



# Additional Financing Appraisal Environmental and Social Review Summary Appraisal Stage **(AF ESRS Appraisal Stage)**

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**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Borrower(s)	Implementing Agency(ies)
Western Balkans	EUROPE AND CENTRAL ASIA	Republic of Serbia, Bosnia and Herzegovina	Republic of Serbia Ministry of Agriculture, Forestry and Water Management, Montenegro Ministry of Agriculture and Rural Development, Republika Srpska Ministry of Agriculture, Forestry and Water, Republic of Serbia Ministry of Construction, Transport and Infrastructure, International Sava River Basin Commission
Project ID	Project Name		
P180507	Sava and Drina Rivers Corridors Integrated Development Program Additional Financing		
Parent Project ID (if any)	Parent Project Name		
P168862	GEF Sava and Drina Rivers Corridors Integrated Development Program		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Water	Investment Project Financing	3/6/2023	7/3/2023

Public Disclosure

Proposed Development Objective

The Objective of the Project (Phase I of the Program) is to improve flood protection and enhance transboundary water cooperation in the Sava and Drina Rivers Corridors.

Financing (in USD Million)	Amount
<b>Current Financing</b>	<b>151.50</b>
<b>Proposed Additional Financing</b>	<b>46.65</b>



**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]**

This project (Phase I of the SDIP MPA Program) will focus on four pillars of activities: 1) integrated management and development of the Sava River Corridor; 2) integrated management and development of the Drina River Corridor; 3) Project preparation and management; and 4) Enabling regional cooperation.

Activities proposed under this program are well aligned with the World Bank’s twin goals, with the priorities set out by the national governments of the program’s beneficiaries, and with EU policy goals for the region. The Regional Program aligns with development priorities identified in each nation’s Country Partnership Framework (CPF) . Common development priorities stated in the CPF across Sava River Basin riparian countries include investments in economic infrastructure to enhance growth, improvement of coping capacity against environmental risks, and protection of natural resources to achieve sustainable growth. It builds on lessons learnt from recent and ongoing activities at national and regional level in partnership with the European Union and stakeholders of the Sava and Drina River basins.

Phase I activities have been identified and prepared through ongoing Bank support in the region as well as other initiatives financed by national resources and other financiers. This phase will allow trust-building and learning while financing activities of limited complexity and interdependency. Sub-projects will be implemented at national level and will have cumulative regional benefits. Phase I will also finance the preparation of additional transformational, multi-purpose regional investments to be financed under Phase II.

**Component 1: Integrated Management and Development of the Sava River Corridor**

This component will finance investments in renovation and upgrading of flood protection infrastructures and facilitate inland waterway freight transport. These activities will reduce the risk and impact of floods, thereby increasing the resilience of the riparian countries to these climate change-related threats. Requested GEF funding will support the prioritization and preparation of some activities. The component will also finance activities needed to enable improved navigation including demining of the right bank of the Sava river. In light of the socioeconomic and ecological significance of the Sava river, there has been a longstanding interest in removing mines and UXO from the Sava’s right bank in BiH (including demining and unexploded ordinance -UXO removal in a highly selective manner in the Sava river fairway). BHMACH has conducted surveys and demining action engineering designs to carry out this work, but the associated mine action has not proceeded due to lack of funding. It is in this context that SDIP proposes the mobilization of grant funding to demine the right bank of the Sava river in BiH, thereby effectively unlocking the river to investments and myriad economic activities linked to the river for decades to come, including key navigation and port expansion investments proposed under SDIP’s Phase II.



The component also includes cargo handling capacity expansion, equipment modernization, multimodal links, and navigation channel improvements at the port of Sremska Mitrovica, , to allow for the handling of up to 1.5 million tons of dry bulk, liquid bulk, and general cargo—including containers. The sub-project will provide direct road and rail connections between the port and an adjacent inland rail intermodal terminal, thus promoting the use of combined transport with lower-emission, lower-cost modes like rail freight and inland waterway transport.

**Component 2: Integrated Management and Development of the Drina River Corridor**

This component will support multipurpose investments along the Drina to reduce the risk and potential impact of floods. It may also support preparatory interventions that will optimize reservoir operation and protect environmental assets of global value to be implemented in Phase II. This component will facilitate the implementation of actions, management measures and investments identified by the Drina Strategic Action Plan being prepared under the ongoing Western Balkans GEF-SCCF Drina River Basin Management Project and investments identified through the ESMAP Integrated Water and Hydropower Development Project. All the above measures will contribute to increased resilience of the riparian countries to floods. Requested GEF funding will support the prioritization and preparation of these activities.

**Component 3: Project preparation and management**

This component will support: 1) preparation of Phase II regional activities; and 2) operational costs, consultancies, non-consultancy services, and goods required for the establishment and operation of the Regional Implementation Unit and national PIUs.

**Component 4: Regional activities**

This component will support policy dialogue, consultations, preparation of plans and studies, and investments to strengthen the nexus between water services and connectivity with the regional development and economic cooperation objectives of the Sava and Drina Corridor. Examples include, River Basin Management Plans and Hydrological assessments, etc. This component will also finance planning and development of tourism in the Sava-Drina corridor including the designing of Master Plans for Tourism. River Basin Management Plans and Hydrological assessments will ultimately support integrated water resources management, thereby indirectly increasing the resilience of riparian countries to climate change; Requested GEF funding will co-finance measures related to river basin planning and management, flood monitoring network, institutional capacity building, and studies that inform or prepare future investments.

