



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

Date Prepared/Updated: 02/07/2024 | Report No: ESRSAFA681

**I. BASIC INFORMATION****A. Basic Project Data**

Country	Region	Borrower(s)	Implementing Agency(ies)
Tunisia	MIDDLE EAST AND NORTH AFRICA		
Project ID	Project Name		
P181565	Second 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	2/1/2024	3/8/2024
Estimated Decision Review Date	Total Project Cost		
1/30/2024	300,000,000		

Proposed Development Objective

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

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 Activities

The AF to the PRUSA parent project constitutes a new step for World Bank engagement on food security and agriculture in Tunisia. It will include: (a) short term emergency support for wheat imports in response to the unprecedented drought in a tight macro-fiscal context, and (b) activities to secure next harvests (such as barley supply



for animal feed and support to seed production), as well as increase the resilience of grain producers confronted to climate change and water stress (miscellaneous activities to communicate with stakeholders, improve knowledge of the grain value chain, digitize key operations, etc.). The AF would require a short-term extension of the project Closing Date. As discussed with GoT, it would set the stage for possible World Bank complementary support to increase the resilience of Tunisian smallholder farmers in the face of climate and market stress, so that Bank's response is not limited to short term support (next three harvests) but also fosters deeper structural changes that are needed to modernize the Tunisian food system; this is fully consistent with the conclusions of the Tunisia-CCDR and comes in alignment with the new Global Challenge Program on Food and Nutrition Security.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

Tunisia is currently 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. The agricultural sector has been particularly hard hit, because all grain crops have yielded this year. Furthermore, the durum wheat harvest is projected to be minimal, likely only sufficient to provide a small quantity of seeds for the next cropping season.

In 2022/23, an exceptional drought has severely affected Tunisia's grain production. The grain harvest has been catastrophic: OC has collected extremely low quantities of grain in 2023 vs. 2022 for a total 293,500 MT vs. 750,700 MT, compared to 1,285,000 MT collected in 2019 which was the last good year over the past decade (See Table 1). Since there were almost no precipitations during the Fall 2023 at the time of sowing, but the 2024 grain harvest may be saved if rains occur at the right time in the course of the season. Also, the drought has drastically curtailed seed availability, with production level not even sufficient to secure seeds for the 2023/24 campaign. In fact, the several years of drought have severely undermined the seed production system to such a point that it will need to be rehabilitated over a multi-year period to maintain the genetic capital which has been built over time and secure sufficient production capacity.

Project activities will secure next harvests (such as barley supply for animal feed and support to seed production), as well as increase the resilience of grain producers confronted to climate change and water stress (miscellaneous activities to communicate with stakeholders, improve knowledge of the grain value chain, digitize key operations, etc.).

The environmental and social (E&S) risk boundaries of the AF2 are limited to: the procurement process, storage activities at the ports in Tunisia for the grain purchased continue to support to seed sector. Procurement contracts for the purchase of grain under the AF2 adhere to "cost and freight (CFR)" terms, 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 grain 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 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

Drawing on the lessons learned from the parent project, the OC has markedly enhanced its capability to handle environmental and social (E&S) risks. This includes improved risk assessment methods, enhanced monitoring and reporting systems, and more effective stakeholder engagement practices including a multilayered GRM to register grievances from the regions. The collective efforts of the E&S focal points and the consultant providing technical



assistance have been crucial in achieving and maintaining a satisfactory level of E&S performance throughout the implementation of the parent project.

The Office des Céréales (OC) is implementing all project activities. Under components 1 and 2, OC is in charge of grain purchase for food consumption. OC is a public entity operating 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.

As part of the Environmental and Social Commitment plan, the OC has appointed two E&S specialists – one focusing on environmental aspects and the other on social issues – along with a specialist dedicated to Grievance Mechanism (GM). Project coordination and oversight are maintained at the highest level, within the Prime Minister's Office. A Project Steering Committee, comprising representatives from key Ministries (Economy, Finance, Trade, Industry, and Agriculture), along with the OC, has been established. This Steering Committee has been instrumental in overseeing grain purchases and preparing the reform agenda for the grain subsector.

