



Note to Task Teams: The following sections are system generated and can only be edited online in the Portal. *Please delete this note when finalizing the document.*

Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 20-Jul-2023 | Report No: PIDA36414

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

Country Tunisia	Project ID P181339	Project Name Additional Financing to Tunisia Emergency Food Security Response Project	Parent Project ID (if any) P179010
Parent Project Name Tunisia Emergency Food Security Response Project	Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date 21-Jun-2023	Estimated Board Date 17-Jul-2023
Practice Area (Lead) Agriculture and Food	Financing Instrument Investment Project Financing	Borrower(s) Ministry of Economy	Implementing Agency Office des Céréales

Proposed Development Objective(s) Parent

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

Components

Emergency support to farmers
Emergency purchase of wheat for food security
Improving resilience to food security shocks and project management

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	11.16
Total Financing	11.16
of which IBRD/IDA	0.00
Financing Gap	0.00

DETAILS**Non-World Bank Group Financing**

Trust Funds	11.16
-------------	-------



Trust Funds

11.16

Environmental and Social Risk Classification

Substantial

Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Tunisia is facing simultaneous political, constitutional, and economic crises together with the need to fundamentally change its economic model.** The country entered a critical political juncture in July 2021, when President Saied introduced measures such as the partial suspension of the 2014 Constitution and the dissolution of the parliament. A new Constitution was adopted by referendum in July 2022 with a 94 percent approval rating and a voter turnout of 30 percent and established a presidential system of government with two legislative chambers. Parliamentary elections took place between December 2022 and January 2023 with a turnout of around 11 percent each. In February 2023, the process for setting up the National Council of Regions and Districts (the second legislative chamber) was initiated together with the reorganization of local governments, the amendment of the electoral law for local governments, and the dissolution of the municipal councils elected in 2018. At the same time, Tunisia is facing a serious economic and macro-fiscal crisis. Post-revolution policies prioritized social peace by increasing public expenditure, particularly through public employment and cash transfers, without adopting measures to support the expansion of the market economy, which generated structural vulnerabilities. Furthermore, the government’s capacity to implement public policies and reforms has been eroded, and parts of the population are still largely excluded, especially women and young people who are more vulnerable and disproportionately disadvantaged in the labor market.

Sectoral and Institutional Context

2. **The availability of grain in Tunisia is critically low as 2023 is another drought year.** Tunisia is again facing difficulties in securing grain purchases from the international market given the fragile economic situation (rising public debt and serious deterioration of credit worthiness). Due to four consecutive years of drought that have led to extreme water scarcity, soft wheat and barley crops are not going to yield anything this year and durum harvest is expected to barely supply a short quantity of seeds for the next cropping season. As a result, the unmet financial resources to cover domestic grain consumption are in the range of US\$120 million per month starting in June 2023.
3. **Calendar year 2022 was a difficult year for the Government of Tunisia (GoT) to secure grain purchases, which**



was for the first time partly financed by the donors' community. In 2022, following the spike in grain prices on the international market due to the war in Ukraine, the grain import bill increased by around US\$250 million. The GoT had no other option but to request emergency donor assistance to secure short term grain imports. The World Bank was first to support the GoT through the parent project, followed by EBRD, AfDB and EIB whose contributions to purchase grain reached US\$288 million.

4. **Despite actions taken by GoT to achieve self-sufficiency in durum wheat, the fourth consecutive drought year is now dramatically affecting domestic production in 2023:** GoT had put in place an action plan to achieve self-sufficiency in durum wheat starting from 2023 through (i) an increase of durum wheat cropping area to 800,000 hectares, (ii) the provision of 40,000 MT of certified seeds to farmers (through the parent project) in addition to other inputs (fertilizers, etc.), and (iii) strengthened extension services for farmers. Drawing from this action plan, the OC prepared a 2023 import program based on a domestic production assumption of 1.05 million metric tons (MT) of grain (of which 0.945 million MT for durum wheat). This program considers full reliance on local production for durum wheat consumption from June to December 2023, after which imports would meet domestic consumption needs. However, an exceptionally dry year - which is also the fourth consecutive drought year, leading to water resources in large dams being almost fully depleted – is leading to a disastrous grain harvest season. The harvest is expected to decrease from 0.75 million MT last year to 0.25 million MT this year, a quantity that will barely cover seed production needs. Filling the wheat seed gap for the next cropping season (2023-2024) will also require increased seed import quantities compared to initial plans.
5. **The GoT is not able to pay the extra bill for grain imports of US\$840 million from June until December 2023, to compensate for decreased domestic production.** Durum wheat has been identified as the most critical issue since GoT had planned for a good harvest. In 2022, the OC imported 0.522 million MT of durum wheat to complement a domestic crop of 0.677 million MT, hence covering national consumption which is 1.2 million MT. For 2023, the OC has already imported 0.442 million MT of durum wheat to cover demand from January to mid-May, and it will need to import an additional 0.758 million MT from mid-May to end-December 2023 given that no domestic production is expected to be secured for consumption. This leaves the OC with a budget gap of approximately US\$840 million, out of which US\$400 million for durum wheat purchase.

C. Proposed Development Objective(s)

Original PDO

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

Current PDO

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



Key Results

- 8. A Quantity of approximately 25,000 metric tons of durum wheat will be procured and delivered through the Project to ensure continued access to traditional bread and other cereal products affordable for poor and vulnerable households.

D. Project Description

- 9. The Project is financed by a grant from USAID worth US\$11.16 million as an additional financing to the Tunisia Emergency Food Security Response Project, the parent Project (P179010) of US\$130 million IBRD loan. It consists of the procurement of an approximate quantity of 25,000 MT of durum wheat to ensure continued access to traditional bread and other cereal products affordable for poor and vulnerable households. This financial contribution from USAID is taking advantage of the processes and procedures (FM, procurement, ESF, etc.) put in place under the Parent Project to ensure fast delivery of wheat from global markets at the best price for Tunisia.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

E. Implementation

Institutional and Implementation Arrangements

- 10. **The Project will be implemented by the OC.** Under components 2 of the Parent Project, the OC will be responsible for grain purchases using the same institutional and implementation arrangements of the Parent Project (P179010).

CONTACT POINT

World Bank

Christian Berger
Senior Agriculture Economist



Borrower/Client/Recipient

Ministry of Economy
Hager Chalouati
Director of the multilateral cooperation at the Ministry of
heger.Chalouati@mdici.gov.tn

Implementing Agencies

Office des Céréales
Béchir Kthiri
General Director
Bechir.Kthiri@oc.com.tn

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>

APPROVAL

Task Team Leader(s):	Christian Berger
----------------------	------------------

Approved By

Practice Manager/Manager:		
Country Director:	Alexandre Arrobbio	20-Jul-2023