



Additional Financing Appraisal Environmental and
Social Review Summary
Appraisal Stage
(AF ESRS Appraisal Stage)

Date Prepared/Updated: 07/12/2023 | Report No: ESRSAFA595



BASIC INFORMATION

A. Basic Project Data

| | | | |
|----------------------------|--|--------------------------|--------------------------|
| Country | Region | Borrower(s) | Implementing Agency(ies) |
| Tunisia | MIDDLE EAST AND NORTH AFRICA | | |
| Project ID | Project Name | | |
| P181339 | Additional Financing to Tunisia Emergency Food Security Response Project | | |
| Parent Project ID (if any) | Parent Project Name | | |
| P179010 | Tunisia Emergency Food Security Response Project | | |
| Practice Area (Lead) | Financing Instrument | Estimated Appraisal Date | Estimated Board Date |
| Agriculture and Food | Investment Project Financing | 6/21/2023 | 7/17/2023 |

Proposed Development Objective

To ensure in the short-term the supply of (i) agricultural inputs for farmers to secure the next cropping season and for continued dairy production and (ii) wheat for uninterrupted access to bread for poor and vulnerable households; and to strengthen Tunisia’s resilience to food crises by laying the ground for reforms of the grain value chain.

| Financing (in USD Million) | Amount |
|---------------------------------|---------------|
| Current Financing | 130.00 |
| Proposed Additional Financing | 0.00 |
| Total Proposed Financing | 130.00 |

B. Is the project being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

Yes

C. Summary Description of Proposed Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

Public Disclosure



The Project will support activities aimed at protecting producers and consumers from global market disruption in the short term, while enhancing the resilience of the grain supply system to price, supply and climate shocks in the medium term. In the short term, GoT's objective is to support domestic production through the availability and accessibility of agricultural inputs and to ensure the availability and accessibility of food, in particular to vulnerable households. At the same time, GoT wants to use this crisis as an opportunity to strengthen the resilience of its grain supply chain to market and climate shocks by providing the right incentives to grain producers to stimulate domestic production, while reducing the burden on public finances and better targeting food subsidies (including reducing waste and improving nutrition). The project will consist of three components providing a balance between short-term urgent responses, through support to producers (Component 1), short-term wheat purchases (Component 2) and medium-term measures (Component 3) to improve the whole grain supply chain organization and adjust the associated public support program. It is part of a coordinated package of funding with other partners (to secure grain purchase and support producers) and will develop synergies with other donor interventions (reform preparation, storage facility improvement, etc.).

D. Environmental and Social Overview

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

Tunisia is again facing difficulties in securing grain purchases from the international market given the fragile economic situation (rising public debt and serious deterioration of credit worthiness). Four years of drought have led to extreme water scarcity in the country. Soft wheat and barley crops are not going to yield anything this year and durum harvest is expected to barely supply a short quantity of seeds for the next cropping season. As a result, unmet financial resources to cover country grain needs are in the range of US\$120 million per month starting June 2023.

In 2022, following the spike in grain prices on the international market due to the war in Ukraine, the grain import bill increased by around US\$250 million. The GoT had no other option but to request emergency donor assistance to secure short term grain imports. The World Bank was first to support the GoT through the parent project, followed by EBRD, AfDB and EIB whose contributions to purchase cereals reached US\$288 million.

This exceptionally dry year - which is also the fourth consecutive drought year, leading to water resources in large dams being almost fully depleted – is leading to a disastrous grain harvest season. The harvest is expected to decrease from 0.75 million MT last year to 0.25 million MT this year, a quantity that will barely cover seed production needs. Filling the wheat seed gap for the next cropping season (2023-2024) will also require increased seed import quantities compared to initial plans.

