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SUMMARY

Context and Objectives

An Environmental and Social Systems Assessment (ESSA) has been prepared for the World Bank's Urban Development and Local Governance Program (UDLGP) to be financed under a Program for Results operation (PforR). The ESSA examines environmental and social management systems that are applicable to the program in order to assess their compliance with the Bank’s Operational Policy OP 9.00 that applies to PforR financing. It aims to ensure that the program’s environmental and social risks will be managed adequately and that it complies with the basic principles of sustainable development. Paragraph 8 of OP 9.00 describes the core principles of environmental and social management that must be met in the ESSA. These core principles are as follows:

Environmental Management Systems

- Promote environmental and social sustainability in the program design, avoid, minimize or mitigate against adverse impacts, and promote informed decision making relating to a program’s environmental and social effects.
- Avoid, minimize or mitigate adverse impacts resulting on natural habitats and physical and cultural resources resulting from the program.
- Protect public safety and the safety of workers against the potential risks associated with: (i) construction and/or operation of facilities or other business practices in the program, (ii) exposure to toxic chemicals, hazardous wastes and other dangerous goods under the program; (iii) reconstruction or rehabilitation of infrastructure in areas prone to natural hazards.

Social Management Systems

- Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving or at the minimum restoring, their livelihoods and living standards.
- Give due consideration to the cultural appropriateness of, and equitable access to, program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups.
- Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

The ESSA evaluates the compatibility of the program’s systems with the core principles on two basic levels: (i) the systems as defined by laws, regulations, procedures, etc. (the "system as defined"); and (ii) the institutional capacity of implementation entities under the program to effectively implement the system (the "system as it is applied in practice"). It identifies and analyzes the differences between the national systems and the core principles that apply to the program on the two levels indicated above.

ESSA Approach

The preparation of the ESSA and the development of measures to strengthen the environmental and social management system has benefited from various inputs, information and an extensive consultation process, including:

- Field visits: the review was based on site visits of about 10 municipalities to establish the status and level of environmental and social safeguard systems at the municipal
level and also on interviews with technical staff in relevant institutions in the government and with development partners.

- **Review:** the review focused on legislation and current environmental and social regulations, relevant environmental and social reports (e.g.: the CPSCL’s Environmental Management Framework and Land Acquisition Policy Framework), and on separate specific reports on the implementation of former World Bank municipal development projects and those currently in progress.

- **Initial consultation meetings:** to develop a better understanding of procedures, standards and approach for this project, meetings took place with the technical staff in municipalities, regional councils and other government departments and agencies, including the ANPE, the Ministry of Equipment, Planning and Sustainable Development, ARRU, ONAS, and the ANGeDE.

- **Validation workshop:** a consultation workshop took place on April 16, 2014, with government technical staff (at national, regional and municipal levels) and development partners. The draft ESSA report was circulated prior to the meeting. Observations from the workshop have been incorporated into the ESSA report and a complete list of participants and a summary of their comments is included in Annex 3 to the ESSA (Stakeholder Consultation Workshop).

- **Document disclosure:** the Final draft of the ESSA report will be disclosed publicly through the World Bank’s Infoshop and through local advertising in the press; public comments will be solicited during a period defined and reserved for comments.

### Institutions, roles, responsibilities and coordination

To ensure proper implementation of the UDLGP, an institutional arrangement will be established and will include the following structures:

- **Caisse de Prêts et de Soutien des Collectivités Locales (CPSCL)** as the implementation agency of the program;
- Municipalities and Regional Councils as delegate contractors for sub-projects funded through the program;
- Training and Decentralization Support Center (CFAD) as a support agency for project structure implementation.

The CPSCL, under the Ministry of Interior, will be responsible for transfers of unconditional and conditional grants to municipalities and also for loans made to municipalities to cover expenditures planned in the annual investment plans. It will also be responsible for preparing the program’s financial reports drawing if necessary, on financial reports from municipalities and other agencies involved in the Program.

Municipalities will ensure the implementation of investment sub-projects financed under the Program. They will be the contracting party and therefore responsible for the implementation and operation of sub-projects in compliance with Program requirements. As planned, the CFAD will be responsible for delivering training programs for municipalities and other partners in the Program.

Other main institutions involved in the Program include:

- The National Agency for Environmental Protection (ANPE), which will support the CPSCL and municipalities in assessing and monitoring the implementation of ESMPs and ensure that construction companies are in compliance with the conditions of environmental management while carrying out the work;
The National Office of Sanitation (ONAS), which will assist municipalities in reviewing and approving sanitation sub-projects, and for monitoring and approving works. It will be responsible for works executed and approved and will ensure their maintenance and servicing;

The Agency for Rehabilitation and Urban Renovation (ARRU), which can intervene in managing works executed in disadvantaged and under-equipped areas under an agreement established with each of municipalities involved;

The Ministry of Public Works and Housing, which can provide services to municipalities who will submit requests as stipulated in the Organic Law.

Main Components and Program Activities

The World Bank will support the implementation of the Tunisian government’s next Five Year Municipal Investment Program through the UDLGP-PforR, by providing:

i) support to the implementation of the reform of the subsidy system for community investments and institutional development of local communities;

ii) financing of municipal investments through unconditional grants and CPSCL loans;

iii) improved access to basic services in targeted disadvantaged neighborhoods through conditional subsidies.

Although UDLGP funds will be allocated on the basis of priorities identified by local communities, works that could be financed will be determined from a list of eligible services provided by municipalities. Municipal works authorized under the program include: i) small or medium scale civil works such as construction, rehabilitation and upgrading of roads and paving; ii) street lighting; iii) extension/connectivity to the public sewerage network; iv) storm water drainage; v) collection of solid waste, vi) maintenance of parks and recreational facilities; vii) municipal markets; and viii) other environmental improvements.

It is important to note that some types of municipal works will be excluded from the PforR, particularly those whose environmental and social impacts are irreversible and widespread. These are mainly projects under Category A of the World Bank’s Environmental Assessment Policy, such as sewage treatment facilities, new slaughterhouses1, landfills and waste transfer centers. Will also be excluded from the PforR:

i) activities that could significantly transform natural habitats or significantly alter biodiversity areas and/or potentially important cultural resources; and

ii) activities that require relocating residential households or commercial activities and/or involuntary acquisition of large tracts of land.

Program Environmental and Social Risks

Main environmental risks

Overall, all of the negative impacts likely to be generated by the program are limited in time and in space. They are easily controllable and manageable provided that adequate measures are taken during the design, implementation and operation phases of sub-projects.

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1 The upgrading of existing slaughterhouses can be funded under the PforR inasmuch as it is not specifically excluded by the selection criteria (see Check-list in Technical Manual).
Considering all of the above, the environmental risks associated with the program are generally of a low to moderate scope, reversible and easily controllable with respect to:

i) the environmental objective of the program (to facilitate access to basic infrastructure and improve the living conditions of citizens);

ii) the limited geographical impact of the proposed works;

iii) the nature of the works and activities that should not generate significant pollution or degradation of the environment; and

iv) recommended measures to mitigate and monitor impacts, which are known, manageable and effective, either during construction or during implementation.

Public information and participation are guaranteed to some extent by the Organic Law which requires the City Council to inform the public and also gives citizens the right to attend/participate in meetings and Council deliberations. However, the system as applied does not include specific mechanisms to inform or conduct public consultations, manage potential conflicts and thus ensure that impacts are mitigated to acceptable levels.

Activities under the program should not have negative impacts on natural habitats and cultural resources. Natural areas located within the perimeters of urban development are generally somewhat degraded and not particularly sensitive to small-scale municipal works. Of the seven World Heritage Sites in Tunisia identified by UNESCO, only three sites are located in urban areas: Kairouan (1988), Medina of Sousse (1988), and Medina of Tunis (1979).

Moreover, activities planned under the program should not raise particular risks in terms of public safety and workers safety. Public and workers safety protection measures against potential risks associated with the construction and operation of small municipal works will comply with national and international regulations.

**Main Social Risks**

In general, the most significant social impacts that are likely to be observed in the context of municipal interventions are related to land acquisition. Sub-projects implemented by municipalities must comply with the applicable expropriation laws. Property rights are a fundamental right defined and guaranteed by the Tunisian Constitution and the Code of Real Rights which states: "No one may be forced to sell his property, except in cases provided by law (expropriation for public utility), subject to equitable compensation" (Article 20). Expropriation is applied by the State for reasons of public utility, and in special cases (Law n° 2003-26).

Legislation on expropriation for public utility does not include explicit provisions for the loss of income and livelihoods, restricted access to material goods and to natural resources (economic resettlement). Some of these aspects, however, are governed by other laws that guarantee the right of access, the use of water and natural resources, but not in the context of land acquisition (Water code, Forest code, etc.).

Negative social impacts associated with land acquisition under the program will be limited in time and space due to the relatively small surface areas right-of-ways required for different sub-projects. It is unlikely that the involuntary resettlement of residential households and businesses will be necessary. Social risks associated with land acquisition by expropriation are relatively small and unlikely. The majority of sub-projects will be located on communal or State public lands.
Regarding indigenous communities, the Berber language speaking minority is a small community living mainly in isolated pockets in the south of Tunisia. The Government considers that the Berbers have been integrated into the Arab-Muslim culture and do not constitute a localized autonomous minority of specific character. For this reason, it is difficult to find reliable statistics to assess the situation of this ethnic minority. However, the Berbers do not appear to have been victims of widespread discrimination or to have developed an opposition to the government, as in other North African countries. Given that the scope of the UDLGP is limited to urban rather than rural municipalities where issues related to the presence of groups recognized as ethnic minorities may arise, this social issue is not applicable to the program.

Moreover, the nature of the proposed activities at the municipal level does not suggest that specific vulnerable groups could be harmed under the program. The UDLGP design, and in particular its local governance component, aims to promote the integration of vulnerable groups such as women and youth in the national program of decentralized development through participatory mechanisms and social accountability at the municipal level. It should also be kept in mind that the secondary beneficiaries of the program will be the residents of disadvantaged and under-equipped neighborhoods in targeted municipalities under the Tunisian government’s next five year Municipal Investment Program.

Even if the country is in a post-revolutionary period, Tunisia is not considered as a fragile state, or a post-conflict zone, or an area subjected to territorial disputes. Therefore, this social issue is not really applicable to the program.

**Environmental and Social Systems Assessment**

**Environmental management system**

Assessment procedures and environmental monitoring used by the CPSCL need to be updated and completed to fill the gaps in the evaluation of previous municipal development projects and to comply with national EIA regulations. The main areas for improvement that will need to be incorporated into the Program’s Operational Manual (POM) that will be made available to municipalities are summarized below:

- Review selection method for sub-projects based on the new project categories defined by the 2005 EIA Decree (remove impact notifications and add more environmental specifications in addition to EIA requirements);
- Mitigation, compensation and conflict management;
- Clearly defined procedures for information and public consultation;
- TORs: update EIA contents by adding the EMP and the detailed analysis of social impacts in EIA and mitigation measures;
- Contents of monitoring reports;
- Operation and maintenance of facilities (municipal capabilities, subcontracting contracts).

It should be noted that the ANPE intends to initiate a second review of the EIA decree to introduce the above-mentioned improvements. A meeting held in March 2014 with representatives of the ANPE as part of preparation of the ESSA confirmed the interest of the Government in proceeding with such a reform following completion of the ongoing Environment Code review process.
Social Management System

The Land Acquisition Policy Framework that was developed in September 2013 by the CPSCL to regulate activities related to land activities in projects under its responsibility should be revised to better suit the needs of municipalities under the Program. Contrary to World Bank requirements on the matter, this Policy Framework does not define specific procedures applicable to affected people “who have no formal right or valid and recognized title on the land they occupy”. This category of people should normally benefit from assistance measures ensuring them of an improved situation or at least equivalent situation to the one prevailing prior to their involuntary resettlement. This scenario might apply in some cases, particularly in disadvantaged neighborhoods targeted by the Program. This weakness in the social management system applied to municipal projects will have to be corrected in the Environmental and Social Manual before the launch of the Program.

The Program’s governance structure at the local level is based on municipalities, regional councils, regional services and local government departments and agencies involved in the program, NGOs and local civil society. The process of identifying sub-projects and Program activities should be participatory and interactive and consider the needs and priorities of the local population. With the adoption of the new Constitution and the strong mobilization of civil society after 2011, people have gradually become convinced of the importance of their role in decision-making. The emergence of new associations and NGOs in municipalities is not yet reflected by strong citizen participation, but it is expected that citizens will contribute more actively in municipal planning under the Program.

The UDLGP aims to support this process by: i) improving the living conditions of municipal residents; ii) establishing participatory processes in municipalities that allow people to be involved in identifying needs and in the development, implementation and monitoring of program activities; and iii) establishing effective grievance redress mechanisms to handle complaints at municipal and national levels. The Program provides for capacity building of municipalities in this field, particularly with regard to information and consultation of beneficiaries at various stages of the preparation and implementation of sub-projects and on how to process, receive and address public grievances.

Elements to Incorporate into the Program Action Plan

Although the environmental and social impacts of activities under the UDLGP are ranked from low to moderate, the Program provides an opportunity to strengthen both the weaknesses in the procedures mentioned above to identify and mitigate these effects, but also to strengthen the entire system in three areas: (i) strengthening of environmental and social management, (ii) ensuring implementation of good environmental and social management; and (iii) monitoring of environmental and social management. To fill the gaps identified in the ESSA, the UDLGP will support specific measures to enhance Tunisia’s environmental and social management system performance. These measures will be implemented through two main areas, namely the revision of the Environmental and Social Manual and capacity building.

These measures have been consolidated into the ESSA Action Plan that guides the overall formulation of the Program. Implementation by municipalities of environmental and social procedures contained in the Program’s Operational Manual will be one of the performance criteria in the Program Assessment System that will be implemented for the UDLGP. The implementation of some of these measures will be enhanced by their integration into the overall Program Action Plan, with the agreement of the Government of Tunisia, and/or legally incorporated into the financing agreement of the program.
These actions are grouped into three areas: i) actions to strengthen the environmental and social management; ii) actions to strengthen the implementation and monitoring of the system; and iii) capacity building actions in environmental and social management.

**Strengthening of environmental and social management system**

Recommended actions under this theme are summarized below:

- Environmental and Social Manual revised before launching of the Program.
- Revision of the EIA Decree.
- Municipal staff assigned to environmental and social management.
- Establishment of a municipal complaint resolution mechanism.
- Consultation and public disclosure of environmental and social documents.
- Creating a national system of environmental and social monitoring.

**Strengthening of implementation and monitoring of the environmental and social management system**

Recommended actions under this theme are summarized below:

- Application by municipalities of environmental and social procedures documented in the Environmental and Social Manual.
- Prior approval of the environmental and social review form.
- Public disclosure of the ESMP.
- Supervision of works by municipal technical staff in charge of environmental and social management.
- Implementation by municipalities of involuntary resettlement procedures documented in the Environmental and Social Manual.
- Monitoring of complaints and issues related to land acquisition.
- Implementation by municipalities of mitigation and compensation measures.
- Reporting of environmental and social issues by municipalities.
- Assessment of mitigation and compensation measures.

**Strengthening of environmental and social management capacities**

Recommended actions under this theme are summarized below:

- Integration of environmental and social management into the Program capacity building plan.
- Integration of involuntary resettlement into the Program capacity building plan.
- Training in environmental and social management for technical staff and elected officials.
- Training expanded to financial aspects of environmental and social management.
- Training on involuntary resettlement extended to matters related to livelihoods and vulnerable groups.
- Updating the training program for municipalities on environmental and social management.
- Integration of new requirements for information and public consultation in the training program for municipalities on environmental and social management.
**Acronyms**

AFD: French Development Agency – *Agence Française de Développement*

AFH: National Housing Agency – *Agence Foncière de l’Habitation*

ANBEIC: *Association Nationale des Bureaux d’Études et des Ingénieurs Conseils*

ANGeD: National Waste Management Agency – *Agence Nationale de Gestion des Déchets*

ANME: *Agence Nationale de la Maîtrise de l’Énergie*

ANPE: National Environmental Protection Agency

APAL: *Agence de Protection et d’Aménagement du Littoral*

ARRU: Agency for Rehabilitation and Urban Renovation

ATPNE: *Association Tunisienne pour la Protection de la Nature et de l’Environnement*

ATU: *Aménagement du Territoire et Urbanisme*

BEI: European Investment Bank – *Banque Européenne d’Investissement*

CATU: Code of Planning and Urban Development

CC: Contract document / Contract specifications

CDM: Clean Development Mechanism (Kyoto)

CFAD: Training and Decentralization Support Center – *Centre de Formation et d’Appui à la Décentralisation*

CGEAC: General Environmental Conditions for Construction Activities

CL: *Collectivités Locales* – Local Governments

CNDD: *Commission Nationale de Développement Durable*

COSEM: Monitoring and Markets Survey Committee

CPSCL: *Caisse des Prêts et de Soutien aux Collectivités Locales*

CRC: *Commission de Reconnaissance et de Conciliation*

DGCPL: *Direction Générale des Collectivités Publiques Locales*

DGEQV: *Direction Générale de l’Environnement et de la Qualité de la Vie*

DGDD: *Direction Générale du Développement Durable*

DCIP: *Direction de la Coopération Internationale et du Partenariat*

DPC: *Domaine Public Communal*

DPE: *Domaine Public de l’État*

DPH: *Domaine Public Hydraulique*

DPM: *Domaine Public Maritime*

DPR: *Domaine Public Routier*

DT: Tunisian Dinars

EMP: Environmental Management Plan

EIA: Environmental Impact Assessment

ESMF: Environmental and Social Management Framework

EMP: Environmental Management Plan

ESMP: Environmental and Social Management Plan

ESSA: Environmental and Social Systems Assessment

EPNA: *Établissement Public à Caractère Non Administratif* - Non administrative Public Institution

FNEBTP: *Fédération Nationale des Entrepreneurs de Bâtiment et des Travaux Publics*

FNVT: *Fédération Nationale des Villes Tunisiennes*

GACD: General Administrative Clauses Document
GCT: Groupe Chimique Tunisien
GDA: Groupe de Développement Agricole
GDP: Gross Domestic Product
GG: Greenhouse gases
GIC: Groupement d’Intérêt Communautaire
GIZ: German Development Agency
GMG: Groupement de Maintenance et de Gestion (zones industrielles)
HICOP: Haute Instance de la Commande Publique
HIMO: Haute Intensité de Main d’œuvre
IBRD: International Bank of Reconstruction and Development
ICETT: International Centre for Environmental Technologies of Tunis
MA: Ministry of Agriculture
MDEAF: Ministry of State Domains and Properties Affairs
MDG: Millennium Development Goals
MDP II: Municipal Development Project II
MDP III: Municipal Development Project III
ME: Ministry of the Environment
MENA: Middle East and North Africa
MF: Ministry of Finance
MI: Ministry of Interior
MPIC: Ministry of Planning and International Cooperation
MEPSD: Ministry of Equipment, Planning and Sustainable Development
MPH: Ministry of Public Health
MPWH: Ministry of Public Works and Housing
MM: Meeting Minutes
MTR: Ministry of Transport
NAPE: National Action Plan for the Environment
NGO: Non-Governmental Organization
ONAS: National Sanitation Agency
OSC: Organisation de la Société Civile
OTEDD: Observatoire Tunisien de l’Environnement et du Développement Durable
PA: Protected Area
PAF: National Environmental Action Plan
PAG: Development and Management Plan
PAU: Urban Development Plan
PCAT: Land Acquisition Framework
PCGD: Municipal Waste Management Plan
PforR: Program for Results
PIC: Municipal Investment Plan
PND: National Slum Removal Program
PNRQP: National Program for Poor Neighborhoods Rehabilitation
PPP: Public–Private Partnership
PTM: Program Technical Manual
RANDET: Réseau Associatif pour la Nature et le Développement en Tunisie
RC: Regional Council
SDATN: Schéma Directeur d’Aménagement du Territoire Tunisien
SEA: Strategic Environmental Assessment
SME: Small and Medium Enterprises
SPC: Specific Technical Clauses
SNAT: Schéma National de l’Aménagement du Territoire
SONEDE: National Water Supply and Distribution Agency
STEP: Sewage Treatment Station
TOR: Terms of reference
UDLGP: Urban Development and Local Governance Program
UICN: International Union for Conservation of Nature
UNDP: United Nations of Development Program
UNEP: United Nations Environment Program
UN: United Nations Organization
USD: United States Dollars
UTICA: Union Tunisienne de l’Industrie, du Commerce et de l’Artisanat
I. Introduction

1.1 Context and Program Objectives

Development of the Urban Development and Local Governance Program (UDLGP-PforR) on the basis of a "Program for Results" financing model has occurred under the new political, economic and social context of Tunisia after the January 2011 revolution. In a country where about 70% of the 11 million citizens live in cities or urban districts\(^2\), municipalities are ideal places to demand better governance, even if their attributions are very limited in terms of decision-making powers, management capacity and service delivery. The current context of governance in municipalities can be characterized as follows:

- High expectations on matters related to citizen engagement and local governance;
- Urgent needs related to stimulating municipal investments and improving the quality of municipal services;
- Focus on reducing regional disparities in access to basic services;\(^3\)
- Need to regain control over the management of urban lands following a pattern of uncontrolled sprawling developments observed after the revolution.

