



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

Concept Stage | Date Prepared/Updated: 08-Jun-2018 | Report No: PIDISDSC24252



BASIC INFORMATION

A. Basic Project Data

Country Belarus	Project ID P164260	Parent Project ID (if any)	Project Name Utility Efficiency and Quality Improvement Project (P164260)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Oct 08, 2018	Estimated Board Date Feb 28, 2019	Practice Area (Lead) Water
Financing Instrument Investment Project Financing	Borrower(s) Republic of Belarus	Implementing Agency Ministry of Housing and Utilities	

Proposed Development Objective(s)

The Project Development Objective (PDO) is to improve the access, quality and efficiency of water and wastewater services, and strengthen regional solid waste management .

PROJECT FINANCING DATA (US\$, Millions)

SUMMARY

Total Project Cost	70.00
Total Financing	70.00
of which IBRD/IDA	70.00
Financing Gap	0.00

DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	70.00
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Environmental Assessment Category
A - Full Assessment

Concept Review Decision
Track II-The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

1. **Since the collapse of the Soviet Union, Belarus has pursued a transition path characterized by the gradual opening of the economy to private sector development and limited reform of the governance system of state-owned enterprises (SOEs).** Until 2008 such a gradual approach proved highly successful in terms of per capita GDP growth, human development and poverty reduction. From 1996 to 2000, real GDP growth averaged roughly 6.3 percent per annum, and in 2001-2008, it accelerated further to 8.3 percent per annum—more rapidly than the 5.7 percent average for both the Europe and Central Asia (ECA) region, and the 7.1 percent average for the Commonwealth of Independent States (CIS). Economic growth was accompanied by a remarkable decline in the number of households below the national poverty line and an increase in the incomes of households at the bottom forty percent. From 2003 to 2014, Belarus posted the largest reduction in poverty rates in the ECA region. Measured at the internationally comparable purchasing power parity (PPP) US\$5/day threshold, the poverty headcount in Belarus fell from 32 percent in 2003 to less than one percent in 2014, compared to the ECA average which fell from 38 percent in 2003 to 13 percent in 2013. Inequality declined along with poverty and is low by regional standards.

2. **The financial crisis of 2008 and the gradual revision of the terms fixing the price of oil imports from the Russian Federation ushered in the end of Belarus's growth boom.** In 2009 the economy expanded by only 0.2 percent, and while demand-management measures led to a short-term growth rebound in 2010–2011, the economy never resumed the vigorous expansion path of the previous decade. From 2009-2014, annual growth averaged three percent, and in 2015-2016 the economy entered a recession – for the first time since 1995 (in 2016, real GDP decreased by 2.6 percent compared to 3.8 percent in 2015). The recent downturn has put real income growth on hold, rendering households more vulnerable. Moreover, in 2015 the poverty headcount (at PPP \$10/day) increased by 2 percentage points at the national level, and even more in rural areas, where the poverty headcount increased by 4.4 percentage points (that is, by 24 percent) in just one year.

3. **Although there was some recovery in 2017, with growth at 2.0 percent at an annualized rate from January through October, the recent growth path and recession have exposed underlying structural vulnerabilities in the Belarusian economy.** Growth is expected to remain modest, at roughly 2 percent per year, through 2020. The medium-term outlook for economic growth remains weak as Russian demand is recovering slowly, the subsidy margin on fuel imports is declining, and foreign debt constraints are tighter. Macro-economic imbalances are recurring and the liabilities of SOEs have strained the financial sector. In the absence of structural adjustments, it will be difficult for Belarus to achieve rapid improvements in living standards in the years ahead. Sustainable improvements in living standards will, therefore, require economic, social, and institutional transformation, with an enhanced role for private enterprises, markets, and strengthened safety nets.

