

# JAPAN SOCIAL DEVELOPMENT FUND (JSDF) EMERGENCY WINDOW

## Grant Funding Proposal (FY11 – Round 2)

### A. BASIC DATA

Beneficiary Country:	<b>Tunisia</b>		
Grant Name:	Emergency Grant to Support Young Rural Tunisians Affected by Multiple Shocks		
Grant Recipient <sup>i</sup> :	Ministry of Youth and Sports or an international or local NGO (to be confirmed)		
Name of Implementing Agency or Agencies with Joint Implementation <sup>ii</sup> :	The selection of the implementing agency will be conducted in accordance with Bank procurement guideline. The details will be finalized during the mission in May-June 2011.		
Implementing Agency Type:	<b>NGO</b>		
Main Sector:	<b>JB Other social services</b>	Emergency Window Theme:	<b>62 Other social development</b>
Recipient Grant Amount:	US\$ 2,780,000		
Bank Incremental Costs Grant Amount:	US\$ 220,000		
Total Grant Amount (Recipient and Bank Incremental Costs):	US\$ 3,000,000		

### B. PROJECT SUMMARY<sup>iii</sup>

This project aims to mitigate the impact of multiple systemic and unpredictable shocks—namely, the food and economic crises and the recent Jasmine Revolution—by providing emergency income support and employment to 3,000 youth in central-west governorates of Sidi Bouzid, Kasserine and Siliana to meet their basic needs. The project will finance cash-for-work, training, internships, and self-employment opportunities through the four components: (i) Cash-for-Work for Youth Employed in Rural Community Projects and Services; (ii) Conditional Cash for Youth Training and Internships; (iii) Conditional Grants for Youth Self-Employment; and (iv) Project Management and Monitoring and Evaluation.

The youth beneficiaries will have the following characteristics: (i) aged between 18 and 34, including young heads of households; (ii) unemployed and only with secondary education or less; and (iii) affected by increased poverty due to the multiple crises.

The proposed project activities not only contribute to the quick recovery from the crisis, but also help build skills and employment for the long-term and hence resilience to future shocks. Specifically, the first component will finance cash-for-work for up to 2,000 youth who will plan, develop and implement a variety of rural community improvement projects and services both on- and off-farm. The second component will provide conditional cash transfers to 600 youth enrolled in an innovative training program to provide both training and internship opportunities over a period of up to 6 months. The third component will finance training, mentoring services and small start-up or upgrading grants to up to 400 beneficiaries for self-employment and microenterprise support. Finally, the fourth component comprises: Project Management and Monitoring and Evaluation.

# GRANT SUPPLEMENTARY INFORMATION

## PART I

### 1. PROJECT INFORMATION

#### 1.1 Strategic Context<sup>iv</sup>

Tunisia has recently been affected by several overlapping systemic and unpredictable shocks:

**International Food Crisis.** Recent increases in global food prices (wheat, sugar and palm oil prices increased by 80, 45 and 60 percent respectively in 2010), have led to a 30 percent increase in the price of the domestic food staples on which poor Tunisians depend. The steady rise in fuel prices affects, among other things, the costs of food distribution and of fertilizers to farmers. While the impact of the rise in international commodities prices has been somewhat contained domestically by the system of food and fuel subsidies, these protection systems are not sustainable. The government is currently running a budget deficit of 2.5%, spent about 2.2% of GDP in 2010 on fuel and food subsidies. The authorities intend to control expenditures on food subsidies from 2011, by establishing an annual ceiling of TND 1,500 million (approximately 0.8 percent of GDP), which will inevitably increase household's vulnerability to food inflation.

**Europe's Financial Crisis.** The global financial crisis and the lingering recession, especially in Europe, depress Tunisia's exports (73% of which goes to Europe) and tourism. Private investment suffered as a result of the Europe's slowdown and current austerity policies, dropping by almost 5 percent of GDP since 2008. FDI decreased from 5.7 percent of to 3.2 percent of GDP between 2008 and 2010, and it is expected to fall further in the light of recent events. These decreases in capital inflows and investment will in turn affect industrial production and exports, which will depress domestic consumption and slow down economic recovery.

**The Jasmine Revolution and Libya's political instability.** In January 2011 Tunisia experienced an unprecedented and spontaneous wave of protests, fueled by persistent lack of social inclusion, anger over governance and corruption issues, and mounting frustration over unemployment and food inflation. These countrywide protests led to the toppling of the regime and the ousting of Tunisia's second President, Zine El Abidine Ben Ali, on January 14, 2011 after 23 years in power. The short-term economic outlook has been negatively impacted by the revolution and also the Libyan crisis (mainly through tourism and FDI). GDP growth was previously expected to reach approximately 5 percent in 2011, but it is now projected to slow down to 1.5 percent. This projection is based on assumptions of a 40 percent drop in tourism revenues and 60 percent reduction in FDI.

**These systemic and unpredictable shocks have had a significant impact in the labor market, disproportionately affecting youth.** With falling labor demand, unemployment increased from 12.1 percent to 13.3 between 2007 and 2009, and it is expected to reach a full 17 percent by 2014. Annual job creation (between 70,000 and 80,000) has fallen short of covering the even growth in labor supply (approx 100,000 annually), and much less made inroads into the stock of unemployed (approx 500,000 people). The majority of the unemployed in Tunisia are young, low-skilled, males. 75 to 82 percent are aged between the ages 15 and 35, while 65 to 69 percent has only basic education or less. Much unemployment is of long-term, with 37 percent of unemployed out of work for over 12 consecutive months, and 14.5 percent for 24 months. Given that long-term unemployment reduces individuals' prosperity to find a job, this aspect of the labor market is critical.