The Constitution adopted in January 2014 includes clear commitments towards decentralization, local governance and empowerment of local authorities. Future orientations will focus increasingly on the participatory planning role of municipalities by:

- placing the city at the center of the decision-making process, transferred from central to local government, thus strengthening local accountability allocated to municipalities and making them more accountable and responsible vis-à-vis the citizen; and
- supporting the long-term agenda of decentralization while achieving short and medium term tangible progress by placing the city at the heart of the implementation of municipal investments and providing outreach services to Tunisian citizens.

This is the context in which the UDLGP-PforR aims to achieve the following objectives:

i) Support institutional capacities of local communities to enable them to provide local services; and

ii) Improve access to basic municipal infrastructure, particularly in disadvantaged neighborhoods.

The "Program for Results" financing model was identified as the most appropriate to support the implementation of the Tunisian Government five-year Municipal Investment Program. Indeed, it should allow for:

- improved efficiency of government expenditures made in support of municipal investments;
- use of national systems and procedures;
- promotion of a results-based orientation;
- targeting of a leveraging system through the Program's Action Plan, results indicators and disbursements indicators related to performance in order to maximize the Program’s impact (funding from the World Bank only represents a total of 40% of the

\(^2\) The average urbanization rate is estimated to be 52% globally.

\(^3\) The three biggest cities (Tunis, Sfax and Sousse) are concentrated along the country’s coast line and represent 56% of the population, 85% of the GNP and 92% of the country’s industries.
funds invested);

- taking advantage of lessons learned from previous phases of the Program in promoting an approach more focused on implementation support rather than compliance.

1.2 Environmental and Social Systems Assessment: Aims and Approach

The Environmental and Social Systems Assessment (ESSA) has been prepared by the World Bank with the support and collaboration of the Borrower in the context of preparation of the World Bank’s UDLGP-PforR operation.

The ESSA examines the program’s systems for environmental and social management to assess their compliance with the provisions of Operational Policy OP 9.00 in order to manage program risks and promote sustainable development. Paragraph 8 of OP 9.00 describes the core principles that must be respected in the ESSA. These core principles are:

Environmental Management Systems

- Promote environmental and social sustainability in the program design, avoid, minimize or mitigate against adverse impacts, and promote informed decision making relating to a program’s environmental and social effects.
- Avoid, minimize or mitigate adverse impacts resulting on natural habitats and physical and cultural resources resulting from the program.
- Protect public safety and the safety of workers against the potential risks associated with: (i) construction and/or operation of facilities or other business practices in the program, (ii) exposure to toxic chemicals, hazardous wastes and other dangerous goods under the program; (iii) reconstruction or rehabilitation of infrastructure in areas prone to natural hazards.

Social Management Systems

- Manage land acquisition and loss of access to natural resources in a way that avoids or minimizes displacement, and assist the affected people in improving or at the minimum restoring, their livelihoods and living standards.
- Give due consideration to the cultural appropriateness of, and equitable access to, program benefits, giving special attention to the rights and interests of the Indigenous Peoples and to the needs or concerns of vulnerable groups.
- Avoid exacerbating social conflict, especially in fragile states, post-conflict areas, or areas subject to territorial disputes.

The ESSA evaluates the compatibility of the program’s systems with the core principles on two basic levels: i) the systems defined by laws, regulations, procedures, etc. (the "system as defined"); and ii) the institutional capacity of implementation entities under the program to effectively implement the system (the "system as it is applied in practice"). It identifies and analyzes the differences between the national systems and the basic principles that apply to the program on the two levels indicated above.

The preparation of the PforR operation in support of the UDLGP requires the evaluation of the environmental and social system applicable to the Program to ensure that it does not lead to significant environmental and social risks, and that the systems put in place allow for appropriate risk identification and mitigation, including the preparation of reports and the disclosure of information on the potential environmental and social impacts related to Program activities.
The ESSA aims to identify the strengths and weaknesses of the environmental and social system applicable to the Program in order to identify necessary actions to improve performance. Specific measures to address the weaknesses or deficiencies identified are proposed in the Program Action Plan. An assessment of environmental and social risks associated with the Program is carried out in light of the Action Plan, and specific monitoring and evaluation measures are proposed accordingly.

1.3 Methodology

The preparation of the ESSA and development of measures to strengthen the system of environmental and social management has benefited from various sources of information and from an extensive consultation process, including:

- **Documents and data review**: the review focused on: i) applicable procedures and regulatory frameworks; ii) relevant environmental and social reports, particularly the Environmental and Social Management Framework (CPSCL, January 2014) and the Land Acquisition Policy Framework (CPSCL September 2013) prepared as part of the "disadvantaged neighborhoods" component of the UDLGP; iii) reports on previous World Bank financed projects, such as the environmental assessment of the 3rd Municipal Development Project (DGCPL, June 2003), the Practical guide to municipal investment projects (CPSCL April 2003) and the MDP III Implementation and Completion Report (World Bank, December 2010); and iv) reports on ongoing projects such as the current Urban Technical Assistance Program in Tunisia.

- **Field visits**: the review was based on visits to a representative sample of local municipalities (about 10 municipalities and regional councils) in order to assess the current state of environmental and social challenges, determine how these challenges are managed, and establish the status and level of environmental and social management systems at the municipal level (implementation difficulties, gaps in the current management processes and areas of needed improvements).

- **Initial consultation meetings**: meetings were held with technical staff in municipalities, regional councils and other government departments and agencies, including the ANPE, the Ministry of Equipment, Planning and Sustainable Development, the ARRU, ONAS, ANGeD, and CFAD to: i) identify issues associated with environmental and social management practices in municipalities; ii) assess the need for technical assistance and capacity building at the program coordination and municipalities level for the implementation of sub-projects; and iii) develop a better understanding of procedures, standards, and approaches.

- **Validation workshop**: a consultation workshop in the form of a half-day of study and consultation was held in Tunis, on April 16, 2014, with government technical staff (national, regional and municipal) and development partners. It enabled participants to learn about the ESSA, including its conclusions and recommendations, and to collect and take into account stakeholders views and suggestions. A complete list of participants and a summary of their comments has been incorporated into the ESSA (Annex 3: Stakeholders Consultation Workshop).

- **Documents disclosure**: The ESSA report will be publicly released through the World Bank InfoShop, and also by advertising in the local press. Comments from the public will be solicited during the period defined and reserved for comments.

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4These documents were prepared in the context of the World Bank financing the UDLGP as a sector investment loan and therefore are not adapted to the context of a program for results (PforR) financing.
II. Program Description and Potential Impacts

2.1 Key Elements for Program Framework and Implementation

2.1.1 Revision of Decree 97-1135 Governing the System of Subsidies for Municipal Investments

The reform of municipal investment subsidy system represents the most important element of change introduced by the Program. It is expected that this reform will send a strong message in terms of transparency, fairness and addressing regional disparities in municipal investment. Key elements of this reform include:

i) allocation of subsidies to investments based on objective, transparent and measurable criteria;

ii) a clear distinction/delineation between the subsidy award and the loan;

iii) transfer of the subsidy to local municipalities which will be followed by a post-transfer control;

iv) gradual introduction of an independent results and performance evaluation system.

The proposed reform of the subsidy system, which will be applied gradually, is based upon the principle of responsibility of local authorities vis-à-vis their citizens in terms of use of subsidies and annual performance evaluation.

2.1.2 Circular on Guidance for Preparation of Municipal Investment Plans

The DGCPL has recently issued a Circular (dated March 7, 2014) where local governments are required to adopt a participative approach and consult with their citizens during the preparation of their five year and annual plans. This circular introduces new key principles for municipal action (citizen engagement, transparency and local governance, optimization of resources), and implements a new typology of investment projects (including, for the first time, public-private partnerships projects). As required by the circular, the approval of the Municipal Investment Plan (PIC) will entirely fall under the responsibility of the municipal council, thereby reducing the supervisory control of the lead ministry.

2.2 Program Contents, Costs and Schedule

2.2.1 Main Program Components

Through the UDLGP-PforR, the World Bank will support the implementation of the Tunisian government’s next five-year Municipal Investment Program by providing:

i) support to the implementation of the subsidy system reform for municipal investment and institutional development of local municipalities;

ii) financing of municipal investments using unconditional subsidies and CPSCL loans;

iii) improving access to basic services in disadvantaged targeted areas through conditional grants.

The Program’s three main subprograms are summarized below.

- **Subprogram 1 – Municipal infrastructure delivery (US $ 591 million)**

Consistent with past practice under the PIC, the subprogram involves the preparation of five-year investment plans for each Local Government to deliver municipal infrastructure. Activities under the subprogram include consultancy services (including feasibility and
engineering studies, and support to implementation services) and civil works directly linked to Local Government’s core mandates such as roads and paving, construction, rehabilitation and upgrading, street lighting, sewerage extension/connection to public network, storm water drainage, solid waste collection, parks and some recreation facilities, markets, and other environmental improvements.

The financing framework for the activities under this subprogram includes three sources of finance: (i) Local Government contribution; (ii) capital grants from Central Government; and (iii) investment loans provided by the CPSCL. These sources of finance are discussed in the following paragraphs.

*Performance-based Capital Grants for Municipal Infrastructure Delivery (US$ 203 million):* Local Governments will receive capital grants from the Central Government to support priority investments in urban infrastructure that have been validated through a participatory planning approach and reflected in the Local Government municipal investment 5-year and annual plans (PIC).

The use of capital grants for municipal infrastructure delivery is determined solely at the discretion of each Local Government (without any ex ante control), subject to being used for municipal infrastructure investments that fall within the mandates of the Local Governments. It will be allocated on the basis of a formula and the use of these resources is determined solely at the discretion of each Local Government (without any ex ante controls), reflected in their annual investment plan and subject to their being used for municipal infrastructure investments that fall within the mandates of the Local Governments.

The total performance based capital grants for municipal infrastructure amount to US$ 8.7 per capita/year. Key investment activities of the Program include road construction, rehabilitation and upgrading, street lighting, urban drainage/ sewerage and other environmental improvements, solid waste collection and street cleaning, parks and some recreation facilities, markets and slaughterhouses.

*Local Government Contribution (US$ 129 million):* In parallel with the above capital grants, the government’s 2014-2018 PIC envisages Local Government contributions to increasing levels of investment in municipal infrastructure. The Central Government recognizes that reforming the own source revenue system will take time as it involves major policy changes, and is therefore focusing on opportunities for improving local revenue collection rates within existing tax and fee regimes.

*Municipal Investment Loans (US$259 million):* In addition, Local Governments capable to borrow will have access to the CPSCL credit line as a potential funding source to implement their Municipal Investment Plans (PIC). The Loans from the CPSCL serve to maximize leverage on resources available to Local Governments for investing in municipal infrastructure. In parallel, the government is introducing reforms under the Decree and in the CPSCL lending guidelines in order to establish a stable balance between maximizing borrowings by the Local Governments while maintaining their financial viability.

- **Subprogram 2 - Access to municipal basic infrastructure in disadvantaged neighborhoods (US$150 million)**

Under this subprogram, the government provides conditional grants directed towards investments that represent national policy priorities (in this case, for the new PIC period, to improve access to municipal services in disadvantaged neighborhoods).
Activities under the subprogram include consultancy services (including feasibility and engineering studies, and support to implementation services) and civil works for the provision of basic infrastructure such as roads and paving, street lighting, sewerage extension/connection to public network, and storm water drainage in selected disadvantaged neighborhoods located in 114 municipalities.

The conditional grant allocation over the program period amounts to USD 142 million or an average of about USD 1 million per Local Government which represents around 284 US$/beneficiary (1420 US$/HH).

- **Subprogram 3 - Capacity support for improved Local Government institutional development and accountability (US $17 million)**

The government’s program upgrades the system of capacity support for Local Governments in order for them to achieve improved institutional performance targets. The capacity support program would contribute to the Local Government’s ability to achieve the standards required under the performance assessment system to help them access their full entitlement to capital grants. Under this subprogram, Local Governments receive capacity development and technical support to prepare and implement their plans via training programs offered by CFAD and technical assistance from regional offices of the CPSCL and line agencies of the Central Government, as well as through local consultancy services.

2.2.2 Planned Activities under the Program

Although UDLGP funds are allocated on the basis of priorities identified by Local Governments, works that can be financed will be determined from a list of eligible services provided by municipalities. Municipal works authorized under the Program include:

- small or medium scale civil works such as construction, rehabilitation, road upgrading and paving;
- street lighting;
- extension/connectivity to public sanitation network;
- storm water drainage;
- solid waste collection;
- park maintenance and establishment of recreation facilities;
- community markets;
- other environmental improvements.

It is important to note that certain types of projects selected in the MDP III will be excluded from the PforR, especially those whose environmental and social impacts are irreversible, significant and widespread. These correspond mainly to Category A projects under the World Bank’s Environmental Assessment Policy (OP 4.01), such as sewage treatment stations, new slaughterhouses, landfills and waste transfer stations. Will also be excluded from the PforR:

- i) activities that could significantly transform natural habitats or significantly alter biodiversity areas and/or potentially significant cultural resources; and
- ii) activities that require resettlement of commercial or residential households, and/or the involuntary acquisition of large tracts of land.
2.2.3 Program Implementation Costs and Schedule

The IBRD loan amount is USD 300 million. Loan disbursements are not linked to specific expenditures but rather to the achievement of results previously and mutually agreed between the World Bank and the Tunisian counterparts. Program implementation is planned for the period 2014 - 2018, which corresponds to the implementation period for the Tunisian government’s next five-year Municipal Investment Program.

The table below summarizes the Government’s Program and the UDLGP’s scope and total costs.

<table>
<thead>
<tr>
<th>Subprogram 1</th>
<th>Subprogram 2</th>
<th>Subprogram 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Municipal infrastructure delivery</strong></td>
<td><strong>Improving access to basic municipal infrastructure in disadvantaged neighborhoods</strong></td>
<td><strong>Capacity support for improved Local Government institutional development and accountability</strong></td>
</tr>
<tr>
<td>TND 887 million (USD 591 million)</td>
<td>TND 225 million (US$ 150 million)</td>
<td>TND 25.5 million (US$ 17 million)</td>
</tr>
</tbody>
</table>

**Performance based Capital Grants**
- TND 305 million (US$ 203 million)
- Formula-based grant allocation to Local Governments subject to their meeting annual Minimum Mandatory Conditions (MMCs) and achieving satisfactory annual performance scores.

**Conditional Capital Grants**
- TND 225 million (US$150 million)
- Grant allocation to Local Governments for specified investments in line with national priorities (currently for local infrastructure in disadvantaged neighborhoods), subject to their meeting a Minimum Mandatory Condition (MCC) grant access requirement.

**Capacity building and technical support**
- TND 25.5 million (US$ 17 million)
- Demand-based capacity support to be provided to Local Governments on a just-in-time basis.

<table>
<thead>
<tr>
<th>Local Government’s Contribution</th>
<th>Municipal investment loans</th>
</tr>
</thead>
<tbody>
<tr>
<td>TND 193 million (estimate)</td>
<td>TND 389 million (estimate)</td>
</tr>
<tr>
<td>Local Government’s Contribution to the investments from their net savings.</td>
<td>Investment loans to Local Governments from CPSCL.</td>
</tr>
</tbody>
</table>

The UDLGP is also co-financed by loans from the BEI and AFD that are relevant to the environmental safeguards adopted by the World Bank. In light of the fact that the PforR operation will also be based upon national environmental and social systems, the principles and requirements of the World Bank’s OP 9.00 will be applied to all projects funded under the UDLGP, even those that are co-financed by other funding agencies (AFD, BEI, etc.). The Environmental and Social Manual, as revised in the context of this Program and adopted by the CPSCL and other stakeholders, will be applied to all municipal works projects funded by this Program or by other development partners.
2.3 Geographic Scope and Program Beneficiaries

2.3.1 Program Geographic Scope

The geographic scope of the Program includes all 264 municipalities in the country. The average size of these municipalities is relatively small (26,500 inhabitants). Besides the city of Tunis, whose size is 750,000 inhabitants, about half of the municipalities is of medium in size (138 municipalities with a population between 10,000 and 130,000). The remainder of the 125 municipalities is of a small size (less than 10,000 inhabitants). The smallest municipality has less than 1,000 inhabitants. Therefore, we cannot systematically associate a municipality to a city or to an urban area.

Municipalities are currently characterized by limited responsibilities, limited financial resources, minimal control over their territorial and urban development, and the virtual lack of decision-making powers. In terms of services, municipal responsibilities are limited to roads, drainage, waste collection and streets and sidewalks cleaning, street lighting, parks and some recreational facilities, markets, slaughterhouses, and municipal buildings. The State ministries and specialized agencies under their supervision are responsible for all major municipal investments (water, sanitation, waste management, power distribution, transportation, culture, and rehabilitation of urban areas).

Municipal expenditures represent only 4% of total public spending, which is indicative of the limited role played by municipalities in governance in Tunisia. However, municipalities are among the first public institutions accountable to the public regarding the demand for services and access to development opportunities.

2.3.2 Program Beneficiaries

The primary beneficiaries are the 264 municipalities and their 7 million urban citizens (or 2/3 of the country total population). They will benefit from enhanced intergovernmental transfers and from demand-driven institutional and capacity development activities, which will strengthen delivery of municipal infrastructure and services efficiently and consistent with citizens’ priorities. They will also benefit from initiatives to build knowledge and capacity of municipal council members and municipal staff on participatory governance initiatives which will underpin broader efforts to strengthen municipal efficiency and build a social contract between citizens and local government. The participation of local communities including, importantly, women and youth, in planning development activities managed by the municipality at the local level will ensure all groups’ needs are addressed, further fostering citizens’ engagement and contributing to long term sustainability.

The secondary beneficiaries are targeted people living in underserviced/disadvantaged neighborhoods (more than 500,000 inhabitants in 229 neighborhoods). The main benefits will come from improved access to municipal services, overall improved municipal management and direct involvement of the population in setting investment priorities, and hence will have better living conditions. Investments activities financed with project funds will benefit this entire target group either directly or indirectly, including through creation of temporary employment which is likely to benefit youth particularly. The Program will also provide specific benefits for women through its support for the extension of core municipal services in the country’s most disadvantaged neighborhoods. It is expected that a sizeable proportion of this support will finance new public lighting and sidewalks in these disadvantaged neighborhoods, two basic services which have been shown repeatedly to be given high priority by women.
Selection of disadvantaged neighborhoods

A first list of disadvantaged neighborhoods was established on the basis of regional consultations under the National Neighborhoods Rehabilitation Program. It covers the 24 governorates and has 228 neighborhoods in urban areas (144 municipalities) and 31 in rural areas. At present, little information is available on the 229 rehabilitation projects previously identified in these areas.

The size of the neighborhoods is very variable. It varies from 133 inhabitants (Cité 2 mars in the municipality of Béni M’tir in the governorate of Jendouba), to 20,000 (Cité Trabelsia in the municipality Kram in the governorate of Tunis). The set of pre-identified areas is home to approximately 600,000 inhabitants. The estimated investment by area is also highly variable. It starts from 0.2 million TND (Cité Bouchoucha in the municipality of Bardo in the governorate of Tunis) to 2.5 million TND (Cité El Moustakbel in the municipality of Ariana).

The list of districts and the number of projects are indicative. They will be reviewed as part of the feasibility study of the project to be launched by the CPSCL in 2014. This study will also analyze the environmental and social aspects of neighborhoods and integrate them into the criteria for selecting neighborhoods and will also provide more details on the size and characteristics of the sub-projects.

2.4 Key Program Implementation Partners and Agencies

A loan agreement will be signed between the World Bank and the Tunisian Government represented by the Ministry of Development and International Cooperation. The loan will be made available to the CPSCL in its capacity as Implementation Agency. To this end, a Project Agreement will be signed between the World Bank and the CPSCL.

To ensure proper implementation of the UDLGP, an institutional arrangement will be established and will include the following structures:

- *Caisse de Prêts et de Soutien des Collectivités Locales* (CPSCL) as the Program Implementation Agency;
- Municipalities and Regional Councils as managers of sub-projects funded through the program;
- The Training and Decentralization Support Center (CFAD) as the Agency supporting implementation entities under the program.

The CPSCL, under the Ministry of Interior, will be responsible for transfers of unconditional and conditional grants to municipalities and loans made to municipalities to cover expenditures in the annual investment plans. It will be responsible for preparing the Program financial reports based on municipalities’ financial reports and those of other agencies involved in the Program, if needed.

Municipalities will be responsible for management of investment sub-projects financed under the Program. They will be the contracting party and therefore responsible for the implementation and operation of sub-projects according to Program requirements. Municipalities have clearly defined roles and are governed by an elected council for a period of five years. They have an executive council chaired by a mayor elected among the councilors. Following the January 2011 revolution, all municipal councils elected in May 2010 were dissolved and replaced by "Special Delegations" whose members were appointed on an interim basis by decree of the Prime Minister. New elections are planned in 2015.

