I. Introduction and Context

Country Context

Tunisia was one of the fastest growing economies in the MENA region and had invested substantially in key social sectors before the recent global financial crisis and political revolution unfolded. The country has made progress in poverty reduction, but challenges remained especially in terms of rural poverty, particularly in arid areas. With growth stable at 3 percent, the fiscal deficit down to 1.3 percent and official reserves equivalent to 5 months of imports at the end 2010, the Government began 2011 with the fiscal space to absorb some of the economic shocks caused by the January revolution, the spillover from Libya conflict and the sharp downturn in tourism and Foreign Direct Investments (FDI). The economic situation in 2012 remained difficult, with GDP growth only moderately positive.

Tunisia has made good progress in fighting poverty, however strong regional disparities, long
hidden, were a contributory cause to the revolution. The social demands came mainly from remote areas where poverty and unemployment rates are high. Figures for extreme poverty are also fairly high in these remote areas. Following the January 2011, the interim Government initiated a broad program of emblematic reforms to strengthen governance and social accountability, including more inclusive and participatory decision-making process which is fundamental for shared and sustainable growth and poverty reduction. The country is among the most advanced countries in Africa in terms of gender equality where there is real protection for women’s rights, giving them equal access to education and health care. However, women’s presence in the workforce is limited (26.7%), putting Tunisia in 132nd place out of 142 in the World Economic Forum rankings.

Sectoral and Institutional Context

Oases cover 40,803 ha of Tunisia’s land area and are home to 10% of the total Tunisian population. According to their geographic location, three types of oases can be found: littoral oases (17.3% of total oasis area), mountain oasis (5.8% of total oasis area), and Saharan oases (76.8% of total oasis area), each type includes “traditional” and “modern” oases. The traditional oases (about 47% of total oasis area), on which this project will focus, are characterized by old plantations, 3 layers vegetated surface (soil–vegetation–fruit-trees and palm-trees), high tree density (400 trees/ha), very fragmented and small average size of individual plantation, as well as low yields. They are mainly irrigated from water tables whose levels are under considerable decrease. Located in four Governorates (Tozeur, Kebili, Gabes and Gafsa), they are about 210 oases, representing 9% of the total irrigated lands, 0.8% of the country agricultural lands, 30% of the irrigated tree area, 25% of irrigated fodder crops and 10% of irrigated vegetable crops. They are spread over 54 152 plots, an average area per plot of 0.75 ha. Oasis areas increased from 16 720 ha in 1974 to 41 710 ha in 2010, and are expected to triple in coming years due to substantial water resource development programs of the Tunisian government and private oasis promoters.

The date palm production accounts not only for the bulk of the agriculture production, but also for most of the manufacturing (storage and packaging dates) and a good portion of the merchant services (trade, transport, etc.). The development of the oasis tourism is very slow, occupancy rates are low and the average length of stay is limited to 1.5 days.

Major programs implemented in recent decades focused on water mobilization, while land and water degradation, including threat to biodiversity increased. Significant water resources (mainly from not renewable sources) were mobilized improving the distribution network efficiency (25 to 30%), and consultation mechanisms for water distribution were established through the GDAs, this helped to promote the Tunisian dates widely. Nevertheless, considerable water amounts are still lost within the parcels due to low water application efficiency in the parcels, inappropriate soil and water management combined to a low farmers’ commitment to modernize surface irrigation method.

Relationship to CAS

The proposed project is fully consistent with the Bank’s support to Tunisia as it is outlined in the Interim Strategy Note (ISN, FY13-14) aimed at reinforcing governance and inclusion and fostering economic growth based on the creation of sustainable jobs in the medium-term. The three priority areas for the ISN are: (i) Laying the foundations for renewed sustainable growth and job creation, (ii) Promoting social and economic inclusion, and (iii) strengthening governance: Voice, Transparency and Accountability.

More specifically, the project will contribute to meeting the strategic objectives of the Bank’s
regional MENA project ‘Desert ecosystems and livelihoods knowledge sharing and coordination Project (MENA-DELP)’, whose development objective is to promote knowledge and experience sharing on opportunities for enhancing desert ecosystems and livelihoods.

