Combined Project Information Documents / Integrated Safeguards Datasheet (PID/ISDS)

Appraisal Stage | Date Prepared/Updated: 29-Dec-2016 | Report No: PIDISDSA20620

BASIC INFORMATION

A. Basic Project Data

Country	Project ID	Project Name	Parent Project ID (if any)
Nicaragua	P160359	Rural and Urban Access Improvement Project	
Region	**Estimated Appraisal Date**	**Estimated Board Date**	**Practice Area (Lead)**
LATIN AMERICA AND CARIBBEAN	27-Dec-2016	31-Mar-2017	Transport & ICT
Lending Instrument	**Borrower(s)**	**Implementing Agency**	
Investment Project Financing	Republic of Nicaragua	Ministerio de Transporte e Infraestructura (Ministry of Transport and Infrastructure), Road Maintenance Fund (FOMAV)	

Proposed Development Objective(s)

To improve safe and sustainable access to markets and services in targeted rural and urban areas of Nicaragua and, in the event of an Eligible Emergency, to provide immediate and effective response to said Eligible Emergency.

Components

Component 1: Road Infrastructure Improvement
Component 2: Road Safety
Component 3: Institutional Strengthening and Implementation Support
Component 4: Immediate Response Mechanism

Financing (in USD Million)

Financing Source	Amount
International Development Association (IDA)	80.30
Total Project Cost	**80.30**

Environmental Assessment Category

B - Partial Assessment

Decision

The review did authorize the preparation to continue

Other Decision (as needed)

B. Introduction and Context

Country Context

1. ***Nicaragua remains one of the Latin American and the Caribbean region's least developed countries, but has recently experienced a strong economic growth.*** With per capital gross national income of US$1,800, which is the lowest in Central America, Nicaragua's annual economic growth has averaged 4.8 percent in the last six years. In 2014, real gross domestic product (GDP) increased by 4.7 percent. A key engine of this economic growth has been growth in the manufacturing industry (mainly food products and textiles), although construction, mining, fisheries, and general commerce have all been expanding since 2010. Agricultural production experienced a slight decrease stemming from adverse weather conditions causing drought, which contributed to a poor export performance. Looking forward, agriculture is expected to be bolstered by increased production of coffee from 2017 as output recovers from disease and drought and private consumption is expected to recover, driving a sustained expansion in agricultural and dairy/livestock exports. Economic growth is estimated to average 4.4 percent between 2016 and 2018, reflecting public investment projects and public-sector wage rises ahead of the presidential election in November 2016 and municipal polls in 2017.[1]

2. ***While poverty levels have declined, significant challenges remain with respect to boosting shared prosperity.*** The second half of the 2000s brought a notable reduction in poverty and inequality. In contrast to the 2001-2005 period, in which poverty essentially stayed constant at 48 percent, the country saw a significant reduction in the general poverty in the following years dropping to 42.5 percent by 2009 and further reaching a national rate of 26.9 percent by 2014, according to the 2014 Standard of Living Survey by the National Development Information Institute. Meanwhile, in the same period extreme poverty dropped 6 percent, from 14.6 percent in 2009 to 8.3 in 2014. Despite progress made, about 1.7 million Nicaraguans (third of the population) still lived below the overall official poverty line in 2014, with majority concentrated in rural areas and remote communities with constrained access to basic services due to limited infrastructure, including rural roads, notwithstanding their economic potential.

3. ***Nicaragua's socio-economic development has been negatively affected by natural disasters, climatic conditions and epidemics.*** The country's geographic location makes it vulnerable to climate-related phenomena such as droughts, hurricanes, El Niño-Southern Oscillation and its related events, including floods and landslides, along with geological events (e.g., earthquakes and volcanic eruptions). In the last six years alone, Nicaragua has witnessed the effects of five highly destructive tropical storms and hurricanes, which caused significant social suffering and devastating economic and financial losses. Basic social infrastructure has been the most affected, including the transport system. The 2001 droughts caused a loss of 2.15 percent to GDP; the 2007 Hurricane Felix was responsible for 14.4 percent GDP loss; while heavy rains in 2007 in the northwestern region and the 2011 Tropical Depression 12E, wiped out 3 and 6.8 percent of GDP respectively. While precise GDP losses for the 2009 Hurricane Ida are not available, they were likely to be the most significant. These events contributed to large fiscal deficits and debt accumulations requiring Nicaragua to restructure its public debt in 2007. Severe budget constraints, at the same time, have limited Nicaragua's ability to finance adaptation and mitigation activities. Efforts to address this challenge are being made at the national level through the National System for Prevention, Mitigation and Attention to Disasters Executive

[1] Economist Intelligence Unit (2016) Country Report: Nicaragua, generated on July 5.

Secretariat (SINAPRED), and are also gradually being integrated into policy and administrative actions in Ministries using SINAPRED data in their planning, and with increased coordination at regional levels.