**Low-skilled youth and women in the informal sector are particularly vulnerable, lacking formal safety nets to mitigate unemployment and income shocks.** 71 percent of all youth in the labor force work in the informal sector without a contract, and thus are unprotected against unemployment risks. However, most of the existing public Active Labor Market programs target unemployed youth with university-level education. The *Agence Nationale pour l'Emploi et le Travail Indépendant*, ANETI, is the main deliverer of such programs, and about 83% of its about 30,000 beneficiaries per year have tertiary education. Women are becoming increasingly vulnerable to unemployment, with the rate increasing from 15.4 percent in 2005 to 20 percent in 2010.

**Rural areas have been particularly affected by shocks.** The shocks have particularly affected rural areas and disadvantaged regions in the country's interior. While unemployment has remained rather stable in urban areas (at 13%), rates have been increasing rapidly in rural areas (from 13% in 2005 to 16% in 2010). The latter finding bears important implications as about 35 percent of all unemployed reside in rural areas. While in urban areas, the educated middle class seem to be able to cope somehow with the crises, in the rural areas, where infrastructure and services are more scarce compared to urban areas, the situation has turned into an emergency, threatening the survival of the population. This is confirmed by recent reports of convoys taking food and supplies to poor villages in the hinterland governorates. One report mentioned that people volunteering on these food convoys said that they knew there was poverty in rural areas, but could hardly believe the extent of the poverty and deprivation they saw. Food production in rural areas is also being hampered by inadequate infrastructure and the rising cost of inputs such as seeds, fertilizers and feed. Access to markets and business services are inadequate, and farmers are unable to benefit from price increases, which are captured mostly by traders and would allow investment in irrigation or land or improve production.

**Interior and western regions such as Sidi Bouzid, Kasserine and Siliana have been severely hit by the recent crises.** Exports from Sidi Bouzid Governorate have fallen significantly with the food and financial crises: exports of seasonal agricultural commodities decreased by 22% in 2009 compared to 2008, and exports of textiles by 19%, causing a dramatic rise in unemployment. Data from ANETI indicate that unemployment is massive in the interior. The region of Sidi Bouzid has about 11 thousand unemployed, which can register for employment services in only 3 offices and with only 19 employment counselors available, making it practically impossible for the state to deliver effective employment services to job seekers. Young people interviewed during project preparation indicated that, although Sidi Bouzid has received a lot of news coverage, no concrete measures have been put in place to address the need of the less educated unemployed youth (the target beneficiaries of this project). Similarly, for Kasserine and Siliana, a recent analysis of the 2009 Labor Force Survey reveals that it one of the highest unemployment rates in the country; and experienced a severe deterioration in unemployment in 2005-2009. According to the same survey, the percentage change in unemployment between 2005 and 2009 was 32.2% for Kaserrine and 10.8% in Siliana while the change was 2.6% as the nation. Among the interior regions, Sidi Bouzid was also the epicenter of the Jasmine Revolution, and the most affected by it with the initial youth immolations, heavy protests and clashes with government representatives. Indeed, with over 80 people killed and 250 injured, Sidi Bouzid experienced the highest number of casualties and injured in the entire country. Also, local infrastructure has been damaged, social services disrupted, some local governments dissolved, and the existing institutional capacity is not adequate to address the needs of the unemployed.

This assessment justifies, on welfare grounds, the focus of the proposed emergency grant on the unemployed, on less educated youth and women from the informal sector, on rural areas, on the interior and in particular on the poorest central governorates of Sidi Bouzid, Kasserine and Siliana. The grant would support a package of interventions offering income support opportunities for crisis-affected youth.

#### 1.2 Linkage to Vulnerability Financing Facility GFRP or RSR:

The project objective is fully aligned with the objectives and the criteria of the RSR program since it aims to (i) provide immediate assistance to those most affected by the crisis, who have very limited access to formal risk mitigation mechanisms, and (ii) aims to set up safety nets to address future shocks.

The proposed project is aligned with the RSR program in that it supports cash-for-work, job training, job creation and self-employment for unemployed, low-skilled rural youth.

<b>1.3 Main Beneficiaries<sup>v</sup></b>	About 3,000 young people, including young heads of households, aged between 18 to 34, unemployed with secondary education or less, suffering from increased poverty due to the multiple crises in their rural governorates.
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<b>1.4 Project Location<sup>vi</sup></b>	The proposed project will be located in the central governorate of Sidi Bouzid, which has been severely impacted by the crises and was the epicenter of the Jasmine Revolution, in the central-western governorate of Kasserine which suffers from one of the highest unemployment rates, and another interior governorate of Siliana.
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<b>1.5 Project Duration:</b>	30 months	<b>Project Start Date:</b>	7/1/2011	<b>Project End Date:</b>	12/31/2013
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1.6 Task Team Leader	Gloria La Cava (TTL, MNSSD), Diego Angel-Urdinola (MNSSP), Carlo Rossotto (TWICT), Maria Ariano (MNSSD) and Atsuko Muroga (MNSSD).	
1.7 GRANT DEVELOPMENT OBJECTIVE <sup>vii</sup>		
The objective of the grant is to provide emergency income support and short-term employment to approximately 3,000 youth to meet their basic needs through cash-for-work, training, apprenticeship and self-employment opportunities.		
1.8 DEVELOPMENT OUTCOME INDICATORS <sup>viii</sup>		QUANTIFIED TARGET
1.8(a)	Provision of direct transfers to 3,000 youth affected by the crisis	3,000 youth
1.8(b)	Achievement of job placement rates of 15-30% after program	90-180 youth
1.8(c)	50% coverage among young women	1,500 women
1.8(d)	40-50% of the microenterprises supported by the program operate after 12 months	40-50% enterprises

## 2. GRANT RECIPIENT AND IMPLEMENTING AGENCY

2.1 Recipient Name: Ministry of Youth and Sports or an international or local NGO (to be confirmed)

2.2 Recipient Background:<sup>k</sup>

To be determined

### 2.3 Implementing Agent Details

Agency Name:	The selection of the implementing agency will be conducted on a competitive basis. The details will be finalized during the mission in May-June 2011.
Address	To be determined
Contact Person in Proposed Implementing Agency	To be determined
Phone:	To be determined
Email:	To be determined

2.4 Implementing Agency Background <sup>x</sup>

To be determined

2.5 Other institutions/NGOs that will be involved in implementation <sup>xi</sup>

The government counterpart of this project is the Ministry of Youth and Sports. The Ministry generously offered its local facilities which could host the project implementation unit at governorate level, as well as transportation arrangements to strengthen outreach to isolated, rural youth. The Ministry representatives will be a part of the project's Steering Committee to monitor the progress.

