

**INTEGRATED SAFEGUARDS DATA SHEET
APPRAISAL STAGE**

Report No.: ISDSA13368

Date ISDS Prepared/Updated: 01-Jun-2015

Date ISDS Approved/Disclosed: 02-Jun-2015

I. BASIC INFORMATION

1. Basic Project Data

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| Country: | Macedonia, former Yugoslav Republic of | Project ID: | P149955 |
| Project Name: | Road Upgrading and Development Project (P149955) | | |
| Task Team Leader(s): | Rakesh Tripathi,Liljana Sekerinska | | |
| Estimated Appraisal Date: | 10-Jun-2015 | Estimated Board Date: | 29-Sep-2015 |
| Managing Unit: | GTIDR | Lending Instrument: | Investment Project Financing |
| Sector(s): | Rural and Inter-Urban Roads and Highways (90%), General public administration sector (10%) | | |
| Theme(s): | Regional integration (50%), Trade facilitation and market access (50%) | | |
| Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)? | | | No |
| Financing (In USD Million) | | | |
| Total Project Cost: | 91.00 | Total Bank Financing: | 91.00 |
| Financing Gap: | 0.00 | | |
| Financing Source | | | Amount |
| Borrower | | | 0.00 |
| International Bank for Reconstruction and Development | | | 91.00 |
| Total | | | 91.00 |
| Environmental Category: | A - Full Assessment | | |
| Is this a Repeater project? | No | | |

2. Project Development Objective(s)

The Project Development Objectives are to improve transport connectivity for road users along Corridor VIII between Skopje and the border with Bulgaria, and to improve asset management and planning of the Public Enterprise for State Roads.

3. Project Description

Component 1: Construction along Corridor VIII: Rankovce - Kriva Palanka (estimated cost of EUR 78 million, which will be financed by IBRD loan). This component will upgrade a section of the vital international corridor VIII by financing the construction of the express road along the east section of the corridor which connects to Bulgaria. This section of the corridor passes through the north-east part of the country. North East planning region is the poorest among the eight planning (statistical) regions in Macedonia. This segment is currently in poor condition. It carries around 3,000 vehicles per day, is narrow (around 6.4 meters) with many places without shoulders, and passes along many villages, which will make its rehabilitation with partial widening difficult. The new road is on a hilly terrain, thus around 10 bridges will need to be constructed with a total length of about 1.5 km. The new road sections will be 24.64 km long, one lane in each direction with a width of 11m to 12m. Road design will take into account road safety considerations.

Component 2: Institutional and Project Implementation Support (estimated cost of EUR 5 million, which will be financed by IBRD loan). Component 2 will have two sub-components:

(i) Sub-component 1: Establishment of Bridge Management System (BMS): This sub-component will further strengthen asset management by expanding the road asset management system (RAMS) currently under implementation by PESR to include also bridge asset management. The core focus of this activity would be to support PESR to introduce a bridge management system (BMS) to be integrated in RAMS. This will entail: provision of equipment and software, diagnostic assessment of bridge condition, creation of a national roads and bridges linear referencing system to digitize roads and bridges, supporting the preparation of a bridge maintenance and investment plan using BMS, and training for technical and administrative staff.

(ii) Sub-component 2: Capacity Development and Project Implementation Support: This project will build on earlier institutional capacity activities in road management planning, road safety, resilience and other transport management areas as the need arises throughout the project implementation. Supervision of works will be financed by PESR. Independent technical audits of civil works will be financed from this component. It will also finance technical assistance, equipment, and operational costs associated with the implementation of the project. This would include: beneficiary satisfaction survey, as well as mid-term and impact evaluation surveys; and carrying out the annual financial audits of the Project.

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

Environmental Safeguards: The project area includes green fields, and hilly and mountainous terrains along the eastern part of Corridor VIII connecting the country with Bulgaria. Component 1 envisages a new construction, and in many instances road alignment will pass through untouched natural landscapes which might also be a habitat for various animals.

