

**INTEGRATED SAFEGUARDS DATA SHEET  
CONCEPT STAGE**

Report No.: AC1170

**Date ISDS Prepared/Updated: December 15, 2004, 2004**

**I. BASIC INFORMATION**

**A. Basic Project Data**

Country: Macedonia, former Yugoslav Republic of	Project ID: P091723
Project Name: Second Trade and Transport Facilitation Program	Task Team Leader: Paulus A. Guitink
Estimated Appraisal Date: October 3, 2005	Estimated Board Date: December 12, 2005
Managing Unit: ECSIE	Lending Instrument: Horizontal Adaptable Program Loan
Sector: General transportation sector (100%)	Theme: Trade facilitation and market access (P); Small and medium enterprise support (S); Other accountability/anti-corruption (S)
Safeguard Policies Specialists in the task team: TBD	
Loan/Credit amount (\$m.): 15 IBRD: 15	
Other financing amounts by source: (\$m)	

**B. Project Objectives [from section 2 of PCN]**

The overall development objective is to enhance regional trade and transport through facilitating related operations along the main transport corridors. To this end, the project would: (i) streamline rail border crossing procedures and rail information systems along corridor X; (ii) remove remaining physical and institutional bottlenecks in Corridor X road infrastructure and optimizing the road toll collection system; (iii) improve freight information flows along Corridor X, building on the integrated border management strategy of Macedonia; and (iv) build capacity of traders and transport companies to access markets and dialogue with the government. The project would thus cooperate to enhance the business environment in Macedonia, strengthening competitiveness and stimulating economic growth.

The project is intended to be part of a regional program that may cover all other countries in Southeast Europe, creating potential synergies, particularly on information flows and corridor optimization, as projects in the other countries are taken forward. However, the benefits of this project are expected to also justify unilateral implementation.

The main indicators of performance for the regional program would include: (i) increased transit turnover on the rail corridor X (to be quantified in US\$ million); (ii) increased road toll collection by xx percent; (iii) reduced truck travel time between Tabanovce and Bogorodica by

xx percent; (iv) reduced processing time at border crossing by xx percent and reduced variation in processing time.

### **C. Project Description [from section 3 of PCN]**

The total project cost is estimated at US\$18 million. Bank financing would be around US\$15 million. Grant funding would be sought for the Trade Capacity Building component, with matching contribution from the Chamber of Commerce.

TTFSE II would be the second phase of a multi-phased approach, initiated with TTFSE I, for enhancing the trade competitiveness of the region as a whole and Macedonia in particular. Improvement of trade movement on Corridor X is an essential part of this overall multi-phased approach, and would also logically move into its second phase with the TTFSE II.

The project would support the CAS objective for efficient management of public resources and tackling corruption through more efficient and effective operation of the roads and railways, enhancing border crossing agencies services and transparency and supporting regional integration by increasing cooperation between the border crossing agencies, harmonizing procedures, and increasing transparency. It would also support the CAS objective of sustainable, private sector driven growth. To this end the project design will be coordinated with the PSAL and BERIS projects currently under preparation.

The project would have the following components.

The Rail Border Crossing Streamlining Component - expected to require 8% of the resources, would focus on developing new traffic (including container traffic) by improving border processing on Corridor X. It would include an upgrade to the information system (network, main server and software application for data exchange) used by Macedonian Railways (MR) to communicate with shippers/forwarders, border agencies, foreign railways, and modification of border procedures with detailed performance measurements, preferably in partnership with the Serbian railways to minimize downtime. This component would be subject to the commitment of MR to modify procedures.

Road Corridor X Improvement - this component would involve further infrastructure improvement of Corridor X in Macedonia: in the section Tabanovce – Kumanovo (total length 7km), which would be rehabilitated up to 2-lane motorway standards along the existing alignments.

Modernizing the Road Toll Collection System - would help develop a new toll collection system that would reduce cash transactions which would be applied on both corridors (VIII and X) in the country, thereby improving time-effectiveness and reducing fraud and corruption along the main transport corridors.

Upgrading BCP Facilities - would remove the bottleneck on the road link from Skopje to Kosovo by improving infrastructure at the BCP Blace.

The improvement of Road Corridor X, the modernization of the road toll collection system and the upgrading of the facilities at BCP Blace would require, altogether, 69% of the funds.

The Integrated Border Management for Freight Component, requiring an estimated 17% of the resources would support the implementation of a single window concept for freight traffic processing. The component would include technical services to streamline the overall border processing of freight, simplify interagency documentary requirements in line with EU practices, define optimized information flows and processing in partnership with neighboring countries, and support the various agencies in developing and implementing a single window environment. The component would further the transparency efforts initiated under TTFSE by expanding the TTFSE website ([www.ttfse.org](http://www.ttfse.org)) to provide procedures related to rail transport and to offer country pages in Macedonian as requested by users. It would review the possibility to implement low cost supply chain management integration solutions (software-electronic documents) for small and mid-size firms, building on the outcome of an on-going USAID-sponsored pilot in the region.

