

Document of
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Report No: PP1730

PROJECT PAPER

ON A

PROPOSED GRANT

IN THE AMOUNT OF US\$ 0.25 MILLION

TO THE

REPUBLIC OF TUNISIA

FOR A

TUNISIA FOREST INVESTMENT PROGRAM PREPARATION PROJECT

February 1, 2016

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CURRENCY EQUIVALENTS

(Exchange Rate Effective February 1, 2016)

Currency unit = USD
 1 USD = 2.024 TND
 1 TND = 0.24

FISCAL YEAR
 January 1 – December 31

ABBREVIATIONS AND ACRONYMS

AFD	Agence Française de Développement
CIF	Climate Investment Funds
CPF	Country Partnership Framework
DGF	General Directorate of Forestry
FAO	Food and Agriculture Organization of the United Nations
FIP	Forest Investment Program
FIP/IP	Forest Investment Program Investment Plan
FM	Financial Management
GDP	Gross Domestic Product
GIZ	The Deutsche Gesellschaft für Internationale Zusammenarbeit GmbH
GoT	Government of Tunisia
GRS	Grievance Redress System
IFAD	International Fund for Agricultural Development
IP	Investment Plan
JICA	Japan International Cooperation Agency
MDB	Multi-lateral Development Bank
PDO	Project Development Objective
PEFA	Public Expenditure and Financial Accountability Report
PFM	Public Financial Management
PPG	Project Preparation Grant
REDD+	Reducing emissions from deforestation and forest degradation; and the role of conservation, sustainable forest management and enhancement of forest carbon stocks
SESA	Strategic Social and Environmental Assessment of the National Strategy REDD+
TDN	Tunisia Dinar
WB	World Bank

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TUNISIA
TUNISIA FOREST INVESTMENT PLAN PREPARATION PROJECT

TABLE OF CONTENTS

	Page
I. STRATEGIC CONTEXT	9
A. Country Context.....	9
B. Sectoral and Institutional Context.....	9
C. Higher Level Objectives to which the Project Contributes	11
II. PROJECT DEVELOPMENT OBJECTIVES	11
A. PDO.....	11
Project Beneficiaries	11
PDO Level Results Indicators.....	12
III. PROJECT DESCRIPTION	12
A. Project Components	Error! Bookmark not defined.
B. Project Cost and Financing	13
Project Cost and Financing (US\$ million).....	13
IV. IMPLEMENTATION	14
A. Institutional and Implementation Arrangements	14
B. Results Monitoring and Evaluation	14
V. KEY RISKS AND MITIGATION MEASURES	15
VI. APPRAISAL SUMMARY	15
A. Other Safeguards Policies Triggered	17
B. World Bank Grievance Redress.....	17
Annex 1: Results Framework and Monitoring	18
Annex 2: Detailed Project Description.....	22

APPRAISAL DATA SHEET

Tunisia

Tunisia Forest Investment Program Preparation Project (P157919)

PROJECT PAPER

MIDDLE EAST AND NORTH AFRICA

GENDR

Report No.: PP1730

Basic Information			
Project ID P157919	EA Category B - Partial Assessment	Team Leader(s) Taoufiq Bennouna	
Lending Instrument Investment Project Financing	Fragile and/or Capacity Constraints []		
	Financial Intermediaries []		
	Series of Projects []		
Project Implementation Start Date 1-March-2016	Project Implementation End Date 30-Jun-2017		
Expected Effectiveness Date 21-March-2016	Expected Closing Date 30-Jun-2017		
Joint IFC No			
Practice Manager/Manager	Senior Global Practice Director	Country Director	Regional Vice President
Benoit Paul Blarel	Paula Caballero	Marie Françoise Marie- Nelly	Hafez M. H. Ghanem
Approval Authority			
Approval Authority CD Decision			
Borrower: GOVERNMENT OF TUNISIA			
Responsible Agency: Direction Générale des Forêts			
Contact:	Youssef Saadani	Title:	General Manager
Telephone No.:	0021671848892	Email:	ysaadani04@yahoo.fr
Project Financing Data(in USD Million)			
Total Project Cost:	0.25	Total Bank Financing:	0.00

