



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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**I. BASIC INFORMATION****A. Basic Operation Data**

Operation ID	Product	Operation Acronym	Approval Fiscal Year
P511851	Investment Project Financing (IPF)	FRAME	2026
Operation Name	Federation Road Asset Management Enhancement		
Country/Region Code	Beneficiary country/countries (borrower, recipient)	Region	Practice Area (Lead)
Bosnia and Herzegovina	Bosnia and Herzegovina	EUROPE AND CENTRAL ASIA	Transport
Borrower(s)	Implementing Agency(ies)	Estimated Appraisal Date	Estimated Board Date
Ministry of Finance BiH	Public Company Roads of FBiH	06-Oct-2025	22-Dec-2025
Estimated Concept Review Date	Total Project Cost		
09-Jul-2025	79,516,387.00		

Proposed Development Objective

The Project Development Objective is to improve transport connectivity, climate resilience and road safety on selected sections of the main roads network, to enhance road network management and financing for sustainability and, in case of an eligible crisis or emergency, to respond promptly and effectively to it.

B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?

No

C. Summary Description of Proposed Project Activities

The Project includes three components, which are described below. Component 1: Improved Regional Connectivity. The overall objective of this component is to improve regional connectivity and the safety and climate resilience of the main road network in FBiH and it includes two sub-components: Component 1.1: Investments in a program of climate resilient rehabilitation of priority national roads. This activity will finance reconstruction and rehabilitation works on selected sections of the road, bridge and tunnel network as defined in the road investment program 2025-2029. The program includes 74 road sections with a total length of 815 km. The list of sections for rehabilitation will be defined on



a rolling annual basis and derived from the overall investment program. In addition, the component will support completion of bypasses; there are 10 incomplete bypasses and this the component will finance 2-3 with the total value not higher than USD 15 million. Component 1.2: Road safety Improvements (SSTP financed). This activity will finance road safety improvements on priority sections, establishment of a comprehensive Road Safety Database, updating the National Guidelines for Design, Construction, Supervision, and Maintenance, piloting measures for improving road safety in school zones in each Canton in FBiH. Component 2: Enhanced Road Sector Management. The objective of this component is to support the reform process in the sector through interventions that enhance the overall governance of PC FBiH Roads, their long-term financial sustainability, and their ability to manage and operate their road infrastructure efficiently and effectively. It includes three sub-components: Component 2.1: Enhanced road asset management. This sub-component will finance mix of technical assistance and goods procurement to improve maintenance planning and prioritization and to plan for enhancing the resilience of the network to climate shocks. Component 2.2: Enhanced sector finance and governance. This sub-component will finance technical assistance (TA) activities to improve the governance of the sector and address long term financing needs. Component 2.3: Project Management Support. This subcomponent will finance eligible expenses for project implementation support. Component 3: Contingent Emergency Response Components (CERC): This component has zero funds allocated to it but can be activated to provide swift response in the event of a crisis or emergency, which gives Borrower rapid access to Bank financing for immediate rehabilitation and reconstruction needs.

D. Environmental and Social Overview

D.1 Overview of Environmental and Social Project Settings

Bosnia and Herzegovina (BiH), located in southeastern Europe, shares its borders with Croatia, Serbia, and Montenegro, its main trading partners. The landscape is predominantly hilly and mountainous, especially in the south of the country, with an average elevation of 500 meters. Consequently, the predominant form of transport is road, carrying 90% of passenger and 80% of freight transport across its 25,000km of road network. Approximately 49% of the land area is covered by forests, and forest ecosystems make up 41% of the territory, containing a number of endemic species; however, less than 5% of the land is protected, including three National Parks. The country is rich in cultural heritage form neolithic to modern architecture. BiH has a high exposure of climate vulnerability, and has already suffered greatly from extreme weather events in the recent past such as flash floods in 2014 and 2024 that claimed lives and caused millions of Euros damage, including on road infrastructure. The risk of damage is potentially exacerbated by deserted and unmanaged infrastructure in areas adjacent to roads, such as stone quarries. Civil works (mostly rehabilitation) planned under Component 1 will take place in various settings, from urbanized to rural. The project will be designed to withstand extreme rainfall and flood events of 1% of probability of occurrence.

