

INTEGRATED SAFEGUARDS DATA SHEET

APPRAISAL STAGE

Report No.: ISDSA14612

Date ISDS Prepared/Updated: 31-Jul-2015

Date ISDS Approved/Disclosed: 31-Jul-2015

I. BASIC INFORMATION

1. Basic Project Data

Country:	Ukraine	Project ID:	P149322
Project Name:	Road Sector Development Project (P149322)		
Task Team Leader(s):	Simon David Ellis		
Estimated Appraisal Date:	10-Aug-2015	Estimated Board Date:	30-Sep-2015
Managing Unit:	GTI03	Lending Instrument:	Investment Project Financing
Sector(s):	Rural and Inter-Urban Roads and Highways (95%), General transportation sector (5%)		
Theme(s):	Infrastructure services for private sector development (80%), Trade facilitation and market access (20%)		
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:	800.00	Total Bank Financing:	800.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			0.00
International Bank for Reconstruction and Development			800.00
Total			800.00
Environmental Category:	B - Partial Assessment		
Is this a Repeater project?	No		

2. Project Development Objective(s)

19. The objective of the project is to improve transport connectivity, maintenance operations and road safety for road users on selected sections of the national roads network and improve road network management in Ukraine.

3. Project Description

The proposed project would be an Investment Project Financing (IPF) consisting of a loan in the amount of US\$800 million to Ukraine. The proposed loan will finance 100 percent of eligible expenditures including value added tax (VAT) and land acquisition costs. This project will be a continuation of RSIP and RSIP2, and will continue the improvement of the main road between Kiev and Kharkiv, the first and second largest cities respectively, strengthening economic and political integration with the East of the country. The project will also have a substantial component on capital repairs and maintenance to reverse the overall decline in the condition of the network. These elements will be complemented by an institutional program with a strong focus on the implementation of the sector's renewed reform and innovation process including: (i) introduction of modern road safety and network management principles to reduce accident fatalities, protect network assets and move towards sustainable finance; (ii) support in implementation of prioritized maintenance plans and restructuring of maintenance industry; and (iii) the development of a robust pipeline of sustainably financed road investments. The project will include the following components:

Component 1: Road Rehabilitation and Safety Improvement (total estimated cost US\$510.5 million from IBRD loan). This component would continue finance for the improvement to motorway standard of the road between Kiev to Kharkiv. The road would provide a high standard and safe corridor to integrate with the EU extended TEN-T network and further the connection of Ukraine's two largest cities. This component will finance the civil works for the improvement of approximately 100 kilometers of selected sections of the M03 highway, initially between Poltava and Valky. The road would be built to a category 1 standard which is a four lane divided highway with high safety specifications including central crash barriers and side crash barriers where required. The project would finance all necessary bridges, interchanges, site supervision and land acquisition.

Component 2: Program of Maintenance and Capital repairs (total estimated cost US\$265.3 million from IBRD loan): This activity will finance urgent maintenance, rehabilitation and capital repairs on selected sections of the core national road corridors. The primary focus of this component will be on protecting the existing maintainable core network from further deterioration and undertaking capital repairs on priority sections to bring the road surface back up to maintainable condition. In undertaking this work any outstanding road safety issues will be addressed. This component will finance all necessary design, site supervision and land acquisition. The following two sub-components will be financed:

Sub-component 2(i): Maintenance of Core National Road Corridors (total estimated cost US\$133.3 million from IBRD loan): This sub-component will finance maintenance on approximately 1,100 kms of the country's most strategic road network. This will include the M-06, M-07 and M-03 which are the main international and domestic corridors. These roads have been improved over the last decade and are generally in good or fair condition. This will be done through 5 year performance based maintenance contracts, the objective of these contracts is to maintain the roads in good condition through regular routine maintenance and timely periodic maintenance. This activity will build on the experience of the on-going performance based contract designed under RSIP and implemented using EBRD funds. It will also contribute to the MoI strategic objective of having 5,000 kms in the country under performance based contracts and the divestiture of the DAKs.

Sub-component 2(ii): Rehabilitation and Capital repairs on Core National Road Corridors (total estimated cost US\$132 million from IBRD loan): This sub-component will focus on capital repairs

and maintenance of the Kirovograd – Mykolayiv – Kherson corridor (M-14 and R16) which is one of the principal corridors for the movement of grains to the ports. The total corridor is approximately 245km and some widening is anticipated for approximately 30km on the Mykolayiv to Kherson section which has high traffic volumes.