Durum wheat has been identified as the most critical issue since GoT had planned for a good harvest. In 2022, the Office des Céréales (OC) imported 0.522 million MT of durum wheat to complement a domestic crop of 0.677 million MT, hence covering national consumption which is 1.2 million MT. For 2023, the OC has already imported 0.442 million MT of durum wheat to cover demand from January to mid-May, and it will need to import an additional 0.758 million MT from mid-May to end-December 2023 given that no domestic production is expected to be secured for consumption. This leaves the OC with a budget gap of approximately US\$840 million, out of which US\$400 million for durum wheat purchase.

The parent project consists of three components providing a balance between short-term urgent responses, through support to producers (Component 1) and purchase of grains (Component 2), and medium-term measures (Component 3) to improve the whole grain value chain organization and revise the associated public support program.



The Additional Financing will finance only component 2 of the Parent project. The AF worth US\$11,720,000 from USAID financing through a Bank RETF. This financing is sought for the procurement of an approximate quantity of 25,000 MT of durum wheat under component 2, to meet the emergency demand of durum wheat (which is used to make traditional bread, semolina, pasta, couscous, etc.).

The environmental and social (E&S) risk boundaries of the AF are limited to: procurement, storage activities at the ports in Tunisia of the durum wheat purchased, and facilitating the gradual phasing-out of food subsidies and transitioning towards cash transfer for poor households. . Contracts for the purchase of wheat and barley are “cost and freight (CFR)”, the shipping vendor oversees shipping arrangement while OC has its own insurance for shipping but does not have any control over it. The distribution of wheat is outside of project boundaries (they are not “associated activities” because they would have been conducted even if the project did not exist and their distribution by GoT will continue after the project’s closure).

D. 2. Borrower’s Institutional Capacity

The Office des Céréales (OC) is implementing all project activities. Under components 2, OC is in charge of grain purchase for food consumption. OC is a public entity under the responsibility of MARHP and has well established grain procurement procedures that meet Bank requirements with some slight adjustments described in section IV.B of the PAD. A dedicated Project Implementation Unit (PIU) was established in OC’s General Directorate to directly manage and monitor Project activities, and to ensure close oversight of fiduciary and ESF requirements. The Office des Céréales has appointed two E&S specialists (one environmental specialist and one social specialist) in addition to a specialist in charge of the GM.

Project coordination oversight will be maintained within the Prime Minister's Office. A Project Steering Committee was established with participation of key Ministries (Economy, Finance, Trade, Industry and Agriculture) and the Office des Céréales (OC). This Steering Committee has ensured the oversight of grain purchase and the preparation of the grain subsector reform agenda.

The parent project became effective on August 24, 2022. The additional financing offered by USAID will cover component 2 of the project for which the OC delivered well and secured wheat supply to the domestic market . The project implementation unit (PIU) has demonstrated capacity to prepare and supervise the management of environmental and social risks. Both E&S specialists have been trained in 2022 and 2023 on the Environmental and Social Framework and have acquired knowledge and experience on the application of the requirements of the ESF.

Public Disclosure

II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC) Substantial

Environmental Risk Rating Substantial

Environmental Risk Rating is maintained Substantial for the Additional Financing because: (i) there are adverse impacts and risks; (ii) project is not as complex as high risk operations and will not be located on sensitive sites; (iii) medium to low probability of serious effects to human health and/or the environment; (iv) impacts are mostly temporary, predictable and or reversible; and (v) routine safety precautions are expected to be sufficient to manage



the potential environmental risk that may result from the project. The key environmental, occupational health and safety, risks and impacts associated with the project activities are related to the purchase and temporary storage of durum wheat, under component 2. Indeed, the E&S risks are limited to the procurement and offloading in government Silo's at designated ports. The storage (operation) at the port/s after offloading from the vessel is considered an associated activity that is directly and significant for the project, carried out contemporaneously with the project, and necessary for the project to be viable. The transportation to silos and other storage facilities around the country are not considered associated activities/facilities to the project. The project activities will result in air emissions (gaseous pesticide residuals, emissions from back-up generators), organic dust, noise, solid, liquid and hazardous wastes and use of pesticides.

