



Concept Environmental and Social Review Summary

Concept Stage

(**ESRS Concept Stage**)

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BASIC INFORMATION

A. Basic Operation Data

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P178836	Investment Project Financing (IPF)	Rural Value Chain Development Project	2024
Operation Name	Djibouti Rural Value Chain Development Project		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Djibouti	Djibouti	MIDDLE EAST AND NORTH AFRICA	Agriculture and Food
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Ministry of Economy and Finance	Ministry of Agriculture, Water, Fisheries, Livestock, in charge of Halieutic Ressources	12-Oct-2023	07-Nov-2023

Public Disclosure

Proposed Development Objective

The project development objective is to increase investment and employment in Djibouti’s agri-food sector.

Financing (in USD Million)	Amount
Total Operation Cost	15.00

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

No

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

The project has the twin objectives of (i) creating an enabling environment to develop viable economic enterprises through the provision of basic rural infrastructure and services, the generation and diffusion of knowledge about new



technologies, and the establishment of an adequate policy and regulatory framework; and (ii) supporting private sector initiatives through assistance to formulating private investments, access to commercial financing, provision of funding and technical assistance by the project and at the start-up stage.

D. Environmental and Social Overview

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

In Djibouti, the agricultural sector only represents 3% of GDP. Djibouti has close to 10,000 ha of arable land with potential access to groundwater, though only 1500 ha are currently being cultivated. Limited water resources and arable land, the salinity of the soil, and the pastoral traditions of rural populations are key constraints to crop production. Irrigated and seasonal agriculture is possible given the arid to semi-arid Djiboutian climate and the scarcity of fresh water resources (~150 mm rainfall/year). Agriculture can only be practised with irrigation in the oases, along seasonal rivers (wadis) and from wells or boreholes. Djibouti farmers use diesel engine water pumps, which are expensive to buy (~\$2,000) and operate (~\$1,700/hectare). This results to elevated prices for locally produced agriculture products compared to imported fruits and vegetables. Djibouti therefore imports most of its fresh vegetables and fruits from neighbouring countries, including Ethiopia, Yemen, Kenya, as well as from Europe. Djibouti is heavily exposed to climate variations and natural phenomena (droughts, volcanic eruptions, earthquakes, and floods every 10 years or so). These problems are compounded by inadequate aquifer replenishment and the degradation or disappearance of vegetation cover and biomass. Climate projections indicate that droughts will be more frequent and rains more intense, resulting in greater erosion. Djibouti's high vulnerability to climate change is a major risk, particularly in rural areas which, will negatively impact the living conditions and livelihoods of rural people. The project will be implemented nationwide. It will target rural households (agricultural, agro-pastoral, livestock breeders, pastoralists, fishermen, etc.) who are part of producer organizations, and related entrepreneurs at various stages of the supply value chains. According to the 2019 Poverty Assessment, using data from the 2017 Household Survey, 17 percent of the population lived in extreme poverty, with less than US\$1.90 per day (in 2011 purchasing power parity terms). Access to basic infrastructure and social services in rural areas (road, water, education, communication, etc.) remain significantly low. In Djibouti, many projects financed by various sources have helped vulnerable rural households benefit from agricultural inputs and equipment intended to improve productivity in the sectors of agriculture, livestock, agroforestry and fisheries. Nevertheless, despite these efforts, the country is still dependent on food imports for 90% of its needs. Many other factors, such as global climate change, the decreasing availability of fresh water, the increasing price of gasoline and diesel, also affect the cost of doing agriculture in Djibouti. These forces combine to create a significant food-security situation in Djibouti. The objective of the The Government of Djibouti (GoD) is to initiate a shift by which private investment will be encouraged to change scale by increasing production, creating added value and jobs from upstream to downstream in the agricultural, animal and fisheries sectors.

