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# Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

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Concept Stage | Date Prepared/Updated: 22-Aug-2017 | Report No: PIDISDSC22594



**BASIC INFORMATION**

**A. Basic Project Data**

Country Tunisia	Project ID P162957	Parent Project ID (if any)	Project Name Tunisia Sanitation PPP Support Project (P162957)
Region MIDDLE EAST AND NORTH AFRICA	Estimated Appraisal Date Dec 14, 2017	Estimated Board Date Mar 29, 2018	Practice Area (Lead) Water
Financing Instrument Investment Project Financing	Borrower(s) Office National de l'Assainissement (ONAS)	Implementing Agency Office National de l'Assainissement (ONAS)	

**Proposed Development Objective(s)**

The proposed objectives of the Project are to: (i) provide improved sanitation services under the PPP contracts; and (ii) strengthen ONAS’s capacity to manage PPP contracts in delivery of sanitation services.

**Financing (in USD Million)**

Financing Source	Amount
International Bank for Reconstruction and Development	130.00
<b>Total Project Cost</b>	<b>130.00</b>

Environmental Assessment Category B-Partial Assessment	Concept Review Decision Track II-The review did authorize the preparation to continue
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Other Decision (as needed)

**B. Introduction and Context**

Country Context

**In the last decade, Tunisia has positioned itself as one of the fastest growing countries in the Middle East and North Africa (MENA) Region, but social and political turmoil in recent years have led to an economic slowdown.** Tunisia is a middle-income country of 11.4 million people with an average gross domestic product



(GDP) per capita of US\$3,689 in 2016<sup>1</sup>, and after almost stagnating under 2 percent over 2015-2016, GDP growth was estimated to pick up again in July 2017 reaching 2.3 percent.<sup>2</sup> In addition, even if the country has experienced a considerable reduction in monetary poverty, from 25.4 to 15.2 percent between 2000 and 2015, structural widespread social and economic disparities as well as youth unemployment remain to be tackled. While unemployment is high in Tunisia at 15.4 percent, it is indeed substantially higher for university graduates (31.2 percent) and the youth (31.8 percent), as well as for women (22.5 percent), and strikes and street protests have continued and intensified into 2017, notably in the poorer interior regions plagued by high unemployment.

**After advancing its political transition with the holding of free and democratic elections in 2014, the Government of Tunisia (GoT) is focusing on important areas of reform to strengthen the legitimacy and credibility of newly elected officials and newly created public institutions, as well as to improve the business environment.** The uncertain security, political, and policy environment in place since the 2011 revolution have undoubtedly affected Tunisia's capacity to sustain a business environment conducive to investment, but recent developments such as the establishment of the National Anti-Corruption Unit (INLCC), as well as the 2015 Law on Public-Private Partnerships (PPP) and the 2017 Law on Tax Incentives,<sup>3</sup> indicate that the Tunisian authorities are committed to enhancing governance and improving the competitiveness of the national economy. In addition, as also emphasized in its recent Development Plan for 2016-2020 (Tunisia 2020), the increased recourse to PPPs in infrastructure is seen by the GoT as a means of boosting investments in innovative and high value-added sectors and ultimately of reducing unemployment as well as regional disparities.

#### Sectoral and Institutional Context

**Over the past decades, Tunisia has made substantial progress in improving its population's access to water supply and sanitation (WSS) services, which now stands at 94 and 93 percent, respectively.**<sup>4</sup> Despite this progress, about 800,000 people are still using unimproved sanitation services (shared facilities, unimproved latrines or practicing open defecation), and, while most of the population without access to sewage collection and treatment services lives in the country's rural areas, the wastewater generated by more than 2 million Tunisians in urban areas is still left untreated. Nonetheless, the sixth Sustainable Development Goal (SDG) binding countries to guaranteeing universal access to WSS services to their population should be achievable in Tunisia, given the already high access rates, but this will require, for sanitation, targeted efforts to maintain and expand the adequate management of fecal sludge and wastewater across the full chain of sanitation services, as well as to improve the sustainability of service delivery.

