



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
INTEGRATED LANDSCAPES MANAGEMENT IN LAGGING REGIONS PROJECT
APPROVED ON MARCH 15, 2017
TO
REPUBLIC OF TUNISIA

ENVIRONMENT, NATURAL RESOURCES & THE BLUE ECONOMY

MIDDLE EAST AND NORTH AFRICA

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ABBREVIATIONS AND ACRONYMS

CDL	Local Development Council (<i>Conseil de développement local</i>)
COPIL	National Steering Committee (<i>Comité de Pilotage du Projet</i>) (See: NSC)
CRDA	Regional Agricultural Development Commission (<i>Commissariat régional de développement agricole</i>)
CSO	Civil Society Organization
DGF	General Directorate of Forests (<i>Direction Générale des Forêts</i>)
DGFIOP	General Directorate of Funding Investments and Professional Organizations (<i>Direction Générale du Financement, des Investissements et des Organismes Professionnels DGAB</i>)
DGPA	General Directorate of Agricultural Production (<i>Direction Générale de la Production agricole</i>)
DRC	Directorate of Regulation and Control (<i>Direction de la Réglementation et du Contrôle</i>)
DRPS	Reforestation and Soil Protection Division (<i>Division du Reboisement et de la Protection des Sols</i>)
DSE	Directorate of Socio-Economic Development
ESMF	Environmental and Social Management Framework
FAO	Food and Agriculture Organization of the United Nations
GDA	Agricultural Development Groups (<i>Groupement de développement agricole</i>)
Ha	Hectare
IBRD	International Bank for Reconstruction and Development
IFPON	National Forest, Pasture and Olive trees Inventory (<i>Inventaire forestier, pastoral et oléicole national</i>)
ILDIP	Integrated Landscape Development Plan (<i>see PDIP</i>)
IFR	Interim Financial Reports
LDC	Local Development Council
LU	Landscape Unit
MAHRP	Ministry of Agriculture, Hydraulic Resources and Fisheries (<i>Ministère de l'Agriculture, des Ressources hydrauliques et de la Pêche</i>)
MALE	Ministry of Local Affairs and Environment (<i>Ministère des Affaires locales et de l'Environnement</i>)
MCI	Ministry of Trade and Industry (<i>Ministère du Commerce et de l'Industrie</i>)
MEP (ex MIDCI)	Ministry of Economy and Planning (<i>Ministère de l'Économie et de la Planification</i>), formerly Ministry of Development, Investment and International Cooperation (MDCI) (<i>Ministère du Développement, de l'Investissement et de la Coopération internationale</i>)
MSME	Micro, Small and medium-sized Enterprise
M&E	Monitoring and Evaluation
NSC	National Steering Committee (see: COPIL)
PA	Productive alliance
PDIP	Integrated Landscape Management Plan (<i>Plan de gestion intégré des paysages</i>) (see : ILDP)
PDO	Project Development Objective
PMU	Project Management Unit
POM	Project Operations Manual
RC	Regional Council
UREP	Regional Project Implementation Team (<i>Unité régionale d'exécution du projet</i>)
SMSA	Agricultural Services Cooperative (<i>Société mutuelle de services agricoles</i>)
ToR	Terms of Reference
UGO	Project Management Unit by Objective (<i>Unité de gestion par objectifs</i>)
VC	Value chain



BASIC DATA

Product Information

Project ID P151030	Financing Instrument Investment Project Financing
Original EA Category Partial Assessment (B)	Current EA Category Partial Assessment (B)
Approval Date 15-Mar-2017	Current Closing Date 29-Mar-2024

Organizations

Borrower Republic of Tunisia	Responsible Agency
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Project Development Objective (PDO)

Original PDO

The project development objective is to improve landscape management and access to economic opportunities for targeted rural communities in the North West and Center West regions of Tunisia.

Summary Status of Financing (US\$, Millions)

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-87220	15-Mar-2017	22-Apr-2017	12-Dec-2017	29-Mar-2024	52.00	14.02	39.05

Policy Waiver(s)

Does this restructuring trigger the need for any policy waiver(s)?