The parent project became effective on August 24, 2022. The AF2 will cover Component 1-Emergency support to farmers (US\$100 million) and Component 2-Emergency procurement of wheat for food security (US\$120 million). The project implementation unit (PIU) has demonstrated capacity to prepare and supervise the management of environmental and social risks associated with the project. Both E&S specialists within the OC have received training in 2022 and 2023 on the Environmental and Social Framework (ESF) and have acquired knowledge and experience in applying the ESF requirements, further strengthening the OC's capacity to manage E&S risks and impacts effectively in the context of the project and its additional financing.

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

A. Environmental and Social Risk Classification (ESRC)

Substantial

A.1 Environmental Risk Rating

Substantial

Environmental Risk Rating is maintained Substantial for the second Additional Financing (AF2) because: (i) The project activities, particularly under Component 1 and component 2, which involves the purchase and temporary storage of grain, are associated with certain adverse environmental impacts and risks; (ii) The project is not as complex as those categorized under high-risk operations and will not be located on environmentally sensitive sites, reducing the potential for extensive environmental harm; (iii) The probability of serious effects on human health and/or the environment is considered medium to low. This is due to the nature of the project activities and their implementation context; (iv) The environmental impacts associated with the project are mostly temporary, predictable, and reversible. This characteristic is significant in managing and mitigating potential environmental risks; and (v) Routine safety precautions and standard management practices are expected to be sufficient to address the potential environmental risks arising from the project activities. The key environmental, occupational health and safety, risks and impacts associated with the project activities are linked to the procurement process and the offloading and temporary storage of grain, under component1 and component 2, in government silos at designated ports. Indeed, the E&S risks are limited to the procurement and offloading in government Silo's at designated ports. Transportation



to silos and other storage facilities around the country is not considered as associated activities/facilities to the project. 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. However, it is important to note that transportation to silos and other storage facilities around the country are not considered associated activities/facilities to the project. The environmental impacts from project activities may include air emissions (such as gaseous pesticide residuals, emissions from backup generators), organic dust, noise pollution, and the generation of solid, liquid, and hazardous wastes, including the use of pesticides. These factors are integral to the 'Substantial' risk rating and will require careful management and monitoring to mitigate potential adverse effects.

A.2 Social Risk Rating

Substantial

The social risk rating is maintained substantial for the second Additional Financing (AF2). 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 grain offloading, loading, and storing of grain. 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. The AF2 involves the same stakeholders of the parent project who had been involved in consultations on May 2023. For the AF2, consultative meetings are required for an informed stakeholder engagement with regard to the different component of the project and especially the revisited component 3 of the project.

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

B.1 Relevance of Environmental and Social Standards

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Relevant

This standard remains relevant particularly with the introduction of the second Additional Financing (AF2). The assessment and management strategies for environmental and social risks and impacts established under the parent project continue to be relevant and applicable. The existing assessment and management of environmental risks and impacts established under the parent project continue to be relevant and applicable. The primary environmental and social risks and impacts stem from the unloading and loading of grain at the ports and their subsequent transport to storage facilities. These activities include potential minor dust emissions during grain suction from vessels and Occupational Health and Safety (OHS) risks associated with fumigation and pesticide use. Additionally, there are labor-related risks among project contractors, primary suppliers, and project management staff, encompassing issues related to sexual exploitation, abuse and harassment (SEA/SH), child labor, forced labor, and discrimination.



For the Component 1 and Component2, financed by the AF2, the E&S risks are limited to the procurement and offloading at government Silos 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 adhere to 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. An 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 OHSP was prepared by the PIU and was included in the framework agreement between the Office des Cereales and local importers and continues to be applicable for AF2. The existing Contractor's Occupational Health and Safety Plan (C-OHSP), which was prepared under the parent project and disclosed on August 23, 2022, continues to be implemented for AF2. This plan includes standard measures to be adopted by such contractors to mitigate dust emissions and protect workers and others present during offloading from health and safety risks, including preventive measures against GBV/SEAH.

The Stakeholder Engagement Plan (SEP) and the Environmental and Social Commitment Plan (ESCP) have been updated to incorporate the changes introduced by the AF2. These documents have been reviewed by the Bank team and will be disclosed prior to the appraisal stage.