**D. Environmental and Social Overview**

D.1. Detailed project location(s) and salient physical characteristics relevant to the E&S assessment [geographic, environmental, social]

A pivotal feature of the Western Balkans region is the Sava River Basin, one of Europe’s largest transboundary basins. It covers over one third of the Western Balkans in area and population and connects five Western Balkan countries (Slovenia, Croatia, BiH, Serbia, and Montenegro). The Drina is the Sava’s largest tributary, draining over 20,000 km<sup>2</sup> area. The economy and jobs in the region depend heavily on these shared water resources, to transport goods, generate energy, grow food and fibers, sustain biodiversity, as well as provide for leisure and eco-tourism activities. The Sava River Basin has considerable untapped potential as an enabler of economic growth, regional connectivity, resilience and social cohesion, and job creation. Similarly, the Drina corridor has significant potential for food



production, and tourism development. At the same time, the Sava and Drina Rivers caused devastating floods in its catchments, most recently occurring in 2010 and 2014. The trends and changes in mean values of precipitation, evapotranspiration, and discharges in this basin indicate that climate change is expected to cause more intense flood and drought episodes, both in terms of scope and duration. The hydraulic infrastructure in the Sava and Drina River Basin, while nominally extensive, has been poorly maintained and only partially modernized and expanded since the Balkans War of the 1990s and the breakup of Yugoslavia, hampering regional economic integration and suppressing growth. The 2014 floods have shown the importance of improved management and protection of its existing infrastructure.

The Sava and Drina river corridors integrated development (SDIP) program, focused on integrated water resources management and development, can facilitate a transition from fragmented, country-specific actions to joint decisions and concrete investments in infrastructure and complementary measures. Phase 1 of the SDIP Program builds on existing cooperation at the country and the regional levels, and drawing on the growing body of studies and analyses. Importantly, the cooperation would specifically aim to strengthen the capabilities and economic development of the riparian countries, by jointly selecting priorities for support in technical assistance, dialogue, institutional strengthening, and investment. The phased approach allows translating technical analysis and joint objectives into operational investment proposals with gliding time-frames to accommodate the time scales and complementarity of the different preparatory interventions. Phase I will implement no or low regret interventions with high technical readiness and limited complexity. In parallel, detailed engineering designs for Phase 2 activities will be prepared during project implementation in accordance with World Bank and European Union good practice and policy.

Proposed activities under this Phase 1 of the Program mainly include construction and rehabilitation of embankments and river training for flood protection, and regional studies, taking an integrated approach. The Operational Policy OP 7.50 on International Waterways has been triggered and all riparians have been notified during the preparation of the Parent project, in line with the Policy. All communication and coordination is being carried out through the International Sava River Basin Commission (ISRBC), which is also the Regional PIU for the GEF financed AF for Component 4.

This project will also pave the way for more extensive navigability improvement interventions that will be implemented in Phase 2, while specific improvements of the port in Sremska Mitrovica will be carried out in Phase 1. The SDIP Program will contribute to the objective of FASRB by supporting the implementation of an initial set of works in selected sites where the navigation is impeded because of the lack of sufficient draft, insufficiently protected banks, the presence of debris, sharp bends, and other obstacles in the river fairway, and a lack of modern navigational aids. The removal of these bottlenecks will increase the level of navigability to Class IV standard, expand navigability access from 160 to 240 days a year, and benefit other sectoral purposes, such as flood protection, eco-tourism, trade, and industrial development. This phased approach to the upgrading of the fairway is consistent with the financial capacity of the countries and with the parallel development of technical and economic studies and designs of future interventions. The increase of the demand of service and traffic will grow gradually along with the capacity of the shipping companies and the renovation of their fleets.

Through two Phases of the Program, it will work with the national and local authorities located throughout the riparian countries, with potential investments identified at over forty locations, mostly at or immediately adjacent to the rivers Sava and Drina, although some of investments may be located at the wider catchments. The program will directly impact a population of over 8 million people in the river basin. The affected population are likely to have some vulnerable groups such as Roma and IDPs and refugees which the Social Assessment has taken into account.



Within the first phase demining activities will be conducted as a precondition to the waterway improvements in BiH and Croatia that are envisaged for Phase 2 (2023-2030). A number of preparatory activities and design documents for Phase 2 will also be prepared under Phase 1. It is important to note that all such documents will include adequate environmental and social provisions from a design standpoint. According to Bosnia and Herzegovina Mine Action Center (BHMIC), an area of 9.9 million m<sup>2</sup> along the Sava River bank right need to be demined or technically assessed. These sites are located in 10 municipalities, while the exact locations to be demined under SDIP are to yet be confirmed.

The three Environmental and Social Management Frameworks (ESMFs) prepared for the parent project provide a very detailed environmental and geographical baseline of the Sava and Drina River Basin. The Drina river is the largest tributary to Sava, which in turn is the largest tributary of the Danube river which then discharges into the Black Sea. The Drina River Basin (DRB) has a surface area of 19,680 km<sup>2</sup> and spreads over territory within principally three riparian states: Bosnia Herzegovina (BiH), which is subdivided into two entities (Republika Srpska (RS) and Federation of Bosnia-Herzegovina (FBiH) and District Brcko (DB) ; the Republic of Montenegro and Serbia. The DRB is characterized by a high level of biodiversity and it hosts a variety of habitats, from mountains and glaciers, to canyons, forest, meadows, wetlands and underground rivers. Many endemic and threatened species have been discovered in this region. National Park Drina was established in BiH in 2017, while in Serbia NP Tara exists since 1981 along with six other protected areas. NP Tara is 80% covered with forests. There are 34 forest and 19 meadow communities. 75% of forests are mixed spruce-fir, fir and beech. In the Montenegrin part of the DRB, the valleys of Piva and Tara Rivers are characterized by a high floristic diversity. In the Montenegrin part of the DRB, there are 5 protected areas that cover about 7.3% of the DRB territory in Montenegro. Due to its climate and isolation Tara preserved ancient species of trees such as Panic spruce and other almost fossil species of plants.