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

1. The Integrated Landscapes Management in Lagging Regions Project (ILMP, P151030) was approved on March 15, 2017, and became effective on December 12, 2017. Its current closing date is March 29, 2024. The project is financed through an IBRD loan of EUR 50 million, equivalent to about US\$52 million. Counterpart funding is provided by the Republic of Tunisia and project beneficiaries as cash and in-kind contributions estimated at EUR 6 million. The project development objective is to improve landscape management and access to economic opportunities for targeted rural communities in the North-West and Center West regions of Tunisia. These objectives were planned to be achieved through the three following components: (i) Laying the foundations for sustainable management of agricultural resources (EUR 13.25 million); (ii) Fostering sustainable regional investments (EUR 31.65 million); and (iii) Project Management, Monitoring and Evaluation (EUR 3.51 million).
2. **Project implementation context.** This project has been fraught with challenging implementation environment. The uncertain political situation and the resulting frequent changes in the authorizing environment stalled approvals of pertinent implementation actions. This was further compounded by the COVID 19 pandemic and its impacts on movements and project supervision. In addition, the country is also facing significant macro-economic outlook issues and shrinking of the fiscal space making it increasingly difficult for it to meet urgent national needs (social security, vaccine, food etc.). From the onset, the Project experienced implementation delays, mainly linked to the institutional and staffing issues: lack of qualified staff; delayed recruitment of environmental and social specialists at the central and regional project management unit levels (PMU/UGO and UREPs), and consequently delayed elaboration and application of safeguard tools at field level; insufficient technical, managerial and administrative capacities of central and regional teams responsible for the coordination and implementation of project activities. Also, the project experienced lack of adequate coordination among key project stakeholders (MARHP general directorates, mainly the Forestry directorate (DGF), the General Directorate of Funding Investments and Professional Organizations (DGFIOP), the General Directorate for Agricultural Development (DGDA), the PMU/UGO, and the regional project implementing teams (UREP) –that were established as units attached to Regional Agricultural Development Directorates (CRDAs). This led to inefficient communication, misunderstandings and delayed decisions on project issues and operational matters. De facto, the PMU/UGO that was initially attached to DGFIOP was moved under the responsibility of DGF after three years of implementation through a restructuring in 2020. In addition, the performance of monitoring and evaluation (M&E), procurement and financial management also lagged during the first three years. The Project has been in problem status for a year between July 2019 – June 2020.
3. Institutional and capacity hurdles were addressed in 2021 with the appointment of a new project coordinator in February 2021, replacement of most of the UGO staff, mobilization of specialized short-term technical assistance and support from the Bank staff to improve the M&E, procurement and financial management functions. However, all these improvements have not yet fully materialized in the substantial progress on the ground. As an example, in terms of project achievements, only 17% of the land area under sustainable landscape management practices have been achieved.



4. The main **project achievements by component** to date can be summarized as follows:

Component	Main achievements
Subcomponent 1.1	<ul style="list-style-type: none"> • Successful completion of phase 1 of the RGA and IFPON, at the satisfaction of MARHP and of the steering committee on January 5, 2022; all elements are in place to move on to the phase 2 of IFPON, as soon as the payment of the second tranche is made; • Preparation of a Concept Note and Terms of reference for the elaboration of forestry and alfa management plans, identification of the implementation partner, and technical discussion. The DGF informed the Bank having received a proposal from the identified implementation partner during the mission. The DGF will submit the proposal to the Bank for review and no objection.
Subcomponent 1.2	<ul style="list-style-type: none"> • Elaboration of 15 Integrated Landscape Management Plans (PDIPs) that serve as basis to orient and prioritize in landscapes; • Thorough diagnosis of two value chains (VCs) (essential oil, and fresh aromatic and medicinal plants) that allowed to elaborate two comprehensive VC Investment plans for these VCs. These plans were validated by all concerned stakeholders; • Elaboration of 17 co-management agreements in the 15 targeted landscapes, in benefit to 17 GDAs; • Subject to the results of an independent evaluation, 11 of these agreements would be renewed for another period of three years.
Subcomponent 1.3	<ul style="list-style-type: none"> • Identification of potential national partners capable of: (i) executing the review and reform of the legal and institutional framework (CNRJ); and (ii) implement a pilot small-scale applied R&D program in the target area; followed by discussion of the received technical proposals and budget.
Subcomponent 2.1	<ul style="list-style-type: none"> • Forest works: (i) forest planting: 990 ha committed; 546 ha completed; (ii) assisted forest regeneration: 1,740 ha committed; 1,352 ha completed; (iii) fire protection tranches: 19 km completed; (iv) water and soil conservation works: 2,150 ha committed; 377 ha completed; (v) rangeland improvement: 100 ha committed; 22 ha completed; (vi) access to forest feeder roads: 19 km completed; • Olive tree planting: 5,961 ha committed; 5,066 ha completed; 771 ha ongoing
Subcomponent 2.2	<ul style="list-style-type: none"> • Two priority boreholes for water supply completed and operational; • 20 individual cisterns installed
Subcomponent 2.3	<ul style="list-style-type: none"> • Agreements signed with 11 GDAs to ease the protection and exploitation of forest and pasture resources covered under each agreement. Three (3) additional ones were signed by the end of May 2022 and an another 3 would likely be signed before the end of 2022; • Out of the 11 GDAs, seven (7) received the first tranche of the grant indicated in each co-management agreement.