Sectoral and Institutional Context

4. ***Nicaragua relies on roads and waterways as the main modes, with roads carrying 55.08 percent of the total freight traffic and waterways 44.66 percent as of 2014.*** Waterways, including river, lake and coastal maritime shipping, are important for moving people and goods, particularly in the Caribbean coast areas where land transport is underdeveloped. Nicaragua has five international seaports on the Caribbean and Pacific coasts, one river port (*El Rama*), which is vital for maritime freight traffic between the Pacific and Caribbean coasts, and seven lake ports, six of which on Lake Nicaragua and one on Lake Managua. All ports are under the jurisdiction of National Port Authority. The Pan-American Highway crosses the country from north to south and is the main road link to access seaports on the Atlantic coast of the isthmus, principally Puerto Cortés in Honduras and Puerto Limón in Costa Rica. As paved roads linking the Pacific and the Atlantic coasts are still lacking, most of the country's agricultural exports are shipped through these ports at a significant cost.

5. ***While the road infrastructure quality has improved in recent years, there remain deficiencies that restrict mobility and network connectivity.*** Nicaragua's current road network totals 24,137 km, which is an increase from 22,111 km classified in 2010. With the introduction of programs for rural road improvements, and the completion of some key transit routes, the infrastructure quality has improved over recent years reflected in a 10 percentage point gain in perceptions as measured by the Global Competitiveness Index. Since 2010, the size of the paved network increased from 2,814 km to 3,884 km and the share of population with an access to a paved road increased from 28 to 38 percent. However, the size of the paved roads as a share of the whole road network still remains quite low at only 16 percent, of which 29 percent is in fair or poor condition (based on 2015 surface condition surveys). This puts Nicaragua behind its Central American neighbors in terms of overall road infrastructure quality. The road sector is also challenged by an increasing maintenance burden in the face of a static and inadequate cost recovery base and increasingly frequent natural disasters that cause significant damages to road and bridge infrastructure. The Ministry of Transport and Infrastructure (MTI), supported under the ongoing World Bank-financed roads project[2], has developed a Comprehensive Productive Roads Program with the aim of optimizing road infrastructure investments in the productive zones based on multi-criteria analysis to prioritize productive roads projects based on the strategic, social, economic, technical and environmental factors.

6. ***The State is the owner of the road infrastructure.*** The administrator function lies with the MTI, which has a number of directorates in charge of different aspects of planning and implementation of projects. MTI also plays the manager role in the provision of rehabilitation, improvements, upgrades and new constructions. The Road Maintenance Fund (FOMAV) established in 2000 is in charge of routine and periodic maintenance of the main national road network. Further, as per Article 7 of Law No. 706 dated October 8, 2009, FOMAV signs an agreement with the *Asociación de Municipios de Nicaragua* (AMUNIC, Association of Municipalities of Nicaragua) for the maintenance of municipal rural roads on an annual basis. The cost of maintenance of municipal roads takes up 20 percent of FOMAV's revenues. FOMAV's main source of financing is the fuel levy (diesel and petrol), charged at some 16 cents to the dollar. The supplier role is undertaken by a variety of actors including private contractors, micro-enterprises (for routine maintenance of the main road network),

[2] Fifth Rural Roads Infrastructure and Improvement Project (P123447).

Community Modules for Adoquines (MCAs), and force account operations by the regional construction corporation (COERCO).

7. ***Nicaragua also faces a number of challenges in road safety, especially with the rising level of motorization.*** Over the period of 2007-2012, the number of road accidents increased by almost 27 percent, and the number of road accident fatalities by 30 percent. In 2015, there were 675 fatalities registered officially on Nicaraguan roads[3], a rate of 13 deaths per 10,000 motor vehicles, which is about 25 times greater than the rate in Sweden and United Kingdom. Per population of 100,000, this is an annual rate of about 11 fatalities, which is more than twice the death rate of five in the safest countries in the world. Over the period of 2007-2012, a total of 3,500 people died in the accidents on Nicaraguan roads and over 30,000 were injured. Motorcycles account for the largest share of road accident fatalities (30 percent) and injuries (45 percent). Considering that the motorization level increased during the same period by 32 percent, the situation is expected to further deteriorate if serious measures are not taken. To address this, the Government of Nicaragua has launched several initiatives to achieve road safety objectives defined in the new National Road Safety Strategy for 2013-2018 of reducing road traffic fatalities by 20 percent.