Sava River is the third longest and the largest by discharge tributary of the Danube River. The length of the Sava River from its main source in western Slovenian mountains to its mouth to Danube in Belgrade is about 944 km. The Sava River Basin (SRB) , with the area of 97,713 km<sup>2</sup>, covers considerable parts of Slovenia, Croatia, Bosnia and Herzegovina, Serbia, Montenegro and a small part of the Albanian territory. The Sava River is an international waterway Class IV, a standard that mandates the provision of safe navigation conditions for vessels up to 1,500 tons in capacity, with a least available depth (LAD) of 2.5 meters for 300 days per year. At present, however, these conditions are not met. Specifically, the Sava meets Class IV standard only through approximately the last 103 river km of its fairway—i.e., at its most downstream and busiest section, between Sabac and Belgrade, all within Serbia. Upstream from Sabac, the Sava river is generally considered Class III standard or below, consistent with navigation of vessels up to 700 tons in capacity, and, as noted earlier, only for approximately 160 days per year in some sections. Within the SRB there are four eco-regions: Alps, Dinaric western Balkan, Hellenic western Balkan and Hungarian lowlands. The Sava River Basin is of high significance due to its outstanding biological and landscape diversity. It hosts the largest complex of alluvial wetlands and large lowlands forest complexes. Some of these floodplains are still intact and support flood alleviation and biodiversity. Sava riparian countries have designated six sites in the SRB according to the Ramsar Convention.

The SRB area is known to be rich in cultural and historical monuments, including bridges, necropolis, old towns, mosques, churches etc. including the Mehmed Paša Sokolović Bridge on Drina River in Višegrad, inscribed in the World Cultural Heritage List - UNESCO.

The main identified pressures within the Sava River Basin and Drina River Basin include organic and nutrient pollution from anthropological activities (mainly municipal and industrial wastewater, waste dumpsites and agricultural activities) along with hydro-morphological alterations. Frequent amassing of plastic wastes has been noted. Despite the indication of low concentrations of heavy metals in the Drina River, increased values have recently been noted due to antimony mines and the exploration of, among other things, gravel and quartz sand.



#### D. 2. Borrower's Institutional Capacity

SDIP is currently implemented by the three participating countries in a coordinated manner through Project Implementation Units (PIUs) established in the line ministries of Montenegro, Serbia and BiH (RS). At the regional level, a regional task force consisting of the existing International Sava River Basin Commission (ISRBC), members and senior officials from key sectors such as water, transport, energy and tourism facilitate dialogue and cooperation in the region. This committee also provides strategic oversight and guidance for the implementation of regional activities in addition to national subprojects, ensuring stronger dialogue, integration and knowledge sharing. Under the Additional Financing processed for this Project in 2022, a PIU is to be established within the ISRBC to implement GEF-financed regional activities under Component 4. The Bank already has a considerable experience of working with the ISRBC in several regional projects in the Balkans and will build on this experience with regard to filling capacity gaps and establishing smooth working procedures.

At the national level, implementation is ongoing through the project implementation units within line ministries of each country/entity. Additionally, in Bosnia and Herzegovina, BiH Ministry of Foreign Trade and Economic Relations and BiH Ministry of Transport and Communication as a member of ISRBC will be engaged and informed on the implementation of regional activities. In Federation of BiH, the existing PIU within FBiH Ministry of Agriculture, Water Management and Forestry will be responsible for implementation of the activities in FBiH. Federal Ministry of Transport and Communications, Water Agency Sava and other institutions responsible for particular sectors (navigation, flood protection, tourism) will provide technical support. . In Republika Srpska, the existing PIU within RS Ministry of Agriculture, Forestry and Water Management will implement the project, and technical support will be provided from Ministry of Transport and Communications, Ministry of Spatial Planning, Construction and Ecology, Water Agency and other relevant institutions. A dedicated PIU within the Departments of the District Brcko Government has been established and has participated in preparation of the AF, to follow with the actual implementation of the activities in Brcko, with the formal title being Brčko District International Projects Implementation Unit.

Activities related to demining in Bosnia and Herzegovina will be implemented through the BiH Ministry of Transport (MOT), however all works will be conducted in cooperation with the BHMAL. The BHMAL was established in 1996 as the United Nations Mine Action Center (UNMAC), and remains the single, state-level authority on the technical aspects of demining in country. The demining works in the right bank of the Sava will be conducted following BHMAL's International Mine Action Standards (IMAS)-based Standing Operational Procedures for Humanitarian Demining (SOPs) . The SOPs lay out the specific technical skills; technical steps and methodologies; work approaches; sampling and surveying approaches; equipment testing and verification approaches; technology solutions to be used; health and safety approaches to protect contractors and the general public; public consultation requirements and procedures; mine and explosive material disposal requirements and approaches; and related actions necessary to ensure robust and safe demining outcomes based on risk mitigation. SOPs will guide the implementation of demining activities under SDIP, with the direct involvement of BHMAL as lead technical agency. BHMAL has no experience with World Bank ESF, but has extensive experience in coordinating demining activities and will provide technical inputs throughout the demining operations. The site specific Environmental and Social Management Plans (ESMPs) for the demining will integrate both, the IMAS based SOPs and the World Bank ESF requirements. The state level MOT has previous experience in preparing World Bank projects but has no practical ESF experience. The activities related to demining will need to be done in close cooperation with the BHMAL, the PIU environmental and social specialist but also with the World Bank environmental and social and procurement specialists.



Under the parent project, for Serbia, two PIUs exist, one within the Directorate for Water Management of the Ministry of Agriculture, Forestry and Water and the second within the Ministry of Construction, Transport and Infrastructure that solely deal with the activities related to the port of Sremska Mitrovica . In Montenegro, a Project Management Unit (PMU) is within the Ministry of Agriculture and Rural Management. None of the activities supported under the AF are implemented in Serbia, Montenegro or Republika Srpska of BiH. The AF shall focus solely on including activities already planned for FBIH and DB as well as the demining to be implemented at the level of BiH.

For the purposes of the AF, the PIU/PMU responsibilities and structures shall follow those of the units already established under the Parent project. These include PIUs being responsible for the implementation of the assigned national project activities, carrying out procurement and supervision/monitoring of contracts, maintaining effective internal control procedures, accounting for expenditures in their existing budgetary accounting systems, receiving funds, making payments and providing the documentation and information related to use of the loan/grant proceeds, statement of expenditures (SOE) documentation of the eligible expenditures, project reporting and monitoring. The PMUs in Serbia and Montenegro will be technical units with the fiduciary responsibilities being undertaken by the CFU and TSU in the respective Ministries of Finance.