Component 3: Network Management and Development (estimated cost of US\$24.2 Million from IBRD loan). This component will finance institutional support to implementation of road management reform and cover the following areas:

Sub-component 3(i): Road Safety and Network Management (total estimated cost US\$5 million from IBRD loan): This activity will finance activities to implement an integrated network management system to improve the safety and sustainability of the national road network. The network management system will include e-tolling, weigh-in-motion system for axle load control and automatic speed enforcement cameras. Broader road safety activities will also be supported to improve coordination between key stakeholders and ensure project financed road corridors have integrated approach to road safety. The sub-component will finance specialist support to the government working group, consultancy services and equipment if required. The following activities are envisaged:

- Support in the preparation of relevant legislation and implementation of findings from a road safety capacity review which was prepared under a recent Global Road Safety Fund (GRSF) grant;
- Support to increase social and key stakeholder awareness through public awareness campaigns and consultations;
- The preparation of a feasibility study and functional specification for a national system of tolling, weigh-in-motion and automatic speed enforcement;
- The preparation of concession documents for an operator to finance, install and operate the national system and any procurement documents that may be needed for an initial roll out of the system;
- Consultants to oversee evaluation of the procurement process, supervise installation and monitor initial stages of operations and results.

Sub-component 3(ii): Maintenance Management (estimated cost of 1 million). Given the overall underfunding of the sector and in the context of the proposed reform of the maintenance industry and decentralization agenda, this sub-component would finance the institutional work required to implement key aspects of the reform agenda. It would also finance the necessary work to monitor the maintenance works in Component 2 (i). The following key activities would be supported:

- Necessary data collection, planning, design, safety audits and project management support to ensure effective implementation of prioritized maintenance plans and performance based road contracts;
- Consultancy services to support Ukravtodor reform plans for maintenance industry including capacity building and institutional arrangements to facilitate implementation of improved systems and monitor subsequent implementation and impact.

Sub-component 3(iii): Preparation of Feasibility Studies and Design Designs (estimated cost \$11 million from IBRD loan). This component would finance the preparation of feasibility studies, associated social and environmental documents compliant with World Bank safeguard standards, detailed design and bidding documents for priority road improvement schemes. The objective of this activity is to prepare a pipeline of high quality projects for external financiers and also to support the MoI objective of divestiture of the design capacity from Ukravtodor controlled entities to the private

sector. Two main road schemes will be supported:

- Boryspil Bypass - Boryspil bypass is part of the proposed Kiev ring road and will be one of the most heavily trafficked roads in the country. For this reason the feasibility study will also explore private finance options.
- Lviv – Kirovograd road – This 700 km corridor will form a key route between Lviv and the port cities in the south and will connect with the Kirovograd – Mykolayiv – Kherson section which is being financed in sub-component 2(ii).

Sub-component 3(iv): Project Management and Implementation Support (estimated cost \$7.2 million from IBRD loan): This sub-component will finance activities necessary for the effective implementation of the project including technical audits, safety audits, financial audits, design reviews, incremental operating costs (IOC) and consultancy services.

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

Project locations/sites for the upgrade and bypasses construction identified at appraisal are along the existing road networks in Poltava and Kharkiv oblasts . The project will be improving the existing M-03 road between Poltava and Valky between km 341 and km 431 (about 100 km) and will construct four bypasses. The road passes mainly through the landscapes which have been significantly modified by human activities during the last centuries. The terrain is flat, lowland agricultural land: large-scale farming has dominated land use for several decades. The landscape was also significantly modified by the development of infrastructure associated with large-scale agribusiness, populated villages and towns along the road (private housing, shops, public buildings and various local infrastructure facilities). There are five railway lines crossings which will require grade separation and bridges over five small rivers: Vorskla, Chutivka, Kolomak, Mza and Karamushina. In addition, the existing main road between Poltava and Kharkiv was constructed more than 50 years ago and has changed the landscape and local ecosystems in the broader road corridor. Given that the ecosystems and biological communities have been historically affected by the above economic and social activities, and taking into account that the road upgrading works generally will not result in significant conversion or degradation of natural habitats. Based on the above, OP 4.04 (Natural Habitats) is not triggered.

Forested land in the project area do not represent natural forests or related natural habitats. The predominant type of land use in the project area is agricultural and not dependent on forest cover. The project may potentially affect only small segments of forested land as a result of construction of bypasses. All forested land potentially affected by the project are planted with low-value tree species. Based on the above, OP 4.36 (Forests) is not triggered.

