Appraisal Environmental and Social Review Summary

Appraisal Stage

(ESRS Appraisal Stage)

Date Prepared/Updated: 05/16/2022 | Report No: ESRSA02180

BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Egypt, Arab Republic of	MIDDLE EAST AND NORTH AFRICA	P178926	
Project Name	Emergency Food Security and Resilience Support Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Agriculture and Food	Investment Project Financing	4/25/2022	5/18/2022
Borrower(s)	Implementing Agency(ies)		
Ministry of International Cooperation	Ministry of Supply and Internal Trade		

Proposed Development Objective

The project development objective is to ensure the short-term supply of wheat for uninterrupted access to bread for vulnerable households and to strengthen Egypt's resilience to food crises.

Financing (in USD Million)	Amount
Total Project Cost	500.00

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]

Government's response to Ukraine war through expanding social safety nets is complemented by measures to address supply chains disruptions and to improve domestic wheat storage capacity. Besides responding to the immediate crisis, it is important to focus on agri-food system competitiveness, inclusiveness and sustainability to ensure long term food and nutrition security.

The project would consist of three components providing a balance between short-term response and medium-term resilience to food crises.

Component 1. Emergency Response Measures (US$ 380 million). The objective of this component is to address the shortfall in imports of wheat, to minimize the disruptions in the Bread Subsidy Program. The component will finance the public procurement of up to 700,000 metric tons of imported wheat (the final quantity will depend on the market price at the time of procurement) through a procurement process acceptable to the Bank, to be conducted by the General Authority for Supply Commodities (GASC) of the Ministry of Supply and Internal Trade (MOSIT). This short-term emergency wheat supply, made available through the project, will contribute to replenishing the country's strategic reserves. As part of the financing flexibility outlined in the applicable Bank Guidance for Procurement in Situations of Urgent need of Assistance or Capacity Constraints, up to forty percent of the loan proceeds (i.e., up to US$200 million) can be dedicated to retroactive financing for eligible wheat procured prior to the signing of the Loan Agreement, delivered with the required quantity and quality and used for the intended purposes.

Component 2. Strengthening Preparedness and Response to Shocks (US$ 117.5 million). This component aims to reduce wheat losses, improve domestic cereal production, and strengthen farm-level resilience and preparedness to shocks. This would be achieved by (a) increasing the storage capacity for wheat in modern silos (Sub-component 2.1); and (b) financing the research, development and dissemination of high yielding adapted wheat varieties, piloting climate smart extension services in lagging regions and upscaling the national Agro-Meteorological early warning system (Sub-component 2.2).

Component 3. Project Management and Knowledge Management (US$ 2.5 million). This component will support project management activities and knowledge management activities envisaged under the project. With regards to project management activities, this component will support financial management (including audit), procurement, monitoring and evaluation and ESF compliance (including a citizen engagement mechanism and a strengthened Grievance Redress Mechanism (GRM) for better risk management). Additionally, this component will facilitate dialogue on food security policies and reforms and cross-border collaboration around regional risk management tools for strategic agricultural commodities.

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 imports of wheat, under Component 1, to be procured through the project funds, about 700 thousand tons over the project implementation period, will be shipped to three ports in Egypt: Alexandria, Damietta and Safaga. The storage capacities in Egyptian ports reached 580 thousand tons in the three ports (260 thousand tons in Alexandria ports – 220 thousand tons in Damietta port –100 thousand tons in Safaga Port). Different emptying capacities reached up to 6 thousand tons / hour.

Port of Alexandria (sources: apa.gov.eg, Arab Academy for Science & Technology and Maritime Transport, Alexandria, University of Alexandria: "Marine Pollution in Alexandria Harbor, EGYPT"): Alexandria Maritime Port is the largest port in Egypt with regard to the volume of trade movement, through which about 60% of Egypt's foreign trade is traded. Alexandria is located on the western edge of the Nile between the Mediterranean Sea and Lake Mariout. According to published academic research, the port's sea water is suffering from severe water pollution represented in very high concentrations of heavy metals, absence of dissolved oxygen (DO), high pH levels, high phosphate, nitrate, suspended solids and oil and grease contents with appearance of hydrogen sulphide with a wide range of concentrations. The

seabed is anoxic grey or black mud mixed with sand and covered with sewage residues and garbage of different types and sizes. No benthic life was found in the harbor. The sea water transparency in the harbor is very poor. Air quality within and surrounding the port is very poor due to extremely high traffic volumes involving vessels, heavy trucks serving the port, port machinery, and passenger vehicles. Significant quantities of solid and hazardous wastes are daily generated from the port.