Microsoft and Manpower will provide in-kind contribution to the project implementation as donors. Specifically, they will offer facilities, training modules and staff.

The project will also establish cooperation among the executing agency, the Ministry of Regional Development, the Ministry of Youth, Sports and Physical Education, and ANETI (*Agence Nationale pour l'Emploi et le Travail Indépendant*). Grant implementation will, to the extent possible, utilize and involve local existing infrastructure, public transport, and public and private institutions and organizations, and will capitalize on emerging youth-led community organizations. In particular, the project will set up a Steering Committee half of which will be composed of a number of Civil Society Organizations in Sidi Bouzid, Kasserine and Siliana, and the other half, of government representatives, for the selection of community development subprojects for component 1, as well as micro-grant winners of component 3.

### 3. INNOVATION

#### 3.1 Innovation<sup>xii</sup>

Several aspects of this proposed project are innovative:

- a) It targets less educated youth who have not benefited from public programs and services;
- b) It covers very marginalized, rural regions affected by a conflict dimension with an explicit need for emergency support;
- c) It includes activities that are demand-driven and adopts a community-based approach; and
- d) It leverages communication skills and capacity of young people as part of a first emergency project for youth in a MENA country which is undergoing profound changes.
- e) It is one of the first World Bank projects that engage Tunisian Civil Society Organizations (CSOs) which have been growing in number since the revolution.

Finally, the Bank team is interdisciplinary, combining expertise ranging from youth development and conflict prevention to employment, private sector development and ICT, in innovative ways. On the partnerships side, the team has succeeded in engaging private sector partners such as Microsoft and Manpower both recognized as leaders in the ICT and employment services industries.

### 4. CONSULTATION WITH JAPANESE DEVELOPMENT PARTNERS<sup>xiii</sup>

4.1 Name of Representative	Mr. Hajime Nishimura Second Secretary of the Economic Cooperation Embassy of Japan in Tunisia	Date of Meeting	<b>2/24/2011</b> <b>5/31/2011</b>
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#### 4.2 Summary of Consultation:

The Bank team initiated dialogue on the proposal with Mr. Hajime Nishimura of the Embassy of Japan in Tunisia by email on February 22, 2011. In his response, Mr. Nishimura endorsed the project concept, highlighting the urgent need to address unemployment which he considered to be the most serious problem facing Tunisia. Project details were discussed in a follow-up teleconference on February 24, 2011, in which Mr. Nishimura reiterated his support to the objectives and proposed approach of the grant, in particular its focus on the disadvantaged youth in the proposed project areas. As Mr. Nishimura requested, the Bank has kept him updated on progress in project preparation.

As a follow-up to this initial meeting, another meeting was held at the JICA Tunisia office on May 31, 2011, attended by the Bank team, Mr. Nishimura and Ms. Yamagata in order to discuss the proposed project scope, objectives and activities in detail. During the meeting, it was confirmed that the proposed project locations overlap with the priority areas of assistance identified by the Japanese government. A great hope for this project was shared as this project will be one of Japan's few newly-funded development assistance project in Tunisia due to a substantial reduction in overall Japanese ODA. The meeting was concluded by Mr. Nishimura reiterating his full support for the project, and the Bank assured the visibility of the Japanese government, and that he will be kept informed of the progress throughout the project preparation and implementation periods.

#### 4.3 Potential Collaboration:

It was agreed that the Bank team would meet with Mr. Nishimura and other Embassy officials in order to finalize the project design when the team visits Tunis in May 2011, which happened on May 31. The next meeting will be held during the next mission in July-August 2011 to report the progress. Mr. Nishimura expressed his interest in joining the field trip to the proposed project areas upon project launch.

4.4 Name of Representative	Ms. Ritsuko Yamagata Japan International Cooperation Agency (JICA) Tunisia Office	Date of Meeting	<b>3/1/2011</b> <b>5/31/2011</b>
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#### 4.5 Summary of Consultation:

The Bank team was referred to Ms. Ritsuko Yamagata of Japan International Cooperation Agency (JICA) by the Embassy of Japan in Tunisia. Subsequent to an introductory email dated on February 24, 2011, a teleconference took place on March 1, 2011 to discuss the project concept note in detail. During the meeting, Ms. Yamagata welcomed the proposed

focus on the project areas, and confirmed the project's innovative nature. She also shared relevant country context, which has been incorporated into the final version of the concept note.

As a follow-up to the initial meeting, another meeting was held at the JICA Tunisia office on May 31, 2011, attended by the Bank team, Ms. Yamagata and Mr. Nishimura as described above. During the meeting, the innovative aspects of the proposed project such as the involvement of two major private sector actors, Microsoft and Manpower, were also welcomed.

#### 4.6 Potential Collaboration

In the initial meeting via teleconference, it was agreed that the Bank team would continue the dialogue with JICA and that Ms. Yamagata and other JICA representatives will join the World Bank mission in Tunisia in May 2011. In addition, the meeting on May 31 explored the possibility of mobilizing Japan Overseas Cooperation Volunteers (JOCVs) for this project once they are allowed to return to the interior governorates as they were sent back to Tunis after the revolution. It was also agreed that the Bank team would keep Ms. Yamagata informed of the progress throughout project preparation and implementation.

