMANE During the Crop Years 1978-79 - 1982-83

The 1978-1979 Crop Year

The 1978-79 crop year was a trial period for the project. The evaluation of the first campaign showed that of the projected 1,212 beneficiaries, only 964 farmers were served by the project, with the total amount of credit used (short term) at 249,718 dinars, compared with the projected amount of 833,300 dinars. The total area of participating small- and medium-sized farms was 18,386 hectares (ha) versus the projected 16,169 ha. The delegations and the sectors reached by the project in its first year of operation and for all the 5 governorates concerned, were 19 and 73, respectively.

The overall realization rate for the number of beneficiaries was 80 percent. The rate was lowest in Beja (57 percent) and Nabeul (64 percent). By farm size, the realization rate was 161 percent for the largest category (20-50 ha), 58 percent for the average category (10-20 ha), and 73 percent for the smallest category (0-5 ha and 5-10 ha).

The 1979-1980 Crop Year

During this campaign, project APMANE was directed by the DAPME after having been directed by the Office of Vegetable Production during 1978-1979.

During 1979-1980, the project was able to reach 20 delegations with 1,717 farmers with 34,980 ha, compared with project projections of 2,424 farmers with an area of 32,340 ha.

During 1979-1980, the amount of medium-term credit, which only began to be granted during this campaign, was 32,400 dinars. This credit was used to buy sheep, cattle, and minitractors.

The 1980-1981 Crop Year

In the project's preliminary study, it was forecast that the third-year operations should reach 4,848 farmers having a total area of 64,671 ha, representing 60 percent of the number of farmers and 60 percent of the area projected.

Analysis of the results of the 1980-1981 campaign shows that the project reached 4,072 farmers holding an area of 61,389 ha, or a participation rate of 84 percent and 95 percent, respectively.

By size category, the participation rate (in number of beneficiaries) was 146 percent for the 20-50 ha category (vs 154 percent the previous campaign), 52 percent for the 10-20

ha category (vs 50 percent the previous campaign), and 101.5 percent for the smallest categories of 0-5 ha and 5-10 ha (vs 63 percent the previous campaign).

The total amount of short-term credit used during the 1980-1981 campaign was 1,640,541 dinars vs 1,999,920 dinars projected in the preliminary study (CNEA).

The 1981-1982 Crop Year

During this campaign, the total participation rate for the number of beneficiaries was 70 percent (vs 84 percent in 1980-1981 and 71 percent in 1979-1980). This rate is the lowest in Siliana (38.4 percent) and the highest in Bizerte (147.46 percent). The participation rate for the entire 4 years was 74.8 percent. The 5,645 beneficiaries fell into the following categories:

- 24.2 percent were in the largest category (20-50 ha)
- 26.9 percent were in the average category (10-20 ha)
- 48.6 percent were in the smallest category (0-10 ha)

The areas affected during the fourth year of the project totaled 89,481 ha vs. 107,700 ha expected, or a realization rate of 83.1 percent.

The 1982-1983 Crop Year

During the fifth year, it was estimated that the project would reach 7,465 farmers operating 116,800 ha.

The figures that are available currently indicate that the project reached 7,784 farmers (participation rate of 104 percent) for an area of 98,060 ha (a participation rate of 84 percent), indicating that great importance was given to the lower category of 0-10 ha (4,295 farmers vs 2,648 farmers projected, or a participation rate of 162.2 percent).

2. Summary of Economic and Climatic Conditions Affecting Each Crop Year

The 1978-1979 Crop Year

The 1978-1979 campaign was very difficult for the Tunisian farmer. September and December 1978 and a large part of January 1979 were very dry, which deeply affected agricultural production.

The CNEA study for the 1978-1979 campaign showed a stagnation, even a slight decrease in the upper and medium semiarid bioclimatic areas in production. The production of the main cereals during the first year of the project in comparison with the 1977-1978 campaign showed a clear decrease in the production of oats, fodder, and legumes (beans, chick peas, and vetch). However, the results obtained in the humid and subhumid bioclimatic areas, showed an improvement of yields for most crops.

Nationwide, the added value saw a decrease of 5.74 percent (1980 prices). Cereal production was only 9.5 million quintals. The prices of the main cereals did not increase and were maintained at their 1978 levels, or 76 dinars per ton for hard wheat, 70 dinars per ton for soft wheat, and 55 dinars per ton for barley.

The 1979-1980 Crop Year

The 1979-1980 campaign began normally in the north of the country. The amount of rain registered in autumn allowed the farmers to begin the seeding operations in good conditions.

In the center and south of the country, November and December were dry, which caused a decrease in seeding of about 26 percent as compared to the 1978-1979 campaign.

Moreover, the quantities of rain registered in the north of the country during January, February, and March were insufficient, especially for the early varieties of cereals. On the contrary, the abundant rains that occurred during April were beneficial to the late varieties, which gave increased yields.

Nationwide, the agricultural sector experienced a slight recovery, with an increase of the added value of 6.5 percent. Cereal production reached 11.65 million quintals, and production prices of the main cereals improved substantially for hard wheat (86 dinars per ton), soft wheat (77 dinars per ton), and barley (59 dinars per ton).

The 1980-1981 Crop Year

This campaign was characterized by a rainy autumn in the north of the country and an average one in the center and the south. In the humid and subhumid bioclimatic areas, the rainfall registered during September, October, and November allowed the cereal farmers to prepare the soil properly and begin seeding operations on time. Conversely, in the semi-arid and arid bioclimatic areas, the lateness of the rains caused a delay in seeding operations and a late harvest.

