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PROGRESS ASSESSMENT OF THE PROGRAM ACTION PLAN
HG-004D

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Study Team

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Liste des termes et des sigles -- List of Terms and Acronyms

Caisse de Prêt et de Soutien des Collectivités Locales (CPSCL)	Municipal Development Agency
Accord de Programme d'Habitat (Garantie de l'Habitat No. 664-HG-)	Shelter Program Agreement (Housing Guaranty No. 664-HG-)
Direction Générale des Collectivités Publiques Locales (DGCPL)	Directorate of Local Government
Comité de Suivie du Développement Municipal (CSDM)	Municipal Development Monitoring Committee
Plan d'Action du Programme (PAP)	Program Action Plan (PAP)
Programme de Développement Municipal (PDM)	Municipal Development Program (MDP)
Plan d'Investissement Communal (PIC)	Municipal Investment Plan
Société Tunisienne d'Electricité et de Gaz (STEG)	National electricity and gas utility
Gouvernement de la Tunisie	Government of Tunisia (GOT)
Ministère des Finances	Ministry of Finance (MOF)
Garantie de l'Habitat	Housing Guaranty (HG)
Ministère de l'Intérieur	Ministry of Interior (MOI)
Ministère du Plan et du Développement Régional	Ministry of Plan (MOP)

EXECUTIVE SUMMARY

The HG-004D Program Action Plan (PAP) calls for major reforms and initiatives by GOT that strengthen resource mobilization and infrastructure delivery at the municipal level. The foundation for these reforms and initiatives is the Municipal Development Project's ambitious goals and resources. Under the four broad objectives of the PAP, significant progress has been made since the Program Agreement was signed in May, 1993. A summary assessment of accomplishments toward meeting the HG-004D objectives, citing significant achievements and deficiencies, follows.

Objective 1: Increase the availability of resources to finance capital improvements and/or investments through municipal borrowing at financially sustainable interest rates

The key legal and institutional steps toward establishing the CPSCL have proceeded on target: decree restructuring the Agency, installing a Board of Directors and General Director, organization chart approved and over 30 staff hired. The establishment and implementation of project financing mechanisms is ahead of the timetable in the PAP: a policy for determining the grant, loan, and local contribution has been set, the terms and conditions for providing loans have been established, manuals have been produced and officials trained in national seminars. Municipalities have received full approval for 287 projects costing 52.9 million TD as of the end of July of this year. A policy analysis on private bank financing and complementary financing models for municipal infrastructure is underway as scheduled.

There has been a delay, however, of almost a year in the creation of a formal CPSCL training plan and its implementation: drafting of the plan is underway that will be integrated into a detailed and long-term information and management plan for the Agency. The continuing challenge for the CPSCL is to improve the quality of infrastructure project requests from communes. To respond, the Agency is in the process of 1) designing an information system to monitor the financial situation of borrowers and 2) offering the consulting services of private consulting firms in the preparation of engineering studies for the smallest towns.

The assessment for objective 1: positive, major accomplishment evident

Objective 2: Improve municipal revenue collection and cost recovery performance for capital improvements and/or investments

The computerization of additional communes has proceeded on a scale and according to the same program as in recent years, enabling the benchmark to be nominally achieved on schedule. An inter-ministerial committee has worked for two years on local taxation, principally on reforming the property tax, with probable significant reform in assessment and collection mechanisms. The reform is likely to be put into law in early 1994. Increased local property tax revenues may likely be realized in 1995. An ad-hoc committee has prepared an interim report on transfer and grant reform that was not available for review at the time of the preparation of this document. Municipal training policy statements and the creation of a Training Directorate in the DGCPL as part of the structure for managing training are positive developments that satisfy the benchmarks. In addition, a Training Center has received Presidential approval and is scheduled to be created and funded in early 1994. Pre-service degree programs at the Public Admininstration School (ENA) specifically for municipal administrators have begun and training of trainers for in-service training is scheduled for October, 1993. However, a formal training plan has not yet been prepared to guide in-service training.

There has been progress toward the indicators, although in some cases not in the way originally planned in the Program Agreement. In this way, the spirit of many of the indicators has been achieved while the letter of the indicators has not. Because of the activity scheduled from now through the end of the year, progress may be improved to a satisfactory level by concerted action in the next 3 months and with the confirmation of the existence of some of the reports mentioned above.

The assessment for objective 2: satisfactory progress in light of the expected actions in the next six months

Objective 3: Improve municipal capacity to undertake public works projects using the private sector to design, manage, and execute the projects.

The TOR for a 13.5 month study of urban infrastructure financing and delivery was approved in June. Contracting a consultant, due in the PAP for 6/93, will likely take place during November or December 1993. This study draws together the major sectors of municipal service and infrastructure delivery in Tunisia in one contract, with conclusions to be ready early in 1995. The PICs have been prepared for the second time as part of VIIIth Plan. A report on private sector participation in urban services was completed in December 1992 that laid the groundwork for a major new initiative in private sector participation, PPES (HG-V). The formal PPES Program Agreement was signed by the Tunisian and United States governments on 24 August 1993, thereby expanding the awareness program and solid waste privatization activities scheduled originally as part of HG-004D. At the same time eleven municipalities have prepared bid tenders for private sector management of solid waste collection services and the GOT has begun to remove some of the procedural constraints to private participation.

The assessment for objective 3: significant progress in light of major initiatives in privatization encompassed in PPES

Objective 4: Improve the GOT policy planning and analysis capacity with respect to municipal development and decentralization.

The GOT has made the development of performance indicators one of its top priorities. Responsibility for developing an urban development performance monitoring system has been assigned to the Ministry of Plan and a senior official has been appointed to manage the effort. The TOR for the consultant assignment has been prepared and the consultant contracted to define specific objectives and identify data sources for a database to be used for evaluating municipal development projects.

The assessment for objective 4: significant progress

PROGRESS ASSESSMENT OF THE PROGRAM ACTION PLAN
HG-OO4D

I. INTRODUCTION

The goal of the $15 million Housing Guaranty Program, HG-004D, is to assist the GOT in its efforts to improve the quality of shelter and related infrastructure in poor urban neighborhoods through the improvement of decentralized infrastructure finance and management practices. The Program plans to achieve its goal through meeting the four objectives listed below.

--Increase the availability of resources to finance capital improvements or investments through municipal borrowing at financially sustainable terms.

--Improve municipal revenue collection and cost recovery performance for capital investments.

--Improve municipal capacity to undertake capital projects using the private sector to design, execute, and manage projects.

--Improve the GOT policy planning and analysis capacity with respect to municipal development and decentralization.

