



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
TUNISIA TERTIARY EDUCATION FOR EMPLOYABILITY PROJECT
APPROVED ON FEBRUARY 25, 2016
TO THE
REPUBLIC OF TUNISIA

EDUCATION

MIDDLE EAST AND NORTH AFRICA

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ABBREVIATIONS AND ACRONYMS

ANPR	National Agency for the Advancement of Scientific Research (<i>Agence Nationale de Promotion de la Recherche</i>)
GoT	Government of Tunisia
HEI	Higher Education Institution
IP	Implementing Progress
ISR	Implementation Status Report
KPI	Key Performance Indicator
MHESR	Ministry of Higher Education and Scientific Research (MHESR)
MOU	Memorandum of Understanding
PAQ	Competitive Fund Scheme for Quality Support Program (<i>Programme d'Appui à la Qualité</i>)
PIU	Project Implementation Unit
PDO	Project Development Objective (PDO)
TORs	Terms of References



BASIC DATA

Product Information

Project ID P151059	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 25-Feb-2016	Current Closing Date 31-Dec-2021

Organizations

Borrower Ministry of Development, Investment and International Cooperation	Responsible Agency Ministry of Higher Education and Scientific Research, National Agency for the Advancement of Scientific Research
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Project Development Objective (PDO)

Original PDO

The objective of the Tertiary Education for Employability Project (TEEP) is to improve the employability of tertiary education graduates and to strengthen the management of higher education.

Summary Status of Financing

Ln/Cr/Tf	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
IBRD-85900	25-Feb-2016	03-Mar-2016	30-Nov-2016	31-Dec-2021	70.00	8.49	61.59

Policy Waiver(s)

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

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. Project Status

1. The Tertiary Education for Employability seeks to improve the employability of tertiary education graduates and to strengthen the management of higher education. The Project was approved by the World Bank Board of Executive Directors on February 25, 2016 and became effective on November 30, 2016. Approximately two-thirds of the loan amount (equivalent to Eur44 million) finances activities delivered by higher education institutions (HEI) through a competitive fund mechanism (*Programme d'appui à la qualité* [PAQ]). Another one-fifth of the loan amount (equivalent to Eur12.5 million) finances the provision of performance sub-grants for HEIs. The remaining loan amount finances specific technical assistance (TA) activities to strengthen the higher education system by enhancing autonomy, accountability and innovation.

2. The Project was previously restructured in April 2018 to counteract the slow pace of PAQ competitive fund approvals and disbursements. In order to simplify procurement arrangements and improve efficiency, the restructuring simplified the project design by (1) cancelling TA activities and merging other TA activities into larger single contracts; (2) merging PAQ windows related to HEIs' management capacity into a single "mega-PAQ¹" to maximize the coherence and impact of these funds on HEIs, thus increasing the attractiveness of these PAQs by increasing their budget; and (3) adapting the performance-based contract scheme to provide additional financial incentives linked to a set of agreed indicators. These modifications reduced the burden of procurement and contract management on the project implementation unit (PIU) and increased the disbursement rate, which was only US\$4.45 million at the time. The impact of the restructuring has been slow to materialize. The disbursement rate remained low in the second half of 2018, despite several new competitive fund windows launched and a higher proportion of grant proposals received and approved towards the end of 2018 (there is a 6 to 9 month-lag time between the launch of a competitive-fund window and the signing of grant and [payment of the first installment]). As a result, the overall implementation progress (IP) was downgraded to "moderately unsatisfactory" in the December 2018 implementation status report (ISR).

3. A mid-term review mission was held between May 20 and June 3, 2019 with the objective of carrying out a comprehensive review of the Project progress and ensure that the Project can achieve its objectives in the remaining 30 months of implementation. The mission confirmed that Project implementation accelerated in the first half of 2019 and the remedial actions set out in the April 2018 restructuring are starting to take effect. A total of 88 competitive fund grants were approved in the last six months only (a total of 138 grants have been approved since the beginning of the Project). A total of 15 out of 17 competitive fund windows have been launched. 617 proposals have been received since Project effectiveness, demonstrating the soundness of the design and the growing interest from HEIs for the competitive fund approach.

¹ In the months following the restructuring, three separate mega-PAQs were created: (1) PAQ DGSU to finance the strategic development plan of universities estimated at US\$18.5 million; (2) the PAQ DGSE to finance the strategic development plan of HEIs estimated at US\$18 million; and (3) the PAQ PROOUES to finance the modernization of students facilities (rooms and restaurants) including social and cultural services to benefit students estimated at US\$5 million.



