



Concept Environmental and Social Review Summary

Concept Stage

(ESRS Concept Stage)

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BASIC INFORMATION

A. Basic Project Data

Country	Region	Project ID	Parent Project ID (if any)
Serbia	EUROPE AND CENTRAL ASIA	P170868	
Project Name	Serbia Railway Sector Modernization		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Transport	Investment Project Financing	7/5/2020	9/18/2020
Borrower(s)	Implementing Agency(ies)		
Ministry of Finance	Ministry of Construction, Infrastructure, and Transport, Serbia Railways Infrastructure		

Proposed Development Objective(s)

To improve the efficiency, market share, and safety of the rail network.

Financing (in USD Million)	Amount
Total Project Cost	400.00

B. Is the project 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 [including overview of Country, Sectoral & Institutional Contexts and Relationship to CPF]

The proposed Program is closely aligned with the World Bank Group (WBG)'s twin goals of reducing poverty and promoting shared prosperity and with the Serbia Country Partnership Framework (CPF) for the period ending 2021, as well as the priorities outlined in the Systematic Country Diagnostics (SCD). The proposed Program is closely linked to three CPF objectives. Improvement of important railway links and improved safety on the network are directly aligned to CPF objective 2d enhancement of infrastructure networks. Improved performance will also likely support more sustainable public expenditure management (CPF Objective 1a) and improve operation of railway State Owned Enterprises (SOEs) (CPF Objective 1d).



Infrastructure is one of the six priority areas identified in the CPF for fiscal years (FY) 2016 - 2020. Better regional connectivity through infrastructure development is essential to boost investment and growth in Serbia. The WBG has been heavily engaged in infrastructure development, through the reform of the railway sector, investment support to highway and national road construction, and improvements in road and rail sector management systems. The CPF notes that improved efficiency in spending and operation of SOEs, better quality maintenance of infrastructure, and improved prioritization of public investments need to be pursued. Furthermore, the CPF calls for engagement in infrastructure development in close coordination and cooperation with other international organizations. The Program would contribute towards enhancing the quality of infrastructure for improved in-country and regional integration and accelerated economic growth, boosting employment and improving the business environment in the region. Connectivity is a critical driver of competitiveness and a key element in support of export-oriented development.

This Multiphase Programmatic Approach (MPA) operation will have three overlapping phases (“simultaneous MPA” in the Bank’s terminology) over a ten-year period with a total funding envelope of US\$400 million. Phase 1 of the Program will be a US\$125 million IBRD Investment Project Finance (IPF) operation, focusing on the rehabilitation and renewal of the existing railway infrastructure and technical assistance to key institutions in the sector. The latter will support improved sector governance, institutional strengthening, and key modernization elements of the sector. Phase 2 will also be an IPF operation to prioritize investments in the integration of intercity and urban rail services (freight and passenger) with other modes and continue to improve operational safety with a total investment of US\$200 million.

In Phase 2, the MPA would utilize the knowledge originated in Phase 1 on ownership structure, further corporatization, and commercialization of the sector. In addition, it would scale up and finish implementation of the SMS to improve safety performance and establish a safety culture. These efforts would be coupled with scaled-up infrastructure investments coherent with the main objective of the phase. Phase 2 may also begin the utilization of intelligent transportation systems (ITS) and pilot integration of rail and bus services. These measures would not only benefit wider local communities but also provide climate co-benefits.

Phase 3 will consist of an IPF with a total financing of US\$75 million. Phase 3 will consolidate the performance of the sector by promoting multimodality (in freight and passenger services), synchrony of railways with urban development, and universal accessibility. Interventions would promote the re-insertion of Serbia Voz in the urban transport landscape and regional intercity markets through improved ticketing, multimodality, and transit-oriented development (TOD) strategies. For Serbia Cargo, Phase 3 would support interventions to optimize the railway system for moving more intermodal freight. At this stage, the MPA will support activities for both SOEs to move towards universal access to ensure services enhance accessibility of opportunities for all segments of the population. Phase 3 will utilize two main knowledge products generated during Phase 1, the investment plan on intelligent railway systems and knowledge on integrated territorial development. Private investments opportunities will be considered in close coordination with IFC. Intermodal terminals, transit-oriented development (TOD), and cargo-oriented developments (COD) normally have clear opportunities for the private sector to participate.