Social Safeguards: The proposed project road is passing through a lightly populated area. Until now the proposed road Rankovce - Kriva Palanka has defined a preliminary route. Based on the defined preliminary route, it is unlikely that the project will cause displacement of the dwellings. The most probable impact will be acquisition of land, which would either be agriculture land, pastures and/or forestry.

The proposed project could eventually be followed up by an activity to improve the pavement on the existing Corridor VIII road from the capital Skopje to Rankovce. At this time there are neither detailed plans nor preparatory documents for this activity.

5. Environmental and Social Safeguards Specialists

Bekim Imeri (GSURR)

Gulana Enar Hajjiyeva (GENDR)

| 6. Safeguard Policies | Triggered? | Explanation (Optional) |
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| Environmental Assessment OP/BP 4.01 | Yes | This policy is triggered because the implementation of the Project's Component 1 will be associated with significant environmental impacts caused by new constructions of the express road Rankovce - Kriva Palanka along the east section of Corridor VIII. The construction will be carried out mainly in untouched mountainous areas, green fields, hilly terrains, forest areas used, inter alia, for guided hunting, etc. The full Environmental and Social Impact Assessment (ESIA), including Environmental and Social Management Plan, has been conducted by the Borrower/Implementing Agency for the proposed road. This ESIA and ESMP has been reviewed and approved by the Bank, and disclosed and discussed with the project stakeholders on May 11, 2015. The ESIA and ESMP has been prepared by an independent consultant contracted by the Borrower (PESR). Also, Component 2 will provide Technical Assistance for the establishment of country-wide Bridge Management System (BMS), which will entail, inter alia, development of bridge maintenance and investment plans. The project will ensure (through respective Terms of References and consultancy contracts) that the environmental aspects of proposed investment activities are duly considered and addressed in the framework of those investment plans. |
| Natural Habitats OP/BP 4.04 | Yes | The potential impacts on natural habitats, as well as the assessment of biological and ecological value of habitats have been addressed through the ESIA, which concluded that no critical natural habitats exist in the project area and will be impacted by the project activities. The anticipated impacts are those to occur in the period of construction in the Osogovo-German Landscape Biocorridor, and those on the forested areas and tree plantations due to selective vegetation clearance. The ESMP proposed mitigation measures which include, besides ensuring safe passes for the wildlife mentioned above, introduction of seasonal limitations for the implementation of civil works to avoid critical disturbance to identified species, and compensatory planting to be carried out in close coordination with the Ministry of Environment and Physical Planning. |
| Forests OP/BP 4.36 | No | The potential impact on the forested area, identified by |

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| | | ESIA, is found to be insignificant, and not causing degradation or conversion of forests, thus, the policy is not triggered. The mitigation measures have been identified by ESMP, as described above. |
| Pest Management OP 4.09 | No | |
| Physical Cultural Resources OP/BP 4.11 | No | The ESIA concluded that two cultural heritage sites are located within the study area but will not, however, be impacted by the project. Thus, this policy is not triggered, and the ESIA and ESMP identified the institutional responsibilities and procedures to be followed in case if any chance finds occur in the project area. |
| Indigenous Peoples OP/ BP 4.10 | No | |
| Involuntary Resettlement OP/BP 4.12 | Yes | The policy is triggered because the Project's Component 1 will lead to acquisition of land. Affected land will be pastures, forests and agriculture land and less likely construction land. There is low likelihood for any kind of displacement, either dwellings or businesses, because the route for the proposed road will pass through uninhabited areas. Given that in the project preparation phase impacts pertinent to Social Safeguards are unknown, a Resettlement Policy Framework was prepared to guide land acquisition and potential displacements during the project implementation. Later, once the detail designs are ready, land surveyors will be able to determine definite impacts and thus Specific Land Acquisition Plan will be prepared. LAP will be prepared during the early stage of project implementation. |
| Safety of Dams OP/BP 4.37 | No | The project scope has been revised since the concept stage, and does not currently include the road segment between Toranica and Sasa which passes the mine tailing dam failure site. No other dam sites exist in the project area. Thus, this policy is not triggered. |
| Projects on International Waterways OP/BP 7.50 | No | The two rivers in the project area (Kriva River and Rankovce River) are local waterways, thus, the policy is not triggered. |
| Projects in Disputed Areas OP/BP 7.60 | No | |

