Reference No.: P-TN-AAD-001 Language: English
Sovereign Investment Operation Original: French

THE AFRICAN DEVELOPMENT BANK GROUP

APPRAISAL REPORT
PROJECT TO PROMOTE AGROFORESTRY AND RESTORE DEGRADED FOREST LANDSCAPES (PARFD)

[TUNISIA]

[USD 17 MILLION]

BOARD APPROVAL DATE: []

Vice-President	Beth DUFORD, Vice-President, AHVP
Director General	Mohamed EL AZIZI, RDGN
Sector Director	Martin FREGENE, Directeur, AHAI0
Sector Manager	Laouali GARBA, Head of Division AHAI2
	Vincent CASTEL, Head of Division AHAI3
Country Manager	Mohamed EL AZIZI, RDGN
Task Manager	Ablassé BILGO, Chief Climate-Smart Agriculture Specialist, AHAI2
	Wissam GALLALA, Principal Agricultural Development Officer, AHAI3
Task Team*	Samuel Alain NNA EBONO, Regional Financial Management Coordinator, SNFI2
	Malick FALL, Chief Regional Procurement Coordinator, SNFI1
	Rachidi KOTCHONI, Principal Country Economist, ECCE1
	Issam MOKNI, Principal Legal Adviser, PGCL1
	Olivier Joseph BRETECHE, Principal Country Programme Officer, RDGN
	Mohamed Adnene BEZZAOUIA, Principal Environment Officer, SNSC0
	Egidia RUKUNDO, Gender Specialist, AHGC.1
	• Dorra BEN NIRAN, Programme Coordinator, AHAI0
	Jean Marie NGAKETCHA TADOUM, Procurement Specialist (Consultant), SNFI1
	Moez MAKHLOUF, Financial Management Specialist (Consultant), SNFI2
	Salifou BAGANA, Environmental and Social Safeguards Specialist (Consultant), SNSC
	Martin NGANJE, Forest Management Specialist (Consultant), AHAI2
	Diego Fernandez DE VELASCO, Climate Change Specialist, RDGN1
	Néjib KACEM, Agro-Economist (Consultant), AHAI2
	Aghaby YANNI, Resilience and Fragility Specialist, RTDS
Peer Reviewers	TIEGUHONG Julius, Chief Forestry Officer, ECNR
	Ibro MANOMI, Chief Agricultural Economist, AHAI3
	UMUHIRE Chantal, Agriculture Officer, AHAI.4
	• MENGUE MEDOU Célestine, Agriculture Officer, AHAI.3

CURRENCY EQUIVALENTS

Exchange rate effective [Insert Date]

Currency unit[1]	Equivalent
1 Unit of Account	USD 1.42
1 USD	TND 3.1

FISCAL YEAR

01/01– 31-12

WEIGHTS AND MEASURES

1 metric ton	2,204.62 pounds (lbs)
1 kilogramme (kg)	2.20462 lb
1 metre (m)	3.28 feet (ft)
1 millimetre (mm)	0.03937 inch (“)
1 kilometre (km)	0.62 mile
1 hectare (ha)	2.471 acres

[1] Add any additional foreign or local currencies relevant to the project and their currency equivalents.

ABBREVIATIONS AND ACRONYMS

ADF	African Development Fund
ADG	Agricultural Development Group
AFD	French Development Agency
AfDB	African Development Bank
ANPE	National Environmental Protection Agency
AO	Call for tenders
APIA	Agricultural Investment Promotion Agency
AU	African Union
AVFA	Agricultural Extension and Training Agency
BD	Bidding document
CIF	Climate Investment Funds
CMM	Complaints Management Mechanism
CNP	National Steering Committee
CRDA	Regional Commission for Agricultural Development
CRFA	Country Resilience and Fragility Assessment
CSP	Country Strategy Paper
CSS	Climate Safeguards System
DG/ACTA	Directorate General for the Development and Conservation of Agricultural Land
DGF	Directorate General of Forestry
EIA	Environmental Impact Assessment
ESCON	Environmental and Social Compliance Note
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
FIP	Forest Investment Plan
IMF	International Monetary Fund
IRESA	Research and Higher Education Institution
ISS	Integrated Safeguards System
MARHP	Ministry of Agriculture, Water Resources and Fisheries
MDB	Multilateral Development Bank
MFI	Microfinance Institution
NTFP	Non-timber forest products
ODESYPANO	North-West Silvicultural and Pastoral Development Board
PACTE	Programme for Climate Change Adaptation in Rural Areas
PAP	Project Affected Persons
PDAI	Gabès Integrated Agricultural Development Project
PMP	Pest Management Plan
PMU	Project Management Unit
PRAC	Procurement Risk Assessment and Capabilities
PTBA	Annual Programme/Work Plan and Budget
SCF	Strategic Climate Fund
SDG	Sustainable Development Goal
SDP	Strategic Development Plan
SECP	Stakeholder Engagement and Communication Plan
SNDGDFP	Forestry and Pastoral Strategy
TND	Tunisian Dinar
USD	United States Dollars

PROJECT INFORMATION SHEET

CLIENT INFORMATION

Project name:	Project to Promote Agroforestry and Restore Degraded Forest Landscapes in Tunisia
Sector(s):	Agriculture
Borrower/Grant Recipient:	Tunisia
Project Instrument(s):	Loan/Grant
Executing agency:	Directorate General of Forestry (DGF) - Ministry of Agriculture, Water Resources and Maritime Fishing (MARHPM)

COUNTRY AND STRATEGIC CONTEXT

Country Strategy Paper Period:	2017– 2021/23
Country Strategy Paper Priorities supported by Project:	(i) Industrialisation and development of value chains and (ii) Improving the quality of life for people living in the priority regions
Government Programme (PRSP, NDP or equivalent):	Forestry and Pastoral Strategy (SNDGDFP: 2015-2024); Strategy for the development and conservation of agricultural land (ACTA) by 2050; National strategy on climate change; Industrialisation and development of value chains.
Project classification:	The project contributes to two (2) of the Bank's five (5) main priorities (High 5s), namely (i) Feed Africa and (v) Improve the quality of life for the people of Africa, and is also inspired by the Strategy for Agricultural Transformation in Africa (2016-2025). The project also aligns with Pillars 1, 2 and 3 of the Bank's Climate Change and Green Growth Strategic Framework (2021-2030).
	The project contributes to SDGs 1 (Eradicate poverty in all its forms everywhere in the world), 2 (Eradicate hunger, ensure food security, improve nutrition and promote sustainable agriculture), 5 (Gender equality and women empowerment), 8 (Sustainable economic growth) and 13 (Combating climate change and its impacts).
Selectivity priority(ies):[2]	(i) Increasing the country's resilience to climate change by sequestering greenhouse gases in forest landscapes, promoting agro-ecological innovations and combating forest fires; (ii) Promoting the socio-economic security of the population through the restoration of degraded forest landscapes in the State's public domain and the promotion of agroforestry in the private domain.
Country Performance and Institutional Assessment:	More than 50% of flags by 30 September 2023
Projects at Risk in the country portfolio:	There are no risky projects in the portfolio.

PROJECT CATEGORISATION

Environmental and Social Risk Categorisation	Category 2, [26/10/2022]
Does the project involve involuntary resettlement?	No

Climate Safeguards Categorisation:	Category 2
Fragility Lens Assessment:	Yes
Gender Marker System Categorisation:	Category 2

ADF/AfDB KEY FINANCING INFORMATION

Interest rate:	(%)
Service charge:	(%)
Commitment fee:	(%)
Tenor:	[Start date - End date]
Deadline	[Start date - End date]

Source	**Amount (millions)**		**Financing Instrument**
	UA	**[USD]**	
African Development Bank		14 million 3 million	Loan Grant
Government counterpart and beneficiary:		7.718 million	
Total Project Cost:		24.718 million	

PROJECT DEVELOPMENT OBJECTIVE AND COMPONENTS

Project Development Objective	Promote the socio-economic security of populations through the restoration of forest landscapes in the State's public domain and agroforestry in the private domain to facilitate the development of rural areas and the restoration of landscapes for carbon sequestration in Tunisia.
Project Components	Restoration and stabilisation of degraded landscapes (USD 8,187,629; 33%) Strengthening local community resilience (USD 12,739,831; 52%) Project management, monitoring and evaluation (USD 3,791,314; 15%)

PROJECT PROCESSING SCHEDULE TO BOARD APPROVAL

PCN Approval:	[Date: DD-MM-YYYY]
Appraisal Mission:	01-01-2023 – 28-07-2023
Planned Board Presentation	30 - 11 - 2023
Effectiveness:	NA
Implementation period:	January 2024 - December 2028
Planned Midterm Review:	June 2026
Project Closing Date:	December 2029

TABLE OF CONTENTS

1 BACKGROUND

A. Country context, strategy and objectives

With a gross national income of USD 3,621 per capita in 2022, Tunisia ranks among the lower middle-income countries. Covering an area of 164,000 km^2, the country has a mosaic of diversified landscapes and ecosystems made up of forests and natural rangelands extending over an area of around 5.7 million ha, i.e., a third of the national territory. Forests and other wooded areas occupy 8.2% of the country's territory, i.e., around 1.3 million hectares, 95% of which belong to the State domain over which the right of use of local populations is legally recognized, while extensive grazing lands cover an area of around 4.4 million hectares, a large proportion of which is collective land subject to the forestry regime (Youssef SAADANI, 2015). The project aligns with the fourth thrust of the country's Vision 2035: "Green economy and ecological and energy transition". It will contribute to implementing Tunisia's Strategic Development Plan (PSD, 2023-2025). It is particularly in sync with its fourth strategic thrust: "Green Economy and Climate Change" as well as various national strategies in force, including (i) the Forestry and Pastoral Strategy (SNDGDFP: 2015-2024), with its key strategic thrusts including Thrust I: "creating an environment conducive to the sustainable development of forests and rangelands"; (ii) Strategy for the Development and Conservation of Agricultural Land by 2050, (iii) National Strategy on Climate Change, (iv) National Sustainable Development Strategy, in particular Goal 15 "protecting and restoring terrestrial ecosystems and halting all biodiversity loss".