D. Environmental and Social Overview

D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]
A total of 98.2 kilometers will be renewed to their original specifications to restore quality service. The specific sections and components in each track segment for renewal will be based on Life Cycle Cost - LCC method which



established a sound asset management system. These segments will be identified by Serbian Railways Infrastructure - IZS in direct consultation with Ministry of Construction, Transport and Infrastructure - MCTI and support from TU Graz and the World Bank. The interventions will include renewal of existing lines and bridges and high-risk railway level crossings. It will approximately cover 850 railway level crossings, 5 bridges, and 98 km of track renewal. The rehabilitation works will be carried on the north south route Belgrade to Preshevo (border crossing to North Macedonia) and Pancevo Zrenjanin Kikinda route towards the Romania border. There will be no works on the protected areas or areas beyond the corridor of the railway. All of the works are on the existing rail tracks. The works on the network go across almost the entire length of Serbia, from the northern Romania border all the way to the southern border with North Macedonia.

Serbia's terrain ranges from fertile plains of northern Vojvodina to limestone ranges and basins in the east and ancient mountains and hills in the southeast. The north is dominated by the Danube River. The Morava River, a tributary of the Danube, flows through the more mountainous southern regions of Serbia. The terrain of central Serbia consists chiefly of hills and low to medium-high mountains, interspersed with numerous rivers and creeks. The main communication and development line stretches southeast of Belgrade towards Niš and Skopje (in North Macedonia), along the valley formed by the Great and South Morava rivers. Most major cities, as well as the main railroad and highway, are located on or around this line. To the east of this line, in an area that is relatively sparsely populated, the terrain rises to the limestone ranges of Stara Planina and the Serbian Carpathians. To the west, mountains slowly rise towards the southwest, but do not form real ridges. Zlatibor and Kopaonik are the highest mountains of this area. Practically the entire territory (92%) of Serbia belongs to the Danube (Black Sea) drainage basin. The Danube flows 588 km through Serbia or as a border river (with Croatia in the northwest and Romania in the southeast). Other chief rivers in Serbia are tributaries of the Danube including the Sava (flowing from the west), Tisa (flowing from the north), Drina (flowing from the south, forming a natural border with Bosnia and Herzegovina), and Morava. Only the Morava flows nearly entirely through Serbia. Their tributaries form a dense network of smaller rivers and creeks that cover most of the country.

Due to its terrain, natural lakes in Serbia are sparse and small and most are located in Vojvodina, such as the glacial lake Palić and numerous oxbow lakes along rivers. There are, however, numerous artificial lakes, mostly due to the construction of hydroelectric dams, the biggest being Đerdap on the Danube, Perućac on the Drina, and Vlasina Lake. The diverse landscape, climate and hydrography create high diversity ecosystem. Five of 12 world biomes and of six Europe's biomes are represented in Serbia. Its territory also represents a significant centre of diversity of endemic flora of the Balkan Peninsula. The total area protected is about 6.6 % of the country. Natural and cultural patrimony under international protection are: eight Ramsar sites, one Biosphere reserve, many Important Bird Areas, Important Plant Areas and Prime Butterfly Areas (IBA, IPA and PBA), and seven UNESCO World Heritage cultural and natural sites.

The task team has used a number of already existing reports for an assessment of the economy, geography and the environment in Serbia, primarily The World Factbook: Serbia, CIA 2014 and Serbia Country Briefing, EEA 2015.

D. 2. Borrower's Institutional Capacity

Since 2015, the Government of Serbia (GoS), closely supported by the World Bank and EU, implemented an EU-compliant railway reform. GoS transformed its vertically integrated railway (JSC Serbian Railways) into three



operational companies – Serbian Railways Infrastructure (IZS), Serbia Voz and Serbia Cargo. Under the current structure, the Ministry of Construction, Transport and Infrastructure (MCTI) is responsible for policy; while the IZS, as infrastructure manager, is responsible for construction, maintenance, operation and management of the railway network; Serbia Voz is responsible for Passenger transport; and Serbia Cargo is responsible for cargo transport. The institutional structure for the sector is complemented with the Railways Directorate ('RD'), as the railway safety and economic regulatory body. These WB supported reforms have placed the railway sector in line with the EU's Acquis Communautaire and introduced the legal framework to drive for higher efficiencies by establishing contracts among the railway companies. The infrastructure and the transport companies have closely worked with the World Bank supported TA but there is no experience with investment operation from the World Bank. The Project will help set up and finance incremental costs of the PIU to be established within the MCTI, while a number of Project Implementation Teams (PITs) will be established in IZS, Serbia Cargo and Serbia Voz. The PIU will be supported by part time E&S consultant in the beginning and full time during the time when the works contracts will be performed. The obligations of the specialist will include overall oversight of environmental and social issues within the Project, but also adequate training to the PITs.