Financing Gap:	0.00										
Financing Source										Amount	
Climate Investment Funds										0.25	
Total										0.25	
Expected Disbursements (in USD Million)											
Fiscal Year	2016	2017	0000	0000	0000	0000	0000	0000	0000	0000	
Annual	0.15	0.10	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Cumulative	0.15	0.25	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	
Institutional Data											
Practice Area (Lead)											
Environment & Natural Resources											
Contributing Practice Areas											
Agriculture, Climate Change, Governance, Transport & ICT											
Cross Cutting Topics											
<input checked="" type="checkbox"/> Climate Change <input type="checkbox"/> Fragile, Conflict & Violence <input checked="" type="checkbox"/> Gender <input checked="" type="checkbox"/> Jobs <input checked="" type="checkbox"/> Public Private Partnership											
Sectors / Climate Change											
Sector (Maximum 5 and total % must equal 100)											
Major Sector				Sector			%	Adaptation Co-benefits %		Mitigation Co-benefits %	
Agriculture, fishing, and forestry				Forestry			80	40		40	
Agriculture, fishing, and forestry				General agriculture, fishing and forestry sector			20	10		10	
Total						100					
<input type="checkbox"/> I certify that there is no Adaptation and Mitigation Climate Change Co-benefits information applicable to this project.											
Themes											
Theme (Maximum 5 and total % must equal 100)											
Major theme				Theme				%			
Environment and natural resources				Biodiversity				10			

management		
Environment and natural resources management	Climate change	50
Environment and natural resources management	Other environment and natural resources management	40
Total		100
Proposed Development Objective(s)		
The objective of the Project is to support the preparation of the Recipient's FIP investment plan		
Components		
Component Name	Cost (USD Millions)	
Preparation of the FIP/IP	0.25	
Compliance		
Policy		
Does the project depart from the CAS in content or in other significant respects?	Yes []	No [X]
Does the project require any waivers of Bank policies?	Yes []	No [X]
Have these been approved by Bank management?	Yes []	No [X]
Does the project meet the Regional criteria for readiness for implementation?	Yes [X]	No []
Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	X	
Natural Habitats OP/BP 4.04	X	
Forests OP/BP 4.36	X	
Pest Management OP 4.09		X
Physical Cultural Resources OP/BP 4.11		X
Indigenous Peoples OP/BP 4.10		X
Involuntary Resettlement OP/BP 4.12		X
Safety of Dams OP/BP 4.37		X
Projects on International Waterways OP/BP 7.50		X
Projects in Disputed Areas OP/BP 7.60		X
Legal Covenants		
Name	Recurrent	Due Date
Description of Covenant		

Conditions				
Source Of Fund	Name			Type
Description of Condition				
Team Composition				
Bank Staff				
Name	Role	Title	Specialization	Unit
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Veronica Yolanda Jarrin	Team Member	Operations Analyst	Operations analyst	GENDR
Extended Team				
Name	Title	Office Phone	Location	

Locations					
Country	First Administrative Division	Location	Planned	Actual	Comments
Tunisia	Nationwide	Nationwide			

I. STRATEGIC CONTEXT

A. Country Context

1. Tunisia made impressive strides in poverty reduction before the Revolution, with both poverty and extreme poverty falling by more than half between 2000 and 2010. Poverty rates increased immediately after the Revolution, but have been slowly decreasing since then. Paradoxically, though, inter-regional inequality has substantively increased since the Revolution, with poverty becoming increasingly concentrated in the poorest regions in the country—the North West, Center West and South West. Similarly, unemployment rates show considerable disparities across regions, and are especially high in the interior rural regions and among youth. This high level of inequality is a risk to social stability and the success of the Government’s development program, the overarching objective of which is to achieve a structural transformation of the economy toward higher-value added sectors based on innovation and partnership, social inclusion and sustainable development.

2. In less than two years, Tunisia has completed a successful democratic transition. This was done by ending its political crisis (end of 2013), adopting and promulgating a new Constitution (January 27, 2014), holding parliamentary elections (October 26th, 2014), electing a new president (December 21st, 2014), nominating a new prime minister (January 5th, 2015), and approving a new unity government (February 6th, 2015). The Constitution explicitly addresses the need to safeguard a healthy environment and ensure the sustainability of natural resources for future generations.

3. In spite of these recent achievements, Tunisia’s socio-economic development remains fragile. Approximately 70 percent of poor households are located in rural areas - especially in the Central West and North West regions, which comprise more than 70 percent of the country’s forests and rangelands resources. These ecosystems are home to 14 percent of the country’s population; with an average income of less than US\$1.6 per capita per day, making them close to extreme poverty. Moreover, 40 percent of their income is derived from forests and rangelands activities (e.g. livestock, forestry, non-wood forest products), demonstrating that the survival of these communities is highly dependent on these ecosystems.

