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

#### A. Basic Project Data

<table>
<thead>
<tr>
<th>Country</th>
<th>Project ID</th>
<th>Project Name</th>
<th>Parent Project ID (if any)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Macedonia, former Yugoslav Republic of</td>
<td>P162246</td>
<td>Macedonia Social Services Improvement</td>
<td></td>
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</table>

<table>
<thead>
<tr>
<th>Region</th>
<th>Estimated Appraisal Date</th>
<th>Estimated Board Date</th>
<th>Practice Area (Lead)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Financing Instrument</th>
<th>Borrower(s)</th>
<th>Implementing Agency</th>
</tr>
</thead>
<tbody>
<tr>
<td>Investment Project Financing</td>
<td>Ministry of Finance</td>
<td>Ministry of Labor and Social Policy</td>
</tr>
</tbody>
</table>

**Proposed Development Objective(s)**

To expand access to and improve quality of social services, including preschool services, for vulnerable groups.

**Components**

1. Promoting social inclusion through improved access to social benefits and services
2. Expanding the access to and improving of the quality of preschool services
3. Project Management, Monitoring and Evaluation

### PROJECT FINANCING DATA (US$, Millions)

#### SUMMARY

<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</tr>
</thead>
<tbody>
<tr>
<td><strong>Total Project Cost</strong></td>
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</tr>
<tr>
<td><strong>Total Financing</strong></td>
<td>33.40</td>
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<tr>
<td><strong>of which IBRD/IDA</strong></td>
<td>33.40</td>
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<tr>
<td><strong>Financing Gap</strong></td>
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</tr>
</tbody>
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#### DETAILS

**World Bank Group Financing**

| International Bank for Reconstruction and Development (IBRD) | 33.40 |

**Environmental Assessment Category**

B-Partial Assessment
B. Introduction and Context

Country Context

1. **FYR Macedonia has experienced robust economic growth since 2001**, with two minor contractions in 2009 and 2012, and a significant decrease in absolute poverty since 2009 (to 24.8 percent in 2014 and further to 21 percent in 2017). Poverty reduction in the post-crisis period was matched by an overall positive record in shared prosperity. Income growth of the bottom 40 percent was three times faster than the income growth for the total population between 2009 and 2014 (6.2 percent vs. 1.9 percent). Employment growth and increases in salaries, especially in the labor-intensive sectors, are expected to have driven most of the poverty reduction in 2017. Certain population groups, however, such as the elderly, disabled, and other vulnerable groups are not necessarily equally benefitting from the economic growth and development. To ensure that the benefits of growth are shared among the population, FYR Macedonia will have to strengthen and tailor services, particularly in the social sectors that target these excluded groups.

2. Despite a decline in poverty in the post-crisis (2008) period and improvements in living conditions of the less well-off, poverty and inequality are still high when compared with other countries in the region and most of the EU countries. According to the official statistics, the relative poverty rate was 22 percent in 2016 (Survey on Income and Living Conditions, SILC). This indicates that more than a fifth of the Macedonian population does not have sufficient resources to support the lifestyle and living conditions which are perceived as 'normal', and which results in people’s exclusion from the society. While social exclusion can be measured across different dimensions, the literature often cites that too many women, social welfare recipients, and minorities (such as the Roma population) in FYR Macedonia are still economically marginalized or excluded from the labor market. At the same time, the coverage of the poor and vulnerable population by the main social assistance programs has been shrinking since 2010, which resulted in the exclusion of certain vulnerable groups over time (2018 Public Finance Review, forthcoming).

3. **Shared prosperity in FYR Macedonia will continue to depend on ensuring access to basic benefits and services provided by the state, but also on enhancing access to economic opportunities, especially for the most excluded groups.** FYR Macedonia’s labor market is relatively flexible by global standards, yet the employment rate stood at 44.4 percent in 2017 (lower than in any of the 28 European Union (EU) countries where on average two-thirds of the working-age population are employed) and the unemployment rate was 22.4 percent. Labor-force participation is low, especially among women, youth,

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1 Economic growth in FYR Macedonia has been moderate, with an average annual GDP growth of 2.9 percent from 2000-2016, which is above the average for the Europe and Central Asia (ECA) region of 1.9 percent. In 2016, FYR Macedonia’s gross domestic product (GDP) per capita was close to US$13,000, about one-third of the average for European Union (EU) member states.