The PIU in FBIH already has an experienced environmental and social specialist, while the PIUs in Brcko and State level MOT will appoint or hire adequate and commensurate to project scope environmental and social specialists. This is adequate considering that all of the due diligence documentation to be prepared during implementation will be outsourced to consultants and supervised by the PIU specialists. If needed, additional support, including an OHS specialist for construction works, liaison or communication officers, or stakeholder engagement specialists will be hired.

**II. SUMMARY OF ENVIRONMENTAL AND SOCIAL (ES) RISKS AND IMPACTS**

**A. Environmental and Social Risk Classification (ESRC)**

High

**Environmental Risk Rating**

High

The Program encompasses the Sava River Basin (with some 97,713 km2 area) and the Drina River Basin (with some 20,000 km2 area) and involves all riparian countries in strategic and planning dialogue (Slovenia, Croatia, Bosnia and Herzegovina, Serbia, and Montenegro). The two river basins, pivotal to the economic and transport development of the region also present a highly unique area with rich biodiversity, cultural heritage and unfortunate degradation of the water resources through a number of man-made activities. The activities to be supported include a variety of sectors, issues and stakeholders. Through two Phases of the Program, there are at least forty identified locations, mostly at or immediately adjacent to the rivers Sava and Drina, although some of investments may be located at the wider catchments. The first phase (2020-2026) will include activities on flood protection and environmental management, improvements at the port of Sremska Mitrovica and associated facilities, regional dialogue and studies, along with demining activities of the Sava waterway in order to lead into the Phase 2 and improving of the navigability of the Sava river. A number of preparatory activities and design documents for Phase 2 will also be prepared under Phase 1. All of the documentation, plans, programs and studies developed to feed into the future phases will consider all of the relevant environmental and social issues from a project design perspective, and not only impact perspective. All regional planning activities will need to be followed by Strategic Environmental and Social Assessments (SESAs) and sectoral ESAs which will need to be developed on an approach that can reflect the regional nature of the

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activities, and will not be linked to one single national environmental legislation. As there is a varied stage of implementation capacity and enforcement mechanisms at the national and entity institutions dealing with environmental management, environmental assessment, monitoring and river basin management, this Program will require a number of steps and activities to bring all participating institutions to the same level. Some challenges that remain include insufficient experience of multi-stakeholder discussion, analysis and prioritization for use of water resources within the Basin, faced by all implementing agencies. The Program will need to ensure participatory approach of all relevant stakeholders and support in development of the policy dialogue aiming at multi-purpose water use with simultaneous protection and enhancement of the existing natural resources. The actual impacts of the known activities are also varied. Civil works related to water training works, dredging and port development may contain significant environmental risks/impacts; several protected natural areas or cultural heritage sites may be directly or indirectly impacted by the Program. The high level of biodiversity both in the adjacent areas as well as the river itself need to ensure all risks and impacts be assessed and adequately managed. Management of negative impacts on biodiversity and habitat preservation needs to be undertaken in accordance with the legally binding national, international and Bank's procedures. Program's activities may include works at the existing reservoirs, which are associated with safety of dams. Implementation of the Program may be undertaken at locations that include ports, cities and old fortifications that encompass tangible cultural heritage, which should be protected and considered as an aspect of sustainable development. Demining operations also have a potential to impact the quality of soil, water and biodiversity. Although the activities that have been identified as ready for Phase 1 of the Program may not have high risks associated, due to the number of complexities already listed, overall the environmental risk of the parent project is rated as high. This AF, as part of the parent project is also high risk.

**Social Risk Rating**

High

The social risk of this project is rated high due to the following identified issues: - Stakeholder engagement: There is a high risk of delays in decision making, due to different interests and poor coordination and clear procedures between member countries. In addition, the nature of the investments (especially impacts on reservoirs) can evoke resistance from civil society groups due to resettlement and environment impacts - Land acquisition: Activities such as construction of dykes, dredging, river training and increasing river storage could have impacts on involuntary land acquisition. This is particularly risky in more populated urban areas. In addition, building dykes and protection of environmental areas could restrict access to economic resources for people along the river. - Community health and safety impacts; For flood protection measures to be most effective, they should be combined with good training and community response plans and information networks to flood forecasting centers. Without this element, the infrastructure solutions risk compromising their outcomes. At this point Borrower commitment to investing in the softer community preparedness side of flood management is not very strong. - Cultural Heritage: Civil works for ports, river dredging and training works etc. may impact physical cultural resources. Also any significant resettlement in case of planned reservoirs or for new ports may affect intangible cultural heritage and these impacts will need to be mitigated. - The social assessment studies have screened for all the above likely risks, with a focus on phase 1 activities. Due to localized nature of civil works expected within activities under the AF, labor influx is not expected, nonetheless, the risk rating of high, corresponds to the parent project risk rating.

**Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) Risk Rating**

Low

According to the the World Bank's SEA/SH Risk Screening Tool the SEA/SH risk is rated as low. The project will finance midscale civil works in regard to which the employment will most probably be generated at the local level, thus minimizing the risk of labor influx and consequently of Sexual Exploitation and Abuse (SEA) and Sexual Harassment (SH). SEA, and especially SH is however always possible during construction, although rated as low. Project-related



SEA/SH risks will be managed with introduction of Code of Conduct for workers, SEA/SH sensitive grievance mechanism, and awareness raising for all project workers.

## 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:**

This standard is relevant.

Based on the current Program's description in particular that of the Phase 1 activities, environmental risks relate to air, land, soil, water, protected habitats, flora and fauna, culture heritage, communities, etc. Activities proposed and currently ongoing for Phase 1 were assessed of a moderate environmental risk and include flood protection construction, existing landfill remediation, reconstruction of a warehouse and river bed training, the overall scope of the program includes a number of countries and activities that are not yet defined, and may have substantial and high environmental and social risks associated with them. Beyond these activities, the risk associated with the demining activities in Bosnia and Herzegovina on the right bank of the Sava river is high as it relates to a number of institutions and protocols to be followed, and includes high risk UXO removal.