The project will contribute to making operational the 2017-2021 Country Strategy (CSP), extended to the end of 2023, which has set itself the main objective of supporting Tunisia in implementing its CSP through 2 pillars: (i) Industrialisation and development of value chains and (ii) Improving the quality of life of people in priority regions". The project is fully in line with the Bank's Ten-Year Strategy 2013-2022 and High 5 priorities. In particular, it is based on two priorities: "Feed Africa" and "Improve the quality of life for the people of Africa" and is also inspired by the Strategy for Agricultural Transformation in Africa (2016-2025). The project also aligns with Pillars 1, 2 and 3 of the Bank's Climate Change and Green Growth Strategic Framework (2021-2030), which focus on building climate resilience and adapting to climate change among other things. It is also in concord with the Bank's Gender Strategy (2021 - 2025) as well as the Bank Group's Strategy to Address Fragility and Build Resilience in Africa (2022-2026) in particular on priorities (1) Strengthening Institutional Capacities and (2) Building Resilient Societies. Following Tunisia's request, the Bank and the World Bank helped the country to start developing its FIP in 2015, during which consultations were organised to solicit contributions from stakeholders and interest groups at the national level. More specifically, the project is consistent with (i) Feed Africa: the Bank's Strategy for Transforming Agriculture in Africa (2016-2025).

The project aligns with Tunisia's commitment at the Dakar 2 Summit, which focused on food sovereignty and resilience in African countries. It also plugs into the Paris Climate Agreement and Goal 7 of the AU Agenda 2063 which envisages environmentally sustainable and climate-resilient economies and communities. The project further consolidates the outcomes of the Bank Group's operations in Tunisia and represents an opportunity and added value for the Bank to illustrate its unique experience in implementing FIP projects in several African countries.

B. Sector and institutional context

Forest and pastoral areas are a source of life for 8% to 10% of the country's total population, i.e. between 800,000 and 1,000,000 women, men and children, most of whom are poor and dependent on forestry and pastoral activities. These ecosystems generate goods and services worth more than one million Tunisian dinars a year, and contribute around 1.5% of the country's GDP. They provide 15% to 25% of the national livestock's food requirements and cover 14% of household energy needs. The different forestry products contribute 30% to 40% of rural household income. In recent years, Tunisia has experienced prolonged drought accompanied by waves of fires and insect infestations that ravaged thousands of hectares between 2015 and 2021, with a maximum of 13,417 ha in 2021. Tunisia's forests are vulnerable and characterised by plant species that are highly flammable, even in winter. In addition, the climate is characterised by aridity and a summer drought that lasts for 6 months. These climatic hazards threaten the sustainability of Tunisia's agricultural sector and pose food security risks to women, men and children. This sector is an important part of Tunisia's economy, generating 10% of GDP, 10% of export earnings and around 600,000 jobs. A recent study suggests that the effects of climate change could lead to the loss of around 37,000 jobs and 5% to 10% of added value in the agricultural sector by 2030. Moreover, Tunisia's forests are overpopulated, with around 10% of the population living there. The farming activities carried out by this population encourage fire breakouts in the scrubland, garrigues and forests. Therefore, it should be pointed out that the effects of climate change, repeated fires and the absence of a sustainable management approach and appropriate silviculture have affected the adaptability of Tunisian forests, triggering a gradual decline which, in the most aggressive cases, has encouraged the proliferation of pests, particularly Aleppo pine bark beetles.

This critical situation calls for urgent action to safeguard and maintain the forest cover and contribute to national and global efforts to preserve and restore natural ecosystems, their biodiversity and the goods and services they provide to the environment and rural societies. It is in this context that the Directorate General of Forests (DGF) has included among its priorities the promotion of the restoration of natural ecosystems that are severely threatened by the effects of climate change, and the reduction of fire risks and the affected forest areas. This will make it possible to preserve biodiversity, contribute to the effort to mitigate greenhouse gases by sequestering carbon and to the national land degradation neutrality goal. The quality of life of local populations will also be improved by the provision of forest goods and services and agroforestry on private land, which will help to support the budgets of the most vulnerable families, particularly women and young people, and maintain them in their territories[3].

C. Rationale for the Bank's involvement

The Bank maintains regular dialogue with other donors in the country through thematic consultations and sector working groups in the areas covered by the project, including food security, the environment and climate change. It has a comparative advantage in several areas, including agriculture and the social sectors, and is a key partner for Tunisia on issues affecting these sectors.

The Government of Tunisia requested the Bank's support for the development of its forestry investment programme in 2015. The Bank and the World Bank helped the country to develop its Investment Plan, which was approved by the FSC/FIP sub-committee in December 2015. The process involved consultations that were organized to solicit input from stakeholders and interest groups nationwide. Hence, the project responds to the country's needs and further consolidates the outcomes of the Bank Group's operations in Tunisia. The project is part of implementation of the Climate-Smart Agriculture (CSA) flagship programme of the Bank's Feed Africa strategy (2016-2025). The project also aligns with Pillars 1, 2 and 3 of the Bank's Climate Change and Green Growth Strategic Framework (2021-2030), which focus on building climate resilience and adapting to climate change among other things. Furthermore, it is in tune with the Bank's Gender Strategy (2021 - 2025) as well as the Bank Group's Strategy to Address Fragility and Build Resilience in Africa (2022-2026), in particular on priorities (1) Strengthening Institutional Capacities and (2) Building Resilient Societies.

D. Coordination of development partners

The project was developed as part of an inclusive process, under the responsibility of the Tunisian Government, represented by the Ministry of Agriculture, Water Resources and Fisheries (MARHP). The Bank consulted with development partners working in the same sector in the country, including (i) the World Bank, (ii) the French Development Agency (AFD), (iii) the World Food Programme, (iv) the United Nations Food and Agriculture Organization (FAO), (v) the European Bank for Reconstruction and Development (EBRD), etc. More specifically, action synergies are being built on

[3] A complete analysis is reported in Section B (Institutional Analysis) of Annex 1-7: Sector and Institutional Analysis.

the lessons learned from the integrated landscape management project in the least developed regions of Tunisia, financed by the World Bank and the Programme for Climate Change Adaptation in Vulnerable Rural Territories (PACTE) financed by AFD. PACTE has implemented a participatory approach that is useful for the project and is active in two of the three governorates concerned by the project. The appraisal mission held a virtual working session with Tunisia's Coordination of Technical and Financial Partners (PTF). During the meeting, issues relating to project implementation and the opportunities for collaboration and synergies between the actions of the partners were discussed. The partners confirmed their willingness to work in synergy and to share the lessons learned from the implementation of current projects to build effective and efficient approaches to agroforestry.

2 PROJECT DESCRIPTION

A. Project Development Objective

The project aims to increase productivity and carbon sequestration in agro-ecosystems, thereby mitigating the negative effects of climate change and generating significant environmental and socio-economic co-benefits. Combating forest fires, which are a real scourge in Tunisia, will be strengthened by the project, thereby reducing carbon emissions from forest cover through the passage of fire. The project development objective is to promote the socio-economic security of populations through the restoration of forest landscapes in the State's public domain and agroforestry in the private domain to facilitate the development of rural areas and the restoration of landscapes for carbon sequestration in Tunisia. Therefore, the project will help to (i) introduce dynamic silvicultural management of forests, taking account of the effects of climate change and the extreme events that result therefrom, while contributing to carbon sequestration in Tunisia (public domain); (ii) ensure restoration of degraded forest soils and landscapes based on the principle of land degradation neutrality with an integrated approach that improves forestry and agroforestry management in Tunisia (private domain); (iii) increase income for forest landowners and local populations in the project landscapes and consequently socio-economic development in the project's target governorates.

These objectives are anchored in various strategies, such as the updated Nationally Determined Contribution (2021), the 2050 National Low Carbon and Climate Change Resilient Strategy, and the 2018-2030 National Biodiversity Strategy and Action Plan.

B. Theory of Change

According to the CSP (2017-2021), extended to the end of 2023, Tunisia’s economy is in a decline and stagnation cycle. The country has produced less wealth per capita since 2011. Economic growth is estimated at 2.4% in 2022, driven by the industrial sector and services, after a rebound of 4.3% in 2021 attributable to a catch-up effect. The budget deficit reduced from 7.6% in 2021 to 6.8% of GDP in 2022. At the regional level, the least accessible governorates of the North-West and Centre-West of the country remain the least developed, despite the highest rainfall and the most favourable agro-climatic potential. In addition, the average level of infrastructure and poor access to markets are major obstacles to private investment and entrepreneurship, hindering sustainable growth in these regions. The project will bring about major changes in wealth creation through the restoration of degraded forest landscapes and the development of agroforestry in private domains, increasing food security, income and environmental protection. In the public domains, the real change is aimed at controlling and implementing dynamic silvicultural management of forests that takes account of the effects of climate change and the extreme events that result therefrom, while contributing to carbon sequestration in Tunisia. The strengthening of forest firefighting resources and the introduction of early warning systems are major tools for behaviour change and natural resource preservation. The change also concerns the restoration of landscapes and degraded areas of the public domain by rehabilitating or modernising nurseries, reconstituting the stock of seeds of local species for use, setting up defences by guarding and fixing coastal dunes. In the case of degraded private land, the project will promote the introduction of trees, the intensification of localised sustainable production, increased creation of added value through the development, strengthening and diversification of value chains based on the systematic and rational exploitation of existing potential, including increasing the share of local processing, thus making it possible to develop local opportunities on a more inclusive basis. The project-induced transformational vector of poverty reduction and wealth creation will be achieved through the development of degraded agricultural land by using climate-smart farming practices, including agroforestry, to sequester carbon and increase land productivity. Applied research will enable the dissemination of native tree species that are resistant to pests, diseases and climate change, thereby providing real assets for changing the environment.