2 Source: 2017 projections based on GDP per capita growth (Macro-poverty outlook for the Spring Meetings 2018, World Bank). Poverty is measured as absolute poverty using the poverty line for upper-middle income countries (UMIC). This is estimated at $5.5/day in 2011 PPP (Source: Draft Systematic Country Diagnostic Concept Note, World Bank, December 4, 2017).

3 This is the at-risk-of-poverty rate, which shows the share of the population living below 60 percent of the median household equivalized income.
older workers, the poor, and ethnic minorities. These are the groups that face multiple barriers to employment and experience other forms of exclusion, generating additional social costs. Additionally, strong social norms, especially regarding women’s role in the household and vis-à-vis care responsibilities, pose a significant challenge for women to be able to take on employment. Low and uneven human capital is an obstacle to access better income opportunities for many population groups. Moreover, there is mounting evidence that FYR Macedonia is suffering from a rapid deterioration of its human capital stock, which is worrisome beyond the productivity implications, as it reflects an overall deterioration in well-being among Macedonians. In response, the FYR Macedonia’s workforce development policies would need to focus more on closing gaps in human capital accumulation along the income distribution, among ethnic groups, and spatially. Within this context, early stimulation programs may have long-lasting effects on human capital development, while improved access to child and elderly care services would remove significant barriers to labor force participation for women.

4. Different forms of exclusion coupled with the ageing and shrinking population in FYR Macedonia, pose a serious challenge to building an equitable society. FYR Macedonia’s population is about 2 million but the population is aging and shrinking. By 2040 more than 20 percent will be over the age of 65. The fertility rate has declined to only 1.5, lower than the regional average. Investments in tailored services and early childhood education will contribute to the objectives of increasing social inclusion of the poor and vulnerable and building human capital to increase labor productivity and reduce education enrollment gaps for low-income and disadvantaged children. As stated in the Government Program (2017-2020), social and child protection remains at the forefront of meeting the strategic goal of poverty reduction and ensuring decent life for the citizens.

Sectoral and Institutional Context

5. While FYR Macedonia has a developed a well-functioning system of social and child protection to tackle the challenges of poverty, reforms are needed to improve the coverage, effectiveness, efficiency, and overall delivery of social benefits and services in a more inclusive manner. The Government of FYR Macedonia has already initiated the work on a comprehensive reform of social assistance cash transfers. Stakeholders are discussing possible reform proposals that involve setting up a new guaranteed minimum income scheme and consolidation of other social assistance cash transfers. The reform proposals will also address a wide range of low-income and vulnerable families’ needs, including the need for an enhanced social service provision.

6. Analytical work has identified some challenges affecting the coverage of social and Early Childhood Education and Care (ECEC) programs that are considered crucial in the protection of poor and excluded segments of the population and in building resilient human capital. In FYR Macedonia, social assistance programs cover 10 percent of the population and only one third of the poorest quintile (World

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4 Lack of affordable care options for children or the elderly, lack of adequate transport facilities, limited flexible work arrangements
7 Ibid
8 Source: Draft Systematic Country Diagnostic, World Bank, April 2018.
9 Supported under the World Bank financed CCT and PBG projects.
Bank 2018 Public Finance Review, PFR, forthcoming). Non-institutional social service provision targeting the poor and vulnerable, which currently benefits only 0.04 percent of the total population and mostly in urban areas, is clearly underdeveloped and does not meet the demand for services (such as home-based care and assistance or day care services for persons with disabilities). In the ECEC sector (that is part of the social and child protection system in FYR Macedonia), poorer children attend pre-primary school at far lower rates than wealthier children - a mere 0.3 percent of children from the poorest quintile are enrolled in a pre-primary program (compared to 36 percent in the total population). Enrollment rates are 2.6 percent for Roma and 7.5 percent for Albanian children (MLSP 2018). Moreover, even before reaching pre-primary school age, many children in FYR Macedonia show signs of skills deficit; although nearly all children aged 36–59 months were on track in the physical, learning, and socio-emotional domains, only 43 percent were on track in the literacy and numeracy domain (UNICEF 2013).