The Program is designed to achieve its goals through a combination of capital investment and policy development components. A Housing Guaranty loan of $15 million to the GOT will finance investments to solve pressing problems of deficient infrastructure in low-income neighborhoods. Loan disbursements are made in two tranches on the basis of progress made toward achieving the program objectives. Progress is measured against specific benchmarks regarding policy reform and capacity building. These benchmarks and a timetable for achievement are contained in the Policy Action Plan (PAP). USAID also provides support for achieving these measures through a series of grant-funded technical assistance activities.

The activities of the PAP are directly linked to the achievement of Program objectives. The Shelter Program Agreement specifies that periodic reviews undertaken by GOT and USAID will serve as a basis for determining eligibility of the GOT to draw down the HG-004D loan. The first periodic review is to assess progress achieved on the benchmarks through 30 September 1993. The PAP and a description of progress toward achieving the objectives is contained in Annex 3.

This status report and evaluation was contracted by USAID to help in assessing the progress made toward meeting the benchmarks of the PAP. The assessment included a detailed review of GOT actions, assessing the progress and effectiveness of changes undertaken, and providing a current picture of where GOT stands in decentralization and local government support efforts. In addition, the assessment includes recommendations for steps to be taken over the coming year to improve performance.

A two-person team carried out the field work for the assessment from August 25 to September 10, 1993, meeting with key persons responsible for carrying out the PAP within the central government and with local officials in three communes, ranging from large through medium to small. The team met GOT officials to debrief them in a session on 7 September and with USAID officials on 9 September.

The report that follows is divided into two sections: Section II, Findings and Recommendations, and Section III, Conclusion. Section II proceeds through each of the four general objectives of HG-004D in three steps: status of benchmarks, evaluation of the situation, and recommendations for improvement.

Section III summarizes the consultants' conclusions and recommendations.

The reader will note a wide range in the amount of attention devoted to various objectives and benchmarks: this is partly the result of the attempt to comprehensively list all PAP benchmarks of varying size and importance and deadlines past or future. At the same time the team has attempted to go beyond a narrow scoring of progress to a broader review of issues that are related to the achievement of program objectives. In this light, findings and recommendations are made at three levels. First is a basic scoring, comparing actual results in comparison to monitoring indicators stated in the Program Agreement. Second, where benchmarks or indicators appear to off the mark from the current situation, revised benchmarks and indicators are suggested for consideration and re-negotiation by USAID and the GOT. A final category of recommendations is offered with the intent of helping the GOT achieve HG-004D objectives without necessarily establishing explicit indicators. They should be considered in the spirit of the reforms rather than as contractual obligations requiring negotiation.

The consultant team wishes to thank the officials from the GOT central government agencies and municipalities and the staff of USAID who provided interviews, information and support for this assessment.

II. FINDINGS AND RECOMMENDATIONS

The Program Action Plan (PAP) was negotiated by GOT and USAID during the summer of 1992. The Shelter Program Agreement was signed in May, 1993. The timetable for PAP benchmarks sets deadlines for actions to have taken place at various points from 1992 through June 1994, as negotiated in 1992 but not re-adjusted at the time of the Program Agreement signing.

The PAP lays out specific objectives, benchmarks, and performance measures associated with the general objectives 1 through 4 of the Shelter Program Agreement. This section presents the performance measures in the same framework and order, noting briefly the status of progress then presenting the consultants' evaluation and, when appropriate, suggested actions.

OBJECTIVE 1.

1. General Objective: Increase the availability of resources to finance capital improvements and/or investments through municipal borrowing at financially sustainable interest rates

1.A Specific Objective: Establish a Municipal Development Authority (CPSCL)

STATUS:

1.A1 Benchmark: Decree establishing CPSCL's structure and resources issued (IA signing)

Monitoring Indicator: Decree issued

The CPSCL has been established as a public commercial enterprise (Etablissement Public à Caractère Industriel et Commercial) with its own budget and expenditure authority by the decree of 16 April 1992, more than one year before the signing of the HG- agreement. A second decree effective 6 June 1992 established lending conditions and financing of the reformed CPSCL.

1.A2 Benchmark: Head of CPSCL designated (IA signing)

Monitoring Indicator: Decree issued

Mr. Mabrouk Mejri took his place as Director General of the Authority in May of 1992.

1.A3 Benchmark: Initial budget provided (IA signing)

Monitoring Indicator: Board of Directors (BOD) approval

The Board of Directors for the restructured CPSCL was in place and took its initial action at a meeting on 9 July 1992.

1.A4 Benchmark: CPSCL staffed and operationalized (12/31/92)

Monitoring Indicator: CPSCL organizational chart and recruitment plan established

The Board of Directors approved the organization chart of the CPSCL at the 9 July 1992 meeting and has hired staff according this chart. With the results of the study by the Canadian consultants

due in November of this year, the agency will further recruit staff to meet a more detailed organization structure.

As of 31 July 1993, 31 staff are employed by the CPSCL, representing 75% of the number targeted for employment by the end of 1993.

1.A5 Benchmark: CPSCL staff training plan established (03/30/93)

Monitoring Indicator: CPSCL training plan approval by Board of Directors (BOD)

The study contracted to a Canadian consulting firm of staffing, management, and information systems for the CPSCL is due November 93. Approval by the BOD soon thereafter is expected.

1.A6 Benchmark: Training plan implementation started (06/30/93)

Training of secretarial staff and computer users has taken place in 1993. Further training will be guided by the training plan that will be an output of the study referred to in 1.A5.

EVALUATION

The reform of the Municipal Development Authority provides the institution with more operating autonomy compared to its previous status as a line function within the Ministry of Interior, thereby elevating the stature and visibility of the principal capital financing mechanism for municipal governments. The restructuring of the MDA has taken place in compliance with the benchmarks and deadlines of PAP. The key legal and institutional steps toward establishing the CPSCL have proceeded on target: the decree restructuring the Agency, the installing of a Board of Directors (BOD) and General Director, the approval of an organization chart and hiring over 30 staff.

There has been a delay, however, of almost a year in the creation of a formal CPSCL training plan and its implementation. However, the preparation of the plan is underway and is part of a larger study of a detailed and long-term information and management plan for the Agency. The training plan's integration into a detailed information management system for the Agency augurs well for the long-term integration of staff development into the Agency's operations.

RECOMMENDATIONS

USAID may wish to negotiate with the GOT to monitor the delivery of the training plan at the end of November, the approval by the BOD soon thereafter, and the implementation of the plan during 1994.