5. **Disbursement and Ratings.** The disbursement rate stands at 26% as of June 7, 2022 and yearly disbursement ratio is 5% - both very low at this stage of implementation. The Project has been in problem status since December 2020 and is currently rated moderately unsatisfactory (MU) for PDO and unsatisfactory (U) for implementation progress (IP). **Project components** are rated MU due to the mixed progress, delays and lack of coordination among the different stakeholders (see below). **Project management** is rated MU to reflect the slow implementation. The overall **FM performance** following the last supervision mission (December 2021) was rated MU and the risk rating deemed substantial. The project is in compliance with the Bank fiduciary requirements in terms of IFR and audit report submission. The auditor expressed an unqualified “clean” opinion on the 2020 financial statements. The proposed Restructuring does not affect the current FM arrangements of the project. The 2021 audit report is due by June 30, 2022. The scope of the audit of the project financial statements will be revised based on the outcomes of the restructuring. **Procurement** is rated MS since there has been progress over the last year on contract signature only



and contract completion, albeit the number of canceled activities has increased. The envisaged reduction in activities would substantially lower the number of procurement activities that still needs to be processed (in the magnitude of 10-15 contracts; most of them with the amount below the current ceiling for national competitive bidding) and therefore, substantially reducing the risks of delays in implementation. The significant delay in the implementation of already-procured activities (notably forest management works under subcomponent 2.1) poses a real challenge but assurance was given during the June 2022 mission that already committed-but-not-yet-started works under subcomponent 2.1 would be achieved by project closure.

6. Overall risk to the achievement of the PDO has been rated substantial. This will be addressed in coming supervision missions. Reduction in activity/budget will reduce overall risks.
7. **Safeguards.** The project is rated as environmental category B. There are no new project activities, or new risks. Safeguards performance is rated MU. Although the PIU implemented some of the agreed actions at MTR (production of a satisfactory report for monitoring the implementation of E&S measures; a first-draft MGP report, training on GBV), E&S safeguards rating is downgraded to MU due to the delay in carrying out several essential actions (e.g., hiring of a qualified GBV specialist). Safeguards performance is rated MU due to the delay in carrying out several essential actions agreed during the MTR relating to Environmental and social backups as well as the hiring of a substantive GBV specialist.

B. Rationale for restructuring

8. In response to the difficult economic and financial situation in Tunisia due to the impacts of COVID-19, the war in Ukraine and its spill-over effects on the import bills and food security, coupled with the political instability since 2020, GoT, in its letter of April 18, 2022, requested a partial cancellation of loans of three World Bank-supported projects that were facing implementation delays, including the ILMP. This would allow GoT reinvest the cancelled amounts into key sectors with pressing needs such as health (notably for importing COVID-19 vaccines), education, social security, safety nets, and overall budgetary support. This was followed by the request from the Ministry of Economy and Planning (MEP) on May 19, 2022 for the Bank to conduct a restructuring mission for the ILMP which was organized between June 6-13, 2022.
9. Initially envisaged activities under subcomponent B.2 at MTR (feeder roads and forest access roads, irrigation schemes, water supply networks) will not be able to be procured nor completed in time, therefore they are not achievable under the project. Given client capacity, little time left and other client priorities, the decision was taken to focus on the activities that are already procured and those 10-15 contracts that can be expeditiously procured and implemented within the remaining timeline. Therefore, new activities pertaining to subcomponent B.2 are being dropped from the project scope and the focus is on the completion on the feasible ones. Etc.
10. The proposed changes are expected to reinforce the likelihood of achieving the PDO and expected results focusing on completing key activities in line with the current economic and political economy context, the government's priorities, the WB Group strategy for Tunisia, and the capacity of the PMU/UREPs and implementation partners.

II. DESCRIPTION OF PROPOSED CHANGES

C. Summary of proposed changes



11. The current PDO “To improve landscape management and access to economic opportunities for targeted rural communities in the North West and Center West regions of Tunisia” remains unchanged as: (i) it is still relevant and fully aligned with the WBG’s Tunisia Country Partnership Framework (CPF) for the period FY 2020- 2023 and with the commitment made in the CPF to focus WBG’s operations in a selected number of lagging regions; (ii) only activities planned under subcomponent B.2 (complementary local infrastructure investments) won't be pursued, while activities under other subcomponents will be maintained, albeit at a reduced scale as compared to what was planned at the June 2021 Mid-Term Review (MTR). However, discontinuing activities under component B.2 will not impact the PDO core indicators; and (iii) same project locations are kept. Thus, the reduction in scope will not prevent the PDO from being achieved.
12. The main changes include:
 - (i) revising the total project costs from EUR 48.4 million (equivalent to US\$52 million) to EUR 21.4 (equivalent of US\$23 million) and the component costs and disbursement estimates, respectively. The loan cancellation will amount to EUR 27 million (equivalent to US\$29 million); and
 - (ii) revising indicators and targets in the Results Framework (RF).
13. The main principles to derive the proposed changes during the discussions with GoT can be summarized as follows:
 - (i) Keeping all activities that were committed as of April 30, 2022, after due verification that all contracts would be completed and the respective budget be fully utilized by project closure, in particular large technical assistance contracts under Component A and works contributing to climate-smart and sustainable agricultural practices under Component B.1;
 - (ii) Adjusting the technical assistance provided by FAO to the changed needs of the sector and requests of MARHP/DGF;
 - (iii) Reducing Component C (project coordination and M&E) costs which need to be adjusted to the new scope of the operation; and
 - (iv) Planning for adequate activities and budget over the period May 2022 to project closure to ensure the smooth implementation of: (a) the planned support to GDAs (17 targeted in total); (b) environmental and social safeguards, including consultant and non-consultant services and specific monitoring as might be needed; (c) agreed actions to address the Gender Based Violence (GBV) issues, as agreed at MTR and during the December 2021 ISM; (d) communication and knowledge exchange and sharing in direction to different public, including end-beneficiaries, civil servants, producer organizations, policy makers and technical and financial partners; and (e) M&E tasks (including thematic surveys, impact assessments, evaluation co-management contracts, beneficiaries’ satisfaction survey, evaluation of financial results at targeted beneficiaries’ end in order to adequately report the economic and financial impacts of the project at completion) in order to produce knowledge and evidence for a large range of stakeholders and prepare follow up investments to the current project.
14. It is believed that none of the above-described changes necessitates any amendment to the Loan agreement.

