

INTEGRATED SAFEGUARDS DATA SHEET

IDENTIFICATION / CONCEPT STAGE

Report No.: 94963

Date ISDS Prepared/Updated: 26-Feb-2015

I. BASIC INFORMATION

A. Basic Project Data

Country:	Macedonia, former Yugoslav Republic of	Project ID:	P154263
Project Name:	Local and Regional Competitiveness Project		
Team Leader(s):	Gordana Popovikj Friedman, Tatiana Segal		
Estimated Date of Approval:	02-Nov-2015		
Managing Unit:	GTCDR	Lending Instrument:	Lending Instrument
Sector(s):	Public administration- Industry and trade (10%), Vocational training (10%), General industry and trade sector (80%)		
Theme(s):	Infrastructure services for private sector development (30%), Micro, Small and Medium Enterprise support (20%), Regional integration (20%), Education for the knowledge economy (10%), Cultural Heritage (20%)		
Financing (in USD Million)			
Total Project Cost:	24.43	Total Bank Financing:	0.00
Financing Gap:	0.00		
Financing Source			Amount
Borrower			2.20
EC European Commission			22.03
Free-standing TFs for ECA PF Sector Unit			0.20
Total			24.43
Environment Category:	B - Partial Assessment		

B. Project Development Objective(s)

12. The Project Development Objective (PDO) is to (a) strengthen the capacity of public and private authorities to formulate, prepare, implement and manage integrated tourism development at the destination level; (b) construct and rehabilitate critical infrastructure essential for sustained economic activity in the tourism sector; and (c) facilitate development of destination management organizations and sustainable destination services.

C. Project Description

14. The project will provide assistance and capacity building to enhance the business

environment and skills along with targeted investments in infrastructure, support to tourism activities and promote destinations, and will help foster linkages with related industries and SMEs. The project will support a limited number of potential tourism destinations in the country over a four-year period through a combination of infrastructure investments, technical assistance, and capacity building support to public sector and non-state sector entities. This is expected to result in an improved enabling environment for private sector investments, including the establishment of regional tourism destination management structures.

15. Stakeholders and beneficiaries will be public agencies and private organizations at the central, regional and local levels. At the central level, the stakeholders will be the Office of the Deputy Prime Minister for Economic Affairs in the General Secretariat, the Ministry of Economy, the Ministry of Local Self-Government, Ministry of Culture, and the Agency for Promotion and Support of Tourism. At the regional and local levels, the stakeholders will include the participating municipalities, Centers for Regional Development, educational institutions, and business and non-governmental organizations, including destination management organizations.

16. The project will be financed through a Hybrid Trust Fund and executed as three components, one executed by the Bank and two by the Government of FYR Macedonia. The activities in the Bank-executed component (Component 1) will help to continue, scale up, and expand the capacity building and technical assistance activities in tourism currently underway at the central level under the Macedonia Competitive Industries and Innovation Support Program (grant from Multi-Donor Trust Fund, effective through mid 2016). At the same time, the Bank will provide implementation support for the activities under the recipient-executed components (components 2 and 3).

17. Component 1: Capacity building for local competitiveness (Bank executed). Estimated amount: EUR 2 million. One of the objectives of the Macedonian Government and the EU Delegation is to strengthen the implementation capacity of key government entities and the capacity of the private sector and civil society organizations to play an active role in the development of tourism in Macedonia. The project would be a strong instrument to build and enhance this capacity by creating mechanisms for more effective inter-agency coordination and stakeholder engagement, strategic planning, entrepreneurship, and skills development for local competitiveness. The component includes two sub-components:

18. Sub-component 1.1. Institutional strengthening of public sector agencies: This sub-component will provide technical assistance on strengthening of the business environment (registration, licensing, investment, public private dialogue); inter-agency coordination; public-private consultations and stakeholder engagement; access to information; and strategic planning for tourism development and destination management at the central, regional and local levels. This sub-component will finance the development of a new National Tourism Strategy and Action Plan. The team will discuss with the Borrower the importance of including a Strategic Environmental and Social Assessment in this process, including the possibility of supporting this process under the Project.

19. Sub-component 1.2: Business and skills development for private sector: This sub-component will provide technical assistance and training to private sector and non-governmental (civil society) entities at central and local (destination) levels. The objective is to stimulate entrepreneurship, skills development, and the growth of MSMEs necessary for competitiveness and tourism development. Areas of support to business development will include TA and training to

facilitate access to business services (consulting, mentoring, innovation); access to finance; stimulation of business networks and supply chains in the tourism sector; and development of service standards in tourism-related services (accommodation, catering, tour guides) based on good international practices.