B. Sectoral and Institutional Context

Sectoral context

4. The Forest Investment Program (FIP) is one of the three Strategic climate programs set up as part of the Climate Investment Funds (CIF) by the multilateral development banks (MDBs). The purpose of the FIP is to contribute to the development of policies and measures, as well as secure significantly increased funding with the aim of reducing deforestation and forest degradation and promoting sustainable forest management, to be achieved, in selected FIP pilot countries, by cutting emissions, protecting forest carbon stocks and combating poverty. For its second phase (2015 – 2020), the FIP sub-committee proposed a project preparation grant (PPG) of US\$ 250,000 to nine countries, including Tunisia, for drafting their forest investment plans.

5. Forests and rangelands are effective resource base for alleviation of poverty in Tunisia. They generate benefits worth TDN 1.4 billion per year. They account for 21 percent of the

agricultural GDP, or about 2 percent of the country's GDP in 2012. With 5.7 million ha or 35 percent of the Tunisia's geographic area, forest and rangeland ecosystems are vital for the sustainable development in Tunisia. They generate benefits to: (i) local communities - 15 to 25 percent of the food needs for livestock; 14 percent of households domestic energy needs; 5 to 7 million working days per year; (ii) national society - protection of watersheds and downstream water supply in the north and protection against wind erosion and risk of desertification in the south; and high potential for recreation, through a network of protected areas encompassing 17 national parks, 27 nature reserves and 256 wetlands, and (iii) global community - rich biodiversity (more than 2,200 plant species and 500 animal species) and climate change mitigation, through carbon sequestration in biomass and soil.

6. The forest and rangeland sector has a number of significant strengths, including: (i) the existence of a legal framework; (ii) a package of valuable experiences in conducting development projects in the forest and rangeland sector; and (iii) valuable basic knowledge of the sector's resources (Forest and Rangeland Inventory, Forest Information and Planning System, Forest research, etc.).

7. However, the sector faces enormous threats. Climate change, agricultural expansion especially in rangelands, urban development and conversion to other land use practices are all contributing to ecosystem losses,. Forests are mostly affected by degradation, caused by over harvesting and overgrazing, which are particularly alarming phenomena, that reduced forage productivity and natural regeneration on a wide scale. Outright deforestation and fires affect a relatively small portion of forests, but impose substantial costs when it happens (TDN 7,800/ha burnt every year). Rangelands are primarily affected by clearing, overgrazing and over harvesting. As a result, 37 percent of the country's forest and rangeland area is degraded; while 20 percent of rangelands have been cleared during the past 35 years. Reducing environmental degradation of forest and rangeland ecosystems is particularly urgent, that needs a full cooperation and improvement of the welfare of the people depending on these resources; as these local communities are close to extreme poverty.

8. Poor governance is an important factor leading to excessive pressure on forest and rangeland ecosystems. Property rights on forests are not clearly defined: while the State owns the forests, local people have open access for grazing and harvesting of different forest products. Similarly, rangelands are under collective property and local communities have open access for grazing, irrespective of the season or other factors. As a result, communities have few incentives to conserve these ecosystems rather than exploiting them for short-term benefits. . Potential options for improving governance include adopting participatory approaches (management agreements, for instance, between the State and users of the forests/rangeland, organized into groups for developing forests/rangeland) and a form of partnership (e.g. long-term joint management), which gives local communities a better incentive for conserving the forests and rangelands.

Institutional context

9. While Tunisian past forest policy aimed essentially at the preservation and extension of forest resources, the General Directorate of Forests adopted recently a new National Strategy for the Sustainable Development and Management of Forests and Rangelands (2015-2024). This

strategy aims to reconcile the conservation of forests and rangelands with socio-economic development by promoting the involvement of community based organizations and private owners in co-management of forests and rangelands. The strategy has four strategic objectives: (1) Adapting the institutional and legal framework of the sector and capacity building; (2) Optimizing the sector's contribution to socio-economic development; (3) Maintaining and enhancing environmental functions and services of the sector's resources; (4) Consolidating and improving the forest and rangelands' capital. The proposed project will assist the Government of Tunisia (GoT) in implementing key priorities of the new strategy as part of the "100-days" action plan of the new Government.

10. Over time, Tunisia has shown a consistent, high level, and long-term commitment for environmental protection and management of natural resources. The country has implemented numerous successful pilot projects in the areas of natural resource management, forest conservation, and agro-forestry.