Port Safaga (rspa.gov.eg) is located in the Red Sea Governorate on the western coast of the Red Sea. It is a broad bay (natural gulf) on a distance of 60 km south of Hurgada and on a distance of 225 nm south of Suez port. This broad bay is naturally protected from the east and the north sides by Safaga Island, and protected from the prevailing western winds by mountains. Yet, for a brief interval, it is affected by south winds (El-Azeeb) which causes disturbances and waves inside the port. The port drafts are deep, thus enabling the accommodation of large vessels. Ambient weather conditions indicate that Wind is light in the morning but gains strength during day. Safaga, historically a small merchant port-dependent town, has grown into a major touristic hot-spot on the Red Sea and a world-famous water-sports destination. The Port is located far from residential areas and have a good network of access roads linking the Port to highways therefore air quality in Safaga is not negatively impacted by the port operations.

Damietta Port (dpa.gov.eg) port is located on the Mediterranean Sea, 10 km to the west of the Nile River (Damietta Branch) with a total port area of 11.8 million m2, Water area about 4.3 million m2 and land area about 8 million m2. DPA is the only Green Port in Egypt which is complying with the international regulations and treaties. In the most recent water quality monitoring records conducted in February 2022 by Damietta Port Authority and the Egyptian Environmental Affairs Agency (EEAA), determined that water quality parameters are within national permissible levels. The port hosts an environmental monitoring laboratory, operated by EEAA, which is regularly monitoring the water and air quality parameters which ensure compliance with the national environmental requirements.

Component 2 will finance the new of new construction of 3 silos with a total capacity of 240,000 and expansion, by increasing the storage capacity, of 7 silos with additional capacity of 360,000 to reach an overall increase in storage capacity by 600,000 metric tons. All 10 silos will be in Upper Egypt in the Governorates of: Qena, Assiut, Aswan, Al Wadi Al Jadid, Minya and Giza. The locations of the new silos are preliminary identified at the District ('Markaz') level but the engineering and feasibility studies are yet to be prepared. The new silos will be constructed close to newly agriculture reclaimed desert land whereas the locations of silos which will be expanded are in rural areas close to farm lands where wheat cultivation is common. According to EHCSS, the location of the silos is selected against technical criteria and is predominantly on state owned land. All other interventions under Component 2.1 as well as Component 2.2 will take place near the areas of newly established/expanded silos however no specific locations are currently identified.

Upper Egypt Governorates are among the poor and lagging areas in the country. According to Egypt Human Development Report 2021, the total population of the Governorates where the silos are planned to be constructed is over 15 m citizens more specifically, Qena population is 3,463,061, Assuit 4,802,434, Aswan 1,590,377, Wadi Al Jadid 257,752, Minya 6,023,203 and Giza is 9,200,884. Most of the selected Governorates are predominantly rural Governorates with the most rural prevalence in Qena and Minya (around 81% of total Governorate population) and the least in Giza Governorate (around 39.7%) and agriculture is a core economic activity for the local population. All targeted Governorates are below the national poverty line of 32.5% of the population in 2018. The percentage of the population living below the national poverty line ranges between a lowest of 34.4% of the population in Giza to a highest of 66.7% of the population in Assuit. With the exception of Wadi Al Jadid Governorate, the Illiteracy rate of both male and female in the targeted Governorate is above the national average which was recorded in 2018 to be 12.2% and 30.8 for males and females respectively. Both male and female illiteracy are the highest in Minya Governorate recording 29.5% and 45.4% respectively. There are interlinkages between the rural characteristics, poverty and illiteracy which are very obvious in the statistics of the six selected Governorates.

The PAD explains that component 2.2 will be implemented in the same Governorates where the silos will be constructed allowing for capitalizing the benefits of the established infrastructure for the Governorates local population. It should be also noted the from the six selected Governorates, three are overlapping with Upper Egypt Local Development Program for Results. Several important synergies should be established including with the citizen engagement work that was done under this program.

