Ministry of Foreign Affairs

Activity: TUNISIA TRACE PADEO (24-0002332)

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Date	08-05-2026
SAP application number	

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Key data

Activity basics

Type	Subactivity
Collection	230001589 TUN PADEO collection BEMO Employment
Short name	TUNISIA TRACE PADEO
Contract party	The World Bank (30011226)
ODA	Yes
Amount and Currency	3225000 USD
Amount EUR	2983125
Start date	01-11-2024
End date	30-06-2027
Full name	Embassy of the Kingdom of the Netherlands Tunisia program for job creation in the Agricultural Sector
Summary	The TRACE-PADEO (Transforming Agriculture through Climate and Economic Resilience - Prepare, Appraise, Define, Execute, and Operate) aims to create jobs in the agri-food sector by strengthening the productivity and resilience of small-scale producers, and competitiveness of agribusiness cooperatives and Small and Medium Enterprises (SMEs) in selected agri-food subsectors through better access to knowledge, innovations and financial services.

Activity details

Date of receipt of proposal	01-09-2024
Proposal’s reference number	
Budget holder	Ambassade Tunis (8251TUN)
Limit access	No
Related activity	10/01/0812 00:00:00

Accounting data

SAP application number	
Funds center	TUN TN Private sector development contr (1701U03020019)

Policy data

Cooperation modality	Project support
Technical assistance	Between 25% (inclusive) and 50% (exclusive) of the activity budget
CRS code	16020 Employment creation
Policy Keywords	
Refugees & host communities	No
Team Europe Initiative	No
Policy Markers	
Biodiversity	Not targeted
Climate change: adaptation	Significant
Climate change: mitigation	Not targeted
Desertification	Not targeted
Equality between men & women	Significant
Market access	Significant
Private sector development	Principal
Skills development	Significant
Youth employment	Principal
Explain your choices	Main policy markers are Private Sector Development and Youth Employment. The projects target regions with a high unemployment rate and prospects for local economic development by identifying niches that have added value as well as an impact on growth and job creation. They promote private investment in the agricultural sector by strengthening the participation of smallholders and supporting growing MSMEs in the agri-food sector in order to achieve sustainable development objectives. Access to market and skills development will be targeted, but as a means to achieve the objectives for the principal policy markers. Equality between men-women is a cross-cutting topic which will be taken into account and will be reflected in the outputs and to a certain extend at outcome level. Climate adaptation will be taken into account, as it is an important element in the different objectives such as natural resources management for job opportunities

Beneficiary location

Beneficiary location	Country
Country	Tunisia
Location type	Province
Specific location	Northwest region

Policy Appraisal

Rationale

- What issue/problem will be addressed by the activity
- Why does the activity help to address the issue/problem?

  For ODA activities over EUR 250.000, please explain the Theory of Change

The economic crisis that Tunisia is going through has led to a crisis in its labor market. The interior regions are the most affected by this crisis because they are predominantly rural and agriculture is the main sector of activity and source of production which contributes to job creation. Likewise, small and medium-sized and commercial farms are increasingly aware of climate change and water scarcity, while Tunisia suffers from successive years of drought which have affected agricultural production and have failed to create decent jobs for young people. In addition, young people and small entrepreneurs face difficulties in accessing financing and starting their businesses. As a result, young people are less attracted to agricultural activities and the lack of support and financial ressouces pushes them to flee these regions and migrate to large cities.

The agricultural and agri-food sector remains of great economic and socio-political importance due to its contribution to achieving development objectives in terms of food security, income creation, jobs, regional balance and natural resources management.
PADEO is an umbrella approach that is particularly well suited to tackle the complex problems described above in Tunesia, by bringing together different complementary projects in a coordinated way. The approach has been developed by DDE for PSD and employment related projects and will also tie in other policy fields such as trade and commerce (RVO), as well as external Dutch partners such as PUM and NUFFIC. The PADEO approach aims to integrate the three projects in this collection bemo to achieve sustainable development objectives, by stimulating job creation and strengthening the participation of small farmers in the agri-food industry, natural resources valorization and the diversification of income in value chains. Within the PADEO approach in Tunisia, in-depth studies and consultations with the main stakeholders were conducted, which identified the root causes of unemployment that translated into the following 'leverage points':
1- Land access
2- Finance and fund access
3- Agri-business sector attractiveness
4- Match employment/training offer and demand of the sector
5- Natural resouces management for job opportunities
The PADEO approach applies a systemic perspective to reduce fragmentation, increase coordination to better target local needs. Strategic interventions focus on creating synergies and long-term cumulative effects that create sustainable, innovative and high value-added employment opportunities in the agri-food sector.
(please see a more extensive elaboration on PADEO under 'Policy Relevance' below).

