



Republic of Tunisia

FOREST INVESTMENT PROGRAM IN TUNISIA

1. Independent Review of the FIP Tunisia
2. Matrix: Responses to comments and remarks of the independent expert

November 2016



CONTENTS

I. Independent Review of the Forest Investment Plan of Tunisia	3
II. Matrix: Response to comments and remarks of the independent expert	25

I. Independent Review of the Forest Investment Plan of Tunisia

Reviewer: Marjory-Anne Bromhead

Date of review: (first draft review, 18th August 2016)

PART I: Setting the context (from the reviewers overall understanding of the FIP document)

Tunisia is the first country in North Africa and the Middle East to benefit from FIP support¹, and provides an important example of a country where climate change mitigation and climate resilience go hand in hand. Tunisia is largely “forest poor”, with forests concentrated in the high rainfall areas in the north and North West of the country and covering only 5 percent of the territory (definitions vary). However rangelands are more widespread, covering 27 percent of the land area and are also a source of rural livelihoods and carbon sequestration, while both forests and rangelands are key to broader watershed management (Tunisia is water-scarce). Tunisia, together with the North Africa and Middle East region more broadly, is one of the regions most affected by climate change, with higher temperatures, more periods of extreme heat and more erratic rainfall. REDD actions will help to control erosion and conserve soil moisture and fertility, increasing climate resilience, while also reducing the country’s carbon footprint; the two benefits go hand in hand.

Tunisia recently underwent a democratic revolution, and the FIP needs to be understood within this context. While there has been some economic disruption and slowdown, the new government is now committed to making institutions more accountable to people, to jobs and inclusive growth, to more participatory approaches and to more balanced regional development, and decentralization processes are ongoing. Forest and natural resource strategies and policies have been revised and are undergoing further review and revision. The FIP provides a real opportunity for the CIF to contribute to these processes.

Tunisia is also a middle income country with relatively high levels of literacy and well developed institutions. Although there are income and regional income disparities, there is relatively little extreme poverty, and Tunisia is well advanced in its “demographic transition” with average family size of two children² and urbanization rates of 67 percent. Rural populations have an older demographic than urban. There are no official statistics on poverty trends after 2010, but World Bank staff projections suggest that poverty incidence declined from 7.6 percent in 2013 to 7.1 percent in 2015 using the 2011 PPP US\$ 3.1 per day poverty line³. The current FIP draft (paras 44-46) may need to be revisited in this context, since it suggests that 26 percent of the Tunisian population lives below a poverty line of US\$ 1.6 per day, compared with over 30 percent in forested areas. The broader point, however, that

¹ At present funding has been provided only for preparation of the FIP; there are no commitments from the CIF for implementation

² The current draft states that over 60 percent of the population is between the ages of 15 and 24.. this may be a typo for “under 24”.

³ World Bank Tunisia country overview website

employment opportunities are lower in the forest and rangeland areas than in the more urbanized north- east and east of the country, certainly holds true.

The FIP, within this context, appropriately emphasizes economic, environmental and social development linkages. Economically, by improved use of agro-silvo-pastoral products, it aims to increase revenues from forests and reduce poverty for local communities; environmentally, by better protection, restoration and management of forests and rangelands it would reinforce all the ecosystem services provided by forests and rangelands (protection of soil and water resources, carbon sequestration and climate change mitigation, preservation of biodiversity); and socially, by more inclusive natural resources management and involvement of the local population and private sector, it would aim to reduce disparities (regional, men/women, youth) and lead to a more equitable sharing of benefits and voice in decision making.

It should be emphasized that the CIF has so far financed only preparation of the FIP; there are no CIF funds to support investment. The FIP needs therefore to be seen as a framework for bringing about consensus for policy change and for attracting the enhanced investments that help achieve the triple win of being good for forests, good for development and good for the climate. In this context the process of FIP preparation, bringing together government departments, multilateral development banks, the private sector and local communities in client countries is important. In Tunisia government to date has been the principle source of investment in natural resource management, providing 80 percent or more of funding between 2002 and 2011 (figure 6). This is likely to remain the case. Therefore, even with enhanced private sector and multilateral/bilateral/climate investments, the FIP needs to be consistent with national priorities and planning processes. Given also that additional funding sources have not been firmly identified, detailed project preparation may be premature at this stage.

Overall objective of the FIP IP

The stated objective is to increase carbon sequestration and enhance the production, improved use and value of the goods and socio-economic and environmental services of the agro-sylvo-pastoral landscapes⁴. There are three specific objectives:

- Strengthening the governance of the forest and pastoral sector;
- Optimize protection, carbon sequestration and the economic valuation of forest landscapes;
- Improve productivity, economic development and the sustainable management of rangelands.

The FIP is closely linked with the broader strategic objectives of Tunisia, regarding green growth, sustainable development, forest, rangeland and agricultural development, economic development and balanced regional development.

While objective 1 is cross-cutting, investment projects 1 and 2 are linked to specific objective 2, and project 3 to specific objective 3. FIP also includes an analysis of the current state of forest and rangeland management, of institutional/regulatory strengths and weaknesses, and of broader sustainable development strategies.

⁴ This is the wording in the main text, and links to specific objectives. The current wording in the summary is a little different and may need to be revised for consistency

Project 1 integrated management of landscapes in the least developed regions in Tunisia

The project will focus on the agro-silvo-pastoral landscape units dominated by the Cork oak Forest (North-West Tunisia), the pine forest of Aleppo Pine (governorate of Siliana and Kasserine) or alfatieres lands (governorates of Kasserine and Sidi Bouzid). It will support joint-management with communities, integrated at landscape scale, and largely on state land. It will also include agro-silvo-pastoral products value chain development, as well as enabling and cross-sectoral activities at national scale, to remove obstacles to the sustainable management of forests and rangelands. For site specific activities ten sites totaling 100,000 ha and covering 6 governorates have been selected based on agreed criteria. It supports:

- (i)** Improved management of agro-silvo-pastoral landscapes through support to a) territorial development planning, using participatory, multi-sectoral approaches and supporting also a national plan for afforestation; (b) implementation of landscape management plans, including support to local stakeholders in sustainable agriculture, forest management and regeneration, public-private partnerships for national parks or nursery privatization;
- (ii)** Development of agro-silvo-pastoral value chains through (a) capacity building of national institutions and entrepreneurs, including to business support centres and MSMEs in business development and preparation of proposals to submit to the Fund of Productivity and Innovation (FPI) (b) creation of the FPI, which will include two windows aimed at; companies and producers, and providers of specialized services
- (iii)** Strengthening the institutional and legal framework for natural resource management, including land rights and access to land, capacity building support to the restructuring of the MARHP (Ministry of Agriculture, Water Resources and Fisheries) and the CRDA (Regional Commissions for Agricultural Development) in line with the 2014-23 Sustainable Development Plan, with a special focus on decentralized administration and the Rangelands management organization
- (iv)** Improved knowledge and monitoring through support to (a) a new forest inventory and (b) development of a forest and rangelands monitoring system, to be compatible with the MRV system developed as part of REDD +
- (v)** Project management

Project costs are estimated at US\$ 96 million. Estimates of carbon sequestration/reduced emissions would be made as landscape management plans are prepared.

Project 2: Investment for the restoration and improved use and value of private degraded land

Project n°2 will be developed on degraded private land in Northwestern and Northeastern Tunisian, with an incentive approach to encourage owners to invest in forestry, arboriculture, or agroforestry, based on the design of an innovative and attractive funding mechanism. The focus will be on implementation of a funding mechanism that will promote investment on degraded private land. It includes four components:

- (i)** Awareness raising among private owners, including on (a) the economic gains associated with improved land management and (b) communication of project activities

- (ii) Establishment of an innovative funding mechanism to promote investment in sustainable management of degraded private land, including piloting of a PES (payment for environmental services) mechanism. The project would establish two separate funds, and the project would need to develop cooperation agreements between private land owners, the Forest Administration and a funding agency such as the Caisse des Depots. The fund could eventually support funding of REDD + activities; and (b) support to land owners to prepare funding applications
- (iii) Support for investments developed under component 2, including (a) Forest Plantations, domestication of medicinal and aromatic plants and agroforestry; (b) Arboriculture and Agroecology; and (c) Strengthening the capacity of private owners
- (iv) Management, monitoring and evaluation, including development of a MRV compatible system for monitoring GHG sequestration and emissions.