Moreover, the spring rains were average in the north of the country and practically nonexistent in the center and the south, which resulted in the failure of the cereal campaign in most of the southern areas. In the north of the country, the relative drought of March 1981 caused a partial burning, which especially touched the marginal areas of Fahs, Zaghuan, and Siliana.

Nationwide, the 1980-1981 campaign was the best recorded during the Fifth Plan, with a production of 12.3 million quintals (versus 11.5 and 9.5 million quintals in 1979-80 and 1978-79, respectively), 145,000 tons of olive oil, and a growth rate of the added value of 8.78 percent as compared with the 1979-80 campaign.

As for the production prices, the prices of hard wheat, soft wheat, and barley increased to 96, 87, and 69 dinars per ton, respectively.

The 1981-1982 Crop Year

The first campaign of the Sixth Plan was characterized by an extended autumnal drought, which also touched the north as well as the center and the south. The rainfall recorded during September and October were insufficient in the north, which caused a delay in seeding, and very slight in the center and south, which reduced cereal seeding. Moreover, a series of natural calamities occurred during this campaign, which particularly affected the fruit and seasonal market cultures.

National production decreased 9.9 percent of added value; however, cereal production was satisfactory, with 12.55 million quintals. Production prices of hard wheat, soft wheat, and barley were fixed at 110, 100, and 80 dinars per ton, respectively.

The 1982-1983 Crop Year

The 1982-1983 crop year was characterized by a very rainy autumn, which had bad repercussions on the start of the campaign. In fact, the rain was so abundant during November and December that the lands became inaccessible, especially in the north, which caused a delay in tilling and seeding operations. On the contrary, the abundance of regular rains in the center and south caused an increase in cereal seeding of 140 percent over the 1981-1982 crop year, bringing the total area seeded to 1.8 million hectares, as compared to 1.2 million hectares in the previous campaign.

However, the abundance of rain at the beginning of the crop year was followed by irregular and insufficient rains the rest of the year.

Nationwide, the 1982-1983 crop year ended with a decline in cereal production at about 9.2 million quintals vs 12.3 million quintals in 1982.

The prices of the main cereals were improved. The price of hard wheat was fixed at 128 dinars per ton, soft wheat was fixed at 117 dinars per ton, and barley at 95 dinars per ton.

3. Summary of Each Annual Evaluation of APHANE (5) with Major Findings, Conclusions, and Recommendations

Evaluation of the First Implementation Year (1978-79)

Findings

- At the project inception, the "Direction de la Production Vegetable" was responsible for project management. In July 1979, the project was transferred to the "Direction APME."

The use of project inputs was substantial during the first year of project implementation. In fact, 90 percent of the beneficiaries ordered phosphate and ammonium nitrate, and 70 percent applied for durum seeds.

- The amount of credit actually distributed (per participating farm) represented 38 percent of the project's overall approved amount (259 dinars out of 687 dinars).
- From the technical standpoint, there was a reduction of fallow areas, better farming patterns, a greater use of fertilizers, and more frequent contacts between farmers and extension workers.

Conclusions

The effort made by the different parties at all levels was outstanding and accounts for the good results achieved in the number and areas of participating farms, in spite of a late project start and BNT's discouraging attitude.

Recommendations

- Increase attention to the lower strata of farmers.
- Reinforce the technical supervisory staff and provide them with the necessary means to carry out the activities.
- Simplify procedures and improve relations with farmers.
- Combine in-kind and in-cash credits.

Evaluation of the Second Implementation Year (1979-80)

Findings

- During this crop year, project management was totally delegated to DAPME.
- The availability of human resources was improved, although material resources continued to be inadequate.
- A lack of coordination was obvious between the various organizations and institutions involved in the project.
- The participation rate reached only 71 percent of project forecasts, although it was as high as 80 percent during the preceding crop year.
- Farmers from the medium and upper strata continued to represent the predominating number of participating farmers.
- The crop intensification rate was slightly higher than that of 1978-79, although most of the beneficiaries were cereal

- Fertilizer use increased for all crops, and yields were higher than those of the preceding crop year.
- Medium- and long-term credits were provided.

Conclusions

We can conclude that APMANE Project's impact on production was positive and that the technical level of participating farmers was improved. Although incomes generated by project-assisted farms increased, a comparison between the incomes of farmers reached by the project in 1978-79 and new participating farmers revealed that the ratio of increase of the gross margin per hectare was much larger with the former.

Recommendations

- Intensify and extend the project to all the governorates of the Northeast.
- Increase efficiency of local farm credit committees.
- Improve coordination among all the organizations involved in this project so as to meet farmers' fertilizer and services requirements.
- Provide the project with adequate material resources.

Evaluation of the Third Implementation Year (1980-81)

For this crop year, no follow-up and evaluation survey was conducted by any consulting firm. Instead, the Project Management made an annual report on the following issues:

- localization of APMANE project
- internal functioning of the project
- 1980-81 crop year balance sheet and preparation of the 1981-82 crop year
- evaluation and conclusion

Moreover, a project evaluation was undertaken in May 1980 by a US-Tunisian joint team with a view to assessing the project impact after 3 years of operation and making recommendations for a sound continuation of the project.

Evaluation of the Fourth Implementation Year (1981-82)

Findings

The APMANE project was considered one of the few projects designed to promote small- and medium-sized farms through a combination of technical extension and sustained assistance for the provision of production inputs, livestock, and mechanized services.

- Increased intensification of agriculture and better integration between farming and livestock activities.