As such, a range of different tools will be used throughout the Project cycle:

- Environmental and Social Management Framework has been developed to set up principles, rules and procedures to assess environmental and social risks for each of the countries participating in Phase 1 of the Program (Bosnia and Herzegovina, Serbia and Montenegro). Each of the ESMF reports, in line with the mitigation hierarchy, contains measures and plans to reduce, mitigate and offset adverse risks and impacts, and includes relevant parts of WBG EHS Guidelines. Each of the ESMFs provides an overview of the capacities, environmental and social procedures, legislation and institutions and identifies gaps between the existing capacities and processes with those required under the ESF. The ESMFs also provide a fairly broad baseline of the conditions and environmental and social specificity of the two river basins. The ESMF will also screen out all associated facilities including dams and reservoirs, as defined under ESS1. The ESMF has been reviewed during the preparation of the AF, and updated accordingly. During Appraisal of the parent project, the ESMF already included provisions on activities and implementation within FBiH, District Brcko and the institutional arrangements for demining at the level of the State (BIH MOT).

- SESAs will be developed as well as River Basin Management Plans, which will among other issues also evaluate impacts of proposed alternatives and recommend measures to strengthen environmental and social management within the River Basin.

- ESMPs will be prepared for specific investments that will be funded by the Program that include civil works. ESMPs will include actions and measures to eliminate, reduce and offset adverse environmental and social impacts, OHS risks. For the two project activities known and defined by parent project Appraisal, site specific ESMPs have been prepared. These include Embankment stabilization of left Sava River dyke in Popova Bara and Reconstruction of a flood management supplies warehouse in Surcin (Serbia). The ESIA for the improvements of the Sremska Mitrovica port will be developed during implementation, as more of the details and scope of works become known.

Demining operations have a potential to damage the environment, not only because of the short-term effects caused by demolition activities, but long-term effects that may be caused by contamination of soil and water systems, removal of vegetation, disruption to watercourses or changes to soil structure. Demining operations may



also damage the natural habitats of insects and wildlife and affect areas of historical or cultural significance. The development and implementation of a site-specific ESMP based on the Standing Operational Procedures for Humanitarian Demining (SOP) and the International Mine Action Standards (IMAS), will help minimize and prevent the identified negative impacts. In the implementation phase, the projects are expected to bring positive E&S benefits in terms of protection from flood but also through demining, reforestation and protection of ecological environment and biodiversity.

- All technical assistance, design documentation and other preparatory instruments to be developed under the Phase 1 of the Program will also integrate environmental and social protection measures from a design standpoint and not just identification and mitigation of associated impacts.
- Stakeholder engagement: It will include an identification and capacity assessment of a range of Stakeholders, as the success of the Program is highly dependent on good coordination between a wide set of institutions. Activities will impact communities: worker influx and camps, land acquisition from civil works resulting in relocation but also restriction of access to economic resources for people along the river. The screening will consider the scope for including training and community response plans. It will also include the potential cultural heritage sites and possible impacts on non tangible heritage. Impacts on vulnerable groups (eg access to people with disabilities, where feasible) will also be included.

The Serbia ESMF, ESCP, RPF, SEP and LMP were disclosed on 19 December 2019, with public consultations held on 30 December 2019 in Belgrade.

The Bosnia and Herzegovina ESMF, ESCP, RPF, SEP and LMP were disclosed on December 31, 2019 , with public consultations held on January 29, 2020 in the City of Banja Luka. For the purposes of the AF, the revised EMSF, ESCP, RPF, SEP and LMP will be disclosed in March 2023 with consultations in Sarajevo and Brcko.

The Montenegro ESMF, ESCP, RPF, SEP and LMP were disclosed on December 30, 2019 , with public consultations held on January 24, 2020 in Municipality of Bijelo Polje

### **ESS10 Stakeholder Engagement and Information Disclosure**

The Sava and Drina Rivers Corridors Integrated Development Program (SDIP) covers Bosnia and Herzegovina, Croatia, Serbia, Montenegro and Slovenia. This is the full set of riparian countries in which these river basins lie. Slovenia is only marginally affected but included in the project (with regard to the study) since it is part of the riparian group. Consultations relevant to the Program and parent Project are limited to this full set of riparian countries. The program directly impacts over 8 million people.

This AF covers already planned activities in FBiH and BD as well as BiH state level demining activities on the beds of the Sava River. Accordingly, stakeholder engagement activities and consultations will focus on stakeholders from Project affected areas.

There are likely to be vulnerable sub groups like the Roma as well as IDPs, refugees and women headed households. The ESMF and RPF will screen for these groups as we assess each sub-project. If the screening detects that vulnerable groups are affected by the respective subproject, the site specific instrument (RAP, ESMP) will propose targeted actions to mitigate the impacts on such groups. In addition, in such cases the detected vulnerability will be taken into



account when designing consultation strategies and sub-project design activities. When stakeholder engagement activities are designed for vulnerable people the project will ensure that alternative communication/consultation methods are incorporated so that these groups can equal access project benefits and voice their concerns. (e.g. consultations with Roma people will be organized in a time and fashion that will not interfere with their everyday activities; consultation with groups with low literacy and ICT knowledge (i.e. urban poor) will include specialized visual aids or hotlines etc.)

The SDIP, as well as this AF, has a complex institutional setup and depends on coordination between many institutions, some still to be set up. As some haven't worked together earlier, there is risk of delays in decision making, differing interests, poor coordination and unclear procedures between countries. The International Sava River Basin Commission (ISRBC), setup in 2005, serves as an important platform for multilateral dialogue in the region. Based in the considerable experience accumulated in the ISRBC and at the Bank in the joint implementation of regional projects in the Balkans. The Program will work with relevant institutions which have a policy advocacy role in each country. There will be a governance system at regional level structured in three layers: (i) a Program Steering Committee at Ministerial level to oversee policy decisions at basin level to enable implementation; (ii) a Regional Program Coordination Unit (RPCU) at agency level to coordinate the agencies implementing sub-projects; and Regional Working Groups (technical) constituted by experts to review and discuss annual investment plans. On a national, as well as technical level the SDIP is at the moment implemented by 5 PIUs: in Croatia (PIU within the ISRBC), in BiH (RS- PIU within the RS Ministry of Agriculture, Forestry and Water Management), in Serbia (2 PIUs: within the Directorate for Water Management of the Ministry of Agriculture, Forestry and Water and within the Ministry of Construction, Transport and Infrastructure) and in Montenegro (PIU within the Ministry of Agriculture and Rural Management). The AF will introduce 3 new PIUs in BiH for the proposed activities: for activities in FBiH (PIU within FBiH Ministry of Agriculture, Water Management and Forestry), for activities in BD (PIU within the Departments of the District Brcko Government) and for demining activities (PIU within the BiH Ministry of Transport and Communication; technical support by the BiH Mine Action Center (BHMACE)).