**Currently providing wastewater collection and treatment services to nearly 60 percent of the population (or more than 90 percent of the population living in urban areas or *milieu communal*), the National Sanitation Office (ONAS) has been facing increasing challenges related to sanitation service delivery.** With

<sup>1</sup> <http://data.worldbank.org/country/tunisia>.

<sup>2</sup> IMF Country Report No. 17/203, Tunisia, First Review under the Extended Fund Facility, Request for Waivers of Nonobservance Criteria and Rephasing of Access, July 2017.

<sup>3</sup> "Loi n° 2015-49 du 27 novembre 2015, relative aux contrats de partenariat public privé" and "Loi n° 2017-8 du 14 février 2017, portant refonte du dispositif des avantages fiscaux".

<sup>4</sup> WHO and UNICEF, 2017. Progress on Drinking Water, Sanitation and Hygiene: 2017 Update and SDG Baselines.



aging, often overburdened and inefficient infrastructure, only 66 percent of its operating costs covered by user fees<sup>5</sup> and almost 100 percent of capital investments financed by the State, ONAS has been under pressure to find new ways to renew its assets and continue to meet environmental standards. These constraints, as well as the anticipated deficit in terms of human resources over the next few years – more than 3,000 staff would be required to replace retiring employees and to support the commissioning of new works, resulting in an unsustainable burden in terms of training costs and wages for the utility – and the strong demand for expansion to areas currently not served by ONAS, point to increased private sector participation to quickly mobilize qualified personnel and help improve service delivery.

**Since 1997, ONAS has gained significant experience in subcontracting the operation and maintenance (O&M) of sewerage systems to the private sector, but this model has showed significant limitations in terms of efficiency.** Over the last 10 years, ONAS has been relying on private contractors for the O&M of 14 percent of its wastewater treatment plants (WWTPs), 18 percent of its pumping stations, as well as 17 percent of its networks, including rehabilitation and expansion, with the use of 5-year contracts. Nevertheless, the short contract duration, the segmentation of tasks related to operation or rehabilitation of assets, as opposed to the management of an entire sanitation system, as well as the insufficient use of performance targets, both in terms of the quality of the works carried out and the level of compliance with environmental and treatment objectives, did not provide the private operators with the means necessary to seek real efficiency gains.

**To address these drawbacks and to instill a dynamic of modernization in the country's WSS sector, the GoT instructed ONAS to develop PPPs through regional public service delegation contracts,** and in September 2014, the International Finance Corporation (IFC) was appointed to supervise transaction advisors for the development of the first *concession* in the WSS sector.<sup>6</sup> As a result of this multi-year engagement on private sector participation with ONAS, and support from the Minister of Local Affairs and the Environment, the Tunisian Council of Ministers approved in August 2016 a 10-year performance-based transaction structure which would allow private operators to manage entire sanitation systems in selected regions of Tunisia. To allow the contract model to be tested progressively and on a sufficiently large scale, before being adapted to other areas, it was decided to initially tender the delegation of the O&M of sewerage infrastructure under two separate lots, namely Northern Tunis and the Southeast Region. This “pilot” PPP is part of a longer-term plan to delegate to the private sector the O&M of 50 percent of the sanitation infrastructure, and these two initial lots would be the first of 8 identified lots. In addition, for these first two lots under performance-based contracts, the private operators would not have investment obligations, and would only be responsible for the O&M of sanitation systems, as well as the execution of publicly-funded rehabilitation and maintenance works.

**The country's financial sector continues to be relatively fragile and lacks liquidity, limiting access to finance for public and private operators.** The banking sector in Tunisia is characterized by a high level of fragmentation and competition with 24 banks currently operating as universal banks and providing similar

<sup>5</sup> Data from 2016 ([www.onas.nat.tu](http://www.onas.nat.tu)).

