



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

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**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
Tunisia	MIDDLE EAST AND NORTH AFRICA	P174017	
Project Name	Support to Economic Recovery and Job Creation in the Agri-Food Sector and Rural Space		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing		6/5/2020
Borrower(s)	Implementing Agency(ies)		
Union Tunisienne de Solidarité Sociale	Union Tunisienne de Solidarité Sociale		

Proposed Development Objective(s)

The Project development objective is to help restore and promote job creation and strengthen smallholder producer participation in the agri-food sector and rural entrepreneurship.

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>1.00</b>

**B. Is the project 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 Project [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]**

The proposed Project (RETF) will promote job creation and smallholder producer economic inclusion through the development and business growth of producer associations and cooperatives, young rural agri-entrepreneurs and agribusiness SMEs. The specific objective is to help them strengthen their technical competence, increase cooperating within and among POs, consolidate their financial viability, grow their existing business and grasp new business opportunities. More viable business development plan and strengthened skills will help sustain existing jobs. Business growth will generate additional jobs, both directly within these businesses but also indirectly among their suppliers



and clients, increase resilience, and improve economic and social inclusion. It will also be instrumental to help small producers overcome the economic slowdown linked to the COVID-19 pandemic by providing technical and financial support to help them quickly resume production, processing and marketing once trade and movement restrictions are lifted.

Supporting POs and rural SMEs will also facilitate the socio-economic inclusion of smallholder producers and strengthen the rural entrepreneurship mindset. Getting organized and receiving technical support will help small producers move from the business-as-usual production to more professional technique, moving from being aid-recipients

or project-beneficiaries to become rural business entrepreneurs. By being exposed to more stringent quality and standard requirements, small producers will be able to progressively strengthen their professionalism. POs can facilitate the connection to markets and the introduction of know-how to innovate and follow higher standard requirements. This will also contribute to improve the overall supply chain efficiency.

The RETF will consist of a matching grant to deliver grants to POs, SMEs and individual entrepreneurs to finance and implement investment projects to increase the productivity and profitability of their business, upgrade quality standards and strengthen their

adaptation and resilience to climate change. Investment projects will fall under the following categories:

- Farm production, covering crop and livestock intensification and diversification, including soft and small equipment investments in water use efficiency improvement and climate-smart agriculture;
- Post-harvest operations, including soft investment, small equipment acquisition and small-scale works (small building rehab) for the storage, packing and processing of agriculture, forest and pasture produce; Range of produce will cover fruits and vegetables, forest medicinal and aromatic plants, honey, dairy, etc.;
- Cultural and natural resources valorization through handy craft and rural tourism, including mainly soft investments, small equipment acquisition (no vehicle acquisition) and small-scale works (small building rehab);
- Marketing, including market intelligence, advisory services for market prospection and contract negotiation, transport and shipment (no vehicle acquisition);
- Advisory services, including support to individual coaches and advisors to establish consulting firms to deliver technical, managerial and marketing advice to agriculture and rural producers.

## **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 agricultural sector in Tunisia is facing several challenges. After three years of consecutive droughts (2015-2017) caused by climate change, productive land areas suitable for agricultural production is expected to decrease by 30 percent, which will reduce agricultural GDP by 10 percent. The livestock population is also expected to decrease significantly as a result from the loss of grazing areas. The salinization of coastal aquifers resulting from sea level rises is another development that expects to constrain further agricultural production.

Moreover, the Tunisian economy faces challenges in terms of low productivity, stagnant employment, high inflation, high deficits and limited fiscal space. The COVID-19 pandemic poses an additional short and long-run threat to the Tunisian economy and it is anticipated that the private sector will be heavily affected, especially rural producers and



entrepreneurs (including in livestock and forestry subsectors). The nationwide home confinement policy that was enacted on March 22, 2020 and was progressively relaxed during the course of May 2020, has impacted urban demand, disrupting supply chains for fresh products and agri-exports, while reducing the availability of farm workers and pickers for labor-intensive activities (fruits and vegetables).

It is in this context that the project is proposing the implementation of a matching grant program to support Producer Organizations (POs), Small and Medium Enterprises (SMEs) and individual entrepreneurs in purchasing farming and agri-processing equipment through a matching grant program. The program would also provide technical assistance (training, technical and managerial advice) to applicants and beneficiaries to increase the productivity and profitability of their business, upgrade quality standards and strengthen their adaptation and resilience to climate change. No major civil works will be financed by the project. The types of civil works to be financed under the matching grant program will be limited to minor renovations. The matching grant program will not finance activities that require land acquisition.