C. Higher Level Objectives to which the Project Contributes

11. The proposed activity is in line with the main pillars of the current draft 'Country Partnership Framework' (CPF) for Tunisia, which are to improve the environment for restoring growth and stability, improve services and opportunities in lagging regions, and increasing social and economic inclusion, and opportunities for the youth. Most of all, the implementation of the FIP/Investment Plan will contribute to achieving the CPF objective in promoting livelihoods diversification in lagging regions. The proposed activity will also contribute to implementing the World Bank's "Forests and green growth Strategies"¹ which pledges to support countries in their efforts to harness the potential of forests to reduce poverty, better integrate forests into their economies, and protect and strengthen the environmental role played by forests and rangelands —locally and globally. In addition, the project is in line with the Tunisia Tlemcen Ministerial Declaration² which aims at promoting goods and services provided by Mediterranean forest ecosystems, notably by adapting and strengthening available and innovative financing mechanisms, including the REDD+.

II. PROJECT DEVELOPMENT OBJECTIVES

A. PDO

12. The objective of the Project is to support the preparation of the Recipient's FIP Investment Plan

Project Beneficiaries

13. The direct project beneficiaries are the staff of the Direction General of forests in Tunisia in the Ministry of Agriculture. Indirect beneficiaries includes mainly forestry and rangelands local population, civil society organizations and small private entrepreneurs.

¹ http://siteresources.worldbank.org/EXTSDNET/Resources/Inclusive_Green_Growth_May_2012.pdf;
<http://www.worldbank.org/en/topic/forests/overview#2>

² Approved on March 21, 2013

PDO Level Results Indicators

14. Achievement of the PDO at the regional level will be measured against the following result:

- Tunisia FIP Investment plan elaborated (Yes/No)

III. PROJECT DESCRIPTION

15. In agreement with the Tunisian Government, the Multilateral Development Banks held a scoping mission in Tunisia in September 2015 in order to inform key stakeholders of the FIP process and agree on an action plan for the elaboration of the FIP/Investment Plan (IP). It was agreed during this mission that the project will fund some analytical activities aiming to analyze Tunisia's forests and rangelands resources situation and trends, assess their economic importance and analyze the drivers and causes of their deforestation and degradation.

16. The Project has only one component:

17. **Component 1: Preparation of the FIP/IP (US\$0.25 million).** The Grant will support a program of activities aimed at establishing the various steps toward the preparation of the FIP/IP, including:

(a) The description of the national and sectorial context of the forest and rangeland sector in the Recipient's territory by: (i) identifying the main sources of national emissions of greenhouse gases related to forests and rangelands ecosystems and anticipated trends; (ii) carrying out an analysis of the Recipient's forests and rangelands resources situation and trends; (iii) establishing the economic importance of forestry and rangelands sector and other sectors impacting them; (iv) carrying out of an analysis of the drivers and causes of deforestation and degradation of forests and rangelands; (v) creating an institutional mapping to identify the main actors involved in the sector, their roles, potentials and constraints; and (vi) identifying key forest governance mechanisms in the Recipient's territory.

(b) The identification of opportunities for reducing greenhouse emissions by pinpointing: (i) the main opportunities for reducing emission from deforestation or degradation of forests and rangelands; and (ii) the possibilities for conservation and enhancement of forests' and rangelands' carbon stocks.

(c) The description of the enabling environment in terms of policies and regulations by outlining: (i) the institutional and legal framework for the management of forests and rangelands as well as their resources; (ii) the fiscal and regulatory framework, land use policies, mechanisms of social and environmental safeguards, the market structure, other incentives and the medium-term expenditures frameworks adopted in the forest and rangeland sector; (iii) the impact of the regulatory framework on the of objective of the program; and (iv) existing barriers and potential effects of interventions in the public and private sectors in the event of removal of such barriers.

(d) The description of expected benefits related to FIP investment by: (i) identifying such benefits; (ii) improving people’s resilience to climate shocks; (iii) promoting gender equality and social sustainability; and providing support to the integration of young adults into working life.

(e) The identification of synergies and collaboration with other partners to obtain financial and technical resources to improve the implementation of the investment plan and make it more complete.

(f) The identification and description of a range of projects aimed at translating the FIP investment plan into concrete activities with specific measures, indicative allocation of FIP resources and other funding resources.

(g) An analysis of the complementarities between FIP/IP and REDD+ to support REDD+ process in the Recipient’s territory beyond the current initiatives by: (i) resuming the programs, REDD+, national strategies currently underway for the management of forests, woodlands and rangelands landscapes, including their funding sources; and (ii) specifying the terms of the Recipient to benefit from the FIP support to finance the preparation of the REDD+ program.