1.B Specific Objective: Establish financial mechanisms

1.B1 Benchmark: Publish criteria for composition of financing: (proportion of grant, loan, and municipal contribution per type of project; terms and conditions for providing loans prepared) (IA signing)

Monitoring Indicator: Decree issued

On July 9, 1992, the BOD adopted criteria for the composition of financing that specify the proportion of grant, loan, and municipal contribution per type of project (these criteria further detailed those established by the decree of June 1992). At this meeting the Board adopted the terms and conditions for lending: interest rate, reimbursement period, and grace period by type of project (established by the decree of 6 June 1992).

1.B2 Benchmark: Financial management and funds flow: develop and publish standard operating procedures (12/31/92)

Monitoring Indicator: Operational manual prepared

A preliminary version of the manual was prepared in October 1992 and a seminar took place for all communes in February 1993 to introduce the new CPSCL procedures. The final version was printed in March of 1993.

1.B3 Benchmark: 50 loans provided by CPSCL (06/30/93)

Monitoring Indicator: 50 loans approved

Ninety-four projects costing 21.7 million TD were approved by the Agency during the second half of 1992, the period corresponding to the restructured administrative and financing procedures. During the first half of 1993, the BOD gave full approval to fund 193 projects costing 31.2 million TD.

1.B4 Benchmark: 50 grants provided by CPSCL (06/30/93)

Monitoring Indicator: 50 grants approved

For the 94 projects approved during the second half of 1992 and the 193 projects during the first half on 1993, approximately half of the CPSCL contribution to projects was in the form of grants. Therefore, the indicator level of 50 grants has been surpassed.

EVALUATION

The establishment and implementation of financial mechanisms is ahead of the timetable in the PAP: a policy for composition of grant, loan, and local contribution has been set; the terms and conditions for providing loans have been established; manuals have been printed and officials trained in a national seminar.

As the result of significant organization and effort, municipalities have received full approval for 287 projects costing 52.9 million TD as of the end of July of this year. A policy analysis on private bank financing and complementary financing models for municipal infrastructure in on schedule and underway.

By accounts from field visits to communes, the communication of the reformed policies and procedures for submitting projects for financing has been clearly received. Municipal officials also were positive about the communication with the CPSCL during examination of the project requests, saying municipal officials were "able to call the *Caisse* any time to discuss the file".

The improvement of the quality of project requests is and will continue to be an ongoing challenge for the CPSCL. Priority projects that are technically well-prepared, economically rational, and that reflect a democratic process at the local level are the real indicator that the CPSCL has made real progress in municipal infrastructure development. Increasingly, the Agency will need to improve its financial analysis capacity to assess the borrowing capacity of the communes: the MIS being established will be key in improving analytical capacity at the CPSCL.

RECOMMENDATIONS

Capital improvement planning for communes is just at the first stages. In the medium and long-term, improvements of the Municipal Investment Plans (PICs) will require continual technical assistance and training, involving the CPSCL, MOI, MOP, and MOF. Technical assistance and training within the structure of the MDP will be necessary for elected officials, managers, and technicians.

Measuring progress in improving the quality of project requests submitted to the CPSCL should be of priority. The proposed actions noted below are consistent with discussions with CPSCL officials. (Not mentioned is the detailed review of individual project files, considered properly to be the domain of evaluation and audit tasks.)

- Preparation of a database for communes that provides financial profiles on 50 municipalities.

- Analysis of financial profiles to assess the borrowing capacity of communes receiving CPSCL loans, to be included in mid and end-year Activity Reports of the Agency. Suggested first publication in first semester report for 1994, due August 1994.

- Continued assistance to approximately 50 small communes in preparing engineering studies during the second semester 1994.

USAID and GOT may agree to add these actions as benchmarks with deadlines to a revised PAP. Technical assistance in the creating computer tools for modeling financial condition and lending capacity would advance this activity.

1.C Specific Objective: Establish role of private bank

STATUS

1.C1 Benchmark: Policy analysis on methods of facilitating the provision by private banks of direct loans to municipalities, private developers, or joint ventures (09/30/93)

Monitoring Indicator: TOR approved and consultants selected.

All parties have approved the TOR and Mr. Ed Robbins started his consultancy in Tunis on 6 September 1993.

1.D Specific Objective: Define project identification criteria--technical, financial, and implementation feasibility

STATUS

1.D1 Benchmark: Prepare and disseminate standard forms and checklists to target municipalities (12/31/92)

Monitoring Indicator: Operational guide prepared

The CPSCL operational guide prepared for communes (See I.B2) in final version March 1993 including standard forms and checklists.

1.D2 Benchmark: 50 loan requests received at CPSCL (06/30/93)

Monitoring Indicator: 50 project studies completed

See I.B3 and I.B4 above.

1.D3 Benchmark: 20 completed project applications reviewed by CPSCL (06/30/93)

Monitoring Indicator: 20 projects appraised

See I.B3 and I.B4 above.

EVALUATION

Remarks pertinent to this specific objective are presented in 1A and 1B above.

RECOMMENDATION

Proposed benchmarks and indicators recommended in 1A and 1B above are intended to respond to specific objective 1D. No further recommendations are proposed here.

1.E Specific Objective: CPSCL institutional and policy analysis

STATUS

1.E1 Benchmark: Policy study on CPSCL complementary financing models contacted (06/30/93)

Monitoring Indicator: TOR prepared and consultants selected

All parties have approved the TOR and Mr. Ed Robbins started his consultancy in Tunis on 6 September 1993.

1.E2 Benchmark: New Policies adopted to respond to study findings (06/30/94)

Monitoring Indicator: Study findings reviewed by Board of Directors

Results of consultant's report due during the third quarter of 1993 and to be submitted to CPSCL Board thereafter.

OBJECTIVE 2

2. General Objective: Improve municipal revenue collection and cost recovery performance for capital improvements and/or investments

2.A Specific Objective: Improve municipal resource mobilization

STATUS

2.A1 Benchmark: Prepare a program for computerizing management of existing local taxes (06/30/93)

Monitoring Indicators: Implementation of computerized management systems for local taxes in 10 municipalities

Currently, 109 communes are computerized, about one hundred of which have completely computerized the property tax. Under the 1993 program, approximately twenty additional communes were to be computerized of which ten have already completed the process.

For the majority of these communes, computerization involved:

- equipment procurement;
- acquisition of software: essentially property tax and payroll;
- mastery of these two applications.

In practice, the computerization of local taxes consists of the computerization of the property tax for which the majority of communes have acquired software from the National Computer Center (CNI). To our knowledge only very few communes have an alternative system: Sfax and Sousse have internally developed systems and Kairouan a USAID/RTI system.

In terms of coverage of municipalities, the 109 communes already represent a very large proportion of the urban population: large and medium sized communes were the first to be computerized.