- Yields were higher in participating farms in general, compared to the average yield obtained in other farms not included in the project.
- Small farmers were reached more effectively during this crop year:
 - 24.5 percent for the upper stratum (20-50 ha)
 - 26.5 percent for the medium stratum (10-20 ha)
 - 48.6 percent for the lower stratum (0-10 ha)
- During this crop year, the project provided medium-term credits for the purchase of livestock and farm equipment.

Conclusions

Improvements recorded in the farmers' earnings, in repayments of outstanding loans, and in crop diversification, along with the integration of livestock activities, were proof of the importance of this project.

Recommendations

- Reinforce the central office with qualified staff and create specialized services.
- Standardize the documentation used in all project areas.
- Increase participation of farmers in preparing their farm development plans.
- Diversify extension methods used with the project's participating farmers.

Evaluation of the Fifth Implementation Year (1982-83)

Because the final evaluation report has not been completed, the only remarks we can make are drawn from the provisional evaluation report.

- Most certainly, the project has achieved its objectives. The financial resources made available during this crop year were greater than the sum of those provided during the first 4 years (1978/79-1981/82).
- Throughout the project life, credits provided to farmers have always been underused.
- All evaluation reports reiterated the lack of coordination among the various parties involved in the project.

The solution recommended in the report consists of developing a structure capable of playing the role of a real leader, programming various activities, setting responsibilities, and resolving problems in a timely manner.

4. Summary of Corrective Actions Taken by APHANE, the BNT, and the GOT to Address the Deficiencies and/or Recommendations Noted in the Five Evaluations.

Crop Year	Source	Recommendations	Corrective Actions Undertaken
1978-1979	CNEA evaluation	<ol style="list-style-type: none"> 1) increase attention to farmers in the lower strata and greater concentration of participating farmers 2) reinforce human and material resources made available for the project 3) simplify procedures and better relations with suppliers 4) combine in-kind and in-cash credit 	<ol style="list-style-type: none"> 1) The percentage of small farmers (10 ha) climbed from 31% in 78 to 55% in '82 of the total number of participating farmers. 2) Project identified its personnel and equipment requirements. 3) Project programs its requirements and submits them on June 15 of each year to the interested suppliers (OC, OEP, GRAFOUPAST, CCGC, SONAM...) 4) The in-cash portions climbed from 25% in 79-80 to 30% in 80-81 of the total credit amount. In 81-82, it covered 50% of the cost of labor and 100% of the costs of seeds and vegetable plants. Providing in-cash credit became easier in 82-83, in particular, with previously participating farmers.
May 1980	Joint evaluation Mission	<ol style="list-style-type: none"> 1) improve reimbursements and reduce loan delinquencies 	<ol style="list-style-type: none"> 1) Project has taken the initiative in reinforcing collection activities by having the BNT send "Payment Due Notices" in Arabic showing only the credit used. Project extension workers are constantly encouraging delinquent farmers to repay their loans during their contacts with project farmers (Information Days...)

Crop Year	Source	Recommendations	Corrective Actions Undertaken
		2) extend project life	2) The project has been extended for another 2 years as a result of an exchange of letters between the concerned parties.
		3) deductions made from loans for the savings fund	3) No action has been undertaken.
		4) increased human and material resources made available for the project	4) Requirements have been met in conformity with project request.
		5) BNT provided more accurate and complete documents and data	5) Project officers are directly in touch with BNT officers. Meetings have been held periodically. For example, each year in June, the two concerned parties meet to review the situation and to determine what corrective actions need to be taken for the next crop year. In spite of these efforts, the project is still experiencing the same difficulties with BNT.
		6) Continuous periodical evaluation by CNEA	6) A part of the project evaluation (statistical data) is done by the Project Division (Direction des Projects) since the 79/80 crop year, in conformity with the terms of reference of various annual evaluations
		7) Intensify the training of extension workers in the interior of the country	7) Since the 82/83 crop year, a training program consisting of 4 seminars each year and dealing with preparing agricultural development plans has been developed. Moreover, other seminars focused on technical problems are organized at the extension workers' request.

Crop Year	Source	Recommendations	Corrective Actions Undertaken
		<p>8) Improve planning and coordination between agencies involved in the project</p> <p>9) USAID replace the project Senior Advisor</p> <p>10) Extend small farm credit system to other regions in Tunisia</p>	<p>Participants are provided with needed technical documents and materials.</p> <p>8) Farmers' requirements are programmed at the regional level and submitted to the central office, which prepares contract with interested suppliers. A contract copy is then sent to regional officers to be implemented. Monthly meetings are held at the regional level with project agents and at the central level with regional officers. Agents follow the work program set during those monthly meetings.</p> <p>9) It has been agreed that the senior advisor will make short-term visits. Mr. David Dupras came to replace the full-time advisor.</p> <p>10) The FIDA project, which is operating in Le Kef and Siliana, is cooperating closely with APMANE Project. A new project has just been launched in Jendouba.</p>
1979-1980	CNEA evaluation	1) Intensify and extend project to all governorates of the Northeast	1) The project has just extended its interventions to the governorates of Ben Arous, Ariana, and Tunis. These governorates are not covered by any supervised credit programs. The project has undertaken a diversification of its actions. Medium- and long-term credits are provided. This aims at achieving a more integrated project intervention.