Background PADEO programming on Youth Employment

Tunisia is one of the first pilot countries to implement the PADEO strategy within the current MACS 2023-2027. Key concepts are: 1. systemic work and 2. programmatic working & the learning agenda (adaptive/iterative/reflexive monitoring):

1. Systemic work: For Tunisia, a thorough system analysis was carried out within the theme of employment in the agricultural sector (following the main theme and experiences of the embassy in Tunisia). This revealed root causes of unemployment, which were then translated into leverage points: access to land, access to finance, better link of education to the labour market, making the sector more attractive to young people and sustainability. EKN Tunisia has allocated almost the fully delegated DDE /PSD budget to address these leverage points and asked 3 implementers to submit a proposal: Creating (youth) employment in the Agro-Food sector, based on root causes and formulated from local needs. These implementers are IDLO and Wallah We Can. They have been exchanging with the embassy on systemic approach and they are aligned with it for these proposals. A related activity is the UN fund, which is not part of this Bemo but will be part of learning events of the PADEO programmes.
2. Programmatic working & the learning agenda: The implementers will each pick up one or more leverage points within their own area of expertise and link their results to each intervention. To promote and monitor coherence and coordination, monthly learning sessions will be set up. At portfolio level (PADEO level) learning questions will be formulated (e.g.: do we contribute to the leverage points with these combined interventions? do we contribute to systemic changes?), and the individual results per intervention will also be mapped. The latter are in line with the DDE results framework. In case a learning event leads us to conclude that it is necessary to adapt, the embassy will require the implementation partner(s) to readjust to make sure they follow the best way of working to meet the results. Lessons learned from this approach will be collected and also shared and compared with other embassies where the PADEO approach is used.

The delegated DDE/PSD budget and its planned programming are currently at the heart of the PADEO strategy in Tunisia. In the coming months, more instruments (central and RVO) will be in line with the PADEO strategy. In 2024, for example, OCIF will

join, RVO will use the instruments for PADEO and external partners such as PUM and NUFFIC also want to join the PADEO strategy and leverage points. In addition to the cooperation within this NL coalition, coordination can also be sought with AFD, GIZ or Team Europe Initiatives.

Policy relevance: our indicators and the 3 PADEO programmes

MACS

The overall objective of the embassy in Tunis, as stated in the Multi-Annual Strategy Plan, is: *Promoting stability and development and preventing irregular migration and radicalization by improving the lives of Tunisians through a root causes approach, by strengthening bilateral relations and through enhancement of trade and consular interests*.

NL support to jobs creation focuses on the agricultural sector: individual employment creation; business development; the nexus education-skills-jobs ; climate-smart solutions, where possible with Dutch knowledge, expertise and technology. The innovative appraoch PADEO is included in the MACS as the systemic approach to be applied in the programmes with the aim to get sustainable impact.

Youth unemployment and PSD are considered root causes of irregular migration and radicalization and are therefore the areas to focus on in Tunisia. The strategic intervention for the Netherlands to support jobs creation in the agricultural sector are (HGIS 5): individual employment creation; business development; the nexus education-skills-jobs ; climate-smart solutions, where possible with Dutch knowledge, expertise and technology. *Core indicators are "direct and indirect employment supported" (DDE) and "small scale food producers supported" (IGG).*

1. New innovative approach implemented (PADEO).
2. NL participates in (regional) Team Europe Initiatives 'investments' and 'jobs'.
3. NL investments and expertise are connected to above mentioned initiatives, and matched with demand from the Tunisian private sector where realistic opportunities exist.