8. ***The increased frequency of floods due to El Niño phenomena have been causing serious damages to country's road infrastructure.*** For more than a decade, Nicaragua's road infrastructure has been severely impacted by heavy rains during the summer/rainy season, causing the inaccessibility of many areas. Considering that climate projections indicate a steady increase in extreme weather events in the future, the GoN recognizes the need to improve the monitoring of road network for natural disasters, as well as to develop and implement climate resilient measures on the roads most vulnerable to climate related impacts. In 2003, the MTI with support from JICA completed a comprehensive climate change vulnerability assessment of the main road network,[4] which identified 291 vulnerable spots and proposed countermeasures to tackle them. Currently, the MTI is conducting a study on Development of Adaptive Capacity to Climate Change in the Transport Sector[5], with financing from the Nordic Development Fund (NDF). The study aims to: (i) improve the climate change scenarios in Nicaragua, by ameliorating the specific local and regional meteorology and climatology understanding; (ii) develop and operationalize a prioritization tool for climate change adaptation investments in the roads and bridges; and (iii) based on these tools, recommend 30 critical points of highest priority out of the 291 vulnerable spots previously identified under the JICA financed study, and prepare the necessary design and feasibility studies to improve their resilience. The implementation of adaptation works on the top three priority points will be financed by NDF.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)
To improve safe and sustainable access to markets and services in targeted rural and urban areas of Nicaragua and, in the event of an Eligible Emergency, to provide immediate and effective response to said Eligible Emergency.

[3] This data from the traffic police includes deaths that occurred on site, and does not capture the deaths that may have occurred in post-crash hospital care.
[4] Oriental Consultants Company Limited and Japan Engineering Consultants Company Limited (2003). Study on Vulnerability Reduction on Main Roads in Nicaragua.
[5] NGG, METEO-SIM, CONDISA (ongoing). "Desarrollo de Capacidad Adaptativa para el Cambio Climático en el Sector Transporte. Nicaragua.

Key Results

9. Proposed PDO level results indicators:

(a) Reduced total travel time to access markets and services in targeted urban and rural Project areas;
(b) Share of rural population with access to an all-season road in the project area (proportion and number of people with access to an all-season road), disaggregated by gender;
(c) Reduction of road traffic fatalities on selected non-rural road sections; and
(d) Adoption of measures as recommended by the FOMAV Sustainability Study and as agreed with IDA.

D. Project Description

10. The proposed Project will be financed by an IDA credit of US$30.3 million and IDA Scale Up Facility (SUF) of US$50 million, and will build on the lessons and results from the previous World Bank-financed transport projects while expanding to new areas of engagement addressing road safety and climate change challenges. The Project will finance the following components:

11. **Component 1: Road Infrastructure Improvement (estimated cost US$74.7 million including contingencies).** The first component will finance physical works for road rehabilitation and maintenance to improve road connections of population to social services and markets and to ensure sustainability of road assets:

(a) ***Sub-Component 1.1: Improving urban access to Managua (US$32.4 million including contingencies).*** Upgrading of the La Garita-Tipitapa (about 8 km) and Ciudad Sandino-Mateare (about 11.8 km) road sections from two to four lanes to improve access to Managua for commuters and reduce transport costs for the transit traffic, including the incorporation of road safety and climate resilience building measures in the design and the supervision of the works;

(b) ***Sub-Component 1.2: Rehabilitating and improving rural roads (US$32 million including contingencies).*** Carrying out of rehabilitation and improvement works with *adoquines* (cobblestone) surfacing or any other viable surface replacement option acceptable to the Association, and the construction of drainage facilities and structures on Selected Rural Roads, all within the existing right;

(c) ***Sub-Component 1.3: Maintaining the road assets (US$7 million including contingencies).*** This sub-component will be implemented by FOMAV through the following interventions:

(i) *Periodic maintenance of San Lorenzo – Múhan trunk road section.* Carrying out of periodic maintenance works applying asphalt resurfacing on approximately 20 km of the San Lorenzo – Múhan priority section of the Core Road Network, all within the existing right of way; and

(ii) *Performance-based routine maintenance of rural adoquines roads*. Carrying out of routine maintenance of Selected Rural Roads paved with *adoquines* (cobblestone), all within the existing right of way.

(d) ***Sub-Component 1.4: Building resilience to climate change in the road sector (US$3.2 million***

including contingencies). Carrying out of works to improve the resilience of vulnerable points of the road network to climate change impacts, to be selected in accordance with the criteria set forth in the Operational Manual.

12. **Component 2: Road Safety (total estimated cost US$2.7 million including contingencies).** This component will potentially support activities to strengthen the **institutional** capacity for managing road safety and **physical works** to improve road safety measures of the road network. The proposed interventions will include:

(a) ***Sub-Component 2.1: Reducing selected road accident hazardous spots (US$2.2 million including contingencies).*** Carrying out of civil works to implement road safety measures in road accident hazardous spots to be selected in accordance with the criteria set forth in the Operational Manual; and

(b) ***Sub-component 2.2: Strengthening road safety management capacity (US$500,000).*** Provision of support for the implementation of Nicaragua's Road Safety Strategy for the period of 2013-2018, and carrying out of capacity building activities for managing road safety, including, *inter alia*: (a) road safety audits for the La Garita –Tipitapa and Ciudad Sandino-Mateare road sections; (b) technical studies related to the works under sub-component 2.1; (c) training of members of CONASEV; (d) provision of speed radars and breathalyzers to improve enforcement of road safety; and (e) institutional strengthening of MTI road safety professionals.