4. **Over the past two years, the Government has adopted several macroeconomic stabilization measures and policies to support private sector development.** In November 2017, the President approved a package of laws aimed to improve the environment for private businesses, with an emphasis on reducing inspections, improving the transparency of regulation and supporting self-employment and IT-enabled businesses. The Government has, likewise, developed and



approved a *2016–2020 Competitiveness Action Plan* which aims to regain Belarus' competitiveness, reduce its vulnerability to external shocks, and restore economic growth. Planned measures include: (i) a further reduction in government-directed lending, the establishment of a toxic assets management agency in agriculture; (ii) the introduction of modern corporate governance practices for SOEs; (iii) strengthening of anti-monopoly functions; (iv) negotiations for World Trade Organization (WTO) accession; (v) and further increases in utility tariffs to reach full cost recovery.

Sectoral and Institutional Context

5. The organization, constraints and challenges of the water/wastewater and solid waste sectors are closely linked to Belarus' political, demographic, and socio-economic features.

Water Supply and Sanitation (WSS)

Sectoral Context

6. The Government's policy orientation in the water and wastewater sector is clearly defined, sector responsibilities are clearly assigned, and the main functions (policy formulation, regulation, service provision) are unbundled, a key condition for good sector governance. Sector policy orientation includes: (i) full coverage of services, including in rural areas; (ii) continuous provision of safe potable water; (iii) affordable services for all segments of the population; (iv) improvement of systems' operational efficiency (with reduction of water losses and increased energy efficiency); and (v) environmental protection.

7. **The water and sanitation (WSS) sector is governed by the 1998 Water Code, which is a key legislative document defining the main components of its institutional and regulatory framework.** The Water Code establishes the legal framework governing the protection and use of water resources. The central government develops sector policy, strategy and controls their implementation. At the national level, the Ministry of Housing and Utility (MHU) is the sector line ministry which coordinates management of the sector with other national authorities, implements the state water policy, monitors and supervises water provider operations, provides managerial guidance and training to the operators, and compiles sectoral data. Regional administrations are closely involved in sector coordination, while local authorities and their service providers are responsible for service provision. At the district and city levels, local council of deputies and executive committees are ultimately responsible for water and wastewater services. These services are provided in major towns by utilities specialized in the provision of water and wastewater services, while elsewhere multi-utilities provide services across several sectors. In 2016, there were 26 specialized WSS utilities (vodokanals) providing WSS services to customers, and 113 multi-service utilities providing an entire range of communal services. The Ministry of Antimonopoly Regulation and Trade is responsible for establishing the WSS tariff methodology and monitoring its implementation, as well as endorsing utilities' WSS tariff requests before they are approved at the oblast level by the respective executive committees and Minsk City Executive Committee.

8. **A series of national programs have been developed which aim at improving WSS services** focusing on the prioritization of investments and targeting identified deficiencies, like the national Clean Water Programs (aiming to provide 100% of population with adequate quality drinking water by 2025), which set clear nation-wide baselines and targets for indicators, such as coverage of services and the quality of potable water. Significant funding for these programs is coming from IFIs, but despite the coordinated efforts they remain underfinanced and unlikely to achieve the targets within deadlines.

9. **Belarus is currently developing its new Water Strategy which will run to 2030.** It is expected that the main goal



of the new strategy will be to achieve long-term water security by delivering on long-term targets in the field of protection and use of water resources, such as (i) the provision of universal access to clean and affordable potable water; (ii) access to adequate sanitation services for households; (iii) improving the quality of natural waters via the reduction of pollution and hazardous chemicals and materials discharges; (iv) halving the share of untreated effluents and increasing reuse of water; and (v) improving water use efficiency in all sectors of the economy.

Sector Service Performance

10. **The water and wastewater sector in Belarus comprises solid but ageing and oversized infrastructure, which requires urgent modernization.** Although significant national investment programs throughout the last decade have enabled Belarus to considerably improve the quality of water and wastewater services, major challenges remain, and substantial additional investments are required to close coverage gaps in rural areas expand wastewater treatment capacity, and address remaining water supply quality issues.