There is need to establish procedures for decision making cascades between institutions/countries. With this aim, the AF will engage all relevant stakeholders, including:

- governmental stakeholders, inter alia, the above mentioned implementing institutions ensuring thereby that bottlenecks and opportunities for improvement are identified and that improvements made are shared and sustained across relevant institutions
- nongovernmental stakeholders, including, but not limited to local community impacted by the demining activities on the right bank of the Sava in BiH, people affected by land acquisition, local communities affected by civil works, and flood protection interventions.

During preparation of the parent Project, a SEP has been prepared for each country which looks into the technical capacity of the agencies responsible for the different E and S standards and identifies capacity gaps that the program will then be responsible to fill. Considering that the SEP for BiH already included the activities and institutional arrangement relevant for this AF, this SEP was subject to minor edits to reflect details on actual PIUs and add limited additional detail on the possible locations of works to be performed. The identified Project Affected People (PAPs) are people affected by land acquisition, losing access to river resources and Other Interested Parties (OIPs) include energy users, env. groups, civil society, water user groups, local labor etc. The SEP outlines the institutions responsible for carrying out the stakeholder engagement both at the project and sub-project level. This will continue



throughout the life of the project, including identification of impediments for meaningful engagement, and the stakeholder engagement activities will be adapted to mitigate any impediments.

The BiH SEP was disclosed on December 31, 2019, with public consultations held on January 29, 2020 in the City of Banja Luka. For the purposes of the AF, the revised SEP will be disclosed in March 2023 with consultations in Sarajevo and Brcko.

A GRM accessible to all stakeholders was established in all PIUs implementing the parent project, as per requirements laid out the country SEPs. Same requirements will apply when establishing GRMs in PIUs that will implement the AF.

## **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 AF related activities includes construction and reconstruction of embankments and dykes; river bed and reservoir dredging; various forms of river training etc. The project will impact both direct and contracted workers who will be expected to comply with ESS2 requirements. Primary Suppliers may also be relevant to the Project. The primary suppliers would be companies that supply various construction materials such as crushed stone, geotextile, sand, gravel, etc. For any supply chain adequate management systems and controls must be in place to ensure compliance with the National law and the requirements of ESS1, ESS2 (in the area of child labor, forced labor and serious safety issues which may arise in relation to primary suppliers).

LMPs have been developed for each country which details how compliance will be done, by whom and under what laws in each country. It details requirements for contractors and others as well as any gaps between ESS2 and national law. Considering that the LMP for BiH already included the activities and institutional arrangement relevant for this AF, this LMP was slightly revised to reflect details on actual PIUs and add limited additional detail on the possible locations of works to be performed.

Unlike the parent Project the AF will not finance major civil works like port rehabilitation and construction, which could involve influx of labor and construction of labor camps. The investments will only include smaller-scale (medium scale, local) works, like embankments, and may use locally based labor.

The demining activities on the right bank of the Sava in BiH have associated risks related to OHS and labor and working conditions. These have been identified and mitigation actions included in the LMP. This includes the need for specialized services, skills and equipment. The demining component of the SDIP will follow not only the requirements of the ESF, but will also integrate the BHMAL Standard Operating Procedures for Humanitarian Demining (SOP) and the principles of the UN-endorsed International Mine Action Standards (IMAS). This set of broad standards addresses all issues related to mining, including worker safety, community safety including emergency preparedness and response planning and OHS. The State BiH Ministry of Transport and Communication (MTC) will be the main implementing agency for this activity while the BiH Mine Action Center (BHMAL) will provide technical



support throughout, to prepare detailed design and tender documentation, as well as monitor and supervise implementation.

These countries implementing the SDIP, including BiH where the AF will be implemented, also have a lot of in migration and refugees so the rights of such persons are clarified in terms of job opportunities and benefits. The types of project workers relevant to the main project worker pool include direct workers and contracted workers for whom this standard will apply. Given the nature of some sub-projects which have construction needs (supply of various materials such as crushed stone, geotextile, sand, gravel, etc.) it might happen that primary suppliers are engaged. Although these impacts are not subject to ESS2, as the Borrower does not have direct control/contract on these workers, it will be regulated through sub-project level ESMPs and Contractors management plans. The E&S studies have screened the relevant aspects of labor codes (in particular with regard to labor management procedures, freedom of associations, etc), and identified gaps for inclusion in commitment plan. OHS/ CHS aspects, Code of Conducts with clear requirements regarding SEA/SH and contractor GRM will be included in relevant contracts in all activities. The LMPs also establishes a separate, workers grievance system, which includes provision for SEA/SH mitigation as relevant.

### **ESS3 Resource Efficiency and Pollution Prevention and Management**

The Standard is relevant to Program-related activities that involve preparation of Sava and Drina Management Plans, as well as to construction/civil works related activities. The Program itself is not expected to be a significant user of water, nor have potentially significant impact on water quality. Implementation of various Program-related sub-projects, once defined and agreed between the riparian countries, may produce localized impacts on water use and water quality, although it is not anticipated that these impacts will be major in any sense. These impacts will be further discussed in Program-related River Management Plans, ESIA's, ESMPs and other documents.