Project costs are estimated at US\$ 34 million. The project description also provides an estimate of the carbon likely to be sequestered over the project life and beyond, depending on assumptions on the type of investments.

Project 3: Sustainable management of Tunisian collective rangelands

The project will focus on the large expanses of collective steppe rangelands of Central and Southern Tunisia , in the governorates of Gabès, Gafsa and Tozeur. It aims to improve the resilience and the conservation of the rangelands in order to enhance environmental services and economic opportunities for the local populations, sequester carbon stock in the rangelands and fight against desertification. Target areas will be selected within the 1 million ha of rangelands which cover these areas. The project would build on the ongoing Prodesud project (program for agro-pastoral development and promotion of local initiatives in SE Tunisia supported by IFAD), and would support

- (i) Revisions to the Pastoral Code, including revision of implementing texts, capacity building and awareness raising among the local populations. The activity would be carried out in close coordination with proposed revisions to the Forest Code.
- (ii) Agro-pastoral development of collective rangelands including (a) participatory sustainable development of pilot territorial units; (b) investments in improving the resilience and productivity of these rangelands, including set-aside areas for regeneration, production of improved planting material and rangeland plantings; (c) agricultural productivity enhancements and (d) building on Prodesud and Prodesul, development of pastoral value chains in Medouine and Tatouine governorates through support to development of investment proposals and micro-credit
- (iii) Management and monitoring.

Project costs are estimated at US\$ 28 million and broad estimates are made for likely biomass carbon sequestration, though not for increased soil carbon.

The project descriptions do not include a discussion of implementation responsibilities, either for the projects a whole or by component.

Part II: General criteria: The investment plan complies with the general criteria indicated in the ToRs⁵

<i>A. Country capacity to implement the plan</i>	yellow
<p>The FIP includes a thorough institutional assessment. It stresses that while institutions, planning and budget processes are relatively well established in Tunisia, and while the inclusion of agriculture, water resources, fishing, forestry and rangelands under one Ministry provides opportunities for coherence at national level, there are a number of constraints. These include poor inter-departmental coordination, misalignment of planning and budgeting processes, weaknesses at decentralized level, some inconsistencies in legislation, and, despite recent improvements, a long tradition of lack of participatory development and accountability to citizens. Furthermore data on forest and rangeland area and on carbon sequestration/emissions from vegetation and soils are poor.</p> <p>While emphasizing that institutional transformation is a long term process, the FIP includes a number of measures to address these weaknesses, including support for revisions to regulations and Improved coordination between departments, a focus on decentralized, participatory approaches, and capacity building. It also supports a new forest inventory and improved approaches to monitoring, including establishment of MRV systems compatible with REDD+.</p> <p>Project implementation arrangements are not explicitly described, either at local or at central or private sector level. While it would be premature at this stage to describe implementation and fiduciary modalities in detail, this question could usefully be addressed in a few lines; the FIP investments need to have “champions” and need also to be “implementable” within national contexts (this is the main reason for the “yellow” rating).</p> <p>A further question concerns the proposals for the Productivity and Innovation Funds. Again while detail is premature, It would be helpful to provide more explanation about previous experience with these, links with existing financial instruments, and, if funding is secured and as programs are prepared, to gain an understanding of how the funds proposed under the different operations would link together.</p>	

<i>B. Developed on the basis of sound technical assessments</i>	yellow
<p>The FIP includes a useful analysis of the current status of forests and rangelands, their role in providing both livelihood and regulatory services, and it identifies key information gaps and geographical/climate, institutional, regulatory, social and economic constraints to sustainable management. FIP programs are developed within this context, interventions are appropriately prioritized and targeted geographically (in the more forested areas of the north with forest and agro-silvi-pastoral landscapes, and in the rangelands of the south respectively .. see description summary above). There are a few areas which may need clarification, and which in turn may into feed into program design. Most of these could be addressed early in preparation but they do also have implications for broader FIP priorities.</p>	

⁵ Each criterion is assessed in 3 colors: green = met the criteria; yellow = need for some additional work; red = did not meet the criteria yet.

Olives and fruit trees: by far the greatest source of woody biomass carbon sequestration appears to be from olive trees (see draft REDD RPP: out of a total of 4.1 million metric tons (mmt) per year, 2.45 mmt are produced from olive plantations, compared with 0.6 mmt from forests and 0.69 mmt from rangelands). Olives also provide employment opportunities for local populations and olive plantings are regarded as a means of securing rights to land use. Support for conversion of cereal/grazing land to olives and other fruit trees formed part of a GEF-supported climate resilience project in Morocco. While recognizing that a “granular” approach is needed, and that olives may not be suited to some environments, a closer examination of the role of arboriculture would be helpful. *It would be helpful for the FIP to consider providing explicit support for arboriculture, including more productive olives plantings/regeneration where appropriate as part of agri-silvo-pastoral landscape restoration.*

Woody biomass for energy: The background section to the FIP mentions that unsustainable use and conversion to agriculture are the main contributors to carbon emissions in the forest and rangelands sector. Use of woody biomass for energy (primarily heating in the hilly north) is not considered a major factor and is not quantified. The FIP does not discuss specific programs to support more sustainable use of wood energy. Yet the summary of the REDD readiness proposal states that use of fuelwood is the major source of GHG emissions (3.2 million tCO₂ per year, compared with other wood uses of 400,000 tCO₂per year). *It would be useful for the FIP to assess the potential of more sustainable use of fuel-wood, both by better forest management, improved charcoal conversion and/or improved stoves, and if appropriate to provide support for this.*

Livestock management: The FIP provides support for improved rangeland and pasture management and enhanced productivity (mostly in project 3). Yet there is little discussion of (necessary) complementary programs to manage herd size or to increase livestock productivity. (In India for example improved milk productivity from existing herds would play a major role in GHG emission reduction). There is also the question of possible planned large-scale private sector investments in rangeland and herd development, whose impacts on sustainable landscape management and poverty reduction/job creation could be positive or negative, depending on how they are managed. *It would be helpful for the FIP to discuss complementary programs, ongoing and planned, in this area, since improved pasture management alone may risk leading to increased herd size, and without better productivity measures would have impact below potential.*

Impact of urbanization/coastal developments and amenity values of forests: There is relatively little discussion of either at present. *It would be helpful to understand the significance, threats, opportunities and management challenges posed by urban development, especially on coastal forests.*

Productivity and Innovation Fund: Both projects 1 and 2 include proposals for a financial instrument. *It would be helpful to provide some insights into previous experience with such instruments in the rural development sectors.* There are also proposals for a pilot PES mechanism under project 2. While piloting such an instrument makes sense, there need to be “willing buyers” (sometimes water utilities as is the case in Costa Rica) as well as “willing sellers” and quantification mechanisms. It will be useful to establish whether the environment is favourable yet for such arrangements.

Socio-demographic dynamics: At present there is little detail on the socio-demographic dynamics of the potential beneficiary populations, although there have been natural resource development

programs in both project areas. (Projects 1 and 2 operate in similar areas). There is also little detail on the specific issues facing women and young people. *It would be useful early on in project preparation to build on information from existing operations to gain more insight into these, as well as to undertake area-specific social assessments⁶.*

Area focus: Projects 1 and 2 operate in similar areas though the focus of project 2 is on privately owned land and associated landscapes and value chains. While the design is different, it would be helpful for the documentation to provide some more insights into the rationale for having two separate operations. (This reviewer supports the separation in the interests of “implementability”).

The broader question behind this concerns the link between the context and analysis on the one hand, and the selection of the individual projects on the other. If “champions”(possible funding sources) have been identified for the investments, it would be helpful to name them. If they have not, it would be helpful (a) to consider how some of the areas mentioned above (ie wood energy, livestock management, arboriculture and olives, coastal developments and forest amenity values, specifically) might fit into a broader FIP; and (b) to consider prioritization/sequencing of activities. (The area-specific approach of the proposed operations is a strength in this context, since size can be adapted to the level of funding available. It needs to be emphasized more broadly, also, that experience indicates that support for policy/regulatory reform without accompanying investments is often not very effective. Effective policy reform generally needs, in addition to regulations, economic incentives/other measures and social marketing).