Under this project, activities will include: (i) small civil works that are designed to enhance the sustainability of agricultural plots, such as water boreholes, the construction of wells, stone removal, small earthworks; (ii) Financing public infrastructure services (e.g. access to water, electricity) to support investments in agricultural land development and crop cultivation undertaken by private operators; (iii) technical assistance in legislative strengthening; (iii) technical assistance in developing and sharing of knowledge products and assessing investment opportunities, such as feasibility studies; (iv) capacity-building activities; (v) acquisitions of equipments for



governments and project beneficiaries; (vi) the financing of studies, including feasibility studies; (vii) communication campaigns on best practices in agriculture, pastoral

D. 2. Borrower’s Institutional Capacity

The Ministry of Agriculture, Livestock, and Fisheries (MAEPE-RH french acronym) will be the implementing agency. The MAEPE-RH has experience in implementing WB project under the OP policies and under ESF. The MAEPE-RH is currently implementing the following WB- financed operations: (i) PROLUC (Emergency project for locust control in Djibouti of US\$6 million), approved in May 2020; (ii) the Project for risk reduction, inclusion and enhancement of pastoral economies in the Horn of Africa of 5 million US\$ (DRIVE), approved in June 2022; (iii) the PURCSA (Emergency project in response to the food security crisis in Djibouti of 20 million US\$) executed by MAEPE-RH with the Ministry of Social Affairs and Solidarity (MASS) and approved in October 2022. All of these projects are implemented under the ESF. Additionally, the MAEPE-RH implemented the Rural Community Development and Water Mobilization (PRODERMO) project under the World Bank’s former safeguard OP policies. The E&S performance of the PROLUC is rated as moderately unsatisfactory, as the PIU has faced important delays in implementing corrective actions. However, the MAEPE-RH has recently recruited an experienced environmental and social consultant to improve its E&S management capacity, who will support the MAEPE-RH for all World Bank-financed projects.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Moderate

Environmental Risk Rating

Moderate

Environmental Risk Rating is assessed as moderate due to the scale and nature of the planned activities. Component 1 has relatively limited direct impacts and is not expected to have significant indirect or induced environmental impacts. The project plans to finance small scale civil works to improve basic rural infrastructure and services (this includes boreholes and wells, parceling of terrain, stone removal, and related earthworks). Anticipated risk and impacts are dust and noise nuisances, generation of solid wastes, occasional occupational and community health and safety impacts. Other potential risks could include groundwater pollution from agricultural and livestock activities and the overuse of limited water resources for irrigation activities. The Improper use of transportation, and disposal of pesticides can contribute to the contamination of both land and water resources. Component 2 will mostly consist of TAs. The project may explore the potential for partial financing of investment initiatives by entrepreneurs.

Social Risk Rating

Moderate

Social risks and impacts associated with the project are considered to be moderate as they are site-specific and can be managed through the application of relevant mitigation measures. These potential social risks and impacts include generic risks associated with minor civil works, beneficiary selection for TA activities, complaints, elite capture and failure to include vulnerable groups and individuals if eligibility criteria to benefit from infrastructure, seed grant and technical assistance are not well-designed, transparent or appropriately disseminated. Other social risks include the failure to comply with labor standards, in particular the risks associated with the exploitation of agricultural labor, in particular migrant and child labor through the component 2 . These risks are particularly relevant when it comes to the subprojects that will be partly financed by the seed grant under Component 3.

Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) Risk Rating

Moderate

Public Disclosure



The SEA/SH risks have been screened and assessed as moderate.

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 Operation:

Environmental and social risks and impacts include generic risks associated with minor civil works, such as occupational health and safety risks, dust emission, solid and liquid waste and the potential increase use of pesticides. Other risks are associated to beneficiary selection and eligibility criteria for both Component 1 and 2 activities related to technical assistance, including poorly designed process, elite capture, lack of transparency and potential for exclusion of poor or vulnerable individuals, risks associated with child and migrant working in the agriculture sector, through the financing of agricultural investment initiatives. Other risks and impacts relate to the overuse of water, protection of the labor force and failure to comply with the labor standards of non-discrimination, child and forced labor, as well as the potential for exploitation of agricultural workers. The project will not entail any major civil works or induce labor influx. The project has been screened for SEA/SH risks, which are rated as moderate.