In terms of the quality of computer systems, one can make the following observations:

- the software developed internally by communes (Sfax and Sousse) seems to meet the needs of these communes to manage the property tax. These communes have the necessary manpower to adapt the systems as needs change. In the case of Tunis, not much information is available (the computerized process for the property tax does not seem to be fully operational);

- As for communes with the CNI software, real advantages have been noted: computerized files, rapid printing of tax rolls and notices. Apparently though, the possibilities for adaptation by the communes are few because CNI provided closed systems. Thus, the development of statistical analysis is limited and, in general, the use of the database of taxpayers by the commune for other purposes (such as the identification of project

beneficiaries) is out of the question;

- The development and the introduction of other applications which had initially been foreseen by the CNI and the MOI are not progressing as expected. However the civil records application is being installed in communes;

- This deficiency affects almost all communes. Only the large communes (Sfax, Sousse, Tunis) have managed to develop other very useful applications by their own means. In the case of Sousse, for example, budgetary control is being set up as well as monitoring service costs (a prerequisite for a cost accounting system). This case is an illustration of the advantage of autonomous development especially for large and medium size communes. These initiatives would gain by support from external assistance (CNI or private firms);

- Since the introduction of widespread computerization in 1988, the Administration has twice evaluated the results of its program.

EVALUATION

The effort towards computerization undertaken since the 80's is significant and has started to provide tangible results: an improvement in the property tax collection rate and growing familiarity with the use of computers. While computerization continued at a rapid pace in 1993, its quality and scope remain below expectations in the following ways:

- the lack of a fully integrated property tax collection function in the CNI software (lack of payment data and issuance of enforcement notices);
- data on taxpayers cannot be used for other purposes;
- closed systems that cannot be used to fullest advantage.

RECOMMENDATION

The effort towards computerization should be continued in order to reach the remaining unserved communes. However, based on the results of the next evaluation, more thought should be given to the manner in which municipalities are supported in their effort to computerize. Pending this evaluation, the following issues should be considered:

- recruitment and training of computer specialists;

- financing equipment (to be undertaken by the MDA);

- besides the major applications such as civil records, the government should provide assistance to communes in their dealings with the private sector, which should be more involved in developing new applications. This option seems the most appropriate in an environment characterized by the widespread use of micro-computers and the promotion of private sector capacity.

Proposed planning and indicators

- evaluation of the computerization policy (12/93)
- terms of reference for computerization or adaptation of existing software for the reformed

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property tax (4/94)
- terms of reference for 3 other applications (6/94)
- twenty additional communes equipped with hardware and training for required staff (6/94)

2.A2 Benchmark: Complete policy study on local tax reform (12/31/93)

Monitoring Indicator: Local tax reform report submitted to GOT

This reform is a major concern of the Municipal Development Project (MDP), one of the objectives of which is a greater mobilization of financial resources for local government. Reform efforts focus principally on the property tax because its significance and its complexity. However, one should point out that indirect taxes and fees, the schedule of which is fixed by decree, have also been recently revised (28 November 1990). The positive impact of this revision was felt in the revenue generation of 1991 and 1992.

A permanent multi-departmental commission is responsible for preparing the local tax reform. The commission includes representatives of the Ministry of the Interior, the Ministry of Finance and the communes. Almost 80 meetings essentially devoted to the property tax have taken place over the last two years. The commission focussed primarily on criteria and procedures for determining the property tax base or property value, which previously had not been defined by law and was left to the discretion of the communes. The commission opted for tax assessment based on the market value of the property. Under the reforms the property value would be obtained by:

- fixing the cost of construction per m2 of housing (present value);
- multiplying the cost of construction by the surface area of housing;
- dividing by 50 the resulting value to obtain the annual tax assessment (estimated period of amortization is 50 years).

This method of calculating the tax base would be applied to 4 categories of dwellings based on square footage. A range for the tax rate would be fixed between 8 and 14 percent. With respect to rental housing, the commission opted to retain the real rental value (determined by the lease) to which would be applied the same tax rate as for owner-occupied housing. An exemption would be granted for dwellings whose surface area is less than 30 m2 and a ceiling would be established. In addition, the commission has proposed an alternative, more efficient method of collection by adding tax billing to electricity bills.

To test its alternatives, the commission conducted a series of surveys carried out on a sample of 44 communes including Tunis, Sousse, and Sfax. The different alternatives for calculating the tax base and the rates were communicated to these communes who proceeded to calculate the impact on a sample of properties (up to 30% of tax payers in some cases). In order to carry out their work, the communes, 80% of which do not at present use square footage as an element in tax assessment, had to gather this information through field surveys or by using building permit files for properties where this information was available.

In general the surveys revealed that the total impact of the reform would be a 3% to 4% increase in property tax revenues with increases on more expensive properties but reductions in tax value on cheaper housing.

Progress on the property tax reform can be summarized as follows.

- The commission forwarded its recommendations with respect to the reform to the political authorities who approved these in June, including the tax assessment methodology and mode of collection;

- The commission was asked to undertake further study to differentiation between two properties that would be identical according to the proposed mode of calculation but would be located in two different environments;

- The National Electricity and Gas utility (STEG) has been asked to undertake a feasibility study with respect to collection.

According to the commission, the matter will be finalized, following the additional studies by the end of the year and the new law would be enacted at the same time or at the latest by the end of the first quarter of 1994.

EVALUATION OF THE PROGRESS OF THE REFORM OF LOCAL TAXATION

A substantial effort has been made to prepare the reform, reflecting the considerable means involved in the process: mobilization of a commission for two years and broad participation of communes in the impact study.

While the use of a multi-departmental commission has the advantage of building a stronger consensus and thus enhancing the possibility of a successful reform, it nevertheless has requires considerably more time, particularly compared with the time required for a consultant study.

The spirit of the property tax reform and the selected options contain positive elements: simplification, rationalization, and dealing with the thorny question of collection. Additional suggestions, however, could be made in the spirit of decentralization. In this respect, the establishment of a tax rate bracket from which local governments may choose would be more appropriate than the decision to set a specific rate at the central level. The rate bracket option would be more suitable for the transition period in view of the significant differences in assessed value among communes (average in Kairouan is 9D per parcel; Sousse 45D/parcel; Rades 50D/parcel).

Modalities for the rapid application of the reform should constitute one of the commission's concerns. The following issues should be taken into account:

- the need to undertake surveys to gather new information required for tax assessment;
- the need to adapt existing property tax software;
- training requirements;
- coordination with the communes that are scheduled to conduct their periodic revaluation before the enactment of the reform. This coordination should be between the central oversight agencies, communes and tax collectors.

