



Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 04/15/2022 | Report No: ESRSA02112



BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Lebanon	MIDDLE EAST AND NORTH AFRICA	P178866	
Project Name	Lebanon: Emergency wheat supply response project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	4/13/2022	4/29/2022
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Ministry of Economy and Trade		

Proposed Development Objective

The Project Development Objective is to ensure the availability of wheat in Lebanon, in response to the economic impact of the Ukrainian conflict, and to enable emergency access to affordable bread by poor and vulnerable households.

Financing (in USD Million)	Amount
Total Project Cost	150.00

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]

The Project Development Objective is to ensure the availability of wheat in Lebanon, in response to the economic impact of the Ukrainian conflict, and to enable emergency access to affordable bread by poor and vulnerable households. The project will have three components.

Component 1: Financing immediate wheat import needs and emergency bread access for targeted population groups (US\$ 147.5 million) will finance immediate wheat purchases to avoid the disruption of imports in the short term, and its dire socioeconomic implications. This way, the project will help manage the immediate supply shock resulting



from the conflict in Ukraine and avoid a collapse of the value chain with catastrophic impacts on the most vulnerable households. The component will equally foresee adaptive mechanisms to safeguard access to affordable bread to the poorest and most vulnerable households, including refugees, in case of severe shortages in domestic supply, leading to a deterioration in bread access for the vulnerable groups. These will aim at prioritizing the distribution of wheat and, where applicable, flour to populations or regions where shortages are identified. Component 2: Project management and capacity building (US\$ 2.5 million) will finance all aspects of project management, as well as mechanisms to improve the mitigation of risks associated with wheat imports and access to affordable bread under Component 1 (e.g., financial audits, consultancy services and technical assistance to strengthen the role of the consumer protection agency under MOET and of Lebanon's Central Inspection agency, as well as third-party monitoring agency). The component will also support consultancy services and technical assistance that will strengthen MOET's oversight function as well as capacity to manage the gradual transition from the current wheat subsidy system to a more market-oriented system.

Component 3: Contingent Emergency Response Component (US\$0) is included in accordance with the World Bank policy on Investment Project Financing for contingent emergency response to an eligible crisis or emergency, as needed.

This reflects the priorities of the Government of Lebanon and will enable meeting the immediate food and nutrition security needs of the country and avoiding a breakdown of the wheat import supply chain, at a time when the country has low domestic stocks of wheat and wheat prices are at an all-time high on global markets.

D. Environmental and Social Overview

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

The proposed project will ensure the consistent availability of wheat needs in Lebanon in response to the economic impact of the Ukrainian conflict to maintain food security, particularly related to bread availability. The wheat will be imported from different countries, according to availability and price, and will be shipped and delivered at the ports of Beirut and Tripoli in Lebanon. The project beneficiaries are in the whole country.

The Port of Beirut (PoB) is located at the northern part of Beirut city on the coast of the Mediterranean Sea. The port occupies about 2.5 km of coast with land area of an average width of 300 meters. The marine area of the port is confined with 2 main breakwaters that limit the wave activity inside the port basins, and, hence, limit the circulation between the basins and the open sea. The infrastructure in the PoB has been severely affected by the explosion that occurred in August 2020, including the infrastructure for offloading grains. The silos, with storage capacity of 120,000 tons of wheat, were totally destroyed along with the conveying machinery (2 gantry cranes with 3 suction ducts, 1 mobile suction ducts, conveyor belt and pneumatic conveyor) that was used to directly unload shipments from vessels at the berth to silos. Currently the unloading of wheat is carried out using mobile cranes and clamshell buckets, and usually directly loading trucks which transport the wheat to mills. The PoB area, and surrounding, is a highly urbanized area. The land use in the direct surroundings of the PoB is mainly industrial with some residential areas a few hundred meters from the port fence. The background noise levels at the port is relatively high, and the surrounding airshed receives air emissions from stationary and mobile sources in the port and its surroundings. The explosion has also impacted the environmental conditions in the port as some of the warehouses released the stored materials, and some vessels sank and caused release of some pollutants to the marine environment. The main surface water body near the port is perennial Beirut River, which is heavily polluted from sewage that is received from different sources in



Beirut, the river estuary is near the eastern border of the port. There are no important or sensitive habitats located close to PoB.

