

Agricultural Policy Implementation Project

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SEMI-ANNUAL REPORT AND UPDATE OF YEAR II WORKPLAN

JULY 1989

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1.0 Introduction

This report covers the period of January 1989 through July 1989. It provides an overview of the accomplishments over the past six months and also serves as an update of the draft Workplan submitted to USAID and the DGPDIA in December 1988. The revised workplan sections are based on discussions held during the January 1989 Annual Implementation Plan Meeting in Tunis and subsequent meetings with USAID and the DGPDIA.

The first six months of 1989 have been a period of tremendous activity for the Agricultural Policy Implementation Project (APIP).

- Final reports for 11 studies were delivered to the Government of Tunisia and USAID;
- A seminar presenting results of APIP studies was attended by about 150 people from government, private agribusiness and the academic community;
- A new management structure was agreed to, bringing Cheri Rassas to Tunis as the Resident Representative, replacing Roger Montgomery who served as Resident Advisor during the first half of the project.
- The Abt APIP prime contract was modified to provide for increased follow-up activities aimed at disseminating and implementing results of technical studies to be produced under the project.

1.1 Project Background and Overview

Since the early 1980's Tunisia has been facing severe economic difficulties, including budget and balance of payment deficits. One of the consequences has been a relative decline of the agricultural sector's contribution to the economy, particularly in terms of food production and exports. In addition, Tunisia has experienced problems in maintaining and expanding its agricultural exports, consisting primarily of olive oil, dates, citrus, wine, and fruits and vegetables.

In response to these difficulties, an Agricultural Structural Adjustment Program (ASAP) has been undertaken with World Bank (IBRD) support. The readjustment program focuses on four major goals:

- increasing the role of market forces in determining prices of agricultural inputs and products;

- increasing the role of the private sector in marketing farm inputs and products, both internally and internationally;
- enhancing the effectiveness of government agencies in supporting agricultural production and marketing; and
- protecting the welfare and nutritional well-being of poor consumers in urban and rural areas of Tunisia.

Although the ASAP specifies goals and deadlines to carry out the readjustment program, it does not provide the needed capability within the Government of Tunisia to identify, analyze, and formulate alternative paths to reach them. The USAID-funded Agricultural Policy Implementation Project (APIP) intends to fill this gap by (a) providing Tunisian policy makers with a series of specific and timely studies of key policy issues that include data analysis and options for making rational economic and agricultural policy choices; and (b) reinforcing the capabilities of technicians and analysts in Tunisian government agencies in identification and analysis of policy constraints, formulation of policy recommendations, and monitoring the impacts of policy changes on the agricultural sector.

1.2 Project Components

APIP is focusing its project resources on providing the necessary economic analysis so that decision-makers can carry out ASAP policy reforms. The Project Paper originally classified project activities into those concerned with economic analysis and those designed to strengthen GOT institutional capabilities in carrying out economic and policy analysis. As the project has evolved in its first year and a half, actual implementation of policy reform and support of policy dialogue are increasingly perceived to be crucial elements to the success of the project. The project activities have been expanded to include support to policy dialogue which will be accomplished through the following means:

- Wide dissemination of technical documents and information about project activities in French and English;
- Forums for discussion of policy issues, such as seminars, workshops, formal and informal work sessions;
- Follow-up discussions on specific studies with the Government of Tunisia.

The project will continue its activities in economic analysis and strengthening GOT institutional capabilities.

Economic analysis activities will address the following issues:

- Resource allocation issues including input demand estimation, impacts of subsidy reduction, estimation of domestic resource costs, fertilizer use and distribution, development of tools for policy analysis, and agriculture credit needs.
- Product marketing issues which include demand analysis, farm supply response, competitiveness of Tunisian products evaluation, export case studies, state enterprise strategies and private and public sector participation.

Among the activities included to strengthen GOT capabilities in support of the agricultural sector are those related to:

- price and marketing surveys and agricultural production surveys,
- monitoring and evaluation of agricultural projects,
- monitoring of the impact of the ASAP program.

1.3 Project Organization

APIP provides the Government of Tunisia with the resources of a consortium representing broad international expertise. Abt Associates, Inc. (USA), the prime contractor, together with the Institut Supérieur de Gestion, University of Tunis (Tunis), Ithaca International Limited (USA), and the University of Wisconsin (USA) are sponsored in this activity by the United States Agency for International Development, Special Mission for Economic and Technical Cooperation in Tunis under AID Contract No. 664-0343-C-00-8016-00. A local Project Office staff is provided through a contract with Afrique Audit (Tunis).

The experience of the first year of APIP made it clear that there was a need to reorient the resident advisor position to respond to the actual administrative and management requirements of in-country operations. This reorientation required that the resident advisor become more of a project manager. Abt Associates responded to this need by proposing Ms. Cheri Rassas as resident representative to replace the resident advisor. To continue to provide the project with a high level of technical oversight, Dr. Mark Newman will participate as technical advisor and project director, receiving technical and management assistance from Mr. Charles Stathacos as home office project manager.

The composition of this team is a result of three overall responsibilities required to implement APIP:

- 1. coordinating technical assistance**
- 2. planning and management of research activities and;**
- 3. administering in-country activities.**

The management team brings to APIP over 30 years of experience in the areas of agricultural policy, agricultural development, and project administration and management.

On a day-to-day basis the resident representative reports to Mr. Mohamed Gharbi, the Director of the General Directorate for Development Planning and Agricultural Investment (DGPDI), and collaborates with Mr. Abdelhakim Khaldi, the DGPDI's APIP coordinator, while coordinating closely with the Ministry of Plan, the Ministry of Industry and Commerce and other government agencies and USAID. She is responsible for administration, management and coordination of in-country activities and her office is located in the Ministry of Agriculture's DGPDI.