The matching grant program will target agricultural sectors that have a high potential for growth and job creation, such as fruit trees, horticulture (open and protected), dairy, olives, and medicinal and aromatic plants. The project will target small-scale producers who are engaged in a mixed crop/livestock farming system. They represent more than half of the farmer population, own less than one third of the land (54 percent with less than 10 ha), but produce at least 60 percent of the cereal production. The project will also work with SMEs engaged in crop production and harvesting, the management of livestock farms and the processing of forest produces. Due to male emigration, many small-scale farms are female-headed.

The project will cover the lagging regions with the highest poverty rates, which are located in the North West, Center West, East and South, with a primary focus on the Governorates of Jendouba, Kairouan and Gabes. The governorate of Kairouan is located in the upper arid bioclimatic stage. The region is essentially characterized by steppe formations, and its economy is mainly based on agriculture, with a total agricultural area of 600,000 ha, including 175,000 ha of olive trees. The governorate of Jendouba is located in the upper humid bioclimatic stage with annual precipitation averages between 1000 and 1500 mm / year. The governorate covers 86% of surface water of Tunisia and 38 % of its surface is covered by forests. Its main agricultural sector is the production of cereals, which constitutes more than 50 % of that agricultural production of the region. The agricultural sector occupies a strategic place in the socio-economic activity of the region. The region is also characterized by the presence of significant chemical industrial activity along the littoral.

#### D. 2. Borrower's Institutional Capacity

The Union Tunisienne de Solidarité Sociale (UTSS) is the implementing agency. UTSS is a Tunisian non-governmental organization created in 1964. UTSS started working on social and economic inclusion programs, employment, including self-employment, and the management of microcredit projects. UTSS has a presence in the three governorates targeted by the project, and works all around the country. For many years, UTSS has successfully implemented Government's social programs. Since the 1990s it has expanded its work to private sector development, self-employment, and revenue generation. UTSS implemented part of the World Bank-funded ecotourism project in three natural parks in lagging regions, by implementing activities that do not require Environmental monitoring and it is currently working with the International Fund for Agricultural Development (IFAD) on a project to reduce rural poverty in the governorate of Kairouan aiming to improve the resilience and livelihoods of rural producers.



UTSS has a team that includes the broad set of skills needed for the implementation of the matching grant. The team’s members include engineers, animators, sector specialists (e.g. eco-tourism, agriculture), and support staff (accounting, management, legal). These in-house skills and long trajectory will facilitate the work in the ground with multiple stakeholders, the dialogue with authorities, communication and outreach, and regular support to beneficiaries. UTSS has also extensive experience working with a broad array of international development agencies in rural and agricultural projects as well as in the management of funds such as microcredits and subsidies. UTSS’ experience in working with donors is expected to foment synergies between the implementation the Matching Grant and the other TRACE activities to be implemented by the World Bank.

UTSS’ capacity to manage environment and social risks is assessed as weak, given that the organization does not have previous experience in implementing projects under the ESF. Its capacity will be further assessed during the preparation phase and recommendations on human resources, budget and capacity-building will be proposed. The World Bank will provide close implementation support to ensure that best practices in environmental and social risk management are followed, and that the ESF tools are well implemented.

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

**A. Environmental and Social Risk Classification (ESRC)**

Moderate

**Environmental Risk Rating**

Moderate

The project has a Moderate Environmental Risk Rating, as its activities are unlikely to harm people or the environment. The potential risks and impacts are mainly associated to the need to mainstream sessions on Hygiene, Environment, Food and Safety requirements, natural resources consumption, climate change and resilience in the capacity-building activities and technical assistance.

Activities related to the matching grant program, which will fund small subprojects of producers organizations, SMEs and agricultural entrepreneurs may entail adverse risks and impacts linked to Occupational and Community Health and Safety, Environment, Waste management, Natural resources consumption, use of pesticides and climate change resilience.

Close implementation support will be provided to UTSS to ensure that environmental and social risk/impact management best practices are included in the capacity building program and ESF instruments. The Environmental risks will be partly mitigated by the support of climate resilient and climate smart practices.