D. 2. Borrower's Institutional Capacity

There are several agencies and state-owned enterprises (SOEs) which will be involved in implementing the project components as follows:

1) The Ministry of Supply and Internal Trade (MOIST) and more specifically the following affiliate authorities and state -owned companies (SOEs):

- The General Authority for Supply Commodities – GASC: This agency will be responsible for issuing the international bids for the procurement of wheat (component 1).
- The Egyptian Holding Company for Silos and Storage – EHCSS (ehcss.com): This is a State-Owned Enterprise (SOE) which will is responsible for storing the imported as well as locally produced wheat on the inland silos and the establishment / expansion of inland silos (Component 2.1)
- General Company for Silos and Storage-GCSS, affiliate of EHCSS, (https://www.gcss-egypt.com/): This SOE is responsible for receiving the imported wheat and storing it at port silos located in Port of Alexandria, Port of Safaga and Damietta Port.

In order to manage the project risks, the implementing agency, GASC, and the project partners (EHCSS, GCSS and MALR) will carry out environmental and social assessment in order to: (i) ensure that project activities are environmentally sound and sustainable, (ii) inform and influence the design and planned interventions to ensure risk mitigation hierarchy is in place, (iii) determine mitigation measures and monitoring plans proportionate to risks and impacts of the project interventions throughout the project life cycle in a systematic manner. This will be achieved through specific actions and measures.

Meanwhile, the environmental and OHS management capacity of GCSS (responsible for Port Silos) is well-established. An environmental management department and OHS department are present at the different administrative levels starting from the company headquarters down to the port silos level. Well-trained environmental and OHS officers (engineers and technicians) are supervising and ensuring (i) compliance with the national environmental and OHS legal requirements; (ii) compliance with the relevant Port Authority specific environmental regulations; (iii) maintaining and continuously updating environmental and OHS records; and (iv) reporting any environmental or OHS incidents to their respective management levels and the relevant Port Authority departments. Regular environmental monitoring, according to national legal requirements, is being conducted through independent third party, nationally accredited environmental consulting firm.

The OHS management capacity at EHCSS (responsible for inland silos) is adequate while the environmental management capacity needs strengthening. At the silos level, a team of OHS, led by a well-trained officer exist at each silo site. In addition to the OHS officer responsibilities, handling environmental aspects during operation and maintenance is an additional assigned task. At the company headquarter level, environmental management is not within EHCSS organizational structure. However, OHS department do exist and one of its staff is assigned environmental responsibilities. EHCSS fully relies on external environmental consulting firms to prepare environmental studies, develop annual environmental records, and conduct environmental monitoring on 'as needed' basis. It is worth mentioning that EHCSS has implemented projects for construction of silos which were financed by international development agencies such as Danish International Development Agency (DANIDA).

2) The Ministry of Agriculture and Land Reclamation (MALR): The Agricultural Extension Sector (AES) will be implementing activities Component 2.2 .

With regard to the capacity of the mentioned entities in relation to environmental risk management aspects of the ESF, the initial due diligence conducted showed that AES has strong environmental management and climate change technical knowledge. On the social side, despite the absence of social risk management unit or stakeholders engagement unit per se, both ministries (MALR and MOSIT) have strong linkage to the Egyptian citizens and the core mandates of both is to offer service to the segments that are among the poorest and most vulnerable. The project can capitalize on the ministries track record in dealing with poor families entitled to subsidies and different local stakeholders including small scale farmers. For example, MOSIT through EHCSS has an existing system for consultation with different wheat related stakeholders during the harvesting season. MALR through the Agricultural Extension Sector has a well-established system for engaging and consulting with different scale of farmers that is ongoing throughout the year. Those are seen as good entry points for strengthening the stakeholder engagement through the project.

As an interim measure until the PMU is established, MOSIT will designate qualified environmental and social focal points to ensure that commitments in the ESCP are fulfilled in timely manner. The focal points will support management of environmental, social, health and safety (ESHS) risks and impacts of the Project, all with composition, mandate, resources, and terms of reference satisfactory to the World Bank. MOSIT will ensure that each of the relevant Project Partners has ESHS focal points to supervise and ensure implementation of E&S requirements. The PMU will support the Project Partners in preparing specific scope of work necessary for the EHS specialist(s)/consultant(s) to perform the required duties.