In general, the project is based on key strategies defined by the Bank and GEF in the MENA region. It will mainly contribute to:

- GEF-5 Objectives: BD-2: “Mainstream Biodiversity Conservation and Sustainable Use into Production Landscapes, Seascapes and Sectors”; LD-1 “Agriculture and Rangeland Systems”.
- Policies and strategies of the MENARID Program (GEF ‘Integrated Natural Resources Management in the Middle East and North Africa Region Program’), whose objective is to promote the integrated management of natural resources and to increase the economic and social well-being of targeted communities through the restoration and maintenance of ecosystems.
- The overall Bank’s strategy in MENA region, particularly in terms of: (i) Rapid investment response to support the required poverty interventions; (ii) Help with employment generation and special areas programs; (iii) Advisory support; (iv) Strengthening of institutional capacities; and (v) Provision of entrepreneurship and other training programs.

II. Proposed Global Environmental Objective(s)

Proposed Global Environmental Objective(s) (From PCN)

The Project Development Objective/Global Environmental Objective is to improve sustainable natural resources management and promote livelihoods diversification in targeted traditional oases in Tunisia.

While previous initiatives have focused on the sustainability of water management (APIOS 2), the proposed project will support broader NRM and sustainable economic diversification by establishing an integrated and bottom-up development process through a range of institutional measures and investments. By targeting traditional and fragile oasis ecosystems, specific outcomes will include: (a) conserving and promoting biodiversity and reducing the severity of land degradation through piloting participatory approach for sustainable oases management at the local level; (b) increasing the efficiency of water management for agriculture; (c) improving the livelihoods of local people, especially women and youth, by diversifying economic activities; and (d) establishing, with the government, an effective strategy for sustainable development of the country oases.

Key Results (From PCN)

The project main expected outcomes and related indicators are presented in the table below which underline the linkage with the outcomes of the MENA-DELP program:

PROJECT EXPECTED KEY OUTCOMES
- Mainstream Biodiversity Conservation: Measures to conserve and sustainably use biodiversity and improve land and water management
- Land degradation: Increased investments in SLM
- Improved and diversified livelihoods of populations living in traditional oases

PROJECT KEY INDICATORS
- Biodiversity conservation mainstreamed in national strategy on oasis management.
- Number of oasis participatory plans that incorporate biodiversity conservation and improved land and water management objectives
- Number of SLM sub projects implemented
- Area (hectares) of oasis under SLWM
- Number of households of traditional oases having directly benefited from income generating activities (supported by the project)

This project will contribute to achieve the MENA-Desert Ecosystems and Livelihoods Program (MENA-DELP), whose objective is to contribute to the enhancement of livelihoods in desert ecosystems by harnessing their value in an environmentally and socially sustainable manner so that the flow of desert goods and services can be optimized. The program consists of five projects: the four participating country projects and the regional project. Proposed projects in Algeria, Egypt, Jordan and Morocco would focus on investments to optimize the provision of desert goods and services for enhanced livelihoods. The regional umbrella project, designed for a budget of $1 million (at the recommendation of GEFSEC), will aim to enhance knowledge and experience sharing on opportunities for enhancing desert livelihoods among the participating pilot countries. The proposed project will benefit from MENA DLP regional project activities. Furthermore, the proposed project will also establish strong partnership and capitalize upon the experience acquired and the institutional arrangements of other on-going Bank-funded projects, including: (i) the ‘Desert Ecotourism and Biodiversity Project’ (whose objective is to contribute to desert biodiversity conservation in three targeted national parks), (ii) ‘The Second Natural Resource Management Project’ (whose objective is the improvement of the livelihoods of rural communities in three governorates), and (iii) the ‘APIOS2 (whose objective is the preservation of water resources in the oases of the three governorates of Gabes, Kebili et Tozeur), (iv) the national program of planting and reforestation in Tozeur and Kebeli ‘ (whose objective is to fight desertification and protect oases).

The project total cost is US$ 5,760,730 million. It is a specific Investment Loan financed through a GEF Grant (of which US$ 4,611,872 million for the ‘land degradation’ window, and US$ 1,148,858 million for the ‘biodiversity’ window) to be implemented over a 4 years period. The total amount of co-financing is US$ 57.5 million from the following sources: (i) a cash contribution from the Government estimated at of US$ 0.320 million, (ii) a parallel financing through the APIOS2 project ($US 52 million), (iii) a parallel financing from the National program of planting and reforestation in Tozeur and Kebeli ($US 4.5 million); and (iv) an in kind Government contribution estimated at $US 0.68 million.

III. Preliminary Description

Concept Description

The proposed project would consist of the following three components:

Component 1: Strengthening capacities for sustainable management of oasis ecosystems (US$ 500,000)

This component will support institutional strengthening, improving enabling environments to scale up sustainable land and water management in oasis ecosystems, elaborate national strategy for sustainable management of oasis ecosystems, and build national and local level capacities to implement, harmonize and coordinate investments and policies sustaining oasis natural capital and livelihoods of local communities.