Poverty remains a worrisome issue in BiH. The poor are disproportionately concentrated in rural areas, where poverty rates are much higher than in urban areas (19% and 12%, respectively), and where jobs tend to be scarce, informal, and salaries low. In BiH 25% of youth were neither in education or employment and the female labor force participation is 38%; one of the lowest in W. Balkans. All of this is exacerbating outmigration highlighting the need for improving human capital and improving connectivity to resources, service and labor markets.

D.2 Overview of Borrower's Institutional Capacity for Managing Environmental and Social Risks and Impacts

The Project Implementing Agency (IA) will be the Public Company (PC) FBiH Roads, which has already appointed and engaged the core Project Implementation and Management Team (PIMT). Furthermore, PC FBiH has considerable experience with WB Projects and has successfully implemented the Federation Roads Modernization Project (P152406), which closed in 2023, the Road Infrastructure and Safety Project (P100792), which closed in 2012, and the Road



Management and Safety Project, which closed in 2007. These projects were rated Satisfactory and Moderately Satisfactory for Environmental and Social (E&S) compliance in regard to E&S Safeguard Policies at closing, and no significant non-compliance was recorded during their implementation. Additionally, there is a good track record for past International Financial Institutions (IFI) projects. Regarding E&S risk management, although the PC FBIH record for social risk management of the previous projects was satisfactory, including grievance management and land acquisition, the Project experienced issues with the lack of environmental supervision, due to the departure of the appointed Environmental Specialist, mid Project implementation, and failure to find a long term replacement. In order to mitigate these issues timely, the PIMT assigned an ES Counterpart - appointed full-time Environmental and Social Expert with experience in E&S risk management on Road projects financed by other IFIs. The assigned counterpart received a basic overview of the ESF at the start of Project preparation, and will be further trained through tailored ESF training that encompasses requirements of relevant ESSs, as will be set out in the Project ESCP. In addition, the Project will need to engage a part-time OHS expert, either as an in-house appointed staff who will receive additional training on OHS, or as an externally contracted specialist with experience on management of OHS issues on IFI financed infrastructure Projects.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

A.1 Environmental Risk Rating

Substantial

The overall environmental risk is substantial, with mostly temporary, predictable, and reversible impacts of medium magnitude and spatial extent expected under the Project, primarily related to earthworks and construction. Subprojects may include: Technical Assistance (TA; types 1, 2, and 3 under the WB Advisory Note on TA and the ESF, 2019); rehabilitation and maintenance of existing roads; and limited road construction/finalization works (tentative short 4-6 bypasses, including a tunnel). Expected are risks typical for civil works and earthworks, including but not limited to: OHS, traffic management, water and soil quality, dust, noise, and vibration, impacts on habitats, preservation of cultural heritage, waste management, including mineral and construction waste, and limited quantities of hazardous waste. Impacts to forests/protected areas are unlikely, but cannot be fully excluded. TAs will include, but not be limited to road safety audits, the establishment of a road safety database, and a safe school zone concept. Expanding the scope of the planned climate risk assessment to include adjacent infrastructure to roads is recommended. The mix of TA and goods and services procurement for further improvements in road asset management and sector management is expected to range from low to moderate environmental and/or OHS risk. As all sub-projects are tentative at the PCN phase, the risk may be revisited in later stages of preparation and implementation. The capacity of the borrower for environmental management is assessed as high, based on engaged experts, experience, and the regulatory framework (though not fully EU compliant). However, the efficacy of the institutional framework often do not meet ESF requirements. All anticipated env. risks can be mitigated with straightforward and adequate mitigation measures, and long-term environmental impact is expected to be positive, particularly in terms of improving climate resilience and safer transport.

A.2 Social Risk Rating

Substantial

The social risk rating of the Project is substantial. The Project will benefit the wider population of the country by improving the overall road condition in the FBIH while focusing on road safety and climate resilience. However, a