One of the objectives of the commission remains the enactment of one single code of law for local taxation. Therefore, it is urgent to find solutions to the principal problems of other local taxes:

- for the TCL (business tax): the problems of referencing to the 1975 property tax value, ceiling, and companies with multiple branches;
- indirect taxation: continued effort to adapt fee schedules to take into account real service

costs (1990 decree);
- tax on un-improved land (TNB) and other urban taxes related to urban planning regulations;
- frontage fees.

PLANNING AND INDICATORS

One of the major recommendations is to set and respect a realistic timetable. One could suggest the following timetable:

- finalize the reform by 12/31/93;
- enact the new law in the first quarter of 1994;
- coordination with tax collectors;
- collection of the reformed property tax in the beginning of 1995.

2.A3 Benchmark: Local tax reform approved (12/31/93)

Monitoring Indicator: Decree issued

The enactment of the local taxation law is foreseen for the end of 93 or at latest the first quarter of 1994.

EVALUATION

The timetable established for this indicator can be respected.

The specific recommendations for this indicator are detailed under 2A.2.

2.A4 Benchmark: Start the implementation of the local tax reform (06/30/94)

Monitoring Indicator: Start implementation of local tax reform in a RSM

Because this concerns a national reform of local taxation, this reform will be applied to all communes.

EVALUATION/RECOMMENDATION

The application of the reform to all communes will be undertaken according to the calendar proposed under 2A.2.

2.B Specific Objective: Improve municipal financial management capabilities

STATUS

2.B1 Benchmark: Policy analysis for improving the system of central-local budget and grant allocations (06/30/93)

Monitoring Indicator: Report prepared by an ad-hoc committee (6/93)

The action specifically concerns the Municipal Common Fund (FCCL) as other aspects of grant

allocation were resolved through the criteria for financing capital projects (see 1B.1). An ad-hoc committee has prepared a preliminary report on the FCCL, but which was not made available to the study team. As part of that document, the administration opted for a more detailed study which would be funded under the DPS (cost $40 000).

EVALUATION/RECOMMENDATION

The following calendar could be recommended for the in-depth study:

- prepare the terms of reference for the study: 10/31/93;
- undertake the study and prepare the report: 10/31/93;
- possible application of the reform (depending on the conclusions of the report): 1995 fiscal year.

2.B2 Benchmark: Introduction of analytical/cost accounting in a representative sample of municipalities (RSM), in particular for services to be privatized (06/30/93)

Monitoring Indicators: Study of cost accounting completed; new system implemented in an RSM

The GOT approach has been to encourage a small number of municipalities to experiment with their own systems (three to date). A study will follow to evaluate these experiences. Furthermore, HG-V, Private Participation in Environmental Services, proposes a series of actions to further understanding of the costs of certain services likely to be privatized. For example, technical assistance to a sample of municipalities for the establishment of the real cost of household waste collection is proposed (9/94).

EVALUATION/RECOMMENDATION

The study on cost accounting is behind schedule. In this respect the following could be recommended:

- prepare the terms of reference for the study 11/30/93;
- complete the study 03/31/94.

2.B3 Benchmark: Action plan for training of municipal staff prepared

Monitoring Indicators: Training structure established and training policy defined (12/31/92); National training plan prepared (06/30/93).

On the institutional level, the following can be noted:

- the identification of a training strategy was the object of a report established by the Ministry of Interior;
- the creation by decree of a Training Directorate within the Directorate general of Local Government with its director appointed in September 92. The structure is divided into two sub-directions (training and studies, technical assistance) and has two executives (Director and Deputy Director)
- preparation of a study on the creation of a National Training Center for local government and regional administrative staff. The center, the mission of which would be to manage and conduct in-service for training existing personnel training and basic training for new recruits, could be operational by the beginning of 1994;

- on the regional level, the Directorate of Local Government (DGCPL) plans to create regional directorates to implement many national programs.

The following implementation accomplishments should be noted:

- the training implementation of:
  - pre-service training: two classes graduated from ENA with degrees in local government administration;
  - creation of three other local government courses at ENA (administrative advisors, administrative secretaries and attachés for Local Government).
- The 1993 training program includes several actions:
  - five seminars organized by ENA (financed by Germany);
  - a seminar organized by the MDA on project preparation and financing;
  - seminars organized by the Directorate of Local Government and the DGAR on different topics pertaining to local management;
  - a training of trainers in cooperation with USAID conducted in October 1993;
  - specific training activities for:
    - communal personnel in computerization of civil records;
    - heavy equipment drivers (National Training Office).

EVALUATION

The present situation seems to be characterized by:

- weak capacity at the institutional level and staff level to carrying out an ambitious national program;
- although the training structure within the Directorate of Local Government has been set up, it still lacks experienced personnel to design and implement the training program;
- Furthermore, the rhythm, the scope and the type of training in 1993 are still much as as they were before:
  - prevalence of sporadic activities;
  - emphasis placed on information dissemination and awareness building rather than skills training;
  - lack of a short-term program that is consistent with a long-term program;
  - absence of a financing policy to meet priority needs;
  - absence of a needs assessment based on performance objectives.

As a result of weak staff capacity, there are difficulties in:
- identifying needs;
- designing a program (objectives, resources, methods) in sufficient detail to enable the allocation of funds and implementation (identify priorities topics, identify trainers, establish contracts, costs and schedule).

With a view to having an operational structure in place, the creation of a specialized center is positive. However, there remains to:

- clarify the relationship between the Training Directorate and the future center;
- define the role of the center in an environment where the public and private training capacity exists but has to be adapted to the needs of communes;
- define the legal and operating characteristics of the center.

The preparation of a detailed training program for 1994 is a critical need.

RECOMMENDATION

At the institutional level, the option of a center with sufficient autonomy and flexibility in financial management is well adapted to the situation and to the objectives set at the national level.

On the operational level, the preparation of the detailed program for 1994 (see above) should be undertaken with outside specialized assistance as soon as possible.

Proposed schedule:

- Creation of the center 12/31/93;
- Terms of Reference and technical assistance contract 10/31/93;
- Preparation of the 1994 program (12/31/93).

2.B4 Benchmark: Implement training plan in a RSM (06/30/94)

Monitoring Indicator: number of training sessions provided

The approach adopted is to provide training without a specific focus on a group of communes.

EVALUATION/RECOMMENDATION

For this indicator it would seem appropriate to measure the intensity of the training effort directly related to the improvement of the capacity of municipal staff. In quantitative terms, intensity could be measured in terms of the number of person-days of training provided to municipal staff. The level of this indicator for a given period could be agreed between AID and the GOT on the basis of a target trend compared to the preceding period. At the same time, the impact of training should be measured by real improvement in municipal performance.