<i>C. Demonstrates how it will initiate transformative impact</i>	green
<p>The FIP seeks to address key constraints in three major areas. It (i) focuses on participatory approaches to sustainable landscape development (all 3 projects) and seeks (ii) to involve private sector operators and develop value chains (projects 2 and 3). It also supports (iii) important institutional reforms at central and local level, and seeks to establish rigorous data collection and monitoring arrangements (especially project 1 but all 3 projects). It is well grounded in government’ broader efforts to transform government, create job opportunities and recognize that sustainably managed landscapes can be a source of growth. It is the first FIP in North Africa and illustrates well the inter-connections between climate resilience and climate change mitigation. (However it does not address some of the stress factors identified .. see section B).</p>	

<i>D. Prioritization of investments, lessons learned, M&E, links to the results framework</i>	Green (premature)
<p>Investments are prioritized and related to key constraints and opportunities (see table 15 pages 87) though there are some gaps (see section B above).</p>	

⁶ This would be a separate exercise from any social safeguards review and would be broader, guiding program design

The FIP summarizes lessons learnt from previous NRM operations in both the north and the south; these have also involved participation and lessons will certainly inform FIP project detailed design.

FIP includes support for a new forest inventory and establishment of forest/pastoral landscape monitoring systems which would be consistent with MRV under REDD+.

The FIP includes estimated costs and a breakdown by component.

Detailed project monitoring and results framework mechanisms would be developed in the course of detailed FIP project preparation.

E. Stakeholder consultation and stakeholder engagement

Green

The FIP envisages use of participatory mechanisms during implementation, involving not only local land users and local farmer associations but also local government organisms, private sector operators, voluntary organizations (which are less well developed in Tunisia and in some country).

FIP design has involved widespread consultations with government, private sector, civil society and development partners. It has not yet involved detailed stakeholder consultation with local communities. It should be noted, however, that funding has not yet been secured so there are issues with raising expectations.

The FIP could elaborate further the progress that has been made already with decentralization and strengthening local accountability to citizens, since decentralized or deconcentrated organizations will play a key role in FIP implementation.

F. Social and environmental issues, including gender

yellow

The FIP includes a thorough discussion of the natural resource management issues facing Tunisia, and provides a useful institutional as well as technical perspective. The emphasis on linkages between NRM, economic and employment opportunities, policy constraints, climate resilience and climate change mitigation is strong

As mentioned above in the technical assessment, during individual FIP program design there will need to be more "granularity" regarding social assessment and design of programs to address specific challenges. At present the FIP document mentions that populations in the project area are poorer than elsewhere in the country, have an older demographic and that young people face particular challenges, and that programs need to be designed in order to increase opportunity and voice for them (see para 184). But at present there are few specifics regarding program design adapted to either gender or youth issues, and little on any specific characteristics populations in the different project regions may have.

G. New investments or funding additional to on-going/planned MDB investments

green

Over the last 50 years most funding of NRM programs has come from the Tunisian budget and this is likely to continue to be the case, though the objective is to increase private sector funding. No investment funding is presently committed from the FIP. The FIP document discusses ongoing MDB and bilateral programs. While recognizing that a major focus of the Country Partnership strategy is job creation, a proposed World Bank participatory landscape management project, for example, has been identified within the government strategic and FIP framework and would likely include many of the features of project 1. Project 3 builds on an IFAD supported project for agro-pastoral development in the south east of the country. And there are some similarities between project 2 and a possible operation under preparation for AFD support.

If investments have been identified in relation to possible funding sources, it may be helpful to say this, as well as to explain how the FIP process has brought value added to these. Project 2 covers broadly the same area as project 1 though it addresses privately owned land. It would be helpful to provide a clearer rationale as to why there are two separate operations (it may relate to likely availability of funding).

<i>H. Institutional arrangements and coordination</i>	green
<p>The FIP document includes a strong institutional and legal analysis and identifies clearly strengths and weaknesses. It aims to support increased collaboration and coordination between different government agencies, and between technical and financial partners. It emphasizes the challenges (linked in part to competition for budget), but highlights improved collaboration in recent years. A Joint Steering Committee is proposed to support coordination at central level, and at local level program is anchored in the CDRAs (Regional commissions for agricultural development). The document is quite realistic about the challenges, however.</p>	

<i>I. Poverty reduction</i>	green
<p>The FIP program targets regions with higher levels of poverty than the average, and rural populations within these regions. By supporting improved landscape management, productivity and value chain development, it aims to increase and diversify economic opportunities in the program areas, contributing to poverty reduction. Project-specific poverty targeting measures, if appropriate, would be developed during project preparation.</p>	

<i>J. Cost effectiveness of proposed investments</i>	Green (premature)
<p>At present it is too early to assess cost effectiveness. This would require more detailed project preparation and economic/environmental analysis. Project 2 and 3 include estimates of sequestered carbon from project activities; one feature, especially in the drier areas of Tunisia (project 3) is the importance of soil carbon as opposed to above-soil carbon. The FIP emphasizes however co-benefits in terms of climate resilience and economic and social benefits.</p>	

Comment on whether the investment plan complies with the criteria specific for FIP (see TORs).

- (1) Complies with the principles, objectives and criteria of the FIP as specified in the design documents and programming modalities.

FIP principles:	
<i>In addition to the Governance Framework of the Strategic Climate Fund (SCF), the principles (i) to (vi) apply.</i>	
<i>(i) National ownership and national strategies</i>	green
The FIP is embedded in national strategies (see Box 2 page 65 and the box on page 84, figure 10, and chart on page 86 as well as broader discussions). These include the National Strategy for the Development of Forests and Rangelands (NSDSMFR); <i>a more specific discussion of the links of the FIP with the 2016-20 Development Plan would be welcome</i>	
<i>(ii) Contribution to sustainable development</i>	green
The FIP document has a strong focus on promoting economically, environmentally and socially sustainable development. It emphasizes that the FIP must be seen in the context of co-benefits for local people including climate resilience, as well as of climate change mitigation.	
<i>(iii) Promotion of measurable out-comes and results-based support</i>	Green (premature)
With no firm commitments for funding yet, the projects are not yet prepared in sufficient detail for outcomes to be measured and results frameworks have not yet been prepared. Outcomes have been identified and would include improvements in the regulatory, governance and institutional framework mainstreaming of participatory mechanisms for integrated landscape management and public-private partnerships; establishment of forest and range landscape monitoring mechanisms, improved productivity, vegetation cover and reduced erosion, increased GHG sequestration and reduced erosion; value chain development, and increased job opportunities with a focus on young men and women.	
<i>(iv) Coordination with other REDD efforts</i>	green
A REDD readiness proposal has been prepared and should be submitted for funding by late 2016. Studies are ongoing, supported by different financial and technical partners, on forest and pastoral land, the needs for REDD+ institutional anchorage and for establishment of a forest monitoring system. Draft documents are consistent with the FIP, which could help develop the mechanisms for REDD implementation. The draft REDD + RPP has a detailed discussion of institutional and coordination issues as well as information gaps, measurement issues and inconsistencies, and summarizes also the results of the 2010 GHG inventory. Table 23 of the report summarizes annual woody biomass production at 4.1 million TMS per year of which more than half is from olive trees. <i>Further cross referencing of the RPP readiness proposal and the FIP would be helpful.</i>	
<i>(v) Cooperation with other actors and processes</i>	green

<p>Programs supported by the Tunisian government and development partners are summarized. The FIP highlights that there have in the past been some coordination issues, linked in part to competition for budget. It includes proposals for improved coordination, but emphasizes that these will depend on willingness to cooperate as well as on formal structures.</p>	
<p><i>(vi) Early, integrated and consistent learning efforts</i></p>	<p>yellow</p>
<p>The FIP discusses transposition and replication potential (within Tunisia and potentially over North Africa more broadly), emphasizing that project activities will enable the checking and modifying of different approaches to sustainable ecosystem management, to institutional and governance strengthening at sub-national level, and to coordination processes. Detailed proposals have not yet been prepared; as project preparation proceeds these will form a key part of project design. <i>It would be helpful at this stage, nevertheless, to provide some more proposals of how the FIP will facilitate learning, both within Tunisia and with other countries.</i></p>	