II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS

A. Environmental and Social Risk Classification (ESRC)

Substantial

Environmental Risk Rating

Substantial

The first phase of the Program, or the Project, may have substantial environmental risks. All works to be undertaken in this first phase will be carried out on the already existing railway network and will include renewal of existing lines and bridges and railway level crossings. The first phase of the Program will cover approximately 850 railway level crossings, 5 bridges, and 98 km of track renewal. The sections to be rehabilitated are not yet fully defined, but it can be assumed that the works may cause environmental impacts such as generation of dust and noise, pollution of water bodies, traffic disruptions and management of larger quantities of construction waste, including parts of the rails and crushed stone, as well as generation of hazardous waste that has been polluted from the train traffic.

Furthermore, this Project is part of an MPA where the different phases of the MPA can overlap, and one phase can lead into the other. At this stage, it is safe to assume that a number of technical assistance works will be carried out in one phase for the works in the subsequent phase. Due to the lack of detailed knowledge on the works in the future phases, and the possibility for the design documents to be developed under this phase, also factors into the risk of the project.

Taking into consideration that the PIU within the MCTI is yet to be staffed with an environmental specialist, the capacity at this stage is to be determined. The specialist can be supported by training by the World Bank specialists, but this will be determined only during the project implementation itself (the hiring should be a condition to effectiveness).

Social Risk Rating

Moderate

The Project has moderate social risks given that it is going to finance rehabilitation of selected existing railway lines and signalization, bridges as well as technical design for rehabilitation of railway lines toward Romania border including signaling. There will be no need for neither temporary nor permanent land acquisition thus ESS5 will not be



relevant of the Project. The works will be performed in the rail track and the sector around railway track belonging to the Railway Infrastructure Company. At present foreseen social risks on the communities nearby are those to Project-related traffic near inhabited communities. Other community health and safety-related issues will be assessed in the Environmental and Social Framework (ESMF) and site-specific Environmental and Social Impact Assessment (ESIA) reports. The improvement of the overpasses will be done with the bridges. Universal access solutions will be assessed and incorporated as feasible. The labor and working condition standard will be relevant because of the contracted workers through the contractors. No massive labor influx is expected for the rehabilitation type of works. Given that the works will be of the rehabilitation natures, no labor influx is expected. The GBV type or risks would be minimal mostly because low number of workers at site. So the GBV risk is low also because it is not expected that there will be workers from outside of the region or even less likely workers from foreign countries. There are lot of companies within Serbia that are able to conduct rehabilitation works on railways Most probably the employment will be generated at local level. The Project through TA component could help the passenger railway company to improve customer relations which would be proposed through Project-related stakeholder engagement plan. By improvement of the customer relations for the Serbia Voz (passenger railway company) the direct benefits will be felt by the most vulnerable given the lowest cost of public travel is by train, used by the poorest segment of the society. Improvement of the customer relations for the Serbia Cargo will benefit the business sector using the rail cargo transport.

B. Environment and Social Standards (ESSs) that Apply to the Activities Being Considered

B.1. General Assessment

ESS1 Assessment and Management of Environmental and Social Risks and Impacts

Overview of the relevance of the Standard for the Project:

The standard is relevant.

The Project will finance physical interventions in rehabilitation and reconstruction of the existing railway network. A number of interventions, in particular bridges requiring rehabilitation, have been identified along with the sections of the network itself. However, several railway level crossings have not been identified and additional sections of the railway track up to 98 km of total length may also be included.

The ESMF will be prepared for the entire Project. The ESMF will guide the process of due diligence for each of the proposed subprojects that will be defined during implementation. The screening process will include check-lists, possible exclusions and guidance for conducting site-specific ESIA's and preparing Environmental and Social Management Plans (ESMPs). For the sections that are known prior to the Project Appraisal, site specific ESIA/ESMP will be developed during Project preparation period, fully in line with the provisions of the ESMF.