11. **The level of access to water supply and wastewater services is high by regional standards and has shown steady improvement in the last period.** Water supply coverage are above 86 percent and sewerage coverage 74 percent, due to sizable investments since 2006. However, while in urban areas 95 to 100 percent of the population is served by centralized water systems, in rural areas 1 in 5 citizens lacks access to centralized water systems. In the same time, more than 20 percent of the population across the country drinks water with iron content exceeding international and national standards, particularly in rural areas.

12. **Due to obsolete equipment and technologies, wastewater collection and treatment often fails to meet acceptable service quality standards.** Most municipal wastewater treatment plants (WWTPs) were built in the 1970s and 1980s and were, therefore, not designed to remove nutrients like nitrogen, and phosphorus. Furthermore, the lack of proper maintenance and technological upgrades have degraded a significant portion of existing wastewater facilities rendering them effectively non-operational.

13. **In many cities, low operational efficiency coupled with below cost-recovery user charges put strains on public utility and communal budgets, forcing local authorities to postpone important infrastructure rehabilitation and expansion investments.** There are limited local level efforts to push for operational efficiencies and proper planning, due to the lack of financial incentives in the sector and strong dependence on central government. Yet, tariff levels and revenues have been steadily increasing over the last period by transferring more costs of service provision to customers and relying less on budget and cross subsidies. Since 2015, WSS tariffs have been significantly increased in an effort to approach full cost recovery¹. However, even though WSS tariffs could legally be set at the regional (oblast) level, in practice there is still one subsidized tariff for up to 140 liters per person per day throughout the country, and cap on total increase of all utility costs (set at USD 5 per year/per household). The difference between the revenues generated by the application of the national household tariff at the local level and local utility costs associated with WSS services provision, is generally covered by subsidies and transfers from the local and central governments.

World Bank Involvement

14. **The Bank has been successfully supporting the water sector in Belarus since 2008, with specific focus on improving the quality of WSS services.** the *Water Supply and Sanitation Project (P101190)* constituted the Bank's first

¹ On January 1, 2018 the tariff for water supply was raised from 0.5748 rubles to 0.8053 rubles, for wastewater from 0.3838 rubles to 0.6191 rubles. Since these are national tariff charges for households, for specific WSS service providers they can be below or above actual costs for household service provision.



engagement in the sector. Approved in September 2008, this US\$60 million project, succeeded in completing 18 WSS sub-projects that are currently operational. In March 2014, following Government request for additional assistance, US\$90 million Additional Financing was approved adding another 27 project sites to the original project scope. The AF also supports preparation of feasibility studies for future investments and activities which aim to improve the efficiency of water supply and wastewater services. By the end of 2018, an estimated total of 324,000 people living in 20 districts across the country will benefit from the project through improved access to clean and reliable water services.

15. **The Bank has also supported the sector through the 2013 *Municipal Water Sector Review of the Republic of Belarus* (ACS4459)** which provides a comprehensive diagnostic of the water and wastewater sector's institutional, organizational, technical, and economic aspects, with a specific focus on urban areas. It documents achievements made to date, identifies areas in need of strengthening, and suggests policies to help guide the Government as it seeks to increase the efficiency and sustainability of water and wastewater services going forward.

Solid Waste Management (SWM)

16. **Belarus' legislation on waste management is gradually being harmonized with international law and practices, particularly those of the European Union (EU).** The recently adopted *2017-2035 National Strategy on Municipal Solid Waste and Recyclables Management*, promotes several important principles, including the respective (i) *waste hierarchy*; (ii) *polluter pays*; (iii) *sustainable waste management*; (iv) *best available and most cost-effective technologies*; and the (v) *openness and transparency* principles. The Strategy includes five main actions to be implemented before 2030, inter alia (i) improvement of existing infrastructure including introduction of regional landfills and supporting infrastructure; (ii) introduction of a deposit system for plastic, glass bottles, and cans; (iii) production of refuse derived fuel (RDF); (iv) introduction of biological treatment (composting) in addition to mechanical treatment; and (v) construction of an incinerator in Minsk with a capacity of 500,000 tons/year. Total investment needs are estimated at Euro 1.2 billion. To fund these improvements, an environmental charge on landfilled waste and a near doubling of the current tariff after 2021 are being proposed. The proposed project will support the government's efforts towards regionalization of the solid waste disposal service in Belarus.