The Port of Tripoli (PoT) is located at the northern part of Tripoli city, second largest city in Lebanon. The PoT has an approximate area of three million m², with a water area of 2,200,000 m², a land area of 320,000 m², and a 420,000 m² dump area adjacent to the current port, reserved for the future Container Terminal and Free Market Zone. PoT currently has one dock and 8 berths with depths varying from 8 to 10 meters. The PoT currently receives about 450 ships every year, it is currently undergoing expansion projects, where a new 600 m long berth is being built for container trade, with a rear zone area of 1,200,000 m². This zone has been approved by the Lebanese Parliament as a free economic zone. The port has about 50 mobile cranes with different capacities, and limited grains storage capacity. The PoB has a fishing port on its western border, and the direct surrounding land use is mainly industrial with a nearby residential area next to its eastern border. There is a dumpsite and a wastewater treatment plant located near the western border of the port. The PoT has relatively high ambient noise and air pollutants resulting from different activities at the port and its surroundings. The nearest surface water body to the PoT is Abo Ali River, which is a perennial river that is highly polluted by sewage and solid waste received from different parts of Tripoli city and its upstream. Palm island, which is one of the protected areas of Lebanon with high ecological value as its sandy beach is classified as a nesting site for marine turtles and bird species, is located about 5.5 km northwest of the PoT. The project activities will not have any effects on the island.

The acute economic and financial crises, compounded by the COVID-19 pandemic, and finally the Port of Beirut explosion has had serious consequences on the citizens of Lebanon and displaced persons. Lebanon, a small country of 6 million people, hosts the highest per capita concentration of refugees in the world. The latest estimates by the Government of Lebanon (GoL) show that the country hosts 1.5 million displaced Syrians, along with 31,502 Palestinian refugees from Syria, and a preexisting population of more than 277,985 Palestinian refugees (Lebanon Crisis Response Plan, 2017-2020). The economic crisis has had dire consequences on poverty levels in Lebanon, which was already expanding before the crisis, from an estimated 26 percent in 2012 to 37 percent in 2019. Tentative projections by the World Bank suggest that well over 50 percent of the population likely fell under the national poverty line in 2020 (World Bank, 2021). More recently, the conflict in Ukraine has impacted the food security situation in Lebanon and has reached alarming levels for some population groups. It is estimated that 34 percent of Lebanese people and 50 percent of refugees were food insecure in 2021 (WFP, 2022). Bread is the single largest item in the survival and minimum expenditure basket (SMEB) in Lebanon, as calculated by the World Food Programme (WFP) in 2020. Around 88 percent of Syrian refugee households fall below the SMEB. Poor, vulnerable households and refugees are the most impacted by any disruption of the wheat value-chain. The proposed project will ensure the consistent availability during 4 months of wheat needs in Lebanon in response to the crisis thus relieving some of the pressure already being felt by the Lebanese citizens and displaced persons in Lebanon.

The project boundaries are limited to the premises of the two ports listed above, therefore, the milling and distribution will be outside of the project boundaries.

D. 2. Borrower's Institutional Capacity

The project will be implemented by the Ministry of Economy and Trade (MOET), which oversees grain imports in Lebanon. The project will directly pay suppliers of wheat through procurement carried out by the private sector mills following the existing arrangements, and MOET will provide overall supervision of the process to ensure proper fiduciary arrangements. MOET has no experience in implementing World Bank Investment Project Financing, and, hence, has no past experience of Safeguard Policies nor the ESF. While no project implementation unit will be established, project implementation will rely on a designated MOET task team, with clearly assigned roles. In this



regard, the environmental and social (E&S) focal point has already been assigned and has supported the preparation of the ESCP and SEP. During implementation, the E&S focal point will ensure implementation of the E&S requirements as per the material measures and actions stipulated in the ESCP. The MOET assigned E&S focal point will conduct field visits to monitor the E&S activities implemented by Contractors and ensure that the E&S requirements are integrated into the contracts with the suppliers. The MOET’s limited capacity in application of the World Bank ESF is a risk factor which is expected to be mitigated through the World Bank team’s capacity building measures to the E&S assigned focal point throughout the project duration as needed.