<sup>6</sup> “Concession” is here defined as the delegation by a contracting authority to a third party the total or partial management of public services for which that authority would normally be responsible and for which the third party assumes all or part of the risk.



services. Financial sector reforms have progressed, but remain incomplete, and perceived high risks, due to the lack of an appropriate and effective legal framework, and corroborated by high and rising non-performing loans, have contributed to credit rationing.<sup>7</sup> In addition, an assessment conducted by the WSP in June 2016 on the feasibility of mobilizing commercial finance for the WSS sector found that, although Tunisian banks see investments in the sector as potentially attractive, they have had little lending experience in the sector, apart from the provision of very short term credit facilities to ONAS, to the public water utility (SONEDE) and their sub-contractors, and most are not familiar with the diversity of its financing needs. It is therefore unlikely that local commercial banks would be able to provide long-term financing adequate to cater to the water and sanitation infrastructure needs.

#### Relationship to CPF

**The Project is aligned with the new Country Partnership Framework (CPF) for FY16-FY21 (Report No. 104123-TN) discussed by World Bank Executive Directors on April 19, 2016.** It contributes to CPF Pillar I “Restoring an Environment Conducive to Sustainable Economic Growth and Private Sector-Led Job creation” and Pillar II “Reducing Regional Disparities”, with a focus on: (a) improving the supporting environment for private sector investments by bringing technical assistance to ONAS in the development and management of PPPs; and (b) contributing to the creation of economic opportunities through private sector participation in the sanitation sector in two regions of the country, including the Southeast region where unemployment rates are some of the highest in the country.<sup>8</sup> As also emphasized in the GoT’s Tunisia 2020 Plan, PPPs can be at the heart of growth and job creation by establishing strong systems of publicly-funded but privately-provided employment services.<sup>9</sup> It is in fact estimated that, as a result of this PPP being put in place, approximately 1,400 full-time jobs could be created,<sup>10</sup> with just over 60 percent of these in the Southeast governorates. The benefits associated with the expected enhanced compliance of WWTPs with environmental standards could also have an indirect longer-term impact on employment in the tourism and fisheries sectors, and potentially represent between 6,000 to 8,000 jobs.

On top of the advisory services brought to ONAS by the IFC,<sup>11</sup> the Project will also build on: (a) the Public Private Infrastructure Advisory Facility (PPIAF)-financed PPP development program<sup>12</sup> which assisted ONAS in developing the capacity to communicate on PPPs with internal and external audiences, such as unions and the civil society, as well as in preparing and reorganizing itself to deal with the challenges of implementing and supervising PPPs; (b) the Water and Sanitation Program (WSP)-financed Poverty WASH Diagnostic which aimed at assessing the extent to which income and regional disparities affect equal opportunities in access to

<sup>7</sup> IMF Country Report No. 16/47, February 2016. Selected Issues paper on Tunisia.

<sup>8</sup> According to the 2014 Population Census, unemployment rates in Tataouine (27 percent) and Gabès (19 percent) were considerably higher than the national average of 15 percent.

<sup>9</sup> World Bank, June 2015. Tunisia Systematic Country Diagnostic (P151647).

<sup>10</sup> Approximately 550 jobs would be created at the onset of the contracts, with the potential of reaching 700 jobs at the end of the contract horizon of 10 years, and another 700 jobs could be created in related services (laboratories, equipment maintenance, civil works, etc.).

<sup>11</sup> In October 2013, the Technical Assistance Facility of the Arab Financing Facility for Infrastructure (AFFI-TAF) approved a US\$900,000 grant to recruit a consortium of consulting firms to develop the due diligence associated with the proposed concession, draft the bidding documents and contracts, and accompany ONAS throughout the bidding process until contract signing. Following an international tender process led by the Islamic Development Bank (in charge of the administration of AFFI) and in close coordination with the World Bank Group, a consortium was contracted by AFFI in March 2014. The IFC is supervising this consortium as part of its advisory mandate.