<p>FIP Objectives:</p> <p><i>Providing up-front bridge financing for readiness reforms and public and private investments identified through national REDD readiness strategy building efforts, while taking into account opportunities to help to adapt to the impacts of climate change on forests and to contribute to multiple benefits such as biodiversity conservation, protection of the rights of indigenous peoples and local communities, poverty reduction and rural livelihoods enhancements.</i></p>	
<p><i>a) To initiate and facilitate steps towards transformational change in developing countries forest related policies and practices⁷</i></p>	<p>green</p>
<p>The FIP would support transformational change (e.g. in governance, monitoring and landscape management (project 1); in value chain development and private sector finding mechanisms for small private land-owners (project 2); and in enhanced rangeland management and value chain development (project 3). It must be seen, however, in the context of the broader change that has recently taken place with regard to the democratic revolution; the Tunisian authorities are committed to more participatory and integrated forest, rangeland and agricultural landscape management, more inclusive development and a greener development path. A particular feature of the Tunisia FIP is the link between climate resilience and climate change mitigation in improved landscape management.</p>	
<p><i>b) To pilot replicable models to generate understanding and learning of the links between the implementation of forest-related investments, policies and measures and long-term emission</i></p>	<p>green</p>

⁷ This should be done through

- (i) serving as a vehicle to finance investments and related capacity building necessary for the implementation of policies and measures that emerge from inclusive multi-stakeholder REDD planning processes at the national level;
- (ii) strengthening cross-sectoral ownership to scale up implementation of REDD strategies at the national and local levels;
- (iii) addressing key direct and underlying drivers of deforestation and forest degradation;
- (iv) supporting change of a nature and scope necessary to help significantly shift national forest and land use development paths;
- (v) linking the sustainable management of forests and low carbon development;

<i>reductions and conservation, SFM and the enhancement of forest carbon stocks in developing countries</i>	
FIP implementation would provide very useful lessons, especially for semi-arid countries, with special focus on the “triple win” of enhanced carbon sequestration/reduced emissions; enhanced climate resilience and restoration of productivity; and increased economic opportunities for local people, as well as in the effectiveness of governance reforms. While recognizing that FIP provides only project outlines, <i>it would be helpful to provide some more details on potential replication processes both inside and outside Tunisia.</i>	
<i>c) To facilitate the leveraging of additional financial resources for REDD, including through a possible UNFCCC forest mechanism, leading to an effective and sustained reduction of deforestation and forest degradation, thereby enhancing the sustainable management of forests</i>	green
FIP lessons in principle could help leverage such financing, promoting interest in landscape restoration and forest regeneration.	
<i>d) To provide valuable experience and feedback in the context of the UNFCCC deliberations on REDD</i>	green
Tunisia FIP experience would be of particular interest in discussions on possible mainstreaming agricultural landscapes into REDD processes, and in on integration of climate change mitigation and climate resilience actions.	

FIP Criteria (FIP design document, additions as per FIP Investment Criteria and financial modalities:	
<i>Identify the theory of Change behind the proposed interventions (projects) identified and how they contribute to the overall programmatic approach. Consider how the IP can also effectively meet criteria set by other funding sources, especially the Green Climate Fund, FCPF and Biocarbon Fund.</i>	
<i>a. Climate change mitigation potential</i>	green
FIP actions under all 3 projects would contribute to increased carbon sequestration/reduced emissions.	
<i>b. Consistency with FIP objectives and principles</i>	green
The Tunisia FIP is consistent with FIP principles and objectives.	
<i>c. Drivers of deforestation and forest degradation</i>	yellow
The FIP identifies the main drivers of forest and rangeland management deforestation and degradation, and the draft RPP readiness proposal, if supported, would provide further opportunities for synergy. <i>As mentioned above, there could be more landscape-specific discussion of the role of olive trees (since they are a major source of sequestration and provide income opportunities) and of fuel-wood/cooking energy management (since cutting for fuelwood appears to be a driver of degradation in the north, but if well managed can form part of sustainable forest landscape management). Furthermore discussions of links of FIP actions with improved herd size management and livestock productivity in rangelands would be welcome since these are often linked to overgrazing</i>	

and decline of rangeland productivity. The significance of coastal urban development would also merit further discussion.

d. Inclusive processes and participation of all important stakeholders, including indigenous peoples and local communities.

green

The FIP aims to use participatory processes, involving local communities, in elaboration of integrated landscape management plans and in their implementation (all three projects). It also seeks an expanded role for decentralized structures (all projects), for public-private partnerships (especially projects 2 and 3), and improved coordination at central government level (especially project 1).

e. Demonstrating impact (potential and scale)

green

The FIP, by choosing particular sites in representative landscapes (especially projects 1 and 3), with careful monitoring mechanisms, and the innovative funding mechanism (especially project 2 but also project 3) would provide useful models for scaling up.

f. Forest-related governance

green

The FIP includes a very thorough assessment of forest governance, including related strategies, legislation and regulations, institutional strengths and weaknesses, including cross-sectoral and central-decentralized coordination, and accountability/participatory issues. Possibly it emphasizes the weaknesses over the strengths, but this may be a matter of nuance.

g. Safeguarding the integrity of natural forests

green

Tunisia has rather few “undisturbed” forests, and their extent is not described in the FIP (45 percent of Tunisian forests are under 25 years old, an illustration of the extent of reforestation programs over recent decades). However its forests, including those which have been reforested, are largely composed of indigenous species, and it does have important relict forests with high levels of endemism. It has a system of national parks and protected areas which is expanding and whose value is recognized, despite management and institutional constraints. The FIP does not explicitly include activities for protection of undisturbed forests. However its activities, by improving forest landscape productivity using participatory approaches, will help reduce pressure on remaining undisturbed forests. Rural populations are not expanding. *Some more explicit discussion of how FIP actions will help protect biodiversity values would be helpful.*

h. Partnership with private sector

yellow

The FIP seeks to integrate the private sector in a number of ways:

- (i) Under project 1 through Development of agro-sylvi-pastoral value chains through (a) capacity building of national institutions and entrepreneurs, including to business support centres and MSMEs in business development and preparation of proposals to submit to the Fund of Productivity and Innovation (FPI) (b) creation of the FPI, which will include two windows aimed at; companies and producers, and providers of specialized services
- (ii) Under project 2 through support to private forest land owners and through Establishment of an innovative funding mechanism to promote investment in sustainable management of degraded private land, including piloting of a PES (payment for environmental services)

mechanism. The project would establish two separate funds, and the project would need to develop cooperation agreements between private land owners, the Forest Administration and a funding agency such as the Caisse des Depots. The fund could eventually support funding of REDD + activities; and (b) support to land owners to prepare funding applications

(iii) Support for investments developed under component 2, including (a) Forest Plantations, domestication of medicinal and aromatic plants and agroforestry; (b) Arboriculture and Agroecology; and (c) Strengthening the capacity of private owners

The challenge moving forward will be to ensure that these proposed initiatives fit together and are transparently managed.

<i>i. Cost effectiveness, incl. economic and financial viability</i>	Green (premature)
--	-----------------------------

It is too early yet to assess cost effectiveness. Once investment funding is committed more detailed project preparation would allow for this. Social and economic benefits as well as broader environmental benefits including watershed protection will be key (in addition to GHG sequestered/emissions avoided).

<i>j. Capacity building</i>	green
-----------------------------	--------------

The FIP includes strong capacity building elements under all projects.

Project 1 supports participatory territorial development planning and support in implementation; capacity building of local entrepreneurs in value chain development; broader institutional strengthening and restructuring, including of decentralized administrations and the rangelands management organization, and support forest regulatory and land tenure review and reform; as well as improved forest and landscape monitoring compatible with MRV.

Project 2 supports capacity building of institutions and entrepreneurs sustainable land management, and support in preparing proposals for an innovative funding mechanism, and piloting of a PES system as well as monitoring compatible with MRV

Project 3, in addition to regulatory reforms, builds capacity and awareness raising about these to local populations, and support in improved pastoral management and productivity.

A challenge will be to ensure that these capacity building initiatives fit together coherently.