C. Project Components

COMPONENT 1: RESTORATION AND STABILISATION OF DEGRADED LANDSCAPES (USD 8,187,629; 33%)

This component of the project, dedicated to forest restoration, is in line with FIP's first investment criterion, which is based on carbon sequestration. It aims to develop activities that sequester greenhouse gases by restoring forests or reducing their emissions by fighting forest fires.

Sub-component 1.1: Territorial coordination and implementation of a monitoring, detection and early warning system

Information, awareness-raising and building of beneficiaries' adaptive capacities: The project will fund activities to (i) develop and implement an information and awareness-raising programme for local populations, civil society, local institutions and the various institutional partners; (ii) raise awareness of forest, tree and agroforestry entrepreneurship through a specific programme in partnership with AVFA, APIA and the relevant CRDAs; (iii) support the training of professional groups in agricultural, silvicultural and pastoral products: (a) structuring of beneficiaries into groups and (b) training of groups (agreement with AVFA); (iii) technological innovations capacity building by carrying out a study of the market information system (MIS); and (iv) a public communication plan targeting beneficiaries and stakeholders.

Promoting participatory innovation through research and development: The project will finance the setting up of a programme of applied research plots to further develop research outcomes (already obtained by national research institutions) aimed at popularising indigenous tree species that are resistant to pests, diseases and climate change, to restore degraded land and stabilise soil on slopes. The programme will be implemented in close collaboration with IRESA and CRDAs. The project will also support the DGF's Forest Monitoring and Evaluation System (SSEF), updated to capture carbon sequestered in the modified forest ecosystems, with minimum training required to handle and interpret data generated by the system[4].

Creating an environment conducive to integrated and participatory forest restoration: The main activities financed by the project are the development of a system to monitor the implementation of existing forest management plans and prepare forest management plans. The development approach must factor in the challenges and the profound ecological, social and economic changes that the forestry sector is undergoing, as well as developments in the methodologies, approaches and technologies adopted.

Development of a forest fire monitoring, detection and early warning platform: The project will fund the setting up of a monitoring system including the design of a dynamic and interactive database and the drawing-up of fire and disease sensitivity maps. It will also fund the setting up of an assessment system, including the development of an early warning system and an assessment plan. Lastly, the project will finance the procurement of the IT hardware and logistical equipment (at the level of the DGF and the regional centres) needed to set up the platform, as well as the training of stakeholders (technicians and users) responsible for managing and operating the platform.

[4] A simple system that takes account of (a) the country concerned (i.e. Tunisia), (b) the region concerned (i.e. Bizerte), (c) the AFOLU system concerned (i.e. agroforestry), (d) the species concerned (i.e. Aleppo pine), (e) the area concerned (i.e. 10,000 hectares), (f) the age of the system (i.e. year 2) can be used to determine the carbon sequestration in project landscapes. Please see: https://winrock.org/flr-calculator/

Sub-component 1.2. Restoration of degraded landscapes

Feasibility study and development of participatory action plans: The project will finance a feasibility study of integrated and participatory action plans to: (i) specify the intervention zones/sites, households/individuals and institutions that should benefit from the project's interventions based on predetermined criteria; (ii) identify, in a concerted manner, the structuring infrastructures to be built and their positioning in the landscape; and (iii) fine-tune the various implementation methods, roles and responsibilities of the institutions and beneficiaries and the tools required. It will also cover the development of participatory action plans for the management and restoration of forest landscapes following attacks by pests and diseases, fires and prolonged droughts, and support for the implementation of the participatory action plans. The process will include all components of the landscape (forest, rangeland, dry and irrigated farmland, agro-pastoral land, etc.).

Support for the restoration of landscapes and degraded areas in the public domain: The project will finance the following activities: (i) support for the rehabilitation/modernisation of four tree nurseries and the replenishment of seed stocks of local multi-purpose species; (ii) restoration of degraded ecosystems over an area of around 3,000 ha (reforestation, stand management and rehabilitation of degraded forest landscapes); (iii) protection by guarding public domain forests covering an area of 30,000 ha annually (financed by Government's counterpart contribution); and (iv) fixing coastal dunes over a total area of around 200 ha. The forest restoration approach will take into account, in particular, the protection of biodiversity, watershed conservation, soil improvement and protection, and land stabilisation with a view to resilience to the negative effects of climate change and the sustainability of forest landscape restoration models.

Feasibility study of a private agroforestry sustainable financing mechanism: The project will finance the following activities: (i) drawing up the terms of reference for the study; and (ii) drawing up an inventory of existing mechanisms, making a proposal for innovative incentive financing mechanisms adapted to the needs and sustainability of forestry and agroforestry in the private domain, capitalising on previous experience in the country; (iii) as well as a proposal for the legal instrument of these financing mechanisms. The proposal will also examine the opportunities available for private financing of forestry and agroforestry through international agreements such as the United Nations Framework Convention to Combat Desertification (UNCCD)/Global Mechanisms, and the United Nations Framework Convention on Climate Change (UNFCCC)/Paris Agreement/REDD+.

COMPONENT 2: STRENGTHENING LOCAL COMMUNITY RESILIENCE (USD 12,739,831; 52%)

Sub-component 2.1 Development of socio-economic facilities

The planned facilities include (i) rehabilitation of 36 km and opening of 32 km of feeder roads (total = 68 km); (ii) rehabilitation of 7 forestry posts; (iii) building and development of 15 water reservoirs with spring tapping; (iv) building of 15 semi-underground cisterns; (v) development of 15 water points by tapping existing water sources to fight forest fires; (vi) opening of 17 km and rehabilitation of 84 km of firebreak trenches (total = 101 km); (vii) building of two lookout posts; (viii) procurement of 2 bulldozers to build firebreak trenches and support the detection, early warning and emergency response platform for very intensive forest fires in the project area. Lastly, the project will finance the studies, control and supervision of the works.

Sub-component 2.2. Support for agroforestry / private forestry and income-generating activities

The project will finance the following: (i) domestication of aromatic and medicinal plants by setting up a database for the distribution of aromatic and medicinal plants, support for extension via packages of seeds and materials for vegetative propagation of healthy species (private operators), and the procurement of equipment for extracting essential oils and training in the profile of private sector processors; (ii) easing of access to processing equipment for beneficiaries, including women and young people: (iii) agroforestry and private forestry sub-projects: facilitating the formation of groups (young people, women, micro-businesses) to develop non-timber products, develop forest products (small nurseries), acquire beehives, agroforestry package (arboriculture, carob tree, acacia, cereals: wheat barley, etc.) (target 1050 ha), aromatic and medicinal products package, forest tree package (Aleppo pine, Eucalyptus, poplar, etc. (target 600 ha) and, lastly, honey and beeswax package; (iv) easing of access to microcredit by setting up a dedicated financing system for women and young people: diagnosis of the microfinance institutions (MFIs) in the project area, followed by the development of an action plan for intervention with women's and young people's groups; an advisory support programme tailored to the needs of women and young people based on this action plan, including putting women's and young people's groups in touch with microfinance institutions; (v) procurement and provision of equipment tailored to the needs of women and young people's groups; (vi) development of environmental and social safeguards (ESMP, ESIA, etc.): carrying out environmental and social impact assessments in accordance with the project's ESMF; and (vii) carrying out monitoring missions as part of the implementation of the ESMP.

COMPONENT 3: PROJECT MANAGEMENT AND MONITORING AND EVALUATION (USD 3,791,314; 15%)

The project will finance: (i) the procurement of the necessary material resources: means of transport, IT hardware and office automation equipment; (ii) the establishment of a monitoring and evaluation system and study of the baseline situation, the midterm review and completion report, the operations manual, the accounting, financial and administrative procedures manual, the accounting audit, the contract audit, the environmental and social audit, and the development and implementation of a communication plan (to the public, stakeholders); (iii) staff cost (designated administrative staff in the form of a government counterpart contribution) and technical assistance to support the project coordination team; and (iv) operating cost of project coordination at central and regional level, staff training, maintenance and operation of rolling stock and IT and office automation equipment.

D. Project cost and financing arrangements

Project cost: The total cost of the project amounts to USD 24.718 million (approximately TND 76.628 million Tunisian), excluding taxes and customs duties for a five (5) year implementation period. This cost is broken down as follows: a portion in foreign exchange estimated at USD 9.692 million (TND 30.045 million) and a portion in local currency estimated at USD 15.026 million (TND 46.584 million). This cost includes provisions for physical and cost escalation. Provisions for physical contingencies vary from 0 to 6% depending on the nature of the activity. Provisions for cost escalation have been calculated based on an inflation rate of 3%. Summaries of project cost by component, by category of expenditure and by component are presented in the tables below. The detailed cost is shown in the tables below.