13. **Component 3: Institutional Strengthening and Implementation Support (total estimated cost US$2.77 million).** This component would support the MTI and FOMAV in the following:

(a) *Strengthening of the capacity of MTI's planning unit* for (i) monitoring and evaluation; (ii) collection of road sector statistical data; and (iii) administration and management of information collected through its statistical software program (US$300,000);
(b) *Carrying out of a forward-looking impact evaluation* of the activities implemented under the Project with a focus on poverty (US$500,000);
(c) *Preparation of the financial audits of the Project* (US$300,000);
(d) *Strengthening of the environmental and social safeguards capacity of the environmental unit of the MTI* (US$170,000);
(e) *Strengthening of the procurement capacity of the MTI* (US$150,000);
(f) *Strengthening of the institutional capacity* of (i) MTI (US$430,000), and (ii) FOMAV (US$300,000);
(g) *Provision of support for the enhancement of women's participation in the road works* (US$100,000);
(h) *Provision of support for the preparation of feasibility studies and designs* (US$500,000); and
(i) *Carrying out of a beneficiary satisfaction survey* to promote citizen engagement (US$50,000).

14. **Component 4: Immediate Response Mechanism (with an initial zero dollar allocation. In the event this component is activated, it will be financed with IDA funds).** This component allows for the possibility to access resources for eligible expenditures in event of an Eligible Crisis or Emergency, to provide immediate and effective response to said Eligible Crisis or Emergency. This component is being proposed for incorporation into the Project with zero allocation, given that Nicaragua is a country highly vulnerable to natural disasters and climate change phenomena such as drought, hurricanes, El Niño and its induced events including flooding and landslides, as well as geological hazards such as earthquakes and volcanic eruptions.

E. Implementation

Institutional and Implementation Arrangements

15. MTI will be the institution responsible for the implementation of the proposed Project. As under the on-going project, MTI will assign many of the day-to-day operations to the project coordination unit (Unidad Coordinadora de Recursos MTI – Banco Mundial UCR MTI-BM), which is significantly experienced, having implemented over five IDA operations in the transport sector. The Director of the UCR reports directly to the Minister and Vice-Minister. The UCR unit is well integrated within the MTI structure, and includes staff that are already familiar with World Bank procedures and policies. The unit has demonstrated effective implementation and management of previous World Bank-financed projects achieving high levels of disbursement and satisfactory performance ratings.

16. The fiduciary and environmental safeguards capacity of MTI has also been adequate and the respective staff are familiar with World Bank's policies, processes, systems, safeguards, and procedures. However, additional capacity building and training will be required to enable the smooth implementation of the World Bank's new procurement framework that will be applied to the new Project. Additional capacity building will also be provided to MTI with regard to the appropriate implementation of OP/BP 4.12, Involuntary Resettlement. The UCR will be responsible to serve as a key point of contact with IDA team for all Project-related queries and transaction processing, including procurement and contracting, financial management, reporting of monitoring and evaluations framework indicators, submission of quarterly implementation progress reports, timely submission of financial management reports and audits, management of disbursement requests, supervision of technical works, management and compliance with fiduciary and safeguards requirements, as well as all institutional development activities.

17. MTI will also be in charge of ensuring the signing of a cooperation agreement with the maintenance agency FOMAV to detail the terms and use of funds marked for use by FOMAV under the Project. Under this agreement, FOMAV will implement the periodic and routine maintenance sub-component of the Project. The UCR will coordinate all the required inputs from the other departments and units within MTI, as well as coordinate with FOMAV and all the municipalities on the implementation of maintenance and MCA adoquines sub-component respectively.

F. Project location and Salient physical characteristics relevant to the safeguard analysis (if known)

The urban sub-projects (La Garita–Tipitapa and Ciudad Sandino–Mateare road sections) proposed for expansion to four are located in Managua city. These civil works will necessitate cutting of some trees along the existing roadside, especial the case of Ciudad Sandino-Mateare. The environmental assessments of these sub-projects include a reforestation plan will be approved by INAFOR as national forest authority and implemented by the MTI. Given the presence of pedestrian carriages, bicycles, and carts, a safe path for non-motorized transport (NMT) and pedestrians will be established during construction phase. Civil works will be undertaken on existing roads only. There are no project components or activities located in critical natural habitats.