Future WSS and SW Sector Development Concept

17. **In December 2017, the Council of Ministers approved the *Concept of Improvement and Development of the Housing and Utilities Sector until 2025*, which focuses on the following areas of water supply and sanitation sector:** (i) strengthening the control function of government authorities in the provision of quality water to households; (ii) developing oblast-level WSS systems and utilities; (iii) constructing wastewater treatment facilities instead of filtration fields at the oblast level, where economically efficient; (iv) replacing water supply and sewerage networks that have exceeded their service life; (v) optimizing water supply schemes in rural residential communities; (vi) providing high-quality drinking water to 100 percent of consumers by 2025; (vii) developing a mechanism to engage households in the construction of municipal WSS systems; (viii) introducing modern methods of WSS network diagnostics and automated process management systems; (ix) creating methodological mechanisms to assess the technical status of WSS utilities; (x) developing a national strategy for sludge utilization; (xi) creating and implementing geoinformation systems; and (xii) introducing water recycling systems at iron removal stations.

18. **On the solid waste management front, the Concept aims at:** (i) improving legislation in the field of MSW and recyclables management, particularly in terms of tightening control over the operation of landfill facilities; (ii) establishing uniform requirements for the organization of separate waste collection and disposal; (iii) developing a separate MSW collection system with renovation and unification of containers and garbage trucks; (iv) developing a program for consumer waste management based on scientific approaches and best international practices, as well as for construction



of new landfills and waste transfer stations, closure and re-cultivation of landfills and mini-landfills; (v) improving tariff regulation; (vi) optimizing the accounting system to record the amounts of produced and landfilled waste and its morphological composition; (vii) introducing technologies for the production of alternative fuel (RDF) from MSW and incineration of waste for heat and power generation; (viii) introducing technologies of aerobic composting of the organic part of solid waste; (ix) introducing a deposit (collateral) system for packaging management; and (x) an outreach campaign on solid waste and recyclables management and implementation of environmental education programs in educational institutions.

Relationship to CPF

19. **Country Partnership Framework (CPF) for Belarus for FY2018-22** aims to support sustainable and inclusive growth and improve living standards by focusing on three interlinked focus areas: (i) creating opportunities for private sector to grow and for more efficient public investment, (ii) maintaining the country's human capital edge, and (iii) improving the contribution of infrastructure to climate change management, economic growth, and human development, supplemented by cross-cutting theme related to promoting greater use of data and access to information in public decision-making. Its focus on improving economic governance and management of state-owned enterprises and utility tariff reform links very well with the objectives of the current proposal for the Utility Efficiency and Quality Improvement Project.

20. The proposed project is fully linked with the new CPF. The proposed project contributes to Focus Area 1 of the CPF – Improving the environment for private sector development and efficient public investment – which supports government programs in public financial management, financial sector development, SOE efficiency and private sector development, sustainable utilities management, and roll out of targeted social assistance programs, as well as to Focus Area 3 of the CPF – Improved contribution of infrastructure to economic growth and human development, which supports government programs in transport and road safety, waste management, and energy and water utilities. Access and quality of WSS services is vital not only for human life but also a requirement for any commercial development. The project will finance key WSS infrastructure in the country and support utilities' efficiency and quality Improvement, and assist in strengthening of climate change resilience. Finally, the project will contribute to the cross-cutting area of greater use of data and access to information in public decision making identified in the new CPF.

21. The project will address the World Bank Group's goal of boosting shared prosperity by enhancing the welfare of largely low-income population in rural areas through (i) increasing access to water supply services, (ii) improving quality of supplied water, and (iii) improving the quality of environment. Improving water security and increasing access to safe drinking water and sanitation and strengthening regional solid waste management are key to improving livelihoods and health, contribute to economic growth and protection of the natural resources base on which these goals are built.