Table 1. Summary of Project Cost by Component

Components	(TND '000)			(USD)			%
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total	
Degraded landscape restoration and stabilisation	13,439	8,915	22,354	4,335,105	2,875,750	7,210,855	29.2%
Strengthening community resilience	18,244	16,763	35,006	5,885,020	5,407,359	11,292,379	45.7%
Project management	9,508	830	10,338	3,067,032	267,806	3334839	13.5%
Total base cost	**41,190**	**26,508**	**67,698**	**13,287,157**	**8,550,916**	**21,838,073**	**88.3%**
Physical contingencies	2,016	1,565	3,581	650,442	504,694	1,155,136	4.7%
Cost escalation	3,377	1,972	5,349	1,089,349	636,216	1,725,565	7.0%
Total cost	**46,584**	**30,045**	**76,628**	**15,026,949**	**9,691,825**	**24,718,774**	**100.0%**

Table 2. Summary of Project Cost by Expenditure Category

Expenditure Category	(TND thousand)			(USD)			%
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total	**Foreign Exchange**
Goods	10,079	10,213	20,292	3,251,166	3,294,521	654,5687	50
Works	13,450	13,450	26,900	4,338,687	4,338,687	8,677,373	50
Services	3,045	2,845	5,890	982,224	917,708	1,899,932	48
Miscellaneous (forest guards)	4,500	-	4,500	1,451,613	-	1,451,613	-
Staff	7,116	-	7,116	2,295,484	-	2,295,484	-
Operating cost	3,001	-	3,001	967,983	-	967,983	-
Base cost	41,190	26,508	67,698	13,287,157	8,550,916	21,838,073	39
Physical contingencies	2,016	1,565	3,581	650,442	504,694	1,155,136	44

Cost escalation	3,377	1,972	5,349	1,089,349	636,216	1,725,565	37
Total	46,584	30,045	76,628	15,026,949	9,691,825	24,718,774	39

Table 3. Expenditure Schedule by Component

Components	(USD)						
	2024	2025	2026	2027	2028	Total	%
Degraded landscape restoration and stabilisation	6,595,315	386,979	360,664	371,484	382,628	8,097,070	32.8%
Strengthening community resilience	1292813	8,234,180	2,486,792	563,383	353,122	12,930,290	52.3%
Project management	1,348,361	685,569	612,398	511,740	533,347	3,691,414	14.9%
Total	9,236,489	9,306,728	3,459,854	1,446,606	1,269,098	24,718,774	100.0%

Project financing: The Project will be financed by a Forestry Investment Programme (FSC/FIP) Loan of USD 14 million (56.6% of the total project cost), a Grant from the same Programme amounting to USD 3 million (12.1%), a Government counterpart of TND 19.795 million (USD 6.385 million) accounting for approximately 25.8% of the total Project cost, as well as a contribution from the beneficiaries to the tune of approximately TND 4.133 million (1.333 million USD, representing approximately 5.4% of the total Project cost. The FSC/FIP funding consists of (i) the initially approved funding of USD 12 million, comprising a USD 10 million loan and a USD 2 million grant and (ii) an additional USD 5 million extended to Tunisia (USD 4 million loan and USD 1 million grant).

The FSC/FIP Loan will be used to finance the procurement of works, goods and services relating to Component 1 and part of the works, goods and services of Component 2, the investment cost of Component 3 and part of the operating cost of the PMU. The FSC/FIP Grant will be used to finance part of the cost of acquiring goods for Component 1, part of the cost of acquiring goods and services for the sub-component Support for private forest agroforestry and income-generating activities for Component 2, as well as the cost of technical assistance for the PMU.

Government's contribution will cover the cost of rehabilitating/modernising nurseries and restoring degraded ecosystems, protecting classified forests by guarding them, part of the cost of the private agroforestry sub-projects, the salaries of the Project Management Unit's staff, civil servants appointed to coordinate/manage the Project at the national and regional level, and part of the operating cost of the Project Management Unit. The beneficiaries' contribution accounts for approximately 20% of the cost of procuring processing equipment and the sub-projects of the sub-component Support for private agroforestry and income-generating activities, particularly for women (in cash or kind).

Table 4: Summary of Project Cost by Source of Financing

Source of Financing	(TND thousand)			(USD)			%
	Local Currency	Foreign Exchange	Total	Local Currency	Foreign Exchange	Total	
FIP loan	17,820	25,580	43,400	5,748,292	8,251,708	14,000,000	56.6
FIP grant	7,386	1,914	9,300	2,382,591	617,409	3,000,000	12.1
Government	19,795		19,795	6,385,496		6,385,496	25.8
Beneficiaries	1,583	2,550	4,133	510,569	822,708	1,333,278	5.4
Total	46,584	30,045	76,628	15,026,949	9,691,825	24,718,774	100.0

E. Beneficiaries in the target area, the project population and other stakeholders

The project will be implemented in the three governorates of Béja, Siliana and Bizerte. The direct beneficiaries of the project will be: (i) around 1,500 private landowners (households), i.e. 7,500 people for the three governorates (at a rate of 5 people per household), targeted for agroforestry and forestry investments; (ii) around 9,000 beneficiaries who will benefit from support for the processing of agricultural, agro-silvicultural and pastoral products; (iii) around 3,000 beneficiaries who will receive support for access to agricultural inputs (tree seedlings, fertilisers, materials and equipment, etc.); (iv) around 3,000 beneficiaries whose capacity will be strengthened in terms of adopting best forestry and agroforestry production practises, alongside the professionalisation of players and the development of partnerships; (v) around 300 individual beneficiaries and 20 professional groups that will be supported in developing partnerships with market operators; and (vi) around 5,000 people who will benefit from basic infrastructure (106 km of service roads, water points, etc.). In addition, a total of around 600 executives at the central, regional and local level (DGF, DGFIOP, DGPA, APIA, IRESA, AVFA, RMTA, CRDA, etc.) will be involved in implementing the project and will benefit from the project's capacity building.

F. Bank Group experience and lessons reflected in the design

Lessons learned from previous Bank Group projects in Tunisia have shown that inadequately qualified staff have been a major factor in project delays, as was the case in the Mahdia Rural Development Project Phase I and II; the Gabès, Gafsa and Kasserine Integrated Agricultural Development Project; the Project to Develop Irrigation Schemes through Value Chain Development; and the World Bank Project (Tunisia - Integrated Landscapes Management in Lagging Regions). Therefore, careful identification and recruitment or appointment of qualified project staff would be required. These projects have also shown, among other things, that to avoid delays in the construction of surface water mobilisation structures, the installation of wildfire prevention facilities and other long-term land investments, it will be necessary for beneficiaries to make written, signed and certified commitments before work begins, and to carry out, as far as possible, the detailed studies and prepare the BDs for the works during the project preparation process, so that they are ready as soon as the project is implemented. Regarding the sustainability of outcomes, it emerged that local trainers would need to be trained to support the project's beneficiaries, that beneficiaries would need to be involved in all phases of the project's implementation to ensure greater ownership of its achievements, and that small businesses would need to be encouraged to maintain the works or input distribution equipment. The various lessons learned were taken into account in the project appraisal.

3 PROJECT FEASIBILITY

A. Financial and economic analysis

The financial and economic analysis of the project was conducted using the Cost/Benefit method. The project cost emanates from public resources injected annually to fund the designated investments. The benefits are derived from the activities in the public and private domains, grouped into the various project packages: (i) in the public domain: Package 1 - Restoration of degraded forest landscapes/reforestation of the public domain with forest species over a total area of 3,000 ha; Package 2 - Assisted natural regeneration/defence/guarding of public domain forests over 30,000 ha; Package 3 - Stabilisation of dunes in the coastal public domain over 200 hectares; and (ii) in the private domain: Package 4 - Agroforestry wheat cultivation with *Acacia cyanophylla* over 2,700 ha; Package 5 - Agroforestry barley cultivation with *Acacia cyanophylla* over 1,500 ha; Package 6 - Planting and maintenance of forest species [carob and Aleppo pine] on degraded private land over 1,150 ha; Package 7 - Planting and maintenance of medicinal and aromatic plants (rosemary, prickly pear, etc.) over 800 ha. The detailed assumptions of the financial and economic analysis, the tables of operating models (baseline situation and situation with the Project) and the financial and economic flows are set out in Annex 3-1 of the Technical Annexes (Volume 2). *The findings of the analysis show that the Project is financially and economically profitable*. It should be noted that the economic analysis does not take into account the price of the carbon sequestered by the project.

Financial analysis: In the public domain - the impact of the project's actions is reflected in an increase in income induced by indirect effect at the level of the three packages: Package 1: TND 7,500 per beneficiary household, i.e., TND 1,847 per person/household member, i.e., approximately TND 11,250,000 for all indirect beneficiaries of P1 (500 beneficiary households); Package 2: TND 7,500 per beneficiary household, i.e., TND 1,847 per person/household member and TND 45,000,000 for P2 as a whole (2,000 beneficiaries); Package 3: TND 7,500 per beneficiary, i.e., TND 750,000 for P1 as a whole (100 beneficiaries).

In the private domain: the impact of the actions is reflected in direct effect at the level of - Package 4 (a 4 ha farm): TND 4,600 per beneficiary i.e., TND 1,150/ha for a total of TND 3,105,000 for the whole of P1 (675 beneficiaries); Package 5: (a typical 4 ha farm): TND 2,800 per farm, i.e., TND 700 per ha and TND 1,050,000 for the whole of P5; Package 6: (a typical 4 ha farm): TND 39,163 i.e., TND 9,790 per ha and TND 11,279,000 for the whole of P6; and Package 7: (a 4 ha farm): TND 18,500,000 i.e., TND 4,625 per ha and TND 3,700,000 for the whole of P7 and P9 (Support for the installation, processing and marketing of honey and beeswax): TND 4,140 per beekeeper (10 hives) and TND 2,484,400 for package 9 as a whole (60 beekeepers).

Economic analysis: The assumptions used in calculating the economic rate of return are as follows: (i) all investment costs, (ii) the programme cost and benefits were calculated over 25 years; (iii) only the economic prices of wheat and barley (products traded on the international market) were calculated based on baseline prices on the international market; (iv) the use of financial prices (2023 constant) for the other products, i.e. *carroube*, Aleppo pine seeds, rosemary and *oyak*. The economic rate of return is estimated at 37.5% for a net present value (NPV) of TND 258.178 million (discount rate of 12%). This rate is satisfactory and will help to reduce the incidence of poverty and food and nutritional security in the project's intervention areas. It is also considered satisfactory, given that some benefits could not be taken into account in the calculations due to insufficient data for their evaluation (Package 8). Taking into account the market value of the carbon equivalent sequestered by the project (USD 40 per tonne), the ERR is 43.4% for a net value (NPV) of TND 321.667 million.