The Netherlands will focus on mainly 4 SDG's:

1. SDG 5: gender equality
2. SDG 8: decent jobs, economic growth
3. SDG 13: climate action
4. SDG 16 peace, justices, strong institutions

DDE Framework

The programmes contribute to the DDE objectives, according to the **DDE framework** (2022):

1. Strengthening the business climate in focus countries (aligned with SDG 8; Decent Work and Economic Growth)
2. Trade for development
3. Financial sector development

PADEO

A systemic analysis was carried out by Challenge Fund for Youth Employment (CFYE) in Tunisia, after which consultations followed and a decision was made to focus on the agriculture sector in Tunisia. In the meantime the PADEO approach (DDE) was to be implemented and used the analysis of CFYE to develop a Systems Change Framework (see attachment). The Framework replaces a Theory of Change (ToC) which uses a linear thinking mindset, whereas PADEO appraoches issues from a systemic point of view. This has led to system leverage points, which are, more then activities in a ToC, a set of activities which are aimed at sustainable impact by working a a set of activities with different stakeholders on system changes.

The programmes contribute to the following **leverage points**, as developed with the PADEO approach, which has been developed for Tunisia, with the focus on Youth Employment in the agri-sector:

1. Agri-business sector attractiveness --> innovation, modernization, specific status and incentives
2. Natural resources management for job opportunities --> agri-start-ups and jobs in climate adaptation
3. Land access for youth & women --> technical/financial support, public services and reform governance system land property
4. Match employment / training offer & demand of the sector --> training value chain level, training institutes for employment
5. Finance & fund access --> new funding scheme value chain, governance agri special investment funds

Below a matching table of the 3 projects IDLO, the World bank and Wallah We Can with the relevant indicators. For the UN Fund there is a separate Bemo, but we have included this fund to give a better overview. The table can be used as tool to further alignment with other donors and programmes in the field of Youth Employment in Tunisia.

With the quarterly learning events - PADEO style - reflections will be done, with the aim to create more impact. So we should expect changes, while not knowing yet, which changes. Since this is the nature of the not linear thinking in the PADEO approach.

	Criteria/policy themes	UN Fund	IDLO	World Bank	Wallah we Can
SDG	SDG 5 gender equality	x	x	x	x

	Criteria/policy themes	UN Fund	IDLO	World Bank	Wallah we Can
	SDG 8 decent jobs, economic growth	x	x	x	x
	SDG 13 climate action	x		x	x
	SDG 16 peace, justices, strong institutions	x	x		
MACS	MACS 1: SRoL		x		
	MACS 2: PSD, job creation	x		x	x
	MACS 3: migration cooperation				
PADEO	Agri-business attractiveness		x	x	x
	Natural resources management for job creation		x	x	x
	Land access youth and women		x		x
	Match employment/training offer & demand sector	x		x	
	Finance and funds access	x		x	

	Criteria/policy themes	UN Fund	IDLO	World Bank	Wallah We Can
DDE 1: strengthening business climate	1.1 local companies supported with business plans/development/revenue growth/access to value chain/increased export 1.2 more and better jobs supported in (in)formal sectors, increased income informal traders, farmers/micro-entrepreneurs (esp. young people/women)	x		x	x
	1.3 economic physical/digital infrastructure improved 1.4 strengthening capacity and membership economic institutions	x	x	x	
	1.5 formal adjustments in policies, laws, rules/regulations 1.6 improved operational capacity of relevant institutions 1.7 improved usage of (labor) market information	x	x		

	1.8 Larger group of successful female/young entrepreneurs 1.9 More/better/productive jobs supported through strong, sustainable entrepreneurship.	x		x	x
DDE 2: Trade for development	2.1 traders/producers supported in (in)formal sectors through increased capacity/(digital) skills, improved access (inter)national value chains 2.2 more and better jobs supported in (in)formal sectors, improved income positions.	x		x	x
	2.3 governance supported in formulating policy/legislations for better/safer labor conditions 2.4 companies supported in sustainable trade 2.5 capacity strengthened of market watchdogs, contributing to adoption policy/legislations/reporting abuses 2.6 improved (digital) customs and border services to facilitate trade				
	2.7 government supported in policy/legislations for better/safer conditions (same is point 2.3??) 2.8 companies supported with integrating sustainability in their business models 2.9 (digital) international trade/investment agreements.				