C. Proposed Development Objective(s)

22. The Project Development Objective (PDO) is to improve the access, quality and efficiency of water and wastewater services, and strengthen regional solid waste management.

Key Results (From PCN)

25. The Project's achievement of the PDO will be measured via the following core indicators:

- People provided with drinking water of satisfactory quality (as per national standards), out of which female;
- People provided with access to improved sanitation services, out of which female (core);



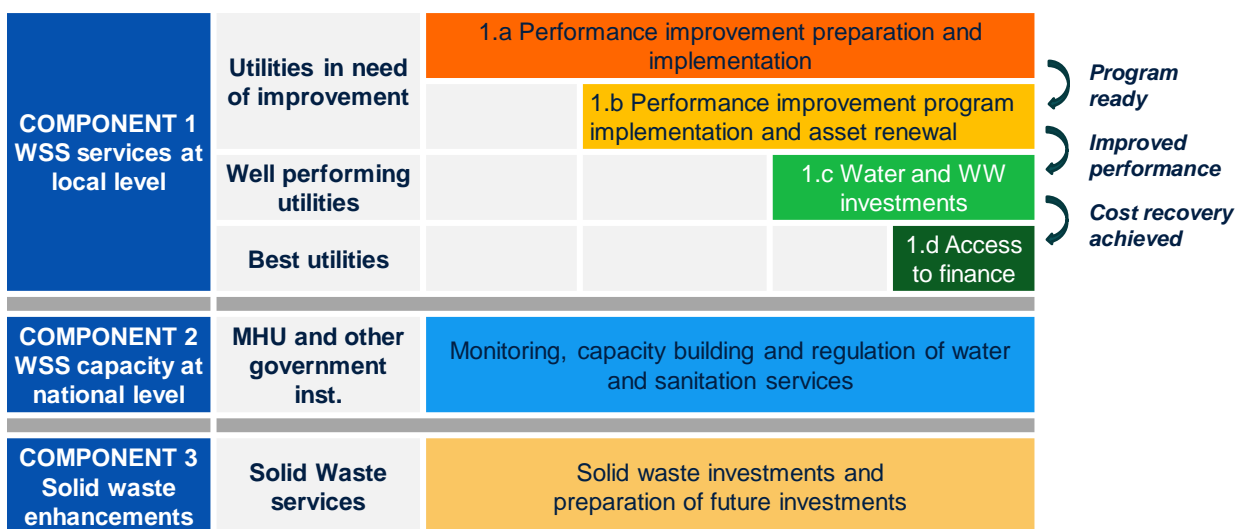
- Percentage of WSS utilities with operational cost coverage ratio equal or above 1;
- Number of regional waste disposal sites developed/operational;
- Percentage of beneficiaries satisfied with project activities (gender disaggregated).

26. Intermediate indicators to measure the progress of each component will be developed during the appraisal phase. The indicators will measure relevant specific aspects related: quality of WSS and waste services, efficiency of WSS utilities, availability of regional disposal facilities and supporting infrastructure, number of people provided with access to improved waste management services, citizen engagement, etc.

D. Concept Description

27. The proposed Project would be structured as an Investment Project Financing (IPF) project, comprising an IBRD Loan of US\$70 million to be implemented over six years period. The selection of the IPF instrument was based on the IPF’s flexibility and suitability to finance multiple projects in eligible municipalities, including several specific investments in water treatment, wastewater collection and treatment, technical assistance (TA) and capacity enhancement measures for the respective WSS providers, as well as development of solid waste infrastructure. Following discussions between the Bank and European Investment Bank (EIB), the two IFIs have agreed to coordinate support to the Belarus utility sector, including possible parallel financing of WSS infrastructure, and support to sector modernization.

28. The Project aims to create an incentive framework encouraging the gradual modernization of service providers towards commercial, operational, and financial sustainability, good practices, and, eventually, creditworthiness, as presented in the scheme below.