Table 5: Key economic and financial figures (for cost-benefit analysis)

NPV (12%)	TND 258,178,663
ERR (baseline scenario)	37.5 % (43.4% carbon value)

Sensitivity analysis: The sensitivity tests conducted on the bases set out in the table above give an ERR of 35.8%, 34.2% and 32.6% respectively. The ERR is more sensitive to a fall in revenues than to an increase in investment cost. The combined effect of a 10% increase in cost and a 10% decrease in production results in a return slightly higher than the opportunity rate of capital (12%). This calls on all stakeholders to rigorously monitor the project implementation schedule, save costs and develop marketing strategies.

Table 6: Sensibility analysis

Heading	Basic Cash Flow	Sensitivity 10% Increase in Cost	Sensitivity 10% Revenue Decrease	Sensitivity 10% Revenue Decrease and 10% Cost Increase
IRR	37.5%	35.8%	34.2%	32.6%
NPV (billion MGA)	258,178,663	252,050,505	215,456,833	209,328,675

Additional positive effects

Additional non-intended benefits include: the employment that will be obtained elsewhere (other than from the project) by several of the 50,000 people who will be trained in agroforestry processes including in value chain development; the training and experience acquired by the relevant government agencies which will enable them to supervise other agroforestry initiatives in other parts of the country as well as to develop the country's national agroforestry strategy; the shade that the planted trees will provide to the livestock on project and non-project landscapes, thereby reducing animal stress and consequent increase in meat and milk production in project and non-project landscapes; the reduction of erosion due to the tree cover, leading to saving millions of tons of soil which otherwise could be washed away by sporadic rains; the increased wildlife and biodiversity resulting from the presence of trees, that will accrue to local people as NTFPs and various forms of safety nets; the improved husbandry of cattle that will result from new water collection infrastructure (for cattle watering) especially in the relatively drier high risk areas, resulting in increased meat, milk and manure for soil improvement in targeted and non-targeted project landscapes. Pertaining to financial additionality, the project will fund-raise from various bilateral climate funds, including the Bank's Climate Action Window after one year of operation.

B. Environmental and social safeguards

Environmental

Project category: According to national regulations, the project's activities are not subject to an environmental and social impact assessment (ESIA). According to the Bank's ISS, the project is classified as Category 2, which was validated on 26 October 2022 and selected for environmental and social aspects. This category is justified by the fact that (i) the planned activities are likely to have adverse environmental or social impacts that can be controlled through the application of appropriate management and mitigation measures; (ii) no physical resettlement is envisaged under the Project; and (iii) no ecosystem systems or protected/sensitive areas are impacted.

Environmental and social safeguard documents: Per Tunisia's Decree No. 2005-1991, the project does not require the preparation of an ESIA. However, the Bank had agreed with the borrower that an environmental and social management framework (ESMF) should be drawn up in line with the Bank's policy, as at the current stage the project locations are not known. The ESMF was produced in consultation with all interested parties, reviewed and validated by the Bank and does not require approval by the relevant national authorities (Tunisia's ANPE). The ESMF was published by the DGF on 14 July 2023 and by the Bank on 18 July 2023.

Main environmental and social risks: The negative impacts identified for the project are of minor to moderate intensity during the works, such as (i) the risk that the communities affected by the works are not consulted and do not have all the necessary information on the project concerning, in particular, the activities, the risks and the associated means of mitigation; (ii) the risks associated with increased production of solid and liquid waste, deterioration in air quality due to dust and atmospheric emissions, soil pollution due to the movement of machinery and the works, risks to the health and safety of workers on site due to negligence or poor consideration of environmental and social aspects during the preparation of tender documents and during the implementation of the activities; (iii) the risk of trampling private land and restricting access to the resources of local populations during the implementation of activities; (iv) the risk of Gender-Based Violence, Sexual Exploitation and Abuse, Sexual Harassment (GBV/SEA/HS) against project workers or beneficiaries.

E&S risk and impact management measures: All E&S risk and impact management measures are set out in the approved ESMF. The cost of implementing the measures set out in the ESMF has been reviewed and updated as part of the ESMF review to factor changes in some activities, and has been re-evaluated at TND 500,000 million. This cost includes the hiring of an E&S consultant for E&S technical assistance and the project's annual E&S performance audits, and is reflected in the detailed project cost.

To mitigate the identified risks and negative impacts, the following mitigation measures have been planned: (i) implementation throughout the project of the Stakeholder Engagement and Communication Plan (PGEPPC); (ii) hiring an E&S consultant for E&S technical assistance on behalf of the project; (iii) ensuring that specific additional E&S instruments are drawn up, such as specific ESMPs and that environmental and social clauses are included in the works specifications and that companies prepare ESMP-Fs with the involvement of an HSE expert; (iv) appointing E&S and GBV focal points and implementing the appropriate Complaints Management Mechanism (CMM), which includes specific handling of GBV-related complaints.

Capacity to implement E&S measures: At the central level, a Project Management Unit (PMU) will be set up within the DGF by ministerial decision. This central unit will be responsible for implementing the project. The Project Management Unit (PMU) will be responsible for managing the project's environmental and social measures. The PMU will recruit an environmental and social safeguards specialist, for specific needs such as drawing up specific ESMPs and monitoring and following up environmental and capacity-building measures for a total of 30 months over the 5 years of the project. Some DGF staff (forestry engineers, forestry district heads, plant production district heads, rural engineering district heads, etc.) already have the relevant skills and capacities on environmental and social issues, which will nevertheless need to be strengthened to ensure effective environmental and social management of mitigation measures in line with the project's objectives, and to designate from among them an E&S focal point and a GBV focal point, who will be appointed at the central level, and 2 regional E&S focal points.

E&S compliance: Quarterly reports on the implementation of E&S measures will be shared with the Bank, as well as annual E&S performance audit reports from the first quarter of the second year of implementation. ESCON confirms the project's compliance with the Bank's environmental and social requirements before Board approval; these requirements are reflected in the Financing Agreement.

Involuntary resettlement

The project will not result in the displacement or resettlement of any populations. Most of the land will be State-owned, and the project will support other populations with degraded private land who have given their consent to use this land for greenhouse gas sequestration or agricultural purposes.

Climate change and green growth

The project has been screened for climate risks using the Bank's Climate Safeguard System (CSS) and is classified in Category 3, which means that it is not vulnerable to the impacts of climate change. The establishment of forest, tree and agroforestry plantations will strengthen the climate resilience of ecosystems in the target governorates as well as the resilience of surrounding communities through the development of forest, tree and agroforestry industries and alternative livelihoods. The establishment of 39,350 ha of stands (acacia, carob, Aleppo pine, rosemary and *oyak*) will help mitigate climate change by sequestering carbon, estimated at approximately 1 million tCO2eq over the first five years and 32 million tCO2eq over 25 years. These estimates are based on the Chapman Richards linear model for agroforestry systems (USAID/Winrock International, 2014), with a focus on intercropping, multi-strata and silvicultural/pastoral systems (see Annex 4-9 for details of the methodology). Overall, the project will contribute to the adaptation and mitigation objectives of Tunisia's NDC, and thus contribute to green growth (creation of green jobs) and a low-carbon economy for Tunisia.

The project has been assessed using the MDBs' joint direct financing methodologies on Paris Alignment for Mitigation and Adaptation, and is considered aligned as the main component/activity (reforestation and agroforestry) is not consistent with the climate change mitigation and resilience objectives of the Paris Agreement (see Annex 4-12).

C. Other cross-cutting priorities

Poverty reduction, inclusion and job creation

The project will have an impact on the fight against poverty and the creation of inclusive green jobs through agroforestry, forestry and arboriculture development activities for owners of degraded private land. The impacts of the project will be inclusive and will concern all the populations of the areas concerned, women, young people and men.

Opportunities to strengthen resilience

Tunisia's CRFA 2021-2022 profile reveals a nation in search of resilience, facing socio-economic pressures as well as increasing climate threats (Annex 3.2). Tunisia is seeking to strengthen its mixed economy by involving the private sector, particularly in agriculture, a vital sector for the economy and employment. In this context, Tunisian civil society plays an essential role in social cohesion. However, this cohesion can be affected by high unemployment, particularly among young people, and persistent regional inequalities. The country is also facing major climatic and environmental challenges, with widespread desertification and water shortages due to global warming. Despite these challenges, Tunisia is striving to implement a sustainable environmental policy to protect ecosystems and prepare for emergencies, with water, agriculture and ecosystems as national priorities for adaptation and resilience.

The project is at the heart of Tunisia's degraded agroforestry landscapes, and stands as a true craftsman of resilience, weaving a solid thread between the Bank's priorities and Tunisia's aspirations for a sustainable and prosperous future. This agroforestry project offers opportunities to strengthen resilience, particularly in terms of climate risk prevention, cohesion and social peace. It fosters the socio-economic resilience of local communities by creating green jobs and promoting the inclusion of women and young people. In addition, it strengthens the good governance of Tunisian agroforestry authorities through rigorous monitoring and evaluation and a participatory approach involving all stakeholders. In environmental terms, the project restores soils and ecosystems, prevents forest fires and promotes sustainable agricultural practices, thereby strengthening the capacity of ecosystems to withstand environmental pressures and climate change. Therefore, the project aims to promote a more cohesive and resilient society. As such, it fits perfectly with the priorities of the Bank Group's Strategy for Addressing Fragility and Building Resilience in Africa (2022-2026), particularly Priorities (1) aimed at strengthening institutional capacities and (2) building resilient societies.