The rural sub-projects include pavement of existing roads with adoquines, and are proposed in the following locations: Granada-Malacatoya in Granada region, Corn Island in RACS, Macuelizo-Santa María in Nueva Segovia region, Cárdenas- in Rivas region, and La Libertad-San Pedro de Lóvago in Chontales region. These roads connect the productive regions to semi-urban commercial and regional urban centers and have been selected as part of Comprehensive Productive Roads

Program developed under the ongoing Bank-financed project (P123447). These regions are characterized as the most productive zones predominantly focusing on agricultural production and livestock activities. All civil works will take place along existing unpaved roads within existing right of way (RoW), with few steep sections, and are small in nature (comm executed and consisting of a sand-cement base with adoquines placed on top). The potential environmental and social impacts are limited as these unpaved roads are already in use by vehicles. The works will be of the same magnitude as u the ongoing project, for which the screening process is already in place, and this same screening process will be used to ensure that any sections that might have a negative impact on protected areas or sensitive ecological habitats are not approved.

The periodic maintenance sub-project, of a core trunk road section between San Lorenzo and Múhan is located in Chont region. Maintenance works will take place within RoW of existing road and involve minor activities (surface cleaning, dra structure repairs, patching of potholes, asphalt resurfacing), none of which are expected to have any significant social or environmental impacts.

G. Environmental and Social Safeguards Specialists on the Team

Marco Antonio Zambrano Chavez,Mariela Mena

SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	This policy was triggered because of the potential negative impacts from the civil works proposed in the project. Based on the OP/BP 4.01, the project is classified as Category B, as the associated potential environmental and social impacts are moderate to low and the prevention, mitigation and compensation measures are easy to know and implement. Civil works will be undertaken on existing roads that will be widened in the case of the urban sub-projects, paved in the case of the rural sub-projects (adoquindo), and minor works in the case of the periodic maintenance sub-project. The urban and rural sub-projects will have positive impacts on health and quality of life such as reduction of dust from unpaved roads, noise, travel time, GHG emissions, and improved air quality. The road maintenance sub-projects will also improve road surface conditions and drainage, and reduce road erosion. The road safety physical interventions will improve safety for the pedestrians and NMT and contribute to reduction of fatalities on roads.

		The MTI carried out site-specific Environmental Assessments (EAs), including Environmental and Social Management Plans (ESMPs), for eight identified sub-projects. The EAs for seven sub-projects, including ESMPs, have been finalized, cleared by the Bank, consulted upon, and disclosed in the country on December 23, 2016, and in the Bank's InfoShop on December 28, 2016. One site-specific EA for the Macuelizo-Santa María road section was completed at preliminary level, given that the detailed design was not finalized and "precise siting alignment" could not be determined prior to appraisal. The complete EA/ESMP will be finalized will be finalized before negotiations. The preliminary EA for Macuelizo- Santa María, including ESMP, was cleared by the Bank, consulted upon, and disclosed in the country on December 23, 2016, and in the Bank's InfoShop on December 28, 2016. The MTI has also updated the Environmental and Social Management Framework (ESMF) covering the resilience and road safety sub-components (1.4 and 2.1), where the precise locations of works were not known during preparation. The ESMF was cleared by the Bank, consulted upon and disclosed in the country on December 27, 2016, and in the InfoShop on December 28, 2016.
Natural Habitats OP/BP 4.04	Yes	This Policy is triggered on a precautionary basis. None of the proposed road sections traverse critical ecological habitats. The updated ESMF includes appropriate screening criteria to identify potential negative impacts on critical or sensitive areas, and measures to prevent, mitigate, and/or compensate potential negative impacts on critical or sensitive areas.
Forests OP/BP 4.36	No	This Policy is not triggered because the project will not support civil works located within forested areas or plantations as defined under the policy. Although the ESMF includes measures to prevent and some of the rural roads may pass through forested areas, the civil works (laying of adoquines on existing unpaved roads) has low environmental impact, and will not require the removal of natural forest.
Pest Management OP 4.09	No	This policy is not triggered because the use of pesticide or herbicide is not expected during road