(h) An analysis of possibilities for implementation including risk assessment to evaluate the possibility of implementation of other GHG reduction options in the investment plan.

(i) A general outline of the investment plan and funding instruments to provide first indications of: (i) FIP co-financing; (ii) the total funding for each intervention; (iii) the possible sources of public and private financing; and (iv) the FIP leverage ratios and types of financial instruments.

(j) The preparation of the proposed FIP investment project concept notes, including specific sections on safeguard and other documents as requested by the FIP sub-committee, in close collaboration with the Recipient’s FIF focal point.

A. Project Cost and Financing

18. The lending instrument will be an Investment Project Financing (US\$0.25 million) with grant resources from the Forest Investment Program under the Strategic Climate Fund (SCF).

Project Cost and Financing (US\$ million)

Project Components	Project cost	Grant Financing	% Financing
---------------------------	---------------------	------------------------	--------------------

Project Components	Project cost	Grant Financing	% Financing
<u>Preparation of the FIP/IP</u>	0.25	0.25	100
Total Project Costs	0.25	0.25	100
Total Financing Required	0.25	0.25	100

IV. IMPLEMENTATION

A. Institutional and Implementation Arrangements

19. The Government confirmed that the General Forestry Department (DGF) will be responsible for FIP coordination in Tunisia. DGF will be responsible for overall fiduciary oversight of this Project Preparation Grant (PPG) including financial management and disbursement arrangements. It will be responsible for budgeting and planning, accounting and reporting, and for ensuring flow of funds, internal controls, and financial management staffing and external audits satisfactory to the Bank.

20. The main conclusions of the 2010 Public Expenditure and Financial Accountability (PEFA) report for Tunisia indicate that the legal and administrative framework for public financial management (PFM) is sound and offers a solid level of assurance regarding the reliability of information and a strong control environment; nevertheless there are transparency and accountability failures that still need to be addressed. To the extent possible, the project will make use of existing country systems that have been proven satisfactory to the Bank, such as the single treasury account and the budget country system and laws, strengthening them as needed in order to guarantee its adequacy to ensure project funds are used economically, efficiently and for the intended purposes.

21. The implementing agency has developed some expertise in handling similar operations financed by internationally recognized organizations such as the Japan International Cooperation Agency (JICA) and therefore has in place basic financial management arrangements for project management. Nevertheless the DGF has no recent experience with WB financed projects and its knowledge of Bank's fiduciary policies and procedures regarding financial management and disbursement matters is limited, which may affect its capacity to provide timely and reliable information required to manage and monitor the implementation of the project. Given the initial screening of fiduciary issues and with the limited information available at this stage, the project financial management risk is considered to be substantial. A specific FM and procurement training will be provided to the DGF and an FM and procurement expert will be hired by the project to mitigate this risk.

B. Results Monitoring and Evaluation

22. The proposed project indicators are as follows:

- (a) PDO indicator: Tunisia FIP Investment plan elaborated (Yes/No)
- (b) Intermediate results indicators:
 - (i) FIP country coordination mechanism in place (Yes/No)
 - (ii) Stakeholders consulted (Number)

23. The progress and success of the Project will be measured against the results (performance) indicators as shown in Annex 1. Data will be collected annually during the project lifespan and at the end of project in order to monitor progress towards the achievement of results. An annual evaluation to be carried out by the World Bank will help assess the progress that has been made with regard to the main indicators, and check if the individual components have reached their goals.

V. KEY RISKS AND MITIGATION MEASURES

24. The proposed activities are related to deep analytical work, and proposed outcomes may not be owned by all stakeholders. This risk will be mitigated by the organization of several meetings/workshops and exchanges with all stakeholders to ensure their view and needs are well captured and considered. The overall risk rating is Substantial. Also, to mitigate procurement and FM risks, a specific FM and procurement training will be provided to the DGF and an FM and procurement expert will be hired by the project risk.

VI. APPRAISAL SUMMARY

25. **Economic Benefits:** The project does not lend itself to a traditional cost benefit analysis however the expected benefits related to FIP investment: (a) Environmental: (i) protection of biodiversity and other ecosystem services (ii) improving people's resilience to climate shocks (b) Socio-Economic: (i) reduction of poverty and development of the people dependent on forests and rangelands (ii) promote gender equality and social sustainability (iii) support the integration of young people into working life (c) Institutional: (i) increased engagement, participation, and voice of local communities in REDD+ plans; and (ii) enhanced coordination between local communities.