It is expected that CFAD will be responsible for delivering training programs to municipalities and other partners in the program. CFAD will prepare regular reports on actions taken and results of the evaluation of training sessions and send them to CPSCL. A specific agreement will be made in this context between CPSCL and CFAD.
The National Environmental Protection Agency (ANPE) will support the CPSCL and municipalities in assessing and monitoring the implementation of ESMPs and compliance with environmental management of construction activities by companies performing the works.

The National Sanitation Agency (ONAS) will assist municipalities in the review and approval of studies for sanitation sub-projects, and for monitoring and accepting works. It will be responsible for works carried out and approved and will ensure their maintenance and upkeep.

The Agency for Urban Rehabilitation and Renovation (ARRU) may intervene in piloting works in disadvantaged and under-equipped areas in light of the agreement reached with each municipality. Municipalities may, if necessary, call upon consultants to assist in the monitoring and control of works, including the implementation of environmental and social measures of ESMPs and General Environmental Conditions for Construction Activities (CGEAC), as well as the preparation of regular progress reports.

The Ministry of Equipment, Planning and Sustainable Development may grant certain benefits to municipalities that make the request as stated in the Organic Law of Communities. These benefits may relate to: i) establishing technical records of sub-projects and controlling their implementation; and ii) studies on the expansion and modernization of municipal road networks.

Other institutions involved in the implementation of the Program include the High Commission of Public Order (HICOP), the Audit Office, the Monitoring and Markets Survey Committee (COSEM) and the Secretariat of State for Governance and Public Service.

**Figure 1 : Institutional organization chart**

World Bank \[\rightarrow\] Loan Agreement \[\rightarrow\] Tunisian Government (MDCI)

Program Agreement (Loan Availability)

Compliance with terms of loan agreement and overcome potential difficulties in application

CPSCL Implementation Agency

ANPE

(Program support through participation in environmental monitoring and evaluation)

ONAS

(Validation of studies, acceptance of works and management of sanitation facilities)

ARRU

(Delegation of contract management)

CFAD Support Agency

Municipalities – Regional councils

(Contract management of sub-projects)
2.5 Anticipated Environmental and Social Impacts of the Program

2.5.1 Current Situation

National context

Tunisia has made significant progress in reducing poverty in recent decades. According to UN officials, Tunisia is among the few African countries to reach the Millennium Development Goals (MDGs) before 2015 and to have eradicated extreme poverty (less than one U.S. dollar per day income). The majority of the population has access to health services and education. Nearly all the residents in urban communities have access to drinking water and electricity and 90% of residents in the 165 municipalities (6.4 million inhabitants) have access to sanitation.

Although poverty has declined by nearly half over the past decade and the country has performed well on a large number of social indicators, the scale of regional disparities and the high levels of youth unemployment have significantly contributed to the 2011 revolution. Although Tunisia is one of the most advanced in the MENA region, the under-use of female labor also remains a concern.

« The population and the economy are mainly concentrated in the Northeast (governorate of Tunis) and in the central-eastern part (Sfax); while 75 percent of non-agricultural jobs are in the coastal region. The coastal regions have received 65 percent of public investment over the last decade. Areas in the middle, including the Centre-West are less well off in terms of public services delivery (health, education, infrastructure ... [...] ... The unemployment rate among graduates is of the order of 40 percent, that of the young reached 30 percent on average and over 50 percent in inland towns and neighborhoods. Women represent 26 percent of the workforce and their unemployment rate is higher than that of men (18.9 percent against 10.9 percent in 2010). » (Profil environnemental de la Tunisie, 2012, p. 25-26).

Municipal context

In recent years, municipalities have faced numerous problems caused by acts of violence, vandalism and anarchy recorded during the post-revolution period. These acts have been manifested on the one hand by the destruction of numerous local amenities, equipment and community property and on the other hand by the proliferation of unregulated constructions and illegal waste dumping. This has resulted in the deterioration of basic services offered by municipalities as well as in citizen’s dissatisfaction. Citizens are becoming more and more demanding towards the municipality, particularly concerning cleanliness, safety and sanitation, waste collection and waste disposal, street lighting, security, etc.

This assessment of the situation has been confirmed in all the municipalities visited. Other issues were raised during the interviews conducted with municipal officials. The main shortcomings cover virtually all basic services (cleanliness, waste collection, road maintenance, drainage systems, recreational areas, etc.). They are due to the lack of budgetary, material and human resources. The integration of law enforcement agents (municipal police) to the police force under the Ministry of Interior has affected the ability of municipalities to control their territory and curb violations (construction without building permits, uncontrolled dumping of construction and household waste, etc.).

Disadvantaged neighborhoods are often built on the outskirts of cities and are in most cases characterized by their illegal status, whether at the land title or building permits level. In most cases, they have been created without the authorization of local authorities, often on undeveloped land. They generally lack basic infrastructure such as roads, sewerage, drainage,
lighting, etc. Most of the inhabitants have bought their plot and thus have an ownership title on undivided property. Houses are built gradually and based on households financing capacity. The typology of housing in informal settlements, however, remains specific to this type of habitat: the houses are essentially "basic dwellings."

In general, disadvantaged neighborhoods often develop haphazardly, usually in areas not deemed appropriate for urbanization and on risky terrain (depressions, lagoons, floodplains or steep slopes, unstable land, agricultural land, etc.). They are centers of urban growth and are accompanied by rapid population increases.

« The city suffers from management problems: bad roads, other dilapidated urban infrastructures (lighting, green spaces), deficiencies in waste collection, insufficient cleaning, breeding grounds for pests (mosquitoes, rats), poor maintenance of the rain water network, and flooding. Uncontrolled urban sprawl, with the increase of commuting, congestion of urban centers and traffic, is an important source of increase in energy consumption and of greenhouse gas emissions. Farmland in peripheral urban areas is threatened by unplanned urbanization (yearly losses of agricultural land in peripheral urban areas amount to between 2,000 and 3,000 ha). The rising cost of real estate has encouraged the spread of informal neighborhoods. Cities have suffered the adverse effects of flooding, due to negligence in urban planning and environmental maintenance ». (Profil environnemental de la Tunisie, 2012, p. 18. All these factors increase the health risks related to the deterioration of living conditions and the environment.

2.5.2 Main Environmental Risks of the Program

Municipal investments financed under the UDLGP include small-scale infrastructure works (roads, sidewalks, water, drainage, sewerage, public lighting, green areas and playgrounds), commercial facilities, renovation of low-income neighborhoods and micro-projects to improve the urban environment (see table below for examples of municipal projects from the CPSCL - 2003 Practical Guide).

<table>
<thead>
<tr>
<th>Intervention investment category</th>
<th>Examples of projects</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profitable equipment</td>
<td>Municipal markets – Commercial centers and shops - slaughterhouses - Parkings – Recreational parks (for profit).</td>
</tr>
<tr>
<td>Socio-collective equipment</td>
<td>Sports equipment &amp; socio-educational (sports fields, indoor space, swimming pool, youth center, kindergarten) – Cultural equipment &amp; recreational (library, movie theater, theater, gallery, museum, zoo).</td>
</tr>
<tr>
<td>Basic infrastructure</td>
<td>Roads and sidewalks – Public street lighting – Drainage of rain water-Drinking water – Sanitation (wastewater) Maintenance of basic infrastructure</td>
</tr>
<tr>
<td>Planning and habitat</td>
<td>Development of vacant land for economic activities and habitat - Rehabilitation of neighborhoods.</td>
</tr>
<tr>
<td>Materials and equipment</td>
<td>Materials for road maintenance - Materials for transportation and household waste collection – Computer equipment.</td>
</tr>
<tr>
<td>Administrative buildings and techniques</td>
<td>Town halls – Municipal buildings – Municipal districts</td>
</tr>
<tr>
<td>Environmental oriented projects</td>
<td>Embellishment – Green spaces – Sanitation - Recreational parks.</td>
</tr>
<tr>
<td>Land acquisition</td>
<td>Land acquisition, buildings.</td>
</tr>
</tbody>
</table>
The UDLGP will have an overall positive impact on environmental and social conditions in the country's municipalities and will allow about 500,000 inhabitants of under-equipped neighborhoods to benefit from basic infrastructures. The table below illustrates the positive environmental and social impacts of municipal activities financed under the program.

<table>
<thead>
<tr>
<th>Sub-projects</th>
<th>Examples of positive impacts</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sanitation</td>
<td>- Risk prevention for parasitic diseases;</td>
</tr>
<tr>
<td></td>
<td>- Mitigation of water and soil pollution ;</td>
</tr>
<tr>
<td></td>
<td>- Decrease of odors and insects ;</td>
</tr>
<tr>
<td></td>
<td>- Improved quality of life.</td>
</tr>
<tr>
<td>Drainage</td>
<td>- Increase of pavement life cycle;</td>
</tr>
<tr>
<td></td>
<td>- Elimination of standing water;</td>
</tr>
<tr>
<td></td>
<td>- Less overload and overflow of sewerage infrastructure;</td>
</tr>
<tr>
<td></td>
<td>- Improved movement of people and better traffic flow during showers</td>
</tr>
<tr>
<td>Roads and Sidewalks</td>
<td>- Improved household waste collection (ease of access for waste pickup trucks);</td>
</tr>
<tr>
<td></td>
<td>- Easier and secure pedestrian traffic in any season;</td>
</tr>
<tr>
<td></td>
<td>- Improved cleanliness and urban design;</td>
</tr>
<tr>
<td></td>
<td>- Reduced wear and degradation of motor vehicles.</td>
</tr>
<tr>
<td>Street lighting</td>
<td>- Less risk of accidents and assaults;</td>
</tr>
<tr>
<td></td>
<td>- Better security, quietness, tranquility and quality of life in cities.</td>
</tr>
</tbody>
</table>

Nonetheless, activities related to municipal work can cause environmental hazards. These risks are summarized below:

**Risks related to design**

Some of these activities (sub-projects) can generate adverse impacts in case of inappropriate design, implementation or improper maintenance or if appropriate mitigation measures are not taken in time.

**Risks related to construction phase**

Environmental impacts associated with sub-projects during construction are specific to construction sites, and relatively similar in the majority of sites in urban areas. They are usually due to:

- dust generated by excavation, inappropriate storage of construction materials and debris, and from operating construction equipment;
- noise generated by construction equipment (jackhammers, air compressors, etc.);
- odor nuisance, health risks and pollution generated by inadequate household waste and sewage management during construction;
- risks of accidents from operating construction equipment and from non-compliance with safety instructions;
- uprooting of trees and deterioration of green spaces, associated with the improper location of works site and poor site organization;
- soil erosion and silting of works during the rainy season and the risk of overflow and flood they can generate;
- disruption of residents daily activities (traffic jams and difficulty of access to residential areas, public facilities and etc.).
- the loss and degradation of relics found by chance in the digs during excavations;
- air pollution and vibrations generated by construction equipment;
- risk of accidents around excavations and unreported, unmarked, open and poorly lit trenches;
- risk of subsidence and landslides related to erosion and excavation during construction and the fact that significant damage can be caused to existing infrastructure and buildings adjacent to the work site.

**Risks associated with the operating / operation phase**

In normal operation, sub-projects should not pose particular problems. Negative impacts that may occur are usually due to inadequate design, lack of maintenance and servicing or insufficient application of security measures. They may cause a malfunction or deterioration of structures and generate some negative impacts of the same type as those mentioned above (erosion, water pollution, degradation of the living environment, etc.) to the point of calling into question the merits of the sub-project and the objectives for which it was initiated.

**Summary of overall risks in light of core principles of OP 9.00**

**Environmental impact management**

Overall, all of the negative impacts likely to be generated by the Program are limited in time and in space. They are easily controllable and manageable provided that adequate measures are taken during the design, implementation and operation phases of subprojects. Given the foregoing, the environmental risks associated with the Program are generally of a low to moderate magnitude, reversible and easily controllable with respect to:

i) the environmental objective of the Program (to facilitate access to basic infrastructure and improve the living conditions of citizens);

ii) the limited geographical extent of the right of ways of the proposed works;

iii) the nature of the works and activities that should not generate pollution or significant degradation of the environment; and

iv) recommended measures for mitigation and monitoring of impacts, which are known, manageable and effective, either during construction or during ongoing works.

Aspects relating to information and public participation are guaranteed to some extent by the Organic Law requiring the City Council to inform the public and give citizens the right to attend/participate in meetings and Council deliberations. However, the system as applied does not include specific mechanisms for the public to be informed and consulted or for management of potential conflicts that will ensure that impacts are mitigated to acceptable levels.

**Minimization of impacts on habitats and cultural resources**

Activities planned under the Program should not have negative impacts on natural habitats and cultural resources. Natural areas located within the perimeters of urban development are generally relatively degraded and are not particularly sensitive to small-scale municipal works. Of the seven World Heritage Sites in Tunisia identified by UNESCO, only three sites are located in urban areas: Kairouan (1988) Medina of Sousse (1988) and Medina of Tunis (1979). It should be kept in mind that no intervention will be allowed under the UDLGP that could significantly transform natural habitats or significantly alter biodiversity areas and / or potentially affect cultural resources.
Minimization of impacts on public safety and workers safety

Moreover, the activities planned under the Program should not raise particular risks in terms of public safety and the safety of workers. The protection of public safety and the safety of workers against potential risks associated with the construction and operation of small municipal works will comply with national and international regulations.

2.5.3 Main Social Risks of the Program

Given that the types of activities of the UDLGP are intended in part to address the environmental degradation and social issues related to urbanization, the overall effect of municipal investments should be socially beneficial and should contribute towards keeping people in their neighborhoods. However, negative social impacts are possible.

Generally, the most significant social impacts that are likely to be observed in the context of municipal interventions are related to land acquisition. Other negative impacts of lesser magnitude may be related to disturbances caused by works such as difficulty of access, traffic deviations, noise, vibration, dust, etc., that could generate disturbances in normal activities in neighborhoods. Depending on the type, scope and extent of eligible works under the UDLGP, negative social impacts are those that are typically related and limited to the construction phase, and are generally work site-specific.

The table below summarizes the risks related to social impacts of the Program.

<table>
<thead>
<tr>
<th>Impacts</th>
<th>Evaluation</th>
<th>Risk</th>
</tr>
</thead>
<tbody>
<tr>
<td>Involuntary resettlement</td>
<td>Sub-projects will mostly be implanted in the municipal public domain (DPR, DPH, municipal and State public and private domains). In case of illegal private property in the public domain and in the sub-project right-of-way, affected people should be resettled amicably through fair compensation. Based on interviews with municipal officials, this situation is rare and the few cases that have occurred have been resolved amicably. Although the risk is low, it is essential to implement a mechanism with tools, capacity building actions and necessary provisions to give municipalities sufficient resources to adequately manage any resettlement issue that may arise during program implementation.</td>
<td>Low</td>
</tr>
</tbody>
</table>
| Forced expropriation of land and private property | The going rule is to primarily focus on public lands granted by the State or belonging to the municipality. Sub-projects may in some cases encroach on private property. These sub-projects will only be considered in the following cases:  
  - the land is willingly relinquished to the municipality by the owner in exchange for a legal signed and notarized land donation document;  
  - land acquisition occurs by mutual agreement in exchange for a notarized purchase contract based on the market price at the date of acquisition.  
  No expropriation or forced acquisition of private property is necessary and is not likely to occur due to: i) the nature and size of sub-projects; ii) the participation of affected parties taking into account their views and concerns in the decision-making process; iii) the fact that no sub-project will be financed under the program if the land tenure situation is not resolved prior to approval; and iv) the complexity and relatively long time for expropriation proceedings which may jeopardize the completion of the sub-project. | Null |
Risks related to land acquisition before construction

The main negative social impacts associated with municipal sub-projects are potentially associated with infrastructure projects requiring temporary or permanent occupation and expropriation of private land, such as the expansion of roadways in existing rights-of-way or location of new markets or other municipal buildings. Such impacts are likely to be relatively small in scope and can be mitigated by the implementation of applicable provisions. The general rule applied is to use the municipal public domain. When acquisition of private land cannot be avoided, land acquisition procedures should encourage acquisition by mutual agreement.

Although they guarantee the interests and rights of owners, expropriation procedures are relatively long and may delay implementation of sub-projects. Expropriation shall only be used in exceptional cases and for relatively small areas and should be planned well in advance so as to not cause hardship to the owner, such as restrictions to access, loss of income or unresolved social conflicts. Land issues should be resolved and the land must be available prior to the financing agreement of a sub-project. In this regard, the representatives of visited municipalities indicated that acquisition of private land was generally conducted amicably and that expropriation was not needed to carry out municipal sub-projects. However, they confirmed that in most cases, they preferred to let specialized agencies, such as ARRU, handle complex land transactions in disadvantaged and under-equipped neighborhoods.

Risks related to socio-economic disruption during construction

Sub-project construction activities can also lead to disruption of economic activity, loss of income for those affected, and restriction of access to homes, shops and other public institutions (schools, clinics, etc.). Based on the experience from municipalities visited as part of the ESSA, very few people have complained about such problems in the past. Although these types of social impacts are likely to be small given the size and nature of the sub-projects, and should not create potential conflicts, it is essential that they should be identified and documented during the evaluation of sub-project design in order to provide necessary measures to avoid and mitigate them as required and to compensate those affected if need be.
Moreover, given the fact that these social impacts occur primarily during construction, they must be planned for accordingly and the responsibility of the Contractor should be clearly defined in the contract clauses. In this context, the Administrative Clauses (AC) applicable to public works contracts state that "the contractor must, with respect to the client, bear the financial responsibility for liability and damages to people and property caused in the performance or execution of public works..." To further define responsibilities, impacts previously identified should be the object of specific clauses and be well specified in the Specific Technical Clauses (STC). Taking into account all of the above and past experience, the relative risk of foreseeable social impacts due to public works is considered low.

Summary of overall risks in light of the core principles of OP 9.00

Management of land acquisition

Sub-projects implemented by municipalities must comply with the applicable expropriation laws. Property rights are a fundamental right defined and guaranteed by the Tunisian Constitution and the Code of Real Rights, which states: "No one may be forced to sell his property, except in cases provided by law (expropriation for public interest), with fair/equitable compensation" (Article 20). Expropriation is applied by the State for reasons of public interest, and in special cases (Law n° 2003-26).

Legislation on expropriation for public interest does not include explicit provisions for loss of income, livelihoods, restricted access to goods, material and natural resources (economic resettlement). Some of these aspects, however, are governed by other laws that guarantee the right of access, the use of water and natural resources, but not in the context of land acquisition (Water Code, Forest Code, etc.).

Negative social impacts associated with land acquisition under the Program will be limited in time and space due to the relatively small right-of-ways required for various sub-projects. It is unlikely that the involuntary resettlement of residential households and businesses will be necessary. Social risks associated with the acquisition of land by expropriation are relatively small and unlikely. The majority of sub-projects will be located on municipal public lands or in the public domain of the State.

Attention to the rights and interests of indigenous peoples and vulnerable groups

Regarding indigenous communities, the Berber-speaking minority is a small community living mainly in isolated pockets in the south of Tunisia. The Government considers that the Berbers have been integrated into the Arab-Muslim culture and do not constitute a localized autonomous minority of specific character. For this reason, it is difficult to find reliable statistics to assess the situation of this ethnic minority. However, the Berbers did not appear to have been victims of widespread discrimination or to have developed an opposition to the government, as in other North African countries. Given that the scope of the UDPLG is limited to urban rather than rural municipalities where issues related to the presence of groups recognized as ethnic minorities may arise, this social issue is not applicable to the Program.

Moreover, the nature of the proposed activities at a municipal level does not suggest that specific vulnerable groups could be harmed under the Program. The UDLGP design, and in particular its local governance component, aims to promote the integration of vulnerable groups such as women and youth in the national program of decentralized development through participatory mechanisms and social accountability at municipal level. It should also be kept in mind that the secondary beneficiaries of the Program will be the residents of disadvantaged and under-equipped neighborhoods in targeted municipalities under the Tunisian government’s next five-year Municipal Investment Program.
Avoid exacerbating social conflicts, especially in fragile states, post-conflict areas, or areas subject to territorial disputes

Even if the country is in a post-revolutionary period, Tunisia is not considered as a fragile state, or a post-conflict zone, or an area subjected to territorial disputes. Therefore, this social issue is not really applicable to the Program.

However, although it is unlikely that the Program becomes a source of social conflict, some cases of conflicts and complaints may occur during the implementation of some sub-projects (such as conflict over land ownership, resettlement and/or induced impacts). In case of conflict or dispute during the course of a sub-project, some vulnerable people may be unable to access the justice system because of their limited financial resources and may not have access to arbitration if the appeal to the Municipal Council were to fail. UDLGP design, and in particular its component on local governance, seeks to reduce social conflicts through the development of grievance mechanisms and of appropriate municipal public consultations.

2.6 Previous Experiences from Institutions involved in the Program

Institutions involved in the Program have a long history of collaboration with the World Bank in the framework of previous Municipal Development Projects in Tunisia over the past two decades (MDP I, MDP II and MDP III). Previous projects are considered successful, but insufficient attention has been paid by local authorities to aspects related to the development of local governance and social accountability. Thus, it was found that citizen participation was insufficient and sometimes non-existent and that people were not well informed of the preparation and content of the projects and were not associated with their design and implementation.\(^5\) The completion report for MDP III indicates that aspects of social development were not well integrated into the design of the project and that the expected level of participation within the targeted population was not reached.\(^6\) Decentralization will empower municipalities and the development of new approaches to participatory management is an opportunity to fill the gaps in the UDLGP in this regard.