		construction or road maintenance works. The ESMF includes specific measures for the use of technics for the elimination of vegetation in the right of way (mechanically or manually).
Physical Cultural Resources OP/BP 4.11	Yes	This Policy is triggered on a precautionary basis. All civil works will take place within the right of way of existing roads, and thus no impact on any physical or cultural resources (PCR) is expected. However, there will be land movements and material banks usage, and chance findings may occur. The ESIAs of the urban/rural sub-projects will include specific measures in case of chance finding and corresponding protocols of action. Also, the ESMF will include specific guidelines to address change finds.
Indigenous Peoples OP/BP 4.10	Yes	This Policy is triggered because one of the sub-projects is located in the municipality of Corn Island, which is part of the South Atlantic Autonomous Region (RAAS), where people of a Creole (Kriol) ethnicity are found. Consequently, the Indigenous People Plan (IPP) for the Corn Island road sub-project was prepared, approved by the Bank, consulted upon on November 17, 2016, and disclosed on December 23, 2016, in the country and on December 28, 2016 in the InfoShop. The assessments have determined that on the other seven road sections where locations are known, the Indigenous Peoples were not present. Given that precise locations and siting of sub-components 1.4 (building climate resilience) and 2.1 (alleviation of hazardous spots to improve road safety), are not known, an Indigenous Peoples Planning Framework (IPPF) has been prepared for these interventions and disclosed on December 23, 2016, in the country and on December 28, 2016, in the Bank's InfoShop.
Involuntary Resettlement OP/BP 4.12	Yes	This Policy is triggered because limited acquisition of land in the form of strips of land on the right of way and farmland and involuntary resettlement of informal encroachers and traders have been identified from proposed civil works on three road sections with known locations under component 1. The total of 32 families have been identified to be affected with total of 160 project affected people

(PAPs), of which 138 will be affected by economic displacement: (i) for Ciudad Sandino-Mateare sub-project the number of affected families are 15 families with homes, businesses or both; (ii) for La Garita -Tipitapa sub-project a total of 11 families are affected; (iii) for Granada-Malacatoya sub-project, 6 families are affected, who also live in conditions of poverty. For the four roads (Corn Island, Cárdenas-Colón, La Libertad-San Pedro de Lóvago, and San Lorenzo- Múhan) with known locations and detailed designs no involuntary resettlement was identified. Therefore, site-specific Abbreviated Resettlement Action Plans (ARAPs) were prepared for only these three road sections, approved by the Bank, consulted upon, and disclosed in the country: ARAP for Granada-Malacatoya on December 24, 2016, and ARAPs for La Garita-Tipitapa and Ciudad Sandino-Mateare on December 27, 2016. All three instruments were disclosed in the InfoShop on December 28, 2016.

For one of the eight sections with known locations (Macuelizo-Santa María), the detailed design has not been finalized during project preparation, therefore, the need for a RAP cannot be determined (the preparation of design is financed by the Government). Therefore, given that the "precise siting alignments" cannot be determined, a Resettlement Policy Framework (RPF) has been prepared consistent with OP 4.12 policy, and the relevant RAP will be prepared, consulted upon, approved by the Bank, and disclosed prior to commencement of any civil works. The RPF was disclosed in the country and in the InfoShop on December 23 and 28, 2016, respectively. The contracts on the three road sections with expected resettlement will include the required resources to implement the ARAPs (such as construction of small improvements for the encroachers and small vendors).

Good practices will be followed with regards to application of workers' code of conduct, child labor, and labor influx guidelines. The potential risks to the communities derived from contracting labor from outside for the road construction works is low. For

		the works in the rural areas under sub-component 1.2, local people count with the skills to carry out the tasks demanded by the MCAs and by the cooperatives for routine maintenance of rural roads. Each MCA will employ on average around 50 people within the communities, who they don't count with working camps. Moreover, the preliminary gender analysis and experience of previous projects didn't reveal any cases of gender-based violence (GBV), social conflict, child labor, or increased communicable diseases. For the works on La Garita-Tipitapa and Ciudad Sandino-Mateare under sub-component 1.1, the absorption capacity will be high around the intervened urban areas as most of the labor is expected to be local and only a few high skill/technical labor will be required from outside. Preventive and response measures will be put in place such as inclusion of training on healthy relationships, non-violent conflict resolution, gender relations, HIV/STD awareness within the training curricula of courses provided by MTI to the MCAs. Similar training will be binding for the contractors and included in the respective contracts for the urban access roads. Mechanisms for reporting complaints on cases of potential GVB and child abuse will be enabled through the MCAs offices and the project GRM system, and will count with information on the nearest police stations that can respond and provide orientation regarding these issues.
Safety of Dams OP/BP 4.37	No	This Policy wasn't triggered because the project will not support the construction or rehabilitation of dams nor will support other investments which rely on the services of existing dams.
Projects on International Waterways OP/BP 7.50	No	This Policy is not triggered because the project will not affect international waterways.
Projects in Disputed Areas OP/BP 7.60	No	This Policy is not triggered because the project will not affect disputed areas as defined under the policy.

KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

A. Summary of Key Safeguard Issues

1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:

The project will generate positive impacts on health and quality of life such as reduction of dust from unpaved roads, noise, travel time, and congestion with decreased emissions and improved air quality. The road maintenance sub-component will also improve road surface conditions and drainage, and reduce road erosion. The road safety physical interventions will improve safety for the pedestrians and NMT and contribute to reduction of fatalities on roads. All civil works will be undertaken on existing roads only, and no project components or activities are located in critical or sensitive natural habitats. Upgrade of the urban access road in Ciudad Sandino–Mateare will requires the cutting of some trees along the current roadside. These trees have not been found to have any known societal or cultural significance that could lead to opposition from the community. The civil works on rural roads under the MCA model, the potential negative environmental impacts are limited and the works will be of the same magnitude as under the ongoing project, for which the screening process is already in place. This screening process will be used to ensure that any sections that might have a negative impact on protected areas or sensitive ecological habitats are not approved.

