

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: ISDSC1058

Date ISDS Prepared/Updated: 02-Feb-2015

Date ISDS Approved/Disclosed: 03-Feb-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Serbia	Project ID:	P152104
Project Name:	Serbia Competitiveness and Jobs (P152104)		
Task Team Leader(s):	Thomas Edward Haven		
Estimated Appraisal Date:	20-Apr-2015	Estimated Board Date:	29-Jul-2015
Managing Unit:	GTCDR	Lending Instrument:	Investment Project Financing
Sector(s):	Other social services (30%), General industry and trade sector (70%)		
Theme(s):	Micro, Small and Medium Enterprise support (15%), e-Services (5%), Export development and competitiveness (30%), Technology diffusion (20%), Improving labor markets (30%)		
Financing (In USD Million)			
Total Project Cost:	100.00	Total Bank Financing:	100.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
International Bank for Reconstruction and Development			100.00
Total			100.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

B. Project Objectives

The proposed PDO is to improve the investment climate, foster innovation, and enhance the job opportunities of registered unemployed.

C. Project Description

The project is expected to include the following three components:

Component 1. Investment climate and export promotion. This component aims to encourage new investment by making interactions between businesses and the state more transparent, predictable, and efficient. Increased investment, in particular in tradable sectors, will lead to higher productivity and better competitiveness. Also, the component will support activities on enhancing Serbia's institutional framework for export and investment promotion, including by possibly redesigning financial instruments supporting exporters, or by providing new services, like manufacturing extension, value chain support, and market intelligence. All of these activities are ultimately expected to result in more exports and formal private sector jobs. There are two subcomponents: 1.A Inspections reform and 1.B Reform of the agencies for investment and export support.

Component 2: Innovation. The component will support four main activities: a) scaling-up enterprise innovation; b) establishing competitive applied research financing; c) consolidating the public research sector for efficiency; and d) enabling the technology transfer, entrepreneurship, and innovation ecosystem. These project activities will leverage the institutional capacity built at the Serbia Innovation Fund (IF) and the enterprise innovation programs piloted under the 2011 EU Instrument for Pre-Accession Serbia Innovation Project (EU IPA SIP). This project will also build on the strategic research and innovation sector planning activities and technology transfer initiatives of the 2013 EU IPA Serbia Research, Innovation, and Technology Transfer Project (SRITTP).

Component 3: Labor. The proposed operation will support the Ministry of Labor, Employment, Veteran and Social Affairs in the implementation of selected objectives of the National Employment Strategy, particularly with a view to improving the performance of the National Employment Service (NES) in terms of placement of active jobseekers into jobs. The support will result from three sets of activities: a) enhancement of service delivery capacity of the currently over-stretched National Employment Service (NES); b) improvement of the design, provisioning, and targeting of active labor market programs (ALMPs); and c) improvement of incentives for formal jobs for a targeted subset of disadvantaged workers.

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

The project will be implemented in the Republic of Serbia.

E. Borrowers Institutional Capacity for Safeguard Policies

The project will work with five or more ministries and agencies, including the Ministry of Economy (MoE) and its development agencies, Ministry of Public Administration and Local Self-Government (MoPALSD), Ministry of Education, Science and Technology Development (MoESTD), Ministry of Labor, Employment, Veteran and Social Affairs (MoLEVS), and the newly-created Public Policy Secretariat. Overall project coordination will be done by the Public Policy Secretariat (PPS), which depends on the office of the Deputy Prime Minister. The PPS was created under the new government in the spring of 2014, and it does not have experience implementing Bank-financed projects. It remains to be determined if there will be mini-PIUs in one or more of the implementing agencies, such as the MoESTD.

At this stage of project preparation, it is unclear which counterpart ministry or agency would be responsible for carrying out the environmental assessment process and related safeguards requirements.

The PPS will likely take the lead, with strong coordination with the MoESTD. EA capacity of the

responsible agency will be analyzed during project preparation and if necessary institutional capacity building on safeguards will be provided.

