

**INTEGRATED SAFEGUARDS DATA SHEET  
APPRAISAL STAGE**

**Report No.: ISDSA17007**

**Date ISDS Prepared/Updated:** 18-Apr-2016

**Date ISDS Approved/Disclosed:** 18-Apr-2016

**I. BASIC INFORMATION**

**1. Basic Project Data**

<b>Country:</b>	Bosnia and Herzegovina	<b>Project ID:</b>	P152406
<b>Project Name:</b>	Federation Road Sector Modernization Project (P152406)		
<b>Task Team Leader(s):</b>	Liljana Sekerinska		
<b>Estimated Appraisal Date:</b>	20-Apr-2016	<b>Estimated Board Date:</b>	12-Jul-2016
<b>Managing Unit:</b>	GTI03	<b>Lending Instrument:</b>	Investment Project Financing
<b>Sector(s):</b>	Rural and Inter-Urban Roads and Highways (83%), Public administration-Transportation (17%)		
<b>Theme(s):</b>	Regional integration (100%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>			No
<b>Financing (In USD Million)</b>			
Total Project Cost:	101.84	Total Bank Financing:	64.91
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower			0.00
International Bank for Reconstruction and Development			64.91
EC European Investment Bank			36.93
Total			101.84
<b>Environmental Category:</b>	A - Full Assessment		
<b>Is this a Repeater project?</b>	No		

**2. Project Development Objective(s)**

The Program Development Objective of the Transport Sector Modernization Program (TSMP) is to upgrade transport infrastructure along priority transport links and to strengthen capacity for sustainable transport asset management.

The Project Development Objectives of the First Phase of the TSMP (the Federation Road Sector Modernization Project) are to improve road connectivity and safety for road users along project roads and to strengthen capacity for sustainable management of the main road network in the Federation of Bosnia and Herzegovina.

### 3. 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 €1.0 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 Board date is currently being set for August 2.

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 since FBH 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 five components:

Component 1: Road Upgrade and Rehabilitation (total estimated cost €78.21 million co-financed by IBRD and EIB, including contingencies). 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 (total estimated cost €2.76 million, including contingencies). This component will finance reconstruction of intersections classified as black spots on the main roads.

Component 3: Improving Main Road Network Management (total estimated cost €3 million). This component will strengthen road management in FBH with a particular focus on the enhancing road asset management, enhancing capacity to improve climate resilience and road safety.

Component 4: Project Management and Implementation (total estimated cost €7 million). 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.

Component 5: Contingency for Disaster Risk Response (€0). This component will support preparedness and rapid response to disaster, emergency, and/or catastrophic events, as needed. The provisional zero cost for this component will allow for rapid reallocation of loan proceeds from other components under streamlined procurement and disbursement procedures.

#### **4. 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.

#### **5. Environmental and Social Safeguards Specialists**

Esma Kreso (GEN03)

Eva Rossi (CRKI3)

Ifeta Smajic (GSU03)

Nikola Ille (GEN03)

Ruxandra Maria Floroiu (GEN03)

Sandra Kdolsky (GSU03)

<b>6. Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	Yes	The project is comprised of a number of interventions on road reconstruction (re-pavement, safety interventions,

		<p>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 and social impacts are related to reconstruction (dust, noise, waste management, worker safety, community health and safety, traffic management etc) while construction of the new road (component 1.1, M17.3 Neum – Stolac road) will also have permanent impacts of land use changes, with a potential impact on the surrounding biodiversity and environment and changes in landscape which have been generally addressed through a full Environmental and Social Impact Assessment report. The risk of mines is also addressed in the ESIA, and all works shall be cleared by the relevant authority BH MAC (Mine Action Center).</p> <p>For the M17.3 works, an Environmental Impact Study (EIS) has been prepared by independent consultants and approved by the Government. The EIS required some updating to address specific gaps (e.g. on social aspects) and also because it was prepared in 2009. The updated ESIA has been prepared by independent consultants and disclosed on April 1, 2016, in line with World Bank requirements – prior to project Appraisal. A site-specific ESMP shall be prepared for this section, based on the EIS; ESIA and specific sampling and monitoring on the ground prior to the start of any works. This has been reflected in the PAD and the Loan Agreement.</p> <p>For other investments under Component 1, and Component 2, an Environmental and Social Management Framework (ESMF) has been prepared, as at least some of the works were not identified or at a sufficiently advanced design stage by Appraisal to enable preparation of site-specific EA/EMP. The ESMF contains three template ESMPs that will serve as a guide on preparing site-specific ESMPs. The ESMF with the three generic ESMPs has been disclosed in Sarajevo, while site-specific ESMPs shall be subject to disclosure at the project sites. Adequate due diligence documentation will also be prepared for other phases of the SOP as they are conceptualized, during implementation and as such, independent of this project’s preparation. The due diligence will be reflected in the preparation documents for each separate project.</p>
Natural Habitats OP/BP 4.04	Yes	Some of the road sections that are included in the rehabilitation activities under the ESMF are located adjacent to, or in the proximity of the potential natural