7. There are significant geographical disparities in the access to ECEC and social services, primarily due to insufficient and unevenly distributed infrastructure/network of service providers. The main categories of social services that are provided through the social welfare system, and as defined by the Law on Social Protection, are: social prevention services (mainly counseling services in the Social Welfare Centers), institutional care (in 11 residential institutions), and non-institutional/non-residential care. Alternative (non-institutional) social services (such as immediate social service, assistance to a person or family, home care, day care, temporary care, placement in foster families, placement in a small group home, and assisted living), that will be the focus of reforms, are much more prevalent in the capital of Skopje than in the rest of the country. In a typical municipality with an inter-municipal Social Welfare Center (SWC), there are one or two foster families, a small day center for a dozen of beneficiaries, a soup kitchen, and rudimentary forms of needs assessment, referral and counseling. The ECEC coverage by municipalities varies noticeably. While in 28 mainly rural municipalities public kindergartens do not exist, the rate is over 60 percent in 6 urban municipalities. There are fewer kindergartens in the western part of the country and in rural municipalities, and the urban enrollment rate in pre-schools is over six times higher than that in rural areas. Geographical disparities in access to ECEC services also exist because of highly regressive financing, depending on user fees that the poor cannot afford.11

8. The Government of FYR Macedonia is fully committed to expanding the access and improving the quality of social services to the underprivileged population. Plans for deinstitutionalization, decentralization, and development of alternative and preventive social services were announced in the Government’s Employment and Social Reform Program (2017) and the new Program of the Government 2017-2020.12 Social protection benefits and services are typically provided by the state and continue to be financed from public resources.13 The country’s ECEC is part of the publicly financed child protection system. In line with the Law on Child Protection, primary responsibility for the provision of ECEC rests with the MLSP, whereas the Ministry of Education and Science (MOES) ensures the competences of the workforce and the relevance of the curriculum. FYR Macedonia will have to invest much more in early

10 In 2017, there were the following forms of non-institutional services: day-care centers (69), soup kitchens (27), foster families (177), and several shelter and assisted living services.
11 Although the public kindergartens are financed by the central budget through per-capita block grants, only municipalities that have pre-schools institutions are eligible for the grants. Furthermore, up to 20 percent of the costs of ECEC services are recovered by user fees, with the poorest households unable to afford them.
12 http://vlada.mk/node/87 assessed November 23, 2017. The process of deinstitutionalization of residential welfare institutions has been supported by the EUD.
13 For-profit providers are active in the elderly protection/homes, which are being financed solely by the service users. The MLSP does not “purchase” privately provided services.
childhood development to address the evident geographical disparities and disparities in access by income levels to achieve the EU standards and benchmarks.\textsuperscript{14}

9. **Improving the overall system will require efforts to address various challenges, such as the limited supply, fragmentation, and low quality of social and child protection services.** Additional investments are needed to: (a) develop regulations and promote creation of non-institutional forms of social services at the local level; (b) merge cash benefits and social services platforms into integrated social welfare information system (IS); (c) repurpose existing and build new pre-school facilities; (d) increase outreach through SWCs, institutions/organizations at local level and IS to increase the number of the poor and vulnerable applying for social benefits and services (including ECEC); (e) expand and update training modules for teachers and social welfare professionals; and, (f) strengthen the client-centered case management (referrals, tracking, monitoring) using the IS.

10. **The proposed operation would bring the social and child protection system to the next level by addressing the challenges associated with social exclusion of vulnerable groups, and low quality and fragmentation of social services along the life cycle,** by: (a) expanding the supply of social services (vulnerable population) and of preschool services (to vulnerable children 3-6 year old, poor, Roma); (b) improving the access to a menu of benefits and services with the merger of two IS/databases; (c) enhancing the administration of social protection delivery (integrated IS, coordination among institutions, case management, and improved targeting, prioritization, referral, and tracking of beneficiaries); and, (d) increasing the performance standards in terms of quality, timeliness, and quantity of services provided. This combined approach will enhance integration and inclusion of the vulnerable population. Ultimately, it will pave a pathway for development of a more competitive and adaptive human capital and will contribute towards closing opportunity gaps for social inclusion.

C. Proposed Development Objective(s)

**Development Objective**

To expand access to and improve quality of social services, including preschool services, for vulnerable groups.