Promoting gender equality and women’s empowerment

Women contribute to forest conservation through their traditional rights and intimate knowledge of the forest. They play a vital role in planting forest trees, irrigation, protection and wood processing. They use the forests for firewood, medicinal and aromatic plants, food, fertiliser for their crops and a wide variety of other products. Given their role in the education and socialisation process, they contribute significantly to protecting forests, preventing fires and preserving the forest ecosystem in general. The Project to Promote Agroforestry and Restore Degraded Forest Landscapes is classified as Category 2, according to the Bank's gender marker. It will contribute to promoting gender equality and women's empowerment through the implementation of the following activities: (i) Raising awareness among women and young people about forest, tree and agroforestry entrepreneurship in the project areas; (ii) Facilitating access for women and young people to processing equipment; (iii) Financing agroforestry and private forestry sub-projects for women and young people; (iv) Facilitating access to microcredit associations to set up a dedicated financing system for women and young people; and (v) Training in the manufacture and use of improved stoves to combat deforestation. Women will also play a key role in awareness-raising, information, education and communication activities aimed at changing behaviour regarding forest protection, fire prevention, fruit tree planting and the fight against deforestation, as well as other themes to be chosen as part of the campaign.

In addition, women will be encouraged to develop vegetable gardens and horticulture, enabling them to provide for their families while finding other sources of income. The studies to be carried out as part of this project should highlight the level of involvement of rural women and young people in agroforestry and their representation in the value chain of some promising non-wood products, to focus on the part of the value chain most favoured by women.

The project recognizes and values women's integral role in forest conservation, emphasizing their traditional knowledge and rights. It highlights their crucial involvement in planting forest trees, irrigation, protection, and wood processing, contributing significantly to the preservation of the forest ecosystem. Facilitating access for women and young people to processing equipment, microcredit associations, and financing for agroforestry and private forestry sub-projects can overcome existing barriers and promote economic empowerment for women in the project areas.

Women should play a key role in awareness-raising, information, education, and communication activities as their involvement is not only in project activities but extends to leading campaigns addressing forest protection, fire prevention, fruit tree planting, and combating deforestation.

Last, the studies conducted as part of the project will specifically focus on understanding the level of involvement of rural women and young people in agroforestry and compile pivotal qualitative and quantitative data. This will shed light on their representation in the value chain of promising non-wood products, allowing for a targeted emphasis on aspects most favoured by women.

4 IMPLEMENTATION

A. Institutional arrangements

The Directorate General of Forestry (DGF), which is the technical service responsible for applying the Forestry Code within the Ministry of Agriculture, Water Resources and Fisheries (MARHP), will be the project's Executing Agency. The project management teams will be set up as follows:

- At the central level, a Project Management Unit (PMU) will be set up within the DGF by ministerial decision. This central unit will be responsible for implementing the project. It will include DGF staff mobilised on the Government's counterpart contribution. This will concern the following positions: (i) Project Coordinator; (ii) Administrative and Financial Officer; (iii) Legal and Land Affairs Officer; (iv) Financing and Investment Promotion Officer; (v) Technical and Monitoring and Evaluation Officer.
- At the regional level, a Regional Project Management Unit (RPMU) will be set up in each CRDA: the regional unit will be set up by ministerial decision. It will be coordinated by the Director of Reforestation and Soil Protection (DRPS) and will include the following staff: (i) the District Forest Head; (ii) the Plant Production District Head; (iii) the Rural Engineering District Head; (iv) the Financing and Incentives District Head; (iv) the Water and Soil Conservation District Head; (v) the Buildings and Equipment District Head; and (vi) the Rural Women District Head.

The PMU and the 3 RPMUs will be strengthened by technical assistance from a firm with the following profiles: (i) a procurement specialist; (ii) a forestry and natural resource management specialist; (iii) an environmental, social and climate protection specialist; (iv) a financial management specialist; (v) a civil engineering specialist; (vi) a monitoring and evaluation specialist; and (vii) a land tenure specialist. The technical assistance will be financed from the resources of the Grant (FSC/FIP).

Given their responsibilities, the Project Management Units will collaborate with the public entities involved in some aspects of the programme of activities by signing a partnership and performance agreement with each of the entities concerned, specifying the tasks expected, the commitments to be undertaken, the resources to be deployed, the implementation methods, the expected outcomes and the performance monitoring and evaluation tools. The adoption of a collaborative framework by the players/partners supported by institutional tools clarifying the rules of collaboration, the prerogatives and missions of each player (partnership agreements, framework contracts, etc.) and accompanied by appropriate communication, will ensure additional synergy and an effective coordination mechanism between the various partners. In addition, a steering committee will be set up to monitor the project implementation and approve the PTBAs and annual activity reports. It will be chaired by the Ministry of Agriculture and will be made up of representatives from the 3 CRDAs.

B. Supplies

<u>Applicable procurement policy and framework</u>: All procurement financed by the Bank's resources will be carried out per the Procurement Policy for Bank Group Funded Operations ("AfDB Procurement Policy") of October 2015 and the provisions of the Financing Agreement. Under this policy and following the various appraisals conducted, part of the procurement will be made following the Bank's methods and procedures and another part which are mostly works and simple goods similar to those of the Integrated Landscapes Management in Lagging Regions Project of Tunisia currently being implemented and financed by the World Bank (PGIP) and the Integrated Forest Management Project also being implemented, financed by the Japan International Cooperation Agency (JICA), which goods are available on the local market and for small amounts, will be procured in line with Tunisia's "National" procurement system enshrined in Decree No. 2014-1039 of 13 March 2014 on public procurement regulations ("DMP"), based on BDs commonly used in Tunisia.

<u>Risk assessment and procurement capacity</u>: A risk assessment was carried out at the national, sector and programme level. The findings were used to guide the decision on which procurement systems to use. Executing Agency (EA) procurement capacity has been assessed. Appropriate risk mitigation measures are included in the action plan in Annex B5.

Special conditions due to the use of the National System Eligibility Waiver: The project will be financed by the Bank from the resources of the AfDB window. As the eligibility rules for public contracts under Tunisian law are not the same as those of the AfDB window, the project may benefit, for the component implemented under the national public procurement system, from the partial waiver (only contracts of a specified size are concerned) granted by the Bank's Board of Directors ("the Board") in March 2017 (see Document ADB/BD/WP/2016/184/ Rev.2) for the non-application of the AfDB window's rule of origin (as provided for in Article 17.1.d Management Principles, of the Agreement Establishing the African Development Bank, the so-called rule of origin) for all works contracts less than or equal to UA 6 million and for all goods contracts less than or equal to UA 1 million.

For contracts under this project using the national system, the eligibility rules are the national rules plus the provisions of paragraph 5.3 of the AfDB Policy. If, despite these provisions, a contract is concluded with a bidder under sanction by the Bank Group, such contract will not be financed by the Bank's resources.

Other specific arrangements proposed: To avail itself with the resources to exercise its fiduciary obligations in relation to the use of the National System, the Bank has agreed with the Borrower a series of measures, the reasons, objectives and details of which are available in the Annex. However, the Bank reserves the possibility to request the Borrower to revert to the use of the Bank's System where: (i) the Tunisian public procurement legal framework were to change to a system not satisfactory to the Bank; (ii) the provisions in force were not complied with by the Executing Agency; or (iii) the appropriate risk mitigation measures included in the risk assessment action plan were not complied with. Use of the National System improves efficiency through, inter alia, the following actions: (i) better ownership of the procurement system to be used by the Executing Agency (EA); and (ii) the absence of ex-ante control of tender documents by the Bank.

Advance Procurement Actions (APA): The provision for advance procurement actions was not requested by the project.

Procurement Plan (PP): The Borrower will be required to prepare a Procurement Plan (PP) which will be finalised and initialled upon completion of the Loan Agreement negotiations.

C. Financial management, disbursement and audit

The project financial management is the responsibility of the Directorate General of Forestry (DGF) through a Project Management Unit (PMU), which will report to the Director General of Forestry and operate under his supervision. The PMU at the central level will have a renowned accountant as member. At the regional level, it will be assisted by the Regional Project Management Units (RPMUs) set up within each CRDA in collaboration with the financial districts of the three CRDAs concerned, namely Bizerte, Béja and Siliana. The PMU will coordinate project financial management with the support of the Department responsible for financial and accounting management and the three RPMUs.

The three CRDAs will be responsible for (i) checking invoices and statements for works, goods and services and their compliance with the contracts signed with the various service providers, in line with the procedures laid down by each technical execution body, before sending them to the PMU for payment from the loan and grant resources; and (ii) paying the counterpart contribution from their budgets. At the central level, the PMU is responsible for project budget management in coordination with the CRDAs, the control of statements and invoices for goods and services acquired by the DGF at the central level, the control and payment of all project expenditure from the FIP loan and FIP grant funds, the preparation of disbursement requests and the financial information required for the project.

The project budget process will be interwoven with that of each technical executing body. The PMU will be responsible for coordinating with the technical executing bodies the collection and consolidation of budget forecasts, to draw up an Annual Work and Budget Programme (AWBP) before the start of each year. This draft budget should show separately the external financing from the FIP loan and grant funds and the national counterpart financing provided for in the budgets of the technical executing bodies. After every six months, the PMU will prepare a budget implementation report presenting the variances between forecasts and actuals, as well as an analysis of the variances. The report will be appended to each activity report sent to the Bank.

For its internal control, the project will use as a reference the internal control procedures in force at MARHP and CRDA level, which have been deemed acceptable by the Bank, and the operations manual covering the administrative, accounting and financial aspects of the project, which will be drawn up before the project comes into force. These procedures cover all activities and ensure the segregation of incompatible tasks in the expenditure chain. The PMU will be responsible for the project's accounts, separate from those of the DGF, with the support of the department responsible for the financial and accounting management of the DGF and the three RPMUs. It will produce half-yearly interim financial reports and reports on the implementation of the project's PTBAs. The reports will be sent to the Bank within 45 days of the end of the six months. It will also be responsible for preparing the project's annual financial statements for submission to the external auditors. The models for interim financial reports and annual financial statements will be sent to the PMU.

Disbursements: Disbursements of loan and grant resources will be made per the Bank's disbursement rules and procedures, as set out in its disbursement manual, and using the methods of advances paid into a special account, reimbursement, direct payment and repayment guarantee. The reimbursement method will only be used where the DGF needs to be reimbursed for eligible expenditure that it has pre-financed with the Bank's prior agreement. The repayment guarantee method will only be used to finance imports of goods of significant value.