**Social Risk Rating**

Moderate

Social risks associated with the project are considered to be moderate. Potential risks and impacts include complaints, elite capture and failure to include vulnerable groups and individuals if eligibility criteria 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 and abuse of agricultural labor. The propagation of Covid19 during the implementation of project activities has also been identified as a transversal risk. Finally, UTSS’ lack of experience with the ESF casts doubts on its capacity to manage E&S risks and implement mitigation measures, especially with regards to labor conditions, as well as occupational and community health and safety.

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:***

The matching grant program which will finance subprojects from small-scale producers and SMEs may involve minor construction works, such as renovations. Environmental risks related to civil works will be limited to the construction phase, and may include waste generation, hazardous material management, noise and vibration, wastewater discharges and air quality as well as occupational and community health and safety. Other environmental risks/impacts associated with the matching grant relate to the operational phase, and are linked to water and energy consumption, hygiene and food requirements, land and water management, the use of pesticides, manure and veterinary waste management.

Social risks are mostly associated with the transparency and dissemination of eligibility criteria to participate to the matching grants and benefit from capacity-building and technical assistance activities. Other social risks relate to the the 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 and abuse of agricultural workers. The potential for the spread of Covid19 as a result of the project activities has been identified as another transversal risk. The project will not entail any major civil works or induce labor influx. The project has been screened for gender based violence (GBV) risks, and rated as low.

The Union Tunisienne de Solidarité Sociale (UTSS) will be the implementing agency. An ESMF will be prepared before appraisal for ensuring that POs and SMEs implement activities in a way that is consistent with the requirements of ESS1. The ESMF will identify all risks/impacts related to the matching grant program. The ESMF will include a negative list of subprojects that will not be eligible for financing, which are the ones with a potential substantial/high risk (e.g. in critical habitats or ecosystems). The ESMF will clearly outline eligibility criteria and how these will be communicated. The ESMF will also contain provisions to ensure that potential labor risks, including child and forced labor, discrimination and sexual harassment, are properly addressed in practice as well as throughout all the project documentation, including ESMPs, bidding documents, and civil works contracts. The ESMF will also ensure proper consultation with project beneficiaries and the implementation of a Stakeholder Engagement Plan (SEP). The ESMF will propose a list of training sessions to be included in the capacity-building program.

For the other TA activities as well as its own staff, UTSS will incorporate reference to the E&S Standards and Labor Management Procedures (LMP) in the TORs to ensure that the activities and outputs are in line with these standards. During project preparation, the WB will undertake its due diligence on the capacity of the implementing agency capacity, and further assess the relevance of ESSs for the project.

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

The Borrower’s E&S Framework is not being considered for this project, either in whole or in part.

#### **ESS10 Stakeholder Engagement and Information Disclosure**



Primary stakeholders of the project identified at this stage are: the UTSS, the Ministry of Agriculture and project beneficiaries (i.e. small-scale producers, individuals assisted in developing income-generating activities). Secondary stakeholders include other relevant ministries or government organizations, civil societies and producer organizations (POs), labor representation and unions, and other CSOs involved in the representation of the agriculture sector.

UTSS will prepare a Stakeholder Engagement Plan (SEP) prior to Appraisal consistent with the requirements of ESS10. The SEP will clearly outline and communicate the eligibility criteria to benefit from the matching grant program or other technical assistance and capacity-building activities. The SEP will also include mechanisms to communicate on environmental and social risks associated with the project as well as get feedback on these risks from concerned stakeholders. The SEP will follow a precautionary approach in the context of the COVID19 pandemic and will propose engagement methods that minimize the risk of transmission of the virus (no public meetings will be organized, face-to-face meetings will be minimized to the extent possible or limited to groups of 2-3 with social distancing and the use of masks, the use of IT tools will be predominant, etc). UTSS and each subproject that benefits from the matching grant will put in place procedures for external communications on environmental and social matters proportionate to the risks and impacts of their activities. The ESMF will also outline how a system to respond to public enquiries and concerns is established and maintained.

The SEP will include a grievance redress mechanism to ensure complaints and concerns of stakeholders are adequately managed.

## **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**

Direct and contracted workers under the project will include technical consultants, agri-entrepreneurs, GDA, and SME personnel and contractors for renovation works. Primary supply workers are also expected to be involved in project activities. Community workers are not expected to be part of the project.

The implementing agency will prepare Labor Management Procedures (LMP). The Procedures will set out the way project workers will be managed in accordance with the requirements of national laws and ESS2. The procedure will include requirements for: occupational health and safety, including for COVID19 prevention, working conditions and terms of employment; nondiscrimination and equal opportunity; worker's organizations; child labor and minimum age; forced labor; grievance mechanisms; maintenance of training records and documentation and reporting of occupational accidents, safe transport conditions, diseases and incidents, emergency prevention and remedies for injuries, disability and disease.