20. With regard to skills development, the sub-component will support development of curricula and competence-based skills training necessary for a thriving tourism sector and tailored to market needs. The activities will (a) assess the needs of employers; (b) help to design specialized, competency-based trainings and certification skills programs (e.g. in destination management, marketing), in collaboration with institutions such as TVET and lifelong learning centers, industry, civil society organizations, and local employment agencies.

21. Component 2: Investment in infrastructure at destinations (Recipient executed). Estimated amount: EUR 15.8 million. This component will support large and small-scale investments in critical infrastructure at selected tourism destinations, and facilitate development and upgrading of product offers to potential destination visitors. These investments are critical for unlocking the tourism potential of the destinations, and will include rehabilitation of access roads to sites and attractions, signposting, upgrading and mapping of hiking and biking routes and trails, upgrading of ski resort facilities, rehabilitation of cultural and natural heritage sites, tourist information offices, rehabilitation of spas and ski resorts, local branding and marketing at key sites, rehabilitation of publicly owned vacation facilities, upgrading of tourist services and products along transport routes, and development of tools for destination promotion and marketing. The component will include two sub-components:

22. Sub-component 2.1: Large-scale infrastructure investments: This sub-component will finance a few larger integrated infrastructure projects which are critical for destination and business development. The investments will be a maximum amount of 3 million EUR per project. They will be provided in the form of grants to qualified municipalities and will require co-financing from the municipalities. The share of co-financing will be determined during project preparation. The investments will support infrastructure projects in a limited number of regions (3-4) that demonstrate the potential and institutional capacity for tourism development and destination management. The selection of regions and projects will be conducted through a competitive, transparent and inclusive process. The selection criteria will be defined during project preparation.

23. Sub-component 2.2: Small-scale investments at destinations. This sub-component will finance small-scale public and private investments in municipalities which are or are not part of one of the larger projects, but demonstrate the potential for development of their tourism offerings and for linkages with other business sectors to stimulate local economic development and job creation. The sub-component will finance works, equipment and promotional activities of up to EUR 30,000 per beneficiary municipality or entity. The emphasis will be on sub-projects that demonstrate the potential for services and employment generation among the poor, disadvantaged and marginalized groups (e.g., Roma) in both urban and rural underdeveloped communities.

24. Component 3: Strengthening destination and project management (Recipient executed). Estimated amount: EUR 2 million. This component will finance technical assistance, equipment, and capacity building at the destinations; and project management. The component will be divided in two sub-components, as follows:

25. Sub-component 3.1: Destination management organizations: This sub-component will

provide support through technical assistance, equipment and services for establishment of destination management organizations, through the combined efforts of public and private sector stakeholders and communities. Destination Management Organizations (DMOs), as multi-stakeholder bodies, will ensure that visitor infrastructure, facilities, information and services are effectively managed and promoted to develop tourism products and attract visitors. Up to two pilot DMOs will be initiated during project preparation with technical assistance from the Competitive Industries and Innovation Support Program. The pilot DMOs will be scaled up with support from the project and will ensure that lessons are learned and adapted to other destinations, for informed replicability.

26. Sub-component 3.2: Project management: This sub-component aims to strengthen the management and monitoring and evaluation (M&E) capacities of the Project Implementation Unit (PIU). It will finance technical assistance, training, equipment, and operational costs associated with implementation of the project, including M&E, project audits, and creation of a framework for impact assessment and lessons learned, to inform future investments in tourism development. Staff and consultants of the PIU will be trained in tourism development and destination management, and in the concepts, policies and activities supported under the project.

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

The project is expected to cover entire country focusing on tourism development. The project would through component 2 target tourism infrastructures to improve which might range from large scale: public sanitation facilities, waste management, access roads to local attractions, preservation of cultural heritage sites, ski trails; to small scale: small-scale public infrastructure of individual municipalities which are or are not part of one of the larger projects but demonstrate potentials for development of their tourism offer and linkages with other business sectors (hiking and bicycling trails, rehabilitation of cultural, natural heritage and sports sites, local branding and marketing at key sites). Some facilities might be located in buildings of high cultural value. The support for business (particularly agri-business) enterprises will only include measures to promote business linkages, and not support in the form of investments in public infrastructure.