4. The disbursement rate of the Project, albeit still low, has doubled in the past year and stands at 12 percent of the loan. Two out of three “mega-PAQs” were launched in early 2019. Proposals are currently assessed and the first grants will be approved in late September. This will boost disbursement significantly with an estimated US\$25 million to be disbursed between September 2019 and March 2020 in favor of universities through PAQ DGSU, HEIs through PAQ DGSE and three regional divisions of student affairs through PAQ PROOUES. The payment of a first tranche of 70 percent is automatic following the signing of PAQ grants with the beneficiaries. Disbursement will exceed 50 percent of the loan proceed by end of March 2020. In addition, the universities will submit before the end of 2019 their proposal for the 2020 academic year performance sub-grants with a first disbursement expected by the end of 2020. Despite a large volume of PAQs under preparation, it was decided to keep the rating for IP in the most recent ISR to “moderately unsatisfactory” until the disbursement rate on the loan proceeds reach at least 40 percent by end of 2019.

Disbursement Projection by December 2019

	Amount	% of loan	# of grants approved
Total Project Disbursement in 09-19	US\$8,5 million	12.2%	138
PAQ DGSU	US\$11,9 million		14
PAQ PROOUES	US\$3,7 million		3
PAQ MOBIDOC	US\$1 millions		400
Other PAQs	US\$2 million		50
2 nd installment for current PAQ grants	US\$0,5 million		
Total disbursement expected during the period	US\$19.1 million		
Total expected disbursement by end 12/19	US\$27.6 million	39,4%	Total number of grants signed: 605

Assessment of the PDO and Key Performance Indicators

5. Following the mid-term review mission, the Bank team decided to downgrade the Project Development Objective (PDO) rating to “moderately unsatisfactory”. An important reason for the PDO downgrade is the lack of verifiable data available to measure progress achieved on key performance indicators (KPI) 1 and 2 related to improving the employability of tertiary education graduates. This is the result of a combined factor: (i) the Project activities have not yet produced the results² and impact expected due to delays with the overall implementation and (ii) the counterpart has only recently started to collect data from PAQ beneficiaries on the first-year implementation of their grants that would be used to measure some indicators.

² Many grants approved in 2018 have reached their mid-term implementation milestone and are compiling and reporting outputs and results achieved



6. To strengthen measurement of impact overall, the Bank team is providing technical assistance to the counterpart to carry out tracer studies that will collect verifiable data to measure the employability of tertiary graduates. In addition, two tracer studies are currently carried by the Ministry of Higher Education and Scientific Research (MHESR) to measure job insertion.

7. The Bank team and the counterpart are currently reviewing the result framework. A supervision mission took place in early September to assess the specific challenges faced by the counterpart to measure and achieve all the Project indicators. Following this mission, some adjustments will be proposed with a view to help better track progress, but also to ensure that the Project activities implemented through the PAQs, contribute to the improved employability of tertiary graduates.

Assessment of Implementation Progress

8. There are, however, some positive evidence that the Project activities contribute to the achievement of the PDO. For instance, it was estimated in 2018 that 30,000 students benefited from academic programs financed by PAQs that seek to improve the employability through short courses on entrepreneurship, computer, language and socio—emotional skills training (see 4C and PAQ PRICE mentioned in paragraph 7). So far in 2019, an estimated 34,000 students have benefited from these PAQs with a large proportion of female students. With the PAQ DGSU, it is estimated that 235,000 students will benefit from the improved management of universities. These numbers indicate that the Project is reaching its intended target and the Project design is sound.

9. The audit for 2018 was due on June 30, 2019. It is currently finalized by the General auditor of the Ministry of Finance. It will be soon available.

B. Rationale for Restructuring

10. The proposed second restructuring will complement and expand on measures already approved under the first restructuring, which are starting to bear fruits as measured by the number of large PAQs recently launched and grants ready to be approved (see earlier discussion in paragraph 4 on disbursement projections). This new restructuring is a gradual and subsequent step to further improve the capacity and efficiency of the counterpart to implement the Project activities. This will contribute to producing faster impact to improve employability of future tertiary graduates and increase overall disbursement. This second restructuring will also address some operational constraints faced by the Project, particularly the bunching of many PAQs and capacity constraints faced by the counterpart's implementation agency. It is part of a broader set of measures aimed at improving overall implementation that have been enacted in the last few months (i.e.: the launch of new MEGA PAQs discussed in the previous section on Project Status). In addition, discussions are currently taking place with the MHESR to improve the Project monitoring and evaluation and to identify one complementarity KPI to measure the employability of tertiary graduates (see previous paragraphs on assessment of PDO and KPIs).