The primary responsibility of the environmental and social specialists will be to address the environmental and social risks of the project and support in enhancing the stakeholder engagement. Terms of Reference (ToR) for the specialists will be developed with support from the Bank. Their primary responsibility will be to:

a. Support in developing ToRs for the consultancy firms that will be developing the ESF instruments as per the ESCP
b. Follow up closely in the preparation of the ESF instruments
c. Ensure that the project has a functioning GM system for both labor as per the LMP and citizens.
d. Facilitate the implementation of SEP activities
e. Maintain regular monitoring and reporting including on the ESCP implementation and other project relevant dimensions.

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

A. Environmental and Social Risk Classification (ESRC) — Substantial

Environmental Risk Rating — Substantial

Environmental Risk Rating is Substantial due to the scale and nature of the planned activities. The key environmental, including occupational health and safety, risks and impacts associated with the project activities are related to the handling and storage of wheat in the silos at the wheat-receiving ports of Egypt under Component 1, and during the construction and operation of the new and expanded inland silos under Sub-Component 2.1. Other environmental risks associated with activities under Sub-Component 2.2 and Component 3 are either minor or moderate. Under Component 1, the main expected risks include: organic dust emissions during the offloading, loading and storage of

wheat, air emissions and noise from trucks and port machinery, handling of solid and hazardous wastes (oil filters and empty pesticide containers), handling and storage of pesticides used occasionally for fumigation of wheat, gaseous emissions of residual pesticides after fumigation. Operation and maintenance occupational health and safety risks include falling from heights, fire, explosion, working in confined spaces, electrocution, burns from hot surfaces, handling of hazardous materials and wastes (pesticides), inhalation of fine dust, inhalation of pesticide vapors, extreme weather conditions, entanglement, hitting hard and moving objects. The risk of primary suppliers delivering wheat that originate from areas where significant conversion or significant degradation of natural or critical habitats is low since it is not a common practice for wheat cultivation neither globally. In addition, GASC has a well-developed list of 16 approved wheat production origins and a list of international suppliers whom the majority have their own environmental and social sustainability initiatives or members of international trade association promoting environmental and social sustainability in the trade of agriculture commodities (such as: The Grain and Feed Trade Association – GAFTA). Expected risks under Sub-Component 2.1 during operation phase of the silos are similar to those identified for Component 1. During construction phase, typical construction risks include air, dust and noise emissions from construction equipment, solid, liquid and hazardous wastes, soil pollution, pollution of fresh surface or underground water bodies, disturbance to natural habitats and fragile ecosystems. Construction related OHS risks include working at Height, moving objects, slips, trips, & falls, noise, Hand Arm Vibration Syndrome, Material & Manual Handling, Collapse and extreme weather conditions (e.g. heat strokes due to very hot summer weather conditions in Upper Egypt). The environmental and OHS risks of the planned activities under Sub-Component 2.2 include air emissions from transportation equipment, fuel consumption, road safety risks and basic OHS risks related to the operation and maintenance of the procured equipment. These risks are considered moderate.

Social Risk Rating Substantial

A lot of benefits are anticipated from the project on Egyptian citizens at large, including vulnerable groups of low-income groups and small-scale farmers. The potential adverse social impacts include (i) risk related to land acquisition and restricted access to land both temporarily and permanently. Although According to EHCSS, the location of the silos is selected against technical criteria and is predominantly on state owned land, this risk still applies given the uncertainty about the exact locations of the new silos and the planned expansion; (ii) potential inappropriate labor and working conditions in construction and agriculture sector both in the country (for components 1.2, 2.2 and 3) and for the primary supplier (Component 1); (iii) risk of elite capture, exploitation and unequal access to project benefits for vulnerable groups (for components 1.2, 2.2 and 3); (iv) potential reputational risk related to exclusion, risk of lack of transparent sharing of information and unresolved complaints.