As the implementation agency for the MDP II and MDP III projects, the CPSCL has gained significant expertise in the management of municipal works. Departments and state agencies involved with municipalities (ONAS, SONEDE, ANGeDE, ARRU, etc.) also have significant expertise in planning and management of infrastructure projects. However, municipalities ensuring the management of sub-projects have limited capacity due to strong centralization of power in ministries and state agencies and the lack of budgetary resources, equipment and human resources, especially in small municipalities (less than 10,000 inhabitants) located at a distance from the country’s coastal areas.

\(^5\) Evaluation Report on Urban Rehabilitation Program in Tunisia, prepared for Cities Alliance the World Bank (June 2003)
III. Description of National Systems

3.1 Environmental Management Systems

3.1.1 Environmental Management Procedures

National EIA system

The national environmental impact assessment (EIA) system was established in 1991. It introduced mandatory EIA for any industrial, commercial or agricultural project likely to generate significant impacts on the environment. The decree on EIAs was revised in 2005 and substantial improvements have been made, particularly the obligation to:

- respect existing land uses;
- use consultant firms and experts for EIA preparation;
- submit a detailed EMP.

The review of project categories that require an EIA has helped streamline procedures for the preparation and approval of EIAs, but in return, it has prevented certain cases to be submitted to an environmental assessment on a case by case basis. It has also limited the scope of the environmental impact analysis for certain components by removing requirements relating to the evaluation of socio-economic impacts. The main legal provisions of the current system are summarized below.

**Project Categories**

Projects subjected to an EIA and to a prior notice from the ANPE are classified into three categories (attached to the EIA Decree list):

<table>
<thead>
<tr>
<th>Annexes of EIA Decree</th>
<th>Required instrument for environmental assessment</th>
</tr>
</thead>
<tbody>
<tr>
<td>➢ Annex 1</td>
<td>Simple EIA</td>
</tr>
<tr>
<td>- Category A</td>
<td></td>
</tr>
<tr>
<td>- Category B</td>
<td>Detailed EIA</td>
</tr>
<tr>
<td>➢ Annex 2</td>
<td>Sectoral Environmental Standards</td>
</tr>
</tbody>
</table>

Project screening is based on inclusive criteria and provides an alternative selection on a case by case basis for projects not listed in the two annexes.

**EIA Content**

The EIA shall include: i) a detailed description of the project; ii) a baseline analysis of the environment; iii) the evaluation of foreseeable impacts; iv) avoidance, mitigation and compensation measures and their costs; and v) a detailed EMP. The impact analysis focuses on direct and indirect impacts on natural resources, species, wildlife, areas under legal protection, forests, natural areas, historic landscapes, sensitive areas, protected species, national and urban parks. Social impacts are not addressed specifically in the laws and regulations relating to EIA.
**Sectoral Environmental Standards**

A total of 18 Sectoral Environmental Standards have been approved by decree of the Minister of Environment. They set environmental measures to be met by the petitioner for different types of projects. The application of these standards requires proponents to submit EMPs for approval to the ANPE.

**Key actors in the system**

Legislation on EIA defines four main actors in the system, namely the ANPE, the Manager of Protected areas, Competent Authorities and the Petitioner. The table below summarizes their roles and responsibilities.

<table>
<thead>
<tr>
<th>National Environmental Protection Agency (ANPE)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Prepares general sectoral EIA TORs</td>
</tr>
<tr>
<td>• Reviews EIA reports</td>
</tr>
<tr>
<td>• Seeks feedback from protected areas managers likely to be affected by the project</td>
</tr>
<tr>
<td>• Notifies petitioner of its decision</td>
</tr>
<tr>
<td>• Reviews and signs Sectoral Environmental Standards for projects in Annex 2</td>
</tr>
<tr>
<td>• Controls compliance with the EMP during project implementation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Manager of Protected Areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Reviews the EIA in case of impacts in a PA and notifies the ANPE</td>
</tr>
</tbody>
</table>

➢ **Competent Authorities** involved in providing required authorizations for the project (Ministries of equipment, agriculture, industry, local authorities, etc.).

• Ensures the ANPE’s non objection to the project
• Delivers project authorization with the mention of environmental measures
• Implementation control and possible withdrawal of the authorization for non-compliance

<table>
<thead>
<tr>
<th>Petitioner (Developer, Manager)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Entrusts, in his care and under his responsibility, the preparation of the EIA to consultancy firms specialized in that field</td>
</tr>
<tr>
<td>• Legalized signature on contract specifications</td>
</tr>
<tr>
<td>• Transmits the EIA and the CC (ANPE, authorities concerned)</td>
</tr>
<tr>
<td>• Complies with measures and recommendations from the EIA, EMP, CC and those mentioned in the authorization.</td>
</tr>
</tbody>
</table>

**Monitoring and Implementation**

Monitoring is not systematic, except for certain projects financed by external donors. This is one of the shortcomings of the current system (approximately 50% of EIA are monitored during project implementation).

**Environmental management system applicable to municipal projects**

Under the MDP III project funded by the World Bank, the CPSCL prepared a *Practical guide to municipal investment projects* and a *Manual for Environmental Assessment* (April 2003). These documents defined the steps and procedures for environmental management of planned activities.

MDP III investments included infrastructure (roads, sidewalks, drinking water, drainage, sanitation, public lighting, green areas and playgrounds), commercial facilities and renovation
of low-income neighborhoods. Landfill projects and the construction of new slaughterhouses (except for the rehabilitation of former slaughterhouses) were not funded under the program.

Key stakeholders in the management system of municipal projects are the CPSCL (financial intermediary) and municipalities (project management). A number of other agencies are involved in the system, including: i) ANPE for environmental assessment and control; ii) ONAS for approving studies, accepting works and operating sanitation facilities; and iii) the ARRU to ensure the delegated management of urban rehabilitation projects in disadvantaged communities.

The CPSCL ensures compliance of sub-projects (preparation and implementation) requirements and environmental standards and is required to check at each stage that the financing conditions are met.

Municipalities are responsible for preparing preliminary and detailed records of grant requests agreements to obtain credits. They ensure compliance with environmental measures during the project and prepare monitoring reports, including environmental monitoring, for interim and final disbursement of funds.

The CPSCL will take into consideration environmental aspects through the different phases of credit applications review and disbursement requests prepared by communities. This review is provided by CPSCL services or through technical assistance.

The municipality, through the consulting firm in charge of project design will: i) identify environmental and social impacts (preliminary environmental assessment); ii) fill out the checklist accordingly; and iii) ensure the implementation of findings. These should lead to a ranking of projects in one of the categories listed in Table 1.

Table 1: Categories of projects and instruments for environmental assessment

<table>
<thead>
<tr>
<th>Importance of the impact</th>
<th>Instrument applied</th>
</tr>
</thead>
<tbody>
<tr>
<td>No significant environmental impact</td>
<td>Environmental assessment not required</td>
</tr>
<tr>
<td>Significant environmental impacts on environment mitigated by mitigation measures incorporated in project design</td>
<td>Description of mitigation measures attached to the checklist (environmental assessment not required)</td>
</tr>
<tr>
<td>Significant impact and sensitive environment requiring a detailed assessment</td>
<td>Preparation of an EIA(^7) or a notice of impact to be submitted to ANPE’s consideration</td>
</tr>
</tbody>
</table>

The classification adopted for different investment projects and MDP III projects is summarized in Table 2. It should be noted that the impact statement (summary description of impacts) is no longer applied since 2005, when the 1991 EIA Decree was revised.

The environmental and social assessment procedure adopted in the MDP III was based upon the provisions of the 1991 EIA Decree and applicable environmental regulations (see Figure 2). There was no institutional capacity assessment provided and actions for capacity building were limited to recommendations for training of various stakeholders on the basis the CPSCL Practical Guide.

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\(^7\) The practical guide defines the TOR that should be taken into consideration in EIA preparation.
Table 2: Classification of MDP III projects

<table>
<thead>
<tr>
<th>MDP III investment projects</th>
<th>Categories (EA Manual)</th>
<th>EIA Instrument</th>
</tr>
</thead>
<tbody>
<tr>
<td>Basic Infrastructure</td>
<td></td>
<td></td>
</tr>
<tr>
<td>- roads and sidewalks</td>
<td>C</td>
<td>Category A: EIA</td>
</tr>
<tr>
<td>- street lighting</td>
<td>C</td>
<td>Category B: impact notice (IN) (ANPE to decide the necessity of EIA)</td>
</tr>
<tr>
<td>- sanitation</td>
<td>B</td>
<td>Category C: an IN can be required</td>
</tr>
<tr>
<td>- national programs (NPPNR)</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Rehabilitation and planning</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Economic projects</td>
<td>A-B-C</td>
<td></td>
</tr>
<tr>
<td>Programs of rural councils</td>
<td>B</td>
<td></td>
</tr>
<tr>
<td>Socio-collective programs</td>
<td>C</td>
<td></td>
</tr>
<tr>
<td>Administrative buildings</td>
<td>C</td>
<td></td>
</tr>
</tbody>
</table>

Figure 2: Review phases and environmental monitoring of MDP III sub-projects

The Practical guide to municipal investment projects prepared in April 2003 by the CPSCL under the MDP III does not specify specific procedures with regard to: i) the assessment of social impacts; ii) the dissemination of information and public consultation; iii) the establishment of mechanisms for handling complaints; and iv) environmental monitoring of projects beyond construction. These are the main shortcomings of the environmental management system applied to municipal projects.

It is worth mentioning that some of these issues, including the dissemination of information and public consultation are partially covered by other sectoral laws outside the national EIA process. These include: i) public displays, billboards, mandatory public notices and public hearings prior to approval of Urban development plans (PAU) and authorization to open establishments classified as dangerous, unhealthy or inappropriate (see box below); and ii) the expropriation of properties, authorization of use and occupation of public areas/land and natural resources (Law on expropriation for public interest, Forest Code, Water Code, etc.).
National requirements for public hearings for PAUs and classified establishments

The implementation of sub-projects must comply with the Urban development plan (PAU). Prior to its approval it has to clear several regulatory steps and procedures established by the CATU, including those related to public inquiry (Art. 16 and 17) as summarized hereafter: i) display of the PAU project in the municipal town hall, delegation and governorate to allow the public to become acquainted with it; ii) submission of a Notice of Inquiry in the press and publication in the Official Journal; iii) for two months, receive comments and objections from citizens and record them in municipalities, delegations and concerned governorates registers; iv) review of comments and objections recorded by concerned services and regional departments under the Ministry of Planning who will issue their opinion or make necessary changes within two months; and v) submission of the entire file to the Municipal Council for deliberation within three months.

In addition, some sub-projects may, depending on their size and capacity, be included in the list of establishments classified as dangerous, unhealthy and incompatible, such as livestock raising facilities, enclosed bovine, sheep sales and transiting centers, etc. (cattle markets), slaughterhouses, transfer stations for the collection of bulky materials or pre-sorted products, covered vehicle parks and hotel-garages for motor vehicles, repair and maintenance of motor vehicles and equipment, storage of gasoline, etc.

The opening of these classified establishments is governed by the provisions of Decree n ° 2006-2687 of October 9, 2006 which defines, in its Article 6, the public inquiry procedures including: i) publishing in the Official Gazette of a notice to the public, indicating the nature of the activity, its classification, location, places where records can be consulted and where to file objections and observations; ii) sending a copy of the file to the governorates and to presidents of municipalities concerned to complete the posting of the notice at the governorate and at each municipal town hall and in the vicinity of the chosen establishment for a month in order to inform the public; and iii) transmission of opposition or observations by third parties addressed to governors, municipal presidents or the Security Directorate at the Ministry in charge of classified establishments.

Following the end of the public inquiry, governors and presidents of concerned municipalities send all objections and negative observations and comments received to the Security Directorate, accompanied by their opinion (Art. 7). Within a month, the Security Directorate will summon and inform the petitioner of these objections and observations (Art. 10). The petitioner then has two months in which to file its response. The Directorate of Security shall submit to the Minister in charge of classified establishments a report on the results of the investigation along with a review from the technical services and a draft order of the authorization or a draft of the official correspondence to the petitioner, indicating the refusal of authorization.

Other components of the environmental management system

Specific systems have been put in place for the management and monitoring of certain environmental activities and which can be exploited during the implementation of PforR sub-projects. These include the following systems:

- recycling and recovery systems for plastic waste, used oils, used tires, batteries, etc., managed at the level of ANGeD;
- national networks for quality air, water and soil control, managed at the level of ANPE.

3.1.2 Main Institutions Involved in Environmental Management

The Tunisian institutional framework for environmental protection that has been in place in recent decades now has several agencies which may be involved in municipal management. Most are grouped under the supervision of the Ministries of the Environment and of the Interior.
The Ministry of the Environment, established in 1991, provides the general policy environment, ensures the coordination and monitoring of the actions of state and local authorities for the protection of nature and the environment, fighting pollution and pests and improving the quality of life. To implement the national policy, the Ministry of the Environment has several public bodies under its supervision including:

- **The National Environmental Protection Agency (ANPE),** established in 1988, is the agency responsible for managing the national EIA system (preparation, review and approval and monitoring of environmental assessments and plans in Tunisia) and for ensuring the application of regulations relating to the protection of the environment, including those relating to environmental assessment. The Agency is also responsible for preparing required terms of reference for the preparation of EIAs (for projects classified in Annex I) and Sectoral Environmental Standards (for projects classified in Annex 2) as well as for examining and approving the EIA report and the EMP produced according to Sectoral Environmental Standards. The EIA Directorate of ANPE is responsible for implementation, review and monitoring of EIAs in Tunisia.

In addition to its central structures, ANPE has eight regional offices in charge of verifying Sectoral Environmental Standards (*Cahiers des charges spécifiques*) and their compliance with environmental requirements and of participating in the EIA evaluation commission at the central level. The ANPE is also responsible for controlling pollution at the source and for monitoring the quality of air, water and land pollution. Under the Program, it will also be in charge of reviewing EIAs or Sectoral Environmental Standards for sub-projects submitted for approval by municipalities, for notifying proponents of its decisions and for monitoring and controlling sub-project implementation.

- **The National Sanitation Agency (ONAS),** a public industrial and commercial agency created in 1974, is primarily responsible for the management of the sanitation sector and the protection of the water environment in urban areas covered by the Program. It currently operates in 165 municipalities (with a connection rate of 90%)\(^8\) and it ensures the operation, maintenance and renewal of any sanitation works such as wastewater treatment plants, sanitation networks, pumping stations, etc. in the cities.

ONAS is sometimes tasked with other missions such as promoting the distribution of treated wastewater and sludge from treatment facilities, the implementation of integrated wastewater treatment, storm water and solid waste collection projects, as well as carrying out individual and rural sanitation projects on behalf of the State and local communities. In the context of the Program, ONAS will assist municipalities in the preparation and approval of sanitation studies, the acceptance of works and in operating public infrastructures in municipalities covered by the Program.

- **The Agency for the Protection and Development of Coastal Areas (APAL),** established in 1995, is particularly responsible for implementing state policy related to coastal protection, specifically with regard to\(^9\):
  - management of coastal areas and monitoring of management operations;

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\(^9\) [http://www.apal.nat.tn/infoglueDeliverWorking/ViewPagea7ad.html?siteNodeId=11&languageId=4&contentId=-1](http://www.apal.nat.tn/infoglueDeliverWorking/ViewPagea7ad.html?siteNodeId=11&languageId=4&contentId=-1)
- compliance with laws and regulations relating to the development, use and occupation of land;
- review of records relating to Temporary Occupation Permits (AOT) of the Public Maritime Domain and concession contracts for the construction of structures or fixtures in the sea or in its vicinity.

- **The International Centre for Environmental Technologies of Tunis (ICETT),** created in 1996, aims to acquire, adapt and develop new techniques to promote environmental technologies, strengthen national capacities in the field protection and environmental management and provide training services and technical assistance to private and public companies. It has hosted the regional environmental assessment capacity development project in countries south of the Mediterranean (World Bank / METAP).

- **The National Waste Management Agency (ANGeD).** established in 2005, is responsible for participating in the development of national waste management programs including, in particular:
  - management of public systems related to waste management;
  - management of transfer and disposal infrastructures;
  - support and assistance to communities in the field of sustainable waste management;
  - promoting partnerships between all stakeholders, particularly between local authorities, industrial facilities and the private sector;
  - strengthening national capacities in the field of waste management.

ANGeDE’s involvement in the Program is likely to focus on municipal waste collection and waste management projects, technical assistance and obtaining authorizations.

Several public agencies and departments under the **Ministry of the Interior** are involved in the program, including:

- **The Caisse des Prêts et de Soutien des Collectivités Locales (CPSCL)** is a non-administrative public institution (EPNA), established since 1902 and has been the subject of several texts pertaining to its responsibilities and reorganization. It is managed by a General Manager who is assisted by a Secretary General. It comprises five departments at the central level and five Regional Offices:
  - **At Central Level**
    - Financing Department;
    - Financial Department;
    - Department of studies and organization;

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10 December 15, 1902 decree creating the "Caisse des Prêts Communaux Tunisiens"
March 1st, 1932 decree on the reorganization of the "Caisse" and the name change to "Caisse des Prêts aux Communtes"
Law no. 75-37 of May 14, 1975 on the name change from "Caisse" to "Caisse des Prêts aux Collectivités locales"
Decree no. 92-688 of April 1992 repealing decree no. 77-212 of March 1977 subjecting the "Caisse" to the laws and regulations governing the EPIC
Decree no. 97-564 of March 1997 designating the Caisse EPNA as a public company
- Accounting Department;
- Department of Common services.

**At Regional Level**

- Tunis Agency: Governorates of Tunis, Ariana, Manouba, Ben Arous, Bizerte, Nabeul et Zaghouan
- Béja Agency: Governorates of Béja, Kef, Jendouba et Siliana
- Sousse Agency: Governorates of Sousse, Monastir, Mahdia et Kairouan
- Gafsa Agency: Governorates of Gafsa, Kasserine, Sidi Bouzid, Tozeur et Kébili
- Sfax Agency: Governorates of Sfax, Gabes, Médenine et Tataouine.

The Caisse has the following missions:

- mobilize necessary resources to contribute to funding of Local Government investment programs;
- technical assistance to Local Governments in the identification, study, implementation and follow-up of their investment projects;
- strengthening management capacities of Local Governments (training, recycling, management methods, etc.).

A Finance Committee was created within the Caisse in 1998 to review and approve funding for projects in local municipalities.

The role of the regional agencies of the Caisse is to:

- bring services of the Caisse closer to local municipalities;
- improve the preparation of investment files;
- ensure a close technical and financial monitoring of projects;
- provide technical and financial assistance to small and medium size communities.

The CPSCL already has a solid experience in terms of environmental assessment of projects in the context of investment programs for local municipalities. The CPSCL has 24 engineers trained in environmental assessment (15 in the regions and 9 at headquarters). Several training sessions for managers of the Caisse have been held at the ICETT, particularly in the area of impacts on the environment of urban sanitation projects.

Moreover, the CPSCL has developed and implemented environmental assessment procedures included in a document published in 1993 entitled *Practical guide to investment projects of local municipalities*. These procedures were reviewed during the preparation of MDP II in 1997 and of MDP III in 2002. They focused on various types of projects, such as roads and sidewalks, street lighting, sanitation and drainage, beautification, etc. They were developed in accordance with the 1991 EIA Decree as well as with World Bank safeguard policies and included specific criteria for environmental assessment, which in turn were included in the general criteria for project approval.

Given all of the above, it appears that the Caisse already has the experience and skills required for the environmental assessment of municipal sub-projects to be funded under the proposed PforR operation.
• Municipalities

The Municipal Organic Law\textsuperscript{11} (Art. 1) defines the municipality as a local community with legal personality and financial autonomy and charged with promoting the economic, social and cultural of its locality and the management of municipal interests. Each community has an Urban development plan (PAU) in conformity with the Planning and Urban Development Code (CATU).

Roads and community work services include:

- maintenance, repairs and construction of roads and sidewalks etc.;
- sanitation works of all kinds;
- maintenance, repair, cleaning or construction of sewers;
- lighting of roads and public squares and communal facilities;
- the collection, sorting, treatment, removal, waste burial in controlled dumps;
- all aspects related to the implementation, enforcement and monitoring of the development plan.

The municipality may also create public institutions for the management of its public services. Municipalities are responsible for the preparation of detailed requests for grants and intermediate loans. They ensure compliance with environmental measures applicable to projects under their attribution. To comply with the requirements, municipalities typically rely on consultants to investigate and prepare various reports and project documents (preparation and monitoring of environmental assessments, engineering studies, technical assistance contracts, operational structures, etc.) that are submitted to the CPSCL for review and approval prior to obtaining loans or grant agreements and disbursement of funds.