**Key Results**

11. **PDO Results Indicators are as follows:**
   a. Share of cash benefit recipients and social services recipients recertified and recorded in the integrated information system – disaggregated by gender
   b. Number of beneficiaries receiving non-institutional social services (alternative/non-residential forms of care) from licensed providers – disaggregated by gender
   c. National pre-school enrollment rates for 3 – 6-year-old children – Sub-indicator: National preschool enrollment rates for 3 to 6-year-old children who belong to the families recipients of social financial assistance
   d. Share of preschools with improved process quality as measured by the quality assessment tool

\textsuperscript{14} An updated strategic framework for European cooperation in education and training 2020 sets a benchmark that at least 95 percent of children between the age of four and the age for starting primary education should participate in early childhood education. The current rate in FYR Macedonia is 35 percent.
D. Project Description

Project beneficiaries

12. **Direct beneficiaries (vulnerable groups) of the project will include**\(^{15}\): (a) social welfare beneficiaries (cash transfer recipients) and other vulnerable adults and children entitled to social services, (Component 1); (b) children age 3 to 6 years of age, particularly from disadvantaged backgrounds (including the poor and Roma population; both genders are expected to benefit equally from project interventions\(^{16}\), all children ages 0 to 6 years across FYR Macedonia are expected to benefit from improved parenting and care at home as result of the national media campaigns, and preschools teachers, primary school pedagogical staff, and parents of children ages 0 to 6 years\(^{17}\) (Component 2); and (c) MLSP and SWC staff (Components 1 and 3). Staff in social services and pre-school institutions will also benefit from simplified and more efficient administrative procedures and new or newly refurbished work spaces (Components 1and 2).

Project components

13. The proposed project focuses on comprehensive system approaches and contributes to the creation of an enabling environment for integrated delivery of social and child services at the local level, targeting the poor and disadvantaged population, including children. The project will include three main components as follows:

**Component 1: Promoting social inclusion through improved access to social benefits and services (US$12.7 million).** The objective of this component will be to strengthen the overall social protection delivery system for improved service provision and access to services by existing social assistance recipients and by vulnerable groups not currently covered. On the supply side, the project will support creation and expansion of preventive and non-residential social services. The increased outreach activities by the system (SWCs and other institutions at the local level) will result in the rise of the poor and vulnerable applying for social benefits and services. Better access to a menu of social benefits and services will also be ensured with the merger of the two existing information systems (databases), which would enable improved identification of actual individual/family needs, more poor or vulnerable individuals and families receiving support, and better case management (i.e. referrals, tracking, monitoring) using the integrated social welfare information system. A new human-centered approach\(^{18}\) and integrated information system will enhance targeting and prioritization of beneficiaries for services (including the ECEC). This will also include developing referrals between social services, preschools, and other relevant

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\(^{15}\) These are also the climate vulnerable groups since they are more exposed to different types of natural hazards.

\(^{16}\) Preschool enrollment rates by gender are 51 percent boys and 49 percent girls.

\(^{17}\) Preschool teachers and primary school pedagogical staff will benefit through training and capacity building activities. Parents and families of all children receiving the above-mentioned services will also benefit, including through (i) guidance and support to engage in early stimulation at home; (ii) increased opportunities to access pre-school services as well as other social services for their children, and (iii) increased opportunities to participate more actively in the labor force (especially for parents of children enrolled in full-time preschools).

\(^{18}\) FYR Macedonia has been listed among the potential countries for support and learning on innovative Human Centered Design (HCD) approaches from the World Bank’s Social Protection and Jobs Delivery Systems Global Solution Group.
The focus will be on the beneficiaries (including the preschool children), their needs, and facilitation of their inclusion in the system of benefits and services.

14. This component will support the following activities, in the proposed sequencing during implementation:

(a) Technical assistance for social services policy development and implementation, including, inter alia: (i) carrying out a needs assessment; (ii) developing standards and accreditation and licensing processes for social service providers; and (iii) provision of support for the development or revision of social and child protection laws, regulations and guidelines. These activities are intended to create a regulatory framework for the creation and provision of non-institutional social services. The activities would be taking place in the initial stage of implementation.

(b) Development of a social welfare information system that integrates the following existing information systems: CBMIS (Cash Benefits Management Information System) and LIRIKUS (the platform for social services). Technical specifications for the merger of two information systems (IS) will be developed by the client prior to the project effectiveness, which will enable early implementation of IS related activities. These activities would also take place in the initial stage.