Additional criteria FIP Investment Criteria and financial modalities:

<i>k. Implementation potential</i>	yellow	Tunisian institutions are relatively well developed with a strong record of project implementation. While there has been a tradition of top-down implementation recent initiatives, including through development policy lending, have strengthened decentralized and accountable governance, decentralized structures are in place and there is experience with participatory natural resource management.
------------------------------------	---------------	---

		<i>The challenge is that the FIP does not currently describe implementation arrangements by project. Details are premature at this stage, but a brief mention of responsible institutions at central/local level would be appropriate.</i>
<i>I. Integrating sustainable development (co-benefits).</i>	green	The FIP has a strong emphasis on co-benefits, including economic and social co-benefits, but also broader watershed management, erosion prevention and ecosystems management cobenefits. <i>It could usefully be more explicit on the links between FIP actions and climate resilience.</i>

(2) Assessment towards the FIP results-framework

<i>Results</i>	<i>Indicator</i>	<i>Comments</i>	<i>Score</i>
<i>C1 Reduced pressure on forests</i>	<i>a) Change in hectares (ha) deforested in project/program area</i>	The FIP focuses on broader landscape management, including rangelands and value chain development and uses demand driven, participatory approaches; therefore precise numbers cannot be determined in advance of preparation of detailed landscape management plans. Furthermore “gross” deforestation rates are quite low in Tunisia. Nonetheless the monitoring programs proposed will enable measurement of change in ha of deforestation and loss of rangeland	green
	<i>b) Change in hectares (ha) of forests degraded in project/program area</i>	Degradation is a more serious challenge than deforestation. Similarly, though, the monitoring programs proposed will enable measurement of change in ha of degradation of forest and rangelands	green
	<i>c) tCO2 sequestered / \$ by project/program area</i>	Monitoring systems will be put in place to monitor tCO2 sequestered. In terms of US\$, co-benefits will be especially important: Tunisia was one of the first countries in the Middle east to estimate the economic costs of broader	green

		<p>environmental degradation and is now committed to a green economy.</p> <p>It will be helpful if, under the FIP, estimates are made of these co-benefits using appropriate methodologies</p>	
	<p><i>d) Non-forest sector investments identified and addressed as drivers of deforestation and forest degradation</i></p>	<p>The FIP identifies conversion to agriculture, illegal forest activities and poor rangeland management as drivers, a lack of opportunity to manage landscapes sustainably and develop value chains, a governance environment which has traditionally been top-down and not always accountable to people, and inconsistencies in legislation and institutional coordination issues. The FIP addresses these areas. It does not, however, address the issue of wood energy for heating (although the RPP note identifies this as a major source of degradation), nor improved livestock productivity/herd size management, nor the challenges and potential of arboriculture and specifically of olives. Furthermore it does not discuss the impact of coastal urban developments.</p>	yellow
<p><i>C2. Sustainable management of forest and forest landscapes to address drivers of deforestation and forest degradation</i></p>	<p><i>a) Preservation of natural forests integrated in land use planning process</i></p>	<p>Tunisia has relatively small areas of “undisturbed forest” and these would most likely be preserved, though the landscape planning process could usefully make this explicit. Natural forests would be sustainably managed as part of participatory landscape management.</p> <p>As mentioned above, support for sustainable wood energy production should be an important element of landscape planning an value chain development; it is not proposed as a FIP activity at present</p>	yellow

	<p><i>b) Evidence that laws and regulations in project/program areas are being implemented, monitored and enforced and that violations are detected, reported and prosecuted</i></p>	<p>This question could only be answered during FIP implementation.</p> <p>However the FIP, by supporting revisions to regulations strengthening participatory land use planning and decentralized, accountable governance processes, and involving all stakeholders, will increase social incentives for observing the law. The FIP rightly emphasizes that the challenge is to move from “top-down” enforcement to “bottom up” incentives for compliance with sustainable land use management</p>	<p>Green (premature)</p>
<p><i>C3. A institutional and legal/ regulatory framework that supports sustainable management of forests and protects the rights of local communities and indigenous peoples</i></p>	<p><i>a) Evidence that the legal framework (laws, regulations, guidelines) and implementation practices provide for non-discriminative land tenure rights and land use systems and protect the rights of indigenous peoples and local communities (women and men)</i></p>	<p>The FIP includes support for revisions to legislation, including to land tenure rights for community held land. Broader Tunisian legislation is quite advanced regarding women’s’ rights, though social norms vary. The FIP and Tunisian policy more broadly, now favour a more bottom-up approach to land use.</p> <p>Land tenure revisions are complex, long term processes and multi-sectoral, and the FIP is rightly cautious about the pace of change.</p> <p>Note also that while Tunisia has communities with different lifestyles and includes using both Berber and Arabic languages, it does not have people separately classified as indigenous</p>	<p>Green</p>
	<p><i>b) Evidence that a national land use plan exists and progress is made to secure the tenure and territorial rights to land and resources of forest-dependent stakeholders , including indigenous peoples and forest communities</i></p>	<p>The FIP does not state explicitly that a national land use plan exists. Many countries, however, do not have a national land use plan as such.</p> <p>It does seek to involve local people in forest and rangeland management and in securing the benefits from these. (About two-</p>	<p>yellow</p>

		thirds of forest land in Tunisia is state-owned). And it does seek to regularize land tenure, while recognizing that this is an issue which goes beyond the forest sector.	
C4. Empowered local communities and indigenous peoples and protection of their rights	<i>a) Increase in area with clear recognized tenure of land and resources for indigenous peoples and local communities (women and men)</i>	Through revisions to the forest code and the pastoral code, as well as to land rights/land tenure revision, the FIP would seek to clarify these rights. The land area cannot, however, realistically be determined at present because such reforms will require multi-sectoral consultations and parliamentary approval; implementation will be a long term process and much broader than the FIP	green
	<i>b) Level and quality of community and indigenous peoples participation (women and men) in decision making and monitoring concerning land use planning, forest management, and projects and policies impacting community areas</i>	A main focus of the FIP is on participatory land use planning	green
	<i>c) Improved access to effective justice/ recourse mechanisms</i>	This area is not explicitly discussed. The broader transformation of the Tunisian government, however, is towards a more open and just society	yellow
C5. Increased capacity to plan, manage and finance solutions to address direct and underlying drivers of deforestation and forest degradation.		The FIP focuses on building this capacity	green
C6. New and additional resources for forest projects	Leverage factor of FIP funding; \$ financing from other sources (contributions broken down by governments, MDBs, other multilateral and bilateral partners, CSOs, private sector)	Since there are at present no commitments from the CIF to finance FIP implementation, it would not be realistic to develop these estimates at present. The majority of funding will likely be from the Tunisian government and the private sector, with support from MDBs and bilateral partners	Green (premature)
C7. Integration of learning by development	Number (#) and type of knowledge assets (e.g., publications, studies, knowledge sharing platforms,	It is still too early to expect details on the number of knowledge products to be produced. The FIP	yellow

actors active in REDD+	learning briefs, communities of practice, etc.) created and shared	mentions that experience from Tunisia will be helpful to other North African and Middle eastern countries with semi-arid environments. Nevertheless some more information on possible learning products would be helpful.	
------------------------	--	--	--

Part III: Conclusions and Recommendations

Overall assessment of the Investment Proposal

Overall, the reviewer assessed a total of 47 criteria and indicators with the following scoring:

35	The criteria and/or indicator has been generally met and there is no need for any revision or larger complement at this stage
12	The criteria and/or indicator is partially met, it is recommended to relook at some of aspects that need further clarification
x	The criteria and/or indicator is partially met and need to be developed [or, at the current stage the criteria is not relevant] <i>There are some criteria which would appropriately be developed once funding is secured and more detailed project preparation is undertaken. This reviewer has marked these green; there are six</i>

Recommendations:

It needs to be acknowledged at the outset that there are currently no firm commitments from the CIF for funding the FIP; the Tunisian budget in the past has funded most NRM programs, with the support of MDBs and bilaterals. Once funding is secured, more detailed preparation would provide insights in several areas, such as cost-effectiveness and the quantity of carbon likely to be sequestered. Similarly, indicators such as evidence that laws are being enforced would best be addressed through monitoring mechanisms during implementation. As a general suggestion, however, the link between the key drivers and the selected investments could be a little clearer, with either some additional options suggested, or, if there are possible funding sources (including government sources) for the investments identified, specific mention of these sources. FIP serves as a vehicle for bringing different stakeholders and funding sources together, but there are obvious tensions between carrying out a general sector assessment with a long term perspective, and preparing a FIP, which is intended to include specific investments over the short to medium term.