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

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| <p>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</p> |
| <p>The construction of the new road Rankovce - Kriva Palanka will cause environmental concerns related to the original landscape, surface and ground water, flora and fauna, air quality and to the</p> |

soils in the project area. The Environmental and Social Impact Assessment and Environmental and Social Management Plan (ESIA and ESMP) have been prepared to identify and address the anticipated adverse impacts of the road construction. Those impacts include:

- impacts on the natural landscape and aesthetics;
- impacts associated with the extraction and transportation of road construction materials, and disposal of excess materials. Due to the volume of materials which will need to be extracted and transported, this impact is considered to be one of the major risks by the project. Its significance is mitigated by the fact that the sites identified by ESIA have all been duly licensed and are regularly monitored, and both the licensing procedure and the results of monitoring are found acceptable;
- potential disturbance to the existing drainage systems;
- increased dust and emissions, degradation of air quality;
- impacts related to noise and vibration at selected sensitive sections of the roads in the vicinity of identified settlements of T'Iminici, Ginovce and Rankovce;
- disturbance to flora and fauna species in the sensitive area of Osogovo - German Landscape Biocorridor. The risk associated with this aspect is considered to be major, however, proper mitigation is envisaged through providing of passes for wildlife, introduction of seasonal limitation for construction works to avoid critical disturbances during the nestling and breeding seasons for identified species, and through maximum coordination of the design of the road with one of the railway which is planned to go in parallel with the preferred road alignment;
- impacts on forested area and tree plantations at selected locations. Since the impact on the forested area is not found to be significant and/or causing degradation of forest ecosystem, it will be mitigated through minimizing the areas to be cleared and through compensatory planting to be closely monitored by MoEPP and PE "Macedonian Forests". If properly managed, this impact will not present a major risk to local biodiversity and ecosystems;
- impacts related to the generation and disposal of liquid and solid wastes at the construction phase. Taking into account the overall poor waste management practice in the country, this impact could be significant, however, the ESIA has identified the sites that are found to be environmentally acceptable (landfill Zletovo and landfill Probishtip, the nearest sites with low environmental risks assessed by the MoEPP), and also provided detailed and clear guidance for Contractor on the management of all types of wastes expected to be generated;
- impacts related to the storage and disposal materials;
- potential impact on surface water (the Kriva River flowing in parallel with the road alignment at a distance of 850 m to 5 km, and Rankovska River to be crossed by the proposed road at one selected location);
- potential impacts on ground water in the project area;
- impacts on soil which might be caused by spills and leaks of hazardous liquids, as well as soil compaction and erosion which might be caused by poorly managed excavation, use of construction machinery and other construction activities.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The long term impacts of the future activities in the project area are assessed to be positive as will significantly decrease the risks of traffic accidents and associated risks of potential spills of diesel, fuel and lubricants, and, consequently contamination of soil and water. The project will also provide improved drainage services to the area, which will greatly decrease the risks of seasonal floods currently causing deterioration of the Kriva River water.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse

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| impacts. |
| Three alternatives have been considered for the project. 'No Project' Alternative has been rejected as it represents environmental risks specified in the section above. Among the other two alternatives, the alignment which allows for maximum coordination of the road design with the one of the railway which is located in parallel to the designed road, and provides for greater distance to the Kriva River, has been selected, as it is associated with less significant environmental concerns. |
| 4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described. |
| <p>The implementing agency for the project is the Public Enterprise for State Roads (PESR). The PESR has undertaken the Environmental and Social Impact Assessment study and prepared the Environmental and Social Management Plan (ESIA and ESMP), which identified the main environmental and social impacts and determined adequate mitigation measures as well as implementation mechanisms for the implementation of those measures. The PESR has also established a program to monitor the implementation of the ESMP.</p> <p>This project will be the fourth project implemented with a World Bank loan since 2008; therefore, the borrower is well familiar with the World Bank procedures and requirements. More than two years ago the implementing agency PESR established a department to deal with environmental and social aspects related to roads construction and rehabilitation. Besides the World Bank funded projects, the department also handles the projects supported by EBRD and is familiar with the respective performance standards as well. The staff of the department consists of two environmental specialists handling the social agenda as well. However, the staffing plan of PESR envisages hiring additional staff who will be specifically assigned to the social aspects.</p> |
| 5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people. |
| Two rounds of public consultations have been conducted: first one, dated May 14, 2014, was to discuss the Terms of Reference for environmental and social studies required for the project; and second one, dated May 11, 2015, was to present and discuss the findings of the ESIA and ESMP as well as RPF. The documents in the Macedonian language have been made available to wide public in advance of the meeting. The detailed minutes of both consultation meetings have been duly recorded and enclosed to the ESIA and ESMP. The stakeholders invited to the public consultation meetings included representatives of local communities, local governments, and central and local environmental authorities. The Stakeholders Engagement Plan has also been developed to ensure proper involvement of all potentially affected people throughout the life of the project. |

B. Disclosure Requirements

| Environmental Assessment/Audit/Management Plan/Other | |
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| Date of receipt by the Bank | 18-May-2015 |
| Date of submission to InfoShop | 26-May-2015 |
| For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors | 26-May-2015 |

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| "In country" Disclosure | |
| Macedonia, former Yugoslav Republic of | 11-May-2015 |
| <i>Comments:</i> The ESIA and ESMP have been disclosed and discussed with public in the municipalities of Rankovce and Kriva Palanka, which are two location of the project area, through which the proposed road will pass. | |
| Resettlement Action Plan/Framework/Policy Process | |
| Date of receipt by the Bank | 11-May-2015 |
| Date of submission to InfoShop | 19-May-2015 |
| "In country" Disclosure | |
| Macedonia, former Yugoslav Republic of | 11-May-2015 |
| <i>Comments:</i> The RPF has been disclosed and discussed with public in the municipalities of Rankovce and Kriva Palanka, which are two location of the project area, through which the proposed road will pass. | |
| If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP. | |
| If in-country disclosure of any of the above documents is not expected, please explain why: | |
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C. Compliance Monitoring Indicators at the Corporate Level

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| OP/BP/GP 4.01 - Environment Assessment | |
| Does the project require a stand-alone EA (including EMP) report? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Are the cost and the accountabilities for the EMP incorporated in the credit/loan? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| OP/BP 4.04 - Natural Habitats | |
| Would the project result in any significant conversion or degradation of critical natural habitats? | Yes [<input type="checkbox"/>] No [<input checked="" type="checkbox"/>] NA [<input type="checkbox"/>] |
| If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank? | Yes [<input type="checkbox"/>] No [<input type="checkbox"/>] NA [<input checked="" type="checkbox"/>] |
| OP/BP 4.12 - Involuntary Resettlement | |
| Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| The World Bank Policy on Disclosure of Information | |
| Have relevant safeguard policies documents been sent to the World Bank's InfoShop? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |

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| Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| All Safeguard Policies | |
| Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Have costs related to safeguard policy measures been included in the project cost? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |
| Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents? | Yes [<input checked="" type="checkbox"/>] No [<input type="checkbox"/>] NA [<input type="checkbox"/>] |

III. APPROVALS

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| Task Team Leader(s): | Name: Rakesh Tripathi,Liljana Sekerinska | |
| Approved By | | |
| Safeguards Advisor: | Name: Agnes I. Kiss (SA) | Date: 02-Jun-2015 |
| Practice Manager/ Manager: | Name: Juan Gaviria (PMGR) | Date: 02-Jun-2015 |