The Trade Capacity Building Component, building on the successful training programs under the TTFSE program, this component (requiring an estimated 6% of the resources) would cover: (i) training of mid-level managers on logistics and supply chain management concepts, and continuation of the TTFSE training programs for border agency staff and private sector; (ii) reinforcing of qualitative criteria for transport and freight forwarding companies; and (iii) building-up the capacity of the Macedonian PRO Committee, Freight Forwarders' Association, and road transport associations to constructively work together and interact with the Government to advance the trade and transport facilitation agenda. This component would build on activities from other donors. Grant funding with matching by the Chamber would be sought to finance this component.

Given the complexity of problems that TTFSE II sets itself the objective to address, the proposed improvements would need to be carefully prioritized and phased in order to ensure that the envisaged project finance of US\$18 is allocated in the most efficient way. As for the Road Corridor X and the Blace BCP improvements, feasibility and preliminary design studies are available and will be reviewed at pre-appraisal. Further phasing of the project will be done in coordination with Government, depending on availability of supporting studies.

#### **D. Project location (if known)**

*[Guideline: If the location is not yet identified, please indicate if there are alternative locations under consideration or how the location is to be determined during project preparation]*

The project will be located in the former Yugoslav Republic of Macedonia.

#### **E. Borrower's Institutional Capacity for Safeguard Policies [from PCN]**

*[Guideline: Based on past experience and other available information]*

The Macedonian Ministry of Finance has gained adequate experience in implementing safeguard policies through the first TTFSE project. It is essential however to maintain and improve the capability of staff working on the project and therefore appropriate training programs will be provided under TTFSE II.

## II. SAFEGUARD POLICIES THAT MIGHT APPLY

Applicable?	Safeguard Policy If Applicable, How Might It Apply?
[X]	<p><b><u>Environmental Assessment (OP/BP 4.01)</u></b>            This safeguard policy will be triggered as the project activities include infrastructure rehabilitation and maintenance and an EA with EMP will be developed at the time of project appraisal. As the overall regional program gets developed, it may be possible for this project to be considered a “country systems” pilot for ECA if this program is approved by the Board. In this case, the PAD will have to include an environmental “equivalency analysis” (as per Table A.1 in Annex A of the October 2004 draft Board paper on country systems and as amended in final expected February 2005).</p>
[ ]	<p><b><u>Natural Habitats (OP/BP 4.04)</u></b></p>
[ ]	<p><b><u>Pest Management (OP 4.09)</u></b></p>
[TBD ]	<p><b><u>Involuntary Resettlement (OP/BP 4.12)</u></b>            Uncertain at this time; it does not appear that the project involves any restrictions of access or land acquisition, but these aspects will be scrutinized with the Feasibility study.</p>
[ ]	<p><b><u>Indigenous Peoples (OD 4.20)</u></b></p>
[ ]	<p><b><u>Forests (OP/BP 4.36)</u></b></p>
[ ]	<p><b><u>Safety of Dams (OP/BP 4.37)</u></b></p>
[ ]	<p><b><u>Cultural Property (draft OP 4.11 - OPN 11.03)</u></b>            Uncertain at this time; it could be triggered if minor expropriation are required during the project’s infrastructure activities.</p>
[ ]	<p><b><u>Projects in Disputed Areas (OP/BP/GP 7.60)*</u></b></p>
[ ]	<p><b><u>Projects on International Waterways (OP/BP/GP 7.50)</u></b></p>

### Environmental Assessment Category:

A  B  C  FI  TBD (to be determined)

## III. SAFEGUARD PREPARATION PLAN

A. Target date for the Quality Enhancement Review (QER), at which time the PAD-stage ISDS would be prepared.

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\* By supporting the proposed project, the Bank does not intend to prejudice the final determination of the parties’ claims on the disputed areas

A QER will be held in June 2005. A formal follow-up Safeguards Consultation Meeting is expected at the end of January, 2005.

- B. For simple projects that will not require a QER, the target date for preparing the PAD-stage ISDS
- C. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing<sup>1</sup> should be specified in the PAD-stage ISDS. The Terms of Reference for the Environmental Impact Assessment will be submitted for Bank review late January 2005.

#### IV. APPROVALS

<i>Signed and submitted by:</i>		
<b>Task Team Leader:</b>	<b>Paulus A. Guitink</b>	<b>Date</b>
<i>Approved by:</i>		
<b>Regional Safeguards Coordinator:</b>	<b>Name Ron Hoffer</b>	<b>Date</b>
<b>Comments</b>		
<b>Sector Manager:</b>	<b>Name</b>	<b>Date</b>
<b>Comments</b>		

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<sup>1</sup> 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.