OBJECTIVE 3

3. General Objective: Improve municipal capacity to undertake public works projects using the private sector to design, manage,and execute the projects

3.A Specific Objective: Strengthen municipal capacity for the provision and financing of urban infrastructure

STATUS

3.A1 Benchmark: A series of studies contracted to conduct a comprehensive policy study on the provision and financing of urban infrastructure and services; in particular a study on cost recovery systems for municipal-level investments

Monitoring Indicator: TOR prepared (11/30/92); Consultants selected (03/31/93); Consultants contracted (06/30/93).

The TOR for this series of studies has been regrouped into one study on urban public

infrastructure and services (ISPU). The TOR was completed in June of 1993. DSP will finance the study. USAID is expected to contract with a consultant for the 13.5-month study by the end of 1993.

3.A2 Benchmark: Studies completed (06/30/94)

Monitoring Indicator: Seminar on studies conclusions and recommendations organized.

The duration of the study as planned in the TOR does not permit conclusions in final report form to be presented in a seminar within the schedule required by the benchmark.

RECOMMENDATIONS

The benchmark of contracting the study may feasibly be set at 12/31/93. The completion of the report, scheduled 13.5 months later, will likely experience delay and take between 18 and 24 months.

A seminar before the end of 1994 is possible given the study schedule--only if there is no delay in contracting and implementation. Such a seminar could take place after the production of Phase B report on recommendations and implementation of reforms and before the final report would be prepared. This is outside the current TOR.

3.B Specific Objective: Develop multi-year municipal investment program (PIC)

STATUS

3.B1 Benchmark: Preparation of a five-year investment program on the basis of guidelines from GOT's Eighth Plan (12/31/92)

Monitoring Indicator: Report on physical and financial contents of PICs prepared.

A list of projects adopted for each commune under their PICs has been prepared.

3.B2 Benchmark: Preparation of methodology for feasibility-based PICs (12/31/92)

Monitoring Indicator: Operational manual for preparation and approval of PICs feasibility prepared.

The methodology for PIC preparation was included in the Operations Manual prepared in November 1992 to introduce communes to the operations of the restructured CPSCL. This methodology was used to prepare project financing requests to the CPSCL the second half of 1992 and beginning of 1993.

EVALUATION

An initial assessment of the feasibility of each PIC is required by the CPSCL whenever a financing request is submitted by a municipality. This approach generally allows the CPSCL to confirm or correct the PIC contents, particularly the implementation schedule. The preparation of the first PICs in 1990-91 was not characterized by the desired level of rigor.

After the preparation of PICs for the VIIIth Plan (1992-96), it may be useful to review the procedures for the development of capital investment plans for the IXth Plan (1997-2001) which should start in the second half of 1994, at the same time as the preparation of the national plan. If the methodology for the development of the PICs for all municipal governments is well thought out, it will require concerted collaboration of central government service agencies, the regional oversight departments (of the Ministry of Interior), and municipalities. This action, although outside the bounds of HG-004D, could be appropriate for technical assistance if agreed to by USAID and the GOT.

3.C Specific Objective: Encourage private sector participation in the design, management, and execution of urban development projects

STATUS

3.C1 Benchmark: Preparation of a municipal awareness program on a greater involvement of the private sector in the design, supervision, and implementation of municipal development projects

Monitoring Indicator: Completion of report on private sector participation in the different stages of municipal development projects

3.C2 Benchmark: Implementation of the municipal awareness program (12/31/93)

Specific Objective: Seminar or any other relevant activity organized on municipal awareness program

EVALUATION

In the fall of 1992, USAID funded a study of the status of private sector participation in urban services. The study revealed that there is a significant degree of experience already using the private sector in specific services, particularly planning and engineering firms in the design and construction of infrastructure and individual entrepreneurs in the management of municipal wholesale markets. The report has served as background for HG-V, for which the Program Agreement was signed on August 23, 1993. The PACT identifies assistance in the preparation of model contracts for private sector services, to potential private sector providers, to NGO's that could play a role in public awareness programs, for pilot projects involving private sector participation in a key service such as solid waste or waste water management.

In addition, a number of recently implemented regulatory changes, such as prompt payment requirements, were intended to remove financial constraints to private sector participation. As a result of one municipality's initiative to use the private sector in garbage collection, further changes were made, such as increasing the allowed duration of contracts. Eleven municipalities have recently tendered bids for private sector participation in solid waste collection.

3.D Specific Objective: Encourage private sector provision and delivery of urban infrastructure

STATUS

3.D1 Benchmark: Implement privatization activities in a RSM with emphasis on solid waste management

Monitoring Indicators: Analysis report on privatization activities already undertaken (06/30/93); Seminar on privatization of municipal services organized (09/30/93); Standard procedures for privatization of municipal services established (12/31/93); X number of municipal services privatized (06/30/94)

EVALUATION

The GOT has moved rapidly on HG-V which focuses on a much larger scale then envisaged by this objective on private sector participation in urban services. It will include solid waste and waste water activities in pilot cities and a variety of policy reform activities, as indicated in the discussion of Objective 3.C.

RECOMMENDATION

The benchmarks for Objective 3.C and 3.D has been superseded by the more ambitious program of HG-V. Therefore, they should be eliminated in favor of either new benchmarks or strengthening existing benchmarks. For example, achievements under Objective 2.B, central/local fiscal relations and municipal training, have not met the project schedule and could therefore be strengthened.

OBJECTIVE 4

4. General Objective: Improve the GOT's policy planning and analysis capacity with respect to municipal development

4.A Specific Objective: Establish a structure to plan, monitor, coordinate, and evaluate municipal development interventions

STATUS

4.A1 Benchmark: Establish a monitoring system to (i) measure the impact and achievements of GOT's objectives with regard to municipal development; and (ii) evaluate municipal development projects including HG-004D (03/31/93)

Monitoring Indicator: TOR for consultant assignment prepared

The parties have agreed on a TOR and the work was contracted in May of 1993. In June, MOP representatives met with the consultant to discuss the scope of the monitoring system and approaches to its design. A concept paper that describes the approach has been prepared and will be circulated among the ministries and agencies that will constitute the working group responsible for design and implementation. Preparatory work will start in October and the first draft of indicators will be produced in December 1993.