Crop Year	Source	Recommendations	Corrective Actions Undertaken
		2) Increase efficiency of local agricultural credit committees	2) The project has attempted to improve the efficiency of these committees by developing a schedule for weekly meetings.
		3) Provide project with adequate material means	3) The project has obtained 54 vehicles under a US-provided grant. The Project fleet has been enlarged by 10 vehicles as part of the Tunisian contribution
1980-1981	No evaluation		
1981-1982	SOGET evaluation	1) Provide additional qualified staff for the Central Office and create specialized divisions	1) The project has created specialized divisions and hired additional staff. However, the project manager has no assistant to help him.
		2) Standardize all project documentation	2) Documents used by project agents have been standardized.
		3) Diversify extension methods	3) The project has introduced the "group extension" method, which has been efficient.
April 1983	Survey conducted by Mr. R. B. Gregg	1) Review delinquent accounts	1) The project has initiated this action.
		2) SCMA membership must not be required to participate in the project	2) The project continues to operate according to the overall criteria set by the Ministry of Agriculture. However, it is possible to explore the proposed removal of SCMA membership requirement for further participation in the project.
		3) Increase material resources for the project after its extension to other governorates.	3) The project has acquired 10 vehicles and will need other vehicles to replace those no longer usable.
		4) Complete survey of BNT's accounting methods.	4) This survey has not taken place and should be carried out as soon as possible.

Other Recommendations:

- develop a 5-year plan for APMANE based on previous experience.
- prepare an updated list of outstanding loans and reasons for delinquency.

C. Other Agricultural Credit Programs

1. Short-term credit

These credits are given mainly by deposit banks, local mutual credit societies, supervised credit projects, and the improvement and commercialization offices.

Credits on Bank Monetary Resources

These credits, which are granted directly to individual farmers or those grouped in cooperatives, are aimed at financing the farmer's needs from sowing to harvest. These credits, which become due when the harvest is sold, are now given out to finance the large farms (cereals, legumes, fodder, and beets), vegetables, fishing, breeding (rich pasture land), and arboriculture.

The amount given by the bank is based on an estimate of charges per hectare for cultures and per head for animal production. The quota for the banks in financing expenses is about 45 percent of the total estimated charge. The interest rate employed by the banks is 6 percent for all financing.

Moreover, in order to allow the small- and medium-sized farmers to have access to credit, a new system of credit encouragement based on the creation of Mutual Credit Societies (SCMA) was instituted in 1973. In this system, short-term credits are allocated for the period of a campaign and are used to finance current needs of the farm, such as the sowing expenses, fertilizers, seeds, and fuel.

"In-kind" Supervised Credits Given by Improvement Offices

These credits are given by most of the improvement offices to the farmers of the public irrigated areas that have lands of less than or equal to 6 ha in the form of sowing labor, fertilizers, seeds, herbicides, and small equipment.

In-kind supervised credits given out by the offices have greatly increased since 1975. This explains the creation of new offices. The amount of credits has more than tripled since 1975, passing from 906,000 dinars during the 1976-1977 campaign to 3,400,000 dinars during the 1981-1982 campaign.

Credits Given by Supervised Projects

To help the small- and medium-sized farmers, supervised credit projects similar to APMANE were set up. Among these are project SIDA (Swedish International Development Aid) and project FIDA (Agricultural Development Project) in Kef and Siliana. Project SIDA is operating in Jendouba. The farmers situated in these areas who wish to benefit from supervised credit must be members of a Mutual Credit Society.

The aims of these projects are to modify the production system in order to improve intensification and cultural diversification and to increase the farmers' incomes who belong to these project 200 to 300 percent on the average in full production.

2. Medium- and Long-Term Credit

These credits are given either from bank monetary resources or from resources fed by the state budget and managed by the BNT.

Bank monetary resources credits

In order to generalize the financing of the agricultural sector to the entire banking system, commercial and development banks are authorized in the framework of the total ratio of development financing, to interpose in the financing of agricultural investments, especially the acquisition of agricultural equipment, motor-pump sets, greenhouses, live-stock, construction of wells and stables, etc.

However, despite the effort to make all the banks invest in agriculture, the BNT still remains the main bank for financing with its own resources, medium- and long-term credits.

Credits drawn from budget resources or outside resources

Agricultural investments on the exploitation level are financed mainly by resources taken from the state budget and secondly, from outside resources contracted by the state in the framework of projects. Credits on budgetary resources are dispensed in the framework of the Special Funds for Agricultural Development (FOSDA) and the Special Fund for the Encouragement of Fishing (FOSEP).

Things that can be financed by these funds are planting, raising of livestock, irrigation, agricultural equipment, water and soil conservation work, and rural engineering work for the FOSDA and the purchase and equipping of boats, trawlers, and tuna boats for the FOSEP.

Moreover, in order to satisfy financing needs of agricultural investments that are constantly increasing and that the budgetary allocations can no longer satisfy, outside resources were sought either to finance specific actions, such as the German Funds for Irrigation or to finance large-scale projects (World Food Program of the UN, Farm Road Project, FIDA, SIDA, etc.). Culture credits are also dispensed by these projects.