2.0 Year II - Goals and Objectives

During the first year of APIP ten studies were initiated, most of which are in the final form: in English and French. In addition, on-the-job training as well as formal training courses took place. APIP's second year is continuing the technical analyses in support of the Agricultural Structural Adjustment Program and the related training of GOT professionals. In addition, the Project will begin to disseminate information gained from the completed technical studies through workshops, seminars and technical documents. The Project will generate policy discussions throughout the various ministries involved in agricultural structural adjustment in a variety of forums.

2.1 Year II Annual Implementation Plan Meeting

The Second Annual Implementation Plan Meeting took place in Tunis from the 10 to 12 of January, 1989. Participants included the following organizations:

Minister and Secretary of State for Agriculture
DGPDI: Ministry of Agriculture
DG/Planning: Ministry of Plan
D/PCE: Ministry of Industry and Commerce
USAID/Tunis
Abt Associates
Institut Supérieur de Gestion
University of Wisconsin

The meeting focused principally on (a) reviewing the activities initiated in the first year of the project, (b) discussing the proposed schedule for 1989, (c) dissemination of final results of APIP's studies and d) strengthening the analytical capabilities of GOT staff. The coordinating committee held a follow up meeting to discuss the project's planned activities for the year.

2.2 Year II - Schedule and Status of APIP Activities

Accomplishments of the First Half of Year II

Figure I illustrates the schedule and status of activities during the second year of APIP. During the first half of the year eight studies were finalized: the three-part Subsidy Reduction study for fertilizer, herbicides, and seeds; analysis of Fertilizer Distribution and On-Farm Use; and Product Competitiveness and Export Marketing studies for olive oil, wine and citrus. (For brief descriptions of these studies, see Appendix A, Accomplishments of Year I). In addition, teams continued work from Year I on the Dairy Case Study and began the Product Competitiveness and Export Marketing Study for dates.

Following are descriptions of the activities which took place during the first half of the year and proposed start-up activities for the second half.

2.2.1 Dairy Processing Case Study

This study was initiated at the end of Year I and will continue in Year II. It will examine the role of the two large parastatal organizations (STIL and TUNISIELAIT) and analyze the possibility of an expanded role for the private sector.

Team Leader - John Eriksen, Ithaca International, Ltd. with the participation of Gregory Sullivan, Ithaca, and Boubaker Mehri, ISG. DGPDI working group participants include Chouchane, chef de file, Goudri and Gmir. A draft is due on July 31 and the final draft will be submitted in October, 1989.

Figure 1. Schedule of APIP Activities - Year II - 1989

ECONOMIC ANALYSES*	TYPE OF TECH. ASSISTANCE	TYPE OF TRAINING	CONTRACTOR	LOB	OTHER PARTICIPATION	PROPOSED TIMING	PROPOSED PERSONNEL	STATUS
1.a Subsidy Reduction Finalization of Year I (Fertiliser, Herbicides, Seeds)	data analysis	on-the-job weekly seminars by APIP team	Abt ISG	6 PM	Local Economist Research Assist.	January/March	Redjeb Lahouel P. Bloch	Final
1.b Input Demand	data analysis	on-the-job weekly seminars	Abt ISG		Local Economist Research Assist.	January/March	Redjeb* Lahouel	Final
1.c Supply Response	data analysis	on-the-job weekly seminars	Abt ISG			January/March	Redjeb* Lahouel	Final
2. Fertilizer Distribution Finalization of Year I study	economic & agronomic analysis	on-the-job	Abt	1 PM 2 PM	CNEA	January/Feb.	Heureux* Rondia Bachta	Final
3. Agro-indust. Case - Dairy	economic analysis	on-the-job	Ithaca ISG	3 PM 1 PM		January/July	Eriksen* G. Christensen B. Mehri	Draft July 31
4.a Product Competitiveness Dates	in-country economic analysis	on-the-job	Ithaca ISG			January/Sept.	J. Eriksen* King Carpenter	Draft October
4.b Export Marketing Dates	fact finding study tour in U.S., Europe and other countries	study tour	Ithaca	2 PM		October/Dec.	J. Eriksen* G. Christensen	
5. Oil Blending	In-country economic analysis		Comate		outside contract	January/Feb.	R. Meddeb* Mme Bacchus	Final
6. Cereals Assembly & Marketing I	in-country economic analysis	on-the-job	Abt/AMIS DEIS outside contract	2 PM	Economist Fin. Mgmt. Expert Local economist	January/Feb.	M. Newman J. Ladd M. Boughsala	Final
7. Ag. Structural Adjustment Seminar	General context and presentation of studies conducted		Abt Ithaca Wisconsin ISG	1 PM 1 PM	R. Meddeb E. Berg	May 24-25	Consultants DGPDI A	Proceedings being edited at DGPDI A - Khaldi
8. Supply Response - Speed of Adjustment	development of time series data base - TSP	on-the-job	Wisconsin ISG	1 PM 3 PM	Groupe de Travail	July/Dec.	J. Chavas	Draft August
9. Farm Level Price and Income Policy Analysis	economic analysis farm models	on-the-job	Wisconsin	2 PM	Groupe de Travail	July/December	P. Bloch M. Roth	Draft August
10. Impact of Price on Consumers (Design of Consumption Study)	data assembly	on-the-job	Wisconsin ISG	1 PM 3 PM	Groupé de Travail	December	J. Chavas	Draft TOR by December.