III. CONCLUSION

Summary of Recommended Changes to Benchmarks/Indicators and Deadlines
(underlining indicates proposed indicator not in current PAP)

Specific Objective	Recommended Benchmark/Indicator	Deadline
1.A Establish a Municipal Development Authority (CPSCL)	CPSCL training plan approval by the BOD	01/31/94
	Training activities started	02/28/94
1.B Establish financial mechanisms at the CPSCL	Preparation of a database for communes that provides financial profiles on 50 towns.	06/30/94
	Analysis of financial profiles to assess the borrowing capacity of communes receiving CPSCL loans, to be included in mid and end-year Activity Reports of the Agency.	08/31/94
	Continued assistance to small communes in preparing engineering studies. Number to be negotiated for second semester 1994--approximately 50 communes.	06/30/94
2.A Improve municipal resource mobilization	Evaluation of computerization assistance policy to communes	11/30/94
	Prototype conceptual design study performed for reformed Property Tax	04/30/94
COMPUTERIZATION	Prototype conceptual design study performed for 3 other applications	06/30/94
	Additional 20 communes supplied with computer hardware and initial training given to staff	06/30/94
FISCAL REFORM	Fiscal reform act enacted	03/31/94
	New property tax assessment completed for all communes so that 1995 revenues will reflect new procedures (rewording of 2.A4)	12/31/94
2.B Improve municipal financial management capabilities	Policy analysis for central-local grant allocation report prepared	03/31/94
	TOR for technical assistance in preparing a training plan for 1994	10/31/93
	Decree establishing Training Center enacted and Training Plan for 1994 approved (reworded 2.B3)	12/31/93

3.A Strengthen municipal capacity for the provision and financing of urban infrastructure	Study of production and financing of urban infrastructure: consultants contracted	12/31/93

ANNEX 1 : LIST OF CONTACTS

USAID/RHUDO/NENA

Painter, David	Director
Kraem, Fethi	Housing Advisor
Smith, Lane	Housing Advisor
Walter, Bonnie	Housing Advisor
Robbins, Ed	Consultant
Minis, Hal	Consultant

Ministry of Interior, Local Government General Directorate

Boussataa, Salah	General Director
Bennani, Aisha	Asst. Director, Training Directorate
Trabelsi, Nejib	Chargé de Mission, Director of Municipal Development Project Unit
Zakhama, Heddi	Director of Local Finance

Municipal Development Agency (CPSCL))

Mejri, Mabrouk	Director General

Ministry of Finance, General Directorate of Taxation

Bouden,	Director General

Ministry of Plan

Bellaluna, Rachid
Gafsi, Henda
Ghannouchi, Nourredine

Municipalities

Troudi, Jemaa	Property Tax Director, Kairouan
Mosbeh, Abdelkarim	Secretary general, Sousse

ANNEX 2: WRITTEN SOURCES

Etude sur la Production et le Financement des Infrastructures et Services Publics Urbains, Termes de Référence. Document préparé par Denis Lesage pour le compte de l'USAID/Tunisie-RHUDO et du Ministère du Plan et du développement Régional (Tunis: juin 1993).

Governance and Democracy Strategy: Decentralization Component. Report prepared for USAID/Tunisia by Research Triangle Institute (18 pages). (December 1992).

Note Relative à la Composante "Formation". Projet de Developpement Municipal, Ministère de l'Intérieur, Cellule de Suivi du P.D.M. et Direction de la Formation (22 pages). (Tunis: décembre 1992).

Note Relative a la Formation du Personnel des Collectivites Publiques Locales. USAID/RHUDO/NENA (Tunis: 1993).

Private Participation in Environmental Services Program (PPES) 664-0356/HG-V (Project Paper). USAID Tunis/PADCO (Tunis: 12 July 1993).

Projet de Développement Municipal, Rapport Intermédiaire, Vol. I. Sections A: Renforcement du cadre institutionnel, B: Accroissement des Capacités de gestion municipale, E: Formation et recyclage du personnel municipal, SIDES Groupe Huit, BREEF (Tunis: décembre 1989).

Shelter Program Agreement between The Government of Tunisia and the United States of America (Housing Guaranty No. 664-HG-), (Tunis: May 13, 1993).

Tableau Recapitulatif du Programme de Formation et Recyclage des Cadres et Agents des Collectivités Locales. DGCPL (Tunis: février 1993)

ANNEX 3

PROGRAM ACTION PLAN HG-004D

STATUS AS OF SEPTEMBER 30, 1993

STATUS OF HG-004D PROGRAM ACTION PLAN BENCHMARKS, AS OF SEPTEMBER 30, 1993

BENCHMARKS FOR DISBURSEMENT	MONITORING INDICATORS	RESULTS
1.A1 Decree establishing CPSCL's structure and resources issued; 1.A2 Head of CPSCL designated; 1.A3 Initial Budget provided; 1.A4 CPSCL staffed and operationalized; 1.A5 CPSCL staff training plan established; 1.A6 Training Plan Implementation started.	1.A1 Decree issued; 1.A2 Decree issued; 1.A3 Board of Directors (BOD) approval; 1.A4 CPSCL organizational chart and recruitment plan established; 1.A5 CPSCL training plan approval by Board of Directors (BOD); 1.A6 Training activities started.	1.A1 Decree promulgated 4/16/92; 1.A2 Mabrouk Mejri named PDG via decree promulgated May 1992; 1.A3 Initial Budget approved by BOD on July 9, 1992; 1.A4 Organigram and personnel recruitment plan approved by BOD July 9, 92; 1.A5 Study to develop Training Plan is in progress. Initial report is due 11/93; 1.A6 Awaiting completion of Training Plan.
1.B1 Publish criteria for composition of financing: proportion of grant, loan and municipal contribution per type of project; Terms & Conditions for providing loans prepared; 1.B2 Financial Management & Funds Flow: Develop and publish Standard Operating Procedures; 1.B3 50 Loans provided by CPSCL; 1.B4 50 Grants provided by CPSCL.	1.B1 Decree issued; 1.B2 Operational manual prepared; 1.B3 50 Loans approved; 1.B4 50 Grants approved.	1.B1 Decree passed 6/6/92; Decree formally adopted as CPSCL policy by BOD 7/9/92; 1.B2 Draft manual disseminated 10/92, followed by national seminar to train municipalities in 2/93. Final version of Operations manual published and distributed March 1993; 1.B3 287 projects totalling TD 52.9 million have been approved; 1.B4 Approximately 50% of CPSCL contribution to the 287 approved projects is in the form of grants.

STATUS OF HG-004D PROGRAM ACTION PLAN BENCHMARKS, AS OF SEPTEMBER 30, 1993

BENCHMARKS FOR DISBURSEMENT	MONITORING INDICATORS	RESULTS
1.C1 Policy analysis on methods of Private Bank facilitating the Provision by private Banks of direct loans to Municipalities, Private Developers or Joint Ventures.	1.C1 TOR approved and consultants selected.	1.C1 First draft of study is under review.
1.D1 Prepare and disseminate standard forms and checklists to target municipalities; 1.D2 50 loans requests received at CPSCL;	1.D1 Operational guide prepared; 1.D2 50 project studies completed;	1.D1 Operational Guide disseminated in March 1993; 1.D2 287 projects evaluated and accepted;
1.D3 20 completed project applications reviewed by CPSCL;	1.D3 20 projects appraised.	1.D3 Ditto.
1.E1 Policy study on CPSCL complementary Financing Models; 1.E2 New Policies adopted to respond to study.	1.E1 TOR prepared and consultants selected; 1.E2 BOD's meeting	1.E1 First draft of study is under review; 1.E2 N/A.