The project intervention in Corn Island triggers the Indigenous Peoples (IP) policy because the Creole (Kriol) ethnicity is found within the municipality and is part of the South Atlantic Autonomous Region (RAAS), and an Indigenous Peoples Plan (IPP) has been prepared, consulted upon and disclosed accordingly. The social assessments confirmed that the IPs were not present in any other sub-project areas where the exact locations had been identified. However, given that the precise location of interventions under sub-components 1.4 (climate resilience) and 2.1 (road safety) were not known during preparation, these will be guided by an Indigenous Peoples Planning Framework (IPPF) prepared, consulted upon and disclosed accordingly.

The limited acquisition of land in the form of strips of land on the right of way and farmland and involuntary resettlement of informal encroachers and traders have been identified from proposed civil works on only three road sections: (i) Ciudad Sandino-Mateare sub-project with 15 families affected with homes, businesses or both; (ii) La Garita-Tipitapa with 11 families affected; (iii) Granada-Malacatoya with 6 families affected (living in conditions of poverty).

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

Given the characteristics and magnitude of the interventions, such as the physical environment (intervened areas) in the case of the urban access road works and low environmental impacts in the case of rural road for the type of pavement (adoquinado), there are no significant direct or indirect negative environmental impacts expected in the long-term. With regards to social impacts, there are also no expected adverse indirect long-term impacts. A small number of cases (total of 32 families in three ARAPs) have been identified to be affected by the road works. Measures to mitigate the socio-economic impacts will be implemented by improving or matching the living conditions in the short term.

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

The alternatives chosen for each interventions included in the project is the better option from the technical, economical, environmental, and social point of view. The EAs for the urban access roads include a feasibility study, which compares various alternatives, from which the most economically, socially, technically, and environmentally

feasible option has been identified.

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.

The assessments identified that of eight road sections with known locations, Indigenous Peoples were present only in Corn Island Municipality. Thus, an IPP was prepared and disclosed only for the road section in Corn Island. Given that the precise location of activities under the resilience and road safety components (1.4 and 2.1) are not known yet, an IPPF has been prepared for these interventions and disclosed in country and InfoShop on December 23 and 28, 2016, respectively.

ARAPs were prepared for three of eight roads with known locations and detailed designs: (i) Granada-Malacatoya; (ii) La Garita-Tipitapa; (iii) Ciudad Sandino-Mateare. On four roads with known locations and designs no involuntary resettlement is expected (Corn Island, Cárdenas-Colón, La Libertad-San Pedro de Lóvago, San Lorenzo-Múhan). For one of the eight sections with known locations (Macuelizo-Santa María), detailed design was finalized during project preparation, therefore, the need for a RAP could not be determined (preparation of design is financed by the Government). Therefore, given that the "precise siting alignments" could not be determined, a RPF was prepared consistent with OP 4.12, and the relevant RAP will be prepared, approved by the Bank, and disclosed prior to commencement of any civil works. The RPF was disclosed in the country and InfoShop on December 23 and 28, 2016, respectively.

Complete EAs/ESMPs for seven road sections with known locations and designs were prepared and disclosed in the country and InfoShop on December 23 and 28, 2016, respectively. For one section, Macuelizo-Santa María, where the "precise siting alignment" cannot be determined yet, a preliminary level EAs/ESMP has been prepared and disclosed on the same dates. The complete EA/ESMP will be finalized by negotiations. An ESMF was also prepared for the resilience and road safety sub-components (1.4 and 2.1) and disclosed in the country and InfoShop on December 27 and 28, 2016, respectively.

Environmental and Social Management Division (UGA) of MTI will be responsible for oversight and management of safeguards for MTI activities. FOMAV will rely on UGA for assistance with safeguards for sub-component 1.3. UGA has built its capacity and experience under previous Bank-financed projects. Given the nature of potential impacts, both MTI and FOMAV capacity to manage safeguards risks have been found adequate. The project will support additional strengthening of UGA's social safeguards capacity.

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

The key project stakeholders are first and foremost the beneficiary rural and urban population living in the participating municipalities and regions and the project affected people (PAPs) that live and/or are engaged in economic activities in the project areas and that have been identified and consulted upon as part of preparation of EAs and ARAPs. The MTI, FOMAV, and municipalities will be in charge of implementing the safeguard policies as they adopt the applicable good practices and/or take the necessary mitigation measures, as applicable. In addition, members of MCAs will have an important role in supporting implementation of the project’s socio-environmental management. Other stakeholders include Ministry of Environment and Natural Resources (MARENA) at the national level and Secretariat for Natural Resources (SERENA) at the regional level, as the environmental authorities, and Natural Forestry Institute (INAFOR) as a forest authority.