D. Organization Charts

1. Ministry of Agriculture

Decree #77-648 dated August 5, 1977 (Official Gazette #54), has set the organization chart of the Ministry of Agriculture as follows:

To carry out its various tasks, the Ministry of Agriculture consists of:

The Cabinet
 The Agricultural Production Department
 The Agricultural Hydraulics Department
 The Forest Department
 The External Department

Chapter I

- The Cabinet
- The Central Agricultural Development Commissariat (CRDA)
- Central C&R and Regulations Office

Chapter II

- The Statistics Planning and Economic Analysis Division
- The Land Problems and Legislation Division
- The Education, Research, and Extension Division
- The Administrative and Financial Affairs Division
- The Inspection Division
- The Agricultural Environment Subdivision
- The International Cooperation Subdivision

Chapter III

- The Crop Production Division
- The Animal Production Division
- The Fishing Division
- The Assistance to Small- and Medium-Sized Farmers Division

Chapter IV: The Agricultural Hydraulics Department

- The Water and Soil Resources Department
- The Studies and Large Hydraulic Projects Division
- The Rural Engineering Division

Chapter V: The Forest Department

Chapter VI: The External Department

- The Regional Agricultural Development Commissariats (CRDA)
- Agricultural Education and Training Schools
- Research Institutions
- Public Corporations

2. APHANE

The DAPME is responsible for professional promotion and organization in rural areas, as well as for drafting credit-related laws and regulations, in cooperation with the appropriate departments of the Ministry of Finance, and for their enforcement. It is also responsible for formulating and implementing the agricultural credit policy (FOSDA and Supervised Credit Project).

At the regional level, DAPME is represented in each CRDA by a specialized office (Arrondissement). It consists of two (2) subdivisions, the Rural Institutions Subdivision and the Agricultural Credit Subdivision.

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APMANE PROJECT'S ORGANIZATIONAL CHART