In order to manage the risks listed above, the MAEPE-RH will prepare an Environmental and Social Management Framework (ESMF) prior to appraisal. The ESMF will apply to all project activities, and will outline: (i) the procedures to select and assess the environmental and social (E&S) risks of the civil works to be financed or the subprojects to be financed under Components 1 and 2; (ii) the E&S mitigation measures, such as the preparation of checklist or Environmental and Social Management Plan (ESMPs); (iii) a list of generic E&S clauses to be included in the bidding documents; (iv) an E&S supervision checklist; (v) the Code of Conduct for all direct project workers; (vi) the grievance mechanism; and (vii) feedback from consultations. Finally, the ESMF will also clearly outline eligibility criteria to benefit from technical assistance activities, the selection process and how this information will be communicated to potential beneficiaries.

Any recommendations from the TA activities will be screened and assessed for its direct and indirect environmental and social impacts and necessary interventions will be designed for compliance with ESF as per OESRC Advisory Note on TA.

In addition the ESMF, Investment de-risking Facility will prepare an Environmental and Social Management System in line with the standards of ESS9. The ESMS will include (i) an exclusion list will include activities that lead to substantial impacts to critical habitats, biodiversity or ecosystems, subprojects that require land acquisition, or lead to restriction of land access and use and trades for which environmental and social risks are difficult to manage, such as tanneries; (ii) a due diligence to assess the risks of child and forced labor. The ESMS will be prepared, disclosed and operational prior to the operationalization of the Facility.

ESS10 Stakeholder Engagement and Information Disclosure

Project stakeholders include the MAEPE-RH, other associated line ministries (such as the Ministry of Women and Family, the Regional Councils, the National Agency for Investment Promotion), commercial Bank as well as the FGPC



and key beneficiaries, such as agricultural and pastoralist households, agricultural small and medium enterprises and farmers' cooperatives and associations. Disadvantaged and vulnerable stakeholders include refugees, migrants, households below poverty level or at higher risks of food insecurity, women-headed beneficiary cooperatives or female farmers, as well as individuals who do not know how to read or write to understand the proposed project and who may have limitations in participating and/or understanding the project information.

The MAEPE-RH will prepare a Stakeholder Engagement Plan (SEP) prior to appraisal. The SEP will describe the key activities undertaken as part of project preparation as well as outline those to follow during implementation. The SEP will also describe the grievance mechanism of the project.

B.2. Specific Risks and Impacts

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

ESS2 Labor and Working Conditions

This standard is relevant. The project activities will involve direct workers who are government staff managing and implementing the project (principally the PMU made up of MAEPE-RH staff and consultants), contracted workers, such as the employees of the contractors who will do the civil works, consultants who will be hired for technical assistance and capacity-building activities, and community workers who will support information dissemination and campaigns as volunteers.

The key risks and impacts associated with this standards include generic occupational health and safety associated with the minor civil works when constructing rural water boreholes, wells, and conducting related activities such as stone removal and small earthworks, (e.g Falls and trips , manual handling and ergonomics, excavation hazards, struck by objects, machinery and equipment hazards , electrical hazards , as well as risks of poor labor condition, child labor and forced labor, in particular related to the workers of SMEs that will benefit from the De-risking facilities financing and technical assistance activities. While data on child labor is very limited in Djibouti, the US Department of Labor has published data in 2017 that informal child labor through caring for one's family livestock is common in Djibouti. Evidence of child labor in the agricultural sector has not been documented, as the agricultural sector is very limited in Djibouti.

To manage these potential risks, the MAEPE-RH will prepare Labor Management Procedure (LMP), which will be part of the ESMF to be prepared prior to appraisal. The LMP will include requirements for all types of workers, contractors, and primary suppliers and the uptake channels to the project workers grievance mechanism.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is relevant. Component 1 activities may present risks and impacts related to pollution, including air emissions, dust, and construction waste. The use of construction machinery may induce environmental pollution (soil contamination) from exhaust, used oil and spare parts, or washing operation. There are also potential risks associated with overuse of limited water resources for irrigation activities, cumulative impacts of small-scale water use



depending in part, on ongoing use and scale of irrigation system improvement. This will be confirmed through water balance analysis envisaged to be carried out during project preparation as part of the ESMF. Rationalization measures need to be determined for the use of water resources. Technically and financially feasible measures to avoid or minimize water usage so that the Project's water use does not have significant adverse impacts on communities and other users will be included in the ESMF.