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

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Moderate

The project is limited to procurement of wheat to maintain the supply during the crises caused by the war in Ukraine and to enable emergency access to affordable bread by poor and vulnerable households. The project finance will not involve any civil works nor any other activities after the vessels deliver the shipment at the ports of Beirut and/or Tripoli. There are some associated activities, which are not directly financed by the project but are directly and significantly related to the project; will be carried out contemporaneously with the project; and necessary for the project to be viable and would not have been conducted if the project did not exist. Those activities include (i) offloading the wheat from the vessels to either trucks or temporary storage at the port, and (ii) trucks moving to the port to be loaded from vessels, and transporting the wheat to mills including any transit fumigation needed. Other downstream activities (i.e. storage at the mills and related pest control, milling, distributing flour, baking and distributing bread and other baked products) are not considered associated with the project because they will follow exactly the existing arrangements and processes which existed before the project and will remain after the project closure. The unloading of the wheat from the vessels will be associated with limited environmental risks, including some dust emission while moving the wheat by the clamshell buckets from vessels, in addition to limited Occupational Health and Safety (OHS) risks (moderate risks) to the port workers caused by the moving objects. This would be mitigated through following proper OHS management measures. In some cases the wheat may be offloaded to temporary storage at the port (especially PoT) until it is transported later to mills, however, this is not expected to be common practice as it will entail extra costs that private mills/importers would be keen to avoid. In such cases there would be some fire risks in case of improper storage conditions (moderate risk) and this would be mitigated through ensuring proper storage and adopting needed fire prevention measures before offloading the wheat. There are some risks related to food safety in case the imported wheat contains some fungi or related toxins, or some remains from the fumigation activities during the upstream loading at sources and in transit (moderate risk), and this risk would be mitigated by ensuring that product is properly analyzed and is meeting the food safety standards. There are also some risks related to transporting the wheat from the port to the mills, including road safety issues (moderate risk) which would be mitigated through following proper safety measures, and risks related to fumigating the trucks to preserve the wheat while in transit (moderate risk) and this would be mitigated through following proper pest management procedures. Component 2 activities include technical assistance and consultancy services that cover monitoring wheat pricing; developing an implementation plan for gradually removing wheat subsidies; conducting an adequate communication campaign about these reforms; and recruiting an external auditor for fiduciary and procurement verifications. Those activities have low/no environmental risks. The project will involve primary suppliers of wheat, in which their involvement is considered essential for the project to achieve



its objective. Environmental risks associated with the primary suppliers include are related to the supply chain of wheat and the possibility that it has been produced from areas where significant conversion of natural habitats took place to clear the land for agriculture (low risk for wheat cultivation). All the above risks are considered moderate because they are: (i) predictable and of temporary nature; (ii) site specific; and (iii) of low probability of serious effects to human health and/or the environment.

Social Risk Rating

Substantial

The social risk rating is substantial. The proposed project for the procurement of wheat for Lebanon is not associated with any civil works. The social risks are related to (i) potential child labor and forced labor engaged by primary suppliers which are trading companies (low risk), (ii) smuggling of subsidized wheat which may have an impact on poor and vulnerable groups from accessing bread, and (iii) access to affordable bread for the most vulnerable populations. To mitigate the risk of child and forced labor engaged by primary suppliers, the framework agreements that will be signed between MOET and the importers will include a declaration that they will not use child labor or forced labor. To mitigate the risk of smuggling of subsidized wheat, the framework agreements will include a provision with the obligation to deliver wheat in Lebanon. To ensure access to affordable bread for the most vulnerable populations the framework agreements will include provisions for delivery of wheat to bakeries in areas with high levels of poverty, refugees and their host communities. The project will include third-party monitoring arrangements such as Red Cross volunteers through the Lebanese Red Cross/International Federation of Red Cross and Red Crescent Societies which will confirm that the bakeries services areas that include poor and vulnerable groups are receiving the flour as per the framework agreement. In addition, the project will finance high frequency 'Listening to Poor and Vulnerable Household Surveys', entailing data collection on bread prices and consumption for the poor and vulnerable households, by conducting random sampling and surveying (biweekly) using UNHCR and WFP beneficiary lists. This information will be triangulated at MOET level with information consolidated from the consumer protection agency, GRM, and WFP price monitoring system, and used to adopt appropriate remedies, such as including in the framework agreement a preferential distribution clause for bakeries located in areas where most of the poor and vulnerable groups are located. Additional social risks are associated with the consultancy services and technical assistance under component 2 that will help in MOET's planned transition from the current wheat subsidy system to a more market-oriented system . Such risks will be mitigated through the recommendations in the study to ensure linkages with social safety net programs like the ESSN, a clear communication campaign, and an effective and widespread dissemination of the grievance mechanism. All the mitigation measures will be covered in the ESMP which will be prepared before signing framework agreements with local importers as a disbursement condition.

