

INTEGRATED SAFEGUARDS DATA SHEET

CONCEPT STAGE

Report No.: ISDSC13099

Date ISDS Prepared/Updated: 24-Aug-2015

Date ISDS Approved/Disclosed: 27-Aug-2015

I. BASIC INFORMATION

A. Basic Project Data

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|---|--|-----------------------|------------------------------|
| Country: | Bosnia and Herzegovina | Project ID: | P152406 |
| Project Name: | Federation Road Sector Modernization Project (P152406) | | |
| Task Team Leader(s): | Moustafa Baher El-Hefnawy,Liljana Sekerinska | | |
| Estimated Appraisal Date: | 30-Nov-2015 | Estimated Board Date: | 31-Mar-2016 |
| Managing Unit: | GTI03 | Lending Instrument: | Investment Project Financing |
| Sector(s): | Rural and Inter-Urban Roads and Highways (80%), Public administration-Transportation (20%) | | |
| Theme(s): | Regional integration (100%) | | |
| Financing (In USD Million) | | | |
| Total Project Cost: | 92.43 | Total Bank Financing: | 54.93 |
| Financing Gap: | 0.00 | | |
| Financing Source | | | Amount |
| Borrower | | | 0.00 |
| International Bank for Reconstruction and Development | | | 54.93 |
| EC European Investment Bank | | | 37.50 |
| Total | | | 92.43 |
| Environmental Category: | A - Full Assessment | | |
| Is this a Repeater project? | No | | |

B. Project Objectives

The Overall Development Objective of the Transport Sector Modernization Program (TSMP) is to improve transport connectivity of the country along priority transport links and to support improvements in transport operations and asset management practices. The Program is multi-phased with a First Phase including road sections in FBH.

The Project Development Objectives of the First Phase of the TSMP are to: (i) improve road connectivity, road use efficiency and road safety along project roads and (ii) progress towards more efficient management of the road network including road asset management in the Federation of Bosnia and Herzegovina.

C. Project Description

The proposed Project (the First Phase of TSMP) will support the Government of FBH in the implementation of a part of its new Road Modernization Program. It is envisioned that the Government's Program will be supported by EBRD, EIB and the Bank (EIB has already approved its loan). The proposed Project would be co-financed by EIB and the Bank totaling about €84.0 million. Co-financing shares could vary by subproject/contract. EIB will also finance additional sections, which are out of the scope of the proposed Bank Project, estimated to cost €15.9 million. These additional EIB sections are separated geographically from the Project financed road sections. EBRD would use parallel financing in the amount of €80.0 million to implement a certain proportion of the Government's Program in two phases. The first phase will be flood-related damage repair that is expected to start at the end of this year and the second phase planned for 2017 will finance by bypasses, a few of which might be physically adjacent or located in close geographical proximity to the Project financed road sections. However these are not functionally linked to the EBRD financed bypasses.

In accordance with design documentation, the design and economic viability of the proposed Bank Project are not dependent on the EBRD project or on the additional sections financed by EIB. Moreover, the second phase of the EBRD project is not contemporaneous with the proposed Bank Project. The World Bank safeguards will be applicable to the proposed Project only, covering all the activities co-financed by the Bank and EIB regardless the size of co-financing shares

The Project is designed as the first of a series of projects (SOP). This approach provides a common project framework to address specific issues needed to enhance transport connectivity, increase the efficiency of transport operations and improve asset management in BH. Under the SOP approach, interested entities may opt for participation in the program, but there is no interdependency in implementation among specific projects in the series. In other words, each project can achieve its own objectives independent of whether the other projects are carried out. The program is horizontal in that the different projects could start when ready. The advantage of the SOP instrument is that it allows the Bank to provide support in a flexible manner and is well-suited to support long-term reforms, with logical sequencing of activities, when each entity meets the readiness criteria. Each subsequent project in the SOP will be described in a separate PAD and corresponding ISDS. However, under the SOP approach, there is also no commitment to the financing of ensuing phases.

The Project in FBH is the first phase in since the entity has demonstrated readiness and willingness to participate through: (i) a formal request and expression of interest to join the program; (ii) a program of activities designed to meet the PDO of the program; and (iii) the preparation (including advanced preparation with EIB) of detailed designs and related safeguards documents.