Schedule of APIP Activities - Year II - 1989 (continued)

ECONOMIC ANALYSES*	TYPE OF TECH. ASSISTANCE	TYPE OF TRAINING	CONTRACTOR	LOB	OTHER PARTICIPATION	PROPOSED TIMING	PROPOSED PERSONNEL	STATUS
11. Data for Policy Analysis	data assessment trend analysis growth rate analysis graphic analysis	on-the-job econometric courses	Wisconsin INAT	3 PH	Groupes de Travail	December	P. Kristjanson M. Roth C. Johnson Selmi Thabet	Draft data base and analysis. Working paper on time series data.
12. Analysis of the Caisse General de Compensation (Subsidy Fund)	economic analysis	on-the-job	Abt	4 PH 8 PH 1 PH 4 PH 1 PH	Economist 2 local economists Financial manager Research Assistant Sociologist	August/Dec.	Redjob	TORs drafted
13. Subsidy Reduction Irrigation water	data analysis	on-the-job weekly seminars by APIP team	Abt ISC		Local Economist Research Assist.	October TOR		TORs to be drafted Oct.
14. Subsidy Reduction Animal feed	data analysis	on-the-job weekly seminars	Abt ISC		Local Economist Research Assist.	October TOR		TORs to be drafted Oct.
15. Cereals Marketing & Imports II	economic analysis	on-the-job	Abt/AMIS outside contract		Economist Fin. Mgmt. Expert Local economist	September 89 - Sept. '90	M. Newman*	
16. Project Monitoring		on-the-job	ISC Abt	3 PH 2 PH		October TOR		
17. ASAL Monitoring		on-the-job	Abt	6 PH		October TOR		
18. Competitiveness & Export Markets for Ocean Products	in-country & international economic analysis	on-the-job						on hold
19. Transport Cost Equalization	economic analysis	on-the-job						TOR under review
20. Drought Strategy	economic analysis		outside					TOR under review

*All economic analysis activities performed in collaboration with DGPDI working groups.

2.2.2 Dates Commodity Export Marketing Study

The study approach is to assess how to maintain Tunisia's traditional market share in existing markets while finding strategies to penetrate or expand into new international markets. The first part of the study deals with the analysis of conditions in Tunisia which affect the competitiveness of Tunisian dates; the second part concerns itself with the receptiveness of potential importers to the available export products.

Team Leader - John Eriksen, Ithaca International, with the participation of Jack King and John Carpenter. Participation of the Working Group includes A. Chaffai, chef de file, DGPDI. A draft report of the Part A report is anticipated for the end of September, 1989. The Part B study will continue in the second half of the year.

2.2.3 Master Plan for the Commercialisation of Blended Oils

The first phase of this study recommended an action plan to increase the efficiency of processing imported oils and local vegetable oil in order to: a) economize CGC expenditures on oil subsidies; b) eliminate waste associated with mixing olive oil and other vegetable oil; and c) place a larger variety of vegetable oils on the market.

The second phase will evaluate the bid specifications of the Office of Olive Oil and define conditions necessary for the private sector to have access to the exportation of olive oil.

This study was done by Rahdi Meddeb of Comete Engineering with APIP funds outside Abt's contract.

2.2.4 A Plan of Action for Tunisia's Cereals Sector

The first phase report of a study analyzing public and private sector cereals assembly, imports and marketing in Tunisia recommended a) short-term and medium-term measures to free market operations and encourage investment; b) short-term measures to refine the role of the Cereals Office and streamline its operations; and c) medium-term measures affecting the Cereals Office and other government responsibilities and expenditures.

The study was carried out under a buy-in to the Agricultural Marketing Improvement Strategies (AMIS) project. Team leader - Mark Newman, Abt Associates with the participation of Jim Ladd, Deloitte Haskins & Sells, Mongi Boughzala, Abt consultant and Professor, University of Tunis, and Badr Ben Ammar, chef de file, DGPDI A.

2.2.5 Data for Policy Analysis

The two major farm surveys conducted by DGPDI A, the Baseline Survey and the Farm Situation Survey, were designed for reporting and monitoring, not for policy analysis. They do not generate data by farm unit and they do not link inputs with outputs. Thus, while their analysis will allow major improvements over the "norms" used in the past, there is still considerable room to improve usefulness of the data for policy analysis.

The DGPDI A working group and University of Wisconsin personnel have been working on the development of commodity balance sheets and a consistent regional data base for policy analysis modelling. Included in their work are analysis of trends, estimation of growth rates and demonstration of graphic analysis techniques. In addition, there will be an ongoing evaluation of additional data needs for policy analysis and recommendations for strengthening data for policy analysis.

To date the outputs of this Wisconsin activity include:

- 1) Data base and documentation (draft)
- 2) Working papers on "Use of time series data for policy analysis" (draft)
- 3) Training - econometrics courses
- 4) Working visit to Wisconsin by Mr. Bel Hadj and Madame Ayda

Michael Roth, Cobe Johnson and Patti Kristjanson have been working with Mr. Ghouman, Mr. Bel Hadj, Mr. Hamdi and Mrs. Ayda on the above Wisconsin activities.

2.2.6 Farm Level Price and Income Policy Analysis

An analysis of the impacts of input and output prices and policy changes on farmer revenues, costs and decisions. Estimated crop budgets based on the Enquete de Base and Enquete de Conjonture are being developed to reflect actual use of inputs and actual farming systems by crop and region. A farm enterprise analysis will attempt to predict

how farmers change their input mix, and their size of operation in reaction to changes in price (input and output) policy, privatization of markets, input rationing, credit availability, and new technological options.

Peter Bloch and Michael Roth, University of Wisconsin, are working with Messrs Ghouman, Bel Hadj, and Hamdi and Mrs. Ayda. Drafts will be submitted at the end of August.