		habitats and protected areas. The ESMF provides general guidelines on addressing this, and ensures that specific details of each given site, including proper identification and monitoring shall be determined in the site-specific ESMPs.
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 directly impacted in any of the project locations, particularly those with new road construction. However, a chance findings procedure is included in the ESMF and generic ESMPs (the chance finds procedure also applies to UXO, although this is not considered as cultural heritage).
Indigenous Peoples OP/ BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	<p>Component 1 and 2 will result in land acquisition and minor resettlement activities related to the potential construction of a new road M 17.3 (Neum-Stolac), construction of slows lanes along certain sections, changes of alignment and axis corrections, and reconstruction of black spots. OP 4.12 is triggered to address any adverse impacts.</p> <p>A Resettlement Review and Audit (RRA) was prepared for sections of M17.3 (12 km in total) with completed and nearly completed expropriation. The RRA concluded that the completed expropriation process had been conducted entirely in line with the relevant local legislation (i.e., Law on Expropriation of FBH) and no serious or major gaps in terms of OP 4.12 compliance were identified. Thus, no retroactive corrective actions were proposed.</p> <p>A project-specific Resettlement Policy Framework (RPF) and two Resettlement Action Plans (RAPs) were prepared, and disclosed in country on March 14, 2016. One RAP covers the Neum-Stolac new road and the second integrated RAP is prepared for 9 road sections with final detail designs. Once remaining detailed designs are available, the client will prepare RAPs in accordance with the RPF for remaining sections requiring land acquisition/resettlement.</p>

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	No	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 that the Client needs to ensure will cause no changes to the quality or quantity of water in the waterway.
Projects in Disputed Areas OP/BP 7.60	No	

## II. Key Safeguard Policy Issues and Their Management

### A. Summary of Key Safeguard Issues

<p><b>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</b></p> <p>There are no major and irreversible environmental impacts associated with the activities addressed under both the ESMF and the ESIA for Neum-Stolac. There are permanent changes to the land use created by the new road, but the ESIA presents the different types of land and shows that the alignment was done to minimize impact to the most valuable land assets (based on land quality and use). The excavated material from the Zaba tunnel is also foreseen to be used in embankments and leveling of land, where needed, and that there shall be no excess amount of excavated material. The impacts associated with the works are fairly straightforward and can be mitigated easily, while chance finds are included due to the rich cultural heritage in the area surrounding the future road. Prior to start of works, a site-specific ESMP shall be developed that shall provide precise information including biodiversity survey, cultural heritage survey and baseline data that the ESIA is lacking at the moment, since it is usual practice for the contractor to finance sampling and monitoring prior to the actual start of works.</p> <p>The activities within the program, and addressed under the ESMF will include mostly rehabilitation or improvements on existing roads, and the impacts will deal with standard construction activities that can be well mitigated using sound construction practices (dust, noise, waste management, proper site organization and access control...). Areas where the roads may require widening for the slow lanes, as is the case with the third lane in Posušje-Tomislavgrad or for the Neum-Stolac road, the impacts of storing/disposal of excavated materials presents a permanent change to land use, and will need to be carried out in agreement with the local communities and accordance with a remediation plan of the disposal site. The same applies to potential borrow pits for materials, if any.</p> <p>The project is not expected to have any large scale negative social impacts resulting from land acquisition and resettlement. Expropriation is expected to have marginal effects on most households as majority will only be losing a part of their land and, in the case of Neum-Stolac expropriation, the majority of affected land is uncultivated forest land. Land owners affected by land acquisition will receive replacement land of equal or higher value or monetary compensation</p>
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at replacement costs. The few families dependent on agricultural production for their livelihoods (3 identified so far) and affected businesses will receive livelihood restoration assistance as appropriate. At the time of Appraisal, physical displacement of 6 households and 2 businesses is identified as necessary for completing proposed rehabilitation works (17 businesses will likely experience access restrictions). In addition to replacement of property or compensation at replacement cost, the households and businesses affected by physical displacement will be receive relocation assistance. A project specific entitlement matrix has been prepared as part of the RPF to ensure that all relevant categories of losses are compensated adequately. All site-specific RAPs must be developed in with the RPF.