portion of the planned investments, mostly related to infrastructure activities under comp 1, are likely to adversely affect communities that are hosting Project activities, as well as a wide range of road users. The preliminary identified most important social issues, that the Project might be facing, are: (i) pushback from road users in case of traffic stoppages or changes in traffic regimes and lack of adequate stakeholder engagement (ii) risks related to labor and working conditions including OHS issues due to civil works; (iii) community health and safety risks that are standard for infrastructure works (noise, dust, construction traffic increase) as well as potential labor influx due to high volume infrastructure work; (iv) land acquisition and involuntary resettlement; and (v) failure to ensure inclusion of members of vulnerable groups (including persons with disabilities). Since specific locations of road reconstruction and rehabilitation under component 1 will not be identified prior to the start of project implementation, the Project will use a framework approach to identify at the extent possible potential environmental and social risks and impacts related to the project. For interventions that will be specified prior to appraisal (completion of 2 to 3 bypasses under comp 1.1. and road safety interventions under comp.1.2.) a site specific E&S due diligence will be conducted. Prior to appraisal the IA will prepare a site specific E&S due diligence package for known interventions, as well as a Project level Environmental and Social Management Framework (ESMF), Resettlement Policy Framework (RPF), Stakeholder Engagement Plan (SEP), Labor Management Procedures (LMP) and an Environmental and Social Commitment Plan (ESCP).

B. Relevance of Standards and Policies at Concept Stage

B.1 Relevance of Environmental and Social Standards

ESS1 - Assessment and Management of Environmental and Social Risks and Impacts

Relevant

Key E&S risks include, but are not limited to waste and materials management, traffic safety, Community Health and Safety (CHS), land ownership and expropriation processes, and incomplete inclusion. To mitigate E&S risks (including maintenance investments, and TAs), comprehensive due diligence procedures will be implemented, and project-level documents such as SEP, LMP, RPF and ESMF will be prepared before appraisal. A part of the ESMF will be dedicated to the management of the CERC component. These procedures will help screen out high-risk and other non-eligible activities (to be determined during Project preparation), while ensuring compliance with WB EHSG and GIIP. This will be reflected in the ESCP including other E&S objectives, effectiveness conditions, and the approach to ongoing and Associated Facility activities. A site specific ESMP, LMP, SEP and RAP for the Mostar North black spot reconstruction, which is the only intervention that will be known prior to appraisal.

ESS10 - Stakeholder Engagement and Information Disclosure

Relevant

The Borrower will prepare a Project related SEP and site specific SEPs for identified interventions prior to appraisal. Stakeholder Engagement will be crucial, as changes in the traffic regime that will be necessary during civil works are usually met with pushback (e.g. cumulative impact on traffic flow when multiple sections of roads are subject to civil works simultaneously). Hence, a transparent, clear and closed feedback loop ensuring that feedback about planned civil works and other activities is incorporated into project design and implementation decision-making will be important for project success. Regarding Social Inclusion, the SEPs will outline the characteristics and interests of stakeholders and timing and methods of engagement throughout the project life cycle including vulnerable groups, as



well as laying out provisions for setting up the GRM. The GRM will be accessible and culturally appropriate and will include a channel for handling sensitive/confidential complaints.

ESS2 - Labor and Working Conditions

Relevant

The Project will have (i) direct workers hired to implement the project (PIU) and (ii) contracted workers engaged by the contractors and sub-contractors. The Project will not engage community workers and the engagement of primary supply workers will be assessed during Project preparation. To adequately manage risks related to labor and working conditions, including possible labor influx, the Borrower will prepare a Project related LMP, as well as site specific LMPs (as part of ESMPs/ESIAs) for identified interventions prior to Appraisal. The LMPs will outline, inter alia, responsibilities for managing labor and working conditions, policies and procedures to manage nondiscrimination, labor risks, workers accommodation, and OHS risks, minimum working age and the age verification procedure, contractor management and a grievance mechanism for workers. The LMP will also include a Code of Conduct and a requirement to carry out SEA/SH sensitization and prevention trainings.

ESS3 - Resource Efficiency and Pollution Prevention and Management

Relevant

Large amounts of mineral and inert waste (removed existing road layers, excess soil, etc.) will be generated during works and limited quantities of hazardous waste (mostly from maintenance of vehicles/machinery, refueling, asphalt). Noise, vibration and dust emissions typical for road reconstruction and rehabilitation are likely to take place. While excessive use of water is not expected, use of large amounts of mineral materials such as stone aggregate, sand and cement is expected in road construction and production of concrete (embankments, tunnels, etc.) and asphalt layers. The ESMF and subsequent E&S instrument will therefore address direct risks but also confirm local level E&S compliance of suppliers such as quarries, cement producers, etc. Use of temporary asphalt bases cannot be confirmed at PCN stage.