DDE 3: Financial sector evelopment	3.1 increased use of products 3.2 improved knowledge generation applied to business 3.3. increased production capacity 3.4 support for more / better jobs	x	x	x	x
	3.5 extended availability of inclusive products 3.6 more private capital for development				
	3.7 clear/specific advocacy 3.8 effective access to decision makers 3.9 successful models scaled up 3.10 inclusive offer of the financial sector (esp. young/women) less concessional financing 3.11 strengthened financial sector	x		x	
	3.12 more/better/productive jobs supported, even for marginalized groups, strong sustainable inclusive entrepreneurship.	x		x	x
	Economic Diplomacy				x
	Political diplomacy	x	x	x	x
	Other policy criteria				

Contextual analysis

- Who is/are the target group(s) and why?
- Who are the other main stakeholders?
- Is the intervention aimed at a specific geographical location, and if so, why?

The project targets Youth and women in the rural areas. Youth and women in specific areas have less opportunities of jobs. The project will adress the problem of unemployment by providing technical and financial support to the target population in order to create their agribusiness.
The project main stakeholders are: Financial institutions mainly Microfinanza consortium and UTSS and public institutions mainly, ANETI, bureau d'emploi and APIA.
The project is implemented in the northwestern regions which are mainly rural and the dominant sector of activity in this region is agriculture

Added value

- What is the added value of the Dutch government being involved in relation to other donors, the EU, NGOs and local authorities?

Since 2018 the Netherlands is a medium-sized donor in Tunisia and has enaged with a broad range of institutional and other actors. Under the current DGIS policy, NL prefers to work through a portfolio approach ('Minder, beter, flexibel') and realise impact with more flexibility and adaptivity (PADEO) to enhance the quality of the interventions and reduce fragmentation.
For programmes in the private sector development (PSD - Youth Employment, we use the Portfolio approach) PADEO has identified 5 leverage points (see collection BEMO). The World Bank will focus on the matching of skills and jobs, access to finance, the attractiveness of the agri-sector while improving enabling environment, working with stakeholders as mentioned above.
In the light of the PADEO approach, the projects will be connected with each other, and projects funded by other donors will be (if there is interest) invited to join learning events. EU, UN and GIZ are donors in the field youth employment programmes in Tunisia. While implementing the programmes, the EKN will target interested donors to connect.
TRACE project objectives and value :
TRACE supports economic recovery in governorates affected by underemployment through job creation, particularly for youth and women. The TRACE project has contributed to job creation by providing technical assistance and financial support to new and existing agri-food businesses, as well as producer organizations making investments. By improving their competitiveness and economic activity in a sustainable manner, these project leaders become self-sufficient and create more jobs (in number and quality of employment).
The results of the “supporting agricultural entrepreneurship” projects are already visible on the ground: more than 230 businesses have been financially supported with more than 1,475 jobs (direct and indirect) created.
The TRACE program is also working on structural improvements, including adjusting the agricultural policy framework and increasing and innovating the supply of credit, insurance and digital solutions in the agricultural sector.
The TRACE/PADEO is an extension of TRACE to a new governorates of the North west of Tunisia (that are affected by underemployment. It will mainly contribute to job creation by providing technical and financial support to new target population in new governorates.
TRACE Success:
The TRACE program has been successful due to its flexibility, agility, and tailored support. Trace project has adapted as the implementation of its activities has advanced, adjusting to field realities, local needs and the wider changes in the overall Tunisia context. TRACE is agile as its entrepreneurship support projects are implemented by implementing partners who select, train, and finance SMEs and POs in a short timeframe. Time efficiency is not only highly appreciated by beneficiaries, but it is also one of the main reasons cited for the projects’ success. Project methodologies and their implementation are adapted to the SMEs and POs they are to support. TRACE is also unique in its support tailored to different types of beneficiaries. The entrepreneurship support projects have methodologies complementing each other. The Project implemented by UTSS focuses on humbler SMEs and POs that do not have access to credit, providing unconditional grants and extensive technical assistance. The Project implemented by MICROFINANZA focuses on SMEs and POs that have access to credit, providing grants conditioned to the obtainment of commercial credit (or equivalent form of lending) as well as individualized coaching. Together, these two methodologies ensure inclusive targeting and support, offering agile incubation and acceleration for SMEs and POs through a coordinated approach.”