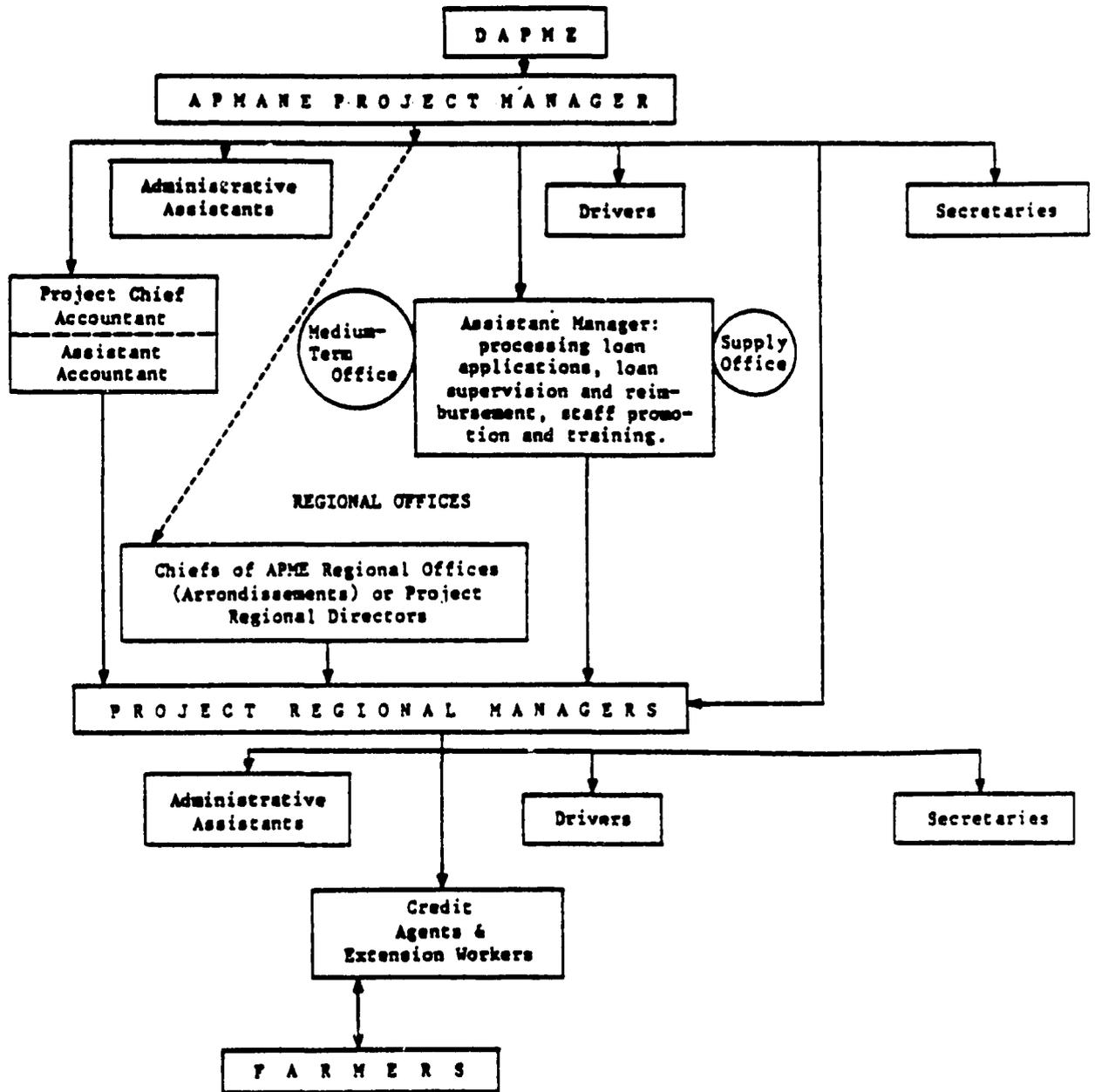


Table 1: Credit Used: Number of Beneficiaries and Hectares

Governorates	Farm areas	Unit: Dinar								
		1978 - 1979			1979 - 1980			Average of credits used		% change
		Number of farmers	Area (ha)	Total amount of credits used	Number of farmers	Area (ha)	Total amount of credits used	1978/79	1979/80	
Beja	0-10	24	181	1,911,345	111	990	238,225,500	235	431	83
	10-20	78	1,233	12,608,393	220	3,396				
	20-50	114	4,182	36,320,061	222	7,433				
Bizerte	0-10	94	773	17,959,706	91	801	191,927,500	299	496	66
	10-20	110	1,758	32,678,793	140	2,180				
	20-50	78	2,679	33,659,071	156	5,564				
Nabeul	0-10	78	430	20,127,235	181	1,123	180,480,000	298	618	107
	10-20	29	427	9,847,975	74	1,123				
	20-50	9	282	4,543,675	37	1,347				
Siliana	0-10	58	421	5,481,176	63	556	72,391,500	154	358	132
	10-20	78	1,202	11,998,434	78	1,186				
	20-50	36	1,271	9,025,340	61	2,209				
Zaghouan	0-10	47	354	12,224,224	72	500	193,047,500	301	682	127
	10-20	58	872	13,368,860	93	1,495				
	20-50	73	2,321	27,964,612	118	4,077				
TOTAL		964	18,386	249,718,900	1,717	34,980	876,072,000	259	510	97

Source: Ministry of Agriculture, APMANE

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Table 1: Credit Used: Number of Beneficiaries and Hectares
Continued

Unit: Dinar

Governorates	Farm areas	1979 - 1980			1980 - 1981			Average of credits used		± change
		Number of farmers	Area (ha)	Total amount of credits used	Number of farmers	Area (ha)	Total amount of credits used	1979/80	1980/81	
Beja	0-10	111	990	238,225,600	277	2,380	300,614,348	431	326	-24
	10-20	220	4,396		345	5,124				
	20-50	222	7,433		301	8,626				
Bizerte	0-10	91	801	191,927,500	945	5,078	612,191,377	496	322	-35
	10-20	140	2,180		521	6,710				
	20-50	156	5,564		435	10,546				
Nabeul	0-10	181	1,123	180,480,000	167	1,116	179,508,061	618	715	15
	10-20	74	1,123		48	679				
	20-50	37	1,347		36	1,266				
Siliana	0-10	63	556	72,391,500	158	968	222,311,414	358	433	21
	10-20	78	1,186		160	2,478				
	20-50	61	2,209		195	6,919				
Zaghuan	0-10	72	500	193,047,500	136	904	325,915,351	682	673	-1
	10-20	93	1,495		186	2,867				
	20-50	118	4,077		162	5,727				
TOTAL		1,717	34,980	876,072,000	4,072	61,388	1,640,540,551	510	403	-21

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Table 1: Credit Used: Number of Beneficiaries and Hectares
Continued

Unit: Dinar

Governorate	Farm areas	1980 - 1981			1981 - 1982			Average of credits used		Z change
		Number of farmers	Area in (ha)	Total amount of credits used	Number of farmers	Area in (ha)	Total amount of credits used	1980/81	1981/82	
Beja	0-10	277	2,380	300,614,348	784	4,904	878,841,378	326	490	50
	10-20	345	5,124		559	7,904				
	20-50	301	8,626		450	12,133				
Bizerte	0-10	945	8,078	612,191,377	1,038	5,207	1,279,827,615	322	680	111
	10-20	521	6,710		434	8,008				
	20-50	435	10,546		410	17,182				
Nabeul	0-10	167	1,116	179,508,061	395	2,250	763,747,015	715	1,441	102
	10-20	48	679		80	1,557				
	20-50	36	1,266		55	3,007				
Siliana	0-10	158	968	222,311,414	216	1,556	348,522,225	433	587	36
	10-20	160	2,478		175	2,513				
	20-50	195	6,919		203	6,499				
Zaghuan	0-10	136	904	325,915,351	310	2,341	1,075,452,680	673	1,271	89
	10-20	186	2,867		273	4,044				
	20-50	162	5,727		263	10,376				
TOTAL	-	4,072	61,388	1,640,540,551	5,645	89,481	4,346,390,913	403	770	91

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Table 1: Credit Used: Number of Beneficiaries and Hectares
Continued

Governorate	Farm areas	Unit: Dinar						Average of credits used		Z change
		1981 - 1982			1982 - 1983			1981/82	1982/83	
		Number of farmers	Area in (ha)	Total amount of credits used	Number of farmers	Area in (ha)	Total amount of credits used			
Beja	0-10	784	4,904	878,841,378	795	5,262	1,446,893,927	490	780	59
	10-20	559	7,904		557	8,610				
	20-50	450	12,133		502	15,615				
Bizerte	0-10	1,038	5,207	1,279,827,615	1,382	6,478	1,176,293,647	680	504	-26
	10-20	434	8,008		493	7,170				
	20-50	410	17,182		457	14,666				
Mabeul	0-10	395	2,250	763,747,015	1,330	4,854	1,160,315,950	1,441	701	-51
	10-20	80	1,557		250	1,804				
	20-50	55	3,007		75	2,516				
Siliana	0-10	216	1,556	348,522,225	331	2,344	398,740,529	587	499	-15
	10-20	175	2,513		249	3,868				
	20-50	203	6,499		219	6,716				
Zaghuan	0-10	310	2,341	1,075,452,680	457	2,900	941,195,595	1,271	822	-35
	10-20	273	4,044		333	4,751				
	20-50	263	10,376		354	10,505				
TOTAL	-	5,645	89,481	4,346,390,913	7,784	98,060	5,123,439,648	770	658	-14,5