Preparation of various documents related to Sava River Management Plan and Drina River Management Plan will, as its prominent feature, include work on water balance assessment, related allocations and optimization scenarios, that will be further reviewed and discussed between stakeholders and endorsed by riparian countries.

Civil works related activities funded by the Program, which by nature require use of the significant quantities of energy, water and raw materials like stone, sand and gravel - need to be managed in such a way to ensure application of good engineering practices and techniques, thus contributing to optimal use of the resources to achieve the designed benefits.

Depending upon its nature, dredging of the river bed and reservoirs will result in production of significant quantities of dredged material that can be classified either as a hazardous waste, non-hazardous waste, or useful resource (sand, gravel). Application of the good engineering practices, sampling and testing techniques (to be specified in ESMPs) would ensure adequate classification of the dredged material and provide possibilities for its future use and/or mode of disposal.

Construction rehabilitation works by its nature include removal of the significant amounts of rubble-type materials that may include various types of waste, including hazardous waste. Due to historic circumstances, it is likely that at some locations the civil works may be contaminated by heavy metals, PCB oils, asbestos etc. It is also possible that old UXO could be encountered, which will need to be dealt with by the appropriate experts or even the police/or army services. Contract for demining will also be provided only to the expert bodies licensed in removal of such ordinances.



The Borrower countries have enacted sector specific laws on hazardous and non-hazardous waste management. However, enforcement of the relevant legislation and corresponding procedures and practices is very limited therefore the Program will use the instruments developed for the Program related activities as relevant, as they surpass the level of due diligence needed. During the Program's implementation, the Borrowers will develop and implement relevant Waste Management Plans and energy optimization plans. While developing the above plans, the Borrowers will draw on WBG EHS Guidelines, as well as the national legislation and codes of good engineering practice.

The activities under the AF do not contribute to additional ESS3 issues being introduced or those that go beyond those identified during Appraisal of the Parent project.

#### **ESS4 Community Health and Safety**

The river basin planning involving dam cascade will have to look at dam safety issues including cumulative impacts. Traffic and road safety mitigation measures will be needed during construction phase. In addition, the Program may consider activities on existing reservoirs and will review the appropriateness/need for preparation of Emergency Preparedness and Response Plans, if warranted. With regard to security, this is not expected to be a concern. Guards are not used on sites in any significant numbers – except few gate keepers at construction sites and night guards to keep the equipment from “misappropriation”.

There is currently no sufficient information to assess the potential impacts on ecosystem services.

As a part of ESA, the Borrowers has, through development of ESMF and ESMPs, identify, assess and evaluate the general and site-specific risks, and design and implement mitigation hierarchy designed measures for reduction of negative impacts on local communities. The risks/measures are related, but not be limited to, general health and safety due to construction activities, exposure to water-borne and vector-borne diseases, risks related to exposure to wastes in uncontrolled dumpsites, road safety, management of hazardous material, and impacts of the works on ecosystem services due to possible negative climate-change impacts.

Where relevant, and particularly related to works on dams and in the existing floodplains, the Program will design and implement the emergency preparedness and response plans in case of natural hazards for the local communities, and organize trainings for the implementation agencies' staff and community members'. The Borrowers will require from the owners of the existing dams included in the Program to adopt and implement dam safety operation and maintenance plans.

The demining component of the SDIP will follow not only the requirements of the ESF, but will also integrate the BHM Standard Operating Procedures for Humanitarian Demining (SOP) and the principles of the UN-endorsed International Mine Action Standards (IMAS). This set of broad standards addresses all issues related to mining, including worker safety, community safety including emergency preparedness and response planning and OHS.

#### **ESS5 Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

The program, as well as the AF has land acquisition impacts that will result in both physical displacement and relocation as well as land acquisition without relocation. The activities such as dykes, dredging, river training and increasing river storage are likely to have impacts on involuntary land acquisition. This is particularly risky in more populated urban areas. In addition, building dykes and protection of environmental areas will also restrict access to



economic resources for people along the river. There is a risk of temporary/permanent economic displacement of existing activities located close to the waterways. The social assessment has screened for all impacts linked to permanent and temporary land acquisition.

Since this is a program and many sub projects are not currently known, Resettlement Policy Frameworks have been developed for each country. Since the WB has substantial experience working across these countries on regional programs, the instrument builds on existing frameworks and where feasible, will continue to be implemented by the agencies who have this experience.

Considering that the RPF for BiH already included the activities and institutional arrangement relevant for this AF, this RPF was slightly revised to reflect details on actual PIUs and add limited additional detail on the possible locations of works to be performed.

The institutional arrangements for approvals and implementation have been laid out in the RPF, along with identified capacity and policy gaps, entitlement matrix and monitoring and evaluation arrangements. The RPF also lays out the procedure for the social screening of individual subprojects that shall identify the need for the preparation of specific Resettlement Plans (RPs). Where there is need RPs will be developed as soon as the specific investments have been identified.

To take into account the mix of ethnic groups in the area, all RAP screenings will screen for vulnerable households including:

- persons living below poverty line,
- elderly agricultural households,
- illiterate persons,
- Roma ethnic minority persons.

### **ESS6 Biodiversity Conservation and Sustainable Management of Living Natural Resources**

The standard is relevant.

Project area is a home of several dozens of nationally and internationally recognized natural and critical habitats, protected areas, National Parks, wetlands, Natura 2000 and Ramsar sites. Preparation of multi-sector River Basin Management Plans and implementation of specific investments that include civil works, if not adequately designed and managed during implementation, could have high negative impacts on natural and critical habitats and the biodiversity of the Region. Similarly, although to a lesser degree, the substantial negative impacts could be felt at the modified habitats, mostly related to floodplains used for agricultural productions, which are located along the river banks. Bearing in mind the wide scope of possible planning measures and specific investments, multi-country and multi-sector approach - at this stage of Program development the specific types, nature and scope of risks cannot be attributed to any specific location, as these will be directly related to particular activities to be included in the River Basin Management Plans, which are to be developed under the Program. SESAs and Regional ESIA(s), to be developed as a part of the Program, will have to identify the types of habitats potentially affected by the Program, provide options for consideration, multi-sector impact analysis, assessments of risks and prioritization of development options. The Borrowers will use the proportionate approach for assessment of the associated





environmental and social risks - based on their likelihood, significance and severity. Multi-stakeholder approach will be included in development of Regional ESIA(s) and SESAs. Where the risks are found to be high or significant, the Borrowers will manage related risks and impacts in accordance with the mitigation hierarchy, including development and implementation of required offsets, as relevant. Site-specific impacts will, in addition to Regional ESIA, be managed through development and implementation of site-specific ESMPs.