The M-03 road is one of the main corridors in the country and mainly consists of category II road (two lanes with asphalt-concrete pavement). Some sections (i.e. exit from Poltava, between Sharivka and Sanzhari, and the approach to Kharkiv) are Category I standard (four lanes with asphalt-concrete pavement and dividing strip). The project will finance upgrade (widening) of the road from two to four lanes, and construction of associated road infrastructure (bridges, culverts, underpasses for cattle, crossings, etc.)

Under Component 2 the project will finance 5 year performance based maintenance contracts on approximately 1,100 kms of the country's most strategic road network. This will include the M-06, M-07 and M-03 which are the main international and domestic corridors. These roads have been improved over the last decade and are generally in good or fair condition. The objective of these

contracts is to maintain the roads in good condition through regular routine maintenance and timely periodic maintenance. The maintenance of core national corridors will be happening within the right of way of the existing corridors M-06, M-07 and M-03 which are the main international and domestic corridors. Also, this component will finance capital repairs and maintenance of the Kirovograd - Mykolayiv - Kherson corridor (M-14 and R16) which is one of the principal corridors for the movement of grains to the ports. The total corridor is approximately 245km and some widening is anticipated for approximately 30km on the Mykolayiv to Kherson section which has high traffic volumes. This sub-component will include finance for design, site supervision and land acquisition if it is necessary.

5. Environmental and Social Safeguards Specialists

Alexei Slenzak (GENDR)

Klavdiya Maksymenko (GSURR)

6. Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	Policy on Environmental Assessment (OP/BP 4.01) is triggered. Widening and capital repairs will generally be undertaken within the existing right of way of the road and environmental impacts can be mitigated by good construction and housekeeping practices. Environmental issues will be similar to those under the ongoing RSIP 1 and 2. All bypasses to be built under the RSDP will go through farmland. No protected areas will be affected by the project. An ESMF for the sections of the M-03 road where designs are not ready (mainly bypasses) was prepared by the Client. The ESMF will also cover component 2 of the project which will mainly be maintenance within the existing right of way and sections of the Kirovograd to Kherson road where no design work has started yet. Site-specific EIAs which incorporate EMPs have been prepared by Ukrdorinvest for Section 3.2 (previously section 3.1.1) and section 3.3, and the remaining site-specific EIA/EMPs will be prepared by Ukrdorinvest, disclosed and consulted upon once design work has been completed and prior to works start. The ESMF will serve as a framework for preparation of site-specific EMPs (as part of preparation of final working designs by Contractors). The ESMF was disclosed by Ukravtodor and by Poltava oblast administration and public hearings were organized. All design works financed by the project (the Boryspil Bypass and the Kirovograd to Kherson road) will include the preparation of safeguard document in accordance with Bank policies.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	

Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	No	
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	<p>At appraisal the design was ready only for the linear sections of the M03 corridor (sections 3.2 and 3.3). The upgrade of the linear sections to four lane is expected to happen within right of way or require the acquisition of the land owned by the the local authorities, no private land permanent or temporary acquisition is expected. It is expected that mainly private farmland will be acquired for the bypasses however physical displacement of a few households could also be caused by construction of bypasses. The designs of the bypasses are not ready by appraisal thus abbreviated RAP(s) covering bypasses will be prepared by the borrower satisfactory to the Bank, duly disclosed and implemented prior to freeing up the land to start any construction works. The design of the upgrade for the 30 km high traffic sections on the Mykolaiv-Kherson road will be prepared during the project implementation and once the need for land acquisition is clarified an abbreviated RAP(s) covering this section will be prepared by the borrower satisfactory to the Bank, duly disclosed and implemented prior to freeing up the land to start any construction works. The draft RAP for the land acquisition for the construction of the Boryspil bypass around Kyiv will be financed by the project along with the design. In order to cover for all design and construction works that may be funded by or result from the project an RPF is prepared satisfactory to the Bank disclosed on the web-site of UAD and Bank's Inforshop prior to appraisal. Ukrdorinvest has a good track record working on involuntary resettlement under the ongoing RSIP2. The staff member is assigned to work on safeguards issues and monitor implementation of the RPF and RAP by the local authorities and the Road services of the respective oblasts. The fact that the cost of land acquisition is going to be financed from the project provides the UAD more control over planning and implementation of resettlement while reducing the risks of delays in land acquisition. Poltava regional roads administration will appoint a focal responsible for implementation of the resettlement plans.</p>
Safety of Dams OP/BP	No	