F. Environmental and Social Safeguards Specialists on the Team

Julianna Flanagan (GPVDR)

Naima A Hasci (GSURR)

Nina Rinnerberger (GENDR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>Along with the Technical Assistance (TA) activities, the proposed Project will support reforms linked to the three pillars of the operation (investment climate, innovation, labor) largely through reimbursing expenditures for existing Government programs using the results-based lending instrument. Support for reforms is expected to improve the effectiveness of those programs. While no direct, physical environmental impacts are anticipated to result from the proposed project, some of the reforms and grant and research financing to be supported may have a wide range of environmental impacts, both positive and negative. Overall, it is expected that potential environmental impacts could mainly result from: Component 2 on Innovation (e.g. through support for startups and enterprises in different sectors across Serbian regions; scale-up of operations of the Technology Transfer Facility focusing on technology transfer outcomes; and development of the entrepreneurial and innovative ecosystem by supporting various ecosystem actors, including science and technology parks, accelerators and incubators). No environmental impacts are anticipated to result from Component 3 on Labor.</p> <p>To address these potential environmental issues, an Environmental and Social Management Framework (ESMF) will be prepared and applied to the Eligible Expenditure Programs with national or sub-national implications. The ESMF will specify the procedures that the project will have in place during implementation, with the objective that all reforms supported under the project will be environmentally and socially sound and sustainable, and consistent with the WB safeguard policies and Serbian national legislation. The ESMF will provide guidance to ensure all project activities supporting the</p>

		<p>development of reforms and institutional capacities would include considerations on environmental protection based on best international practices in this regard. It will also outline beneficiaries' obligations in screening and categorizing activities according to their possible environmental impact, mitigating the associated risks, and defining monitoring activities, if and when required. The ESMF would describe exclusions that will not be financed under the Eligible Expenditure Program.</p> <p>Gender: Overall, the project is expected to benefit both women and men. However, in order to ensure that the project neither continues nor exacerbates gender inequality in employment, gender and citizen engagement will be incorporated in component 3.C, aligning incentives toward formal employment. Additionally, analysis of and recommendations on ALMP's under component 3.B will take into account beneficiary characteristics (minorities--Roma and underserved beneficiaries), including gender. The project will also establish performance indicators and collect and monitor sex disaggregated statistics where applicable, such as for research grantees in component 2.B and owners of enterprises and startups in component 2.A.</p>
Natural Habitats OP/BP 4.04	No	The project will not affect natural habitats because all financing will be done in the existing localities.
Forests OP/BP 4.36	No	The project will not affect forests because all financing will be done in the existing localities.
Pest Management OP 4.09	No	The project will not finance experiments or production of pesticides.
Physical Cultural Resources OP/BP 4.11	No	The project does not affect physical cultural resources because all financing will be done in the existing localities.
Indigenous Peoples OP/BP 4.10	No	There are no indigenous people in the affected project area.
Involuntary Resettlement OP/ BP 4.12	No	The components and sub-components of the project will not support reforms and/or grant and research financing that might result in involuntary resettlement or require land acquisition. The project does not anticipate any direct, indirect or induced negative social impacts; therefore the policy is not triggered. However, analysis of the expected social and institutional impacts, particularly for Component

		3, will be considered during the project preparation process.
Safety of Dams OP/BP 4.37	No	N/A
Projects on International Waterways OP/BP 7.50	No	While the project will be implemented nationally in the Republic of Serbia on territories that include basins of rivers which can be qualified as international waterways, the project type does not “involve the use or potential pollution of international waterways” as per OP 7.50. No water use/absorption or pollution of waters will be generated by the project activities, which would trigger this policy.
Projects in Disputed Areas OP/ BP 7.60	No	N/A

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 15-Apr-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

The preparation schedule currently foresees Appraisal taking place in April 2015. The PAD Stage ISDS will be prepared in time to disclose it before the Appraisal date.

The Environmental and Social Management Framework (ESMF) will be disclosed and consulted in the country prior to Appraisal.

IV. APPROVALS

Task Team Leader(s):	Name: Thomas Edward Haven	
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name: Agnes I. Kiss (RSA)	Date: 02-Feb-2015
Practice Manager/ Manager:	Name: Paloma Anos Casero (PMGR)	Date: 03-Feb-2015

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.