Main changes by component

Component A. Laying the foundations for sustainable management of agricultural resources



15. **Sub-component A.1. Information management and knowledge creation.** Phase 1 of the support to the Agricultural census (RGA) and to the Forest, Pasture and Olive trees Inventory (IFPON) were implemented successfully and reached expected outcomes, albeit with delays. Due to the severe budget constraints GoT currently faces, the planned contribution from the national budget could not be mobilized by GoT, nor could MARHP mobilize its field staff to carry out the subsequent phases of RGA¹. In these conditions, MAHRP and the contracted technical assistance (TA) service provider have agreed to: (a) stop further support to the RGA; and (b) continue with the IFPON part of the TA. Subsequently, the revised implementation schedule of phases 2, 3 and 4 of the IFPON was discussed between the two parties (with an associated budget reduction). This will be subsequently transmitted to the World Bank for review and No Objection. MARHP still needs to submit the proposed changes and contract amendment to the Bank for review and no objection. MARHP also confirmed the rationale and importance to support the participatory update/elaboration of forestry and alfa management plans - a key activity highlighted at MTR that contributes to the National Forest management Strategy as well as to the expected results of PGIP. Such plans will be elaborated under a participatory approach and using data and tools produced/used under the IFPON, over 18 months (September 2022-March 2024). Technical discussions with the envisaged TA provider have been held and are about to conclude. Assurance was given during the restructuring mission that the proposed contract will be submitted very soon (before the end of June, 2022) to the Bank for review and no objection. Considering the above-explained changes, the budget of the subcomponent would be reduced from EUR 10.97 million to EUR 8.55 million after restructuring.
16. **Subcomponent A.2. Territorial Development Planning.** The restructuring doesn't encompass major changes, as compared to what was envisaged after the first restructuring. The support from the Task Force for the development of value chains (TFDCVC), which successfully carried out diagnoses and prepared investment plans for two value chains (VC), won't be extended as envisaged at MTR to cover two additional VC. Planned activities for the period June 22-March 2024 include: (i) a qualitative impact assessment of the implementation, usefulness and impacts of integrated landscapes development plans (*Plans de développement intégré des paysages - PDIP*) that were prepared for the 15 targeted landscape units (LU); and (ii) a provision to prepare (in 2023 or early 2024), under a participatory and iterative approach, updated multi-sectoral PDIPs (one for each LU) covering the period 2024-2029. The updated PDIPs would constitute important tools for communities, local authorities, POs and other stakeholders to prioritize needed investments in their landscape and to mobilize further resources to implement them, beyond project closure. Costs of the above-mentioned activities are estimated at EUR 0.13 million. Considering actual commitments, the revised budget for the subcomponent is estimated at EUR 0.67 million). It is expected that a 100 per cent rate of disbursement can be reached at closure.
17. **Subcomponent A.3. Strengthening institutional and legal frameworks.** Support towards the reform of the forest administration and reorganization, revision of the legal framework (in particular to allow GDAs to exploit forest resources and products) and addressing forest land use issues are still planned. It will be implemented by the *Centre national de recherche juridique (CNRJ)* attached to the Ministry of Justice which is specialized in the area and best placed to successfully conduct the studies and achieve the expected outcomes. A draft contract has been discussed between CNRJ and UGO and is about to be finalized, it is yet to be submitted to the Bank review and no objection. The cost estimate for this activity is EUR 0.5 million. A pilot applied research and development program would also be implement in partnership with the *Institut national de recherche du génie rural et des eaux et forêts (INRGREF)* and/or a University Technology Department in order to test in the 15 landscapes solutions for valuing non-wood forest

¹ The service provider, FAO, is only providing technical assistance (TA) to the RGA implementation; most of the RGA budget was planned to be met by a specific national budget allocation. GoT/MARHP encountered difficulties in mobilizing this budget given the economic situation of the country.



products and income-generating activities (such as mushroom cultivation) that were developed by these knowledge centers. Cost is estimated at EUR 0.05 million. In fine, after restructuring, the subcomponent budget would be reduced from EUR 0.42 to EUR 0.2 million.