2.2.7 Supply Response - Speed and Cost of Adjustment

This analysis will assess how rapidly farmers adjust to their changing policy environment and what the costs of those adjustments are. Farmers growing different crops and using different technologies have different speeds and costs of adjustment. Policy makers must understand these differences as they phase in policies that affect various segments of the agricultural sector and as the reactions of different segments must be built into estimates of how the overall economy will perform. The main tool for this work will be time series analysis. The working group has been assembling the necessary data.

A draft report is due in August. The first paper will focus at the national level. As regional data can be assembled and processed, further papers will be more disaggregated. Jean-Paul Chavas, U. of Wisconsin and Mohamed Salah Redjeb, ISG, will be working together with the Groupe de Travail.

2.2.8 Agricultural Structural Adjustment Seminar

A widely attended two-day seminar was held on May 24 - 25 at the Hotel Abou Nawas in Gammarth. The purpose of the seminar was to provide a forum for both public and private sector participants in the agricultural sector of Tunisia to discuss the impacts of the agricultural structural adjustment program in general and in the context of Tunisia. Results of APIP's completed studies were presented and discussed. The program was divided in four general themes:

Theme I: Structural Adjustment

Theme II: Export Growth: Competitiveness and Export Markets for Agricultural Products

Theme III: Subsidy Reductions: Impact on Supply and Demand

Theme IV: The Role of the Public and Private Sectors in the Markets for Agricultural Products

The program agenda and list of papers presented can be found in Appendix B and C.

Proposed Start-up Activities for the Second Half of Year II

2.2.9 Cereals Marketing Master Plan

This study will be the second phase of the Action Plan for Tunisia's Cereals Sector which was submitted to the GOT in January. The first phase focussed on a diagnosis of the strengths and weaknesses of the present system and proposed an action plan which the GOT used in discussions with the World Bank. The second phase is to develop a consistent plan for both local and imported cereal products (including collection, storage and distribution) which would improve the functioning of the existing system, including removal of constraints to private sector participation.

Work will be carried out under a buy-in to the Agricultural Marketing Improvement Strategies (AMIS) project and is expected to commence in September.

2.2.10 Study of the Caisse Generale de Compensation

A two-phase study of the Caisse Generale de Compensation (Subsidy Fund) will begin with an analysis of the current situation of the Caisse and its budgetary efficiency and distributional implications. Each commodity system (filière) will be assessed in detail in order to find alternative methods of reducing the expenditures of the Caisse without reducing the standard of living for the poor. The second phase will focus on the possibilities of reducing subsidies of each commodity system and of simplifying the procedures of the Caisse.

The three objectives of the study are: 1) targetting the subsidies; 2) improving the efficiency of the system in order to reduce costs; and 3) progressively adjusting prices to world prices.

Both phases of this study will be carried out under the APIP contract and coordinated by the DPCE. The study will begin in early August.

2.2.11 Subsidy Reduction

During the first year, the three-part study - impact of subsidy reduction, input demand and supply response - concentrated on fertilizer, seeds and pesticides. Year II will begin to examine the impact of subsidy reduction of irrigation water and animal feed. The terms of reference will be drafted by October and work will begin in the latter part of the year.

2.2.12 Transport Cost Equalization

Under the current system, a system of taxes and subsidies is used to equalize the price of a range of cereal products to consumers regardless of their distance from the zone of production or import. The objective of this study is analyze the current system of equalization of transport costs for cereals in order to recommend options for a more efficient system.

The terms of reference for this study are under review.

2.2.13 Project Monitoring

The DGPDIA is responsible for monitoring and evaluating GOT donor-financed agricultural development projects and programs. A computerized system with a well planned implementation schedule will be developed in order to assure regular review of project and program results and that final results be accessible to decision makers.

Terms of Reference will be drafted by October.

2.2.14 ASAL Monitoring

The ASAL monitoring system will be developed to provide a data base which monitors the various changes being carried out, such as reduction in subsidies, policy effects on cost of production and producer incentives, and public investment and program expenditure.

Terms of Reference to be drafted by October.

2.2.15 Export Markets for Ocean Products

An examination of the competitiveness and increased export potential for Tunisia's marine products.

Terms of reference to be drafted.

2.2.16 Drought Strategy

The purpose of this study is to identify measures to be taken in the short, medium and long term in response to increasingly frequent and severe droughts in Tunisia. It will involve an evaluation of policy options.

Terms of Reference are in review. It is expected that this study will be done outside the APIP contract.

3.0 Training

Identification of formal and informal training needs has been led by Abdelhakim Khaldi, APIP Coordinator, in the Ministry of Agriculture. An assessment of on-the-job training, and courses and seminars given to date will help improve the quality and content of training for the remainder of the Project. The Resident Representative intends to review the Staff Development Plan submitted during the first year and work with the APIP Coordinator to outline priorities and specific implementation of training programs.

A more formalized system of on-the-job training will be established to assure that working group members are incorporated into the implementation of technical studies.

4.0 Dissemination and Support of Policy Dialogue

The objective of activities undertaken through APIP is to provide the GOT with analysis, conclusions and recommendations which will assist in the process of policy

decisions and reforms. Dissemination of this information is key to the success of the Project.

Dissemination of information on project activities and results will include preparation of brochures, translation of reports, both draft and final versions, dissemination of reports, preparation and translation of staff papers, holding seminars and informal workshops, and public relations. In order to assist the GOT in policy dialogue and implementation of results from APIP studies, we plan to provide appropriate staff and consultants to participate in follow-up discussions on specific studies with the Government after the initial studies are completed. Other support for policy implementation will include collection of additional information, preparation of briefing memos and follow-up discussions with USAID/Washington, the World Bank and various international agencies and firms.