<sup>12</sup> Support to ONAS to Develop a Sewerage PPP Program, Phase I (TF015156) and Phase II (TF019170), both closed.



and quality of WSS services; (c) the ongoing Northern Tunis Wastewater Project which finances sanitation infrastructure and supports ONAS in strengthening commercial management; and (d) the ongoing Water Partnership Program (WPP)-financed “Tunisia Wastewater Reuse Strategy” technical assistance grant which supports the GoT in broadening the scope of reuse, seen as an important element of its transition towards a green economy and as a potential opportunity for private investment.

**The Project will contribute to the World Bank’s goals of reducing poverty and promoting shared prosperity, by contributing to the provision of improved sanitation services.** Around 350,000 people are expected to benefit from the Project, of which 12 percent are estimated to be poor. In the Greater Tunis and Southeast regions of Tunisia where the Project will intervene, poverty levels in the stood at 5.3 percent and 18.6 percent, respectively, in 2015. In addition, the Project will contribute to fostering inclusion and shared prosperity in Tunisia’s lagging regions through private sector participation in inclusive and accountable sanitation service delivery, particularly in the Southeast Region, and is therefore aligned with the World Bank MENA strategy centered on promoting peace and stability in the region.

**The Project is in line with the guiding principles of sustainable infrastructure finance through the “Cascade Approach” by deploying concessional, public resources and exploring the use of risk mitigation instruments from the World Bank Group to attract qualified private operators for this first sanitation PPP.** As confirmed by initial market soundings performed as part of IFC’s advisory services, the lack of PPP experience in the Tunisian WSS sector and the need to build service credibility, point to an initial continued reliance on public financing for infrastructure upgrades, with a PPP focused on O&M, and the potential need for a payment guarantee covering ONAS’s obligations. In this context of ongoing reforms, mobilizing commercial financing is not seen as immediately viable as part of this Project, particularly as the perceived high risks associated with a first PPP transaction could raise the cost of commercial capital beyond that which can be afforded by ONAS with its current commercial and financial performance and low tariff levels. It is also unlikely that private operators would accept investment obligations as part of this PPP, and that commercial banks would be able to finance private investment obligations on a limited recourse basis, given the lack of a track record of potential private operators in Tunisia. Providing concessional, public resources for this first PPP therefore appears to be the best option. Nevertheless, the design of the Project is “cascade-enabling” and creates the space for: (i) improvements in the sector-level environment for infrastructure investment and delivery, particularly ONAS’s operational performance, (ii) the future deployment of PPP arrangements in the sector, and (iii) a progressive increase in the reliance on commercial finance to support the development of WSS services in Tunisia. In addition, the Bank Team has been closely coordinating with the European Bank for Reconstruction and Development (EBRD) who has shown interest in providing both a parallel technical assistance grant that would support ONAS throughout the initial years of the PPP contract, and part of the Investment Fund the proposed project is planning on setting up. The type of institutional support that can be brought as part of the Project to ensure adequate management of the PPPs and increased mobilization of commercial finance will be confirmed during preparation.

### **C. Proposed Development Objective(s)**

The proposed objectives of the Project are to: (i) provide improved sanitation services under the PPP contracts; and (ii) strengthen ONAS’s capacity to manage PPP contracts in delivery of sanitation services.



Key Results (From PCN)

The PDO will be measured against the following indicators: (a) people in urban areas provided with access to ‘improved sanitation facilities’ under the Project (number) [core], including ‘of which female’ breakdown; (b) number of service-related complaints under the concession contracts; (c) compliance with effluent quality standards of WWTPs under the concession contracts; (d) mobilization of at least five PPP competencies within ONAS’s concession unit; and (e) development of a PPP strategy for scaling up to other 6 regions.

Intermediate indicators could include “PPP concession contract in place” and “Formation of core PPP supervision team within the first year of the contract”, as well as relevant performance indicators included in the concession contracts.

The Project is expected to reach an estimated 350,000 direct beneficiaries (of which almost 50 percent are women and girls), including 185,000 in the governorates of Tunis and Ariana, and 165,000 in the governorates of Sfax, Gabès, Médenine and Tataouine, who will gain access to improved sanitation services through the proposed PPPs.