Component 2: Making investments to implement the PDPs (US$ 5 million)
The eligible investments will concern particularly community-led initiatives (or sub-projects) that have the potential to address social, economic and environmental challenges and open up new sources of growth through the following activities: (i) rehabilitation of degraded oasis (ii) Supporting agriculture conservation practices and sustainable use and management of natural resource, (iii) biodiversity conservation practices including the creation of tree garden biodiversity and in situ regeneration of endangered species and local seed production; (iii) investments in innovative and adaptive practices and technologies for sustainable soil fertility and water management; (iv) encouraging initiatives aimed at supporting alternative livelihoods; (v) building facilities and community infrastructures in targeted areas to favor alternative livelihoods, etc.

Component 3: Project coordination and management ($US 260,000)

This component will support the establishment and management of a fully-functioning Project Management Unit (PMU) within the General Directorate of the Environment and Quality of Life (DGEQV) of the Ministry of Environment. It will cover the cost equipment for the PMU and consulting services.

Key issues and results

The project risks remain mainly related to the political situation in the country. The main mitigation measure is the Bank support to strengthen governance and economic opportunities in lagging regions, including through CDD-type operations; piloting innovative employment projects; and supporting SMEs and private sector activities.

Another risk could be the reluctance of targeted communities to participate in planned oases activities. During the project preparation phase, the project sites will be identified based on set of criteria including the willingness of local population to implement the project.

Implementing agency assessment

The project executing agency is the General Directorate of the Environment and Quality of Life (DGEQV) of the Ministry of Environment (ME), which is mandated to prepare environmental assessments, propose key orientations of national policy on the protection of the environment, including natural resources and the improvement of the quality of life, and the formulation of action plans for the conservation of natural resources. The coordination of this project by the DGEQV will help mainstream environmental issues into oasis development and ensure environmental considerations are integrated in sustainable development of oases ecosystems.

The DGEQV will establish a Project Coordination Unit (PCU), made up of the following experts which will be assigned by the following national institutions: Procurement and Financial management specialists (from Ministry of Environment), Environmentalist (from Ministry of environment), agronomist (from Ministry of Agriculture), and a community institutions/ development expert (from the Ministry of Planning and regional development).

With regard to the participative development approach to be elaborated, and based on lessons learned from PGRN2 and PNO4, the following will happen: prior the project appraisal, the Ministry of Environment will establish (i) the Project Coordination Unit (PCU), (ii) the project steering committee; and (iii) the governing body at local level. Prior to negotiation, and in order to ensure that the sub-projects will start-up on the ground upon effectiveness, the Participative Development
Plans (PDPs) of the project selected sites will be developed based on a simple and concise template. These PDPs should ensure strong gender and youth participation.

IV. Safeguard Policies that might apply

<table>
<thead>
<tr>
<th>Safeguard Policies Triggered by the Project</th>
<th>Yes</th>
<th>No</th>
<th>TBD</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental Assessment OP/BP 4.01</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Forests OP/BP 4.36</td>
<td></td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Pest Management OP 4.09</td>
<td></td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Physical Cultural Resources OP/BP 4.11</td>
<td></td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Safety of Dams OP/BP 4.37</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Projects on International Waterways OP/BP 7.50</td>
<td></td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Projects in Disputed Areas OP/BP 7.60</td>
<td></td>
<td>✔</td>
<td></td>
</tr>
</tbody>
</table>

V. Tentative financing

<table>
<thead>
<tr>
<th>Financing Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>BORROWER/RECIPIENT</td>
<td>0.00</td>
</tr>
<tr>
<td>Global Environment Facility (GEF)</td>
<td>5.76</td>
</tr>
<tr>
<td>Total</td>
<td>5.76</td>
</tr>
</tbody>
</table>

VI. Contact point

World Bank

Contact: Taoufiq Bennouna  
Title: Sr Natural Resources Mgmt. Spec.  
Tel: 458-4485  
Email: tbennouna@worldbank.org

Borrower/Client/Recipient

Name: Government of Tunisia  
Contact: Abdallah Zekri  
Title: Director of Multilateral Financial Cooperation, MPCI  
Tel:  
Email: A.Zekri@mdci.gov.tn

Implementing Agencies

Name: General Directorate for the Environment and Quality of Life  
Contact: Salah Hassini  
Title: General Director for the Environment and Quality of Life  
Tel: 216-70728-679
Email:

VII. For more information contact:
The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: http://www.worldbank.org/infoshop