ESS4 - Community Health and Safety

Relevant

Community health and safety risks inherent to road projects include: risks to road users and local communities during construction and operation such as risk to vulnerable road users (e.g. pedestrians), more traffic accidents due to heavy traffic flow and construction related traffic, etc. To mitigate those risks a robust Traffic Management Plan will need to be prepared per site, as part of the ESIA/ESMPs (or as stand alone), as well as part of contractors ESMPs that the contractors will be required to prepare. Furthermore, site specific ESIA/ESMPs will also assess other impacts and risks of the project on community health and safety, such as, inter alia, the risk of labor influx per site, (and related risks like transmission of communicable diseases) and propose adequate mitigation measures. Structural design Prepared under the Project will take into account climate change considerations, as appropriate.

ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

Relevant

Currently known Projects activities, indicate that impacts related to land take will be midscale and related to road construction as well as road rehabilitation and reconstruction works which could imply widening of parts of existing roads. Although physical resettlement is not expected it cannot be excluded at this stage due to the fact that footprints of the majority of subprojects in Component 1 are not known. Impacts on livelihood are possible for agriculture land owners/users and owners of small businesses located next to the road. To manage the aforementioned risks the IA will, prior to appraisal, prepare a RPF, which will guide the preparation of subproject



specific resettlement plans during implementation, as needed. For interventions that are known (completion of Mostar North Black Spot reconstruction), the IA will prepare a RAP or Resettlement Audit prior to appraisal. No new borrowing pits and quarries will be created for this Project.

ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

Relevant

Adverse impacts on animals and habitats may occur under reconstruction, rehabilitation, climate adaptation, and similar works, across all project phases, including site clearing, construction, and road use. If not carefully planned, these activities can disturb habitats and animals during sensitive lifecycle periods, leading to declines in species such as birds, insects, and game. Although BiH is rich in biodiversity, only 5% of its surface is officially protected. This increases the risk of impacting sensitive species and locations, especially since work sites are not yet identified. Limited habitat fragmentation is possible due to the Project design. Therefore, the ESMF will include procedures to identify and protect sensitive areas through designs and Biodiversity Management Plans in line with this ESS, while there will be no new construction in ecologically sensitive areas. Impacts during the use phase may include roadkill, light pollution, noise, and other disturbances.

ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities

Not Currently Relevant

There are no Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities in BiH.

ESS8 - Cultural Heritage

Relevant

While it is currently not anticipated that construction activities will be situated near known cultural or archaeological heritage sites, the implementation of civil works, particularly excavation, still carries the potential to inadvertently impact cultural heritage. Hence, the ESMF and the site-specific E&S instruments will incorporate chance find procedures. These procedures will be followed by contractors in case there is any risk of chance discoveries during project-supported activities.

ESS9 - Financial Intermediaries

Not Currently Relevant

There are no activities related to the Financial Intermediaries under this Project.

B.2 Legal Operational Policies that Apply

OP 7.50 Operations on International Waterways

No

OP 7.60 Operations in Disputed Areas

No

B.3 Other Salient Features

Use of Borrower Framework

No

The use of the Borrower's Framework is not recommended for this project because of: (i) the proposed risk rating of the Project, (ii) the preliminary identification of E&S risks and impacts which include land acquisition, possible



resettlement, past expropriation that will need to be audited, potential groundwater and soil stability risks in new road infrastructure such as tunnels; and (iii) the fact that due to the complex political and legal context of BiH, the Overview Assessment of the Borrower's Framework for BiH has not been completed and approved.

Use of Common Approach

No

The implementation of the overall Governmental program will be financed through WB loan and parallel financing by the European Investment Bank (EIB) and the European Bank for Reconstruction and Development (EBRD), each contributing in the approximately same amount. As the financing arrangements are still being discussed, the potential use of Common Approach will be revisited at the Appraisal stage.

C. Overview of Required Environmental and Social Risk Management Activities

C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?

The Borrower is required to prepare the following prior to Project Appraisal:

1. a Project level framework package comprised of the following:

- ESMF
- RPF
- LMP
- SEP

2. Adequate site specific instruments, identified based on an E&S screening, for each subproject identified prior to Appraisal, including Mostar North black spot reconstruction.

3. Provisions of ESS2, ESS3, ESS4, ESS6 and ESS8 to be included throughout due diligence documentation where relevant.

III. CONTACT POINT

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