Final documents in English will be submitted to the Center for Development, Information and Evaluation (CDIE), USAID's documentation center.

5.0 Procedures for Undertaking Studies Under APIP's New Management Structure

The approved Annual Workplan should set the overall agenda for the forthcoming year. The Workplan will be reviewed and updated periodically to leave room for changes in GOT priorities. However, funding limitations will require that careful thought be given to the kinds and numbers of studies, which can be accomplished.

Terms of reference for the specific studies to be carried out should be drafted well in advance of the actual implementation to allow for careful review, a realistic cost estimate, required approvals, identification of local and expatriate expertise and coordination with the DGPDIA working groups.

5.1 Terms of Reference

Terms of reference (TORs) for new studies or activities will be drafted in collaboration with the DGPDIA, the resident representative, the Abt project director and the lead institution(s) that take the main responsibility in the implementation. The resident representative, in collaboration with the APIP coordinator, will take responsibility for assuring that the TORs are agreed to by interested parties and serve as the basis for studies and reports. Each TOR should be clear and concise.

Specific components of TORs will:

- 1) Situate the study in the context of ASAP and APIP. Where applicable, explain the relationship of the study with those already in progress or anticipated in the workplan.
- 2) Provide clear and realistic objectives of the study. Include questions to be answered by the study.
- 3) Clarify responsibilities of each team member, including brief a description of the role of each in report preparation. Provide a plan that gives timing of the study, qualifications of the consultants and their respective levels of effort and timing.
- 4) Describe the phases and methodology to be used.
- 5) Explain the reports to be submitted - number of draft and final - and the approximate dates of submission.
- 6) Explain roles and responsibilities of the parties involved (Abt, AID, DGPDI and others).
- 7) Estimated budget.

Terms of Reference should not exceed 4-5 pages.

In addition, specific tasks and responsibilities for members of the working group should be specified as either part of the TOR and/or in discussions among the APIP coordinator, resident representative and working group staff.

5.2 Implementation

Once the terms of reference for a study have been drafted, the following procedures should be followed:

- A. The resident representative will submit the draft TOR to the Director of DGPDIA, other interested ministries or private sector representatives and USAID for comments. The Director of DGPDIA may wish to hold a meeting to clarify certain points or make recommendations to enhance the TOR.
- B. Once the TOR is finally approved by DGPDIA and USAID and the optimal timing is decided, consultants will be identified, and GOT working group will be named. Names of the candidates will be submitted to the DGPDIA and USAID for approval. Depending on the required expertise, the identification and selection of consultants can be a lengthy process. The resident representative will work closely with DGPDIA and USAID to make this process as expedient as possible.
- C. Once candidates have been selected, the U.S.-based project manager will request written travel clearance for the expatriate consultants.
- D. DGPDIA working group will collaborate with consultants in carrying out tasks in the TOR. Weekly meetings will be held with the Director of DGPDIA and other interested parties to provide an update on the status of the study or activity.
- E. DGPDIA working group and consultant(s) will debrief the GOT and USAID at the end of the assignment.
- F. Preliminary draft report will be completed (usually in U.S.) and submitted in English or French to the resident representative in Tunis and the project director in the U.S. for review within 30 days after completion of the TDY.
- G. The U.S.-based project director will be responsible for setting up a peer review in the U.S. of the document. Up to one month will be necessary to revise the draft.
- H. Revised draft will be translated into French or English and be submitted to USAID and DGPDIA by Abt Associates through the resident representative for review.

- I. GOT and USAID comments received within 30 days will be incorporated into the final draft.
- J. These comments will be incorporated into the final draft and submitted to Abt Associates in a timely fashion.
- K. Abt will send final document to the resident representative after review of the final draft.
- L. Final draft will be translated into French and submitted to the GOT.

6.0 Issues and Resolutions

6.1 Translation

During Year I the executive summaries of all drafts were translated into French and submitted with the English draft to facilitate the GOT review process. Although the executive summaries contained major conclusions and recommendations, GOT reviewers were unable to assess the value of the study without access to the main text. It was concluded at the end of the year that drafts should be translated in their entirety in order to facilitate a thorough review of APIP studies. A budget for translation has been increased for this purpose.

6.2 APIP Contract Resources

APIP should be responsive and flexible to the changing needs of the GOT in providing policy analysis. However, the Annual Implementation Plan meetings should set the overall agenda and priorities for the year so that the qualified local and expatriate consultants can be identified and contracted with in an expedient manner.

After evaluating the results of the first year of APIP, several changes were agreed to. These include a new management structure (discussed above), and increased emphasis on dissemination of study results, support to policy dialogue and implementation. These new activities are to be accomplished through a combination of reallocation of existing resources and some additional funding.

Limited project resources mean that the project will be unable to fulfill every request for studies and still be able to have dissemination and support to policy dialogue. Each study must be tied to a precise level of effort and time table so that realistic costs can be estimated before the study is initiated. The resident representative will work with the APIP Coordinator and Director of DGPDIA to prioritize activities and to monitor costs.

APPENDIX A

7.0 Accomplishments of Year I

A contract between USAID/Tunis and Abt Associates, Inc. was signed on November 6, 1987. The contract is to provide approximately 235 person months of technical services in support of the Agricultural Policy Implementation Project (APIP). Local support of approximately 102 person months is to be provided by the GOT outside the APIP contract.

The first year Workplan followed the GOT priorities set in the initial December, 1987 meeting held in Tunis. A second meeting held in March, 1988 discussed in detail the First Year Implementation Plan.