The Environmental and Social Management Framework (ESMF) prepared for the parent project will undergo updates for effective management of the risks and impacts associated with the additional activities under Component 3, aimed at enhancing the resilience of the grain sector. The activities under AF2, which primarily expand upon those of the parent project, will be managed using the mitigation measures outlined in the revised ESMF, to address various risks and impacts, particularly those related to storage and transportation, waste management, fire safety at silos, and other related activities.

Furthermore, the PIU has prepared, and disclosed an Environmental and Social Management Plan (ESMP) for the processing and certification of durum wheat seeds on May 23, 2023.

To support the implementation of the E&S requirements for both the parent project and the AF2, an Environmental Specialist and a Social Specialist/focal point, along with a responsible in charge of the GM have been assigned.

ESS2 Labor and Working Conditions

Relevant

This standard remains relevant. Although the AF2 activities will not involve civil works, the AF2 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 grain, particularly in its procurement and transportation. The focus here is on ensuring that the primary suppliers adhere to ethical labor practices, prohibiting child and forced



labor, and maintaining safety standards in line with ESS2 requirements. Contracted Workers: These workers are engaged in the physical offloading of grain at ports, contracted by the importers; iii) contracted workers, who are engaged in grain 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 and maintaining adequate safety measures to protect workers from occupational hazards, particularly those involved in the physical handling of grain.; b) Setting up a robust grievance mechanism for the workers to report issues, concerns, or violations related to their working conditions, ensuring their voices are heard and addressed promptly and fairly; c) Ensuring that primary suppliers and contractors have clear policies and practices in place to prevent the engagement of child or forced labor in any part of the supply chain or project activities. 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 continue to be implemented for the AF2. 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 AF2. In addition, contractors will similarly prepare and implement their own Contractors OHSPs.

ESS3 Resource Efficiency and Pollution Prevention and Management

Relevant

This ESS remains highly relevant to the AF2. Given the nature of project activities, particularly the offloading and storage of grains, specific environmental challenges must be addressed: (i) Dust Emissions During Grain Offloading: One of the primary environmental concerns is the generation of dust emissions during the offloading of grains. Considering that using water to suppress dust is not viable due to the potential damage to the grains, the OHSP prepared by the Project Implementation Unit (PIU) remains effective and fully compliant, with no updates required. The OHSP includes specific measures to minimize exposure risks to such emissions. These measures focus on containment and control strategies that are effective yet non-damaging to the grains. (ii) Pesticide Use and Management: To maintain the quality and safety of the stored grains, the use of authorized pesticides is anticipated. The PIU is tasked with ensuring that the handling, storage, and application of pesticides in the silos are conducted in a manner consistent with the World Bank Group's Environmental, Health, and Safety Guidelines (EHSGs). This will be achieved by implementing the Pest Management Plan from the parent project as part of the ESMF for each silo site, including receiving ports and inland locations, as outlined in the ESCP. (iii) Resource Consumption: The project is not expected to consume significant quantities of water or energy resources. However, monitoring water and electricity consumption during the operation and maintenance of the silos is essential. This data collection will enable a comparative analysis of resource efficiency across different silo sites and aid in identifying potential measures to enhance resource efficiency. (iv) Waste Management: Mitigation measures for managing wastes generated during the offloading and storage of grains, as well as the use of personal protective equipment (PPE), are included in the ESMF of the parent project. These measures will address the proper disposal and management of any generated waste, ensuring that the project's environmental footprint is minimized.

ESS4 Community Health and Safety

Relevant

This ESS remains relevant. Throughout the implementation of the parent project, the Borrower has effectively implemented World Bank guidelines on COVID-19 safety and other relevant community health and safety standards. This approach will persist under the AF2, ensuring that all project-related interactions are guided by these standards. The integration of these guidelines into the C-OHSP, as highlighted under ESS1, reinforces their importance and applicability to project activities. The SEA/SH risk assessment remains low under the AF2. However, 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 for even low-risk scenarios. The PIU has prepared, an ESMP for the production and processing of the durum wheat seeds that may involve the use of pesticides. This plan includes considerations for the responsible use of pesticides, essential for ensuring the safety and health of the community and workers involved in seed production and processing. For the procurement of grain under the AF2, the required quality control will be carried out prior to shipment in a manner consistent with GIIP. Upon the arrival and storage of the grains in silos, OC will conduct the required due diligence to ensure that the imported grain will be analyzed to ensure compliance with food safety standards.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Not Currently Relevant