## 5. JAPANESE VISIBILITY<sup>xiv</sup>

5.1 Confirm that a grant signing ceremony **will** take place in the recipient country, including representatives from the Embassy of Japan, and that a press release would be issued in local newspapers

**Agreed**

5.2 Confirm that the Embassy of Japan in the recipient country **will** be invited to participate in field visits and project events, and **will** receive copies of progress review mission reports

**Agreed**

5.3 Describe the measures, other than the above, to be taken to ensure the visibility of Japan's contribution:

The Bank task team will ensure to promote the visibility and local awareness of JSDF in Tunisia through the following activities: (i) the training programs and internship/apprenticeship programs in the proposed project will clearly indicate that the activities have been financed by the Government of Japan; and (ii) all press releases, electronic media and all the other relevant publicity materials refer to the financial contribution from the Government of Japan.

## 6. DETAILED DESCRIPTION OF GRANT COMPONENTS<sup>xv</sup>

### 6.1 Component 1

\$ 1,300,000

#### **Component 1 – Cash-for-Work for Youth Employed in Rural Community Projects and Services (Amount US\$1,300,000)**

The main goal of this component is to provide direct transfers to individuals particularly hit by the crisis and who do not have access to formal safety nets. Up to 2,000 crisis-affected unemployed youth in rural areas will be given cash-for-work opportunities in a variety of rural community and farm and off-farm improvement sub-projects and services. Specifically, this component will finance about 75 youth-led sub-projects that will provide immediate income opportunities for unemployed youth and their families. The youth will be challenged to use their phone and texting communication skills (ICT) to organize, select and execute rural community, farm and off-farm improvement projects in collaboration with youth groups, local NGOs, farmer's organizations and local government agencies, such as the local facilities of the Ministry of Youth. Young people will be given a decisive voice in the selection, management and execution of the projects. Depending on the local needs, sub-projects could include but would not be limited to street and public space cleaning and rehabilitation, garbage collection, rehabilitation of youth centers and facilities for ICT training, rural road or irrigation systems repair and rehabilitation, construction of storage, distribution or market facilities. In recent consultation in the proposed project areas, local youth stakeholders highlighted the needs such as community radios to break the isolation and address lack of communication among local citizens, recreational, cultural and psycho-social support activities for young male and females, who have been deeply affected by the trauma of the conflict witnessed during the revolution. Sub-projects may also include services and assistance for recent refugees and returnees from Libya. The maximum duration of projects will be five months. Youth participating in the projects will earn cash-for-work at a flat rate of US\$400-500 over a period of up to 5 months, and will receive training in project planning and management, interpersonal and teamwork skills, and will be given a role in the decision-making processes in their communities. Youth will receive mentoring support which will enable them to have regular feedback and advice throughout the subproject preparation and implementation.

Preparation of these youth-led micro projects would include consultations with local stakeholders including community residents in order to ensure demand-driven, participatory design. Young people will lead and organize these consultations. The format of consultations would include meetings, focus group discussions and online discussions.

The project will establish a participatory mechanism at project level, i.e. a Steering Committee, to ensure transparency and accountability in the selection of the sub-project proposals to be funded under component 1, and of the micro-grant winners for the self-employment support component (component 3). Half of this committee would consist of representatives from key CSOs and the other half, of representatives of government agencies and private sector.

Outputs: (i) 2,000 youth receiving cash-for-work and on-the-job training; and (ii) 75 youth-led projects implemented.

### 6.2 Component 2

\$ 605,000

#### **Component 2 – Conditional Cash for Youth Training and Internships. (Amount US\$605,000)**

The main goal of this component is to lay the foundations for a formal safety nets mechanism to cope with future shocks. Up to 600 crisis-affected vulnerable youth will be given the opportunity to enroll in innovative training program that will provide conditional cash transfers to them for a period of up to 6 months. The training will be tailored based on skills needed from local employers and equip the youth to develop their technical and soft skills i.e. behavioral skills, ICT skills for farm and off-farm job opportunities. Farm related jobs could include training youth as ICT extension workers assisting farmers to obtain information they need to improve their food production. Farmers currently have access to phone and internet, but do not use these to improve their farm operations. Youth extension workers would show farmers how to obtain information on, for instance, farm inputs, pest management, market access, etc. Off-farm job opportunities could include jobs with cooperatives, traders, transport and marketing firms and local phone and communications companies. Microsoft and Manpower have offered to provide trainers and equipment to provide up to 3-month of skills training to help youth improve their technical knowledge and their communication, problem-solving and critical thinking skills and develop good work habits relevant to the farm and off-farm job market. The program will establish formal partnerships

with the public sector, in particular ANETI, in order to explore the possibility of making this pilot program a sustainable formal safety nets mechanism targeted to unskilled segments of the population.

Upon completion of the training, youth will be placed in paid internships or apprenticeships for a 3-month period to put their newly acquired skills into practice and acquire work experience. This activity will expose young people to employers and provide an opportunity to contribute their knowledge and skills to farm or non-farm businesses.

The implementing agency, with local business leaders, as well as with Microsoft and Manpower will hold regular meetings to identify the skills needed in the local labor market and to tailor the existing training modules. Specifically, Manpower will supply Access to Manpower Online Skill Training Courses, Access to Manpower Work-Readiness Curriculum “Finding a Job is a Job,” provide information, facilitate the connection with the local private sector and support intermediation. Microsoft will offer facilities such as Microsoft Innovation Center, as well as modules such as Microsoft DreamSpark, Student to Business, ICT Training and Digital Literacy Basic Curriculum. The training would focus on both occupational technical skills and some soft skills and will be in a practical, hands-on format.

Youth will receive a monthly living stipend of US\$72 during the training, and a monthly stipend of US\$150 during the internships/apprenticeships to sustain their livelihood and cover their basic needs. Employers will be encouraged to continue funding the interns to cover the stipends for 3 more months. The stipend will be conditional upon 90% attendance. Trainees commuting long distance will be entitled to a transportation fee on average of about US\$25. The stipend and the transportation fees will enable marginalized youth who would otherwise be unable to pay for training or job placement to participate and benefit from the program.