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 Project is expected to have positive direct and indirect impacts, including improved food security for vulnerable households, job opportunities and business development for farmers. The project will contribute to reducing wheat losses and enhancing food security in the country under challenging global conditions that are likely to affect the security of wheat supply. Wheat is an essential component in the nutrition system of Egyptian citizens and is specifically an essential food item for the poor and the families targeted with the subsidized ration. The supplied

wheat through component 1 will feed into the different mills all over the country and will serve different types of bakeries including those selling subsidized bread. Component 2.1 will contribute to enhancing the grains storage capacity which will in turn contribute to reduction in losses and a continuation for the availability of wheat; the silos construction will offer temporary local level job to middle and low skills individuals. Component 2.2 and the technical support under Component 3 come to complement the infrastructure construction under Component 2.1. They are anticipated to have positive impacts on the poor and vulnerable groups by enhancing the farmers capacities through strengthened access to knowledge and machinery. This will help the small-scale farmers located in the Governorates of Upper Egypt to have improved access to information which will in turn contribute to climate-smart production practices, higher yields, and improved income.

The project activities are associated with environmental, occupation and health and safety risks and impacts as preliminary identified

For component 1, all imported wheat will be stored in silos located in three main Egyptian Ports: Alexandria, Damietta and Safaga. Port silos are located within the jurisdiction of the respective port authority, each of which has its port-wide environmental requirements, medical aid and firefighting systems. Meanwhile, the responsible entity for receiving and storage of the imported wheat (GCSS, affiliate of EHCSS) also has its own environmental and OHS management systems following the national environmental requirements, labor laws and Civil Protection Authority as well any other regulations imposed by the relevant Port Authority regulations. In all participating ports, Environmental compliance action plans were prepared for Port Silos which have been constructed before issuance of Law 4/1994 for Protection of the Environment. Whereas Environmental Impact Assessments were prepared for silos which have been constructed after 1994. In addition, environmental registers, including monitoring records, are maintained and regularly updated. The environmental register, which is prepared by a nationally accredited environmental consulting firm, includes documentation of the environmental performance of the silos during operation and maintenance, hazardous waste log, as well as results of regular monitoring (every 3 months) of main environmental parameters (organic dust, PM10, noise and illumination). As for occupational health and safety management follows the national requirements of the Labor Law 12/2003 and the requirements of the Civil Protection Authority.

An ex-post environmental and social review for the retroactive financed wheat will be conducted to ensure that no major material non-compliance with the ESF exists. For the wheat which will be imported as part of Component 1, and environmental and social audit of the port silos which will be used in receiving and storing the imported wheat will be conducted against the ESF requirements. Terms of Reference will be prepared by the borrower and cleared by the Bank prior to carrying out such reviews which should include time-bound gap filling actions, if needed. The ESCP determines the timeline and responsibilities to carry out these reviews.

Similarly, all inland silos should receive an environmental approval and Civil Protection Authority permit as part of the license to operate the silos. Also, environmental registers and environmental monitoring are regularly updated using third party accredited consulting firms.

While environmental management and OHS measures are implemented in the Port silos, an environmental and social audit for the Port silos which will receive and store the imported wheat (Alexandria, Damietta and Safaga) will be conducted to identify gaps between the exiting environmental, OHS management plans and implemented actions following the national legal requirements versus the ESF requirements and WBG EHS Guidelines. The E&S audit will outline a specific time-bound actions which will ensure the alignment of the Port silos with the project relevant ESSs. The timeframe and assigned responsibility for conducting the audit and implementing the gap-filling meausre are clearly outline in the Environmental and Social Commitment Plan (ESCP).

The construction of silos (Component 2.1) involves civil works associated with the construction of new silos in three locations and capacity increase to seven existing silos all located in Upper Egypt Governorates. Associated infrastructure (access roads, electricity and water) works are anticipated specially to serve the new silos. Typical risks to encounter for the construction of infrastructure, most importantly those related to potential temporary inconvenience (noise, dust, traffic …etc.), risk on construction workers particularly the vulnerable workers, risk on community health and safety, and risks of accidental damages to private properties, assets and potential implications on livelihoods. Those risks are particularly relevant in the areas where the silos are built near inhibited areas. The locations (Governorates/Markazes) of the ten silos are preliminarily identified on the district (Markaz) level. However, the technical feasibility and engineering studies are not yet prepared. In order to manage the potential risks and impacts of this subcomponent (2.1), the implementing agency will prepare site-specific ESIA (including waste management plan, OHS plan following the Environmental, Health and Safety Guidelines for Annual Crop Production, SEA/SH plan) for each newly constructed inland silo. The ESIA will be consulted upon, World Bank reviewed, cleared, and nationally and World Bank disclosed. The ESIA will be part of the construction tender documents and will be initiated in a timely manner to influence the feasibility and engineering studies.