Component B. Fostering sustainable regional investments

18. **Subcomponent B.1. Climate-smart and sustainable agricultural practices:** Under this subcomponent, all committed works contracts would be maintained, including those for which works are planned to start in the winter 2022/2023 (olive tree and forest planting). The component budget would be revised downwards from EUR 24 to EUR 9.61 after restructuring.
19. **Subcomponent B.2. Complementary local infrastructure investments.** This subcomponent supports complementary local infrastructures and sustainable development of landscapes, through investments to improve access to economic opportunities for rural communities, and enhance quality of life, including investments designed to mobilize and enhance water resources, and open up access to isolated territories, through feeder roads, water crossings, small water reservoirs, small bridges and culverts, and other infrastructure works. Under the proposed restructuring. The ongoing contracts (EUR 0.15 million committed, out of which EUR 0.12 already paid) will be kept and completed (three boreholes for water supply, and 20 individual cisterns). The subcomponent budget would be thus reduced from EUR 1.86 million to EUR 0.15 million. Therefore, a 100 per cent disbursement is expected to be reached at closure.
20. **Subcomponent B.3. Fostering economic growth.** Support to 17 GDAs will be maintained as agreed at MTR. Eleven (11) GDAs have already signed agreements with the UGO and seven (7) of them received an 80 percent advance to fund the investments planned under the co-management of forest and pastoral resources agreements they signed. Three (3) additional GDAs recently signed agreements and another three (3) will follow in the coming quarter. The careful reprogramming of activities and budget estimates under each subcomponent at restructuring concluded that budget is available to support, at a pilot scale, subprojects (SPs) contributing to economic growth and income generation and diversification. Such SPs will be proposed by producer organizations (POs), agricultural cooperatives (SMSA), GDAs, women and/or youth groups, micro, small and medium scale enterprises (MSMEs) and other organizations in the 15 landscapes. They would enhance beneficiaries' access to markets and funding opportunities. According to the MOP, such investments will be made on demand and will be justified by (mini) business plans. The project will co-finance the eligible SPs through matching grants (MGs) using the existing institutional/implementation arrangement. In order to speed up delivery in the remaining 23-month implementation period of the project, MARHRP/DGF proposed to use direct contract with a UN agency experienced in this type of technical assistance and support to grass root organizations which will be hired by the UGO in a manner that is consistent with World Bank Procurement Guidelines and Procedures . After restructuring, the budget allocation is estimated at EUR 0.51 million. It would allow the project to support an estimated 30 to 50 SPs as a start. In summary, the subcomponent budget would be reduced from EUR 7.45 to EUR 1.13 million after restructuring.

Component C. Project Management, Monitoring and Evaluation.

21. The UGO, with Bank assistance, carefully estimated the component costs for the remaining implementation period. It is mainly comprised of: (a) junior expert costs at UGO and UREP level (0.2 million); (ii) consultant services in support to: the implementation of M&E activities, the agreed GBV action plan, environment and social safeguards monitoring and risk mitigation, communication to stakeholders at local level (CRDA, local authorities, GDA, civil societies organizations, VC actors, etc.) on the reason and implications of the restructuring, knowledge exchange, and preparation of the borrowers' completion report (EUR 0.37 million). A provision was also made to cater for foreign



exchange risks (EUR 0.11 million) in case the Euro would devalue against the USD in the period, albeit a pessimistic assumption was used in the estimate (1.05 USD/EUR). Considering these forecasts and estimates, the component budget would lower from EUR 3.51 million to 1.53 million (excluding the front-end fee).

22. Table 1 below presents the summary of project costs by component at appraisal, after the first restructuring in 2020 and after the proposed second restructuring, as well as commitments and cancelled amounts by component/subcomponent.

Table 1: Actual and revised project costs by component (in Euro million)

Component	Euro million					USD million				
	Initial cost a/	Current cost b/	Revised costs c/	Commitments d/	Cancelled amount	Initial cost a/	Current cost b/	Revised costs c/ e/	Commitments d/ e/	Cancelled amount e/
Component 1. Laying the foundations for sustainable management of agricultural resources	13.03	13.25	9.42	9.15	-3.83	14.00	14.23	10.12	9.83	-4.11
Subcomponent 1.1. Information management and knowledge creation	7.45	10.97	8.55	8.55	-2.42	8.00	11.78	9.18	9.15	-2.60
Subcomponent 1.2. Territorial Development Planning	3.26	1.86	0.67	0.60	-1.19	3.50	2.00	0.72	0.68	-1.28
Subcomponent 1.3. Strengthening institutional and legal frameworks	2.33	0.42	0.20	0.00	-0.22	2.50	0.45	0.21	0.00	-0.24
Component 2. Fostering sustainable regional investments	74.48	31.65	10.23	9.56	-21.42	80.00	34.00	10.99	10.47	-23.01
Subcomponent 2.1. Climate-smart and sustainable agricultural practices	52.14	22.34	8.95	9.02	-13.39	56.00	24.00	9.61	9.86	-14.39
Subcomponent 2.2. Complementary local infrastructure investments	6.52	1.86	0.15	0.15	-1.71	7.00	2.00	0.16	0.18	-1.84
Subcomponent 2.3. Fostering economic growth	15.83	7.45	1.13	0.39	-6.32	17.00	8.00	1.05	0.43	-6.95
Component 3. Project Management, Monitoring and Evaluation	5.59	3.51	1.77	1.08	-1.74	6.00	3.77	1.90	0.97	-1.87
Total	93.10	48.41	21.41	19.79	-27.00	100.00	52.00	23.00	21.26	-28.00