Public Disclosure

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 ESS is relevant. As mentioned earlier, there will be some limited environmental risks related to unloading the grains from the vessels, and while transporting the wheat to mills. There are social risks associated with (i) potential child labor and forced labor engaged by primary suppliers which are trading companies (low risk), (ii) smuggling of subsidized wheat which may have an impact on poor and vulnerable groups from accessing bread, and (iii) access to



affordable bread for the most vulnerable populations. potential child labor and forced labor with primary suppliers, smuggling of wheat, and disproportionate impact on the poor and vulnerable groups as a result of the lifting of the wheat subsidy. Other risks include COVID19 contagion and potential SEA/SH. Those risks need to be managed through an Environmental and Social Management Plan (ESMP) which will be prepared by the MOET. The ESMP will include: (i) assessment of the existing measures adopted by offloading contractors, sampling/analysis of wheat grains to ensure food safety, temporary storage of wheat at the port, fumigating companies and transporting companies, (ii) identification of any gaps between the existing procedures and the requirements of the ESF and the Environmental, Health and Safety Guidelines (EHSG) of the World Bank Group (WBG) and recommendation of measures to bridge any identified gaps and ensure adequate management of potential environmental risk; (iii) COVID19 prevention measures; (iv) GBV prevention; (v) grievance mechanism and (vi) social risk management mainly related to poor and vulnerable people's accessibility and affordability to bread. The ESMP will be prepared before signing framework agreements with local importers and the recommendations of the ESMP will be integrated into those framework agreements as stipulated in the ESCP.

ESS10 Stakeholder Engagement and Information Disclosure

This ESS is relevant. The MOET prepared a SEP in which the stakeholders were identified. The direct beneficiaries of the project are the Lebanese people and displaced populations including Syrian and other refugees. The MOET is also considered a direct beneficiary of the project's financial support for wheat purchases. Other interested parties include the Beirut and Tripoli Ports, the Association of Millers and mills' owners, relevant government institutions such as the Ministry of Industry, Ministry of Finance, Ministry of Agriculture, Ministry of Public Health, Consumers Association and UN agencies like WFP and FAO. Vulnerable and disadvantaged groups include refugees, women groups and female headed households, poor, the elderly, and those people who do not know how to read or write to understand about the proposed project and who may have limitations in participating and/or understanding the project information.

Initial stakeholders' identification and consultations were conducted during the preparation phase in March 2022 followed by consultations with mills owners (Big Mills of the South, Lebanon Modern Mill, and Shahba Mills) on March 17, 2022, at the MOET premises. During the consultation session, mill owners indicated that they welcome the World Bank support but also shared their concerns on potential smuggling of wheat and their concern that the wheat subsidy will be lifted after completion of the World Bank's intervention. Due to the nature of the project (emergency response) and the lack of time during the preparation phase, MOET will conduct additional inclusive stakeholder consultations with vulnerable groups before the start of project activities, update the SEP and will also ensure widely and effective dissemination of the project grievance mechanism.

MOET will conduct regular stakeholder engagements with various stakeholders throughout the implementation of the project activities in accordance with ESS10 provisions. Active efforts will be made to seek stakeholders' feedback on the consistent availability of wheat. Information about the project will be made available to stakeholders through the MOET website.

The MOET also has in place a formal mechanism for uptake of grievances which are handled by a dedicated office of four staff working in two shifts Monday to Friday from 8am to 3pm. The grievances are documented in a formal



manner. A dedicated software is used to input all the grievances. This software provides also the possibility to filter the grievances as per the operator’s request (date, type, feedback of the complainant, etc.)