- Are the recipients making an own contribution or co-participating in the activity, and if so, to what extent? Yes, the recipients make their own contribution.

In the case of the UTSS-led Project, the contribution depends on the size of the investment and the capacity to raise funds by the recipient as the UTSS grants are limited to 20,000 TND (around 6,000 EUR) for individual projects and 70,000 TND (around 20,000 EUR) for collective projects. The investments are generally higher than the grants available, so recipients have to contribute from their own funds or mobilize additional funds.
In the case of the Microfinanza-led Project, the recipients only receive the 14% of the total material investment as a grant. The total material investments range between 75,000 and 300,000 TND (22,000 – 90,000 EUR). The recipient is then expected to

provide a sum between 6% to 16% of the total investment from her/his own funds, while the remaining 70%-80% of the material investment must be covered through credit from a bank, a leasing company and/or a supplier. In other words, the Project provides 14% of the material investment, and the recipient must cover the remaining 86% through a mix of personal funds and credit.
Value added

Lessons learned

- What lessons learned (from previous or comparable activities, published evaluations, relevant publications) will be addressed by the activity?

During the current TRACE implementation process, some lessons were learned.
1-TRACE-supported sub-projects have difficulty recruiting employees formally, as many prefer to work informally to avoid paying taxes. Similarly, young people prefer to keep their job seeker status so as not to reduce their chances of getting a job in the public sector. Thus, efforts are being made by the TRACE team to raise awareness of this problem, including by highlighting the advantages of formal employment over informal employment.
2- Strong institutional ownership is an essential component for the success of all the projects being implemented.
3- TRACE seeks to foster systemic change, particularly by strengthening the capacities of institutional and local partners.
4- Whatever the methodology used, the field approach requires revision, adaptation and flexibility (in actions, deadlines and budgets).
5- Collection and processing subprojects tend to create more jobs.
5- Complementarity with PRASOC and financial inclusion: the PRASOC credit line is popular with sub-projects and several banks.
6- Some investments generate few jobs, but they help maintain existing jobs. Intangible services help boost local employment.
7- Different target groups (e.g. beneficiaries of different sizes and with or without access to credit) need to receive different types of financial and technical assistance.
8- High-potential beneficiaries with access to credit can mobilize significant amounts of private capital, enabling a multiplier effect. TRACE grantees have been able to leverage up to US$7 for every US$1 of grant awarded.
9- The need to identify and operationalize partnerships with all types of actors on the ground, from government agencies to other development partners, to maximize support and success.

Durability

- How will the results of the activity be sustained after its end date? What is the exit-strategy?

The TRACE-PADEO project is based on the identification of sustainable value chains that create sustainable jobs and plans through the adoption of climate-smart agricultural practices. Likewise, the program aims to achieve sustainable impact by developing a supportive and productive entrepreneurial ecosystem and strengthening local capacities to help MSMEs create jobs. The WB will work with local stakeholders, including public and private partners, to create an enabling environment for agribusiness.
After the project ends, the WB will leverage support from other donors and others partners to scale successful components of this programme and make it more long term sustainable. In addition, The program will capture intervention cases showing how the program influenced value chain actors to adapt and ensure long-term development. It will also identify sustainable and responsible business behaviors as well as best practices to adopt. Also, it will continue to explore and support young people and women.

Gender

- Does the proposal include a gender analysis? If yes, what are the main outcomes? **NO**
- Does the proposal justify the target group's gender-specific interests and needs (and why)? Please explain.