Outputs:	(i) 600 youth trained and receiving a stipend; (ii) 600 youth placed in paid internships or apprenticeship; and (iii) an adopted skills training module/manual.
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6.3 Component 3

\$ 420,000

**Component 3 – Conditional Grants for Youth Self-Employment. (Amount US\$420,000)**

The main goal of this component will be to set up a rapid response system for financing for micro-enterprises in distress as a consequence of the crisis. Up to 400 youth micro-entrepreneur youth who have been working as self-employed, both in the formal and informal sector, will be given the opportunity to receive a conditional grant of about US\$650. The grant could cover the cost of equipment and Business Development Services. In addition, youth enrolled in the self-employment program will receive training and individual coaching/mentoring by senior entrepreneurs in planning, market research, business design, project implementation and microenterprises formalization. For the training, Microsoft Tunisia, one of the in-kind donors, will mobilize its network of trainers through the NGO “TARIQI” specialized in the areas of accounting, business planning, and business opportunity identification, and so on. These types of training have not been available before in the proposed JSDF project areas. Youth will also receive group mentoring which will allow them to network with their peers as well as with other business leaders. Eligible types of business may include farm or off-farm production or services such as food vendors, solid waste collection, domestic cleaning service, provision of drinking water, production or sale of textiles and crafts, and information services to improve the productivity of agriculture and livestock production such as mobile applications to improve the access to veterinary services for cattle, or to provide real-time information services to farmers on crops, weather, or market information.

Outputs:	(i) 400 youth improve their small businesses and receive training.
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6.4 Project Management, Monitoring and Evaluation, and Knowledge Dissemination<sup>xvi</sup>

\$ 455,000

**Component 4 – Project Management and Monitoring and Evaluation (Amount \$455,000)**

This component includes the following activities:

**Activity 4.1 – Project Management (US\$300,000)**

This activity will cover the expenses for the project management.

**Activity 4.2 – Monitoring and Evaluation (US\$155,000)**

The M&E system will be used to ensure the transparent selection of beneficiaries, and to ensure continuous tracking and follow up, as well as learning from the project. The M&E system will include a Management Information System (MIS)

through which will be monitored the adherence of administrative and financial procedures to protocols and guidelines, as well as intermediate and final outcomes. Quarterly technical and financial reports will be submitted to the World Bank, documenting project achievements, challenges and their resolution, success stories, and future plans and budgets. Quarterly and annual reports will also be prepared for external audiences.

Participatory monitoring and beneficiary surveys (starting with a baseline survey) will be conducted to enable beneficiaries to monitor progress, and inform the design and implementation of the training and business development elements of the project.

The monitoring system will also include periodic assessment of the demand for skills by jobs or business opportunities, so as to inform the content of training and business development programs.

The World Bank will provide regular supervision of project implementation and will conduct a Mid-Term Review together with all partnering organizations.

Outputs: (i) 2 annual audits; (ii) 1 beneficiary survey; and (iii) 1 Mid-Term Review report.

## 7. ELIGIBLE EXPENDITURES

List all applicable eligible expenditures below in one or more categories as necessary. Eligible expenditures include consultant services (including audits), local training and workshops, small civil works, goods, sub-grants, and Bank incremental costs.

Category	Amount (US Dollars)	Percentage of Expenditures to be Financed	Percentage of Grant Total
Disb-Consulting	\$ 261,000	9%	9%
Disb-Training	\$ 350,400	12%	13%
Disb-Goods	\$ 130,000	4%	5%
Disb-Civil Works	\$ 0	0%	0%
Disb-Other	\$ 1,974,600	66%	71%
Disb-Operating Cost	\$ 64,000	2%	2%
<b>Total Grant to Recipient</b>	<b>\$ 2,780,000</b>		
Bank Incremental Costs	\$ 220,000		
<b>Total Grant Amount:</b>	<b>\$ 3,000,000</b>		

\*"Disb-Other" is the same as "Sub-projects" in the Cost Table.

## OPERATIONAL RISKS ASSESSMENT FRAMEWORK<sup>xvii</sup>

Risk Category	Risk Rating	Risk Description	Proposed Mitigation
Project Beneficiaries and Stakeholders Risks <sup>xviii</sup>	Modest risk	<p><b>Reaching out to marginalized population:</b> The project is specifically intended to target marginalized youth in the project area. Failing to identify and reach marginalized groups and to create incentives for these groups to participate in the training program would influence in achieving project outcomes.</p> <p><b>Lack of engagement of young females in the project:</b> Project aims 50% participation of young women.</p>	<ul style="list-style-type: none"> <li>• The Bank team is planning to hold a series of consultations with young people and various other community stakeholders in Sidi Bouzid and Kasserine prior to the decision review meeting. Discussions with key local stakeholders will help the Bank team to set strategies and resources to reach out to the marginalized youth. Also, the project will provide incentives i.e. conditional cash to youth who otherwise may not be able to sustain their livelihoods.</li> <li>• The project will ensure the equal engagement of females as well as males at all programming levels. To ensure this, the PIU will provide the right incentives for female participation: (i) the cultural appropriateness of activities will also be consulted with local stakeholders; and (ii) female officers will be part of the implementation team and will be responsible for outreaching girls and families.</li> </ul>
Implementing Agency Risks	Substantial risk	<p><b>Procurement Capacity Risk:</b> NGOs will be involved in the implementation and the Ministry of sport lacks experience in implementing Bank funded project, hence the procurement risk could be considered as substantial. But because only US\$490,000 of the grant will be used to procure goods and services and contracts amount will be small, this risk could be mitigated easily. Procurement Risk will further be refined when the implementation arrangement is decided.</p> <p><b>Financial Management Capacity Risk:</b> A Financial Management assessment is pending as it has to be after the selection of implementing</p>	<ul style="list-style-type: none"> <li>• The risk mitigation measures will be determined according to risks identified following capacity assessment exercise.</li> <li>• As soon as the implementing agency is decided the FM specialist will conduct an FM assessment to be sure that the implementing agency</li> </ul>