Below is the summary of the current uptake channels to register a grievance at MOET:

Enquiries or complaints can be raised through different channels:

1. By telephone on the following hotline: 1739 or +961 - 1 - 982360/1/2/3/4/5
2. By email on Info@economy.gov.lb
3. By using an online form provided on the Website: <https://www.economy.gov.lb/tickets/en/new-ticket>
4. Through an application that can be downloaded on the following link:

<https://www.economy.gov.lb/en/services/consumer-protection/services-online/consumer-protection-complaint-mobile-application>

The MOET’s grievance mechanism is consistent with requirements of ESS10 and will be used to receive, process and address project related grievances received from complainants. The GM will be disseminated widely before commencement of project commencement, including through regular stakeholder engagements. The effectiveness of the GM will be monitored through the intermediate result indicator “percentage of beneficiaries’ feedback addressed through the GRM within the required timeframe” for the duration of the project implementation.

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 ESS is relevant. Although the emergency wheat procurement will not involve any civil works, the Project activities 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 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 (around 5-10 at each of the ports) and who are contracted by the importers, staff from third-party monitoring agencies like the Lebanese Red Cross who will be engaged in monitoring activities under component 2, and the consultants who will be involved in the technical assistance and consultancy services under component 2 (ESS2 will not be applied to the workers engaged by millers and bakeries as they are not considered contracted workers). The government staff assigned to this project will maintain their existing employment arrangements throughout project implementation. To manage the potential risks related to labor involved, labor management procedures (LMP) will be prepared as part of the ESMP to address relevant aspects of ESS2, 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. The MOET’s existing GM will be adapted to manage grievances of the workers under the project. The LMP will also address operational and workplace hazards such as those related to machinery, vehicles, confined / restricted space entry, working at height, exposure to organic dust, and fire safety aspects. The LMP will be consistent with the good international industry practices described in the relevant World Bank Group Environmental, Health and Safety Guidelines (EHSG). The LMP integrated with ESMP will be prepared by the MOET before project activities begin as per the provisions of the ESCP. It is worth noting that during the existing



fragile conditions in the grains market, the control that private sector mills have over suppliers is very limited, as the demand is currently much higher than supply.

ESS3 Resource Efficiency and Pollution Prevention and Management

This ESS is 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 ESMP will include measures to minimize exposure risks to such limited dust emissions including using appropriate Personal Protective Equipment (PPE). There may be some fumigation used in transit between the port and the mills to prevent infestation by pests. The fumigation contractors, contracted by private mills, will ensure the appropriate pest management procedures will follow the Integrated Pest Management (IPM) requirements under ESS3. The ESMP will identify measures to bridge any gaps between the existing procedures and the requirements of ESS3 and EHS, and those requirements will be included in the framework agreement between MOET and selected importers and will cascade down to the contracts between private mills and fumigation contractors.

ESS4 Community Health and Safety

This ESS is relevant. The Borrower will implement World Bank guidelines on COVID 19 safety and other community health and safety standards, as applicable, which will guide all interactions during implementation. This will be part of the ESMP which will include measures to ensure that any temporary storage of wheat at ports will take into consideration fire safety measures. Also the ESMP will include measures that the imported wheat is meeting the food safety standards and that needed representative analysis are taken to ensure the grains are free from any fungus diseases or toxins. The SEA/SH risk assessment is low. Respective SEA/SH risk mitigation measures will be prepared for low risk as per the World Bank Good Practice Note and incorporated in the ESMP. There will be no security personnel involved in the project.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This ESS is not relevant.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This ESS is relevant. The project activities will not have any impact 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 Lebanon 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 of high risk for significant conversion of natural habitats. Although this risk is low, for wheat cultivation, the framework agreement will require a declaration by the supplier that the wheat has not been produced from any areas where significant degradation of natural habitats took place. It is worth noting that during the existing fragile conditions in the grains market, the control that private sector mills have over suppliers is very limited, as the demand is currently much higher than supply.



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 Framework is not considered

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient

Borrower: Ministry of Finance

Public Disclosure



Implementing Agency(ies)

Implementing Agency: Ministry of Economy and Trade

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Irina Schuman, Armine Juergenliemk
Practice Manager (ENR/Social)	Pia Peeters Cleared on 14-Apr-2022 at 00:58:34 GMT-04:00
Safeguards Advisor ESSA	Aki Tsuda (SAESSA) Concurred on 15-Apr-2022 at 09:56:10 GMT-04:00