



RESTRUCTURING PAPER
ON A
PROPOSED PROJECT RESTRUCTURING
OF
TUNISIA SOCIAL PROTECTION REFORMS SUPPORT

APPROVED ON OCTOBER 23, 2013

TO

THE REPUBLIC OF TUNISIA

SOCIAL PROTECTION & JOBS

MIDDLE EAST AND NORTH AFRICA REGION

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ABBREVIATIONS AND ACRONYMS

IPF	Investment Project Financing
MENA	Middle East and North Africa
PDO	Project Development Objective
PIU	Project Implementation Unit
SSN	Social Safety Net



BASIC DATA

Product Information

Project ID P144674	Financing Instrument Investment Project Financing
Original EA Category Not Required (C)	Current EA Category Not Required (C)
Approval Date 23-Oct-2013	Current Closing Date 31-Dec-2017

Organizations

Borrower Republic of Tunisia, Ministry of Development and International Cooperation	Responsible Agency Ministry of Finance
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Project Development Objective (PDO)

Original PDO

The project development objective is to strengthen institutional capacity to design social protection reforms and improve targeting of safety net programs.

Summary Status of Financing

TF	Approval	Signing	Effectiveness	Closing	Net Commitment	Disbursed	Undisbursed
TF-15956	05-Nov-2013	05-Nov-2013	05-Nov-2013	31-Dec-2017	4.70	2.03	2.67

Policy Waiver(s)

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

No



I. PROJECT STATUS AND RATIONALE FOR RESTRUCTURING

A. *Project overview and background*

1. This document proposes a level-two restructuring of the MENA Transition Funded Project - Tunisia Social Protection Reform Support (P144674, TF015956). The project was approved for a total amount of US\$4.7 million on October 23, 2013, with an original closing date of June 30, 2017. The Project Development Objective (PDO) is “to strengthen institutional capacity to design social protection reforms and improve targeting of safety net programs”. The project includes three components: (i) Subsidy and Safety Net Reform Support, (ii) System Integration Support for Social Protection; and (iii) Communication, Project Management and Monitoring.
2. In a letter dated July 20, 2016, the government had initially requested a restructuring entailing a 12-month extension of the project’s closing date, from June 30, 2017 to June 30, 2018, as well as a modification of the scope of the project activities. The scope of the project shifted away from ambitious support in the implementation of subsidy reform to focus on the development and improvement of the particular parts of the social protection delivery system. After careful consideration, and due to implementation delays- specifically updating the Social Safety Net (SSN) Beneficiary Registry under Component 1 (i.e., social survey), the Bank approved an initial extension of six months from June 30, 2017 to December 31, 2017, and communicated to the Government that any extension of the closing date beyond the approved six months would be contingent on the progress of the social survey by September 15, 2017.
3. Based on discussions held during the last implementation support mission which was carried out in September 2017, the Government requested an extension for an additional 17 months, from December 31, 2017 to May 31, 2019. The proposed restructuring is the second restructuring for this project and would bring the cumulative closing date extensions to a total of 23 months.

B. *Project status*

4. The project has made some marked progress on technical work across all three components, as illustrated by the design and launch of the social survey, the development of the first two modules of management information system of the Ministry of Social Affairs, the fully functional social unique identifiers, and the launch of the development of the communication strategy. In particular, the project has successfully addressed the main implementation bottlenecks seen over the past year. These include: strengthening the Project Implementation Unit (PIU) by appointing additional staff in January 2017; launching the field activity for the social survey in April 2017; and increasing project disbursement levels over the past year. The project nonetheless continues to experience delays in implementing project activities, particularly in updating the social registry which is one of the priority activities under Component 1. The field activity of the social survey was launched in April 2017 following a three-year delay. However, the speed of the field activity has been slow. While the Ministry of Social Affairs has already advanced with the first phase of the social survey with 380,000 households registered in their system (intermediate level indicator), the survey has only been completed for 16,000 households as of end of October 2017 due to the slow implementation of the field activity. It is therefore unlikely that the project will be able to meet the set target of finalizing 300,000 households by the current closing date of December 2017 (PDO level indicator), although the government remains committed to achieving this original target with a delayed timeline if the proposed extension is approved.
5. Moving forward, the Government has signaled to the Bank its commitment to accelerate the implementation of the social survey in a letter dated November 6, 2017. A number of high level dialogues took place to confirm the processes related to the social survey. First, the Ministry of Social Affairs has agreed that it will start providing vehicles to social workers in the first 11 governorates in November 2017 to address the lack of transportation mode in conducting the field activity. In parallel, the government will continue negotiations with the remaining 13 governorates. Based on the status in December 2017, the