		agency.	is capable to manage this project.
Project Risks:			
Design	Substantial risk	<b>Demand exceeds supply:</b> Given the high unemployment rate in the project areas, the demand for the service may exceed the slots that the project offers, which may create dissatisfaction among the youth who are not selected.	<ul style="list-style-type: none"> <li>During the consultations and recruitment, the team will manage expectations by clearly explaining project's targeting of the most vulnerable and marginalized. The implementing agency will also ensure the transparent and fair selection process of beneficiaries. Moreover, the team will see for ways to expand the program through the Government, other donors or NGOs.</li> </ul>
Social and Environmental	Negligible or low risk	There is no negative social or environmental impact envisaged for the proposed project.	N/A
JSDF Program and Donor	Negligible or low risk	To be further discussed with the fund	N/A
Delivery Quality	Negligible or low risk	<b>Efficiency:</b> Operating the project activities in multiple governorates may affect the quality of the service delivery.	<ul style="list-style-type: none"> <li>In order to avoid low quality service and inefficiency in service delivery, the Bank team will ensure that the PIU has operational hubs in each governorate. These local offices will also establish strong partnership with local stakeholders to ensure efficient and quality service delivery. The team will also ensure that the implementing agency to prepare a Project Implementation Manual (PIM) for this project as a condition of effectiveness to the Grant Agreement. The PIM should in particular provide detailed information regarding the conditional transfers.</li> </ul>

## PART II

### 8. GENERAL INFORMATION

8.1 Grant Type:	Project	8.2 Resubmission:	No
8.3 Was a JSDF Seed Fund Used? If yes, insert TF Number.		No	TF No. <input type="text"/>
8.4 Ongoing sector operation in the country	Project name:		
	Project ID:		
	Board Date	<a href="#">Click here to enter a date.</a>	
	<p><b>Pre-revolution Tunisia:</b> The Country Partnership Strategy (CPS) 2010-2013 recognized unemployment as a persistent development challenge in Tunisia, and several Bank operations had been sought to address it. However, none of these operations: (i) focused on less educated youth in the governorates of Sidi Bouzid, Kasserine and Siliana; and (ii) incorporated youth-led or community-driven development approaches. The proposed project will be one of the first projects which have both of those aspects in the post-revolution Tunisia.</p> <p><b>Past and existing initiatives on training:</b> There have been many ALMPs in Tunisia (especially training and placement), and the impact of such programs has been limited, though no impact measurement is available. One of the main limitations of these programs has been the lack of connections with the private sector because the provision of Active Labor Market Programs, including job intermediation, was entirely handled by the public agency ANETI. The proposed project is expected to bring the following innovations to the practice of youth training and placement in Tunisia: (i) a partnership with the largest global private intermediation company, Manpower, NGOs and an initial group of public agencies (local youth centers, employment office) and the local private sector; (ii) use of Manpower's training modules of life skills and technical competencies which are not otherwise available through existing ALMPs. There will be important lessons learned from this pilot which existing ALMPs, such as AMAL, could incorporate in time.</p> <p><b>New initiative and added value of this project:</b> The Governance and Opportunity Development Policy Lending (under preparation) has employment as one of the pillars, supporting the AMAL program to target 150,000 high-skilled, educated unemployed youth through training and placement. The DPL also plans to support the Government's initiatives to enhance interventions for this group by encouraging the creation of public works programs including constructions and rehabilitation of public infrastructures targeting low-skilled. However, these measures have weak evidence of lasting impact on youth employment, thus there is a need for an intervention specifically targeted for unemployed, less-educated youth. The proposed project is different from existing initiatives in its focus on less educated population which makes up the majority (70%) of all unemployed in Tunisia. It also brings added value by piloting interventions for low-skilled, less-educated unemployed—a particular group which needs special attention and tailored interventions. In addition, the project will not only contribute to the quick recovery from the crisis, but also help build skills and employment for the long-term and hence resilience to future shocks.</p> <p><b>CDD projects:</b> In addition, wherever possible, the proposed project also will seek synergies with two existing Community-Driven Development projects in Tunisia, Second Natural Resources Management Project (PGRN2) and Forth Northwest Mountainous and Forested Areas Development Project (PNO4), which aim to promote community-based rural development focusing on improving rural infrastructure and services. In particular, PGRN2 covers the governorate of Kasserine, and the implementation of the proposed project will apply lessons learned from the experiences of PGRN2.</p>		

\* the Grant proceeds would be used to finance project activities as described under the four (4) components through the disbursement procedures currently in use as will be defined in the Disbursement Letter.

## 9. JUSTIFICATION FOR INCREMENTAL BANK SUPERVISION COSTS<sup>xix</sup>

Incremental Bank Costs of USD 220,000 (about 7% of the total grant amount) are requested for the following five reasons: (i) the current country context, especially with the government transition, calls for extensive involvement of Bank staff in the project execution and supervision; (ii) consultants will need to be hired to assist regular and frequent grant supervision, which would require trips to Sidi Bouzid and Kasserine; (iii) the innovative nature of the project and the overall institutional capacity, given the country transition, will require substantial support from each team member during the start-up phase of implementation; (iv) given the specific target group of disadvantaged youth in the poorest areas of the country, the team will have to devote significant effort to ensure that the targeting is effective through extensive consultations and frequent supervision missions; and (v) assistance to build the M&E system is critical for the grant's effectiveness. All this will require frequent visits to supervise implementation.

## 10. LESSONS LEARNED REFLECTED IN THE GRANT DESIGN<sup>xx</sup>

The design of the proposed project reflects the lessons learned and recommendations from 'Active Labor Market Programs for Youth: A Framework to Guide Youth Employment Interventions' which provides lessons learned and best practices from youth-oriented employment programs directed at youth from disadvantaged backgrounds (Cunningham, Sanchez-Puerta and Wuermli, 2010). The training program for the proposed project reflects one of the successful models outlined in the paper—the Training "Plus" or Comprehensive Model—which includes technical training, soft skills training, internships, and employment/placement services combined with the provision of wage subsidies or of a subsidized training period.