**D. Concept Description**

As described above, ONAS faces severe capacity constraints to significantly and rapidly expand service coverage and quality. In that context, the World Bank Group (IBRD and IFC) agreed with the GoT to pilot a comparative, performance-based private contract approach in which two private companies would be benchmarked against ONAS-managed expansion and service provision, as well as against each other. This would allow to demonstrate the option of ONAS developing largely as a manager of private sector implementation, as an alternative to ONAS expanding as a public sector service provider, with the longer-term objectives of helping ONAS:

- Comply with national effluent standards through contractual incentive mechanisms (performance);
- Curb the increase in operating costs through long-term efficiency gains brought by private operators;
- Improve asset management program by setting up an infrastructure upgrade program and annual “Major Maintenance and Renewal” programs;
- Fill the current and future gap in personnel by partnering up with international private operators capable of quickly mobilizing and training qualified personnel;
- Transfer certain responsibilities to private operators on a performance basis, and contribute to the development of a dynamic domestic private sector.

In addition, in order to assess ONAS’s institutional readiness to progressively transition into this potential new role of manager of private sector implementation, the World Bank mobilized the now closed “Support to ONAS to Develop a Sewerage PPP Program” PPIAF grant, and assisted ONAS in: (i) identifying the required competencies to ensure that it is properly organized, tooled and resourced to deal with the substantial challenges of implementing and supervising the progressive delegation of O&M for a portion of its infrastructure to the private sector; and (ii) communicating in a proactive, professional and open manner about PPPs and its expected benefits, fostering maximum buy-out by both internal and external stakeholders, such as unions and the civil society.





With these elements in place, and to support this performance-based private contract approach, as well as the above-mentioned longer-term objectives, the Project will comprise the following components:

a. Component 1 – Sanitation Infrastructure Investment Fund. Through an Investment Fund (*Fonds de Travaux*) set up under the Project, the Bank will finance works to be executed by the private operators and by ONAS, over the contract duration. Payments related to the O&M of pumping stations, WWTPs and networks, as well as the installation of new household connections to the network by the private operators will not be financed by the Project, but rather by the sewerage tariff, and these quarterly payments will be made per the performance-based terms described in the contract.

i. *Works to be executed by the private operators* include: (1) initial rehabilitation and upgrade of existing pumping stations and wastewater treatment plants (WWTPs); (2) complementary works to ensure that some of these assets meet the national effluent standards, particularly nutrients, or are in line with performance standards related to bacteriological pollution and odors; (3) instrumentation, control and automation works, as well as health and safety works; and (4) pumping station and WWTP maintenance and renewal works. The execution and payment mechanisms associated with these works are described in Table 2;

Table 2. Description of works to be executed by the private operators through the Investment Fund

Works	Execution	Payment mechanism
(1) Initial rehabilitation and upgrade of existing pumping stations and WWTPs	Private operator, over the first year of the contract	Payments made on basis of works progress. Corresponding technical specifications and budget are included in the operator’s bid
(2) Complementary works (nitrogen and phosphorus removal, disinfection, sludge and odor treatment)	Private operator, over the contract duration	Payments made on basis of works progress. Corresponding technical specifications and budget are included in the operator’s bid
(3) Instrumentation, control and automation, as well as health and safety works	Private operator, over the contract duration, with the exception of flowmeters which need to be installed by the end of the first month of the contract	Payments made on basis of works progress. Corresponding technical specifications and budget are included in the operator’s bid
(4) Major maintenance and renewal of pumping stations and WWTPs (GER)	Private operator, over the contract duration, starting the second year	Annual allocation paid in equal amounts every trimester. Corresponding technical specifications and budget are included in the operator’s bid

During the procurement process, interested bidders will develop the technical specifications and associated budget for (1), (2) and (3), as well as define and estimate the budget needed





over the duration of the contract for the planned maintenance and renewal works program under (4). These specifications and programs will constitute part of the bidders' technical and financial proposals and will be annexed to the selected operators' contracts. For the maintenance and renewal works, if new priorities were to emerge or if the estimated timetable would need to be modified, ONAS and the operators would jointly adapt the planned program without modifying the financial conditions.