government will subsequently assess whether the progress on social survey is sufficient and on track towards the completion of 100,000 households by the end of February 2018. In the event that progress is deemed unsatisfactory, the government will immediately proceed with an alternative plan, including partnering with the National Statistics Institute. Specifically, this alternative plan will be automatically adopted for the governorates where the agreement with social workers is not finalized by the end of December 2017. The Bank responded to the government in an official letter dated November 15, 2017, summarizing these agreements and reiterated the importance of following the agreed timeline to avoid further delays in the implementation of this activity.

6. The last Implementation Status Report (ISR) dated August 2017 rated Progress Towards Achievement of PDO and Implementation Progress as Moderately Unsatisfactory (MU) mainly due to the delays seen under Component 1, while the fiduciary rating is Moderately Satisfactory. Project disbursements currently stand at US\$2.03 million, representing 43% of total Grant proceeds. The overall risk rating remains substantial amid a complex and fluid political economy – requiring continuous close implementation support to the project.

C. Rationale for restructuring

7. The proposed extension of the closing date is needed to allow sufficient time for the project to complete the remaining activities, including updating the SSN beneficiary registry. The extension would also prevent a partial cancellation of grant proceeds. Furthermore, it would contribute to enhancing the quality of some activities and deliverables. Specifically, with technical assistance from the World Bank, the targeting work has evolved and resulted in the development and the comparison of different targeting approaches. With the approval of the proposed restructuring, the project would be able to carry out a rigorous evaluation of the performance of different targeting approaches, thus directly contributing to the achievement of the PDO. In addition, there is a possibility that this project could provide technical assistance to design a pilot enhanced cash transfer to boost children outcomes in priority lagging regions. Such technical assistance, which can be accommodated within the project description of the current Grant Agreement, would also contribute to the achievement of the PDO. Furthermore, the additional implementation period would contribute to the ongoing dialogue on the next Development Policy Financing in Tunisia. Finally, it is also worth noting that the Government is considering two high-level reforms that will require a speedy implementation of a transparent management information system for social assistance. One is the subsidy reform which will require systems to mitigate the potential social impacts of such a reform; and the other is related to the movement towards the formulation of different elements of a social protection floor, covering access for all to minimum income and health coverage.

8. The Recipient remains fully committed to ensuring the implementation of the project to carry out and complete all activities under the project. The performance of the project counterparts has also seen improvement through increased staffing and capacity building of existing PIU staff as well as strong oversight by the Prime Minister's Office, which chairs the steering committee of the project.

9. Under this restructuring, the requirements of the Bank Directive on Investment Project Financing (IPF) and the Bank Policy on IPF are expected to be met as follows: (a) the PDO remains achievable; (b) the performance of the Recipient remains satisfactory; (c) the World Bank and the Recipient agree on actions that will be undertaken by the Recipient to successfully complete the Project; (d) the project is not subject to suspension of disbursement; and (e) the Recipient has no outstanding audit reports. Additionally, the closing date extension has been approved by the MENA Transition Fund steering committee on November 27, 2017.

II. DESCRIPTION OF PROPOSED CHANGES

D. Summary of proposed changes. The proposed restructuring would entail the following changes: a 17-month extension of the project's closing date; a slight revision to the Results Framework; revision to component costs and correction of component



names in line with the approved restructuring of June 2017; and revision of the project implementation schedule and disbursement schedule.

- E. Change in Closing Date.** The proposed restructuring entails a 17-month extension of the project’s closing date -from December 31, 2017 to May 31, 2019. The extension would allow the project sufficient time to complete all activities, including the social survey which has been delayed as well as the targeting work, in order for the project to achieve its intended PDO.
- F. Change in Results Framework.** All indicators remain relevant, while the dates for the end target values have been revised to reflect the additional 17 months of implementation. In addition, a slight rephrasing is proposed to clarify one of the indicators. Specifically, the indicator on “the number of training” which has been measured by the number of participants in trainings will be revised as “the number of participants in trainings”.
- G. Change in Components and Cost.** A slight reallocation of costs across components will be made in line with the revised Procurement Plan as well as to hire consultants and a firm which will support the evaluation of the performance of different targeting approaches under Component 1 (this revision will not require an amendment to the Grant Agreement given that there is one withdrawal category across the various components). In addition, the component names of components 2 and 3 will be updated to be consistent with the approved restructuring and the Amendment to the Grant Agreement of June 2017. This was a result of an internal system error and does not require any modification to the Grant Agreement.
- H. Change in Implementation Schedule.** The project implementation schedule will be modified to account for the additional 17 months of implementation.
- I. Change in Disbursement Estimates.** Disbursement estimates are revised to reflect the longer implementation period.
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- K. Change in Disbursement Estimates.** Disbursement estimates are revised to reflect the longer implementation period.