(c) Provision of grants to Municipalities for the development of non-institutional social services including: immediate social service, assistance to a person or family, home care, day care, temporary care, placement in foster families, placement in a small group home, and assisted living, as well as technical assistance on municipal social services needs and demand assessment and support for grant proposal preparation. Piloting of this grant mechanism is expected to promote centrally-financed development of non-residential social services at the local level (with municipalities submitting grant applications for financing), the experience of which will feed into development of updated service delivery standards (under (a) above). The activities would take place in the second stage.

(d) Strengthening the analytical capacity of MLSP and its agencies, including: (i) the design, implementation, and analysis of evaluations and survey data; (ii) policy development on the basis of existing analyses; (iii) outreach and training activities and, (iv) carrying out the refurbishment of, and provision of furnishings for, selected offices of MLSP, SWC and other client’s agencies involved in the provision of social services. The activities would take place throughout project lifecycle.

15. Component 2: Expanding the access to and improving of the quality of preschool services (US$18.6 million). This component will focus on improving access to quality ECEC services, in particular for children from socially disadvantaged backgrounds (i.e., poor children, children with disabilities, and Roma children). Activities for children ages 3 to 6 years will focus on increasing access to quality and energy efficient preschools (i.e. child-centered and with age-appropriate learning opportunities), while also supporting their transition to the early grades of primary education. Activities for younger children, i.e. from birth onwards, will focus on empowering parents and families to support children’s holistic development through increased knowledge about the importance of the early years (including adequate health and nutrition, early stimulation and learning opportunities, and nurturing and protection from
stress) and about the relevant services available in the community. This component will include the following:

(a) Supply-side interventions to increase the number of preschool spaces available for young children ages 3 to 6. This component will finance approximately 7,500 new preschool spaces in both urban and rural areas through a combination of new construction, extension of existing preschools, and repurposing or upgrading of other public buildings such as primary schools (or other buildings available in the municipality). Renovations and repurposing/upgrading will be prioritized in the first steps of project implementation to ensure fast increases in access, while new constructions will require more time. The refurbished and newly constructed environments will be conducive to child-centered education practices and will employ solutions that increase efficiency and flexibility. For all new and rehabilitated preschool institutions, the component will also finance furniture, teaching-learning materials, equipment, and playgrounds. The implementation arrangement for the infrastructure works will be through grant programs to the Municipalities.

(b) Technical assistance for development and implementation of a per student funding formula that would allow for a transparent and more equitable way of distributing resources and would overcome issues of efficiency, but also of equity and quality. This activity will be prioritized to allow for sustainable expansion of ECEC enrollment in preschool education, as well as to increase early child education/care opportunities for poor families once the new spaces are available.

(c) Technical assistance to improve pre- and in-service training, and support for improving quality assurance and quality building mechanisms for preschool, as well as identification and provision of training to increase competences of preschool teachers and managerial staff. A key outcome would be improved quality of service delivery in the classroom and of the preschool system, which would then be expected to translate into better development for children.

(d) Outreach activities for families with young children ages 0 to 6, especially the most vulnerable, with a focus on demand-side interventions to promote early stimulation at home and to encourage parents to take advantage of existing services for young children. A nationwide campaign would be used to raise awareness about the importance of the early years and seek to empower parents to play a key role in promoting their young children’s development. Multiple communication channels would be used, including mass media, social media, and printed publications in places that families with young children frequent. The campaign would target not only mothers, but also fathers, grandparents, and other caretakers.

16. **Component 3: Project management, monitoring and evaluation (US$2.1 million).** This component will support the day-to-day management of the project implementation, the monitoring and evaluation of its objectives and outcomes. This component will finance the activities that would: (a) ensure effective administration and implementation of the Bank-financed project by supporting the establishment and functioning of the Project Management Unit (PMU); (b) develop and put in place
effective monitoring and evaluation system; and (c) develop and implement the public awareness campaign about the services developed through project. It will also fund operations and maintenance costs.

E. Implementation

Institutional and Implementation Arrangements

17. The project will be implemented over a period of five years, with the MLSP as the key implementing agency for the project. The MLSP would be accountable for execution of project activities and the project implementation would rely on its existing structures, with the additional support of the Project Management Unit (PMU) that already exists and has been implementing the CCT Project. Decisions will be made by the MLSP in coordination with the MOES and BDE. The project implementation structure would consist of: (i) Project Management Unit; (ii) Working Group consisting of the MLSP and MOES staff and their agencies; (iii) Consultative Group led by MLSP; (iv) Grant Approval Committee for pre-school infrastructure chaired by the MLSP and MOES; (v) Grant Approval Committee for Social Services chaired by MLSP; and (vi) municipalities.