The TRACE - PADEO project target youth and women at the Northwestern regions of Tunisia. In addition, it will proactively encourage women's participation to the program. Infact, in rural areas, women face many obstacles and barriers, particularly linked to educational and socio-cultural obstacles which prevent women from having equal opportunities with men to access a job or create their businesses.
TRACE PADEO project tends to adress the gender gap and aims to increase the participation of women in the labor market. The Project will ensure that the outreach and communication activities reach women whether leading or in POs, SMEs women-led/owned business, and women entrepreneurs. The technical assistance will pay special attention to the bottlenecks that women face in managing or leading a business in the activities targeted by the Project

- Have women and young people been included in the stakeholder analysis? Please explain. **NO**

A stakeholders analysis (Incl women and youth) was carried out as part of the initial TRACE project and the results were integrated into the initial TRACE project proposal. The proposal aims to focus on activities benefiting women and youth in the agrifood sector.

Climate change

- Does the proposal include an analysis of the possible effects of climate change on the activity or its results?

- Does the proposal include any interventions to combat these effects (adaptation/mitigation)?

The effects of climate change are already visible in the Northwestern regions, with less rainfall and almost empty dams. The year 2023 was particularly dry and cereal crops were devastated.
The PADEO-TRACE project is an extension of TRACE project. Thus, TRACE PADEO will intervene through: Raising awareness of subprojects, risk analysis and support for mitigation measures (diversification, empowerment). Strengthening eligibility criteria (resilience to climate change)
TRACE aims to promote climate-smart digital solutions to help agri-food businesses better adapt to the effects of climate change.

Cooperation, harmonisation and alignment

- Does the activity involve cooperation with Dutch organisations, the EU or other donors (including delegated cooperation), local organisations or other parties? **Not applicable**
- How does the activity contribute to harmonisation and/or multi-donor financing? **Not applicable**
- What is the degree of (policy and financial) alignment?

As mentionned, the TRACE PADEO project is aligned to the Dutch policy Agenda on Migration and Development as well as PADEO approach.
In fact, the overall TRACE Program, including TRACE PADEO, have been, and continue to be, fully aligned with the PADEO approach and its objectives. The World Bank is committed for TRACE PADEO to be explicitly part of the PADEO approach.
The UTSS and Microfinanza-led Projects support entrepreneurship in the agri-food sector through technical assistance and financial grants, with the aim of creating jobs, particularly for youth and women. These projects also support entrepreneurs and producer organizations to improve their access to finance, while providing technical assistance to improve the use of natural resources available to them. Therefore, TRACE PADEO will work explicitly on three PADEO leverage points:

1. Access to finance and funds,
2. Agri-business sector attractiveness,
3. Natural resources management for job opportunities.

Digitalisation

- Have proposed digital technologies been developed or chosen in collaboration with end-users?

The PADEO-TRACE is an extension of The initial TRACE project funded by the NL-Embassy. TRACE project will support the development of digital payment solutions for agribusiness which leads to better financial inclusion of farmers.

- Does the proposal include an analysis of the local digital ecosystem? **NO**
- Is data security guaranteed? **Not applicable**
- Are digital solutions locally sustainable/relevant? **The agri-finance digital socution activity, is part of the third Component of the existing TRACE Program (Not included in TRACE PADEO), and is still in the exploratory stage.**
- Is duplication avoided? **YES, as was mentionned in initial TRACE, the project aims to support financial institution in developing digital payments solutions.**

Additional remarks (if applicable)

Results

Private Sector Development

1. Strengthening the business climate

SDG target(s): 8a, 8.1, 8.3, 8.4, 8.5, 8.8, 8.10, 10.2, 17.11. Short description: In the result area 'strengthening the business climate', the approach is to strengthen the local business climate through interventions relating to infrastructure, youth employment and entrepreneurship, policy and regulation, institutional capacity building and social dialogue to strengthen MSME's within their ecosystem and improve their access to financial and other services.

Learning questions

What have we learned from this activity for this result area, strengthening the business climate?
Measurements: Several lessons can be learned from this results area, including that different target groups (e.g., beneficiaries of different sizes and with or without access to credit) need to receive different types of financial and technical assistance.