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Table 2: Comparison of the Yields of Project APMANE Farmers

Unit: Quintal per Ha

Climatic area	Campaign	Hard Wheat	Durum Wheat	Barley	Oats	Sorghum	Beans	Chick Pea	Vetch	P. Greg	Citrus Fruits	Observations
Humid (Joumine)	Pre-Project	5.25*	-	5.75	8	-	4.6	5	-	8.6	-	Old Varieties nonselected
	82-83	4	4	4	6	-	2	2	-	3.6	-	
	Z change	-24	-	-30	-25	-	-56	-60	-	-58	-	
Subhumid (Beja)	Pre-Project	10	-	9.7	11	-	7	5.6	20.8	-	-	*Bales
	82-83	16.6	25	12.4	13	-	8	7.3	29	-	-	
	Z change	66	-	28	18	-	14	30	39	-	-	
Semi-arid Higher (Medjex)	Pre-Project	6.4	8.75	7.4	50*	-	5.5	4.8	95*	15	-	*Bales
	82-83	9.4	9.8	9.5	55*	-	4.25	11	133*	-	-	
	Z change	47	12	28	10	-	-23	129	40	-100	-	
Semi-arid Medium (Faha Souarada)	Pre-Project	8.8	8	10.8	100*	-	-	-	-	-	-	*Bales
	82-83	9	6.5	10.4	106*	-	-	1	100*	-	-	
	Z change	2	-19	-3	6	-	-	-	-	-	-	

Source: Ministry of Agriculture, APMANE

Table 3: Use of APMANE Funds

Unit: Dinar

Governorate	Campaign	Total Amount of Loans Used	Vegetable Production	%	Purchase of Livestock	%	Farm Material	%
Beja	78-79	50,839,799	50,839,799	100	-	-	-	-
	79-80	238,255,600	173,475,500	72.8	61,100,000	25.6	3,650,000	1.5
	80-81	300,614,348	254,635,548	85	45,978,800	15	-	-
	81-82	878,841,378	809,632,818	92	68,364,000	7.8	844,560	0.2
	82-83	1,446,893,927	1,073,928,927	74	219,329,000	15	153,636,000	11
Bizerte	78-79	84,297,570	84,297,570	100	-	-	-	-
	79-80	191,927,500	126,107,500	66	49,870,000	26	15,950,000	8
	80-81	612,191,377	505,992,399	82.6	80,893,786	13.2	25,305,192	4.2
	81-82	1,279,827,615	953,005,305	74.4	153,240,000	12	173,582,310	13.6
	82-83	1,176,293,647	746,726,647	63.4	281,325,000	24	148,242,000	12.6
Nabeul	78-79	34,518,885	34,518,885	100	-	-	-	-
	79-80	180,480,000	111,000,000	61.5	18,780,000	10.4	50,700,000	28.1
	80-81	179,508,061	163,157,948	90.9	3,300,000	1.8	13,050,113	7.3
	81-82	763,747,015	450,496,351	59	22,875,000	3	290,375,664	38
	82-83	1,160,315,950	1,036,150,950	89.3	24,515,000	2.1	99,650,000	8.6
Siliana	78-79	26,504,950	26,504,950	100	-	-	-	-
	79-80	72,391,500	38,441,500	53	33,600,000	46.5	350,000	0.5
	80-81	222,311,414	125,450,475	56.5	73,650,400	33	23,210,539	10.5
	81-82	348,522,225	260,902,455	75	78,837,400	22.5	8,782,370	2.5
	82-83	398,740,529	220,852,529	55.5	45,510,000	11.5	132,378,000	33
Zaghouan	78-79	53,557,696	53,557,696	100	-	-	-	-
	79-80	193,047,500	116,647,500	60.5	50,400,000	26	26,000,000	13.5
	80-81	325,915,351	200,932,052	61.7	84,218,400	25.8	40,764,899	12.5
	81-82	1,075,452,678	814,604,742	76	129,109,300	12	131,738,636	12.5
	82-83	941,195,595	644,050,595	69	32,800,000	3	264,345,000	28

Source: Ministry of Agriculture, APMANE

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Table 4: Percentage of APMANE Farmers of the Target Population

Farm size/ Governorate	Campaign	0 - 10 ha			11 - 20 ha			21 - 50 ha		
		Total Governorate	Adherent Project	Z	Total Governorate	Adherent Project	Z	Total Governorate	Adherent Project	Z
<u>Beja</u>	78/79	7,740	24	0.3	2,030	78	3.8	1,407	114	8.1
	79/80	7,740	111	1.4	2,030	220	10.8	1,407	222	15.7
	80/81	7,740	277	3.5	2,030	345	16.9	1,407	301	21.3
	81/82	7,740	784	10.1	2,030	559	27.5	1,407	450	31.9
	82/83	7,740	795	10.2	2,030	557	27.4	1,407	502	35.6
<u>Bizerte</u>	78/79	8,903	94	1	2,446	110	4.4	1,577	78	4.9
	79/80	8,903	91	1	2,446	140	5.7	1,577	156	9.8
	80/81	8,903	945	10.6	2,446	521	21.3	1,577	435	27.5
	81/82	8,903	1,038	11.6	2,446	434	17.7	1,577	410	25.9
	82/83	8,903	1,382	15.5	2,446	493	20.1	1,577	457	28.9
<u>Nabeul</u>	78/79	17,582	78	0.4	2,900	29	1	1,300	9	0.6
	79/80	17,582	181	1	2,900	74	2.5	1,300	37	2.8
	80/81	17,582	167	0.9	2,900	48	1.6	1,300	36	2.7
	81/82	17,582	395	2.2	2,900	30	2.7	1,300	55	4.2
	82/83	17,582	1,330	7.5	2,900	250	8.6	1,300	75	5.7
<u>Siliana</u>	78/79	14,644	58	0.3	2,539	78	3	1,448	36	2.4
	79/80	14,644	63	0.4	2,539	78	3	1,448	61	4.2
	80/81	14,644	158	1	2,539	160	6.3	1,448	195	13.4
	81/82	14,644	216	1.4	2,539	175	6.8	1,448	203	14
	82/83	14,644	331	2.2	2,539	249	9.8	1,448	219	15.1
<u>Zaghouan</u>	78/79	11,545	47	0.4	1,890	58	3	1,120	73	6.5
	79/80	11,545	72	0.6	1,890	93	4.9	1,120	118	10.5
	80/81	11,545	136	1.1	1,890	186	9.8	1,120	162	14.4
	81/82	11,545	310	2.6	1,890	273	14.4	1,120	263	23.4
	82/83	11,545	457	3.9	1,890	333	17.6	1,120	354	31.6