Land acquisition has been completed on sections (12km in total) of the Neum-Stolac road. 855 land owners were affected by already completed expropriation.

Construction and rehabilitation works in component 1 and 2 will most likely create opportunities for local contractors and suppliers of the construction materials therefore stimulating income generation opportunities for local businesses and temporary employment for the low-skilled local workers.

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

Long-term socio-economic effects of the project are anticipated to be positive as they will improve safety of the road for the users and local communities. The improved connectivity will facilitate access to jobs and social services, especially for the city of Neum which is currently isolated from the rest of the country by two borders. Enhanced access to the seaside tourist area will potentially make Neum more attractive for business and investments thus stimulating economic growth and employment opportunities. The road will improve accessibility to agricultural land, a natural reserve (Hutovo Blato) and numerous cultural sites. Persons affected by expropriation will benefit from additional income and affected municipalities are expected to generate increased income from the real estate sector.

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

The M 17.3 corridor has been set since the development of the Physical Plan of the Socialist Republic of BH in the 1980s. Alternatives were considered for a section between Brocanac and Hutovo in the context of optimization of technical and economic parameters. Several adjustments were made to reflect the priorities of the local community, such as, inclusion of a tunnel despite increases in costs, axis adjustments to bypass olive groves, improvement of landscape positioning and Shrine accessibility.

**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.**

For Neum-Stolac, the Public Company Roads of FBH (FBH-PC Roads) prepared an ESIA and a RAP to address impacts specifics for this site. For other project sub-sections with available detailed design and land ownership data (9 sections in total), an integrated RAP was prepared. For the locations without final detailed design or reliable ownership data at the time of Appraisal, an ESMF and a RPF have been prepared to guarantee safeguards risk management. The ESMF includes three template ESMP's for three different type of sub-projects which will serve as models for development of future site specific ESMP's for the remaining sub-projects. For completed expropriation, a Resettlement Review and Audit (RRA) was prepared. The RRA concluded that the completed expropriation process had been conducted entirely in line with the relevant local

legislation (i.e., Law on Expropriation of FBH) and no serious or major gaps in terms of OP 4.12 compliance were identified.

The Neum-Stolac ESIA presents a review of the status on the ground as compared to the Environmental Impact Study prepared for the road section in 2009. The ESIA lacks a portion of site-specific information and details, that will be reflected in the site-specific ESMP that shall be prepared prior to the start of works. This provision has been integrated into the PAD, as well as the Loan Agreement for the project. In this manner the ESMP shall be prepared, preferably prior to the development of bidding documents for works, and definitely prior to the start of works on the ground, while the specific responsibilities and actions shall be assigned within the ESMP and reflected in contractual documentation for the contractor to implement. Supervision shall be carried out by a selected Supervision company, the in house specialists of FBH-PC Roads, and through World Bank supervision. Apart from regular reporting, FBH-PC Roads shall prepare an annual report on environment, health and safety (AEHS), including monitoring indicators and reports on implementation of requirements given in ESMP, and deliver it to the WB for review.

The current safeguards capacity at FBH-PC Roads needs reinforcement for both environmental and social aspects. The FBH-PC Roads does have a resident environmental specialist on board, and will also hire additional project-specific environmental specialists to assist with the site specific ESMPs or EAs. Supervision of the environmental impacts and their mitigation will be assigned to the hired Supervision company, but will also be supervised by the in-house and project specialists. Preparation of ESMPs for site specific activities, that may correspond to a Category B can be completed by PC Roads, while the Category A component (Neum-Stolac) has been subject to an ESIA prepared by an independent consultant. The ESMP for Neum-Stolac shall also be prepared by an independent consultant.