General Background analysis: The recent transition in Tunisia is clearly described. *Some corrections may be helpful in the final version on both poverty levels (which may be stated as too high) and demographics. It would also be helpful to have some more specifics on progress with the decentralization agenda, (where a number of key reform programs are ongoing) and on the 2016-20 National Development Plan.*

The background analysis also emphasizes the vulnerability of Tunisia to climate variability and climate change, and the strong inter-dependencies between actions which increase resilience, which contribute to climate change mitigation, and which enhance economic opportunity: the “triple win” of climate smart landscape management.

Driver of Deforestation/degradation and links to FIP:

While discussing progress overall in reforestation, The FIP summarizes direct drivers of deforestation and degradation as linked to fires, clearings for agricultural or residential purposes, illicit wood gathering and overgrazing. The FIP proposals under projects 1 and 2 address some of these drivers through support for integrated landscape planning and implementation, support for more sustainable management, development of value chains, participatory approaches and institutional/regulatory reforms. *Given the role of wood energy (largely for heating) in wood use and CO2 emissions (3.9 mMTCo2 annually), it would be helpful for the FIP to address sustainable wood energy use more directly. Conversion to residential use (if significant – there are no quantitative estimates in the FIP or the RPP) may also require a specific approach.*

The FIP mentions conversion to olive plantations as a driver of rangeland degradation, yet olive trees and arboriculture more broadly are a major source of carbon sequestration (much greater than natural forests). They are also a source of income and arboriculture contributes to tenure security. There is no ‘eco-system specific’ discussion of the role of arboriculture, positive or negative, in landscape management. *It would be helpful for the FIP to take a more “granular” approach in the role of arboriculture in landscape management, income generation and carbon sequestration in Tunisia.*

The FIP supports improved management of rangelands using participatory approaches. This makes sense, given the strong regulatory and supply services that they provide, and their potential for increasing carbon sequestration/reducing emissions and for income generation in a poor region of Tunisia. However it does not currently support or refer (if they exist) to complementary activities in improved herd size management or livestock productivity. These should go hand in hand with improved rangeland management to secure the full benefits. *It would be helpful for the FIP to address the issue of herd size management and herd productivity.*

There are some references to the impact of urbanization and housing development on forests, particularly along coastlines. *It would be helpful to understand whether or not coastal developments are significant, since understanding the positive and negative impacts, and managing these, will require a quite different set of measures than those currently proposed in the FIP.* (This issue is highly significant in countries such as the Greece and the south western US, and often poses great challenges regarding fire management as well as broader watershed protection). There is a brief discussion of the amenity value of forests, but the *extent of their importance regarding tourism and recreation, and biodiversity, could also be discussed more explicitly.* Tunisia has a relatively strong, and growing, network of protected area though there are management challenges.

Land tenure

Land tenure is a complex issue in most countries and the FIP is rightly cautious about the likely pace of progress on this multi-sectoral issue. Although it supports tenure reform, it appropriately assumes that over the early life of the FIP there may not be comprehensive changes. *It would be helpful to have a clearer description of what land tenure arrangements and average size of holding/use are, including in the project areas, for privately owned forests as well as for broader landscapes and rangelands, and*

explain how the participatory approach used and investments will be retained by the land users and sustainable.

FIP projects

Project 1 supports participatory landscape management and value chain development on state land, project 2 on private land, both in the north-north-west of Tunisia. Both also support development of funding mechanisms and MSME development for value chains (both) and investment in landscape management (project 2). The synergies between the two are however not very well described, and neither goes into detail on implementation arrangements. (Project 1 also supports institutional and regulatory reform, inventory and monitoring. All support capacity building). *It would be helpful for the FIP to explain better the synergies between the two operations, and to provide more light on what the experience and governance arrangements have been with funding instruments of the type proposed.*

All projects involve private sector participation to some extent. *It would be helpful for the FIP to summarize previous experience with private sector involvement in landscape management and value chain development (both land owners and enterprises) to demonstrate that the FIP builds on these, and to ensure synergies within the overall program.*

None of the projects is explicit about implementation arrangements (and as mentioned above projects 1 and 2 lack a discussion of wood energy, and project 3 lacks a discussion of herd size management/herd productivity). *In addition to addressing these drivers of degradation, the FIP operations would benefit from a more detailed description of implementation arrangements, especially at decentralized level.*

Gender, youth and social issues

The FIP currently lacks “granularity” (i.e. local detail) on social attitudes and dynamics, and there is very little information on current trends in employment and sources of income. *It is suggested, as the FIP operations are developed in more detail, that there is more detailed social analysis, that detailed design target youth and women as appropriate, and that specific monitoring indicators be developed.*

Monitoring and Co-benefits

It is too early yet to quantify project benefits. However, the FIP would benefit from some more detail on the types of benefits to be monitored. Tunisia has been at the forefront of broader environmental economics. *In addition to financial, job creation and carbon sequestration benefits, and to capacity building, regulatory and institutional outcomes, the FIP could also provide an indication of how it will value broader environmental benefits, for example in watershed regulation, soil productivity, and climate resilience and ecosystem integrity. A discussion of recreational benefits would also be helpful (this is of increasing importance in middle income, urbanizing societies like Tunisia).*

Knowledge sharing

The FIP includes a useful general discussion on replication and how knowledge could be shared, both within Tunisia and in other North African/middle eastern countries. *It would be helpful to prepare some more detailed activities in this regard under the FIP.*

References

Main document reviewed:

- Forest Investment Plan

Additional documents consulted:

- CIF (2014) Linkages between REDD+ Readiness and the Forest Investment Program. CIF Learning. Nov. 2014
- FIP Design Document (July 2009)
- FIP Investment Criteria and Financing Modalities (June 2010)
- FIP Operational Guidelines (June 2010)
- FIP Results Framework (May 2011)
- FIP Revised procedures for the preparation of independent technical reviews of the FIP Investment Plans (March 16, 2016)

II. MATRIX: RESPONSES TO COMMENTS AND REMARKS OF THE INDEPENDENT EXPERT

(BETWEEN VERSION 0.3 OF AUGUST 5TH 2016 AND VERSION 0.4 OF SEPTEMBER 30TH 2016)

Section / paragraph / criteria	Comment	Response
<u>PART I: Setting the context (from the reviewers overall understanding of the FIP document)</u>		
1.4	The current FIP draft (paras 44-46) may need to be revisited in this context, since it suggests that 26 percent of the Tunisian population lives below a poverty line of US\$ 1.6 per day, compared with over 30 percent in forested areas.	Text modified (section 1.3 and Appendix 5).
	It should be emphasized that the CIF has so far financed only preparation of the FIP; there are no CIF funds to support investment.	Information added (introduction and section 8).
	The current wording in the summary is a little different and may need to be revised for consistency [about the overall objective]	Global objective reformulated (section 6.1).
	<ul style="list-style-type: none"> The project descriptions do not include a discussion of implementation responsibilities, either for the projects a whole or by component. 	Additional elements added (section 6.6).
<u>Part II: General criteria: The investment plan complies with the general criteria indicated in the ToRs</u>		
A. Country capacity to implement the plan	Project implementation arrangements are not explicitly described, either at local or at central or private sector level. While it would be premature at this stage to describe implementation and fiduciary modalities in detail, this question could usefully be addressed in a few lines	Additional elements added (section 6.6 and Annex 1).
	A further question concerns the proposals for the Productivity and Innovation Funds. Again while detail is premature, It would be helpful to provide more explanation about previous experience with these, links with existing financial instruments, and, if funding is secured and as programs are prepared, to gain an understanding of how the funds proposed under the different operations would link together.	The analysis will be carried out during the preparation and implementation phase of the project (cf. section 6.2.3).