Indicators

1.A. Number of companies with a supported plan to invest, trade or provide services. (IATI code XXX001)
Measurements: Target: 190

1.F. Number of direct jobs supported in individually supported MSMEs. (IATI code XXX0006)
Measurements: Target: 645

1.G. Number of direct beneficiaries supported to have raised incomes. (IATI code XXX0007)
Measurements: Target: 142

Monitoring and evaluation

Monitoring

- Specify what reporting information is required for this activity, based on the activity analysis decision tree (see Help).

Include the following elements:

4. Planning versus realisation: tracking progress against predetermined objectives as laid out in the project proposal.
5. Performance and quality: checking relevance and appropriateness of the implementing organisation's performance based on key assumptions in the proposal and the outcomes of the risk analysis.

Microfinanza and UTSS will monitor the Project Development Objective indicators, as well as the intermediate indicators in the results framework. The two implementing partners will be responsible for the regular collection of data at governorate level through their regional teams and for the reporting to central team and the Bank. The Project Management Unit (PMU) at the central level includes an operational coordinator in charge of monitoring and evaluation (M&E) to set up the M&E system and monitor results. The M&E system will include an internal process to follow up the performance of each of the projects financed by the matching grants. The Bank team will assist Microfinanza and UTSS with the definition of indicators as per the TRACE Results Framework when needed and will coordinate additional and more detailed baseline and follow up surveys for impact of support to firms on specific value chains, measurement of resilience aspects, return on capital, or firm survival, among others. The M&E System will also be linked to the indicators developed for the overall TRACE TF and will use the Bank's toolkits on jobs indicators.

The Embassy will actively monitor and report on activities, through participation in technical committees, informal and formal meetings, field visits and informal and formal contact with the project, it's partners, relevant stakeholders, and benefiaries.

Evaluation

Describe whether a final evaluation and/or a mid-term review has been planned. If yes, state:

5. who will commission the final evaluation and/or mid-term review (for options, see Help);
6. whether the procedure and practical arrangements have been agreed on with the implementing organisation (for details, see Help).

Because important results may not be achieved within the Project timeframe, the Bank will, within the context of the TRACE, assess the evolution of firms to provide valuable insights and lessons regarding the sustainability of impact of the Project. This will include a baseline data that will look at the details of beneficiaries to assess progress on income levels, productivity, exports or innovation (e.g. development of new products, access to new markets, introduction of new technologies, etc.).

The World Bank will hire a firm or a group of independent consultants to carry out an impact evaluation of the Project. Given that beneficiaries will be selected and assisted over time, the planned impact study will take place after all the assistance has been provided to the Project's beneficiaries. The evaluation will be carried out in two phases: an inception phase followed by the data collection and reporting phase. The impact study will deliver a full report and a complementary presentation which will detail the full results and impact of the activities carried out by Microfinanza and UTSS on the beneficiaries, particularly in terms of job creation, income levels, productivity, resilience, and beneficiary satisfaction. The report will also include lessons learned and recommendations for future projects.

The TRACE evaluation

4. **The first phase** will be carried out in early 2025 to cover the results and impact of TRACE component 2 projects until the end of 2024.
5. **The second phase** will take place at the end of 2026 / early 2027 to cover the results and impact of the TRACE PADEO activities in 2025-2026.

The embassy will be actively involved in the project through the PADEO approach. There will be quarterly learning events with the PADEO programmes. Other means of monitoring, beside the reports, are: field visits, technical commetees, mid-year evaluation meetings, participation in workshops/trainings that are part of the awareness raising activities of the project, informal and formal contact with the project, it's partners, relevant stakeholders, and benefiaries.

Finance

Budget breakdown

to start with it is important to know that this is an add-on budget to the Trace budget. It contains the same build-up and amounts. This way also double funding has been avoided, for WB this is ONE activity. funding is on base of commitment need.