In addition to their involvement in the implementation of supported UDLGP investments, municipalities will be responsible for planning and development, and depending on the project, might sometimes be responsible for monitoring environmental management impacts within their boundaries. The key person in the management of the environment is the municipal environmental officer, and this role is generally handled by technical staff with very low environmental capacity. Municipalities are also central in land acquisition associated with projects under their attribution.

• Regional Councils

The governorate is a public body with legal personality and financial autonomy, managed by a Regional Council charged with\textsuperscript{12}:

- designing land use development plans outside the municipal areas;
- determining regional development programs;
- ensuring the achievement of regional projects;
- fostering cooperation between municipalities and ensuring achievement of shared projects.

\textsuperscript{11} Law n° 75-33 of May 14, 1975, creating the Municipal Organic Law.

\textsuperscript{12} Organic Law n°89-11 of February 14, 1989, related to regional councils.
Training and Decentralization Support Center (CFAD)

The CFAD is a public administrative institution, with legal personality and financial autonomy. Its missions include:

- training managers and staff of governorates, municipalities and the central government in the field of regional and municipal management;
- selecting and enhancing the training of instructors.

The Centre may enter into agreements and contracts with domestic or foreign parties in exchange for paid services, provided they fall within the scope of its activities.

Other institutions involved

Although the majority of the program sub-projects concerns the Municipal public domain within the PAU, it is possible, in some cases, that sub-projects may be located wholly or partially, temporarily or permanently on agricultural land or in the Hydraulic public domain, or that of public roads, etc., and require triggering of regulatory procedures and obtaining agreements or permissions from concerned administrations, particularly:

- the Ministry of Agriculture concerning changes to land use or to the occupancy or use of the Hydraulic public domain;
- the Ministry of State Domains and Properties Affairs, created in 1989 to manage State public and private domains;
- the Ministry of Public Works and Housing regarding matters related to public roads (classified roads).

Moreover, according to the Municipal Organic Law, the Ministry of Public Works and Housing may grant the municipality at its specific request, services to: i) prepare technical project files, undertake municipal works and monitor their implementation; ii) carry out studies for expansion and modernization of road networks in the municipality; or iii) carry out topographical surveys and other work.

In addition, competent authorities empowered to issue authorizations for sub-projects implementation, including the CPSCL and the Direction Générale des Autorités Publiques Locales (DGCPL), are required to ensure that the ANPE is not opposed to a sub-project. It should be noted that in case of non-compliance with EIA measures and recommendations or contract specifications, authorization may be withdrawn by the licensing authority.

Legal and Regulatory Framework for Environmental Management

Tunisia has a number of laws and regulations dealing with the management of environmental and social impacts and with the majority of environmental protection aspects, including pollution abatement and improvements to the quality of life. These extend to preventive instruments (EIA) and incentives (grants and tax incentives) as well as to coercive measures against people and legal entities guilty of pollution offenses or environmental degradation. Some texts are more global in nature and others are specific to sectoral activities.

In the past, these texts have been revised several times to adapt them to new contexts and national policy guidelines for economic and social development. Currently, given the new realities following the 2011 revolution, other revisions are in the works in order to more appropriately incorporate the principles and objectives of sustainable development and good

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13 Law n°94-76 of June 2, 1994, as modified by decree n°2004-1181 of May 25, 2004, pertaining to the creation of a training and decentralization support center.
governance. Annex 1 contains an exhaustive list of laws and regulations that apply to the Program.

The following sections summarize the main legal and regulatory texts (codes, laws, decrees and standards, etc.) applicable to Program activities, as well as improvements already made and those to be expected in the near future.

**Municipal Organic Law**\(^{14}\)

Eight standing committees are formed within each municipality by the Municipal Council after its installation (Art.13). Each committee has specific responsibilities set by the Organic Law, covering different areas of intervention in the municipality, including health, hygiene and environmental protection, social affairs and family issues, etc. The Municipal Council may also form non-permanent committees responsible for studying specific questions.

Each committee meets at least once a month and its hearings are public. Citizens are informed of the hearing date by posting at the entrance of the Town Hall and in neighborhoods, and also through different media accessible to the public. Representatives of public institutions and residents affected by municipal activities may be invited in an advisory capacity.

**Regional Councils Organic Law**\(^{15}\)

The governorate is defined as an administrative territorial division of the State, a public body with legal personality and financial autonomy, managed by a regional council (Art. 1). The Regional Council determines regional development programs and oversees their implementation and coordinates community programs within the governorate. It meets at least four times a year and the meetings are open to the public. The latter is informed of Board deliberations by posting at governorate headquarters.

Outside of municipal areas, the president of the Regional Council assumes all powers conferred to the President of Public municipalities, particularly those relating to construction, traffic, roads, lighting, health, cleanliness and public peace (Art.43).

Rural Advisory Councils, established in areas that have not yet been organized into municipalities, give their views on issues submitted to them and their areas of interest on economic, social, cultural and educational aspects and they in turn communicate the needs and concerns of the people (Art. 49).

**Planning and Urban Development Code (CATU)**

The CATU sets the rules for the organization and use of space, planning, the creation and development of urban areas in order to harmonize economic development, social development and environmental protection and to ensure sustainable development while respecting citizen's right to a healthy environment (Art. 1), by: i) ensuring the rational use of resources; ii) protecting conservation areas as well as natural and cultural sites; iii) ensuring safety and public health; and iv) ensuring the rational attribution of land uses between urban and rural areas.

The CATU defines provisions for the preparation, review, approval and implementation of Urban development plans (PAU). These set the rules and easements of land use and determine (Art.12):


\(^{15}\) Organic law n°89-11 of February 4, 1989 related to regional councils.
- land uses, in terms of their use and authorized and prohibited activities, taking into account the capacity of existing and planned infrastructure and municipal facilities, soil quality, natural hazards and environmental factors;
- the layout and characteristics of roadways;
- legally protected areas (agricultural lands, and natural cultural, archaeological sites, coastlines, etc.);
- spaces reserved for public works, public facilities, public services, green spaces and public squares;
- urban planning regulations for built structures (according to their nature, vocation and land use rights), taking into account their social integration, their compatibility with other land uses, etc.).

Areas requiring the establishment or revision of a PAU are defined by a decree from the Minister of Urban Planning, whether on his own initiative and/or on a duly justified proposal by the local authority concerned and after consultation with the regional services and the ministries of Agriculture and the Environment.

PAU projects and revisions are (Art.16):

- established by relevant local municipalities, in collaboration with regional services of the Ministry of Urban Planning and in compliance with the master plan as well as plans for site protection and protected areas;
- submitted to the written review of concerned businesses, public institutions and regional administrative services;
- sent to the Ministry of Urban Planning for consideration;
- submitted to the municipal and regional council;
- displayed at municipality, delegation or governorate headquarters so that the public may be informed;
- subjected to public inquiry by a notice published in the Official Journal and communicated in the press and on the radio (all people concerned may, within two months, send comments and objections by registered letter or record them in an open register at municipal, delegation or governorate headquarters);
- revised by taking into consideration oppositions formulated by the concerned regional and central services;
- submitted for approval with all opinions, objections and amendments proposed by the municipal or regional council;
- approved by decree on the proposal of the Minister for Urban Planning (proposed works are declared to be of public utility);
- displayed at municipal and governorate town halls (the public is also informed by radio announcements and in the press).

The application and enforcement of approved PAUs are the responsibility of concerned local municipalities and of the Minister of Urban Planning. They are required to take the measures necessary to clearly define areas reserved for roads, public squares, parks and community facilities, without hindering their normal exploitation by their owners.

The CATU contains specific provisions to compensate for damages to private properties, as well as remediation and compensation in case of expropriation for public use (Articles 21-24).
The Municipal Organic Law has incorporated CATU provisions that fall under municipal council attributions, for: i) PAU preparation, implementation and monitoring (Art.119); and ii) alignment and classification of parts of the municipal public domain (streets, squares, parks, municipal public roads (Art. 107, 108 and 118).

**Texts related to environmental assessment**

The 1998 law that created the ANPE\(^\text{16}\) also created the EIA, which has become a requirement for the siting of any industrial, agricultural or commercial unit whose activities present risks of pollution or environmental degradation. Other sectoral legislation (Forest Code, CATU, etc.) also contains EIA provisions for certain categories of works, such as amenities and facilities, but these provisions are generally not implemented due to the lack of regulations establishing the terms and conditions for their application.

The national EIA system has been the subject of several capacity building programs in the context of bilateral cooperation with the UNDP, the World Bank, METAP, GIZ, etc.). The World Bank has previously conducted an assessment of the national environmental system for use on a country pilot basis, providing that certain gaps identified in regards to the Bank’s safeguard policies are corrected. The national environmental system has been applied to several World Bank operations in Tunisia, such as the National Solid Waste Management Program and the Water Sector Investment Program (PISEAU).

At the present stage, the main legal reference is the 2005 EIA Decree and its implementing decree.\(^\text{17}\) This decree classifies projects submitted to ANPE’s prior review into three categories. ANPE is the government agency responsible for managing activities related to EIA (preparation of sectoral EIA TORs, EIA review reports, EIA implementation monitoring and control). The authorization for project completion may be granted to the petitioner by competent authorities only in case of non-opposition from the ANPE.

To avoid a rejection of the application by ANPE, regulatory criteria have to be strictly met when preparing EIAs, such as: i) capacity of the team responsible for preparing the EIA; ii) compliance of proposed activities with the intended regulatory purpose of the intended site; iii) contents of the EIA report and its compliance with the EIA decree and with sectoral TORs; and iv) comprehensiveness and accuracy of the information contained in the EMP.

As a reference, the following table gives some examples of projects listed in Annexes 1 and 2 of the EIA that could come under municipal attributions. According to their category, these projects either require an EIA or Sectoral Environmental Guidelines (Cahiers des charges spécifiques) that must be subjected to ANPE’s prior review.

Considering that the UDLGP will not fund category A projects such as wastewater treatment facilities, slaughterhouses or landfills, as defined by the World Bank’s Operational Policy OP 4.01 on Environmental Assessment, it is likely that by referring to the EIA Decree, no sub-project in Subprograms 1 and 2 will require an EIA. Due to their nature and size, sub-projects included in Subprograms 1 and 2 of the Program, namely public lighting, urban sanitation, drainage of rainwater and road and sidewalk rehabilitation, are not listed in Annex 1. Consequently, they are not subjected to a mandatory EIA.

\(^{16}\) Law no. 88-91 of August 1998 creating the National Environment Protection Agency (ANPE) as modified by law no. 92-115 of November 30, 1992.

\(^{17}\) Decree related to the application of Article 5 of the law creating ANPE: Decree no. 2005-1991 of July 11, 2005 modifying decree no. 91-362 of March 13,1991 on EIA.
### Annex 1 (EIA)

<table>
<thead>
<tr>
<th>Category A</th>
<th>Category B</th>
</tr>
</thead>
<tbody>
<tr>
<td>Landfill for municipal solid waste &lt; 20t/J</td>
<td>Landfill for municipal solid waste &gt; 20t/J</td>
</tr>
<tr>
<td>Expressway, bridge and interconnector</td>
<td>Expressway, bridge and interconnector</td>
</tr>
<tr>
<td>5 to 20 ha of urban land</td>
<td>Urban land &gt; 20 ha</td>
</tr>
<tr>
<td>Industrial zone &lt; 5ha</td>
<td>Industrial zone &gt; 5ha</td>
</tr>
<tr>
<td>Tourism zone of 10 to 30 ha</td>
<td>Tourism zone &gt; 30 ha</td>
</tr>
<tr>
<td>Slaughterhouse</td>
<td>Tourism zone &lt; 10 ha</td>
</tr>
<tr>
<td>Wastewater treatment plant</td>
<td>Wastewater treatment plant</td>
</tr>
<tr>
<td>School facility</td>
<td>School facility</td>
</tr>
<tr>
<td>Energy transport not listed in Annex 1</td>
<td>Energy transport not listed in Annex 1</td>
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<tr>
<td>Water conveyance canals</td>
<td>Water conveyance canals</td>
</tr>
<tr>
<td>Coastal facilities not listed in Annex 1</td>
<td>Coastal facilities not listed in Annex 1</td>
</tr>
<tr>
<td>Storage / distribution of fuel, washing / lubrication of vehicles</td>
<td>Storage / distribution of fuel, washing / lubrication of vehicles</td>
</tr>
</tbody>
</table>

In addition, Annex 2 does not specifically mention the activities indicated in the table above. It only requires Sectoral Environmental Standards (*Cahiers des charges spécifiques*) for: i) water conveyance canals; and ii) power transmission projects. In reference to the previous 1991 EIA Decree, these two categories of projects had more explicit requirements which included: i) water supply networks, control structures and conveyance canals that are subjected to an EIA; and ii) electricity transmission by an overhead line, which only required a Summary EA (*Description sommaire*).

Sanitation, drainage and street lighting sub-projects, by virtue of their size and nature, do not fall into these categories of projects and are not subjected to prior review of Sectoral Environmental Standards. However, it is appropriate that municipalities obtain an official confirmation of approval from the ANPE for such activities. Accordingly, in the context of the UDLGP, these sub-projects will be subject to the preparation of ESMPs.

**Water Code**

The "Water Code" addresses all aspects of the management, use, development and protection of water resources in the Hydraulic public domain. It defines the regulatory provisions concerning the right of use of water, authorizations or concessions affecting the public domain, water pollution abatement, flood protection, etc. The Hydraulic public domain as defined by the Water Code is an inalienable and imprescriptible domain which includes rivers, springs, underground water, lakes and *Sebkhas*, wells, sanitation canals of public utility, etc.

Some provisions of the Water Code provide specific measures to prevent water pollution. These include: i) prohibition to discharge sewage and wastewater into the Hydraulic public domain or into maritime waters (Articles 109, 113 and 115); ii) the evacuation of wastewater into well points is only allowed when there is a septic tank; iii) the discharge of liquid waste into receiving waters used for wastewater treatment or for the needs of the food industry can only be authorized after a physical, chemical, biological and prior disinfection has been

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completed (Art. 114); and iv) the obligation by users and public authorities to support measures towards the elimination of pollution caused by their dumping of waste.

**Pollution prevention**

**Discharges of liquids**

A decree\(^{19}\) sets the conditions under which discharges into the environment are regulated or prohibited and authorization procedures are established. This decree’s definition of wastewaters includes sewage, drainage, and urban runoff water and also stipulates that these must be pre-treated to comply with discharge standards (NT 106.02 standard).

**Air Quality**

The NT 106.04 standard sets limits for various pollutants in the ambient air (see Annex 1). Concerning suspended particles, the limits for public health values are set at 80 mg / m\(^3\) (annual average) and 260 ug/m\(^3\) (daily average).

The maximum values of air pollutants emitted at source are determined by decree.\(^{20}\) Annex 1 of the decree lays down the general maximum values of pollutants emitted into the air from stationary sources and Annex 2 sets the maximum dust concentration by bitumen production units or that of other materials used to asphalt roads at 50mg / m\(^3\). The height of the chimney must be at least 10 meters for asphalt plants of equal or greater capacity to 150 tons / hour and 8 meters at least for plants with a capacity below 150 tons / hour.

**Noise disturbances**

- **Neighborhood Noise**

Decree 22/08/2000 from the President of the Municipality and the Mayor of Tunis prohibits: i) noise that may disturb the tranquility of citizens between 10 pm and 8 am throughout the year and from 1:00 pm to 5:00 pm in the summer; and ii) whether during the day or at night, noise disturbances resulting from motor vehicles within the entire municipal perimeter Tunis. In addition, institutions classified in the 2nd and 3rd category are mandated to install their machines in such a way that they do not produce noise interfering with people’s tranquility and are required to stop any noisy activity during the hours set in the ban (see value limits - Annex 1).

- **Noises caused by motor vehicles:**

Specific provisions for motor vehicles, as defined by the Highway Code\(^{21}\) focus on: i) the ban on the use of multiple or shrill noise generators; ii) the ban on free exhaust gas; and iii) setting maximum noise levels for each type of vehicle. The Highway Traffic Act provisions do not give a clear definition of procedures, conditions and technical rules for the management of equipment and vehicles, technical inspection vehicles, offenses, fines, etc.

**Residuals**

- **Waste management**

The Framework Law on Waste\(^{22}\) defines the framework for specific waste management and disposal methods and for provisions related to: i) ways to prevent and reduce waste

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\(^{19}\) Decree no. 85-56 of January 2,1985 on discharges in the environment

\(^{20}\) Decree no. 2010-2519 of September 28, 2010, fixing maximum values of source emissions of air pollutants.

\(^{21}\) Law n° 2006-54 of July 28, 2006, modifying and completing the Road Transportation Code enacted in 1999.

\(^{22}\) Law n° 96-41 of June 10, 1996, related to waste control, management and elimination.
generation at source; ii) recover, recycle and reuse waste; and iii) dispose of residual waste in landfills.

Waste is classified according to its origin as household waste and industrial waste, and according to its characteristics as hazardous waste, non-hazardous waste and inert waste. The law classifies landfills into three categories: i) hazardous waste landfills; ii) domestic waste and non-hazardous waste landfills; and iii) inert waste landfills. The following activities are strictly prohibited:

- open-air waste incineration, with the exception of organic waste;
- mixing different types of hazardous waste with non-hazardous waste;
- hazardous waste being buried and stockpiled in places other than landfills and authorized facilities.

The law has provisions to establish recovery systems for certain types of waste such as used oils\textsuperscript{23} and used accumulators\textsuperscript{24}.

- Asbestos cement waste

The program will not produce this type of waste as it will not use conduits or other asbestos cement based products.

**Heritage Code\textsuperscript{25}**

This code which defines historical, traditional or archaeological heritage, requires that in the event of accidental discoveries of relics, the finder shall immediately inform the competent services of the Ministry of Heritage who shall take all necessary measures to ensure conservation, and if necessary, will supervise ongoing works (Art. 68). As a preventive measure, these services can order a suspension of ongoing works for a period not exceeding six months.

It should be noted that the legal framework related to procurement contains an article on General Administrative Clauses Documents (GACD) applicable to public works that clearly defines precautions and arrangements to be taken in the event where objects or remains of an archaeological or historical nature are discovered. The Contractor shall notify the project manager and draft a regulatory report for competent authorities. These objects or remains should not be displaced without the express authorization from the project manager. Objects that might have been accidentally removed from the ground should be stored in a safe place.

**Labor protection and working conditions**

Legislation on working conditions\textsuperscript{26} establishes a list of occupational diseases and of works and substances that may likely be causing them (toxic substances, hydrocarbons, plastics, dust, infectious agents, etc.). It requires employers to report work methods likely to cause work-related diseases and mandates the affiliated physician to declare the diagnosed occupational disease by specifying the nature of the noxious agent.

\textsuperscript{23} Decree no 2008-2565 07/07/2008: modifying and completing decree n°2002-693 of April 1, 2002, related to conditions and procedures for recovery of used lubricating oils and used oil filters and their management.

\textsuperscript{24} Decree no 2005-3395 of 12/26/2005: fixing conditions and procedures to collect accumulators and used batteries.

\textsuperscript{25} Law 94-35 of February 24, 1994 related to the protection of historical monuments and naturel and urban sites.

\textsuperscript{26} Law no. 94-28 of February 21, 1994 on workman compensation and damages resulting from occupational diseases.
The General Administrative Clauses Document (GACD) applicable to public works contracts requires the contractor to follow the laws and regulations relating to labor protection and working conditions. It also stipulates that the terms and procedures to implement those provisions are defined in the Particular Administrative Clauses (PAC). The Contractor shall notify its subcontractors that the obligations set out in this article are applicable and remains responsible for their compliance with them.

General Administrative Clauses\(^\text{27}\) apply to all public works contracts that are partially or totally financed by the World Bank. These clauses supersede or nullify applicable general administrative clauses when appropriate and in compliance with national regulations and can only be waived if the articles, paragraphs and sub-paragraphs that are being waived are specifically indicated in the Particular Administrative Clauses.

Expected improvements in the current legislative and regulatory framework

Significant improvements are needed to fill the most important gaps in the current environmental impact management system. The new Constitution has laid the foundation for good governance and participatory democracy, including:

- decentralization of local government, embodied by financially and administratively autonomous communities, who are manage local affairs in compliance with self-governing principles, adopting democratic participatory mechanisms and ensuring a wider participation of citizens and civil society in the preparation, planning and monitoring of development projects;

- the right to information, access to information, to a healthy environment and to participate in environmental protection.

The draft Environmental Code\(^\text{28}\) contains a series of provisions based on the rights and principles outlined above, particularly regarding: i) decentralization of decisions on environmental and natural resource management; ii) people’s participation and involvement in decision-making, including in decisions related to environmental impact assessments; iii) people’s opinions and proposals are taken into consideration, including regarding the economic and social aspects in the EIA processes; and iv) the expansion of EIAs by carrying out strategic environmental assessments of public policies, plans, programs.

Similarly, the ANPE has already made an assessment of the past 20 years of EIA\(^\text{29}\) practice and identified key areas for improvement of the system to be considered when reviewing the EIA Decree. In this respect, it plans to revise the EIA decree to integrate social impact assessment, dissemination of information on EIA, and public consultation in the preparation and approval processes for EIA.

3.2 Social Management Systems

3.2.1 National Framework for Land Acquisition

\(^{27}\) Bidding documents from ANGeD related to rehabilitation works for the unlawful dump site of "Rmilá" in Hammam Sousse.