The project design also draws on the recommendations of the recent note on 'MNA Short Term Policy Responses to Create Jobs,' incorporating its key message that a successful skills training program should be demand-driven. To ensure the skills training responds to the demand, existing training modules were refined during the project design process through consultations with local business leaders. The note also highlighted the importance of supporting self-employment, given the limits to the number of formal sector jobs. In recognition of this, the proposed project provides support and training opportunities for youth micro-entrepreneurs.

Finally, the project also reflects lessons learned from a recent analysis of MNA youth employment initiatives. In particular, it was incorporated in the project design that entrepreneurship training should be accompanied by financial services, since lack of financing was often a major obstacle to entrepreneurship. Young entrepreneurs should also be encouraged to participate in networks with chambers of commerce, trade associations, entrepreneurs clubs and so on, to help them enter supply chains, and organize meetings, mentoring programs, and on-site field trips.

## 11. JSDF BENEFICIARY PARTICIPATION

### 11.1 Participatory Design Consultations<sup>xxi</sup>

The Bank team has been engaging young stakeholders and farm and off-farm community stakeholders in project designing. From May 25 to 26, 2011, the team visited the governorates of Sidi Bouzid, Kasserine and Siliana and conducted consultation meetings with respective local stakeholders such as Civil Society Organizations, young people, local NGOs and institutions. The discussion covered issues of concern such the local economic situation, participation, employment and education challenges and their suggested solutions. With the support from the central Ministry of Youth and Sports, all of the three meetings were held at the respective Youth Centers. Discussions at each of the three meetings highlighted unique challenges and realities of the three governorates. For instance, in Kasserine the meeting focused on exchanging concrete ideas for possible micro-businesses—such as products and crafts made of a local agricultural product *halfa*—while in Siliana, the participants focused on identifying barriers that would prevent rural youth to participate in training programs such as the lack of transportation. In Sidi Bouzid, CSOs expressed their strong desire for a participatory

mechanism and proposed to establish a selection committee for the community micro-subprojects (which can go under the component 1 of proposed JSDF project) half of which will consist of civil society representatives, and the other half, of government representatives. The consultations also highlighted that youth stakeholders had hardly heard of ANETI and that AMAL programs have not yet benefitted local youth in a concrete way. In particular, they mentioned that past initiatives tended to have a bias towards Tunis and the coastal areas, while excluding interior regions.

In addition, some of the project activities are participatory in nature. For instance, participatory monitoring and periodic beneficiary surveys, to be conducted as a part of M&E component will enable young people to voice their feedback to the services provided to them and inform the project implementation. Another example are the youth-led community projects and services which will be demand-driven and will promote participation of various community stakeholders including youth themselves.

### 11.2 Consultation with other Development Partners

Marseille Center for Mediterranean Integration (CMI) facilitated the task team's dialogue with *Agence Française de Développement* (AFD), and the European Commission (EC) – two major donors to Tunisia. CMI identifies this project as one of its Skills, Employment and Labor Mobility for Youth (EM4) Programs. AFD and EC were generally supportive of the proposed project concept and approach, and EC especially expressed its interest in further exploring the possibility of collaboration. These two agencies will be kept informed of progress in project preparation and implementation, and dialogue on modes of collaboration continued.

Finally, the Embassy of Japan in Tunis will inform other donors about the project and its implementation status at the meetings of donors regularly held in Tunis.

### 11.3 Community Driven Activities<sup>xxii</sup>

The first component of the proposed project uses demand-driven community projects in order to involve the vulnerable groups and foster their sense of ownership. In this activity, unemployed rural youth will lead development projects to improve their own community. This will change youth's role from being marginalized to positive change agents in the community. Moreover, a demand-driven design will allow various community stakeholders to have the sense of ownership toward the projects and services created by youth.

## 12. REVIEW PROCESS AND CLEARANCES

Title/Role	Name	Date Cleared
Sector Manager cleared Concept Note	Anna Bjerde (former Sector Manager, MNSSD) Franck Bousquet (current Sector Manager, MNSSD)	2/15/2011
Distribution for Comment	Name	Comments Addressed
Country Lawyer	Jean-Charles de Daruvar (LEGEM)	<input checked="" type="checkbox"/>
Task Team Designated Procurement Specialist	Ahmedou Hamed & Walid Dhouibi (MNAPR)	<input checked="" type="checkbox"/>
Task Team Designated Financial Management Specialist	Moez Makhoulf (MNAFM)	<input checked="" type="checkbox"/>
Country Disbursement Officer	Hassine Hedda (CTRFC)	<input checked="" type="checkbox"/>

## 13. SUBMISSION OF PROPOSAL TO JSDF UNIT FOR STEERING COMMITTEE AND DONOR APPROVAL

NOTE.

Once this proposal has been completed, and comments from reviewers in section 12 above have been addressed, a GFR is created with the Basic Data Tab completed, and the Funding Proposal, Cost Table, Review Matrix with Minutes of Decision meeting attached and, when applicable, Government Letter endorsing NGO as grant recipient.

The GFR is then sent out for clearance utilizing the Workflow, to the Sector Manager, Country Director, and Regional TF Coordinator. Then it is submitted to the JSDF Unit for Steering Committee and Government of Japan approval

VERSION DATE:	May 19, 2011
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<sup>i</sup> Grant Recipient

The grant Recipient is the entity that signs the grant agreement. The Recipient may be a government, an NGO, or other legally established group such as a cooperative or association which is acceptable to the Bank.

<sup>ii</sup> Implementing Agency

The grant Implementing Agency is the NGO, civil society association or cooperative, or local government which would be contractually responsible for administering and disbursing the grant, overseeing implementation of the grant activities, and for monitoring and reporting. The grant Recipient and the Implementing Agency may be the same. However, the central government may be a Recipient, but may not be an Implementing Agency.