Agricultural and livestock activities pose potential risks to the environment, specifically in terms of surface and groundwater pollution. The improper use, transportation, and disposal of pesticides can contribute to the contamination of both land and water resources. These activities will require careful management and adherence to best practices to minimize the negative impacts on water quality and soil health. Pest Management measures will be included in the ESMF to mitigate potential risks associated with the transport, storage, handling and disposals of agrochemicals including packaging materials.

No major GHG emission is anticipated from the activities to be financed by this project. Moreover, it is not expected that the project activities will significantly increase livestock quantity and crop agriculture or incentivize pesticide use. However, it is unknown if the project will finance substantial quantities of pesticides under component 2 activities. These risks and impacts and their management will be included in the ESMF and will be addressed in the subproject planning and implementation.

ESS4 Community Health and Safety

This standard is relevant. Key community and safety risks include generic risks associated with minor civil works, such as construction waste, dust emission, noise and vibration. There are also potential risks associated with the operation of the agricultural activities, such as groundwater pollution, and risks associated with the use of pesticide and fertilizers. SEA/SH risks have been screened and assessed as moderate.

SEA/SH measure will be included and captured in the ESMF and generic community health and safety risks associated with civil works that will also be reflected in the bidding documents. The E&S procedures will identify all these risks/impacts and mitigate them through mitigation measures that will be included in the ESMPs as needed

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Any activities under the project leading to private land acquisition, economic resettlement and restriction of land use will be excluded.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is relevant. This project is not anticipated to invest in conversion of natural or critical habitats, however agricultural activities can have impacts on biodiversity and ecosystems because of potential pollution and introduction of invasive species.



The project activities are not expected to operate in natural habitats or protected area, nor does it anticipate the conversion or destruction of natural habitats as well (all investments related to improvement of the rural infrastructure will take place in the existing agricultural lands and hence it will not lead to conversion of natural habitats to agricultural lands).

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

In line with the policy interpretation in Djibouti, this ESS is not relevant for the project.

ESS8 Cultural Heritage

This standard is relevant. Since the project civil works can involve excavations, movement of earth, or other changes in the physical environment, ESS8 applies to the Project. Therefore, a Chance-Finds Procedure shall be adopted for precautionary reasons for infrastructure investments to address unknown archeological or historical remains and objects and the procedure has been described in the ESMF.

ESS9 Financial Intermediaries

the Investment de-risking Facility will prepare an Environmental and Social Management System in line with the standards of ESS9. The ESMS will include (i) an exclusion list will include activities that lead to substantial impacts to critical habitats, biodiversity or ecosystems, subprojects that require land acquisition, or lead to restriction of land access and use and trades for which environmental and social risks are difficult to manage, such as tanneries; (ii) a due diligence to assess the risks of child and forced labor. The ESMS will be prepared, disclosed and operational prior to the operationalization of the Facility.

C. Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways No

OP 7.60 Operations in Disputed Areas No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered? No

Financing Partners

N/A

Public Disclosure



B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

ESMF, which will include LMP Pest Management and SEA/SH measures, the SEP and the ESCP to be prepared prior to appraisal

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Implementation of the ESF instruments

Strengthen the capacity of PIU with dedicated Environmental and Social specialists to help prepare and review environmental and social assessment studies.

Training of relevant PIU staff on ESF requirements.

Preparation of ESMPs during implementation but prior to start of civil works for component 1.

Reports on the environmental and social performance of all activities on a [quarterly/biannual]

Preparation of chance find procedures by contractor prior to start of civil works, and as outlined in the ESMF

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS

31-Oct-2023

IV. CONTACT POINTS

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Implementing Agency(ies)

Implementing Agency: Ministry of Agriculture, Water, Fisheries, Livestock, in charge of Halieutic Ressources

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Public Disclosure



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VI. APPROVAL

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