For the expansion of inland silos to increase their storage capacities, site-specific ESMP (including hazardous and non-hazardous waste management plan, OHS plan, SEA/SH plan) for each inland silo or group of nearby silos having similar baseline characteristics. The ESMPs will be part of the construction tender documents and will be initiated in a timely manner to influence the feasibility and engineering studies.

Any activities or facilities which may be determined as associated facilities to the project, according to ESS1 definition, will be covered by the E&S instruments which will determine these facilities following the ESF definitions and address their risks and impacts.

With regard to the operation of the silos under component 2.2 and although delivering wheat to the silos is open to a range of farmers, associations and companies, there is a risk that small-scale farmers could be excluded from the benefits of the constructed silos by their inability to market/sell their produced wheat due to different reasons that may include but are not limited to, unfulfilled standards, unclear information sharing. Risk of unequal opportunities, increased complaints and potential exploitation could be also relevant in the operation stage.

The awareness, training and demonstration activities under sub-component 2.2 are not expected to result in investments which may result in negative environmental impacts. Yet, it is recommended to include environmental awareness as part of the planned awareness raising programs.

To mitigate potential risks under Sub-Component 2.2, classroom and practical training training for the intended users on OHS requirements and ensuring maintaining the procured equipment in good working condition need to be in place with assigned responsibility and adequate resources. This requirement will be included in the training design.

In addition, simplified ESMP including basic OHS plan will be prepared and implemented to manage the potential moderate risks associated with the installation of EWS.

The risk of elite capture (e.g. large scale farmers, companies and agriculture association) to the benefits of the planned interventions, the risk of exclusion of the small scale farmers and the risk of undressed complaints in relation to different project components are the key social risks anticipated so far. is also relevant. A Social assessment and social management plan including SEA/SH Plan for Component 2.2 and the technical support part under Component 3 will be prepared and completed 2 months after effectiveness.

ESS10 Stakeholder Engagement and Information Disclosure

MOIST prepared a preliminary SEP given the emergency nature of the project. The Preliminary SEP identified the project affected parties, other interested parties and vulnerable groups. Those include: 1) Project affected groups most importantly include residence of Egypt, agriculture workers and farmers, population and farms close to the construction sites of the silos, residence near silos or/and on the route of transportation to silos, contactors and workers. The direct beneficiaries of the project are the Egyptian citizens who will be positively affected as a result of addressing the critical need of securing wheat imports , enhancing the storage capacity and introducing critical activities related to agriculture sector that will in turn improve resilience to the climate change. Citizens who are eligible for the subsidized bread are among the expected positively affected groups. Farmers and other actors in the supply chain will benefit from the different activities under component 2.2 including the extension services, improved seeds, and the enhancing warning sensing. 2) The other interested stakeholders include the large number of ministries' relevant department, research institute and financing agencies are considered among the other interested parties due to the role they play in relation to the project activities. Those are included and are not limited to MOSIT, GASC, EHCSS, MALR, ARC, FAO…etc. 3) The project vulnerable groups were identified in the preliminary SEP. They primarily include small-scale farmers who are at risk of exclusion from the benefits of component 2.1 and 2.2 and female farmers and/or small-scale agriculture female workers who could be exposed to exploitation to benefit from the project risks, persons with disabilities and illiterate persons. Finally, informal construction workers under contractors and subcontractors are at risk of accepting working conditions that are not appropriate.

As part of the project preparation and per the ESF requirements, initial stakeholders' identification and consultation was conducted during the preparation phase of the project as follows:

EHCSS has launched a series of stakeholder consultations focusing on the quality and the storage of expected wheat production prior to the harvest season, April 15- July 15 of 2022. The stakeholder consultations were collective meetings; as well as in-field visits. ECSS has a database of all stakeholders that is being updated each harvest seasons and the unit uses WhatsApp on (a group for each category of stakeholders) to communicate regularly through a designated number, 01279671142 and 01279671143. Noting that the standards for the quality of wheat are predetermined by a ministerial decree from the Ministry of Supply and Internal Trade issued on a yearly basis.