Social Risk Rating

Substantial

The social risk rating is maintained substantial for the Additional Financing . The overall project impacts are expected to be positive. Project will benefit stakeholders in the GOT, stakeholders in the transport sector, the agro-business industry, small farmers and consumers, including poor and/or vulnerable groups. The social risks associated with the project activities are: (i) predictable and of temporary nature; (ii) site specific; (iii) of low probability of serious effects to social exclusion; (iv) the project is not expected to fund activities with high potential for harming people. The risks associated with the proposed project activities could include use of child labor, forced labor, sexual harassment, discrimination as well as operational, health and safety risks involved in wheat offloading, loading, and storing of wheat. The support to the effort of gradually transitioning food subsidy towards a cash transfer mechanism, may induce social exclusion risks and elite capture, this activity is within the boundary of the project, and the risk of potential social exclusion and elite capture shall be part of the overall effort to gradually transitioning food subsidy to cash transfer. Moreover, the additional financing to component 2 will involve the same stakeholders of the parent project who had been recently involved in consultations.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

This standard remains relevant. The assessment and management of environmental risks and impacts from the parent project remains relevant. The unloading and loading of durum wheat from the vessels at the port and their transport to storage facilities will have environmental and social risks and impacts, including minor dust emission from the suctions of grains from the vessels, Occupational Health and Safety (OHS) risks on workers related to fumigation and use of pesticides. There will be labor-related risks among project contractors, primary suppliers as well as project management staff. These risks, apart from OHS, could be related to SEA/SH, child labor, forced labor, and discrimination.

For the component 2 that is hosted by the AF resources, the E&S risks are limited to the procurement and offloading in government Silo's at designated ports. The storage (operation) at the port/s after offloading from the vessel is considered an associated activity that is directly and significant for the project, carried out contemporaneously with the project, and necessary for the project to be viable. The transportation to silos and other storage facilities around the country are not considered associated activities/facilities to the project.



The PIU will use the parent project labor management procedure (LMP) in line with relevant laws of Tunisia and World Bank ESS2. Labor requirements for contractors and primary suppliers will also be included in the bidding documents and their contracts. The updated LMP which will be prepared, consulted on, reviewed, and cleared by the Bank and disclosed within two months of the project effectiveness date and before the start of relevant project activities.

The PIU will use the existing Contractor's Occupational Health and Safety Plan (C-OHSP) which was prepared under the parent project and disclosed on August 23, 2022 and which includes standard measures to be adopted by such contractors to prevent inadequate exposure to dust emissions, to ensure that workers of the unloading contractor, port staff and other people that needs to be at the berth during offloading will be protected from health and safety risks, and GBV/SEAH preventive measures.

An updated SEP and ESCP have been prepared to reflect the AF and reviewed by the Bank team and will be disclosed prior to the appraisal stage.

The ESMF for the parent project will continue to be implemented as the AF funded activities under component 2 remain the same as those in the parent project (component 2). The AF activities, being largely a scale up of parent project activities, will be managed using the mitigation measures proposed in the ESMF for the parent project, to address the risks and impacts associated with storage and transportation and other activities (transportation; waste management, fire safety at silos, emergency preparedness etc.)

The PIU has prepared, and disclosed an ESMP for the processing and certification of durum wheat seeds on May 23, 2023.

An Environmental Specialist and a Social Specialist/focal point, in addition to a responsible in charge of the GM were assigned to support the implementation of the environmental and social (E&S) requirements of the parent project and the AF.

ESS10 Stakeholder Engagement and Information Disclosure

This standard remains relevant. Project activities are expected to positively affect Tunisians.