\(^{28}\) Study report "The Environmental Law in Tunisia: draft environmental code: Phase 3 - 3rd draft variant of the draft Code - Pre Final version (Ministry of Equipment and Environment – Secretariat of State for Environment AMEF, September 2013)".

\(^{29}\) Technical assistance mission to ANPE in order to assess the environmental impact assessment system in Tunisia (diagnostic reports, reforms, optimization of the current EIE system and Action Plan).
The right to property is a fundamental right defined and guaranteed by the Constitution and the Code of Real Rights, which states: "No person shall be compelled to give up his property except in cases provided for by law, subject to fair compensation" (Article 20). In addition, the Obligations and Contracts Code defines ownership regulations, namely those regarding acquisition by agreement or expropriation. The Code covers buildings (housing, land, structures, etc.), "enzel rents," actions for rescission or claims, and all other actions regarding property ownership.

Expropriation can only be applied by the State for public purposes in specific cases (Law No. 2003-26), when all alternative possibilities on public land and other amicable arrangements have been exhausted. This is the last resort solution that is applied particularly in the event of: i) refusal to sell; ii) exorbitant prices; or iii) land tenure not yet cleared.

Law 2003-26 (Art. 10) provides for the creation of a Regional Conciliation Commission (CRC), chaired by a magistrate in each governorate. Its role is to broker an agreement on the value of properties to be expropriated between the parties involved in an expropriation. A list of properties intended for expropriation, their owners, along with building characteristics will be recorded, published by and displayed in governorate, delegations and municipal town halls during one month. The owners are summoned by the CRC for conciliation and to reach an agreement on the value of the property. The CRC has a period of two months that is renewable once (for a month) to handle the case and reach a final decision (Art. 11). In case there is no agreement, the State will use the expropriation decree to proceed with expropriation and the owners have the right to go to court in accordance with the provisions of the law. In this case, the amount of compensation will be determined by the jurisdiction of the courts concerned by the case.

The Law on expropriation for public purposes defines the procedures that must be met (surveys, inventory of property to be expropriated, identification of owners, consultation and consent to the agreement). In case of a potential mutual agreement, the CRC or the buyer’s final decision cannot be made until the land acquisition situation and the title are cleared (plots, land title, land survey land, owners’ names, etc.). Otherwise, expropriation procedures will be incurred and compensation to owners will be decided by judgment. Procedures to take possession of the building will start immediately following the settlement agreement or the date of the expropriation decree.

When the expropriation for public purpose procedure is used, the amount corresponding to the value of the property (determined by the CRC based on expert reports) is recorded in the Treasury by the public proponent. This regulatory process is a guarantee of availability of funds to compensate expropriated owners. It is for the court ruling on the compensation issue to pronounce a judgment fixing the terms of the compensation for the expropriation, to also allow the expropriators to take over the expropriated property, and to order the withdrawal of said compensation from the General Treasury to the benefit of the expropriated party.

Legislation on expropriation for public purposes does not include explicit provisions for loss of income, livelihoods, restriction of access to material goods and natural resources (economic resettlement). Some of these aspects, however, are governed by other laws that guarantee the right to access, use of water and natural resources, but not in the context of land acquisition (Water Code, Forest Code, CATU code, etc.).

31 Commission de Reconnaissance et de Conciliation “CRC” (Article 10 de la Loi n°2003-26).
Legal framework regulating land acquisition

- **Tunisian legal framework**
  Tunisian law focuses on the voluntary transfer of property, compensation, friendly acquisition, temporary occupation and expropriation of land plots. The most recent basic texts are:
  - Its application by Decree no. 2003-1551 of July 2, 2003 setting the terms of the composition, attributions and operating procedures of the Committee on acknowledgement and reconciliation on expropriation matters.

In summary, Tunisian law no. 2003-26 of April 14, 2003 on the revision of the legislation on expropriation for public purposes focuses on a process that includes the following steps: (i) a statement on public usefulness; (ii) the public inquiry otherwise known as expertise; (iii) the work performed by the Commission on Recognition and Conciliation (CRC); (iv) CRC report indicating properties to be expropriated and fixing amounts for compensation; (v) its publication; (vi) its amicable transfer; (vii) revelation to the public of absentees and opposed; (viii) the decree of expropriation; (ix) the payment of compensation to beneficiaries; and (x) ownership of the property. These are the steps to be followed in the framework of the program.

- **Compensation**
  - **Temporary Occupation**: For the execution of certain works, the law provides for compensation to cover the damage done to crops, trees and compensate for cutting trees and for works related to water and soil conservation. The Authorization for Temporary Occupation (ATO) comes with the obligation at the end of the work, to return the lot to its original status. For a settlement, the compensation will be recorded on an accounting document and is usually paid before the start of works (the operator, whether he is the owner or not, is the person who will be compensated). Otherwise, if there is no settlement agreement, an inventory is drawn up before the start of works to make a comparison after works are completed. It will serve as the base to estimate damages and fix the amount for compensation.
  - **Voluntary donation**: The voluntary donation of small plots of land is free of charge as part of public interest projects. For smaller areas, owners can accept the gratuity since the project is affording them something in return, a benefit other than financial in nature. For example, concerning hill lakes, the water and soil conservation law (CES) No 95/70 of July 17, 1995 does not endorse any compensation or indemnity by the State to privately owned flooded areas because repair work is free and performed by the state and private farmers enjoy the complimentary use of water. However, they have to pay their contributions to the Agricultural development cluster (GDA) for maintenance and network services.
  - **Amicable acquisition**: In the case of acquisitions made by mutual agreement, two scenarios are possible: (a) A free acquisition (symbolic dinar); (b) Acquisition through compensation. In addition, the law also allows that the acquisition of a lot of land for a public utility project can be exchanged with a lot of land of the same value within the state’s private domain. This option can be given to the transferor insofar as there is land available.
  - **Expropriation**: The expropriation compensation is determined according to the value of the property assessed on its consistency and the actual use to which it was assigned at the date the expropriation decree was published and also by comparing prices with comparable buildings in the same area at the same date.

- **Property assessment**
  - **Temporary occupation**: In the event of a settlement agreement with the owner or the operator, the assessment of crop damage and other damage to trees under temporary occupation of land framework is made by competent authorities in CRDA and in the Agricultural Land Agency (ALA). Otherwise, both parties will each designate an expert to assess make an inventory of
land and estimate damages.

- **Voluntary donation**: The property assessment does not take place when the land is ceded for free.

- **Amicable acquisition**: If the acquisition is by mutual agreement and based on a compensation, the assessment will be conducted by the Land Assessment Commission, located in each region, chaired by a judge and composed of a representative from the Ministry of Agriculture, one from the Public domain of the state and one from the Agricultural land Agency, who will set the price of the land based on its tax and agricultural value. Agronomic criteria and selling prices of similar land at local level will help put a value to it.

- **Expropriation**: If there is no agreement on the price fixed, the value of the parcel is assessed in the light of two reports, one prepared by the expert of the State, the other by an expert on the list of legal experts that the beneficiaries can choose. In case there is still no agreement between expropriating and expropriated, the compensation for expropriation shall be determined by the value of the property assessed according to its consistency and the actual use to which it was assigned to the date of publication of the decree of expropriation and by comparison with prices at that date for comparable buildings in the same area.

- **Formalization of the agreement**
  - **Temporary occupation**: Amicable temporary occupation authorizations are generally granted on oral agreements between the owner or operator and the managers of the company carrying out the work.
  - **Voluntary donation**: Cession of agricultural plots of land for public interest projects is a two-step process resulting in the drafting of two acts: (a) a first written and legalized act in which the owner states that he is willing to donate the plot of land whose dimension is mentioned for free to the administration concerned for the implementation of the project; (b) a second administrative act which refers to the agreement between the parties, underlines the owner’s withdrawal from the plot and the ensuing transfer of ownership.
  - **Amicable acquisition**: An administrative agreement in writing signed by both parties refers to the area of the parcel acquired, the nature of the project carried out, the amount of the acquisition and transfer of property that resulted. It also stated that the parcel is vacant.

- **Remedies**
  - **Temporary occupation**: In case of disagreement on the amount of compensation, or if it does not comply with the terms of the contract, or if the temporary occupation continues, then the owner may sue the administration in the small claims courts. The court usually requires that the land be returned to the owner and even fixes the amount of compensation.
  - **Amicable acquisition and expropriation**: If the owner does not accept the terms of the acquisition, then the expropriation procedure is triggered. Owners who dispute the compensation given by the expropriating authority may apply to the courts for new pricing. The Court of Appeal is required to rule on the appeal filed within 3 months from the date of referral. The Court of Cassation also acts within 3 months of the date of its entry. Ultimately, the extreme delay to close a case is 10 months and 10 days. If they are affected by a public utility project, tenants also have the possibility of to go to court.
Land tenure in Tunisia

a. Public lands
Public and private lands of the State are managed by the Ministry of State Lands and Property Affairs. Public agricultural lands are included in the private lands of the State.

b. Private lands
Private lands are held by private individuals or entities that freely exercise their property rights. These lands include titled lands, lands held under a notary’s act and lands held by virtue of a certificate of possession:

- Titled lands: Land titling procedures are defined by the Loi foncière du 1er juillet 1885, as redefined by the Code des droits réels (loi du 12 février 1965). Titling enables property owners to establish the legal nature of ownership of their property. It is supported by a public disclosure procedure that is tied to the Land Register. The Land Register covers less than half of lands that are held under private ownership. Moreover, over 60 percent of titles in the Land Register are outdated as they have not been revised on the basis of property transfers, sales or inheritances. This introduces distortions between the contents of titles and the reality observed on the ground.

- Lands held under a notary’s act: These are lands that are held by virtue of a notary’s act and that describe the origin of the property and the various transactions that have occurred before it has been acquired by the current owner.

- Lands held by virtue of a certificate of possession: The certificate of possession is an administrative document that is delivered to agricultural land owners that are bereft of titles and that can only demonstrate their occupation of the land. The deliverance of such a certificate is predicated on the principle that an agricultural landholder who has been cultivating the land for five years, in good faith, and as an owner on a continual and uncontested basis, is entitled to recognition of his/her property rights. This certificate enables agricultural property owners to gain access to bank credit and provides them with a degree of protection in the event where their land is subjected to a titling process by an external party.

c. Collective lands
Traditionally, such lands were reserved for collective use and were owned by tribes or by ethnic minority groups. Since the 1960s, the privatization of collective lands has considerably reduced their size. Oversight of collective lands is ensured by the Ministry of Agriculture through a Local management entity (within each delegation), a Regional management entity (within each governorate) and the Governor. Every group that owns collective lands is represented by a Management Council that is composed of elected members and of members designated by the Governor. The Councils of Local and Regional management entities coordinate and control the Management Councils.

d. Habous lands
This corresponds to lands that were traditionally ceded on a permanent basis to habous (Islamic religious institutions) and that thereby became inalienable and impossible to acquire by private or public means. The abolition of such forms of ownership was pronounced by decrees in 1956 and 1957. The liquidation of habous lands led to their transfer into the public lands of the State.

3.2.2 Procedures Applicable to Municipal Projects
For land acquisition conducted for municipal projects, the Practical guide to investment projects of local municipalities prepared in April 2003 under the MDP III requires the municipality to have:
an agreement in principle, including: ownership certificates for the plot, reasons for the acquisition, land survey, and expert opinion of the Ministry in charge of the State’s public domain;

a final agreement, including: certification of availability of funds, deed or decree of expropriation;

for disbursement of funds, a sales contract by mutual agreement or by expropriation.

In addition, a Land Acquisition Policy Framework was developed in September 2013 by the CPSCL to oversee land acquisition activities for projects under its responsibility. Contrary to World Bank requirements in the matter, this Policy Framework does not define specific procedures applicable to persons who are affected and "who have no formal right or title that may be recognized on the land they occupy". This category of affected persons should normally benefit from assistance measures that would ensure them of a better situation, or at least an equivalent situation to the one prevailing prior to their involuntary resettlement. Such a scenario might apply in some cases, particularly in disadvantaged neighborhoods targeted by the Program. This deficiency constitutes a flaw in the social management system applied to municipal projects.

In addition to public access to a functional Anticorruption hot line and website in the Prime Minister’s office where any citizen can file complaints/grievances, municipalities have a Citizens Relations Bureau where citizens can submit grievances. However, grievance redress mechanisms at the municipal level are not fully operational and complaints are frequently not addressed due to the absence of formal mechanisms for documenting, redirecting and resolving complaints.

3.2.3 Procedures Applicable to Disadvantaged Neighborhoods

Based on discussions with CPSCL officials in March 2014, the land acquisition procedure applied by the Agency for Rehabilitation and Urban Renovation (ARRU) in disadvantaged neighborhoods is based on a number of principles from the agency’s experience in the field:

- communication with beneficiaries to confirm the needs and plan works, including on right-of-way requirements and on progress of construction activities;

- acquisition of portions of land for road right-of-ways and easements for municipal networks (sewerage and drinking water, electricity, lighting, etc.) based on voluntary land donations and formal and legalized temporary occupation or, less frequently, on the basis of properly documented settlements or mutual agreements;

- systematically avoiding involuntary resettlement of households or businesses already established within right-of-ways (if necessary, right-of-ways are moved or reduced in width below recommended standards in order to prevent encroachment on homes or businesses).

ARRU operating rules for land acquisition are relatively well known in informal neighborhoods and there are frequently provisions in the informal planning of such settlements for the future extension of road and service networks. The approach advocated by ARRU contributes to the avoidance of land conflicts in contexts where the legitimacy of land occupancy is often in question. It also avoids the use of public expropriation procedures that can take years to run their course.

The Agence Foncière de l’Habitation (AFH) has gained some experience in land acquisition in informal settlements for its real estate transactions. The approaches adopted by the agency are revealing of: i) the difficulties stemming from land acquisition in such areas; and ii) the lack of clear rules and procedures on the matter. For example, in the 1990’s AFH had to face situations of de facto occupation of lands that it wanted to acquire for the Ennasr II subdivision on the outskirts of Greater Tunis. These lands were occupied by a set of housing structures designated as the "city of Ouled Ayar" and were constituted of informal neighborhoods regrouped on the basis of family reunification. A mosque and a building to house the local ruling party were built to strengthen or justify the legitimacy of their occupancy. “After many delays in the implementation of the subdivision and tough negotiations between the AFH and the de facto occupants concerning resettlement procedures for some residents – negotiations involving local authorities – there was a compromise where finally two compensation methods were adopted. First, households whose credit worthiness corresponded to criteria defined in the National Slum Removal Program (PND) were relocated to two settlements located within the municipality of Ariana, and also received compensation amounting to between 300 to 500 DT. In addition, the municipality solicited real estate developers to contribute to the construction of 100 social housing units (distributed to some families) in the Cité Ennasim, also located in the municipality of Ariana. Remaining households received compensation to allow them to relocate elsewhere and benefited from facilities to obtain credit from the Banque de l’Habitat.” (Othman, 2009, p. 51).

It should be noted that disadvantaged or informal neighborhoods in Tunisian cities are relatively peaceful when compared to informal settlements in large urban areas in other countries, such as Brazil. They are not particularly subject to social tensions or conflict due to poverty, pre-existing violence, or other situations where local development must be carried out in a riskier social context. Nevertheless, small-scale land acquisition required for municipal works in such neighborhoods must be undertaken with particular care to avoid social tensions and to ensure that households or businesses that are affected by permanent or temporary land takings, however minor, are treated in a respectful and proper manner. Local agreements for small-scale land acquisition, where required, should be properly documented and the transfer of land titles should be officially registered.
IV. Assessment of Institutional Capacity and Performance

4.1 Adequacy of Applicable Systems

4.1.1 Environmental Management System

National system

The national EIA system has been in place since 1991 and has been the subject of several strengthening actions over the past twenty years. It is now well established, integrated into the decision-making process and ensures proper handling of environmental impacts of new projects subject to EIA. In this respect, the system allows detailed analysis of environmental impacts and identification of measures to be implemented in order to eliminate, mitigate or compensate adverse impacts to acceptable levels. An EMP is routinely required to ensure control and monitor compliance of approved projects during project construction and operation phases.

The main shortcomings of the national EIA system are the lack of regulations and specific procedures to: i) assess social impacts; ii) disseminate environmental assessments and provide public access to information; iii) public consultation and consultation with affected individuals and their participation in decision-making; iv) establish grievance mechanisms to handle complaints; and v) environmental and social monitoring of projects beyond the construction phase.

The screening method used for projects contains some risks that can affect system performance. It is based exclusively on inclusive criteria (list system) and does not allow for a case by case screening for some projects, some of them off-list projects, which can generate significant environmental impacts. For example, some sub-projects eligible under the program, such as sanitation, drainage and roads are not explicitly included in the list of projects submitted for ANPE’s review. These projects can generate negative impacts on the environment but the national legislation does not necessarily subject them to prior environmental assessment. This is a gap that must be filled by the definition of a specific screening method for the UDLGP or by a revision of the EIA Decree to improve the current screening method.

Such gaps have been examined previously during the preparation of projects funded by other donors and special measures were required to fill them and make the national system compliant with environmental and social safeguard policies, particularly those of the World Bank. Indeed, although the national EIA legislation does not require public consultations, dissemination of information, or an analysis of social impacts, etc., loan agreements and project documents prepared for previous World Bank projects in Tunisia have mentioned the need for these aspects to be addressed, in addition to the national EIA system and as contractual terms and obligations of the Borrower. 33

At present, the ANPE plans to revise the EIA decree in order to fill these gaps and to frame the national EIA system within the provisions of the new Constitution and the draft Environmental Code. In this context, the ANPE conducted in 2013 an evaluation of the national EIA system in order to prepare and implement an action plan over five years to improve the system. This assessment is now complete, but an official date to revise the decree has yet to be determined.

33 Ex: PISEAU II project financed by the World Bank.
Local municipalities’ system

The environmental and social management plan adopted by local governments relies for the most part on the national system. At an operational level, such a system has been established and documented during implementation of various municipal development projects that have mainly funded by the World Bank. Therefore, although the Bank requires that projects it finances must comply with its safeguard policies, applicable national environmental and social management systems, including those applied to the MDP III project, still have a certain amount of weaknesses.

Aspects relating to information and public participation are guaranteed to some extent by the Municipal Organic Law which requires the Municipal Council to inform the public and give citizens the right to attend / participate in meetings and council deliberations. However, the system as applied does not include specific mechanisms for public information and consultation and for addressing public grievances to ensure that impacts are mitigated to acceptable levels.

4.1.2 Social Management Systems

Activities funded under the program are mainly conducted within municipal boundaries and the PAU. They are mostly of small or medium size and their social impacts are normally weak, limited in time, and occur primarily during the construction phase, such as: i) disruption of ongoing activities and loss of income due to difficulties of access, diversion of traffic, congestion, etc.; and ii) the temporary or permanent occupation of private land by agreement or by voluntary assignment or by the use of expropriation of property for public purposes.

Voluntary land donations and temporary land occupations are practiced by the CPSCL and municipalities in compliance with formal and legalized procedures (agreements, licenses or purchase agreements). Although voluntary donations and amicable acquisitions are the preferred procedures in most cases, it may be difficult to avoid certain temporary or permanent involuntary acquisitions, because of the public purpose nature of some sub-projects. Thus, the use of expropriation processes under the program cannot be totally excluded.

In the event of sub-projects being built on private land or encroaching on private land, the municipality must submit relevant documentation to the CPSCL, such as temporary or permanent occupation permits, voluntary transfer agreements, purchase agreements or the expropriation decree. No sub-project can be financed without prior resolution of all land acquisition or land tenure regularization issues. National legislation on expropriation includes provisions that ensure fair and equitable compensation for rights holders. These requirements, in addition to the participation of the public in the identification of sub-projects and the decision-making process, should ensure that municipalities reject sub-projects that require the resettlement of residential households or businesses and/or involuntary acquisition of significant amounts of land.

It should be kept in mind that the 2003 CPSCL Practical guide does not contain specific procedures regarding: i) social impacts assessment; ii) dissemination of information and public consultation; iii) establishing grievance mechanisms to handle complaints; iv) monitoring and evaluation of land acquisition; and v) monitoring the social impacts of

34 The municipal public domain (MPD) includes boulevards, squares, parks, roads, and lands with public structures such as water, electricity or gas distribution networks and other works of public interest as well as other properties held under the State public domain.
projects beyond the construction phase. These shortcomings constitute significant gaps in the social management system applied to municipal projects.

It is also important to bear in mind that, contrary to World Bank requirements on the matter, the CPSCL’s 2013 Land Acquisition Framework Policy does not contain specific procedures applicable to “affected people who have no formal right or title that may be recognized on the land they occupy.” This deficiency constitutes an additional flaw in the social management system applied to municipal projects.

4.2 Adequacy of Institutional Capacity and Coordination Mechanisms

4.2.1 Environmental Management Capacity

At an institutional level, ANPE, the public agency responsible for management of EIAs, has solid experience and skills, particularly in the field of EIA review, monitoring of EMP implementation and environmental monitoring (air, water, soil). In terms of expertise, there are a number of consultancy firms and consultants who have acquired the required experience and capacities in the field of environmental management.