ii. *Works to be executed by ONAS* include civil works and network maintenance and renewal over the contract duration, and according to a program developed and adapted annually in cooperation with the private operators. ONAS will launch the procurement process for these works and private operators will be required to participate in bid evaluation as well as to communicate any major reservation that they may have on the executed works.

b. Component 2 – Institutional Strengthening and Project Management. Under this component, the Bank will finance capacity building activities to strengthen ONAS's capacity to manage, monitor and develop PPP contracts in delivery of sanitation services, largely relying on the findings from PPIAF-funded activities, as well as on potential complementary expertise and financing from the EBRD. This would include, *inter alia*:

- Carrying out study tours, exchange visits, twinning arrangements and on-the-job training to help bring about the shift from a traditional project implementation role, to one of monitoring contractors' performance, negotiating technical, financial and relational aspects and reporting on the progress of the PPPs. To develop future transactions, external expertise could also be brought in to develop feasibility studies, environmental and social impact assessments, to structure new projects, prepare bidding documents, and bring support during the bidding process, including the evaluation of bids and negotiations with the private sector;
- Recruiting a Technical Auditor to assess and report on the private operators' progress. This will not only support ONAS in strengthening its ability to manage these contracts, but also, mitigate the risk of a conflict of interest when attempting to benchmark ONAS's performance in implementing sewerage infrastructure projects in other regions with that of the selected private operators in the selected regions. This is common practice in other countries that have undertaken similar water and wastewater PPPs;
- Carrying out studies to prepare the other PPP lots, as well as to explore options for the potential institutionalization of the Investment Fund mechanism as a financing structure for sanitation that can enable blended financing arrangements;
- Carrying out studies to explore future financing opportunities for ONAS by engaging with commercial banks and identifying where the Bank can help address some of the existing bottlenecks to their increased participation in sanitation service financing.

c. Component 3 – Payment Guarantee. To mitigate the risk associated with the non-payment of the O&M part of the remuneration to the private operators, discussions with ONAS and GoT are ongoing on the need to introduce a risk management mechanism in the concession contracts. As



bidders will pay particular attention to potential delays related to payments for sanitation services, the attractiveness of the concession contracts as well as the risk premium that bidders will integrate into their financial proposals will strongly depend on their confidence in the capacity of ONAS to honor the quarterly payments for O&M as well as for the establishment of new connections. Two options are currently being discussed, namely an IBRD Payment Guarantee, and the creation of an escrow account backed by a sovereign guarantee:

- *IBRD Payment Guarantee.* Upon the receipt of an official request from the GoT, the Bank Team could initiate the preparation of an IBRD payment guarantee. This payment guarantee would be drawn upon non-payment by ONAS of undisputed invoices as part of the concession contracts. At this stage, this guarantee could cover regular payments as well as termination payments, and a direct payment guarantee, or a payment guarantee backed by a letter of credit from a commercial bank, could be considered. The IBRD payment guarantee will be backed by an Indemnity Agreement to be entered into with the GoT, whereby the GoT will indemnify the IBRD in the event the latter makes payments under the guarantee;
- *Escrow account and sovereign guarantee.* An escrow account would permanently hold the amount necessary to pay the O&M and new connection portions of the operator's remuneration for the next two quarters. Upon receipt of the quarterly invoices from the private operators, ONAS would have 30 days to verify them and proceed with the payments from the escrow account. From the date of payment of the quarterly invoice to the private operators, ONAS would then have 30 days to replenish the account.

## SAFEGUARDS

### A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

NOTE: THE WB POLICY APPLIED TO THIS PROJECT IS OP/BP4.03 (WB PERFORMANCE STANDARDS FOR PRIVATE SECTOR ACTIVITIES), IN LIEU OF WB SAFEGUARD POLICIES. ENVIRONMENTAL ASSESSMENT CATEGORY FOR THIS PROJECT IS B. DISCLOSURE IS DONE MANUALLY IN ACCORDANCE WITH WB OPCS "OFFLINE" PROCESSING FOR PROJECTS THAT APPLY OP/BP4.03.