In person meetings and field visits took place in November 2021, February and March 2022. Key stakeholders consulted included agriculture cooperatives, wheat producers including farmers and companies and traders.

As part of the project preparation, MALR in collaboration with World bank conducted an expert consultation held on March 28, 2022. The consultation was focused to seek expert feedback on three key areas: (1) agri-food sector policies and performance (2) prioritizing climate smart technologies for specific value chains in the agri-food sector and (3) policies and policy scenarios on scaling up climate technologies in the agri-food sector.

Regular stakeholder engagement will be conducted where various stakeholders will be engaged and consulted throughout the implementation of the project activities in accordance with ESS10 provisions. Active efforts will be made to seek stakeholders' feedback and to use appropriate communication modalities particularly in light of the high illiteracy rates. 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 different modalities that should be appropriate to each of the groups of stakeholders.

The preliminary SEP conducted a rapid assessment for the existing GMs that the project can utilize and capitalize on. The SEP will be regularly revisited and updated to ensure the identification and engagement of all relevant stakeholders throughout project cycles. Systems includes the national unified electronic complaints portal which can be reached through the following:

- Egypt's Portal website, https://www.shakwa.eg/GCP/Default.aspx

- Hotline 16528
- At "Your Service" app on Google Play.
- WhatsApp numbers: 01555516528 and 01555525444 to receive messages, complaints and citizens.
- Citizen service departments and offices in all government agencies and authorities

Examined GMs included also the localized systems at the implementing partners level, namely GASC's complaint and feedback mechanism is hosted on their website, http://www.gasc.gov.eg/ and EHCSS which has a marketing and customer service unit that is responsible for engaging all stakeholders for the local production of wheat including agriculture cooperatives, large-scale agriculture producers, and wheat trading companies.
As per the ESCP, the preliminary SEP will be updated after two months from project effectiveness. Moreover. SEA/SH plans will be developed to address the identified risks on the vulnerable groups.

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

The project activities will involve direct workers who are government staff managing and implementing the project, contracted workers, who are engaged in wheat offloading at the ports and in the construction of silos, and primary supply workers, who will be involved in the supply of wheat and. Key potential labor risks could include the use of child labor and forced labor, sexual exploitation and sexual harassment, discrimination, road safety, occupational health and safety issues. To manage these potential risks, a labor management procedure will be developed for the project in line with relevant laws of Egypt and ESS2. The LMP will be developed within two months of project effectiveness. The expected groups of workers under this project are direct workers, contracted workers, and primary suppliers. Civil servant from the different relevant departments will be also part of the implementation of this project. Related labor requirements for contractors, including primary suppliers, would be included in the bidding documents and contracts. The project will establish a separate GM mechanism for project workers and describe it fully in the LMP. In addition OHS management plans, following the World Bank Environmental Health and Safety Guidelines (EHSG) for crop production, for the operation and maintenance of Port silos will be prepared as part of the E&S instruments as specified under ESS1.

ESS3 Resource Efficiency and Pollution Prevention and Management

The project activities will result in air emissions (gaseous pesticide residuals, emissions from back-up generators), organic dust, noise, solid, liquid and hazardous wastes and use of pesticides. In addition, Component 1 and subcomponent 2.2 will entail purchase and application of pesticides which is nationally controlled. No pesticides are allowed in the market except those approved by Ministry of Agriculture and Land Reclamation, Ministry of Health and Ministry of Environment.
EHCSS and GCSS will be required to ensure proper handling, storage and application of pesticides in the silos in compliance with the WBG EHSGs, by preparing a Pest Management Plan for each silo site (receiving ports and inland)

that will be World Bank reviewed, cleared, and nationally and World Bank disclosed in accordance with the ESCP requirements. All prepared instruments will provide specific monitoring requirements for all environmental parameters especially if there are any nearby sensitive receptors. The current monitoring programs which are carried out by the Port silos provide good practice that need to be followed by the inland silos. The project is not expected to consume significant quantities of water or energy resources. Monitoring the water and electricity consumption during the operation and maintenance of the silos will provide good records to study any possible resource efficiency measures by comparing the consumptions of the different silos.