Source: Ministry of Agriculture, APMANE

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Table 5: Mechanization Used

Year Governorate	1978-79		1979-80		1980-81		1981-82		1982-83	
	N° of farmers	N° of hours								
Beja	<u>216</u>	<u>1,422</u>	<u>553</u>	-	<u>923</u>	<u>12,822</u>	<u>1,793</u>	<u>13,892</u>	<u>1,854</u>	<u>12,107</u>
0-10	24		111		277		784	3,358	795	2,233
10-20	78		220		345		559	3,351	557	3,770
20-50	114		222		301		450	7,182	502	6,103
Bizerte	<u>282</u>	<u>4,923</u>	<u>387</u>	-	<u>1,901</u>	<u>30,956</u>	<u>1,882</u>	<u>84,993</u>	<u>2,332</u>	<u>27,744</u>
0-10	94		91		945		1,038	11,049	1,382	6,807
10-20	110		140		521		434	32,157	493	9,293
20-50	78		156		435		410	41,787	457	11,644
Nabeul	<u>116</u>	<u>201</u>	<u>292</u>	-	<u>251</u>	<u>1,466</u>	<u>530</u>	<u>3,387</u>	<u>1,655</u>	<u>4,097</u>
0-10	78		181		167		395	1,600	1,330	2,146
10-20	29		74		48		80	686	250	957
20-50	9		37		36		55	1,100	75	993
Siliana	<u>172</u>	<u>205</u>	<u>202</u>	<u>1,465</u>	<u>513</u>	<u>8,324</u>	<u>594</u>	<u>10,096</u>	<u>799</u>	<u>12,350</u>
0-10	58		63		158		216	1,941	331	2,330
10-20	78		78		160		175	2,816	249	3,583
20-50	36		61		195		203	5,339	219	6,437
Zaghuan	<u>178</u>	<u>1,240</u>	<u>283</u>	<u>1,806</u>	<u>484</u>	<u>4,833</u>	<u>846</u>	<u>10,619</u>	<u>1,144</u>	<u>11,450</u>
0-10	47		72		136		310	1,033	457	2,059
10-20	58		93		186		273	1,587	333	3,769
20-50	73		118		162		263	7,998	354	5,621
Total	964	7,991	1,717	3,271	4,072	58,401	5,645	122,987	7,784	67,748

Source: Ministry of Agriculture, APMANF.

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Table 6: Livestock Distributed

Years	Governorates	Farm Sizes	1979-80		1980-81			1982-83			1983-84		
			Cows	Ewes	Cows	Ewes	Rams	Cows	Ewes	Cart Animals	Cows	Ewes	Rams
Bizerte	0-10	-	-	1	786	-	5	1,595	-	-	-	-	
	10-20	-	-	2	885	-	7	1,120	-	-	-	-	
	20-50	-	-	12	1,068	-	33	1,312	-	-	-	-	
S/Total (1)	-	55	860	15	2,739	-	45	4,027	-	73	5,428	91	
Beja	0-10	-	-	-	-	-	12	352	-	-	-	-	
	10-20	-	-	-	-	-	18	437	-	-	-	-	
	20-50	-	-	-	-	-	24	570	-	-	-	-	
S/Total (2)	-	110	800	44	1,065	-	54	1,359	-	38	3,979	-	
Silliana	0-10	-	-	-	442	15	-	640	3	-	-	-	
	10-20	-	-	-	641	34	-	551	5	-	-	-	
	20-50	-	-	-	1,021	63	-	936	1	-	-	-	
S/Total (3)	-	-	800	-	2,104	112	-	2,145	9	-	824	30	
Zaghuan	0-10	-	-	-	-	-	-	614	4	-	-	-	
	10-20	-	-	-	-	-	-	913	5	-	-	-	
	20-50	-	-	-	-	-	-	1,289	11	-	-	-	
S/Total (4)	-	-	1,200	38	1,981	-	-	2,816	20	-	833	-	
Nabeul	0-10	-	-	-	-	-	24	-	-	-	-	-	
	10-20	-	-	-	-	-	21	-	-	-	-	-	
	20-50	-	-	-	-	-	24	-	-	-	-	-	
S/Total (5)	-	18	340	15	-	-	69	-	-	47	-	-	
Grand Total	-	183	4,000	112	7,889	112	168	10,347	29	158	11,064	121	

Source: Ministry of Agriculture, APMANE

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