It will provide income generating opportunities for stakeholders directly involved in project planning and implementation, and food security to beneficiary stakeholders both under the parent and the AF project entailing component 2. Similar to the parent project, stakeholders that are likely to benefit from income generating opportunities include but are not limited to: staff of the GOT, transport sector business, the agro-business industry, small farmers and the restaurant industry. The benefits of food security will positively affect all consumers in Tunisia, nationals and foreigners, including poor and/or vulnerable groups. Vulnerable and disadvantaged groups include women groups, female-headed households, people with disabilities, the elderly, various minority groups, the extremely poor, and the illiterate. Project stakeholders to be potentially negatively affected, include but are not limited to: workers land drivers, and particularly those without health and social insurance, people living near the silos and farmers working under stress to deliver generous harvests of wheat.

The Office des Cereales (OC), has carried out an identification of stakeholders, prepared and updated a stakeholder engagement plan (SEP) taking into consideration the AF that involves component 2. The SEP identified the project affected parties, other interested parties and vulnerable groups. Those stakeholders include: L' Office des Cereales



who is directly benefitting from the financial support of the project, the Port Authority, the association of Millers and mills' owners, relevant government institutions such as the Ministry of Finance, Ministry of Agriculture, Office des Cereales, Direction de Financement et de l'Organisation de Professionnelles, Bureau de la Coopération Internationale, Bureau Général de l'Office de l'Elevage et du Pâturage, Bureau Général de la production agricole, Bureau Général de l'Agence de la Vulgarisation et de la Formation Agricole, Syndicats des Agriculteurs de Tunisie, and civil society such as Organisation tunisienne de défense des consommateurs. The discussions and the results of the consultations held on April 6, 2023 which were documented , confirmed the stakeholders interest in this Additional Financing.

Stakeholder engagement will continue throughout project implementation. Active efforts will be made to seek stakeholders' feedback on the consistent availability of wheat. The modes of engagement and the frequency of engagement will be determined by the needs of the project as well as the needs and interests of different stakeholders. Information about the project will be made available to stakeholders through the PIU's website. The PIU will conduct additional consultation with vulnerable and disadvantaged stakeholders and others, during the parent project and AF implementation and in line with the updated SEP.

The updated SEP includes a project grievance mechanism (GM) in line with the requirements of ESS10. However, there is no grievance registered for the parent project. Recently, the PIU was requested to hold an information session on GM. The existing GM of the parent project will be used as reflected in the updated SEP and requirements for its functioning will be ensured. a Information on this GM will be disseminated widely before the commencement of project. The functioning and effectiveness of the GM will be closely monitored during implementation and adjustments will be made where necessary in agreement with the Bank. GM includes an uptake mechanism for SEA/SH related grievances. Further, SEA/SH plans will be developed to address the identified risks as need to be.

Project documents, including environmental and social risk management instruments and the ESCP, will be disclosed in a timely manner to ensure meaningful and informed engagement with all project stakeholders, including the more vulnerable ones and documented.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

This standard remains relevant. Although the AF activities will not involve civil works, the AF will involve i) direct workers, who are government staff noting that ESS2 does not apply to such staff (civil servants) especially as there are no risks of child or forced labor (para 17-20) and OHS risks are minimal as they are mostly involved in office work; ii) primary supply workers, who will be involved in the supply of wheat; iii) contracted workers, who are engaged in wheat offloading at the ports and who are contracted by the importers. The government staff assigned to this project will maintain their existing employment arrangements throughout project implementation. To manage the potential risks related to labor such as OHS, sexual exploitation and sexual harassment, discrimination, relevant aspects of ESS2 will be applied, including: a) implementing adequate occupational health and safety measures; b) setting up grievance mechanism for the workers; c) provisions which will be included in the selection of primary suppliers to ensure that no child labor and forced labor are engaged. Labor management procedures were prepared in line with relevant laws of Tunisia and World Bank ESS2 including a GM for project workers and the same procedures will be



implemented for the AF . The OHSP was prepared by the PIU and was included in the framework agreement between the Office des Cereales and local importers and will be used for AF In addition, contractors will similarly prepare and implement Contractors OHSP.