External audit: The General Finance Control (CGF) under the authority of the Ministry of Finance will be responsible for auditing the project on an annual basis and in line with the terms of reference for audits of Bank-funded projects. The PMU will send the Bank the project audit reports no later than six months after the end of the relevant financial year.

D. Monitoring and evaluation

The project's monitoring and evaluation (M&E) mechanism will be aligned with its organisational structure and overall M&E plan. An effort will be made to ensure sex-disaggregated data at all levels and as appropriate. The national project management team will prepare and submit quarterly progress reports as well as technical annual budget planning and progress reports in the Bank's format. The Bank will carry out supervision missions at least twice a year. Project implementation and progress reports will inform the Bank Group's monitoring and evaluation and diagnostics such as the annual "Country Portfolio Performance Reviews" which monitor progress in the implementation of Bank-financed operations. The Bank and the Government of Tunisia will conduct a mid-term review of the project and prepare a project completion report at project closure. In terms of tactical monitoring, the DGF has limited capacity to supervise private forestry. The project will ensure that this capacity is identified and included in the project management unit.

E. Governance

The project management unit anchored within the DGF will be the entity responsible for project implementation. This Unit will be supported by three (3) branches in the three CDRAs of Béja, Bizerte and Siliana, in collaboration with agreed partners and public entities involved in some aspects of the project's programme of activities, through the signing of a partnership and performance agreement with each of the entities concerned, specifying the tasks expected, the commitments to be undertaken, the resources to be deployed, the implementation methods, the expected outcomes and the performance monitoring and evaluation tools. The project aims to restore and stabilise degraded landscapes in areas of the State forest estate as well as on degraded private land whose owners have expressed an interest in benefiting from the project's activities in the 3 selected governorates. To achieve this, the project is adopting a global participatory approach by raising awareness and actively involving the deconcentrated State services and local communities in forest restoration efforts. The project management unit anchored within the DGF will be set up and will be the overall entity responsible for project implementation. Given their responsibilities, the PMSs will collaborate with the public entities involved in some aspects of the project's activity programme by signing a partnership and performance agreement with each of the relevant entities, specifying the tasks expected, the commitments to be undertaken, the resources to be deployed, the implementation methods, the expected outcomes and the performance monitoring and evaluation tools. The adoption of a collaborative framework by the players/partners supported by institutional tools clarifying the rules of collaboration, the prerogatives and missions of each player (partnership agreements: IRESA, AVFA and RMTA, contracts, etc.) and accompanied by appropriate communication, will ensure additional synergy and an effective coordination mechanism between the various partners.

F. Sustainability

The approach to implementing the forestry development project is based on a strategic combination of restoring degraded landscapes, building the capacity of local communities and promoting sustainable income-generating activities. The active involvement of local communities is crucial to the success of the project, as it ensures local ownership and a lasting commitment to the actions undertaken. Factoring climate and environmental issues throughout the project ensures a resilient and sustainable approach, in line with Tunisia's international commitments to combat climate change and promote sustainable development.

By supporting the training of professional groups in agricultural, silvicultural and pastoral production and by supporting requests for funding for income-generating activities (IGAs), the project encourages entrepreneurship and the diversification of sources of income for local communities. By investing in sustainable agroforestry initiatives and income-generating activities, the project aims to strengthen the livelihoods of local populations while preserving natural resources. The project capitalises on national results and identifies potential agroforestry value chains, such as rosemary, prickly pear, honey, etc., and supports their development by promoting the domestication of aromatic and medicinal plants and facilitating access to processing equipment. These activities enable local communities to exploit forest resources sustainably while creating economic opportunities. In addition, the project plans to facilitate access to microcredit for women entrepreneurs, thereby encouraging the emergence of small agroforestry businesses.

The sustainability of the project's investments and outcomes will be ensured as follows: (a) ownership of the project by the beneficiaries, who were consulted in 2015, 2016 and again in 2022, (b) securing of land ownership by the beneficiaries (c) in addition to job creation and income generation, the value chain approach adopted by the project will ensure links between agroforestry producers and markets, resulting in increased income for the various segments of the value chains, (d) anchoring of the project in government entities such as the DGF and forest administration entities at governorate level (CRDA), (e) capacity building of all stakeholders and the development of partnerships along the value chains, (f) strong involvement of young people and the project's bottom-up approach adopted, based on written and signed requests for support from local project beneficiaries. Regarding the exit strategy, the project will support the implementation of an innovative financial mechanism to fund forest restoration in the medium and long term.

G. Risk management

The project will face macroeconomic risks linked to the socio-economic difficulties currently facing the country (increase in world fuel prices, rise in cereal prices due to the Russia/Ukraine war, inflation, etc.). In addition, the project's executing agency - the DGF - faces management risks due, among other things, to its inexperience in managing and evaluating agroforestry and forestry projects based on Bank procedures, as well as the insufficient number and types of human capacity required for the project. The project will also face environmental risks, particularly due to recurrent droughts, which facilitate the spread of forest fires. A summary of the risks associated with the project is presented in Annex 4-2 of the Technical Annexes.

H. Knowledge building

Implementation of the project will help to build knowledge and widespread use of agroforestry techniques for land stabilisation and improvement, and to strengthen the use of sustainable land management approaches. The project will use different knowledge-building methods and approaches, seminars, workshops and meetings, particularly targeting government institutions and agencies, including CRDAs, but also youth groups, the private sector and civil society organisations, including common interest groups. More specifically at the institutional level, knowledge building will target the MARHP and its executing agencies, and the CRDAs. Meanwhile, knowledge-building lessons will be passed on to implementing partners. At the local level, formal and informal networks on agroforestry, business planning and business intelligence will accrue to men and women, providing excellent channels for knowledge acquisition and dissemination, and skills enhancement.

5 LEGAL INSTRUMENTS AND AUTHORITY

A. Legal Instrument

The project's legal instruments are (i) a loan agreement between the African Development Bank, acting as the implementing entity of the Climate Investment Fund - Strategic Climate Fund) (hereinafter the "Bank") and the Republic of Tunisia (hereinafter the "Borrower"); and (ii) a grant agreement between the Bank and the Republic of Tunisia (hereinafter the "Recipient"). The loan and grant agreements are referred to as the "Agreements".

B. Conditions Associated with the Bank's Intervention

1. **Effectiveness of the Grant Agreement.** The Grant Agreement shall become effective following its signature by the Bank and the Recipient.

2. **Effectiveness of the Loan Agreement.** The effectiveness of the Loan Agreement shall be subject to the Borrower fulfilling the conditions set out in Section 12.01 of the General Conditions Applicable to the African Development Bank Loan Agreements (Sovereign Entities).

3. **Condition precedent to first disbursement.** In addition to the effectiveness of the Loan/Grant Agreement, the Bank's obligation to make the first disbursement of the Loan/Grant resources shall be subject to the Borrower/Recipient fulfilling, to the Bank's satisfaction, the following preconditions:

   (i) Provide the Bank with evidence of the establishment of the Project Management Unit (PMU) within the Executing Agency and the three Regional Project Management Units (RPMUs) within the Regional Commission for Agricultural Development of Bizerte, Béja and Siliana; and

   (ii) Provide the Bank with evidence of the appointment of the following staff of the PMU and the RPMUs:

      (a) For the PMU: (i) project coordinator; (ii) administrative and finance officer; (iii) legal and land affairs officer; (iv) financing and investment promotion officer; (v) technical and monitoring and evaluation officer; and

      (b) For each RPMU: (i) a director of reforestation and soil protection; (ii) a sub-district head in charge of forestry; (iii) a sub-district head in charge of plant production; (iv)a sub-district head in charge of rural engineering; (v) a sub-district head in charge of financing and incentives; (vi) a sub-district head in charge of water and soil conservation; (v) a sub-district head in charge of buildings and equipment; and (vi) a sub-district head in charge of rural women.

4. **Other conditions**

Commitments. The Borrower/Recipient shall:

(i) Provide to the Bank within six (6) months of the effectiveness of the Agreements, evidence of the recruitment of Technical Assistance staff deemed satisfactory by the Bank and having the following profiles: (i) a procurement specialist; (ii) a forestry and natural resource management specialist; (iii) an environmental, social and climate safeguards specialist; (iv) a financial management specialist; (v) a civil engineering specialist; (vi) a monitoring and evaluation specialist; and (vii) a land tenure specialist; and

(ii) Provide to the Bank, within three (3) months of the effectiveness of the Agreements, evidence of establishing the Project's National Steering Committee.

Environmental and social safeguards. The environmental and social safeguard obligations are standard for a Category 2 project with no planned involuntary resettlement and will require the Borrower/Recipient to (i) execute the project in line with the ESMF and, where applicable, site-specific ESMPs, the Bank's requirements and applicable national legislation in a manner and substance satisfactory to the Bank; (ii) prepare and submit to the Bank, as part of the project report, quarterly reports on implementation of the E&S safeguards, including any identified deficiencies and related corrective actions; and (iii) refrain from taking any action that would prevent or hinder implementation of the safeguards instruments (ESMF, site-specific ESMPs, etc.), including any amendment, suspension, waiver and/or cancellation of any provision thereof, in whole or in part, without the prior written consent of the Bank.

C. Compliance with Bank Policies

[Tick which is applicable below]

☒ This project complies with all applicable Bank policies.

☐ There are exceptions to Bank policies.

African Development Bank Group Independent Recourse Mechanism

Communities and individuals who believe that they are adversely affected by a project supported by the African Development Bank Group (AfDB) may submit complaints to existing project-level grievance redress mechanisms or to AfDB's Independent Recourse Mechanism (IRM). The IRM ensures that project-affected communities and individuals may submit their complaints to the Bank's Independent Review Mechanism which determines whether harm occurred or may occur because of AfDB non-compliance with its policies and procedures. To submit a complaint or request further information, please contact: IRM@afdb.org or visit the IRM website (www.irm.afdb.org). Complaints may be submitted at any time after concerns have been brought directly to AfDB's attention, and Bank Management has been given an opportunity to respond before reaching out to the IRM.