The activities under the AF do not contribute to additional sensitive areas being introduced or additional issues that go beyond those identified during Appraisal of the Parent project.

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

There are no communities that fall into this category as defined in the Environmental and Social Framework.

### **ESS8 Cultural Heritage**

This standard is relevant.

The Project area is rich with cultural resources ranging from pre-historic to present time, as Sava and Drina rivers were used as important travel corridors for many centuries. Important Roman and Middle-Age' settlements and fortifications are located and well preserved along Sava River, with settlements of different sizes scattered throughout catchments. Tangible cultural heritage is well documented in several Borrower' countries, although the area is also rich in chance finds.

The impact on intangible cultural heritage will be covered in the social assessment screening, but is not expected to be significant except in the event of larger relocations linked to proposed dams/ports.

Works related to cultural heritage object may be additionally endangered by presence of UXO from 20th century.

The Borrowers will address requirements of this Standard through a range of instruments: (i) as a part of ESMF the Borrowers will define systematic approach to tangible and intangible cultural heritage that is consistent with the national and Bank standards;

(ii) through Regional ESIA the Borrowers will determine potential risks and impacts of the proposed activities on the known cultural heritage, including both tangible and intangible cultural heritage, as relevant. In case of known cultural heritage sites, this will include, among others, development of a specific management plans;

(iii) through site-specific ESMPs for the activities that include civil works - which is particularly relevant to ports, dredging and river training works - the Borrowers will address the potential risks and impacts of the Project related activities to cultural heritage, taking into account legal requirements and mitigation hierarchy. ESMPs will also include requirements in case of chance finds.

The activities under the AF do not contribute to additional cultural heritage sites or areas being introduced or additional issues that go beyond those identified during Appraisal of the Parent project.

### **ESS9 Financial Intermediaries**

The Program will not be working with the financial intermediaries.



**B.3 Other Relevant Project Risks**

The major additional risks for the successful implementation of the Program relates to challenges related to coordination, consensus building and implementation mechanisms in implementation of the Program-related activities between several countries; to coordination of joint activities between agencies responsible for design and implementation of the environment and social measures in Borrowers countries; and to somewhat different policies which are applied in various countries. An additional effort will be needed to ensure that these agencies work in coordination on relevant aspects of the projects that require such a coordination.

Existing financial and human capacities and constraints in the Borrowers' countries may have an impact on possibility to mobilize and ensure timely involvement of additional resources to synchronize and implement Project related activities, particularly the ones that are inter-related or transboundary in nature.

A separate risk relates to presence of unrecorded UXO at specific sites, which may bring the civil works to jeopardy, or to a complete halt in case of inadequate cooperation between various state institutions or between various states. The Program's implementation may also be at risk due to undefined borders (in relation to water line as well as land), since both Sava and Drina were considered as "national" rivers until the dissolution of the former Yugoslavia. The international treaties in respect to borders (Sava and Drina rivers are now de-facto international borders) between Bosnia and Herzegovina, Croatia, Montenegro and Serbia have not been signed yet.

Reputational risks may involve failure to achieve consensus on important Project-related activities, both at the planning and at the implementation stages, between various sectors involved, and between the Borrower countries - which may lead to the overall failure of the Project.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways** Yes

**OP 7.60 Projects in Disputed Areas** No

**B.3. Reliance on Borrower’s policy, legal and institutional framework, relevant to the Project risks and impacts**

**Is this project being prepared for use of Borrower Framework?** No

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

Given the high environmental and substantial social risks of the Project related activities, and considering existing deficiencies in institutional capacities of the Borrowers, the Borrowers' E&S Framework will not be used for the Project as a whole, any of its parts, nor this AF.

**IV. CONTACT POINTS**

**World Bank**

Public Disclosure



Contact:	IGOR PALANDZIC	Title:	Senior Water Supply and Sanitation Specialist
Telephone No:	5244+1519 / 387-33-251-519	Email:	ipalandzic@worldbank.org
Contact:	Darko Milutin	Title:	Disaster Risk Management Specialist
Telephone No:	5265+3706 / 381-11-3023706	Email:	dmilutin@worldbank.org
Contact:	Mahwash Wasiq	Title:	Senior Irrigation and Drainage Specialist
Telephone No:	+1-202-473-3465	Email:	mwasiq@worldbank.org
Contact:	Luis C. Blancas Mendivil	Title:	Senior Transport Specialist
Telephone No:	5258+70521	Email:	lblancas@worldbank.org

**Borrower/Client/Recipient**

- Borrower: Republic of Serbia
- Borrower: Bosnia and Herzegovina

**Implementing Agency(ies)**

- Implementing Agency: Republic of Serbia Ministry of Agriculture, Forestry and Water Management
- Implementing Agency: Montenegro Ministry of Agriculture and Rural Development
- Implementing Agency: Republika Srpska Ministry of Agriculture, Forestry and Water
- Implementing Agency: Republic of Serbia Ministry of Construction, Transport and Infrastructure
- Implementing Agency: International Sava River Basin Commission

**V. FOR MORE INFORMATION CONTACT**

The World Bank  
 1818 H Street, NW  
 Washington, D.C. 20433  
 Telephone: (202) 473-1000  
 Web: <http://www.worldbank.org/projects>

**VI. APPROVAL**

Task Team Leader(s): Darko Milutin, IGOR PALANDZIC, Mahwash Wasiq, Luis C. Blancas Mendivil  
 Practice Manager (ENR/Social) Anne Olufunke Asaolu Cleared on 16-Feb-2023 at 12:06:17 EST

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