STATUS OF HG-004D PROGRAM ACTION PLAN BENCHMARKS, AS OF SEPTEMBER 30, 1993

BENCHMARKS FOR DISBURSEMENT	MONITORING INDICATORS	RESULTS
2.A1 Prepare a program for computerizing management of existing local taxes;	2.A1 Implementation of computerized management system of local taxes in 10 municipalities;	2.A1 109 municipalities have computerized property tax management systems; another 20 municipalities are currently installing the capacity;
2.A2 Complete Policy Study on local tax reform;	2.A2 Local tax reform report submitted to GOT;	2.A2 An interministerial committee has studied the issues and submitted a preliminary set of recommendations regarding the assessment and billing mechanisms for the property tax. These recommendations were accepted in principle by the senior levels of the concerned ministries and additional feasibility studies are now under way prior to the changes being formalized in law;
2.A3 Local Tax reform approved; 2.A4 Start the implementation of the Local Tax reform.	2.A3 Decree issued; 2.A4 Start implementation of local tax reform in a RSM.	2.A3 N/A; 2.A4 N/A.
2.B1 Policy Anlaysis for improving the system of central-local budget and grant allocations;	2.B1 Report prepared by a ad-hoc committee;	2.B1 An Ad-Hoc Committee has examined the issues related to the distribution of the FCCL. The GOT has asked AID to provide specialized expertise to examine the issues in depth;
2.B2 Introduction of analytical/Cost Accounting in a representative sample of municipalities (RSM), in particular for service to be privatized;	2.B2 o Study on analytical accounting completed; o New system implemented in a RSM;	2.B2 Three large municipalities have established pilot analytical accounting systems and the GOT is now preparing TORs for a study to draw lessons from these pilot efforts;
2.B3 Action Plan for Training of Municipal staff prepared;	2.B3 o Setting up of training structure and training policy defined; o National training plan prepared;	2.B3 A Directorate for Training has been established and Director and Assistant Directors have been named, effective September 1992. A National Municipal Training Strategy was promulgated by the Ministry of Interior and transmitted to the World Bank in January 1993.

STATUS OF HG-004D PROGRAM ACTION PLAN BENCHMARKS, AS OF SEPTEMBER 30, 1993

BENCHMARKS FOR DISBURSEMENT	MONITORING INDICATORS	RESULTS
2.B3 (CONT'D) Action Plan for Training of Municipal staff prepared;	2.B3 (CONT'D) o Setting up of training structure and training policy defined; o National training plan prepared;	2.B3 (CONT'D) The TORs for a study to develop a National Training Plan are being developed by the GOT. While awaiting the development of a formal Plan, the GOT has been implementing and an ad-hoc program including: Two classes of Municipal Administrators graduated by ENA and the establishment of core curricula for three sub-specialties of municipal administrators; and, focused seminars on topics such as project preparation for the CPSCL, computerization of the civil registry and maintenance of municipal equipment;
2.B4 Implement Training Plan in a RSM.	2.B4 X nbr of training sessions provided.	2.B4 N/A.

STATUS OF HG-004D PROGRAM ACTION PLAN BENCHMARKS, AS OF SEPTEMBER 30, 1993

BENCHMARKS FOR DISBURSEMENT	MONITORING INDICATORS	RESULTS
3.A1 A serie of studies contracted to conduct a comprehensive Policy study on the provision and financing of urban infrastructure and services; in particular a study on cost recovery systems for municipal level investments;	3.A1 o TOR prepared; o Consultants selected; o Consultants contracted.	3.A1 The TORs have been developed for this study and an RFP is in preparation for launching November 1993;
3.A2 Studies completed.	3.A2 Seminar on studies conclusions and recommendations organized.	3.A2 N/A.
3.B1 Preparation of a Five-Year Investment Program on the basis of guidelines from GOT's Eighth/Plan; 3.B2 Preparation of methodology for feasibility-based PIC's.	3.B1 Report on physical and financial contents of PICs prepared; 3.B2 Operational manual for preparation and approval of PICs feasibility prepared;	3.B1 A list of projects prepared by each municipality for inclusion in the National Municipal Investment Program has been prepared; 3.B2 A methodology for feasibility based preparation of PICs was published as part of the Operations Manual of the CPSCL in March 1993.
3.C1 Preparation of a municipal awareness program on a greater involvement of the private sector in the design, supervision and implementation of municipal development projects;	3.C1 Completion of report on private sector participation in the different stages of municipal development projects;	3.C1 A lengthy review of the potential for private sector participation in municipal activities was prepared and reviewed in January 1993. The GOT has now launched a major initiative, the PPES Program, to increase private participation in the provision and financing of urban environmental services (water, sewer, drainage and low income land development). A Shelter Program Agreement was executed with USAID/Tunisia in August for the five-year $50 million HG Program;
3.C2 Implementation of the municipal awareness program.	3.C2 Seminar or any other relevant activity organized on municipal awareness program.	3.C2 N/A.
3.D1 Implement privatization activities in a RSM with emphasis on Solid Waste Management.	3.D1 o Analysis report on privatization activities already undertaken prepared; o Seminar on privatization of municipal services organized; o Standard procedure for privatization of municipal services established; o X nbr of municipal services privatized.	3.D1 Apart from the report cited in 3.C1 above, the GOT has established a calendar for preparing a report on certain services that are being privatized and organizing a seminar on the topic for selected municipalities. In addition it has prepared and disseminated a model contract and summary of "lessons learned" for the subcontracting of solid waste collection services. To date eleven municipalities have launched RFPs for such subcontracting.

STATUS OF HG-004D PROGRAM ACTION PLAN BENCHMARKS, AS OF SEPTEMBER 30, 1993

BENCHMARKS FOR DISBURSEMENT	MONITORING INDICATORS	RESULTS
4.A1 Establish a data base aiming at: (i) measuring the impact and achievements of GOT's objectives with regard to Municipal Development; and (ii) evaluation of Municipal Development projects including HG-004D.	4.A1 TOR for consultant assignment prepared	4.A1 The TORs have been established a contract let, and a TA mission has been undertaken. The GOT is now reviewing a Concept Paper for the establishment of municipal development Observatoire.