The works are expected to generate environmental impacts such as generation of dust and noise, pollution of water bodies, traffic disruptions and generation of larger quantities of construction waste, including parts of the rails and crushed stone, and hazardous waste that has been accumulated from the train traffic. The impacts of dust and noise, increased traffic and site organization can be addressed through implementation of fairly standard environmentally sound construction practices. The management of construction and hazardous wastes will take into consideration the relevant legislation in Serbia as well as the best international practices for handling such wastes. These provisions will be included in the ESIA and ESMPs and in line with ESS3.

The ESMF will also address the Labor and Working Condition standards and thus the section will include the Labor Management Plan (LMP) addressing potential gaps between Serbia legislation managing labor condition and OHS



issues. The ESMF will include the Stakeholder Engagemetn Framework (SEF) identifying the key stakeholders, as well as vulnerable groups and means for their engagement appropriate for each type of stakeholders and vulnerable groups. The vulnerable groups would include elderly people and the people with disability, so issues of universal accessibility are addressed better.

Furthermore, the proposed cross-cutting TA to inform projects in Phases 2 and 3 should consider the E&S aspects from a project design perspective, not only impact perspective.

Areas where “Use of Borrower Framework” is being considered:

Borrower framework will not be used for the Project in general, nor for its individual components.

ESS10 Stakeholder Engagement and Information Disclosure

The SEF will be prepared by the implementing agency, proportionate to the nature and scale of the Project and its potential risks and impacts. The SEF will differentiate the interested and affected parties but also those who are vulnerable. While the SEF will provide strategic frame for the engagement of different stakeholders. The specific SEPs will propose concrete action plans for engagement for Project activities. For every category of the stakeholders, appropriate method of engagement will be developed. Given that the beneficiary public enterprises are Serbia Voz and Serbia Kargo and the Infrastructure enterprise are providing services to different users the interested and affected parties will be different for the different enterprises. i.e. The SEF will treat mostly users of the railway public transport service users for the Serbia Voz whereas for the Serbia Kargo the interested and affected stakeholder would be enterprises using freight transport. The Project SEF will be used to improve outreach and dialogue between enterprises and the service users. It will also ensure that communities around the construction sites are adequately informed and protected as per the ESMP. Part of the stakeholder engagement plan will be also the Project-level Grievance Readdress Mechanism (GRM).

The ESMF, along with the SEF included in the document, acceptable to the Bank, will be disclosed prior to the Project Appraisal with meaningful public consultations, and will target the various levels of stakeholders at all levels. All site-specific ESIA and ESMPs acceptable to the Bank, should be disclosed and consulted on prior to start of any works.

B.2. Specific Risks and Impacts

A brief description of the potential environmental and social risks and impacts relevant to the Project.

ESS2 Labor and Working Conditions

The standard is relevant. The standard will apply to both workers hired to implement the Project if PIU is formed and to the workers engaged by the contractors and to sub-contractors if engaged. In addition, because of the supply of the construction materials, the potential of applying the standard to primary supply workers will be considered. Risks of labor management issues and the OHS are low to moderate given that the Labor related-laws in Serbia comply with ILO conventions. However, the issues will be further assessed with the LMP, whereby subproject-specific LMP will be prepared as part of the specific ESIA or ESMP. Project-level LMP, acceptable to the Bank, will be prepared, consulted on, and disclosed – prior to appraisal and will be prepared as a part of the ESMF and will accompany the



tendering documents so it is binding for the contractor. Contractors will be required to provide GRM for their employees for the works related to the Project. All contractors will adopt the Code of Conduct for GBV.

ESS3 Resource Efficiency and Pollution Prevention and Management

This standard is relevant, as the works to be financed will include management of large amounts of waste, including parts of the old railroad track and railroad ties, and crushed railroad ballast rock. Portions of this waste can have hazardous characteristics and will need to be managed in a manner that is prescribed for such wastes, so as to minimize pollution and risks to human health. Management of these wastes includes not only the final disposal, but also the manner in which the wastes are collected, stored and transported to the site, taking into consideration protection of the surrounding environment and worker health and safety. The quantities of such wastes will be determined for each of the sites prior to the start of works and adequate Waste Management Plans will be prepared as part of the site specific ESMPs. The amount of such wastes cannot be determined at this stage, but usually hazardous pollutants are found in a 30 cm layer of soil of the railway shoulder on both of its sides. It is usually estimated at 20-30 kilograms per meter length of the rail.