In addition, other stakeholders directly or indirectly involved in the system (authorities, petitioners, civil society, etc.) are familiar with procedures used in the different stages of the EIA process and have also benefited from several training sessions over the last 20 years. The EIA system has gradually acquired a form of legitimacy which is almost never challenged anymore, but which still shows some deficiencies and shortcomings in terms of OP 9.00, which must be corrected.

Municipal representatives who were consulted during the pre-appraisal mission highlighted coordination problems between the various agencies involved in municipal environmental management (ONAS SONEDE ANGeD, Ministry of Transport, Department of Hydraulics, etc.). These coordination problems resulted in a lack of information with regard to the programming and implementation of projects by the ministries and State agencies in municipalities and by a lack of community participation in the planning and supervision of works on their respective territories. They also demonstrate specific problems in effectively coordinating environmental management aspects requiring inter-municipal and inter-regional coordination (waste management, water management, etc.).

4.2.2 Social Management Capacity

Several ministries and state agencies such as ARRU and AFH have acquired solid experience and the skills needed to manage land acquisition operations required in the course of their duties. On the other hand, land acquisition capacities of municipalities are limited. Representatives of visited municipalities indicated that the acquisition of private land is generally by mutual agreement and that there was no need for expropriation to carry out municipal sub-projects. However, they confirmed that in most cases, municipalities prefer to let agencies specialized in the field, such as ARRU, handle complex land transactions in disadvantaged areas.

4.3 Adequacy of Implementation Entities’ Capacities

4.3.1 Environmental Management Capacity

Since the middle of 1990s, the CPSCL has implemented and applied an environmental assessment procedure (Practical Guide for investment projects of local municipalities) with the assistance of USAID under the HG-V program. The guide was updated in 2003 during the
preparation of the MDP III project financed by the World Bank and the CPSCL has applied the updated guide at different stages of evaluation, approval and monitoring of the implementation of MDP III sub-projects.

The environmental management system applicable to municipal projects has been centrally managed so far by the CPSCL that has the necessary experience, resources and skills, which is not the case for the majority of municipalities. To comply with procedures, the latter generally prefer to use consultancy firms to carry out studies and prepare various reports and project documents (preparation and monitoring of environmental assessments, technical studies, acceptance of works, technical assistance for contracts, operational structures, etc.) and then to forward these to the CPSCL for review and approval prior to obtaining credit agreements and authorization for the disbursement of funds.

As far as environmental monitoring is concerned, municipalities generally lack technical staff and generally prefer to rely on specialized firms to ensure environmental monitoring for the duration of works. The consistency of the work performance by consultancy firms is determined by the budget allocated to monitoring, which is often limited. Interventions only last a few days throughout the construction period.

4.3.2 Social Management Capacity

Voluntary land donations and temporary land occupations are practiced by the CPSCL and municipalities in compliance with formal and legalized procedures (agreements, licenses or purchase agreements). Although voluntary donations and amicable acquisitions are the preferred procedures in most cases, it will probably be difficult to avoid some temporary or permanent involuntary acquisitions, because of the public purpose nature of some sub-projects. Thus, the use of expropriation cannot be totally excluded. In case there is a need for involuntary acquisition of land, the process of expropriation and compensation shall comply with applicable World Bank procedures. In this regard, municipalities will receive technical support and capacity building activities under the program.

Municipalities’ weaknesses in terms of social management are primarily related to involuntary resettlement, public participation and social accountability practices. Municipalities must ensure that those affected by the loss of land and property are properly compensated and assisted in restoring their livelihoods. Municipal representatives who were consulted during preparation of the ESSA expressed the need for guidelines for the resettlement of unauthorized occupants of public lands and rights-of-way, since the revolution and its consequences have led to a number of spontaneous public land occupations.

There is a lack of guidance and advisory on citizen’s participation in investment and development activities, which is also reflected in the lack of use of clearly defined grievance mechanisms. But above all, attention should be placed on improving the transparency and accountability of implementing agencies. Guidelines should be prepared for effective participation and consultation with affected residents. Municipalities participating in the program must also adopt effective grievance mechanisms.
V. Conclusions and Recommendations

5.1 Assessment of Program System

5.1.1 Environmental Management System

It is necessary to update and complete the assessment and environmental monitoring procedures used by CPSCL to fill the gaps in the evaluation of previous municipal development projects and comply with national EIA regulations. The main areas for improvement that will be incorporated into the Program Technical Manual (PTM) available to municipalities are summarized below:

- Review of screening method for sub-projects based on the new project categories defined in the 2005 EIA Decree (withdrawal of impact notices and addition of Specific guidelines in supplement to EIAs);
- Mitigation, compensation and conflict management;
- Definition of information and public consultation procedures;
- TOR: updating of EIA contents by adding an EMP and a detailed social impact analysis and measures in EIA;
- Content of monitoring reports;
- Operation and maintenance of facilities (municipal capacities, subcontracting contracts).

It should be noted that the ANPE intends to initiate a second review of the EIA decree to introduce the above-mentioned improvements. In March 2014, a meeting with representatives of ANPE in the context of preparation of the ESSA confirmed the Government’s interest in carrying out such a reform following completion of the ongoing process to review the national Environment Code.

5.1.2 Social Management System

The Land Acquisition Policy Framework developed by the CPSCL in September 2013 to regulate activities related to land acquisition in projects under its responsibility should be revised to better suit the needs of municipalities covered by the Program. Contrary to World Bank requirements in this regard, this Policy Framework does not define specific procedures applicable to “affected persons who have no formal right or title that may be recognized on the land they occupy”. This category of persons should normally benefit from assistance measures ensuring them a better situation, or at least an equivalent one to that prevailing prior to their involuntary resettlement. Such a scenario might apply in some cases, particularly in disadvantaged areas targeted by the Program. This deficiency in the social management system applied to municipal projects will need to be rectified in the Technical Manual before the start of the Program.

The Program’s governance structure at the local level is based on municipalities, regional councils, regional services and local government departments and agencies involved in the program, NGOs and local civil society. The process of identifying sub-projects and Program activities should be participatory and interactive and consider the needs and priorities of the local population.

Article 134 of the new Constitution states that: “Local Governments will adopt the mechanisms of participatory democracy and the principles of open government so as to ensure the widest participation of citizens and civil society in the preparation and planning of
development projects and monitoring of their implementation, in accordance with the law.” Consequently, the DGCPL has recently issued a Circular (dated March 7, 2014) where local governments are required to adopt a participative approach and consult with their citizens during the preparation of their five year and annual plans.

With the adoption of the new Constitution and the strong mobilization of civil society after 2011, people have gradually become convinced of the importance of their role in decision-making. The emergence of new associations and NGOs in municipalities is not yet reflected by strong citizen participation, but it is expected that citizens will contribute more actively in municipal planning under the Program.

The UDLGP aims to support this process by: i) improving the living conditions of municipal residents; ii) establishing participatory processes in municipalities that allow people to be involved in identifying needs and in the development, implementation and monitoring of program activities; and iii) establishing effective grievance redress mechanisms to handle complaints at municipal and national levels. The Program provides for capacity building of municipalities in this field, particularly with regard to information and consultation of beneficiaries at various stages of the preparation and implementation of sub-projects and on how to process, receive and address public grievances.

Existing regulations only allow to partially meet these requirements as they are not applied in an integrated way in the environmental assessment process and do not cover all of the sub-projects financed under the UDLGP. It will therefore be necessary to improve and expand the public consultation and information process in the Program’s Technical Manual (PTM) that will be made available to municipalities to cover different categories of sub-projects at various stages of completion. Therefore, a public consultation and information process and a formal grievance redress mechanism to handle complaints will have to be in place and operational in each municipality as a condition for sub-project approval.

Accordingly, the UDLGP will support the introduction of several initiatives which will strengthen government’s decentralization, participatory governance and transparency agenda as established under the new Constitution. The Program will also support the design and launch of a new e-Platform (Portail des Collectivités Locales) which will make budget, procurement and audit information for all LGs as well as the results of LG performance assessments accessible to the public. The E-Portal will also host, on a progressive basis, municipal information on Participatory Planning and Participatory Budgeting processes.

Under the Program, a new participatory budgeting initiative will be introduced at the municipal level with appropriate training and mentoring support being provided to municipal councilors who will be the linch-pin in this activity. The participatory budgeting initiative will require municipalities to earmark a percentage of their annual capital investment grants to support small infrastructure programs which will be proposed by municipal residents and resident civil society groups. While votes cast by residents will determine which proposals will receive funding each year, those which include provisions for women will receive extra weighting. This approach should, as has happened in other countries, provide strong incentives for residents to both engage in the participatory budgeting process with their municipality, and to consider women’s needs in their localities. It should also lead to a more rigorous management by municipalities of grievances submitted by local citizens.

Each municipality is required to establish a Citizens Relations Bureau, where any citizen can file a grievance on any issue relating to the municipality. While the Bureaus may exist in many municipalities, their functioning is poor. The Program will provide incentives, via the participatory planning process, for municipalities to strengthen the existing grievance mechanisms, including by ensuring complaints are systematically logged and resolved in a
timely fashion under the Bureau’s guidance. The grievance log and timely resolution of the complaints will be an indicator for the municipality’s performance assessment. The Program Action Plan will recommend the establishment of the Bureaus in all municipalities. The Good Governance Cell in the Ministry of Interior will monitor the efficiency of grievance handling by the Citizens bureaus and their effectiveness in the resolution of citizens’ grievances. The Annual Performance Assessment process will assess the performance of the grievance handling mechanisms.

5.2 ESSA Action Plan

Although the environmental and social impacts of activities under UDLGP are classified from low to moderate, the program provides an opportunity to strengthen both the gaps in the procedures mentioned above to identify and mitigate these effects, but also to strengthen the entire system in three areas: (i) strengthening environmental and social management; (ii) ensuring implementation of good environmental and social management practices; and (iii) monitoring of social and environmental management. To fill the gaps identified in the ESSA, the UDLGP will support specific measures to enhance performance of the environmental and social management system in Tunisia. These measures will be implemented on the basis of two main interventions, namely:

1) **Revision of Environmental and Social Manual:** The ESM will be prepared by the CPSCL and will be used by local municipal governments in assessing and managing environmental and social impacts and for land acquisition. This manual is based on existing guidelines (the 2003 Environmental Management Manual and the 2013 Land Acquisition Policy Framework) and will strengthen current procedures to ensure consistency with ESSA recommendations and Tunisian laws. The evaluation of the performance of systems applicable to UDLGP has significantly raised the profile of environmental, social, and land acquisition issues by introducing minimum requirements for core staff and by ensuring that a proper system is in place and is functional and operational.

2) **Capacity building:** environmental and social management measures will be integrated into the program through capacity building and technical assistance components that will give local government access to formal training. The CPSCL will provide advisory support to municipalities for the formulation and implementation of their capacity building plans, and provide targeted support to municipal government capacity building. One of the key areas eligible for support to municipal capacity building is to improve municipal capacities in environmental and social management and project supervision – the types of possible activities include development of guides and tools, formal and informal training, mentoring, and continuing education. The implementation by municipalities of environmental and social procedures contained in the Program’s Operational Manual will be one of the performance criteria in the assessment of the programs systems that will be implemented for UDLGP.

All of these measures are documented in the ESSA Action Plan that guides the overall formulation of the program. Implementation of some of these measures will be enhanced by their integration into the Program Action Plan, with the agreement of the Government of Tunisia, and / or legally incorporated into the program’s financing agreement. These actions are grouped into three areas: i) Actions to strengthen environmental and social management; ii) Actions to strengthen system implementation and monitoring; and iii) Actions for capacity building in environmental and social management.
5.2.1 Strengthening the environmental and social management system

Recommended actions under this theme are summarized below:

- **Environmental and Social Manual revised before the start of the program:** It will include updated procedures for environmental and social management for local municipalities to address gaps identified in the ESSA (social impact assessment, public information and consultation, grievance mechanisms, monitoring reports, updated screening procedures to include guidelines for identifying high-risk activities that are not eligible for support under the program, revised procedures for involuntary resettlement).

- **Revision of the EIA decree:** ANPE’s objective is to revise the EIA decree to address gaps in the current system, but it is unlikely that the decree will be developed and promulgated before the start of the program. In this regard, ANPE should receive support through the program to perform the following activities: i) provide technical assistance to review of the EIA Decree; ii) through training, strengthen capacities of ANPE staff in charge of EIAs for the review, screening and categorization of projects, assessment of social impacts, and public consultations and disclosure; iii) support the development of specific tools to monitor and evaluate projects; and iv) involve ANPE in the monitoring and evaluation of projects funded under the UDLGP. ANPE will support the program by: i) using its experience and expertise to help the CPSCL and municipalities to better manage environmental and social issues related to the program and to comply with relevant procedures in the Environmental and Social Manual; and ii) ensuring with the Ministry of Environment the approval of the revised EIA decree during the first two years of the program.

- **Assignment of municipal staff to environmental and social management:** All municipalities must provide a position for an environmental and social management staff to be eligible for financing under the program.

- **Establishing a municipal grievances mechanism to handle complaints:** To be eligible for program financing, all municipalities must establish a grievance redress mechanism which will include procedures for environmental, social, land acquisition, resettlement, compensation, and fiduciary issues.

- **Consultation and public disclosure of environmental and social documents:** The Technical manual will require consultation and mandatory disclosure of key documents relating to good social environmental practice and project screening forms must indicate the date and place of publication of these environmental and social documents.

- **Establishment of a national environmental and social monitoring system:** The CPSCL will establish a tracking system that allows local governments to monitor, for example, land acquisition, risks, consultations, etc.

5.2.2 Strengthening the implementation of environmental and social monitoring system

Actions recommended under this theme are summarized below:

- **Implementation by municipalities of environmental and social procedures documented in the Environmental and Social Manual:** Municipalities take into consideration environmental and social impacts in prioritizing development projects.

- **Prior approval of environmental and social review form:** All infrastructure projects are required to have completed the environmental and social review form and have
obtained the mandatory approval.

- **Public disclosure of ESMP:** Environmental and Social Management Plans are disclosed to the public through the Office of the Municipal Council and online by Contractors.

- **Supervision of works by the municipal technical staff responsible for environmental and social management:** Technical staff responsible for environmental and social management must monitor and supervise works at least once per quarter.

- **Application by municipalities of applicable procedures for involuntary resettlement defined in the Environmental and Social Manual:** Procedures for land acquisition will be applied and implemented for all projects where the environmental and social review indicates that land acquisition will be necessary, including the payment of any compensation before the works begin.

- **Monitoring of complaints and land acquisition:** The reports provided by municipalities to the CPSCL will include monitoring of complaints related to environmental and social management and monitoring of complaints related to land acquisition for the sub-projects financed through the program, including voluntary land donations.

- **Implementation by the municipalities of mitigation and compensation measures:** All mitigation measures for environmental issues, land acquisition (if applicable) and social issues for the previous year will be effectively executed.

- **Environmental and social reporting:** Reporting on environmental and social criteria should be included in the Project Monitoring Reports produced by the municipal engineer or planner.

- **Assessment of mitigation and compensation measures:** Reports provided by municipalities to the CPSCL will include an assessment of the performance of mitigation and compensation measures after the implementation of sub-projects.

### 5.2.3 Strengthening of environmental management capacity

Actions recommended under this theme are summarized below:

- **Integration of Environmental and Social Management Plan in the capacity building program:** Environmental and social management will be considered a key eligibility criterion to support capacity building.

- **Integration of involuntary resettlement in the Program’s Capacity Building Plan:** The program’s capacity building plan identifies involuntary resettlement as a key thematic area for the improvement of institutions, both at the municipal and national levels.

- **Training in environmental and social management for technical staff and elected municipal:** The training program will strengthen the capacity of environmental and social core staff and bring awareness to other local government technical staff and members of municipal councils on environmental and social issues.

- **Training expanded to include budgetary aspects of environmental and social management:** The training program includes sessions on budgeting for environmental and social mitigation measures. This program will be expanded to include budgeting for benefits and assistance measures related to land acquisition.

- **Training on involuntary resettlement extended to include issues related to livelihoods and vulnerable groups:** The training offered to municipalities on Involuntary
Resettlement will include land acquisition procedures (including voluntary land donations), evaluation of impacts on assets and livelihoods and procedures applicable to vulnerable groups.

- **Updating the training program on environmental and social management for municipalities:** The training program on environmental and social management for municipalities will be reviewed and updated according to the new guidelines in the Environmental and Social Manual.

- **Integration of new requirements for public information and consultation in the training program on environmental and social management for municipalities:** The training program on environmental and social management for local administrations will include complete instructions on public consultation, transparency and the treatment of grievances.

### 5.3 Assessment of environmental and social risk level

The assessment of environmental and social risk level associated with the program is considered moderate. To mitigate this risk, the UDLGP should contribute to improving the national system of environmental and social assessment to fill identified gaps in the ESSA (social impact assessment, improved screening of municipal sub-projects, public information and consultation, environmental and social monitoring, grievance redress mechanisms, and procedures for involuntary resettlement).

To ensure the environmental and social sustainability of the program, the management capacity of government agencies and local authorities should be strengthened, and screening procedures, evaluation, supervision and monitoring of municipal sub-projects should be improved. Citizen participation in the planning and supervision of municipal infrastructure projects should be encouraged. Proposed measures to improve environmental and social management systems in compliance with the World Bank’s Operational Policy OP 9.00 for PforR operations have been incorporated into the ESSA Action Plan that was submitted for discussion at a stakeholder consultation workshop that was held on April 16, 2014 (see Appendix 3 of the report).

### 5.4 Elements to incorporate into the Program Action Plan

The main elements of the ESSA Action Plan will be integrated into the Program Action Plan and will serve as a reference framework for the supervision of the implementation of the measures recommended in the Action Plan. These elements include:

- **Annual Capacity Development Plans** prepared by all local governments and communicated to the CPSCL (capacity building to include environmental and social management);

- **Environmental and Social Manual (ESM)** developed that provides updated procedures for environmental and social management for municipalities to address gaps identified in the ESSA, including: (i) public consultations, public disclosure and grievance redress mechanisms; (ii) social assessment; (iii) land acquisition and resettlement procedures; (iv) screening of high-risk activities which are ineligible for Program support; and (v) monitoring and evaluation.

- A revised decree is adopted by the ANPE which addresses gaps identified in the ESSA, including (i) screening and categorization of activities requiring an EIA or an
EMP; (ii) public consultations, public disclosure and grievance mechanisms; (iii) social assessment; and (iv) monitoring and evaluation.

- Citizens Bureaus and Good Governance Cells are established in all municipalities and made functional and Program Reports are provided by the CPSCL.

In addition, the Governance component of the Performance Assessment (PA) process that will be set up under the Program by the end of Year 1 will address the following areas of municipal competence: (i) participatory planning and budgeting; (ii) transparency in municipal operations (access to information regarding: capital expenditures/consistency with budget, contract awards, investment implementation progress, financial statements/audits); (iii) procurement (timeliness, efficiency and in accordance with regulations); (iv) safeguards (planning and implementation procedures) and (v) response to complaints. The PA will be made fully operational by Year 3 of the Program for determining disbursements for Year 4.
ANNEX 1 - Legislative and Regulatory References

**Laws**
- Loi n°61-20 du 31/05/1961 telle que modifiée par la loi n°2001-119 du 06/12/2001, portant interdiction de l’abattage et de l’arrachage des oliviers
- Loi n°66-27 du 30/04/1966, portant promulgation du code du travail
- Loi n°75-16 du 31/03/1975, portant promulgation du Code des eaux
- Loi n°88-20 du 13/04/1988, portant refonte du Code forestier
- Loi n°89-20 du 22/02/1989, réglementant l’exploitation des carrières
- Loi n° 90-45 du 23/04/1990 modifiant et complétant la loi n°83-87 du 11/11/83, relative à la protection des terres agricoles
- Loi n°94-35 du 24/02/1994, relative au code du patrimoine archéologique et historique
- Loi n°95-73 du 24/07/1995 Définissant le Domaine Public Maritime
- Loi n°96-41 du 10/06/1996, relative aux déchets et au contrôle de leur gestion et leur élimination
- Loi n°97-37 du 02/06/1997, fixant les règles organisant le transport par route des matières dangereuses
- Loi n° 2007-34 du 4 juin 2007, sur la qualité de l’air

**Decrees**
- Décret n°68-88 du 28/03/1968, définissant les conditions d’ouverture des établissements dangereux, insalubres et incommodes
- Décret n°84-1556 du 29/12/1984, portant réglementation des lotissements industriels
- Décret n°85-56 du 02/01/1985, réglementant les rejets dans les milieux récepteurs
- Décret n°90-2273 du 25/10/1990, portant statut des experts contrôleurs de l’ANPE
- Décret n°2002-693 du 01/04/2002, fixant les modalités de reprise des huiles lubrifiantes et des filtres usagés

**Ministerial Orders**
- Arrêté du ministre de l’économie nationale du 20/07/1984, portant homologation de la norme tunisienne NT106.002 relative aux rejets d’effluents dans le milieu hydrique
- Arrêté du ministre de l’économie nationale du 28/05/1990, portant homologation de la norme tunisienne NT106.003 relative à l’utilisation des eaux usées épurées à des fins agricoles
- Arrêté du ministre de l’économie et des finances du 31/05/1990, réglementant l’exploitation des carrières
- Arrêté du ministre de l’économie nationale du 28/12/1994, portant homologation de la norme tunisienne NT 106.04 relative aux valeurs limites et valeurs guides des polluants dans l’air ambiant
- Arrêté du ministre de l’industrie, de l’énergie et des petites et moyennes entreprises du 15/09/2005, fixant la nomenclature des établissements classés dangereux, insalubres et incommodes
- Arrêté du ministre de l’environnement du 08/03/2006, portant approbation des cahiers des charges relatifs aux procédures environnementales
- Arrêté du ministre de l’équipement du 17 avril 2007, relatif au permis de bâtir
ANNEX 2 – Documents Consulted

- Agence Nationale de Protection de l'Environnement/GIZ/GEREPI, Mission d'assistance technique à l'ANPE en vue de l'évaluation du système des études d'impact sur l'Environnement - Présentation du Rapport Diagnostic (Atelier de travail, 12 juin 2013).