29. As visible from the scheme above, the Project would primarily provide technical assistance and targeted investments to poorly performing utility companies, while allowing good performing WSS utilities to access larger investments to improve service quality (in support of Belarus Clean Water Program and associated GoB strategy) and increase performance and creditworthiness.

30. The Project would also support the reform process of the regionalization of waste disposal as proposed in the *National Waste Strategy (2017-2035)*. The regionalization of waste disposal is a well-established approach globally which



brings economies of scale and reduces environmental risks from multiple, proliferated sites to a few, larger sites that could be better monitored. Regionalization is typically associated with larger and more capable, professional utilities. The larger volumes of waste at regional centers allow for the introduction of treatment technologies, which are otherwise not commercially viable.

31. The Project is designed to have the following structure (components' allocated amounts are only indicative at this stage, and will be defined during appraisal):

Component 1. Improving water and wastewater services at local level (US\$43 million). This Component will support the implementation of the *Belarus Clean Water Program and Government Strategy* through the following activities:

Activity 1a. In utilities in need of improvement, development of service improvement plans by supporting the preparation of: (a) performance improvement plans (energy efficiency, non-revenue water management, commercial systems, business plans, etc.); (b) building customer relations and social accountability mechanisms and (c) organizational transformation (e.g. regionalization, separation of WSS services, outsourcing of non-core businesses, etc.).

Activity 1b. In utilities with an improvement plan, implementation of the plans, through activities such as: (a) energy efficiency improvements; (b) introduction of remote sensing and automated control and management; (c) system optimization through computer modeling of water supply systems; (d) implementation of non-revenue water reduction programs, and (d) introduction of modern cost accounting systems, etc.

Activity 1c. In well-performing WSS utilities, construction, upgrade, and modernization of key water and wastewater infrastructure including (i) water treatment (iron removal) facilities; and (ii) wastewater treatment facilities in selected environmentally critical locations.

Activity 1d. In best WSS utilities, support toward access to non-concessional funding in form of technical assistance or capacity building to further increase operational efficiency, and build creditworthiness to leverage non-state financing, for example from local banks.

Eligibility and selection criteria. The exact eligibility and selection criteria will be discussed during the preparation, but are expected to include cost recovery levels, performance and overall capacity. Specific eligibility criteria and threshold values will be developed during project appraisal.

The list of utilities/subprojects to be financed under this component would be identified during project appraisal based on the Government's priorities and the utilities' readiness for implementation. This list could also evolve during project implementation as the performance of other utilities improves.

Component 2. Strengthening government capacity for monitoring, capacity building, and regulation of WSS service provision (US\$1 million). This component would support establishment of the mechanisms and government capacities necessary for the implementation of a national-scale utility services improvement program. This would include, among others, the following functions: (i) supporting the regulation of municipal WSS services; (ii) implementing benchmarking to monitor, assess, and increase utility performance; (iii) developing national WSS strategies and implementation plans; and (iv) bringing good international experience, knowledge, and innovation in WSS service provision.

Various institutions that carry out the above-mentioned functions would be identified, and the concrete needs for strengthening their capacity would be assessed during project preparation. Furthermore, a capacity building and



performance management system currently available in the region would be evaluated to identify an optimal solution. Potential for consolidation or simplification of institutional arrangements would be analyzed to ensure that the necessary functions are being delivered in the most cost-efficient manner possible. The process will be completed during project appraisal.

Component 3. Enhancing the solid waste management process in the country (US\$25 million). This Component would finance (i) the construction of the Polotsk/Novopolotsk Regional Landfill (RLF) and supporting infrastructure and equipment; (ii) other RLFs with supporting infrastructure and equipment identified during implementation (subprojects); and (iii) technical assistance for sector development policy studies related to waste reduction/recycling/treatment, financial management and private sector participation, and follow-up investment preparation studies. In addition, the preparation of a Sectoral Environmental Assessment (SEA) regarding the solid waste management sector in the country will be explored with the client during preparation to be prepared during implementation of the project. Eligibility criteria for subprojects will be developed during project preparation. There will be two sets of criteria: First, eligibility criteria to receive project funds for preparatory studies, such as site selection studies, feasibility and design studies, Environmental and Social Impact Assessment (ESIA), and a Resettlement Action Plan (RAP); and second - eligibility criteria to receive project funds for actual investments (civil works and goods).