The following section briefly describes the technical studies carried out in the first year. Figure 1 summarizes the activities (training and technical assistance) which were initiated.

7.1 The Resident Advisor

Dr. Roger Montgomery, APIP's Resident Advisor, arrived in Tunisia in January, 1988 and established a project office within the Ministry of Agriculture's DGPDIA. In collaboration with the DGPDIA, Dr. Montgomery drafted the First year Implementation Plan, wrote detailed terms of reference for the various studies implemented during the first year, coordinated, managed and provided guidance to technical assistance teams to assist in policy issue identification, choice and use of analytical techniques, problem resolution, and coordination with host country officials.

7.1.1 Establishing a Network of Policy-level and Professional Contacts

Involvement of key ministries and agencies in the project was established through a) soliciting technical reviews of Terms of Reference; b) involvement of staff from other ministries in undertaking studies; and c) involvement of decision makers from other ministries in seminars reviewing results.

In addition to the substantive contacts initiated with the Office Nationale de L'Huile, the Office de la Vigne, the Groupement Interprofessionnel des Agrumes, the Ministry of National Economy's Direction des Prix et de Controle Economique (DPCE), and the National Agricultural Development Bank (BNDA), policy discussions have been held with the Ministry of Plan and the Ministry of Finance. Workplans for the participation of both ministries in undertaking studies, training and planning were drafted and reviewed.

7.2 Technical Studies - Year I

Product Competitiveness and Export Marketing

A two-part examination of the competitiveness and the export potential of olive oil, wine and citrus fruits. The first part presents a description of key factors affecting the exportability of these products to world markets. The second part describes key factors affecting the importability of Tunisian products into North American markets.

Team Leader - John Eriksen, Ithaca International Ltd. Study participants from DGPDIA - Abdel Hakim Khaldi, Abdel Rachman Chaffai and M'Nasri Belgacem. Six draft reports were submitted in October, 1988. Comments from review of documents were incorporated into the final drafts in January, 1989.

Subsidy Reduction Input Demand, and Supply Response

The impact of subsidy reduction on fertilizer, seeds and pesticides was examined during the first year. The study is intended to help decision makers by providing a tool to monitor, evaluate and predict the effects of each round of price change.

Team Leader - Mohamed Salah Redjeb, ISG, with the participation of Mohamed Lahouel, ISG; Abt Associates - Peter Bloch, Steve Block, and Robert Romain, Abt Associates. Study participants from DGPDIA included - Mr. Akrouf, chef de file, Mr. Chouchane, Mr. Ouertani and Mr. Mzoughi. A draft report in French was submitted in October, 1988. A final draft was submitted in March, 1989.

Fertilizer Distribution and On-Farm Use

The study investigates how to increase technical efficiency of fertilizer distribution and product end-use at the farm level and how to improve financial and economic efficiencies of the fertilizer system.

Team Leader - Charles Heureux, Abt Associates with the participation of Gaston Rondia. Study participants from DGPDIA included Abdelhakim Khaldi, chef de file, Chaffai and Mr. Gmir. The final draft was submitted in French in February.

Policy Studies

The University of Wisconsin activity has several primary objectives outlined in its Implementation Plan under APiP:

- Evaluate the efficiency and distributional impacts of the World Bank Agriculture Structural Adjustment Program (ASAP) on prices, production, consumption and trade;
- Analyze the implications of alternative agricultural policy options in the context of ASAP and provide recommendations concerning the desirability of each of these options for the Tunisian economy;
- Strengthen the analytical capabilities of the DGPDIA by hands-on experience and training in policy analysis, and by developing a formal training program to complement informal training approaches.

The first year identified data availability and training required to improve policy analysis capacity within the MOA. A proposal for improving the quality of statistical data for policy analysis and research, and a plan of action for development of quantitative tools for use in policy analysis studies were submitted at the end of December.

The team from the University of Wisconsin includes Jean-Paul Chavas, Michael Roth and Cobe Johnson. DGPDIA Working Group participants include Mr. Ghoumam, chef de file, Mr. Bel Hadj, Madame Ayda Mechergui and Mr. Hamdi.

A Plan of Action for Tunisia's Cereal Sector

The first phase of a two-phase study to examine the possibility of private sector participation in the trade and processing of cereals. The first phase was initiated in December, 1988 and continued in early Year II. This study was carried out outside the APIP contract under a buy-in to the USAID centrally funded Agricultural Marketing Improvement Strategies project.

7.3 Training Activities

The introduction of new techniques of economic analysis, together with a sizeable amount of computer hardware and software require a major effort of training of DGPDIA staff and other participants in APIP. The contractors are responsible for arranging up to 12.5 person months of short-term, overseas training to meet the APIP's special needs.

On an informal basis APIP team members have been providing on-the-job training in analytical and technical procedures of the economic analyses to project participants. Other forms of informal training have consisted of short workshops and seminars given by the consultants in their particular skill areas, relevant to the project's activities. To the extent possible, courses will continue to be held in Tunisia at local institutions.

A Staff Development Plan defining courses for APIP participants was drafted. The Plan includes recommendations from the Management Audit carried out in January, 1988, recommendations from the University of Wisconsin team and ISG. Following is a list of courses appropriate for strengthening the skills of DGPDIA staff and other APIP participants:

1. **Beginning computer course - introduction to microcomputers.**
2. **Intermediate computer course.**
3. **Beginning English.**
4. **Intermediate English.**
5. **Models and techniques of decision-making.**
6. **Intermediate course in models and techniques of decision-making.**
7. **Conceptualization and administration of projects.**
8. **Economic policy.**
9. **Communications - report writing.**

Of these, several were organized and carried out under APIP during the summer of 1988.