Section / paragraph / criteria	Comment	Response
B. Developed on the basis of sound technical assessments	There are a few areas which may need clarification, and which in turn may into feed into program design. Most of these could be addressed early in preparation but they do also have implications for broader FIP priorities.	See below
	<i>Olives and fruit trees:</i> a closer examination of the role of arboriculture would be helpful. <i>It would be helpful for the FIP to consider providing explicit support for arboriculture, including more productive olives plantings/regeneration where appropriate as part of agro-silvo-pastoral landscape restoration.</i>	Activity implemented with the context of project n° 2 (section 6.3).
	<i>Woody biomass for energy:</i> Use of woody biomass for energy (primarily heating in the hilly north) is not considered a major factor and is not quantified. <i>It would be useful for the FIP to assess the potential of more sustainable use of fuel-wood, both by better forest management, improved charcoal conversion and/or improved stoves, and if appropriate to provide support for this.</i>	In section 1.5 the reliability of figures is tempered at some extent. The «fuel-wood » component is integrated in the activities aimed at strengthening value chains, within the context of project n° 1 (section 6.2).
	<i>Livestock management:</i> Yet there is little discussion of (necessary) complementary programs to manage herd size or to increase livestock productivity. <i>It would be helpful for the FIP to discuss complementary programs, ongoing and planned, in this area, since improved pasture management alone may risk leading to increased herd size, and without better productivity measures would have impact below potential.</i>	Reference in section 1.1.2.
	<i>Impact of urbanization/coastal developments and amenity values of forests:</i> There is relatively little discussion of either at present. <i>It would be helpful to understand the significance, threats, opportunities and management challenges posed by urban development, especially on coastal forests.</i>	Text completed (section 1.4 and Appendix 6).

Section / paragraph / criteria	Comment	Response
	<p><i>Productivity and Innovation Fund:</i> Both projects 1 and 2 include proposals for a financial instrument. <i>It would be helpful to provide some insights into previous experience with such instruments in the rural development sectors.</i> There are also proposals for a pilot PES mechanism under project 2. While piloting such an instrument makes sense, there need to be “willing buyers” (sometimes water utilities as is the case in Costa Rica) as well as “willing sellers” and quantification mechanisms. It will be useful to establish whether the environment is favourable yet for such arrangements.</p>	<p>The analysis will be carried out during the preparation and implementation phase of project n°2 (cf. section 6.3).</p>
	<p><i>Socio-demographic dynamics:</i> At present there is little detail on the socio-demographic dynamics of the potential beneficiary populations, although there have been natural resource development programs in both project areas.</p>	<p>To be done during the preparation and implementation phase of the projects (cf. sections 6.2 and 6.3; and et Annex 1).</p>
	<p>There is also little detail on the specific issues facing women and young people. <i>It would be useful early on in project preparation to build on information from existing operations to gain more insight into these, as well as to undertake area-specific social assessments⁸.</i></p>	<p>Developed in section 4.1 and Appendix 15. To be further elaborated during the preparation and implementation phase of the projects.</p>
	<p><i>Area focus:</i> Projects 1 and 2 operate in similar areas though the focus of project 2 is on privately owned land and associated landscapes and value chains. While the design is different, it would be helpful for the documentation to provide some more insights into the rationale for having two separate operations. (This reviewer supports the separation in the interests of “implementability”).</p>	<p>Project n° 2 has been improved (cf. section 6.3). Links between projects developed in section 6.6.</p>

⁸ This would be a separate exercise from any social safeguard review and it would be a broader, guiding program design

Section / paragraph / criteria	Comment	Response
E. Stakeholder consultation and stakeholder engagement	<p>FIP design has involved widespread consultations with government, private sector, civil society and development partners. It has not yet involved detailed stakeholder consultation with local communities. It should be noted, however, that funding has not yet been secured so there are issues with raising expectations.</p> <p><i>The FIP could elaborate further the progress that has been made already with decentralization and strengthening local accountability to citizens, since decentralized or deconcentrated organizations will play a key role in FIP implementation.</i></p>	<p>Decentralization issues presented in section 1.6.2.</p> <p>IP/FIP support to the decentralization process highlighted in sections 6.2.3 and 6.6.</p>
F. Social and environmental issues, including gender	<p><i>As mentioned above in the technical assessment, during individual FIP program design there will need to be more “granularity” regarding social assessment and design of programs to address specific challenges. At present the FIP document mentions that populations in the project area are poorer than elsewhere in the country, have an older demographic and that young people face particular challenges, and that programs need to be designed in order to increase opportunity and voice for them (see para 184). But at present there are few specifics regarding program design adapted to either gender or youth issues, and little on any specific characteristics populations in the different project regions may have.</i></p>	<p>Developed in section 4.1 and Appendix 15. To be further elaborated during the preparation and implementation phase of the projects.</p>
G. New investments or funding additional to on-going/planned MDB investments	<p><i>If investments have been identified in relation to possible funding sources, it may be helpful to say this, as well as to explain how the FIP process has brought value added to these. Project 2 covers broadly the same area as project 1 though it addresses privately owned land. It would be helpful to provide a clearer rationale as to why there are two separate operations (it may relate to likely availability of funding).</i></p>	<p>Links between projects developed in section 6.6 (cf. also the rationale of project n° 2 developed in section 6.3.1).</p>
Part III: Compliance with the investment criteria of FIP		
FIP principles		
(i) National ownership and national strategies	<p>The FIP is embedded in national strategies (see Box 2 page 65 and the box on page 84, figure 10, and chart on page 86 as well as broader discussions). These include the National Strategy for the Development of Forests and Rangelands (NSDSMFR); <i>a more specific discussion of the links of the FIP with the 2016-20 Development Plan would be welcome</i></p>	<p>Cf. Figure 4 (section 6.1).</p>

Section / paragraph / criteria	Comment	Response
(iv) Coordination with other REDD efforts	Draft documents are consistent with the FIP, which could help develop the mechanisms for REDD implementation. The draft REDD + RPP has a detailed discussion of institutional and coordination issues as well as information gaps, measurement issues and inconsistencies, and summarizes also the results of the 2010 GHG inventory. Table 23 of the report summarizes annual woody biomass production at 4.1 million TMS per year of which more than half is from olive trees. <i>Further cross referencing of the RPP readiness proposal and the FIP would be helpful.</i>	Links developed in section 3.3.2 and in item 10 of the executive summary
(vi) Early, integrated and consistent learning efforts	The FIP discusses transposition and replication potential (within Tunisia and potentially over North Africa more broadly), emphasizing that project activities will enable the checking and modifying of different approaches to sustainable ecosystem management, to institutional and governance strengthening at sub-national level, and to coordination processes. Detailed proposals have not yet been prepared; as project preparation proceeds these will form a key part of project design. <i>It would be helpful at this stage, nevertheless, to provide some more proposals of how the FIP will facilitate learning, both within Tunisia and with other countries.</i>	Issue raised in paragraphs related to the FIP national coordination (section 6.6).
FIP objectives		
b) To pilot replicable models to generate understanding and learning of the links between the implementation of forest-related investments, policies and measures and long-term emission reductions	FIP implementation would provide very useful lessons, especially for semi-arid countries, with special focus on the “triple win” of enhanced carbon sequestration/reduced emissions; enhanced climate resilience and restoration of productivity; and increased economic opportunities for local people, as well as in the effectiveness of governance reforms. While recognizing that FIP provides only project outlines, <i>it would be helpful to provide some more details on potential replication processes both inside and outside Tunisia.</i>	Issue developed in sections 6.4, 6.5 and 6.6 (among lessons learned).