- Include an overview of the activity budget, including overhead costs**. See table below**
- Is the budget arithmetically correct? **YES**
- Are the amounts/rates in the budget acceptable? **Yes**

6. Briefly explain the structure of the budget. **The multi-year budget includes the budget breakdown by year (year 1 and year 2). It includes the sub-budget for technical assistance (Component 2) and a division of the matching grants for Microfinanza and UTSS (component 2). It also includes a justification and breakdown of the budget for management and coordination (component 3).**
7. Are overheads proportional to outputs? What is included? What is recharged? Yes, overheads are included in the budget . From the TRACE budget

Trust Fund Fee (5% graduated fee assessed on RE + 17% surcharge on staff and STCs)2

8. Is implementation conditional on the budget being amended in an inception phase? (Specify the requirements that the budget must satisfy and the date by which the budget must be amended) **n.a**

TRACE PADEO: 24-MONTH BUDGET			
TRACE Projects' Components	Annual Budget		
	Year 1	Year 2	TOTAL
Component 1 - Technical assistance to POs, SMEs and agri-entrepreneurs	$ 401,448	$ 196,552	$ 5
TRACE Microfinanza	$ 335,659	$ 164,341	$ 5
TRACE UTSS	$ 65,789	$ 32,211	$
Component 2 - Grants for agri-food and rural job creation	$ 1,463,473	$ 716,527	$ 2,1
TRACE Microfinanza	$ 805,581	$ 394,419	$ 1,2
TRACE UTSS	$ 657,891	$ 322,109	$ 9
Component 3. Project Management and Coordination	$ 300,079	$ 146,921	$ 4
TRACE Microfinanza	$ 201,395	$ 98,605	$ 3
TRACE UTSS	$ 98,684	$ 48,316	$ 1
TRACE PADEO TOTALS	$ 2,165,000	$ 1,060,000	$ 3,22

Earmarking

7. Is the Dutch contribution to the programme earmarked (i.e. reserved for a specific purpose)? If so, specify the reasons why.

The TRACE PADEO project is part of Embrella TERI, a multi-donor trust fund. Currently, the MFA is the only donor to this project, but the program is open to further contributions from other donors.

Prepayments

6. Based on the prepayment decision tree (see Help), do the payments need to be entered as prepayments and why? In the case of a lump sum, assess this against the applicable criteria and give the reasons for your choice. Payments are not entered as prepayments but as lumpsum (WB - in line with instruction FEZ/FM 7 May 2024).
7. What is the maximum percentage that can be paid as prepayment, and why? 100 % - WB - lumpsum
8. Which are the reporting obligations on the basis of which prepayments can be closed? we will assess the reports as indicated in the arrangement. There is no need for closure of prepayments (lumpsum)

Available resources

	USD	EUR
Implementing organisation's own contribution	0	

	USD	EUR
Firm commitments by other donors (for each donor)	0	
Dutch contribution	3,225,000	2.983.125
Total available resources	3,225,000	2.983.125
Budget needed	3,225,000	2.983.125
Still to be financed	0	
Soft commitments by other donors (for each donor)	0	
Uncovered balance	0	

6. Are there any non-financial contributions relevant to implementation of the activity, such as deployment of volunteers, availability of buildings, materials, etc.? **Not Applicanle**
7. If there is an uncovered balance, how will this affect implementation of the activity (e.g. proportional reduction in outputs, omission of regions) and how will this affect the decision whether to fund this activity? **Not Applicable**

Grant with a repayment obligation, loans, equity investment or guarantee

- Does the Dutch contribution take the form of a grant with a repayment obligation, a loan, an equity investment or a guarantee (either in whole or in part)? If yes, briefly set out the consequences for accounting and how correct processing in the financial records will be ensured.
- Are there revolving funds? If yes, please explain what will happen to any residual funds, how closure will take place and which agreements should be made.

Not Applicable. The project is a simple contribution via an arrangement with no loans, repayment obligations nor equity investment

Audit opinions

- Is an audit opinion required for the activity (see Help)? Briefly explain.
- Should the audit opinion be accompanied by an additional auditor's report (for example, on the risks set out above, or on monitoring that the organisation carries out on its prepayments to other organisations)?

The bank shall provide to the donor via the Development Partner center website within 6 months following the end of the each Bank fiscal year an annual single audit report (in line with arrangement)