Component 4. Project Management (US\$1 million). This Component will finance travel, training, consulting services, and general operating costs of the Project Implementation Unit (PIU). In addition, this component will finance TA to support the PIU to: (i) carry out project monitoring and evaluation activities; (ii) implement environmental and social safeguards; (iii) train PIU staff; (iv) conduct annual audits for the project and providers; and (v) establish citizen engagement measures to apply transparent criteria for the selection of investments and grievance redress mechanisms for the project activities.

SAFEGUARDS

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

At this stage of project design the project locations are not known. The list of utilities/subprojects to be financed will be identified during project preparation based on the Government's priorities and utilities' readiness for implementation. This list could also evolve during project implementation as the performance of other utilities improve. The only one known subproject which will be supported under the project is construction of Novopolotsk landfill. The site is located 5 km to the South of Novopolotsk city in Vitebsk oblast. The construction of the landfill started in 2009, but later terminated due to lack of funding. Some excavations and civil engineering works were done, and since the time of works termination the site and unfinished structures are guarded. Total area allocated for the landfill is 8.2 hectares, design capacity 993200 m³, operating life 15 years. Original design of 2009 envisaged a two-stage approach to construction and operation of landfill. Landfill would serve cities Polatsk and Novopolotsk and several nearby rayons. These rayons, as well as the type of service (direct or transfer stations) shall be determined on later stages. The site is located on the afforested area of the Chemical plant sanitary zone. No any important natural habitats or protected areas have been identified in the vicinity of the site. Furthermore, no human settlements are nearby the proposed landfill, - the closest village is located at the distance of 2-3 km.

B. Borrower's Institutional Capacity for Safeguard Policies

The capacity of the PMU for environmental and social safeguards and areas for further improvements will be assessed during project preparation and necessary capacity-building actions will be reflected in project design. Given the limited environmental impacts, as well as potential social and economic impacts associated with land acquisition, it is expected



that the PMU, with support from the Bank, will satisfactorily identify and manage social risks and impacts.

C. Environmental and Social Safeguards Specialists on the Team

Arcadii Capcelea, Environmental Safeguards Specialist

Aimonchok Tashieva, Social Safeguards Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>As the project is focused mostly on rehabilitation works and would support water supply, sanitation, and solid waste management investments in municipal services delivery, outside several positive social and environmental impacts (improving social conditions for the population and contributing to improving local population livelihoods; improving water quality; preventing environmental pollution; etc.), it might generate also a series of adverse environmental and social impacts associated with their implementation. In most cases these impacts will be minor, short-lived, and primarily limited to the project sites (except for movement of equipment and materials to/from the construction/rehabilitation sites), but it is possible they might be also significant and would affect environment and health of population, especially in the case of construction of new waste water treatment plants and solid waste landfills on new locations. For WSS subprojects these issues might be primarily: dust, noise, water pollution, disposal of waste material and/or older equipment, degradation of vegetation, traffic disruption (depending upon specific location), worker safety (e.g. welding operations) etc. In the case of solid waste management subprojects, additionally to environmental impacts specified above for WSS ones, these impacts and risks might also include leachate resulting in potential pollution of surface and ground water, methane emissions, etc., as well as social risks and impacts, particularly potential impacts of livelihoods to waste-pickers. Most of these impacts and risks can be addressed with good engineering and construction practices as well as by preparing and implementing adequate mitigation measures. As at this stage of the project development the investments and their location are not known, for</p>