1. Micro-computer Operations and Lotus 123 Computer Course - July/August - 1/2 - 2 weeks.
2. Operational Research Methods for Policy Analysis - Sept. - 3 weeks.
3. Econometric Methods for Policy Analysis - June - 3 weeks.
4. Modeling and Forecasting of Economic Data - Fall.
5. Beginning and Intermediate English - Fall.

LA MISE EN OEUVRE DE LA POLITIQUE AGRICOLE :

PERFORMANCES ET PERSPECTIVES

Hôtel Abou Nawas
Gammarth 24 - 25 Mai 1989

PROGRAMME

MERCREDI 24 MAI

- 8h à 9h : Enregistrement des participants.
9h à 10h : Ouverture du séminaire par Monsieur le
Ministre de l'Agriculture.
Allocution de Monsieur l'Ambassadeur des
Etats Unis d'Amérique.

THEME I : L'AJUSTEMENT STRUCTUREL

- Président de la séance : Mr. A. SADDAM
— Rapporteur : Mr. A. KHALDI

10h à 10h45 : L'Ajustement Structurel dans un contexte
global : l'expérience internationale et son
intérêt pour la Tunisie.
Dr. E. BERG

10h45 à 11h : Pause café

11h à 11h30 : L'Ajustement Structurel en Tunisie: les
orientations macro-économiques et leurs
impacts sur la politique agricole.
Dr. M. SAFRA
Commentateurs :
Mr. B. BEN AMMAR
Dr. P. BLOCH

11h30 à 12h30 : Débat

12h30 à 13h : Le Projet de Mise en Oeuvre de la Politi-
que Agricole : Ses objectifs et sa contribu-
tion dans le PASA
Mr. M. GHARBI

13h à 15h : Déjeuner

THEME II : ACCROISSEMENT DES EXPORTATIONS: Compétitivités et Marchés d'Exportation des Produits Agricoles.

— Président de la séance : Mr. M. GHARBI

— Rapporteur : Mr. A. CHEFFAI

15h à 15h30 : L'Huile d'olive
Dr. D. SISLER
Commentateurs :
Mr. A. TLILI - ONH
Mr. M. BEN SALAH - D.G.P.V.

15h30 à 16h : Les Agrumes
Dr. E. MCLAUGHLIN
Commentateurs :
Mr. M. BEN ABDELHAFIDH - GIAF
Mr. M. LASRAM - INRAT

16h à 16h30 : Les vins
Dr. G. WHITE
Commentateurs :
Mr. N. JEGHAM - O.N.V.
Mr. H. HAMMAMI - U.C.C.V.T.

16h30 à 17h30 : Débat

JEUDI 25 MAI

THEME III : REDUCTION DES SUBVENTIONS : IMPACT SUR L'OFFRE ET LA DEMANDE.

- Président de la Séance : Mr. S. MAKHLOUF
— Rapporteur : Mr. R. AKROUT

9h à 10h30 : Exposés :
— Réduction des Subventions aux
Intrants : Dr. M.S. REDJEB
— Distribution des Engrais :
Mr. C. HEUREUX
— Commercialisation des Huiles de
Mélange : Mr. R. MEDDEB

10h30 à 11h : Commentateurs :
Ms. L. TUCK BIRD
Mr. A. HAMMAMI STEC
Mr. R. TOUITI DPCE
Mr. M. CHEIKH O.C.
Mr. M. ROUISSI ONH

11h à 11h30 : Débat

11h30 à 11h45 : Pause café

THEME IV : ROLE DES SECTEURS PUBLICS ET PRIVES DANS LES MARCHES DES PRODUITS AGRICOLES.

— Président de la séance : Dr. S. HANNACHI

— Rapporteur : Mr. B. BEN AMMAR

12h à 12h30 : Exposé
— Collecte et Commercialisation des
Céréales : Dr. M. NEWMAN
Dr. M. BOUGHZALA

12h30 à 13h30 : Commentateurs :
Mr. A. DEBAYA : O.C.
Mr. R. ZERZERI : G.M. Tunis
Mr. A. BEN AYED : Poulina
Mr. M. SAMMOUD : COCEBLE

13h00 à 14h : Débat

14h à 16h : Déjeuner

TRAVAUX DE SYNTHESE

— Président de la séance : Mr. M. GHARBI

16h à 17h : Exposé des conclusions par les rappor-
teurs : MM.

- A. KHALDI - A. CHEFFAI
- R. AKROUT - B. BEN AMMAR

17h : Clôture du séminaire par Monsieur Le
Secrétaire d'Etat auprès du ministre de
l'Agriculture.

**Papers Presented at the Seminar Sponsored by APiP
and The Tunisian Ministry of Agriculture
"Structural Adjustment and Challenges for the 1990s"**

May 24-25, 1989, Tunisia

- Theme I: Structural Adjustment**
- Elliot Berg, "Structural Adjustment and Its Critics." (English only)
- Mongi Safra, "Politiques macro-economiques et politiques agricoles et leur effects." (French only)
- Theme II: Export Growth: Competitiveness and Export Markets for
Agricultural Products.**
- Dr. Daniel Sisler, "Export Commodity Study: Olive Oil."
- Dr. Edward McLaughlin, "Export Commodity Study: Citrus."
- Dr. Gerald White, "Export Commodity Study: Wines."
- Theme III: Subsidy Reductions: Impact on Supply and Demand**
- Dr. M.S. Redjeb, "The Impact of Reductions in Subsidies."
- M.C. Heureux, "Commercialisation des Engrais." (French only)
- Mr. R. Meddeb, "Commercialisation des Huiles de Melange." (French only)
- Theme IV: The Role of the Public and Private Sectors in the Markets for
Agricultural Products.**
- Dr. Mark Newman and Dr. M. Boughzala, "What Role for Public and Private Sectors in Tunisia's Grain Assembly and Import Markets."