Section / paragraph / criteria	Comment	Response
FIP criteria		
c. Drivers of deforestation and forest degradation	The FIP identifies the main drivers of forest and rangeland management deforestation and degradation, and the draft RPP readiness proposal, if supported, would provide further opportunities for synergy. [...] <i>there could be more landscape-specific discussion of the role of olive trees (since they are a major source of sequestration and provide income opportunities) and of fuel-wood/cooking energy management (since cutting for fuelwood appears to be a driver of degradation in the north, but if well managed can form part of sustainable forest landscape management). Furthermore discussions of links of FIP actions with improved herd size management and livestock productivity in rangelands would be welcome since these are often linked to overgrazing and decline of rangeland productivity. The significance of coastal urban development would also merit further discussion.</i>	Cf. previous comments (responses to comments of part II, section B of the report of the independent expert).
g. Safeguarding the integrity of natural forests	The FIP does not explicitly include activities for protection of undisturbed forests. However its activities, by improving forest landscape productivity using participatory approaches, will help reduce pressure on remaining undisturbed forests. Rural populations are not expanding. <i>Some more explicit discussion of how FIP actions will help protect biodiversity values would be helpful.</i>	Issue developed in section 4.2.
h. Partnership with private sector	The FIP seeks to integrate the private sector in a number of ways [...]. <i>The challenge moving forward will be to ensure that these proposed initiatives fit together and are transparently managed.</i>	Links between projects developed in the description of the projects (sections 6.2 and 6.3) and in section 6.6.
Additional criteria		
k. Implementation potential	<i>The challenge is that the FIP does not currently describe implementation arrangements by project. Details are premature at this stage, but a brief mention of responsible institutions at central/local level would be appropriate.</i>	Issue developed in Annex 1.
l. Integrating sustainable development (co-benefits).	The FIP has a strong emphasis on co-benefits, including economic and social co-benefits, but also broader watershed management, erosion prevention and ecosystems management cobenefits. <i>It could usefully be more explicit on the links between FIP actions and climate resilience.</i>	Issue developed in section 4.

Section / paragraph / criteria	Comment	Response
Assesment towards the FIP results framework		
C1. d) Non-forest sector investments identified and addressed as drivers of deforestation and forest degradation	The FIP [...] does not, however, address the issue of wood energy for heating (although the RPP note identifies this as a major source of degradation), nor improved livestock productivity/herd size management, nor the challenges and potential of arboriculture and specifically of olives. Furthermore it does not discuss the impact of coastal urban developments.	Cf. previous comments (responses to comments pf part II, section B of the report of the independent expert
C2. a) Preservation of natural forests integrated in land use planning process	As mentioned above, support for sustainable wood energy production should be an important element of landscape planning an value chain development; it is not proposed as a FIP activity at present	Integrated in the component related to the development of value chains, project n° 1.
C3. b) Evidence that a national land use plan exists and progress is made to secure the tenure and territorial rights to land and resources of forest-dependent stakeholders , including indigenous peoples and forest communities	The FIP does not state explicitly that a national land use plan exists. Many countries, however, do not have a national land use plan as such.	National land use strategy/plan developed in section 3.2.
C4. c) Improved access to effective justice/ recourse mechanisms	This area is not explicitly discussed. The broader transformation of the Tunisian government, however, is towards a more open and just society	Element added in section 4.1.
C7. Integration of learning by development actors active in REDD+	It is still too early to expect details on the number of knowledge products to be produced. The FIP mentions that experience from Tunisia will be helpful to other North African and Middle eastern countries with semi-arid environments. <i>Nevertheless some more information on possible learning products would be helpful.</i>	Element added in activities related to lessons learning in section 6.6.
Part IV: Conclusions and Recommendations		

Section / paragraph / criteria	Comment	Response
	It needs to be acknowledged at the outset that there are currently no firm commitments from the CIF for funding the FIP	Element added (introduction and section 8).
	As a general suggestion, however, the link between the key drivers and the selected investments could be a little clearer, with either some additional options suggested, or, if there are possible funding sources (including government sources) for the investments identified, specific mention of these sources.	Issue developed in section 6.1 (cf. Figure 3 mainly).
General Background analysis	<i>Some corrections may be helpful in the final version on both poverty levels (which may be stated as too high) and demographics.</i>	Done (section 1.3, Appendix 5, section 6.1).
	<i>It would also be helpful to have some more specifics on progress with the decentralization agenda, (where a number of key reform programs are ongoing) and on the 2016-20 National Development Plan.</i>	Developed in sections 1.6.2 and 6.1.
Driver of Deforestation/degradation and links to FIP:	<i>Given the role of wood energy (largely for heating) in wood use and CO2 emissions, it would be helpful for the FIP to address sustainable wood energy use more directly. Conversion to residential use (if significant – there are no quantitative estimates in the FIP or the RPP) may also require a specific approach.</i>	See previous comments.
	<i>It would be helpful for the FIP to take a more “granular” approach in the role of arboriculture in landscape management, income generation and carbon sequestration in Tunisia.</i>	Issue developed in section 1.5, Appendix 9 and project n° 2 (section 6.3).
	The FIP supports improved management of rangelands using participatory approaches. [...] . However it does not currently support or refer (if they exist) to complementary activities in improved herd size management or livestock productivity. These should go hand in hand with improved rangeland management to secure the full benefits. <i>It would be helpful for the FIP to address the issue of herd size management and herd productivity.</i>	See previous comments (response to comment of part II, section B of the report of the independent expert
	<i>It would be helpful to understand whether or not coastal developments are significant, since understanding the positive and negative impacts, and managing these, will require a quite different set of measures than those currently proposed in the FIP. (This issue is highly significant in countries such as the Greece and the south western US, and often poses great challenges regarding fire management as well as broader watershed protection).</i>	See previous comments (response to comment of part II, section B of the report of the independent expert

Section / paragraph / criteria	Comment	Response
	There is a brief discussion of the amenity value of forests, but the <i>extent of their importance regarding tourism and recreation, and biodiversity, could also be discussed more explicitly.</i>	Issue developed in section 1.2 and Appendix 3.
Land tenure	Land tenure is a complex issue in most countries and the FIP is rightly cautious about the likely pace of progress on this multi-sectoral issue. Although it supports tenure reform, it appropriately assumes that over the early life of the FIP there may not be comprehensive changes. <i>It would be helpful to have a clearer description of what land tenure arrangements and average size of holding/use are, including in the project areas, for privately owned forests as well as for broader landscapes and rangelands, and explain how the participatory approach used and investments will be retained by the land users and sustainable.</i>	Land tenure issues presented in section 1.1 and Appendix 2. More in-depth analysis of land tenure issues will be developed during the preparation of the projects. Participatory approach described in project n° 1 (section 6.2).
FIP projects	The synergies between the two <i>[investment projects]</i> are however not very well described, and neither goes into detail on implementation arrangements. <i>It would be helpful for the FIP to explain better the synergies between the two operations, and to provide more light on what the experience and governance arrangements have been with funding instruments of the type proposed.</i>	Links between projects developed in the description of the projects (sections 6.2 and 6.3) and in section 6.6.
	All projects involve private sector participation to some extent. <i>It would be helpful for the FIP to summarize previous experience with private sector involvement in landscape management and value chain development [...] to demonstrate that the FIP builds on these, and to ensure synergies within the overall program.</i>	Element added in section 5.1.
	None of the projects is explicit about implementation arrangements (and as mentioned above projects 1 and 2 lack a discussion of wood energy, and project 3 lacks a discussion of herd size management/herd productivity). <i>In addition to addressing these drivers of degradation, the FIP operations would benefit from a more detailed description of implementation arrangements, especially at decentralized level.</i>	The «fuel-wood » component is integrated in project n° 1 (section 6.2). Taken off from project n°3 (see rationale in section 6.1).

Section / paragraph / criteria	Comment	Response
Gender, youth and social issues	The FIP currently lacks “granularity” (i.e. local detail) on social attitudes and dynamics, and there is very little information on current trends in employment and sources of income. <i>It is suggested, as the FIP operations are developed in more detail, that there is more detailed social analysis, that detailed design target youth and women as appropriate, and that specific monitoring indicators be developed.</i>	More detailed analysis of socio-economic data to be done during the preparation of the projects. Issues related to youth and women are discussed in section 4.1 Some specific indicators have been added (executive summary and section 9).
Monitoring and Co-benefits	<i>In addition to financial, job creation and carbon sequestration benefits, and to capacity building, regulatory and institutional outcomes, the FIP could also provide an indication of how it will value broader environmental benefits, for example in watershed regulation, soil productivity, and climate resilience and ecosystem integrity. A discussion of recreational benefits would also be helpful (this is of increasing importance in middle income, urbanizing societies like Tunisia).</i>	Developed in section 4.2. Recreational functions of forests discussed in section 1.2 and Appendix 3.
Knowledge sharing	The FIP includes a useful general discussion on replication and how knowledge could be shared, both within Tunisia and in other North African/middle eastern countries. <i>It would be helpful to prepare some more detailed activities in this regard under the FIP.</i>	Issue developed in section 6.6 (integrated in lessons learning related activities).