26. **Financial Management (FM):** The FM team met with representatives from the Ministry of Agriculture as part of the identification mission for the Forest and Rangeland Ecosystems Co-Management Project (P151030) held on May 2015 as this operation is intended to be managed by the same executing agency.

27. The Ministry of Agriculture through the General Directorate of Forestry (DGF) will be responsible for overall project fiduciary oversight including financial management and disbursement arrangements. The DGF will be responsible for budgeting and planning, accounting and reporting, and for ensuring flow of funds, internal controls, and financial management staffing and external audits satisfactory to the Bank.

28. To the extent possible, the project will make use of existing country systems that have been proven satisfactory to the Bank, such as the single treasury account and the budget country

system and laws, strengthening them as needed in order to guarantee its adequacy to ensure project funds are used economically, efficiently and for the intended purposes.

29. The initial assessment of the operation indicates that there will be few and straightforward activities that will be managed and coordinated by the DGF within the Ministry of Agriculture, therefore the funds flow management will be also centralized at this level. The proposed implementation agency has developed certain expertise in handling similar operations financed by internationally recognized organizations such as the Japan International Cooperation Agency (JICA) and therefore has in place basic financial management arrangements for project management. Nevertheless the DGF has not recent experience with WB financed projects and its knowledge of Bank's fiduciary policies and procedures regarding financial management and disbursement matters is limited, which may affect its capacity to provide timely and reliable information required to manage and monitor the implementation of the project. Given the initial screening of fiduciary issues and with the limited information available at this stage, the project financial management risk is considered to be substantial.

30. A financial management capacity assessment will be conducted during the preparation mission planned in order to determine the areas that require to be strengthened in order to have a robust financial management system in full compliance with the Bank's requirements. Particularly, the assessment will focus on identifying measures to ensure: i) adequate structure of the project implementing unit; ii) sufficient and qualified financial management staff; ii) internal processes and procedures to permit an agile and smooth implementation, including the design and implementation of critical internal control mechanisms; iii) adequate accounting policies and procedures to allow the provision of timely, comprehensive and reliable financial reports for project monitoring purposes; iv) simplified and safe funds flow arrangements; and v) timely provision of project audit reports.

31. **Procurement:** Procurement for the proposed project would be carried out in accordance with the World Bank's "Guidelines: Procurement under IBRD Loans and IDA Credits" dated January 2011, revised in July 2014 and Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated January 2011, revised in July 2014 and the provisions stipulated in the Grant Agreement. "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants" dated October 15, 2006 and updated January 2011, shall apply to the Project. Only eligible activities will be procured with the grant funds. No office equipment will be purchased with this grant and no international trainings are envisaged.

32. In terms of procurement, the assessment of DGF's capacity has shown that DGF has staff who are familiar with WB and other Intermediary Financial Institution's (e.g.: JICA) procurement rules and that the experience under other projects with Agriculture Departments has revealed that DGF and its regional services have very weak capacity in terms of procurement planning, implementation and contract management. However, DGF capacities will be strengthened through a FM/Procurement training to be organized upon effectiveness of the proposed Grant.

33. **Environmental and Social Safeguards:** From the environmental and social perspective, the Environmental Category is B- Partial Assessment and no significant negative environmental

and social impacts are expected. The DGF is highly qualified to execute the project, especially since it is complementing the ‘Ecotourism and Desert Biodiversity Conservation Project’ and other projects with IFAD, AFD, FAO, GIZ and JICA. Moreover, the DGF staff are fully familiar with Bank safeguard policies, having participated in various Bank safeguards training undertaken by Bank safeguards specialists, and have overseen the environmental and social issues related to these aforementioned projects.

A. Other Safeguards Policies Triggered

34. Three safeguards policies are triggered by the project: (i) Environmental Assessment OP/BP 4.01 (ii) Natural Habitats OP/BP 4.04, and (iii) Forests OP/BP 4.36.

35. The design and elaboration of the FIP investment plan will include a wide stakeholder consultation process (including local communities and private actors and taking into account gender considerations) which address the need of the key safeguards triggered, at the level of the investment plan. It is important to note that the FIP IP is not a country strategy and a specific safeguards instrument is not required for this investment plan which is funding mainly technical assistance and studies. The final document proposes a pipeline of investments, each of which will go through necessary Environmental and Social Safeguards due diligence if the Bank decides to finance them.