addressing potential adverse impacts, the client will prepare an ESMF which will specify the rules and procedures for the subprojects ESIA and ESMP, including guidelines on conducting environmental screening, identifying potential impacts, mitigation and monitoring activities for different types of potential sub-projects. The screening criteria in the ESMF will clearly specify and exclude subprojects that are high risk or Category A-type: for WSS subprojects those which might be related to a large volume of effluent discharge, while for SW subprojects – in the case of greenfield RLFs proposed to be located within and with impacts on sensitive habitats or areas of high biodiversity values. Additionally, the ESMF document will include necessary requirements to addressing environmental and social issues associated with the closing (or lack thereof) of municipal and mini-disposal sites, providing also in this regard the guidance for preparing relevant safeguards instruments. While preparing the ESMF the client will revise and update the EA document that is in place for the ongoing similar Water Supply and Sanitation Project in Belarus, complementing it with a special section devoted to solid waste management activities and construction of new landfills. The ESMF will also specify the scope and main objectives of the Sectoral Environmental Assessment that might be conducted during implementation of the of the project regarding the solid waste management sector in the country, as part of the TA under Component 4(iii), The draft TORs for and ESMF document itself will be disclosed and publicly consulted in the country.

As the client have already selected one location for a landfill near Novopolotsk, it was agreed, in addition to the ESMF it will be conducted a full ESIA and prepared a site specific ESMP, which will be consulted with the potentially affected people and interested parties (at the stage of the TORs and at the stage of the full draft EA documents). The draft TORs for the ESIA study will be preliminary agreed with the WB team and Regional Safeguards Coordinator.

Existing legislation requires and sets procedures for public entities (including municipal utility companies) to respond to inquiries/complaints from communities.



		<p>A project-level GRM needs to be developed and build on the existing practices. Safeguards instruments and POM will describe necessary procedures and requirements for project-level GRM.</p> <p>Organizational transformation of WSS service providers under Component 2 is not expected to include any retrenchment of the workforce.</p>
Performance Standards for Private Sector Activities OP/BP 4.03	No	
Natural Habitats OP/BP 4.04	TBD	At this stage of the project design it is not clear if the project will trigger this OP. This will be decided based on additional investigation during preparation regarding likelihood of siting of RLFs and potential impacts to natural habitats, including degraded habitats which fall under the scope of the policy.
Forests OP/BP 4.36	No	There will be no sub-projects that would have impacts on native forests and critical habitats, - such subprojects will be excluded from the project financing during environmental screening.
Pest Management OP 4.09	Yes	Triggered as pesticides will be used for pest control during operations. A pest management plan will be incorporated into the TORs for the ESIA and ESMF.
Physical Cultural Resources OP/BP 4.11	No	The project will not finance any subprojects that might have impacts on such resources, - such subprojects will be excluded from the project financing during environmental screening.
Indigenous Peoples OP/BP 4.10	No	This OP is not applicable in Belarus.
Involuntary Resettlement OP/BP 4.12	Yes	As subprojects implementation might result in resettlement, the client will prepare a Resettlement Policy Framework that would be followed during the implementation phase. In the area where a sub-project was already identified (Novopolotsk), there is no need for involuntary taking of land and no livelihood impacts are expected.
Safety of Dams OP/BP 4.37	No	The project will not support any activities which rely or may have impacts on dams.
Projects on International Waterways OP/BP 7.50	Yes	This OP is triggered because some water supply and wastewater sub-projects are likely to be on international rivers. Most of these investments are expected to involve rehabilitation, and of existing networks within the original boundaries and design parameters of the schemes. No new abstraction is expected. Respectively it will not adversely change the quality or quantity of water flows to the other riparian and it will not be adversely affected by the other



riparian. Consequently, an exception to the external notification requirements of OP 7.50, set forth in paragraph 7(a) for the project will be requested.

Projects in Disputed Areas OP/BP 7.60

No

The project will not involve any disputed areas.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Oct 08, 2018

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

The project ESMF and RPF will be prepared by September 1, 2018, followed by site-specific ESIA and ESMP. By mid-September the ESIA&ESMP document will be ready for disclosure and public consultation.

CONTACT POINT

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