This ESS is not relevant. The AF2 will not entail land acquisition, restrictions to land use nor resettlement, even for the installation of equipment for the two barley seed conditioning units OC owned lands will be hosting the two units.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

This ESS remains relevant. The AF2 activities, including the procurement and transportation of grain, are not anticipated to have direct, significant impacts on biodiversity, natural habitats, or living natural resources. The procurement process involves sourcing grain from various global suppliers, typically chosen by brokers based on price and logistics. These suppliers often store grain in different locations worldwide or purchase from ships in the middle of the sea and mobilize the shipment to Tunisia based on most convenient logistic arrangements. Although the selling companies themselves do not directly cultivate the grain, there is a potential risk that the grain may originate from areas where there is a significant conversion or degradation of natural or critical habitats. Although this risk is considered low in the context of grain cultivation, it cannot be entirely dismissed. The OC will undertake due diligence to ascertain whether the cereals procured originate from areas posing risks to natural or critical habitats. If such risks are identified, OC will document these findings and evaluate the systems and verification practices used by the primary suppliers. This evaluation process will mirror the approach taken in the parent project, ensuring that the grain procurement aligns with the principles of biodiversity conservation and sustainable management of natural resources. OC will implement monitoring and reporting mechanisms to track the origins of the grain supplies and assess their potential impact on natural habitats. This will involve continuous engagement with suppliers to ensure transparency and adherence to sustainable practices.

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

Not Currently Relevant

This ESS is not relevant.

ESS8 Cultural Heritage

Not Currently Relevant

This ESS is not relevant.

ESS9 Financial Intermediaries

Not Currently Relevant

This ESS is not relevant.



ESS10 Stakeholder Engagement and Information Disclosure

Relevant

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 under the parent, the first AF project and the second AF. 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. For the second AF project Service providers of digital equipment, solutions and Services should be involved in the consultative meetings for an informed Stakeholder Engagement and for SEP updates. 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,

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. For the second AF, SEP should be updated based on meaningful consultations that are needed for an informed Stakeholder Engagement and for bank decision making and should cover all the component with a special focus on the revisited component 3 of the project. The updated SEP has to identify 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, digital service and equipment providers, 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 that should be organized before appraisal should be documented and should confirm the stakeholders interest in the second Additional Financing (AF2). Stakeholder engagement will continue throughout project implementation. Active efforts will be made to seek stakeholders' feedback on the consistent availability of grain. 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, the first and the second 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. The existing GM of the parent project will be used as it will be reflected in the updated SEP and requirements for its functioning will be ensured. 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.

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. ESCP will prescribe that conducting meaningful and documented consultative process for updating the SEP will be an effectiveness condition of the second AF agreement.

B.2 Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways No

OP 7.60 Projects in Disputed Areas No

B.3 Other Salient Features

Use of Borrower Framework No

The E&S Framework of the Borrower is not being used, either partially or entirely, for the AF2.

Use of Common Approach No

No financing partners are expected.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required during implementation?

Updated ESF documents from the parent project will be applied to both the parent project and the second Additional Financing (AF2).

The Stakeholder Engagement Plan (SEP) and the Environmental and Social Commitment Plan (ESCP) have been updated to incorporate the changes introduced by the AF2. These documents have been reviewed by the Bank team and will be disclosed prior to the appraisal stage.

The Environmental and Social Management Framework (ESMF) prepared for the parent project will undergo updates for effective management of the risks and impacts associated with the additional activities under Component 3, aimed at enhancing the resilience of the grain sector. The activities under the AF2, which primarily expand upon those of the parent project, will be managed using the mitigation measures outlined in the revised ESMF, to address various risks and impacts, particularly those related to storage and transportation, waste management, fire safety at silos, and other related activities.

III. CONTACT POINTS

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V. APPROVAL

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Safeguards Advisor ESSA	null on