B. World Bank Grievance Redress

36. Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB’s Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB’s independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank’s attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank’s corporate Grievance Redress Service (GRS), please visit <http://www.worldbank.org/GRS>. For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org

Annex 1: Results Framework and Monitoring

Country: Tunisia

Project Name: Tunisia Forest Investment Program Preparation Project (P157919)

Results Framework

Project Development Objectives

PDO Statement

The objective of the Project is to support the preparation of the Recipient’s FIP investment plan

These results are at | Project Level

Project Development Objective Indicators

Indicator Name	Baseline	Cumulative Target Values						
		YR1	End Target					
Tunisia FIP Investment plan elaborated (Yes/No)	No	No	Yes					

Intermediate Results Indicators

Indicator Name	Baseline	Cumulative Target Values						
		YR1	End Target					
FIP country coordination	No	No	Yes					

mechanism in place (Yes/No)								
Stakeholders consulted (Number)	0	150	350					

Indicator Description

Project Development Objective Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
Tunisia FIP Investment plan elaborated	FIP/IP document has been elaborated and completed. All expected sections, annexes and project concept notes are well elaborated and finalized.	End of Project		DGF

Intermediate Results Indicators

Indicator Name	Description (indicator definition etc.)	Frequency	Data Source / Methodology	Responsibility for Data Collection
FIP country coordination mechanism in place	Investment plan should include provisions for the establishment of, or strengthening of existing, country coordination mechanisms to facilitate national dialogue on the implementation of the investment plan, to support internal and external coordination, and to manage reporting on progress and results. Such mechanisms should ensure that procedures are in place for monitoring and reviewing country operations. A steering committee is already in place for the new Bank forestry operation under preparation. This steering committee could be strengthened to become the FIP country coordination	End of Project		DGF

	mechanism in Tunisia.			
Stakeholders consulted	Consultations with stakeholders should be documented and reported on at the time investment plans are submitted for endorsement or programs and projects are submitted for funding. Investment plans and projects should include clear plans for continuing stakeholder involvement in monitoring and evaluation which would be one of the functions of the country coordination mechanism.	Annual	List of participants at awareness and consultation activities	DGF

Annex 2: Detailed Project Description

Country: Tunisia

Project Name: Tunisia Forest Investment Program Preparation Project (P157919)

1. Using the same structure and content of the FIP Investment Plan (IP) as described in various FIP guides and manuals especially the FIP operational manual, the FIP monitoring/evaluation guidelines and the CIF programmatic approach, the FIP/IP will be elaborated based on the following activities:

A. Description of national and sectorial context

2. This task entails collecting, analyzing and presenting the basic data on the environmental social and economic status, of the forest and rangeland sector in Tunisia, based on the existing literature on the sector and in particular on strategic studies, legislation and other reference document. It will involve the following:

- (i) Description of the main sources of national emissions of greenhouse gases (GHG) related to forests and rangelands ecosystems, and anticipated trends.
- (ii) Preparation and analysis of the Tunisian forests and rangelands resources situation and trends (with a particular focus on threats and opportunities related to climate change or climate deregulation).
- (iii) Economic importance of forestry and rangelands sectors and of these sectors impacting forests and rangelands - local livelihoods modes, contribution to the GDP, linkages with poverty, basic socio-demographic data, biodiversity, forestry and rangelands ecosystems services for climate regulation and protection of water and soils.
- (iv) Analysis of drivers and causes of deforestation and degradation of forests and rangelands (including, but not exclusively anthropogenic factors), distinguishing between reversible and irreversible forms of degradation.
- (v) Production of an institutional mapping to identify the main actors involved in the sector and describing their roles, potentials and constraints (local, regional and national).
- (vi) Description of key forest governance mechanisms in Tunisia, compared with the current arrangements for accountability, participation, transparency, efficiency and accountability (in relation to legislation, regulations, and land rights regimes, institutions and institutional capacity, participation of key stakeholders, including marginalized and / or minority populations, women, etc.).

B. Identifying opportunities for reduction of greenhouse emissions

3. This task aims essentially to identify the main opportunities for reducing emissions from deforestation or degradation of forest and rangeland; and the possibilities for conservation and enhancement of forest and rangelands carbon stocks.

4. This task will clear the way for the identification of specific interventions (or: investment projects) that meet the FIP investment criteria defined in the Investment Criteria and FIP financing modalities.