<sup>iii</sup> Project Summary – **NOT TO EXCEED HALF PAGE**

Development Objective, Country/Sector Context, and Activities Summary (**Sections A and B may not exceed one page**)

<sup>iv</sup> Strategic Context

- a. What are the key elements of the country's social sector or poverty alleviation strategy?
- b. What are the key policy, institutional, and other issues that constrain the achievement of the social sector or poverty alleviation strategy?
- c. What are the unique aspects of the needs of the vulnerable group that cannot be addressed by other means or financing, and what is the rationale for JSDF funding as the best or only way to assist the vulnerable group?
- d. What is the rationale for grant funding instead of Bank lending?
- e.

<sup>v</sup> Main Beneficiaries

- a. What are the characteristics of the targeted beneficiaries, and the key challenges they face as the poorest and most vulnerable?
- b. What is the number of direct beneficiaries receiving grant inputs in terms of individuals, villages, households, or other groups? (Note: this number will be used to determine the cost per beneficiary)

<sup>vi</sup> Project Location

- a. What is the geographic areas where the targeted beneficiaries live?
- b.

<sup>vii</sup> Development Objectives

- a. What will be the principal outcome of the grant financed project that will address the needs of the vulnerable target group, and how will it be accomplished?

<sup>viii</sup> Development Outcome Indicators

- 
- a. What are the (SMART) Specific, Measurable, Attributable, Realistic, Relevant and Time-bound indicators (one/three) that will give evidence that the project outcomes have been attained? A minimum of three, or maximum of five, quantified indicators are required, demonstrating achievement of the grant Development Objective under Item 1.5
  - b.

<sup>ix</sup> Recipient Background

- a. Briefly describe the organization's mission, country/sector experience, and capacity and qualifications to implement the grant activities
- b. For government, describe the general function, role or responsibility (brief and succinct)
- c. For NGOs, years in operation; description of scope of work; achievements which should be highlighted; size of workforce (staff), and annual budget (brief and succinct)

<sup>x</sup> Implementing Agency Background

- a. Briefly describe the organization's mission, country/sector experience, and capacity and qualifications to implement the grant activities
- b. For local government, describe the general function, role or responsibility (brief and succinct) ;
- c. For NGOs, years in operation; description of scope of work; achievements which should be highlighted; size of workforce (staff), and annual budget (brief and succinct)

<sup>xi</sup> Other institutions that will be involved in implementation

- a. If sub-grants are a component, describe how they are going to be managed?
- b.

<sup>xii</sup> Innovation

- a. What is new or different about the approaches that will be tried/piloted to bring the benefits to the vulnerable group?
- b. What will be the immediate benefits obtained by the vulnerable group that will address and begin to relieve their vulnerability?
- c.

<sup>xiii</sup> Consultation with Japan

- a. What consultations have been conducted with the Japanese embassy and JICA?
- b. What was the date(s) of the consultations, who was the embassy and JICA officials consulted and what were the main points of the consultations?
- c. What are the final comments from and/or agreements with the embassy and JICA (attach memorandum of understanding or email comments/agreements)?
- d. What kind of collaboration with potential Japanese development partners was discussed with the embassy official and JICA staff and what, if any, collaboration has been agreed upon?
- e. If consultations have been conducted with Japanese stake-holders other than the Japanese embassy and JICA, the information on the consultations should be provided as well.
- f.

<sup>xiv</sup> Japanese Visibility

- a. What kind of activities, events, press release or notices will be arranged to ensure the visibility of Japan as the donor of this grant project?
- b. What kind of arrangements have been made for inviting the Embassy to participate in field visits and missions and for transmitting progress and mission reports to the Embassy on a regular basis?
- c. What agreements have been made with the Government, implementing agency, beneficiaries and NGOs/CSOs to ensure that the recognition of Japan as the donor will be sustained throughout the life of the project?
- d.

<sup>xv</sup> Detailed Component Description

- a. What is the description of the activities, grouped by component, that will be undertaken to turn the inputs into outputs and outcomes for the vulnerable group?

- 
- b. What is the total cost of each component? The cost of the inputs for each activity is calculated in the EXCEL cost table, ensuring consistency in the name of the component and activities for easy cross-reference
  - c. What is the list of all outputs/deliverables?
  - d.
- <sup>xvi</sup> Monitoring and Evaluation Component – This is a mandatory component -- see comment vii above
- <sup>xvii</sup> The Risk Framework is consistent with the new PAD See attached link to “***Guidance Note on the Operational Risk Assessment Framework (ORAF) – Risks to Achieve Results***”, by OPCS, dated JULY 1, 2010 ↗ [http://intresources.worldbank.org/INTOPCS/Resources/380831-1206733291493/4830625-1207256203747/4854093-1225978390287/ORAF\\_Guidance7.1.10.pdf.docx](http://intresources.worldbank.org/INTOPCS/Resources/380831-1206733291493/4830625-1207256203747/4854093-1225978390287/ORAF_Guidance7.1.10.pdf.docx)
- <sup>xviii</sup> Risk Framework: Project Beneficiaries and Stakeholder Risks
- a. Include how the grant will prevent “elite capture” of the JSDF benefits.
  - b.
- <sup>xix</sup> Justification for Bank Incremental Supervision Costs
- a. If additional resources are needed for Bank supervision, please describe the context and justification. Up to 9% of the recipient grant amount may be added to the Japan grant.
  - b.
- <sup>xx</sup> Lessons Learned Reflected in the Proposal Design
- a. What are the lessons learned from other JSDF or Bank project and how are these lessons reflected in the proposed project?
  - b. Have the lessons/recommendations of the peer reviewers been incorporated?
  - c.
- <sup>xxi</sup> Participatory Design Consultations
- a. What direct consultations have been held with the vulnerable group to identify their vulnerability and to select the inputs that will address these vulnerabilities?
  - b. What are the key challenges facing the most vulnerable group?
  - c. What are the unique aspects of the needs of the vulnerable group that cannot be addressed by other means or financing?
  - d.
- <sup>xxii</sup> Community Driven Activities
- a. What community driven activities will be used to involve the vulnerable group in the project activities and ensure ownership of the project and accountability of stakeholders and the implementing agency?
  - b.