ESS4 Community Health and Safety

The risks on community health and safety are mainly associated with the operation of the wheat storage silos which may be located nearby residential or commercial areas. The main community health and safety risks include air emissions from silos containing fine organic dust, gaseous emissions containing residual pesticides, risk of fire or grain dust explosion, noise from silo filters and wheat transportation trucks in addition to road safety risks due to increased volume of motorized traffic including large and medium sized trucks delivering and receiving wheat to the silos. Mitigation measures and monitoring plans will be developed as part of the environmental and social assessment which will take place after project effectiveness. The E&S instruments will assess the the road safety risks and will propose specific measures to mitigate these risks.

In order to ensure that the imported and local wheat meet food safety standards, several lab tests and analysis are conducted. The port silos and inland silos have onsite laboratories and qualified lab technicians who checks the purity (including presence of fungus diseases and toxins, residual pesticides following fumigation) of the delieved wheat before and during storage of wheat and following fumigation. GASC and EHCSS have very strict measures and standard that need to be met in order to accept any delivered wheat. Additional requirement for imported wheat includes checking radiation levels which if found higher than the determined level, the wheat is rejected.

As appropriate, the universal access principle will be applied to component 2.2. The activities supported under this component should be accessible for farmers with disabilities (and illiterate persons), such as accessible venues and the content of training. At the moment and in light of the known information, the sexual harassment exploitation and sexual abuse (SEA/SH) risk of the project is assessed through the screening tool as law. However, given the sensitivity of the project, the poverty context and the different power dynamics, SEA/SH plans is expected to be prepared for relevant components as part of the ESF instruments.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

This ESS relevance needs to be further investigated as the project progresses and when the design of Component 2.1 becomes clearer. Based on the information available, construction of three silos and expansion of seven existing silos will be supported by component 2.1. The locations of the new silos are only preliminary identified (Governorate/Markaz) and several of the expansions for the seven silos will take place within the existing boundaries/fences. The Bank was informed that privately owned land was never expropriated in the past for the construction of the silos and eminent domain provisions do not recognize silos as public interest project. The common practice is to use vacant state-owned land for the silos' construction. While silos' locations can be of proximity to agriculture land, they are rarely established in inhabited residential areas. More details on the application of ESS5 (legacy issues, land audits, retroactive audit and the need for preparing resettlement plans, livelihoods restoration plan, etc.) will be determined once the final locations are finalized. If relevant, each

Resettlement plan will be prepared once the technical feasibility and engineering studies are completed . Each ESS5 relevant instrument will be prepared and consulted by the Borrower, reviewed by the Bank and disclosed both in the country and at the Bank website prior to activity starts.

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This ESS relevance needs to be further investigated as the project progresses since the origin of the wheat is not known yet. Wheat cultivation is not known commonly known to be associated with risks of significant conversion or significant degradation of natural or critical habitats. Moreover, GASC has a well-developed list of 16 approved wheat production origins, mostly from USA, Canada, EU, Australia in addition to Russia and Ukraine (prior to the current crisis Ukraine) through international suppliers whom the majority have declared, on their websites, commitment to environmental and social sustainability The ESCP includes commitment to check and confirm if the wheat to be purchased originate from areas where there is a risk of significant conversion or significant degradation of natural or critical habitats.

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

There are no indigenous people within the locations identified for the project.

ESS8 Cultural Heritage

The project will finance newly constructed silos in Upper Egypt Governorates which are famous for significant presence of monuments and physical cultural resources. The construction of silos will involve earth movement. .Chance Find Procurers will be developed as part of the ESIAs and ESMPs

ESS9 Financial Intermediaries

No FIs are involved in implementing the project.

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 will not apply

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient

Borrower: Ministry of International Cooperation

Implementing Agency(ies)

Implementing Agency: Ministry of Supply and Internal Trade

V. FOR MORE INFORMATION CONTACT

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VI. APPROVAL

Task Team Leader(s):	Artavazd Hakobyan, Hanane Ahmed
Practice Manager (ENR/Social)	Pia Peeters Cleared on 03-May-2022 at 10:04:43 GMT-04:00
Safeguards Advisor ESSA	Gael Gregoire (SAESSA) Concurred on 16-May-2022 at 08:34:12 GMT-04:00