III. SUMMARY OF CHANGES

	Changed	Not Changed
Change in Results Framework	✓	
Change in Components and Cost	✓	
Change in Loan Closing Date(s)	✓	
Change in Disbursement Estimates	✓	
Change in Implementation Schedule	✓	
Change in Implementing Agency		✓
Change in Project's Development Objectives		✓
Cancellations Proposed		✓



Additional Financing Proposed		✓
Reallocation between Disbursement Categories		✓
Change in Disbursements Arrangements		✓
Change in Overall Risk Rating		✓
Change in Safeguard Policies Triggered		✓
Change of EA category		✓
Change in Legal Covenants		✓
Change in Institutional Arrangements		✓
Change in Financial Management		✓
Change in Procurement		✓
Other Change(s)		✓

IV. DETAILED CHANGE(S)**RESULTS FRAMEWORK****Project Development Objective Indicators**

Development of targeting tool, socioeconomic classification applied to households registered in the database Unit of Measure: Yes/No Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	Revised
Date	28-Feb-2017	31-Oct-2017	31-May-2019	
Number of assessed persons who received unique social identifier Unit of Measure: Number Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	280000.00	750000.00	Revised
Date	14-Nov-2013	30-Jun-2017	31-May-2019	
Number of participants in trainings which enhance knowledge and capacity Unit of Measure: Number Indicator Type: Custom				



	Baseline	Actual (Current)	End Target	Action
Value	0.00	2067.00	2645.00	Revised
Date	29-Jun-2017	30-Jun-2017	31-May-2019	
Number of households who are updated with complete information				
Unit of Measure: Number				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	16000.00	300000.00	Revised
Date	29-Jun-2017	31-Oct-2017	31-May-2019	

Intermediate Indicators

Number of registered households in the new MIS (Management Information System)				
Unit of Measure: Number				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	380000.00	400000.00	Revised
Date	28-Feb-2017	31-Oct-2017	31-May-2019	
Number of modules developed for the new MIS (Management Information System)				
Unit of Measure: Number				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	0.00	2.00	3.00	Revised
Date	28-Feb-2017	31-Oct-2017	31-May-2019	
Implementation of interoperable platform				
Unit of Measure: Yes/No				
Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	Revised
Date	28-Feb-2017	31-Oct-2017	31-May-2019	
Renovation of pension system in the CNSS				
Unit of Measure: Yes/No				



Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	Revised
Date	28-Feb-2017	31-Oct-2017	31-May-2019	
Re-engineering of procedures of pension management system in the CNRPS Unit of Measure: Yes/No Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	Revised
Date	28-Feb-2017	31-Oct-2017	31-May-2019	
Communication plan prepared and implemented Unit of Measure: Yes/No Indicator Type: Custom				
	Baseline	Actual (Current)	End Target	Action
Value	No	No	Yes	Revised
Date	29-Jun-2017	31-Oct-2017	31-May-2019	

COMPONENTS

Current Component Name	Current Cost (US\$M)	Action	Proposed Component Name	Proposed Cost (US\$M)
Subsidy and Safety Net Reform Support	2.15	Revised	Subsidy and Safety Net Reform Support	2.49
Strengthening Social Security Analysis and Planning	2.30	Revised	System Integration Support for Social Protection	1.98
Project Management and Monitoring	0.25	Revised	Communication, Project Management and Monitoring	0.23
TOTAL	4.70			4.70



LOAN CLOSING DATE(S)

TF	Status	Original Closing	Revised Closing(s)	Proposed Closing	Proposed Deadline for Withdrawal Applications
TF-15956	Effective	30-Jun-2017	31-Dec-2017	31-May-2019	30-Sep-2019

DISBURSEMENT ESTIMATES

Change in Disbursement Estimates

Yes

Year	Current	Proposed
2014	500,000.00	500,000.00
2015	400,000.00	400,000.00
2016	0.00	-67,000.00
2017	1,400,000.00	1,170,000.00
2018	2,400,000.00	1,397,000.00
2019	0.00	1,300,000.00