It is proposed that the Project have four components:

Component 1: Road Reconstruction (estimated cost €60-70 million, including about 57% of IBRD financing). This component will finance civil works to:

- (i) complete construction of the main road M17.3 Neum – Stolac from St. Neum to Drenovac in three stages: (1) St. Neum- Broćanac, 6 km; (2) Broćanac - Cerovica approx. 12 km length, and (3)

Cerovica – Drenovac, approx. 13 km length;

- (ii) construct passing lanes for slow traffic on selected road sections;
- (iii) reconstruct/rehabilitate selected road sections with partial axis correction;
- (iv) rehabilitate selected tunnels; and
- (v) rehabilitate selected bridges.

The selected sections and structures under activities (ii)-(v) are located outside M17.3 Neum – Stolac road.

Component 2: Road Safety Interventions (estimated cost €2-4 million, including 57% of IBRD financing). This component will finance reconstruction of intersections classified as black spots on the main roads.

Component 3: Institutional Reforms (estimated cost €5-6 million, including 100% of IBRD financing). This component will strengthen road management in FBH with a particular focus on sustainability of investments and road safety. It will include work with FBH-MoTC, FBH-MoF and PC Roads of FBH in order to (i) revise road categorization (on a functional basis) that would allow the proper allocation of resources to the different categories, (ii) develop a sustainable financing mechanism for the road sector and (iii) strengthen the capacity of PC Roads of FBH in investment planning and programming, and monitoring; and (iv) support ongoing efforts to establish a sustainable road asset management system. Road safety activities will aim to improve the technical capacity in PC Roads of FBH to institutionalize road safety considerations in operations, and help introduce of a more comprehensive approach to road safety by working with other institutions with responsibilities in safety.

Component 4: Project Implementation Support (estimated cost €1.5-2.0 million, including 57% of IBRD financing). This component will finance the supervision of civil works and capacity-building of PC Roads of FBH through the provision of technical assistance, carrying out the annual financial audits of the Project, monitoring project activities, beneficiary satisfaction activities, as well as mid-term and impact evaluation surveys.

he Project, monitoring project activities, beneficiary satisfaction activities, as well as mid-term and impact evaluation surveys.

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

The SOP is envisaged to be implemented at a number of locations throughout Bosnia and Herzegovina while the first phase will be implemented solely within the entity of Federation of Bosnia and Herzegovina as a part of overall Government's Program.

E. Borrowers Institutional Capacity for Safeguard Policies

The PC Roads of FBH has experience in implementing the previous World Bank financed project (Road Infrastructure and Safety Project - closed in 2012). The PC Roads has a fairly well established PIU including a full time environmental specialist with extensive experience in both BH environmental legislation and working with other IFIs, in particular WB financed projects. The environmental specialist will remain on board the PIU as a full time staff for the duration of the project. The project will require a (part-time) social specialist to manage and supervise anticipated resettlement and expropriation. The capacity of the subsequent SOP implementing agencies will be assessed by the World Bank team during preparation of the additional project series and reflected in

the corresponding ISDS/PADs, and will also be supported in either hiring of an external environmental and social specialist or assigning this task to the existing member of the PIU team.

F. Environmental and Social Safeguards Specialists on the Team

Esma Kreso (GENDR)

Eva Rossi (CRKI3)

Ifeta Smajic (GSURR)