In addition to this impact, the waterways under the bridges selected for reconstruction will need to be protected from possible pollution during works. The specific requirements of this standard will be integrated into the ESMF for the Project, and in more detail within each site specific ESIA/ESMP. All waste management activities need to also include adequate mitigation and rehabilitation practices, as appropriate. The ESMPs should include a Waste Management Plan that would determine the quantities of waste, their categorization as per the EU Waste Catalogue, and the proposed handling, storage, transport and disposal measures.

ESS4 Community Health and Safety

This standard is relevant. OHS standards will apply for the workers hired by the contractors and sub-contractors. It is not expected that a significant volume of traffic is generated by the project, but in case the works will be carried near the inhabited areas the traffic management plans will be prepared and accordingly followed. The community health and safety impacts will be addressed in site specific ESIA/ESMPs, in line with the guidelines provided in the ESMF. In compliance with the standards as feasible universal access will be secured for the proposed pedestrian bridges or and pedestrian walkway bridges. Management of construction wastes and hazardous wastes needs to be conducted in a manner that would safeguard the environment and the communities where the disposal is planned. All waste management activities need to also include adequate mitigation and rehabilitation practices, as appropriate. Application and relevance of the standard for the security personnel will be defined during the implementation.

ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement

The standard is not relevant for the Project

ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources

This standard is not currently relevant.



The Project activities will not go beyond the existing railway tracks and will not be conducted in areas that are of significance to biodiversity conservation or are under any protection regime. Should any activity within a protected area (or one that may affect critical habitats or protected species) be proposed at a later stage, the ESMF will include provisions to identify the adequate impacts and mitigation measures, which will include but not be limited to a biodiversity assessment.

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

The standard is not relevant for the Project

ESS8 Cultural Heritage

The standard is not relevant for the Project as all works are to be carried out within the existing railway network and there are no identified cultural heritage sites. The ESMF and the site specific ESIA/ESMP will include precautionary provisions on chance finds.

ESS9 Financial Intermediaries

The standard is not relevant for the project

C. Legal Operational Policies that Apply

OP 7.50 Projects on International Waterways

No

The Project will not support any works directly on international waterways or tributaries there of. There will be works on bridge rehabilitation, and the ESMF and site-specific ESMPs will provide guidance for protecting river bed from pollution and littering during works on bridges. As such, there are no possible impacts on the water quality or quantity to the riparians associated with these works.

OP 7.60 Projects in Disputed Areas

No

III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE

A. Is a common approach being considered?

No

Financing Partners

No other financing partners

B. Proposed Measures, Actions and Timing (Borrower’s commitments)

Actions to be completed prior to Bank Board Approval:

ESMF to be prepared, disclosed and consulted before appraisal.

Public Disclosure



LMP to be prepared, disclosed and consulted on before appraisal
SEF to be prepared , disclosed and consulted before appraisal

Possible issues to be addressed in the Borrower Environmental and Social Commitment Plan (ESCP):

Hiring of environmental and social specialist in the PIU established within the MCTI to be a condition for effectiveness.

Site-specific ESIA/ESMPs to be prepared, disclosed, consulted with stakeholders and finalized to the Bank’s satisfaction prior to tendering of works for any given site

Subproject-specific LMPs and SEPs to be prepared (or included as part of ESIA/ESMP).

C. Timing

Tentative target date for preparing the Appraisal Stage ESRS 31-Dec-2019

IV. CONTACT POINTS

World Bank

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Borrower/Client/Recipient

Borrower: Ministry of Finance

Implementing Agency(ies)

Implementing Agency: Ministry of Construction, Infrastructure, and Transport

Implementing Agency: Serbia Railways Infrastructure

V. FOR MORE INFORMATION CONTACT

Public Disclosure



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VI. APPROVAL

Task Team Leader(s):	Victor A Aragonés, Svetlana Vukanovic
Practice Manager (ENR/Social)	Darejan Kapanadze Recommended on 15-Nov-2019 at 08:51:22 EST
Safeguards Advisor ESSA	Nina Chee (SAESSA) Cleared on 23-Nov-2019 at 16:37:8 EST