Risks identified under ESS2 include OHS induced by civil works and the implementation of agricultural activities financed by the matching grant. Environmental and social risks/impacts related to OHS are expected to be moderate. The quantification of the labor force to be employed by the project is not possible at this early stage of the project preparation process, but it will be estimated during the appraisal ESRS. Labor influx is not anticipated as the project is likely to use local contractors and local labor.



Another key OHS risk is the transmission and contagion of COVID19 during the implementation of project activities. OHS measures will identify and address potential hazards to workers, technical consultants and agri-entrepreneurs to develop preventive and protective measures to avoid COVID19 transmission.

Other ESS2 risks identified include risks associated with terms and conditions of employment and the protection of the labor force. Risk may include the exploitation of agricultural workers, which include migrant workers, child labor, discrimination and sexual harassment. Although Tunisia has ratified all 8 of the International Labor Organization's Conventions, their application varies. The project will include provisions prohibiting all forms of child labor, discrimination, harassment and sexual abuse and exploitation through Codes of Conduct to be signed by all workers or consultants directly recruited by the project or by a Third Party under the project.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**

The project may presents risks/impacts linked to pollution management of waste generated, dust emission, noise and vibrations during construction and operation phases. Other impacts are related to resources use efficiency and greenhouse gas emission and possible use of pesticides and veterinary products. The ESMF will identify all these risks/impacts and mitigate them through ESMPs and Pesticide Management Plan as needed.

### **ESS4 Community Health and Safety**

Communities health and safety issues are associated to typical risks/impacts of minor civil works, such as dust, noise and vibrations and waste. There are also potential risks associated with the operation of the agricultural production or processing activities, such as pollution, waste generation, and risks associated with the use of pesticide. Finally, the propagation of COVID19 as a result of project activities has been identified as a transversal risk. The E&S procedures in the ESMF will identify all these risks/impacts and mitigate them through mitigation measures, such as the elaboration of environmental and social management plans (ESMPs).

### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

The matching grant program will not finance subprojects that require land acquisition. This will be clearly communicated as part of the information on eligibility criteria. The matching grant operations manual and ESMF will include a list of activities that are not eligible for financing. ESS5 is thus not relevant under the project.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

This ESS is not expected to be relevant to this project. Project is not making interventions in natural habitats or access material from natural habitats. However, this will be further confirmed during project preparation especially concerning potential risks on natural Habitats associated with pesticides run-off.

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

There are no communities in Tunisia that fulfill ESS definition of indigenous people.





**ESS8 Cultural Heritage**

The agriculture and building activities are unlikely to affect built heritage, intangible heritage, or natural heritage. The E&S procedures in the ESMS will identify all these risks/impacts and mitigate them through chance find procedure to be followed during project implementation

**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

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** No

**Financing Partners**

NA

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

**Actions to be completed prior to Bank Board Approval:**

- Implementing agency will prepare and disclose an ESMF consistent with ESS1 before appraisal.
- Implementing Agency will prepare and disclose a stakeholder engagement plan (SEP) consistent with ESS10 before appraisal.
- Implementing agency will prepare and disclose a labor management procedures consistent with ESS2 before appraisal.

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

- Implementing agency will designate E&S focal points and ensure adequate E&S expertise
- Implementing Agency will prepare a capacity-building plan
- Implementing Agency will prepare TORs for TA supporting activities which will incorporate reference to ES Standards

**C. Timing**

Public Disclosure



**Tentative target date for preparing the Appraisal Stage ESRS**

30-Jun-2020

**IV. CONTACT POINTS**

**World Bank**

Contact: Olivier Durand Title: Senior Agriculture Economist

Telephone No: 5714+3011 / 216-58-580276 Email: odurand@worldbank.org

Contact: Zouhour Karray Title: Program Manager

Telephone No: 5714+3069 / 57-14-3069 Email: zkarray@worldbank.org

**Borrower/Client/Recipient**

Borrower: Union Tunisienne de Solidarité Sociale

**Implementing Agency(ies)**

Implementing Agency: Union Tunisienne de Solidarité Sociale

**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**

Task Team Leader(s): Zouhour Karray, Olivier Durand

Practice Manager (ENR/Social) Lia Sieghart Recommended on 01-Jun-2020 at 08:49:20 EDT

Public Disclosure