6 RECOMMENDATION

Management recommends that the Board of Directors approve the Strategic Climate Fund (SCF) loan of USD 14 million and the grant of USD 3 million to the Republic of Tunisia for the purposes and subject to the conditions stipulated in this report.

7 RESULTS FRAMEWORK

RESULTS FRAMEWORK	
HAS PROJECT INFORMATION	
PROJECT TITLE AND SAP CODE: Project to promote agroforestry and restore degraded forest landscapes PARPF [P-TN-AAD-001]	COUNTRY/REGION: TUNISIA/ RDGN
PROJECT DEVELOPMENT OBJECTIVE: Promote the socio-economic security of populations through the restoration of forest landscapes in the State's public domain and agroforestry in the private domain to facilitate the development of rural areas and the restoration of landscapes for carbon sequestration in Tunisia..	
ALIGNMENT OF THE PROJECT WITH THE COUNTRY, and the CMR	- Production efficiency (emission of kg of Co2 per $ of GDP constant 2010); - Rural women and men using improved agricultural technologies.

HAS RESULTS MATRIX

RESULTS CHAIN AND DESCRIPTION OF INDICATORS	CMR/ADOA INDICATOR	UNIT OF MEASURE	REFERENCE (2024)	TARGET TO COMPLETION (2028)	MEANS OF VERIFICATION
OUTCOMES STATEMENT1: Fires decreased and carbon sequestration increased in project landscapes through gender and climate responsive management					
EFFECT INDICATOR 1.1: Reducing fires in project landscapes through gender and climate responsive management	☐	*Number/year*	*7*	*0*	Field verification and M&E reports
EFFECT INDICATOR 1.2: Carbon sequestered in tCO2e by planting, reforestation and natural regeneration operations	√	*tCO2e*	*0*[5]	*32,000,000*[6]	M&E reports (from the Project & the government)
OUTCOME STATEMENT 2: The Forestry Administration and women and men in communities of the project area are engaged in the restoration of degraded forest landscapes and associated income-generating interventions					
EFFECT INDICATOR 2.1: Staff of technical departments applying good gender and climate responsive forestry and agroforestry management and supervision methods	√	*Number*	*0*	*600* *(30%W)*	Audit and M&E investigation reports
EFFECT INDICATOR 2.2 Members of communities who have adopted good gender and climate responsive forestry and agroforestry production practices	√	*Number*	*0*	*42,852 (30%W)*	Field verification and M&E reports
OUTCOME STATEMENT 3: Cereal production (wheat and barley) is increased and new jobs are created for women and men in the project landscapes					
EFFECT INDICATOR 3.1: Average yield of durum wheat for women and men in the project landscapes	√	*t/ha*	*2*	*3.5*	Field verification and M&E reports
EFFECT INDICATOR 3.2: Average yield of barley for women and men in the project landscapes	√	*t/ha*	*1.5*	*3*	Field verification and M&E reports
EFFECT INDICATOR 3.3: New jobs linked to forestry or agroforestry created for women and men in local communities	√	*Number*	*2,301*[7]	*4,584 (30%W)*	Field verification and M&E reports

[5] This is a FIP indicator. Its objective is to capture the quantity of carbon that the FIP investment will mobilize through the sequestration of tCO2e. This indicator is different from the CMR indicator which measures the ratio of tCO2 emissions per GDP (kg CO2 per $ of GDP).

[6] This is a lifetime target for year 2049. The end-life target of 1MtCO2e is for 2028. It is further explained in the Monitoring Plan

[7] These are permanent jobs (baseline). Source: Directorate General of Forests (DGF) - Sustainable development and management strategy for forests and rangelands regional action plan: 2015 - 2024

				(2,283[8])	
PRODUCT STATEMENT A.1: The capacity of beneficiaries of women and men to restore degraded landscapes and generate income is improved.					
PRODUCT INDICATOR A.1.1: Training (Central/regional DGF of women and men + communities of women and men) in agroforestry, private forestry and value chain development involving women's leadership	√	*Number*	*0*	*50,000 (30%W)*	Training reports
PRODUCT INDICATOR A. 1.2: Area of new land restored or stabilized by gender and climate responsive forestry and agroforestry involving women's leadership	☐	*Area (Ha)*	*0*	39,350[9]	Field verification and M&E reports
PRODUCT INDICATOR A.1.3 Farms of women and men having benefited from cereal growing technology packages (Wheat + Barley) involving women's leadership	√	*Number*	*0*	*1050 (30%W)*	Field verification and M&E reports
PRODUCT STATEMENT A.2: The restoration of degraded landscapes and the development of income-generating interventions by women and men are facilitated by the construction or rehabilitation of socio-economic infrastructure.					
PRODUCT INDICATOR A.2.1: Development of feeder roads for the service of women and men	√	*km*	*2,825[10]*	*2,893 (68)[11]*	Field verification and M&E reports
PRODUCT INDICATOR A.2.2: Water sources captured, developed and made available to beneficiaries of women and men involving women's leadership	√	*Number*	*0*	45	Field verification and M&E reports
PRODUCT INDICATOR A.2.3: Opening of fire trenches for the service of women and men	☐	*km*	*1,503[12]*	*1,604 (101)[13]*	Field verification and M&E reports

[8] These are new permanent jobs that will be created by the project for Heads of HHs. The temporary jobs that will be created by the project will number 34,717 (37,000 – 2,283).
[9] See the economic and financial analysis (Technical Annex 3-1): Package 1=3,000 ha; P2=30,000 ha; P3=200 ha; P4=2,700 ha; P5=1,500 ha; P6=1,150 ha; P7=800 ha. TOTAL = 39,350 Ha.
[10] Directorate General of Forests (DGF) - Sustainable development and management strategy for forests and rangelands regional action plan: 2015 - 2024
[11] Feeder roads by the project: this value involves 2 targets (a) opening = 32 km; rehabilitation = 36 km. Details in Monitoring Plan
[12] Existing fire trenches (baseline)
[13] Fire trenches by the project: this value involves 2 targets (a) opening = 17 km; rehabilitation = 84 km. Details in Monitoring Plan

ANNEX IV: ENVIRONMENTAL AND SOCIAL COMPLIANCE NOTE (ESCON)

A. Basic Information[14]	
Project Title: Project to Promote Agroforestry and Restore Degraded Forest Landscapes	**Project ''SAP code''**: **P-TN-AAD-001**
Country: TUNISIA	**Lending Instrument:**[15] DI ☒ FI ☐ CL☐ BS☐ GU☐ RPA☐ EF☐ RBF☐
Project Sector: Agriculture	**Task Team Leader**: ABLASSE BILGO; Wissam GALLALA
Appraisal date: 14-28 July 2023	**Estimated Approval Date**: XXXXX
Environmental Safeguards Officer: Salifou BAGANA/Mohamed Adnene BEZZAOUIA	
Social Safeguards Officer: XXXXX	
Environmental and Social Category: 2 / **Date of categorisation**: 10/26/2022	**Operation type**: SO ☒ NSO ☐ PBO ☐
Is this project processed under rapid responses to crises and emergencies?	Yes ☐ No ☒
Is this project processed under a waiver to the Integrated Safeguards System?	Yes ☐ No ☒

B. Disclosure and Compliance Monitoring B.1 Mandatory disclosure	
Environmental Assessment/Audit/System/Others (specify: NA)	
Was/Were the document (s) disclosed ***prior to appraisal?***	Yes ☒ No ☐ NA ☐
Date of "in-country" disclosure by the borrower/client	14 July 2023
Date of receipt, by the Bank, of the authorisation to disclose	17 July 2023
Date of disclosure by the Bank	18 July 2023
Resettlement Action Plan/Framework/Others (specify: NA)	
Was/Were the document (s) disclosed ***prior to appraisal?***	Yes ☐ No ☐ NA ☒
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorisation to disclose	[Date]
Date of disclosure by the Bank	[Date]
Vulnerable Peoples Plan/Framework/Others (specify: NA)	
Was the document disclosed ***prior to appraisal?***	Yes ☐ No ☐ NA ☒
Date of "in-country" disclosure by the borrower/client	[Date]
Date of receipt, by the Bank, of the authorisation to disclose	[Date]
Date of disclosure by the Bank	[Date]
If in-country disclosure of any of the above documents is not expected, as per the country's legislation, please explain why: *NA*	

B.2. Compliance monitoring indicators	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes ☒ No ☐ NA ☐
Have costs related to environmental and social measures, including for the running of the grievance redress mechanism, been included in the project cost?	Yes ☒ No ☐ NA ☐
Is the total amount for the full implementation for the Resettlement of affected people, **as integrated in the project cost**, ***effectively mobilised and secured***?	Yes ☐ No ☐ NA ☒
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes ☒ No ☐ NA ☐
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes ☒ No ☐ NA ☐

C. Clearance

Is the project compliant to the Bank's environmental and social safeguards requirements, and to be submitted to the Board? Yes ☒ No ☐

Prepared by:	***Name***	***Signature***	***[Date]***
Environmental Safeguards Officer:	Salifou BAGANA (Mohamed Adnene BEZZAOUIA)		18 September 2023
Social Safeguards Officer:	XXXXX		
Task Team Leader:	ABLASSE BILGO; Wissam GALLALA		
Submitted by:			
Sector Director:	Martin FREGENE		
Cleared by:			
Director SNSC:	Maman-Sani ISSA		

[14] **Note**: *This ESCON shall be appended to project appraisal reports/documents before Senior Management and/or Board approvals.*
[15] **DI**=Direct Investment; **FI**=Financial Intermediary; **CL**=Corporate Loan; **BS**=Budget Support; **GU**=Guarantee; **RPA**=Risk Purchase Agreement; **EF**=Equity Financing; **RBF**=Results Based Financing.