FBH-PC Roads has appointed an employee to be trained as a Social Specialist. An experienced Social Specialist was hired on a short term contract and is expected to additionally support the FBH-PC Roads employee to ensure preparation of social safeguards instruments in accordance with national and Bank policies and procedures. The Social Specialist appointed will be trained in the implementation and monitoring of WBG's safeguard policies. The Bank's Social Safeguards Specialist will provide additional training and support in preparing the remaining site specific RAPs and will supervise resettlement implementation in course of the regular supervision missions.

**5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.**

Stakeholders are direct and indirect project beneficiaries, all groups and institutions that have an interest in the construction and rehabilitation of roads in FBH. Safeguards instruments were disclosed 10 days in advance of public consultations. At the moment of disclosure, the public was informed about the purpose, availability of the documents (e.g., copies available for consultation at the local municipality) and duration of the disclosure as well as the place, date and time of scheduled consultations for the safeguards instrument. Public notifications about disclosure were made by means of frequently and commonly used communication channels - local newspapers, and public notice board at the Municipality. Due to the dispersed nature of sub-sections, a localized approach to RAP public consultations was taken with several smaller community consultations organized for each site. Records of the consultations are kept by the PIU, and included in the relevant documentation in the form of Minutes of Meeting and List of Attendees. For the purposes of public consultations, apart from public announcements, the PIU also sent



targeted invitations to the representatives of local and FBIH Ministry of Environment, academia, non-governmental organizations, local community groups and other pertinent stakeholders. During project implementation all stakeholders will have access to grievance redress mechanisms and all complaints or issues will be formally noted and addressed.

### **B. Disclosure Requirements**

<b>Environmental Assessment/Audit/Management Plan/Other</b>	
Date of receipt by the Bank	01-Apr-2016
Date of submission to InfoShop	01-Apr-2016
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	01-Apr-2016
<b>"In country" Disclosure</b>	
Bosnia and Herzegovina	01-Apr-2016
<i>Comments:</i> Disclosed on implementing agency's website in local language. <a href="http://www.jpcfbih.ba/ba/aktivnosti/program_modernizacije.shtml">http://www.jpcfbih.ba/ba/aktivnosti/program_modernizacije.shtml</a>	
<b>Resettlement Action Plan/Framework/Policy Process</b>	
Date of receipt by the Bank	14-Mar-2016
Date of submission to InfoShop	21-Mar-2016
<b>"In country" Disclosure</b>	
Bosnia and Herzegovina	10-Mar-2016
<i>Comments:</i> Disclosed on implementing agency's website in local language. <a href="http://www.jpcfbih.ba/ba/aktivnosti/program_modernizacije.shtml">http://www.jpcfbih.ba/ba/aktivnosti/program_modernizacije.shtml</a>	
<b>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.</b>	
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>	

### **C. Compliance Monitoring Indicators at the Corporate Level**

<b>OP/BP/GP 4.01 - Environment Assessment</b>	
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"/> ]
<b>OP/BP 4.04 - Natural Habitats</b>	
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"/> ]
<b>OP/BP 4.12 - Involuntary Resettlement</b>	

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"/> ]
Is physical displacement/relocation expected?	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] TBD [ <input type="checkbox"/> ]
545 Provided estimated number of people to be affected	
Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)	Yes [ <input checked="" type="checkbox"/> ] No [ <input type="checkbox"/> ] TBD [ <input type="checkbox"/> ]
82 Provided estimated number of people to be affected	
<b>The World Bank Policy on Disclosure of Information</b>	
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"/> ]
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"/> ]
<b>All Safeguard Policies</b>	
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**

Task Team Leader(s):	Name: Liljana Sekerinska	
<b>Approved By</b>		
Safeguards Advisor:	Name: Agnes I. Kiss (SA)	Date: 18-Apr-2016
Practice Manager/ Manager:	Name: Juan Gaviria (PMGR)	Date: 18-Apr-2016