a/ At appraisal (as per PAD and loan agreement).

b/ After the first restructuring approved in 2020.

c/ after the second restructuring, as discussed during the mission (6-13 June 2022).

d/ As at 30 April 2022.

e/ At an average EUR/USD exchange rate of: 1.074

23. Table 2 below presents the original (after the first restructuring) and revised (after the current proposed restructuring) loan amounts and the cancelled amount; and their distribution by loan category.



Table 2: Revised project loan and cancelled amount by category (euros)

Category	Original amount		Revised amount		Cancelled amount (as of 18 April 2022)
	Original Amount Allocated a/	Percentage of Expenditures to be financed (exclusive of taxes)	New Amount Allocated	Percentage of expenditures to be financed (exclusive of taxes)	
(1) Goods, works, non-consulting services, consulting services and Operating Costs otherwise than under Part B.3 of the Project	40,731,250	100% of disbursed amounts	20,052,370	100% of disbursed amounts	20,678,880
(2) Goods, works, non-consulting services and consultants' services for Subprojects under Part B.3 of the Project	7,448,000	100% of disbursed amounts	1,126,880	100 % of disbursed amounts	6,321,120
(3) Front-end Fee	232,750	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions	232,750	Amount payable pursuant to Section 2.03 of this Agreement in accordance with Section 2.07 (b) of the General Conditions	0
Total amount	48,412,000		21,412,000		27,000,000

a/ after the first restructuring approved in April 2020 (see report: WB-TUN-RES40421).

Changes in the Results Framework

24. To reflect above changed scope/activities, the corresponding adjustments to the indicators and their respective target values are summarized below:

Project Development objectives:

- The PDO 1 “*Land area under sustainable landscape management practice*” target is reduced from 70,000 ha to 11,800 ha²;
- The PDO 2 indicator is rephrased to “*Producer organizations (GDA) with facilitated access to key buyers and/or markets*” to measure the number of GDAs in the 15 targeted landscapes that have facilitated access to buyers and/or markets resulting from co-management agreements to exploit forest resources, and that signed at least one commercial contract with buyers. The target value is thus proposed to be reduced from 150 to 17³;
- The PDO 3 indicator as stated “*Target beneficiaries in lagging regions with rating “Satisfied” or above on project interventions (disaggregated by sex, age: 15-35) (in Percentage)*” is subjective and difficult to measure, relies on elaborated surveys with challenges in sample size and selection of respondents, while it does not provide adequate

² Measured by the areal extent of forest and olive tree plantation, protection of forests against fire, soil and water conservation works, etc. supported by the project under subcomponent B.1.

³ The final target has already been achieved with 17 GDAs signatories of co-management agreements that have a facilitated access to markets/buyers through signed commercial contracts (“*contrat d’alliance productive*”) with buyers. This is very important indicator so it is relevant to keep reporting on it.



data to measure the PDO achievement. This indicator will be dropped and replaced with the former Intermediate Results indicator 10 "Areas of forest managed in accordance with co-management agreements".⁴

Intermediate Results (IR):

- Most of the indicators remain unchanged (in terms of formulation, target value and monitoring method); for several indicators, final target values have already been achieved;
- Indicator 4 "*Knowledge and planning base for agriculture and natural resources established*" would be restated as follows: "*Knowledge and planning base for forest, pasture and olive trees established*" with revised milestones (in terms of targets) to measure its achievement;
- Indicator 6 "*Productive Alliances (PA) developed according to defined criteria*" is proposed for cancellation as PAs accounted for are rather commercial contracts and don't really correspond to what is generally understood by a PA and it is also very daunting to measure;
- Indicator 10 would be modified to "*Area of forests managed according to management plans (duly approved by the Forest administration)*" eliminating pasture that are not always included in co-management agreements; target value would remain identical at 50,000 ha;
- Indicator 12 "*Business plans supported by the project (Number)*" will be cancelled following the substantial budget reduction affecting support to subprojects promoted by GDAs, cooperatives, women groups, MSMEs. Number, quality and operationalization of prepared BPs with project assistance would however be monitored by the UGO.