OP/BP4.01 HAS BEEN TRIGGERED IN THE PORTAL ONLY AS A PROXY TO OP/BP4.03 DUE TO UNAVAILABILITY OF OP/BP4.03 TRIGGER BUTTON IN THE PORTAL. NO OTHER SAFEGUARD POLICIES SHOULD BE TRIGGERED IN THE PORTAL AS THEY DO NOT APPLY. THIS IS DONE TO ENABLE KEY PORTAL FEATURES NEEDED FOR PROJECT PROCESSING AND IMPLEMENTATION.

IF THE ISDS FORM CONTAINING THIS TEXT IS SUBMITTED FOR REVIEW AND CLEARANCE AND/ OR DISCLOSED, PLEASE DISREGARD IT AS AN INCORRECT VERSION.

### B. Borrower's Institutional Capacity for Safeguard Policies

N/A



C. Environmental and Social Safeguards Specialists on the Team

Antoine V. Lema, Social Safeguards Specialist
Markus Friedrich Vorpahl, Social Safeguards Specialist
Ekaterina Grigoryeva, Environmental Safeguards Specialist

D. Policies that might apply

Table with 3 columns: Safeguard Policies, Triggered?, and Explanation (Optional). Rows include Environmental Assessment OP/BP 4.01 (Yes), Natural Habitats OP/BP 4.04 (No), Forests OP/BP 4.36 (No), Pest Management OP 4.09 (No), and Physical Cultural Resources OP/BP 4.11 (No).



		OF WB SAFEGUARD POLICIES.
Indigenous Peoples OP/BP 4.10	No	DOES NOT APPLY. WB POLICY APPLIED TO THIS PROJECT IS OP/BP4.03 (WB PERFORMANCE STANDARDS FOR PRIVATE SECTOR ACTIVITIES), IN LIEU OF WB SAFEGUARD POLICIES.
Involuntary Resettlement OP/BP 4.12	No	DOES NOT APPLY. WB POLICY APPLIED TO THIS PROJECT IS OP/BP4.03 (WB PERFORMANCE STANDARDS FOR PRIVATE SECTOR ACTIVITIES), IN LIEU OF WB SAFEGUARD POLICIES.
Safety of Dams OP/BP 4.37	No	DOES NOT APPLY. WB POLICY APPLIED TO THIS PROJECT IS OP/BP4.03 (WB PERFORMANCE STANDARDS FOR PRIVATE SECTOR ACTIVITIES), IN LIEU OF WB SAFEGUARD POLICIES.
Projects on International Waterways OP/BP 7.50	TBD	Potential impacts on international waterways will be further evaluated during project preparation. The risk of such impacts is currently assessed as low.
Projects in Disputed Areas OP/BP 7.60	No	Project activities are not expected to be located in disputed areas.

**E. Safeguard Preparation Plan**

Tentative target date for preparing the Appraisal Stage PID/ISDS

Nov 01, 2017

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

In line with OP/BP4.03 applied to this project, no appraisal ISDS will be prepared. Instead, in line with OP/BP4.03, an Environmental and Social Review Summary (ESRS) will be prepared by the Bank to summarize the outcomes of Bank due diligence and describe the Environmental and Social Management System (ESMS) that will be put in place and maintained during project implementation by the main client / implementing agency (ONAS) and all other key stakeholders including (i) selected private sector concessionaires/ bidders; (ii) entities responsible for managing direct interface of the wastewater treatment plants (WWTPs) and pumping stations to be managed under the concession and with the rest of the network; (iii) any existing or planned structures/entities that will be involved in fund management under the World Bank project; (iv) relevant ministries and government agencies (e.g. those responsible for granting of relevant permits), and labor unions.

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**APPROVAL**

Task Team Leader(s):	Jean-Martin Brault, Patrice Claude Charles Caporossi
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**Approved By**

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