ESS3 Resource Efficiency and Pollution Prevention and Management

This ESS remains relevant. There will be some dust emissions while offloading the grains. Suppressing the dust by spraying water is not an option as this would damage the grains, therefore, the OHSP prepared by the PIU will include measures to ensure minimize exposure risks to such limited dust emissions. To secure grains, the authorized pesticides will be used therefore, the PIU will be required to ensure proper handling, storage and application of pesticides in the silos consistent with the WBG EHSs, by implementing the parent project Pest Management Plan as a part of ESMF for each silo site (receiving ports and inland) in accordance with the ESCP requirements. The project is not expected to consume significant quantities of water or energy resources. Monitoring the water and electricity consumption during the operation and maintenance of the silos will provide good records to study any possible resource efficiency measures by comparing the consumptions of the different silos. . Mitigation measures associated with any wastes generated during offloading and storage of grains, PPE usage etc. are included in the ESMF of the parent project.

ESS4 Community Health and Safety

This ESS remains relevant. The Borrower implemented World Bank guidelines on COVID 19 safety and other community health and safety standards, as applicable, which guided all interactions during the implementation of parent project. This is part of C-OHSP as mentioned under ESS1.The SEA/SH risk assessment remains low under the AF. Respective SEA/SH risk mitigation measures will be prepared for low risk as per the World Bank Good Practice Note and incorporated in the C-OHSP as mentioned under ESS1. The PIU has prepared, an ESMP for the production and processing of the durum wheat seeds that may involve the use of pesticides. For the purchase of durum wheat under the AF, the required quality control will be carried out prior to shipment in a manner consistent with GIIP. Upon arrival and storage of the grains in silos, OC will conduct the required due diligence to ensure that the imported durum wheat will be analyzed to ensure they are meeting food safety standards.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This ESS is not relevant. The AF will not entail land acquisition, restrictions to land use nor resettlement.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This ESS remains relevant. The project activities are not expected to have any significant impacts on biodiversity, natural habitats or living natural resources. The suppliers of wheat are grain trading companies which are selected usually by brokers, who shop for the most advantageous offers, in terms of price and logistics, for meeting the wheat specifications needed. The suppliers usually store the wheat at different locations around the world, and sometimes buy from loaded ships in the middle of the sea and mobilize the shipment to Tunisia based on most convenient logistic arrangements. Although selling companies are not directly cultivating the wheat, the supply chain of wheat may indicate that the source of wheat is from areas where there is a risk of significant conversion or significant



degradation of natural or critical habitats. Although this risk is low, for wheat cultivation, OC shall check and document if the cereals to be purchased originate from areas where there is a risk of significant conversion or significant degradation of natural or critical habitats and that, if this is the case, an evaluation of the systems and verification practices used by the primary suppliers will be similar to that conducted with the parent project.

ESS7 Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

This ESS is not relevant.

ESS8 Cultural Heritage

This ESS is not relevant.

ESS9 Financial Intermediaries

This ESS is not relevant.

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts

Is this project being prepared for use of Borrower Framework? No

Areas where “Use of Borrower Framework” is being considered:

Borrower's Framework is not being considered.

IV. CONTACT POINTS

World Bank

Contact: Christian Berger Title: Senior Agriculture Economist

Telephone No: 5714+3042 / 216-58-715040 Email: cberger@worldbank.org

Borrower/Client/Recipient

Public Disclosure



Implementing Agency(ies)

V. FOR MORE INFORMATION CONTACT

The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 473-1000
Web: <http://www.worldbank.org/projects>

VI. APPROVAL

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|-------------------------------|--|
| Task Team Leader(s): | Christian Berger |
| Practice Manager (ENR/Social) | Lia Carol Sieghart Cleared on 22-Jun-2023 at 04:34:21 EDT |
| Safeguards Advisor ESSA | Aki Tsuda (SAESSA) Concurred on 12-Jul-2023 at 13:13:5 EDT |