Economic and Financial Analysis

25. Quantifiable economic benefits estimated at appraisal are accrued from component B (particularly subcomponents B.1 and B.3) as no economic benefit could be quantified for Component 1. It is assessed that the reduction in benefits generated by subcomponents B.1 and B.3 after the proposed restructuring are envisaged to be proportionate to the reduction in costs of these two subcomponents. Therefore, no major difference is expected in the economic viability of the project, as measured by the economic internal rate of return (EIRR) and economic net present value (ENPBV). This justifies why the economic and financial analysis was not updated during this restructuring, notwithstanding the unavailability of reliable data collected by the UGO to conduct such an exercise. Also, as mentioned above, provision/budget was made in the reprogramming to carry out in late 2023/early 2024 a financial impact survey to gather data from GDAs, farmers (notably those benefiting from olive tree plantation), promoters of SPs and VC actors to provide evidence of financial impacts.

⁴ Total forest and pasture area covered by the 17 signed co-management agreements amounts to date to 70,585 ha. A independent evaluation is needed to state whether this area can be considered as "under sustainable management practice". Hiring of the specialized consultant that will carry out this assessment is under way. The final target indicated in the Results Framework might well be exceeded by project closure.



III. SUMMARY OF CHANGES

	Changed	Not Changed
Results Framework	✓	
Components and Cost	✓	
Cancellations Proposed	✓	
Reallocation between Disbursement Categories	✓	
Disbursement Estimates	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓
PBCs		✓
Loan Closing Date(s)		✓
Disbursements Arrangements		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓



IV. DETAILED CHANGE(S)

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Laying the foundations for sustainable management of agricultural resources	14.23	Revised	Laying the foundations for sustainable management of agricultural resources	10.12
Fostering sustainable regional investments	34.00	Revised	Fostering sustainable regional investments	11.19
Project Management, Monitoring and Evaluation	3.77	Revised	Project Management, Monitoring and Evaluation	1.70
TOTAL	52.00			23.01

CANCELLATIONS

Ln/Cr/Tf	Status	Currency	Current Amount	Cancellation Amount	Value Date of Cancellation	New Amount	Reason for Cancellation
IBRD-87220-001	Disbursing	EUR	48,412,000.00	27,000,000.00	20-May-2022	21,412,000.00	LOAN RESTRUCTURING, COST SAVINGS

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
			Current	Proposed
IBRD-87220-001 Currency: EUR				
iLap Category Sequence No: 1 Current Expenditure Category: GO, CW, NCS, CS, IOC Except P B3				
40,731,250.00	7,012,778.52	20,052,370.00	100.00	100.00



iLap Category Sequence No: 2	Current Expenditure Category: GO, CW, NCS, CS, P B3			
7,448,000.00	310,900.88	1,126,880.00	100.00	100.00
iLap Category Sequence No: FEF	Current Expenditure Category: FRONT END FEE			
232,750.00	232,750.00	232,750.00		
Total	48,412,000.00	7,556,429.40	21,412,000.00	

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2017	232,750.00	232,750.00
2018	4,500,000.00	4,500,000.00
2019	3,334,227.00	3,334,227.00
2020	5,468,781.00	869,150.00
2021	9,000,000.00	1,404,102.00
2022	9,000,000.00	6,056,697.00
2023	9,000,000.00	4,161,512.00
2024	9,000,000.00	853,562.00



Results framework

COUNTRY: Tunisia

Integrated Landscapes Management in Lagging Regions Project

Project Development Objectives(s)

The project development objective is to improve landscape management and access to economic opportunities for targeted rural communities in the North West and Center West regions of Tunisia.

Project Development Objective Indicators by Objectives/ Outcomes

Indicator Name	PBC	Baseline	Intermediate Targets							End Target
			1	2	3	4	5	6	7	
Improve landscape management and access to economic opportunities for targeted rural communities										
Land area under sustainable landscape management practices (CRI, Hectare(Ha))	0.00	0.00	0.00	0.00	0.00	4,953.00	8,377.00	11,000.00	11,800.00	11,800.00
Action: This indicator has been Revised	Rationale: Indicator formulation unchanged; final target revised downwards									
FProducer organizations (GDA) with facilitated access to key buyers and/or markets (Number)	0.00	0.00	11.00	11.00	17.00	17.00	17.00	17.00	17.00	17.00
Action: This indicator has been Revised	Rationale: Reduced coverage in sub-component 2.3 –revised target of number of producers’ organizations, farmers associations and MSMEs targeted from 150 to 17, counting only the 17 GDAs that signed co-management agreements and productive alliances with buyers. No more co-management agreements are expected to be signed.									