Large scale projects imply maximum amount of 3 million EUR per project and will require a matching contribution at least 20% in cash and in-kind from the participating municipalities; while small scale project: works, equipment and promotional activities of up to 30,000 EUR per beneficiary. the maximum grant of € 3 million will largely limit the works to rehabilitation of existing infrastructure or small scale new infrastructure.

E. Borrower's Institutional Capacity for Safeguard Policies

The Project will be implemented through a hybrid Trust Fund, i.e., as a combination of Recipient-Executed and Bank-Executed Trust Fund. The responsible body for the project implementation will be the General Secretariat through the Office (Cabinet) of the Deputy Prime Minister for Economic Affairs in coordination with all relevant agencies and key stakeholders, including the Secretariat for European Affairs, Ministry of Finance, Ministry of Economy, Agency for Promotion and Support to Tourism, Ministry of Local Self Government, and the Regional Development Centers in the Government. The implementing agency will manage all agreed activities in close coordination with the local beneficiaries and the Bank team. The Bank Team will provide implementation support and supervision, to make sure that the activities are implemented following the relevant World Bank rules and the Administration Agreement between the World Bank Group and the European Union. The Bank will be also responsible for implementation of two components (component 1 and 2) which will be established as Bank Executed Trust Fund. In this capacity, the Bank will provide technical assistance for capacity building for the beneficiary entities from the public and private

sector. The capacity building TA might be used for safeguards training.

A Working Group has been established for the identification of the proposed EU action on local and regional competitiveness, for which they mutually approached the World Bank for assistance with preparation and implementation. The Working Group consists of members of the relevant ministries, secretariats and agencies and is actively involved in the project preparation with the World Bank. The Working Group will be responsible for addressing the fiduciary arrangements, environmental management plans, project and grant manuals, grant agreements, monitoring and evaluation arrangements, procurement and capacity building plans. During project preparation, the Working Group and the Bank will also discuss and agree on the implementation arrangements for the Recipient-Executed project components.

Stakeholders and beneficiaries will be public agencies and private organizations at the central, regional and local levels. At the central level, the stakeholders will be the Office of the Deputy Prime Minister for Economic Affairs in the General Secretariat, the Ministry of Economy, the Ministry of Local Self-Government, Ministry of Culture, and the Agency for Promotion and Support of Tourism. At the regional and local levels, the stakeholders will include the participating municipalities, Centers for Regional Development, educational institutions, and business and non-governmental organizations, including destination management organizations.

F. Environmental and Social Safeguards Specialists on the Team

Bekim Imeri (GSURR)

Natasa Vetma (GENDR)

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/ BP 4.01	Yes	<p>For the Component 1 – Capacity building for local competitiveness (Bank executed) The Environmental and Social Specialists on the Task Team will review the TORs to support entrepreneurship and skills development as they become available, to assess where there might be Safeguards-related implications, particularly opportunities to promote environmental and social sustainability approaches to tourism. The team will discuss with the Borrower the importance of including a Strategic Environmental and Social Assessment in this process, including the possibility of supporting this process under the Project. (If so, preparation of the SESA should be consistent with both national laws and WB policies).</p> <p>For the Component 2: Investment in infrastructure at destinations (Recipient executed), an Environmental Management Framework (EMF) will be prepared by Working</p>

		<p>Group, identifying EU, FYR Macedonia and World Bank requirements and practices for the supported sub-projects. The EMF will define the environmental screening and assessment procedures for the project and sub projects. According to the EMF, the sub project applicants will be required to carry out adequate type of environmental assessment of the proposed subprojects according to World Bank safeguards procedures and to obtain environmental permits as prescribed by the national and EU legislation. The EMF should include guidance for going beyond an assessment of the specific investments to be financed directly by the project, and undertaking appropriate environmental and social “due diligence” assessments of existing facilities and activities that would receive the support. EMP checklists, site specific EMPs or EIAs depending on the environmental impact will be prepared for individual sub-projects. For those identified and confirmed EMP checklist or EIAs will be prepared and disclosed prior to appraisal. The project will support solely category B and C sub-projects. The environmental and social risks will be limited both by the exclusion of Category A activities and by the amount of funding available: i.e., it is anticipated that the maximum grant for any one project will be € 3 million, which will largely limit the works to rehabilitation of existing infrastructure or small scale new infrastructure. Other risk-limiting decisions include the exclusion of sites within designated “Special Tourism Development Zones” (based on social issues and potential controversies), and excluding investments within protected areas.</p>
Natural Habitats OP/BP 4.04	TBD	It will be determined, during the project preparation, whether the sub-projects affecting natural habitats will be excluded.
Forests OP/BP 4.36	No	OP 4.36 is not triggered as the project will not involve forest exploitation or management. To the extent that there would be the potential for impacts on natural forests, these would be covered under OP 4.04.
Pest Management OP 4.09	Yes	The project will not finance purchase of