Sandra Kdolsky (GSURR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

| Safeguard Policies | Triggered? | Explanation (Optional) |
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| Environmental Assessment OP/BP 4.01 | Yes | <p>The project is comprised of a number of interventions on road reconstruction (re-pavement, safety interventions, widening of lanes) but also includes new construction of passing lanes, tunnels, overpasses and underpasses and select road sections aimed at improving traffic communication within FBH. A number of environmental impacts are related to reconstruction (dust, noise, waste management, worker safety, traffic management etc) while construction of new roads (component 1.1, M17.3 Neum – Stolac road) will also have permanent impacts of land use changes, impacts on the surrounding biodiversity and environment and changes in landscape which need to be addressed through a full Environmental and Social Impact Assessment report. For the M17.3 works, an EIA has been prepared by independent consultants and approved by the Government. The EIA requires some updating to address specific gaps (e.g. on social aspects) and also because it was prepared in 2009. The updated EIA or ESIA will be prepared and disclosed prior to Appraisal. For other investments under Component 1, and Component 2, an Environmental and Social Management Framework (ESMF) will be prepared, as at least some of the works are not expected to be identified or at a sufficiently advanced design stage by Appraisal to enable preparation of site-specific EA/EMP. Site-specific EA or EMP (as appropriate) will be prepared prior to Appraisal for any sub-projects that are sufficiently advanced by that time. Adequate due diligence documentation will also be prepared for other phases of the SOP as they are conceptualized. This will take place independent of this project's preparation. The due diligence will be</p> |

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| | | reflected in the preparation documents for each separate project. |
| Natural Habitats OP/BP 4.04 | TBD | Some of the road sections that are included in the rehabilitation activities are located adjacent to, or in the proximity of the potential natural habitats and protected areas. This will be reviewed in greater detail in the EMF. |
| Forests OP/BP 4.36 | No | It is unlikely that any major impacts will occur on the forested areas beyond the measures that would be included under the Natural Habitats OP. |
| Pest Management OP 4.09 | No | No activities on pest management are foreseen. |
| Physical Cultural Resources OP/BP 4.11 | No | There are no identified physical-cultural resources in any of the project locations, particularly those with new road construction. However, a chance findings procedure will be included in the EMPs. |
| Indigenous Peoples OP/BP 4.10 | No | |
| Involuntary Resettlement OP/BP 4.12 | Yes | Due to the variety of sections where the construction of a new route, construction of new lanes, changes of alignment and axis correction, and the reconstruction of the location of road accident black spots is planned, it is anticipated that there will be situations that require land acquisition and resettlement. An existing EIA (2009) for the main road M.17.3 will be revised to reflect the status on the ground and to strengthen the assessment of potential positive and negative social impacts, including those sections for which land acquisition and resettlement will be required. The ESIA will be conducted by an independent consultant/agency. Since parts of the M.17.3 road have already been expropriated, a land acquisition audit will be prepared prior to Appraisal to assess how land acquisition has been conducted and to identify potential corrective actions. The timeline for implementation of the actions will be defined as the preparation progresses. With assistance of the Bank team, the client will have to prepare an RPF for the sections co-financed by EIB and the World Bank consistent with the planned ESIA, and the existing EIA for the main road M.17.3 and the RPF prepared in 2014 for the Flood Emergency Recovery Project. Resettlement Action Plans (RAPs) will be ready at Appraisal stage for those road sections with final detailed designs. |

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| Safety of Dams OP/BP 4.37 | No | There are no impacts on dams or any impacts that can be anticipated downstream from dams. |
| Projects on International Waterways OP/BP 7.50 | TBD | Works may include reconstruction of bridges over smaller rivers that are tributaries to international waterways. However, with adequate mitigation measures in place, there should be no direct or indirect impacts from this activity on the international waterways. However, some of the proposed interventions do include mention of riverbed interventions which need to be further clarified by the client prior to Appraisal and to be addressed in the due diligence. |
| Projects in Disputed Areas OP/BP 7.60 | No | |

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS: 23-Nov-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 EIA prepared by an independent consultant consortium in 2009 will need to be revised in light of any changes since then and to strengthen the assessment of social impacts, and also to make sure that the report is fully compliant with the World Bank requirements for a Category A Environmental Assessment. The ESIA report needs to be disclosed following the Pelosi Amendment (120 days prior to the Project's Board date).

The ESMF and all other due diligence documentation shall be prepared and finalized with disclosure and consultations in country and Infoshop prior to project Appraisal.

IV. APPROVALS

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|-------------------------------|--|-------------------|
| Task Team Leader(s): | Name: Moustafa Baher El-Hefnawy,Liljana Sekerinska | |
| Approved By: | | |
| Safeguards Advisor: | Name: Agnes I. Kiss (SA) | Date: 24-Aug-2015 |
| Practice Manager/ Manager: | Name: Juan Gaviria (PMGR) | Date: 27-Aug-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.