4.37		
Projects on International Waterways OP/BP 7.50	No	
Projects in Disputed Areas OP/BP 7.60	No	

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

<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 project is not expected to have any large scale environmental and social impacts. The land acquisition is expected to have marginal effects on the affected households as majority of them will be losing small share of their land and the few losing significant share will receive land in exchange or adequate monetary compensation based on their choice. The community consultations at the design stage will ensure that all the pathways that are essential for the local communities will be preserved or even upgraded to be safer. The maintenance component will most likely create the opportunities for local contractors and suppliers of the construction materials therefore stimulating income generation opportunities for local budgets and employment for the low-skilled local workers.</p>
<p>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</p> <p>Long-term 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 economic access to the areas will potentially make them more attractive for business and investments thus stimulating economic growth and employment opportunities.</p>
<p>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</p> <p>The alternatives were considered in the context of location of bypasses and optimization of technical and economic parameters of bridges, overpasses, and other engineering solutions.</p>
<p>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> <p>Ukravtodor is the Ukrainian Government Agency responsible for the network of National roads. It is under the general oversight of the Minister of Infrastructure. Ukravtodor will be responsible for the overall implementation of the Road Sector Development Project(RSDP). Ukrdorinvest is the Project Implementation Unit (PIU) presently carrying out many of the implementation functions for the RSIP-2, such as procurement, financial management, compliance with safeguards and others.</p> <p>Ukrdorinvest has experience of working on environmental safeguards under the ongoing Road and Safety Improvement Projects (RSIP and RSIP-2 respectively). A designated staff at Ukrdorinvest has been assigned to work on environmental and social safeguards issues in close collaboration with road design institute (UKRGIPRODOR), local environmental authorities, rayon administrations and Oblast-level Road Service units. Ukrdorinvest has prior experience in organizing public consultations and will organize such consultations on Environmental Management Framework (EMF) and respective Resettlement Action Plans (RAPs) in project</p>

locations.

Supervision of environmental performance of contracts through site visits and preparation of regular environmental reports by supervision engineers under RSIP-1 and RSIP-2 suggest that environmental performance of these projects was satisfactory broadly. Works under new project will be monitored closely by the environmental specialist of Ukrdorinvest and supervision engineers. This will allow to assess compliance with environmental requirements and provide guidance, if needed.

The PIU has an experience of implementing the resettlement instruments under RSIP and RSIP-2 projects. The PIU has a good track record in reporting on the resettlement implementation to the Bank. The Bank's Social Safeguards Specialist will provide additional training and support in preparing the 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 for the purpose of this project shall be defined as all those people and institutions that have an interest in the successful planning and execution of the project. This includes all persons and institutions positively and negatively affected by the project. Records of public consultations will be kept by the PIU. Affected persons and communities will be notified twice through the mass media of plans to construct the needed structures for some part of rehabilitation sections. In addition, announcements will be posted in offices of local administrations and in local self-governments or executive power authorities (depending on the relevant land plot location). The first round of consultations will be held on the RPF. Affected persons will also be contacted individually at least two times: when ?Ukravtodor? applies for design preparation and when ?Ukravtodor? applies for a construction permit. The negotiations occur both at the first and at the second notification and continue until an agreement is reached or ?Ukravtodor? files a request for court intervention. Resettlement Action Plans will be disclosed at public meeting with affected persons as well as through local media and Ukravtodor websites.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other	
Date of receipt by the Bank	23-Jun-2015
Date of submission to InfoShop	13-Jul-2015
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	00000000
"In country" Disclosure	
Ukraine	30-Jul-2015
<i>Comments:</i> The ESMF and EIA/EMPs for sections 3.2 (previously 3.1.1) and 3.3 have been disclosed in the infoshop and in-country.	
Resettlement Action Plan/Framework/Policy Process	
Date of receipt by the Bank	28-Jun-2015
Date of submission to InfoShop	16-Jul-2015
"In country" Disclosure	
Ukraine	22-Jul-2015
<i>Comments:</i> The RPF has been disclosed in the infoshop and in-country	

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:

C. Compliance Monitoring Indicators at the Corporate Level

OP/BP/GP 4.01 - Environment Assessment			
Does the project require a stand-alone EA (including EMP) report?	Yes [<input type="checkbox"/>]	No [<input checked="" type="checkbox"/>]	NA [<input 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"/>]
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

Task Team Leader(s):	Name: Simon David Ellis	
<i>Approved By</i>		
Practice Manager/ Manager:	Name: Juan Gaviria (PMGR)	Date: 31-Jul-2015