11. The first measure consists in adding a sub-implementing agency (contract management agency) that will be responsible for carrying out the PAQ competitive fund "MOBIDOC". This PAQ MOBIDOC will provide two-year scholarships to an estimated 400 doctoral and post-doctoral students for the period 2020 and 2021. The total amount of this PAQ is estimated at US\$2.5 million. The delegation of this PAQ to a new sub-implementing agency will reduce the workload of the PIU, which will not be responsible for selecting, managing and monitoring approximately 400 scholarships during the next two years. The PIU's low capacity, short on staff and overburden with work have been important impediments to an effective IP. These issues have been partly addressed through a greater involvement and ownership of civil servants in several divisions of the MHESR and also by delegating more of the work directly to



the MHESR. However, more needs to be done still and delegating this PAQ MOBIDOC to a sub-implementing agency will contribute to relieving the PIU of many cumbersome administrative and managerial tasks. It will give the PIU more time to mobilize its efforts on other critical activities to achieve the PDO and it will impact positively disbursement.

12. The management of the PAQ MOBIDOC will, therefore, be delegated to the *Agence Nationale de Promotion de la Recherche* (ANPR) [National Agency for the Advancement of Scientific Research]. The ANPR is an independent government agency that is currently managing a similar scholarship program on behalf of the MHESR financed by the European Union. Delegating the PAQ MOBIDOC to ANPR will not conflict with the European Union financing, which is nearing completion. It was assessed that the ANPR has the capacity to implement both financing, which used similar procedures. The ANPR has accumulated considerable experience in managing scholarships. The ANPR is fully staffed and has the required capacity to manage the PAQ MOBIDOC.

13. The Bank team has already evaluated the ANPR financial management system and found it “satisfactory”. The procedures used by ANPR are fully aligned with those set forth in the Project Operational Procedures Manual and the PAQ Manual. The ANPR is an autonomous public entity following the procurement, accounting, financing management, and auditing rules of the Tunisian public sector. The ANPR will report to the PIU as per the terms of a Memorandum of Understanding (MOU) already agreed by the two parties. This MOE will be signed once the restructuring is approved by the Bank and after the Borrower is duly informed of the changes to the Project. The ANPR, as a sub-implementing agency, will carry out the PAQ MOBIDOC with due diligence and in compliance with the terms of references (TORs) that received the no objection of the Bank in June 2019. The technical and fiduciary responsibilities for this MOBIDOC PAQ will be transferred to the ANPR. The ANPR will review and assess all the scholarship proposals and will sign the grants directly with the beneficiaries. The PIU as per the terms of the MOU will only receive a consolidated report on number of scholarships, indicating the HEIs and objectives pursued through the scholarships. The ANPR will conduct a satisfactory survey on the beneficiaries at the end of the first year. The scholarships are paid on a monthly basis. There are no safeguard requirements applying to ANPR on this PAQ MOBIDOC as the Projects continues to be classified in Category C.

14. The ANPR could also act as an implementing agency of the PAQ CR2S for the central structures of the MHESR that seek to implement an internal Quality Management Systems. Delegating the management of a select number of PAQs to another implementing agency would help accelerate the Project’s implementation.