C. Description of the enabling environment in terms of policies and regulations

5. This task, deepening the previously described elements will primarily:

- (i) Describe the institutional and legal framework for the management of forests and rangelands and their resources;
- (ii) Describe the fiscal and regulatory framework, land use policies, mechanisms of social and environmental safeguards, the market structure, other incentives, and the medium-term expenditure frameworks adopted in the forestry and rangelands sector (including preparation for REDD +) and related sectors to support the activities envisaged in the plan.
- (iii) Describe how the guiding framework and existing regulatory system supports or undermines the objectives of the program.
- (iv) Identify regulatory gaps and key governance issues - see above task (vi) - and describe existing barriers and potential effects of interventions in the public and private sectors in the event of removal of these obstacles.

D. Description of the expected benefits related to FIP investment

6. This task will focus particularly on:

- (i) Identification of the expected benefits related to FIP investments, including:
 - improving local livelihoods and modes,
 - reduction of poverty and development of the people dependent on forests and rangelands,
 - protection of biodiversity and other ecosystem services,
- (ii) Improving people's resilience to climate shocks,
- (iii) Promoting gender equality and social sustainability,
- (iv) Supporting the integration of young people into working life.

E. Identification of synergies and collaboration with other partners

7. This task will link the process of preparation of forestry investment plan to a range of projects, studies, evaluations and other initiatives currently underway or planned by the MDBs and by various technical and financial partners. This review should include a brief description of:

- (i) Relevant activities carried out or planned by the current or potential partners,
- (ii) State of interaction and concrete possibilities to obtain financial and technical resources to improve the implementation of the investment plan and to make it more complete.

F. Identification and justification of project and program co-funded by the FIP

8. This task is of quite crucial importance, since it will, on the basis of FIP principles, identify and describe a range of projects (or possible investments) from a wide range of possibilities. The aim will be to translate the FIP investment plan into concrete activities, with specific measures, with indicative allocation of FIP resources and other funding resources including the Green Climate Fund (GCF) and the MDB in charge of the proposed investment (based on comparative advantage of each institution). Projections of potential reductions in carbon emissions, the identification of the transformational impact and other performance indicators should be elaborated. Depending on regional environmental characteristics, such investment projects could cover, among others, the following aspects:

- (i) Improvement of forest cover and productivity of forest and pastoral areas, through better management, conservation and protection of natural capital.
- (ii) Preservation of natural resources against any form of degradation (erosion, desertification, overfishing, overgrazing, fires, etc.), including the adoption of an integrated ecosystem approach, promoting better integration of trees, forests, woodlands and rangelands in agrarian systems.
- (iii) Consolidation / valorization of forestry and rangelands industries to better connect producers to the market, with both a better consideration of forms of *Public / Private Partnership* (PPP) for forest and pastoral investments by private providers and most significant sustainable support to small and medium forest and rangelands businesses and private developers.
- (iv) Strengthening of the forestry and rangeland sector contribution to the fight against poverty and the integration of forests and rangelands in a sustainable economic development.
- (v) Rehabilitation, improvement and consolidation of forest and rangelands covers. Identification and presentation of these potential projects will necessarily take into account (a) the content and complementarity with the World Bank Forestry Value Chain operation under preparation; (b) the country assistance strategies of the MDBs involved and their partnership strategies with Tunisia; (c) related planning process undertaken nationally, and (d) activities and programs of other development partners, including those of the FCPF, UN-REDD, bilateral development agencies, UN and of GEF.

G. Analysis of the complementarities between FIP/IP and REDD+

9. This task will support the REDD+ process in Tunisia, beyond the current initiatives, which are almost exclusively focused on limited geographical areas (e.g. Watershed of Siliana), capacity building measures, costs and benefits of REDD+ and the inventory of greenhouse gases.

H. Analysis of possibilities for implementation including risk assessment

10. The objective of this task is to evaluate the possibility of implementation of other GHG reduction options in the investment plan. This will include:

- (i) An analysis of the technical, administrative and financial implementing agencies.
- (ii) An assessment of the manner in which the implementing agencies or entities involved in the project can address potential bottlenecks.

11. The investment plan should contain an initial description of the risks that may affect the implementation of proposed investments, distinguishing:

- (i) risks at national and subnational level,
- (ii) risks associated with sector policies and institutions,
- (iii) technological, environmental and social risks.

I. General outline of the plan and funding instruments

12. This task will provide the first indications related to:

- (i) Provision of FIP co-financing,
- (ii) The total funding for each intervention (or: investment project)
- (iii) The possible sources of public and private financing (including the carbon market, banks and bilateral development agencies, and non-traditional financial)
- (iv) The FIP leverage ratios and types of financial instruments