- Banque mondiale, Département de développement durable, région MENA, Rapport d’achèvement et des résultats du PDM III, financé par un prêt de la Banque mondiale à la CPSCL avec la garantie de l’Etat (22 décembre 2010).


- Fathi Kraiem (Consultant), Hedi Larbi et Sateh El-Arnaout (Banque mondiale), Rapport d’évaluation des programmes de réhabilitation urbaine en Tunisie préparée pour Cities Alliance, Banque mondiale (Juin 2003).

- Hend Ben Othman, Pratiques et enjeux des acteurs d’une production foncière publique : Ennar II (Tunis), un territoire négocié ? Les Cahiers d’EMAM no. 17, pp. 43 à 54 (Mars 2009).


- Ministère de l’Intérieur, Caisse des Prêts et de Soutien aux Collectivités Locales (CPSCL), Plan Cadre d’Acquisition des Terrains (Septembre 2013).

ANNEX 3 – Stakeholder Consultation Workshop

A stakeholder consultation workshop in the form of half-day information and discussion sessions on the draft Environmental and Social Systems Assessment (ESSA), and on the draft revised Environmental and Social Manual of the CPSCL was jointly organized by the World Bank and the Caisse des Prêts et de Soutien aux Collectivités Locales. It took place at CPSCL headquarters in Tunis, on April 16, 2014.

The invitation included relevant consultation documents, and was sent to a representative sample of 42 stakeholders, among which (see attached list of stakeholders):

- 29 municipalities and regional councils covering 24 governorates;
- 5 government agencies involved in the program (CPSCL, CFAD, ONAS, ANPE, ARRU);
- 5 NGOs covering various activities (environment, education, women, Tunisian cities);
- 2 professional organizations and consulting firms and construction businesses for public works.

A total of 34 participants representing various stakeholders, including municipalities, regional councils and public bodies, as well as representatives of the World Bank, were in attendance (see list of participants attached to the report). Among professional organizations and NGOs who were invited but did not participate in the Consultation: i) two of them (AFTURD and AEEFG) changed addresses and could not be reached by telephone; and ii) the other five did not respond to the invitation.

Session I: Opening of the consultation and presentation of the draft ESSA

Opening comments

Mr. Mustapha Meskini, CPSCL Finance Director, welcomed participants and thanked them for responding to the invitation. He gave an overview of the consultation framework and touched on the scope of the Urban Development and Local Governance Program (UDLGP). He also informed participants that:

- the invitation was sent to a representative sample of municipalities and regional councils (including those visited by the Bank and CPSCL), government agencies, and some representatives of civil society and professional organizations in the areas covered by the Program for Results (P4R);
- consultation documents (draft ESSA and draft revised Environmental and Social Manual) prepared by the World Bank in accordance with Operational Policy OP 9.00 – for P4R financing, were sent out to them in advance so that they could review them and provide comments and suggestions.

Mr. Meskini added that the half-day consultation consisted of two sessions:

- the first was a presentation session on the draft ESSA and its main conclusions by the World Bank’s Environmental Consultant;
- the second was a discussion session to answer questions and concerns of the participants and to hear their views and proposals.

The floor was then given to Mr. Taoufiq Bennouna, a World Bank Environmental Specialist, who explained that the UDLGP was developed on the P4R financing model adopted by national authorities. He stated that this was a new financial instrument, that it was governed
by Operational Policy OP 9.00 and was applied by the Bank to finance results-based programs that:

- tend to use country systems and procedures, and promote a results-based orientation; promote the leverage potential to maximize program advantages through performance indicators and DLI and to benefit from previous lessons learned from the program by promoting an orientation focused more on supporting the implementation rather than compliance with requirements;

- are therefore more appropriate to the new political, economic and social context of Tunisia to support the next PIC, strengthen LC capacities, and improve access to basic infrastructure in municipalities, particularly in disadvantaged areas.

Mr. Bennouna emphasized that participants had a stake in this program and encouraged them to ask questions and express their concerns that will be taken into consideration in the documents to be published along with the consultation report on the Bank’s InfoShop website and that of the CPSCL. This would enable stakeholders who did not participate in the consultation to access the draft ESSA and provide comments and suggestions.

**Presentation of draft ESSA and of draft revised Environmental and Social Manual**

Following this introduction, the World Bank’s Environmental Consultant, Mr. Mohamed Ghourabi, presented the contents of those documents along with recommended key actions. He started by restating the context, components and institutional framework of the program and the core principles set out in OP 9.00 on P4R financing and the process adopted for assessment preparation. He subsequently informed participants of the environmental and social systems assessment results, particularly with regard to: i) selection and categorization of projects; ii) analysis of environmental and social impacts of the program; iii) differences between national environmental and social management systems applicable to the program and the core principles of OP 9.00; and iv) measures recommended in the ESSA Action Plan to reduce gaps and improve the program’s system, especially for actions related to: i) strengthen the environmental and social management system; ii) implement and monitor environmental and social measures; and iii) stakeholders capacity building.

He ended his presentation by presenting an outline of environmental and social management procedures contained in the draft Technical Manual, including procedures for land acquisition, compensation and monitoring.

**Session 2: Discussion with participants**

During the second session, participants asked numerous questions and discussions were full of ideas and suggestions. The main issues that have been raised by attendees were mostly focused on program content, financing, project categorization and rejection criteria, communities’ capacities concerning the implementation of environmental and social management measures.

World Bank and CPSCL Representatives proceeded to provide further clarification on the UDLGP-P4R, responded to participants’ questions and concerns. They informed them that: i) several comments and suggestions that were relevant and will be taken into consideration to improve the ESSA; and ii) some questions concerning the program should be reviewed and clarified at the next phase of the assessment program.

Overall, the consultation went smoothly and the participants showed great interest in the contents of the two documents submitted and requested to be given substantial support during
the implementation of the program, particularly concerning capacity building for communities to enable them to ensure adequate levels of environmental and social project management.

The table below summarizes the themes that were discussed, and all questions, recommendations and answers to questions from participants on each theme.

### SUMMARY OF QUESTIONS AND ANSWERS

<table>
<thead>
<tr>
<th>QUESTIONS</th>
<th>ANSWERS</th>
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<tr>
<td><strong>Conditions related to program financing by other donors (AFD, BEI)</strong></td>
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<td>1  A CPSCL representative noted that the program would be co-financed by other donors, including the EIB and AFD, and was surprised that the ESSA did not include information on this aspect, particularly with respect to these donors’ requirements concerning environmental and social safeguards measures. He added that given this context, financing of communal projects should include information on the loan, the grant and auto-financing and that since each donor had its own requirements, these should be specified in the loan agreement and applied during implementation of the program by the CPSCL and by municipalities. He further wondered which requirements would take precedence in this case: those of the World Bank or those of other donors. He requested that the ESSA clarify this issue; otherwise it would be difficult to manage in the future.</td>
<td>Bank representatives stated that the ESSA was prepared based on P4R financing and that in this case World Bank’s OP 9.00 would apply. They added that: i) it should not be a problem because in case of co-financing, different procedures are aligned to achieve a consensus on which ones should be applied (generally, World Bank environmental and social safeguards procedures are applied, as this is a practice that has been agreed and adopted in previous projects); and ii) information available on the UDLGP suggests that there is no co-financing, however, given the importance and relevance of the question, it would be reviewed with the World Bank team in charge of the program and the ESSA would be revised accordingly.</td>
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<td><strong>Constraints related to prioritization of projects eligible for P4R financing</strong></td>
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<td>2  Some participants felt that criteria to exclude from P4R financing certain Class A category projects were too stringent for communities. This was notably the case for the upgrading of slaughterhouses which is a priority for many communities. Such activities represent a source of local income and help improve environmental conditions and hygiene in old slaughterhouses. They did not understand why a slaughterhouse project, designed according to rules and specifications and that had been the subject of an EIA, is not eligible for P4R financing. In the same context, it was reiterated that the CPSCL would continue to finance slaughterhouse projects still in high demand from municipalities.</td>
<td>World Bank representatives reminded participants that discussions with the Tunisian authorities on the instrument to be used in the program had led to the choice of a Program for Results that was better suited to the current political, social and economic conditions of the country and future orientations on decentralization and local governance. Therefore, the chosen instrument governed by the requirements of OP 9.00 excludes category A projects from P4R financing and it is not possible to override this principle in the UDLGP-P4R context. However, it might be wise to re-examine classification criteria to allow municipalities to submit rehabilitation projects for existing slaughterhouses that meet the core principles of OP 9.00. The ESSA will be reviewed to see how this option could be</td>
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<td>3  Eligibility questions also surfaced concerning wastewater sanitation projects that cannot be connected to ONAS infrastructure or in cities that are not supported by ONAS. One participant stated that some cities were partially serviced by an old sewer system that discharges collected</td>
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wastewater in the natural receiving environment, which creates significant problems of sanitation, pollution and nuisance, and continuous complaints from the population. He considered that this fact in itself, added to the pressure from citizens and civil society, makes sanitation projects a priority for communities.

A representative of a rural community stated that ONAS was in charge of sanitation as it is part of its attributions and did not understand why municipalities continued to incur financial expenses to carry out sanitation projects that are subsequently supported by ONAS to recover financial benefits (fees paid by customers). He added that municipalities should only handle rainwater drainage projects rainwater drainage (not supported by ONAS).

An ONAS representative responded by stating that communities were responsible for proposing projects and ensuring their execution. ONAS only met the demands of municipalities that made requests for assistance and helped them for studies, to perform works and subsequently to assume responsibility for operating the systems.

Landfills and transfer centers issues were raised by a representative of a municipality in Greater Tunis, who felt that the absence of such infrastructures, of sufficient capacity and of proximity, was the cause of many difficulties related to the transportation of household waste mainly due budget constraints and financial expenses exceeding communities’ budgetary resources.

<table>
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<tr>
<th>Criteria for categorization of projects submitted to the ESMP</th>
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<td>Representatives of some municipalities stated that road projects are among basic demands of citizens and represent an important volume of PIC investments. They found that, according to classification criteria, all street widening or construction of new road projects are classified as B category projects and automatically submitted to an ESMP. Thus, only road coating projects are classified in category C for which an ESMP is not required. They estimated that it will be costly and difficult to manage and asked that the criteria be revised, especially for small sections or roads whose right-of-ways are well delineated on the ground. In this regard, it was noted that criteria (thresholds) adopted in 2013 in the ESMP for the original UDLGP to rehabilitate disadvantaged neighborhoods had been included in the new UDLGP-P4R (Component 3).</td>
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<td>World Bank representatives stated that the classification method adopted for the P4R is based on a checklist approach and is different from the one used in the ESMF. This choice was dictated by the fact that UDLGP projects, compared with those of the initial &quot;rehabilitation of disadvantaged neighborhoods&quot; projects, are more numerous, and of various sizes and types; at the present stage, the technical details of these projects are unknown, and it is difficult and time consuming to set thresholds for different types of projects according to the method used for the initial program when it was designed as a SIL. Regarding impacts, it is a fact that developing new roads creates more problems even for small sections, than simply coating (extended work delays,</td>
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Some participants felt that the ESSA set the bar very high with respect to community management environmental and social capacity (some municipalities only have administrative staff).

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<tr>
<th>59</th>
<th>The ESSA document and Technical Manual</th>
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<td>7</td>
<td>The majority of participants felt that the ESSA and the Environmental and Social Manual were important to the program and included a lot of interesting information. Some felt that the documents were quite voluminous and that they had not been able to examine them in detail. They asked for more time to provide detailed feedback. The ESSA will be made public with this objective in mind (to allow the public at large to comment on its contents). The program is in its preparation phase and the evaluation phase is planned for May. Municipalities still have the time to submit their comments and suggestions.</td>
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<th>6</th>
<th>Land tenure and land acquisition procedures and compensation</th>
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<td>The majority of participants felt that land issues and land acquisition are important and that they determine project outcome. They are often complex and require a lot of work that is not within the reach of many small towns. Indeed, some municipalities do not have qualified staff to handle those matters. The majority of participants agreed with the need for the program to provide support to these communities. This problem was actually observed during preparation of the ESSA and during community visits. To this end, a program to strengthen municipalities capacities was developed to: - train management, and when appropriate, agents responsible for these matters; - recruit consultants to review/study land title/acquisition aspects (expertise, land survey, land plots…). In addition, there should be a provision in the program for the preparation of a land acquisition guide in the form of an aide-memoire for small municipalities. Regional CPSCL agencies can also support communities in handling and monitoring all land related files.</td>
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<th>8</th>
<th>Other suggestions</th>
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<td>A small town representative emphasized the inability to manage all activities under the ESSA (this was new to him and his town had neither the experience nor the practical knowledge of social and environmental procedures). He suggested that the program provide assistance to municipalities at least during the first year of implementation (e.g., pilot projects to provide learning and training at the operational level). This is a relevant proposal which will be taken into consideration and specific measures will be included in the Action Plan. In this regard, municipalities may also include actions tailored to their needs in their annual capacity development plans.</td>
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### LIST OF INVITED STAKEHOLDERS

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<thead>
<tr>
<th>Invited Stakeholders</th>
<th>Governorate</th>
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<tbody>
<tr>
<td><strong>Visited Municipalities and Regional Councils</strong></td>
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<tr>
<td>1 Regional Council</td>
<td>Ben Arous</td>
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<td>2 El Mourouj Municipality</td>
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<td>3 Radès Municipality</td>
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<td>4 Municipality Bizerte</td>
<td>Bizerte</td>
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<td>5 Menzel Bourguiba Municipality</td>
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<td>6 El Alia Municipality</td>
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<td>7 Bardo</td>
<td>Tunis</td>
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<td>8 Sidi Bou Said</td>
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<td>9 Borj El Amri Municipality</td>
<td>Manouba</td>
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<td><strong>Other invited municipalities</strong></td>
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<tr>
<td>10 Menzel Temime</td>
<td>Nabeul</td>
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<td>11 Mahdia</td>
<td>Mahdia</td>
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<td>12 Douz</td>
<td>Kébili</td>
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<td>13 Jerba</td>
<td>Medenine</td>
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<td>14 Ghomrassen</td>
<td>Tataouine</td>
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<td>15 Oued Mliz Municipality</td>
<td>Jendouba</td>
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<td>16 Sakiet Sidi Youssef</td>
<td>Le Kef</td>
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<td>17 Laayoun</td>
<td>Kasserine</td>
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<td>18 Moknine</td>
<td>Monastir</td>
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<td>19 Kalâa Kébira</td>
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<td>Sfax</td>
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<td>21 Gafsa</td>
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<td>22 Gabès Municipality</td>
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<td>23 Haamet Jerid</td>
<td>Tozeur</td>
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<td>24 Raoued</td>
<td>Ariana</td>
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<td><strong>Regional Councils</strong></td>
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<td>25 Regional Council</td>
<td>Sidi Bouzid</td>
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<td>26 Regional Council</td>
<td>Béjà</td>
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<td>27 Regional Council</td>
<td>Kairouan</td>
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<td>28 Regional Council</td>
<td>Siliana</td>
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<td>29 Regional Council</td>
<td>Zaghouan</td>
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<tr>
<td><strong>Public entities</strong></td>
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<tr>
<td>30 Caisse des Prêts et de Soutien aux Collectivités Locale and its Regional Affiliations</td>
<td></td>
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<tr>
<td>31 Centre de Formation et d'Appui à la Décentralisation (CFAD)</td>
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<tr>
<td>32 Office National de l'Assainissement (ONAS)</td>
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<td>33 Agence Nationale de Protection de l'Environnement (ANPE)</td>
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<td>34 Agence de Réhabilitation et de Rénovation Urbaine (ARRU)</td>
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<tr>
<td>35 Ministère de l'environnement et du développement durable</td>
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<tr>
<td><strong>Civil Society and Professional Organizations</strong></td>
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</tr>
<tr>
<td>36 Fédération Nationale des Villes Tunisiennes (F.N.V.T), 76 rue Syrie 1002 Tunis</td>
<td></td>
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<tr>
<td></td>
<td>Association Tunisienne pour la Protection de la Nature et de l'Environnement (ATPNE) 12 rue Tantaoui El Jouhri Tunis</td>
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<tr>
<td>39</td>
<td>Fédération Nationale des Entrepreneurs de Bâtiment et des Travaux Publics (FNEBTP) 8 bis Rue Yahia Ibn Omar, Cité Mahrajane - Le Belvédère - 1002 Tunis</td>
</tr>
<tr>
<td>40</td>
<td>Association Nationale des Bureaux d’Études et des Ingénieurs Conseils (ANBEIC) 28, Avenue Habib Bourguiba, à Tunis, au siège de l’Union Nationale des</td>
</tr>
<tr>
<td>41</td>
<td>Association de l'Éducation Environnementale pour les Futures Générations (AEEFG). 15 rue du Liban –Tunis.</td>
</tr>
<tr>
<td>42</td>
<td>Association Des Femmes Tunisiennes pour la Recherche et le Développement (AFTURD). Cite SPROLS, Rue 7301 Bloc 09 El Menzeh Tunis.</td>
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</tbody>
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# LIST OF PARTICIPANTS IN WORKSHOP

## Représentants des municipalités

<table>
<thead>
<tr>
<th>Nom</th>
<th>Municipalité</th>
<th>Fonction</th>
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<tbody>
<tr>
<td>Mohamed Belgacem</td>
<td>Gaâfa</td>
<td>Secrétaire général</td>
</tr>
<tr>
<td>Righi Taoufik</td>
<td>Gaâfa</td>
<td>Sous Directeur aménagement</td>
</tr>
<tr>
<td>Cherni Ramzi</td>
<td>Oued M'zir</td>
<td>Chef de Service Administratif</td>
</tr>
<tr>
<td>Mejri Fethi</td>
<td>Rades</td>
<td>Secrétaire général</td>
</tr>
<tr>
<td>Raissi Mounir</td>
<td>Rades</td>
<td>Ingénieur des travaux</td>
</tr>
<tr>
<td>Matmât Tarek</td>
<td>Borj El Amri</td>
<td>Chef de Service administratif</td>
</tr>
<tr>
<td>Gâabi Mohamed</td>
<td>Sidi Bou Saïd</td>
<td>Directeur technique</td>
</tr>
<tr>
<td>Bettaiib Adel</td>
<td>El Mourouj</td>
<td>Secrétaire général</td>
</tr>
<tr>
<td>Rachid Souayh</td>
<td>Mcknine</td>
<td>Vice président, commune</td>
</tr>
<tr>
<td>Mohamed Hechmi Boukhris</td>
<td>Mcknine</td>
<td>Chef de Service technique</td>
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## Représentants des Conseils régionaux

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<thead>
<tr>
<th>Nom</th>
<th>Gouvernorat</th>
<th>Fonction</th>
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<tbody>
<tr>
<td>Labidi Samia</td>
<td>Sillana</td>
<td>Direct. affaires municipales</td>
</tr>
<tr>
<td>Akila Oueslati</td>
<td>Béja</td>
<td>Direct. affaires municipales</td>
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<td>Jouini Nouri</td>
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<td>Bettaieb Sami</td>
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## Représentants des Organismes Publics

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<th>Nom</th>
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<tr>
<td>Gara Noomen</td>
<td>ARRU</td>
<td>S/Directeur contrôle. gestion</td>
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<tr>
<td>Ammar Rajâ</td>
<td>ANPE</td>
<td>Scé embellissement urbain</td>
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<td>CFAD</td>
<td>Ch. Sco. Product pédagogique</td>
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<td>Mouahi Faycel</td>
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<tr>
<td>Drine Hatem</td>
<td>ONAS</td>
<td>Département planification et études générales</td>
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<td>Hamed Chaker Atallah</td>
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<td>Directeur suivi des projets</td>
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<td>Moncef Mahjoub</td>
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## Représentants de la Banque Mondiale

<table>
<thead>
<tr>
<th>Nom</th>
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<tbody>
<tr>
<td>Taoufi Benhoune</td>
<td>Spécialiste principal en gestion des ressources naturelles</td>
</tr>
<tr>
<td>Mohamed Ghourabi</td>
<td>Consultant</td>
</tr>
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