15. Another issue for the Borrower is the payment of the counterpart funds for Category 1 of the loan agreement under “competitive sub-grants for parts 1.1. and 1.2 of the Project”. Category 1 is financed at 90 percent by the Bank. The counterpart funds have been a budgetary constraint since the launch of the Project. The Borrower has paid so far around 65 percent of the counterpart funds on the competitive subgrants (US\$350,000), but with important delays. There is already an unpaid amount for 2019 equivalent to US\$175,000. Since the last counterpart funds payment made by the Borrower, 88 new grants have been approved. Furthermore, the equivalent of US\$19 million will be disbursed on Category 1 by end of December 2019. The amount due to be paid is equivalent to US\$1.9 million. The total commitment on the Borrower for counterpart funds on Category 1 is currently estimated at more than US\$4 million for the next two years. There is a risk that beneficiaries would have to reduce the scope of their activities, if they do not receive the full amount of the grant paid on time as per the implementation schedule of their PAQ activities. The value of individual grants under the competitive fund windows for Category 1 will not be affected by the revised financing percentage. The unit cost for each PAQ is fixed in the TORs as per the PAQ Manual. The TORs indicates an upper maximum amount to be allocated for each grant, but each beneficiary fix their own budget. They also contribute their own resources, usually a minimum of two percent of the grant amount requested. Therefore, the unit cost of each PAQ will remain unchanged. However, the number of grants to be approved during the life of



the Project would be reduced. However, with 88 percent of the loan proceeds still available and with US\$5 million reallocated to Category 1 through the previous restructuring in April 2018, the financing yet available will be more than sufficient to achieve the Project activities and expected impact. There is no fixed number of PAQs to be implemented that was agreed upon during the Project preparation. The Project Steering Committee and the University Council review regularly the total value of competitive funds based on the performance and demand for each competitive fund window.

16. Increasing the financing of the Category 1 to 100 percent is not an indication of a faltering commitment on the part of the Borrower and/or MHESR for the Project objective and activities. Quite the opposite, the counterpart has demonstrated its commitment through the full mobilization of its team and HEIs personnel at the highest level from university’s President, faculty Directors and staff mobilized to answer numerous PAQ request for proposals and participate in technical committee evaluations. This Bank-financed Project is the only one with an encompassing tactic supporting higher education reform with a bottom up approach. The Higher Education Minister has reaffirmed the Project’s significant importance on many opportunities.

17. Another Project restructuring will be prepared with the counterpart to address issues related to the Project IP and result framework. The changes will seek to improving the measurement of - and guarantee - that the PDO remains achievable. The objective is to develop more reliable indicators to measure the impact and attribution of the Project. Additional changes to the Project components and costs could also be envisioned in case the IP remains unsatisfactory and if it becomes unlikely that the full amount of the loan proceeds would not be disbursed by the Project closing date.

II. DESCRIPTION OF PROPOSED CHANGES

Based on the GoT’s request dated April 24, 2019 and the recommendations from the May 2019 mid-term review, the proposal for the restructuring is to:

- Increase the financing to 100 percent for Category 1 of the loan agreement “competitive sub-grants under parts 1.1. and 1.2 of the Project”; and
- Add the *Agence Nationale de Promotion de la Recherche (ANPR)* as an implementing agency responsible for the implementation, management and monitoring of grants for subprojects under the PAQ-MOBIDOC and PAQ-CR2S.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Reallocation between Disbursement Categories	✓	
Implementing Agency		✓
DDO Status		✓
Project's Development Objectives		✓



Results Framework		✓
Components and Cost		✓
Loan Closing Date(s)		✓
Cancellations Proposed		✓
Disbursements Arrangements		✓
Disbursement Estimates		✓
Overall Risk Rating		✓
Safeguard Policies Triggered		✓
EA category		✓
Legal Covenants		✓
Institutional Arrangements		✓
Financial Management		✓
Procurement		✓
Implementation Schedule		✓
Other Change(s)		✓
Economic and Financial Analysis		✓
Technical Analysis		✓
Social Analysis		✓
Environmental Analysis		✓

IV. DETAILED CHANGE(S)

REALLOCATION BETWEEN DISBURSEMENT CATEGORIES

	Current Allocation	Actuals + Committed	Proposed Allocation	Financing % (Type Total)	
				Current	Proposed
IBRD-85900-001 Currency: EUR					
iLap Category Sequence No: 1				Current Expenditure Category: Competitive Sub-Grants Parts1.1&1.2	
	44,000,000.00	3,473,531.91	44,000,000.00	90.00	100



The World Bank

Tunisia Tertiary Education for Employability Project (P151059)

iLap Category Sequence No: 2	Current Expenditure Category: Performance SubGrants Part 2.2 (ii)			
12,500,000.00	0.00	12,500,000.00	100.00	100.00
iLap Category Sequence No: 3	Current Expenditure Category: GD; WRK; NCS; CS			
7,639,250.00	90,281.30	7,639,250.00	100.00	100.00
Total	64,139,250.00	3,563,813.21	64,139,250.00	