Indicator Name	PBC	Baseline	Intermediate Targets							End Target
			1	2	3	4	5	6	7	
Target beneficiaries in lagging regions with rating Satisfied or above on project interventions (disaggregated by sex, age: 15-35) (Percentage)		0.00	0.00	10.00	20.00	30.00	40.00	50.00	60.00	65.00
Action: This indicator has been Marked for Deletion	<p>Rationale: <i>Measuring beneficiaries' satisfaction is not relevant any more as a PDO indicator: cancelled and replaced by the former IRI: "Area of forests managed according to co-management plans (Ha)" that better informs the first part of the PDO as stated above; keeping the same target and refining the spelling considering only forests areas (rangelands are not part by co-management plans).</i></p>									
Area of forests and pastures managed according to co-management plans (Hectare(Ha))		0.00	0.00	0.00	0.00	0.00	0.00	15,000.00	30,000.00	50,000.00
Action: This indicator is New	<p>Rationale: <i>Replaces indicator "Target beneficiaries in lagging regions with rating "Satisfied" or above on project interventions (disaggregated by sex, age: 15-35)".</i></p>									



Intermediate Results Indicators by Components

Indicator Name	PBC	Baseline	Intermediate Targets							End Target	
			1	2	3	4	5	6	7		
Laying the foundations for sustainable management of agricultural resources											
Knowledge and planning base for agricultural and natural resources established (Text)		Score of zero	Score of zero	Score of zero	Score of zero	Score of zero	Score of zero	Score of zero	Score of one	Score of two	Score of four
Action: This indicator has been Revised	<p>Rationale: <i>The target is unchanged but the milestones to measure the achievement of this IRI have been clarified, keeping the 4 following milestones:</i></p> <ol style="list-style-type: none"> 1. National forest, pastoral and olive-growing inventory (IFPON) carried out to the satisfaction of the DGF/MARHP; 2. National afforestation and reforestation plan implemented annually; 3. Measurement, reporting and verification (MRV) system set up and operational; 4. Integrated forest and rangeland management plans developed in a participatory manner with the support of the PGIP approved by the Forestry Department. 										
Integrated Landscape Development Plans in selected lagging regions developed and approved (Number)		0.00	10.00	10.00	15.00	15.00	15.00	15.00	15.00	15.00	15.00
Productive alliances developed according to defined criteria (Number)		0.00	0.00	5.00	5.00	10.00	10.00	20.00	30.00	30.00	30.00
Action: This indicator has been Marked for Deletion	<p>Rationale: <i>Canceled following the substantial reduction of the budget for the support of sub-projects during the second restructuring, which are kept as a pilot action</i></p>										



Indicator Name	PBC	Baseline	Intermediate Targets							End Target
			1	2	3	4	5	6	7	
POs, CSOs and MSMEs created / trained (Number)		0.00	0.00	10.00	20.00	30.00	38.00	38.00	38.00	38.00
Action: This indicator has been Revised	<p>Rationale: <i>The target has been revised downwards from 80 to 38, because no additional producer organizations (POs) are expected to be targeted as from the second semester 2022.</i> <i>Currently, the total number of GDAs and MSMEs legally recognized under the ILMP and having signed a co-management agreement (case of GDAs) or productive alliance (case of MSMEs) is 38. They are benefitting / will benefit from trainings by the end of the project.</i></p>									
Milestones achieved in reform of the agriculture and forestry sector institutional framework (Text)		Score of zero	Score of zero	Score of zero	Score of one	Score of two	Score of two	Score of two	Score of two	Score of two
Legal framework reviewed and revised (Text)		Score of zero	Score of zero	Score of zero	Score of one	Score of one	Score of one	Score of two	Score of two	Score of two
Fostering sustainable regional investments										
Area of forests and rangeland managed according to co-management plans (Hectare(Ha))		0.00	0.00	0.00	10,000.00	15,000.00	20,000.00	30,000.00	50,000.00	50,000.00
Action: This indicator has been Marked for Deletion	<p>Rationale: <i>Now a Project Development Objective Indicator</i></p>									



Indicator Name	PBC	Baseline	Intermediate Targets							End Target
			1	2	3	4	5	6	7	
Physical infrastructure completed in selected lagging regions operational supported by the project (Number)		0.00	0.00	0.00	2.00	3.00	5.00	5.00	10.00	10.00
Number of business plans (Productive Alliances) supported by the project (Number)		0.00	0.00	0.00	2.00	10.00	15.00	20.00	25.00	25.00
Action: This indicator has been Marked for Deletion										
Number of Value chains supported by the project (Number)		0.00	0.00	0.00	0.00	1.00	2.00	2.00	2.00	2.00
Action: This indicator has been Revised										
Forest area brought under management plans (CRI, Hectare(Ha))		0.00	0.00	0.00	0.00	0.00	0.00	35,000.00	40,000.00	50,000.00
Action: This indicator has been Revised										

Rationale:
Reduced TFCDV scope of work after restructuring. Target reduced from 4 to 2.

Rationale:
Specification of the indicator has been refined, target remains the same. Forest and alfa areas management plans will be prepared in 4 governorates during the period September 2022 -March 2024 with the assistance of a technical assistance (TA) service provider to be contracted by the UGO by end June 2022. The contract is expected to start by September 2022, latest. Target indicated above is conservative. It might be exceeded. It will be updated at contract signing (considering the final target in terms of number of plans and hectares) and according to monitoring of its implementation in late 2022 through closure.



The World Bank

Integrated Landscapes Management in Lagging Regions Project (P151030)