		pesticides, but OP 4.09 is triggered as the project aims to support the development and expansion of agribusiness enterprises, which could involve agricultural intensification and other activities that could affect pest management practices including pesticide use. No separate Pest Management Plan will be prepared, but the EMF will provide specific guidance for ensuring appropriate selection and use/handling of pesticides and for promoting Integrated Pest Management among agribusiness enterprises receiving project support.
Physical Cultural Resources OP/ BP 4.11	Yes	The project might support rehabilitation of historical / protected buildings. Therefore the EMF will include a section that will serve as the “Physical Cultural Heritage Management Framework” for the project, setting out selection and screening criteria and measures to be taken in such cases. This should include instructions that the beneficiary should prepare a “Physical Cultural Heritage Plan,” which can be a separate document or can be a dedicated section in the sub-project EMP. The EMF, as well as individual EMPs will include chance find clause.
Indigenous Peoples OP/BP 4.10	No	
Involuntary Resettlement OP/BP 4.12	Yes	Second component of the project might finance infrastructure projects such as access roads, hiking and bicycling trails, ski resort facilities, rehabilitation of cultural and natural heritage sites, spa’s, signposting, tourist information office or anything else that will support tourism development in the region. The investments will be financed based on the prior strategy or action plan defined by coalition of public and private partners. There will be public investment as well as private beneficiaries. For the public investments there might be need for involuntary land acquisition or small scale displacement and thus the proposal is to define a policy framework to address any potential need for involuntary private land acquisition or any other land in private use or small scale displacement. The framework will provide also a template for the Abbreviated Resettlement Action Plan if needed

Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	TBD	During the project preparation, the team will discuss with the Borrower whether any water-related investments will be eligible. It might be decided that only rehabilitation of existing water schemes/networks will be eligible, in which case the policy will be triggered but the Team can seek an exception to the riparian notification requirement.
Projects in Disputed Areas OP/BP 7.60	No	

III. SAFEGUARD PREPARATION PLAN

A. Appraisal stage ISDS required?: Yes

i. Explanation

yes, to determine the status of OP 7.50 and OP 4.04

ii. Tentative target date for preparing the Appraisal Stage ISDS

22-Apr-2015

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage ISDS.

EMF, EMPs for sub-projects identified and confirmed during preparation period and Resettlement Framework will be disclosed and publicly consulted prior to the project appraisal. Once finalized, EMF will be disclosed on the General Secretariat website both in English, Macedonian and Albanian and hardcopies will be available at General Secretariat and Delegation of the European Union premises for at least two weeks. In addition, the EMPs will be disclosed on the sub-project websites if existing, and hard-copies will be available at premises. At the same time, call for public consultation meeting of the will be issued (through the website and direct mail to different stakeholders) and date and venue of the meeting will be set. The Working Group will as well request written comments and will provide both postal and email address for sending comments and suggestions on EMF and EMPs. EMF, EMPs and Resettlement Framework will be finalized according to the comments from public consultations and sent to InfoShop before project appraisal. Public consultation minutes which will include invitations, announcements, list of attendants, summaries of comments received, etc. should be collected and attached to the final version of EMF and EMPs for InfoShop disclosure.

During project implementation, the type of environmental due diligence documents for individual sub-projects (works) would be determined, based on the EMF. The beneficiary will prepare the required documents (including EIAs, EMPs, EMP Checklists), which will be reviewed by the Working Group, disclosed and consulted according to EMF (prepared for the project), prior to approval of the sub-project.

During project implementation, the type of environmental due diligence documents for individual sub-projects (works) would be determined, based on the EMF. The beneficiary will prepare the required documents (including EIAs, EMPs, EMP Checklists), which will be reviewed by the Working Group, disclosed and consulted according to EMF (prepared for the project), prior to approval of the sub-project.

IV. APPROVALS

Team Leader(s):	Name: Gordana Popovikj Friedman, Tatiana Segal	
<i>Approved By:</i>		
Safeguards Advisor:	Name:	Date:
Practice Manager/ Manager:	Name:	Date:

¹ 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.