Public meetings and consultations were carried out on each site with the project affected people and other project beneficiaries during preparation of the respective site-specific EAs/ESMPs and ARAPs, and duly reported and annexed to each document. The EAs/ESMPs and ARAPs were disclosed in the country through a link on the MTI web page on following dates: the EAs.ESMPs for all eight road sections on December 23, 2016; ARAP for Granada-Malacatoya on December 24, 2016; and ARAPs for La Garita-Tipitapa and Ciudad Sandino-Mateare on December 27, 2016. The same were all disclosed also in the Bank's InfoShop on December 28, 2016.

The framework instruments IPPF, ESMF and RPF were all consulted upon and socialized before appraisal in a multi-stakeholder workshop with participation of all key stakeholders in December 2016. During the consultation workshops, the topics discussed were related to the impacts of the project on environment, land, livelihood, and gender. A summary of the results of the workshops will be included in the Annexes of respective documents. Finally, according with the Bank's disclosure policy, the RPF and ESMF were disclosed in the country on December 23, 2016, and December 27, 2016 respectively, as well as in the Bank's InfoShop on December 28, 2016. The IPP was consulted upon in Corn Island in November 2016, and disclosed in the country on December 23, 2016, and in Bank's InfoShop on December 28, 2016.

B. Disclosure Requirements

Environmental Assessment/Audit/Management Plan/Other

Date of receipt by the Bank	Date of submission to InfoShop	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
22-Dec-2016	28-Dec-2016	

"In country" Disclosure

Nicaragua
23-Dec-2016

Comments

The following eight EAs/ESMPs have all been disclosed in the country on December 23, 2016, and in Bank's InfoShop on December 28, 2016: (i) EA/ESMP for La Garita-Tipitapa road section; (ii) EA/ESMP for Ciudad Sandino-Mateare; (iii) EA/ESMP for Granada-Malacatoya; (iv) EA/ESMP for Corn Island road section; (v) Preliminary EA/ESMP for Macuelizo-Santa María; (vi) EA/ESMP for Cárdenas-Colón; (vii) EA/ESMP for La Libertad-San Pedro de Lóvago; and (viii) EA/ESMP for San Lorenzo-Múhan road section. In addition, the Environmental and Social Management Framework (ESMF) for other interventions of the project has been prepared, approved by the Bank, consulted upon, and disclosed in the country on December 27, 2016, and in the Bank's InforShop on December 28, 2016.

Resettlement Action Plan/Framework/Policy Process

Date of receipt by the Bank	Date of submission to InfoShop
22-Dec-2016	28-Dec-2016

"In country" Disclosure

Nicaragua
23-Dec-2016

Comments

Resettlement Policy Framework (RPF) has been disclosed in the country on December 23, 2016, and in the InfoShop on December 28, 2016. In addition, the following three Abbreviated Resettlement Action Plans (ARAPs) have been disclosed: (i) ARAP for Granada-Malacatoya road section on December 24, 2016, in the country and on December 28, 2016, in the InfoShop; (ii) ARAP for the La Garita-Tipitapa on December 27, 2016, in the country and in the InfoShop on December 28, 2016; and (iii) ARAP for the Ciudad Sandino-Mateare ron December 27, 2016, in the country and on December 28, 2016, in the InfoShop.

Indigenous Peoples Development Plan/Framework

Date of receipt by the Bank	Date of submission to InfoShop
16-Dec-2016	28-Dec-2016

"In country" Disclosure

Nicaragua
23-Dec-2016

Comments

The Indigenous Peoples Planning Framework (IPPF) and the Indigenous Peoples Plan (IPP) for the road works in Corn Island have been disclosed in the country on December 23, 2016, and in the InfoShop on December 28, 2016.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?
Yes
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?
Yes
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?
Yes

OP/BP 4.04 - Natural Habitats

Would the project result in any significant conversion or degradation of critical natural habitats?
No
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?

NA

OP/BP 4.11 - Physical Cultural Resources

Does the EA include adequate measures related to cultural property?

Yes

Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

No

OP/BP 4.10 - Indigenous Peoples

Has a separate Indigenous Peoples Plan/Planning Framework (as appropriate) been prepared in consultation with affected Indigenous Peoples?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

If the whole project is designed to benefit IP, has the design been reviewed and approved by the Regional Social Development Unit or Practice Manager?

Yes

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?

Yes

If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan?

Yes

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?

Yes

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

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?
Yes

Have costs related to safeguard policy measures been included in the project cost?
Yes

Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?
Yes

Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?
Yes

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APPROVAL

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Note to Task Teams: End of system generated content, document is editable from here.