PUBLICATIONS LIST

1. Tunisian Ministry of Agriculture, Dept. of Planning, Statistics, and Economic Analyses, with participation of Associates for International Resources and Development (AIRD), "Tunisia: Agricultural Profitability, Protection, and Comparative Advantage," June 1987.
2. John Abbott and Bechir Rassas, "Development of Agricultural Exports in Tunisia," July, 1987.
3. Harold E. Klein, William Kelly and Leonard Malczynski, "Management Audit of the Planning Unit in Tunisia's Ministry of Agriculture," January 1988.
4. Ithaca International Ltd., "Export Commodity Study: Citrus," January, 1989.
5. Ithaca International Ltd., "Export Commodity Study: Olive Oil," January, 1989.
6. Ithaca International Ltd., "Export Commodity Study: Wines," January, 1989.
7. CH.J. Heureux, M.S. Bachtta, and G. Rondia, "Possibilites d'Amelioration de la Commercialisation des Engrais Chimiques et de leur Utilisation dans les Exploitations (The Potential for Increasing the Commercialization of Chemical Fertilizers, and their Use in Agricultural Units), February, 1989.
8. Mohamed Salah Redjeb, "Reduction des Subventions aux Intrants, (Reduction of Input Subsidies), April 1989.
9. Mark D. Newman, James Ladd, Mongi Boughzala, and Badr Ben Amar, "A Plan of Action for Tunisia's Cereals Sector: First Phase Report," May, 1989.

**PLANNED VERSUS ACTUAL EXPENDITURES
NOVEMBER 1987 - JUNE 1989**

LABOR	MOD #2 LIFE OF PROJ. BUDGET	CUMULATIVE EXPENDITURES THRU 7/1/89	TOTAL BALANCE As of 7/1/89	LOP % SPENT
HOME OFFICE & ABT STAFF	\$173,571	\$78,822	\$94,749	45.41%
FRINGE	\$69,428	\$31,529	\$37,899	45.41%
OVERHEAD	\$120,875	\$59,856	\$61,019	49.52%
SITE LABOR	\$176,948	\$85,065	\$91,883	48.07%
FRINGE	\$70,779	\$34,026	\$36,753	48.07%
OVERHEAD	\$16,394	\$9,962	\$6,432	60.77%
CONSULTANT	\$257,341	\$139,937	\$117,404	54.38%
TRAVEL	\$289,527	\$94,526	\$195,001	32.65%
VEHICLE MAINT.	\$26,867	\$906	\$25,961	3.37%
OTHER DIRECTS	\$122,923	\$68,483	\$54,440	55.71%
ALLOWANCES	\$231,559	\$88,514	\$143,045	38.23%
SUBCONTRACTOR (INC. AFR. AUDIT)	\$1,368,646	\$793,105	\$575,541	57.95%
G&A (18%)	\$253,561	\$97,935	\$155,626	38.62%
G&A Subs (7.5%)	\$93,059	\$49,893	\$43,166	53.61%
HANDLING	\$10,003	\$10,003	(\$0)	100.00%
TOTAL COST	\$3,281,481	\$1,642,563	\$1,638,918	50.06%
FIXED FEE	\$215,853	\$112,516	\$103,337	52.13%
TOTAL COST PLUS FEE	\$3,497,334	\$1,755,079	\$1,742,255	50.18%

*BUDGET BASED ON CONTRACT MODIFICATION #2 EFFECTIVE JULY 11, 1989

**NOTE THAT HOME OFFICE BUDGET LINE ALSO INCLUDES ABT STAFF THAT WILL PROVIDE SHORT-TERM TA

***OFFICE STAFF INCLUDED IN SUBCONTRACTOR LINE.

**COMPARISON OF ACTUAL VERSUS EXPECTED LEVEL-OF-EFFORT (LOE)
FOR STUDIES SINCE YEAR I**

SEMI-ANNUAL REPORT, JULY 1989

ECONOMIC ANALYSES*	CONTRACTOR	EXPECTED LOE	ACTUAL LOE (CUMULATIVE)
1. Commodity Marketing Study Parts A & B - Olive oil	Ithaca ISG	6 PM 1 PM	8 PM 1 PM
2. Commodity Marketing Study Parts A & B - Wine	Ithaca	6 PM	7 PM
3. Commodity Marketing Study Parts A & B - Citrus	Ithaca	6 PM	7 PM
4. Development of Policy Analysis Methods	Wisconsin ISG	6 PM 4 PM	6 PM 2 PM
5. Subsidy Reduction Year I (Fertilizer, Herbicides, Seeds)	Abt ISG	5 PM 6 PM	6 PM 18 5 PM
6. Fertilizer Distribution Year I study	Abt CNEA	3 PM 2.5 PM	6 PM 2.5 PM
7. Agro-indust. Case - Dairy (ongoing)	Ithaca ISG	3 PM 2 PM	8 PM 2 PM
8.a Product Competitiveness Dates	Ithaca	3 PM	5.5 PM
8.b Export Marketing Dates	Ithaca	6 PM	0
9. Oil Blending	Comete	OUTSIDE APIP CONTRACT	
10. Cereals Assembly & Marketing I	Abt/AMIS DH&S	OUTSIDE APIP CONTRACT	
11. Ag. Structural Adjustment Seminar	Abt Ithaca Wisconsin ISG Berg		2 PM 1.5 PM