18. Project Management Unit (PMU). The PMU would report to the MLSP and would be responsible for day-to-day project implementation, overall project coordination, monitoring activities, safeguards and fiduciary functions, and reporting. The PMU will be housed in the MLSP and headed by a Project Director. Additional key PMU functions include: coordinators for each of the three components, grant coordinators, safeguards experts to provide assistance on environmental and social safeguards issues, fiduciary staff (procurement and financial management), IT manager, monitoring and evaluation expert, and civil engineers/architects. Some of the existing CCT PMU staff will assume the listed jobs.

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

The project will be implemented country-wide, supporting, inter alia, the improvement of infrastructure and facilities related to the provision of training/educational, employment and other social services. The activities which are likely to cause environmental considerations are mainly civil works on improvement of social services infrastructure, with limited environmental footprint localized by specific areas of implementation. The project will either rehabilitate/convert existing school facilities to kindergartens, or in the local governments, where the schools network is optimal, new kindergarten facilities will be built. The impacts will be on a maximum one up to two parcels (size depending on the number of preschool children) in urban or rural areas depending on the local governments. One type of consultations with the stakeholders will be through Environmental and Social Management Plans (ESMPs), but this will mostly be for the environmental and social impacts (if any) of the physical investments. Program wise the project will establish a mechanism for collection and assessment of the feedback from beneficiaries, that will utilize Citizens Engagement. In addition, the project will establish a system for grievance related physical investments as well as other project components.
### G. Environmental and Social Safeguards Specialists on the Team

Gulana Enar Hajiyeva, Environmental Safeguards Specialist  
Bekim Imeri, Social Safeguards Specialist

### SAFEGUARD POLICIES THAT MIGHT APPLY

<table>
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<tr>
<th>Safeguard Policies</th>
<th>Triggered?</th>
<th>Explanation (Optional)</th>
</tr>
</thead>
<tbody>
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<td>Environmental Assessment OP/BP 4.01</td>
<td>Yes</td>
<td>This policy is triggered because the implementation of the project (in particular civil works under project Components 1(A), 2 (A) and 2 (B)) may cause environmental impacts which are time-bound, reversible and manageable if proper mitigation measure are applied. Those impacts may include generation of construction and domestic wastes (both solid and liquid), damages to air, soil and water, generation of noise and vibration during the implementation of civil works.</td>
</tr>
<tr>
<td>Performance Standards for Private Sector Activities OP/BP 4.03</td>
<td>No</td>
<td>ESMF provided for the screening mechanism to exclude any activities which may have adverse impacts on natural habitats</td>
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<tr>
<td>Natural Habitats OP/BP 4.04</td>
<td>No</td>
<td>ESMF provided for the screening mechanism to exclude any activities which may have adverse impacts on forests and forested areas</td>
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<tr>
<td>Forests OP/BP 4.36</td>
<td>No</td>
<td>The project will not support any activities related to the use of pesticides, or which may trigger increased use of pesticides</td>
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<tr>
<td>Pest Management OP 4.09</td>
<td>No</td>
<td>The project will not support any activities which may have adverse impacts on physical cultural resources</td>
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<tr>
<td>Indigenous Peoples OP/BP 4.10</td>
<td>No</td>
<td>N/A</td>
</tr>
<tr>
<td>Involuntary Resettlement OP/BP 4.12</td>
<td>Yes</td>
<td>Improvement of the access to services will be financed either by the adaptation of the primary school facilities in the local governments whereby primary school network has available space to be transferred from the primary school to kindergarten facilities or through investment into new kindergarten facilities. In this situation, there will be no need for extra land to acquire and no social safeguards will be triggered for adaptation of school</td>
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facilities to kindergarten facilities. However, in the local governments where new facilities need to be built there might be a need to acquire private land if public land is not available. Impacts in these cases will be limited and therefore the social risks related to the safeguards are limited. Thus the social safeguards are triggered and precautionary RPF has been prepared.

### Safety of Dams OP/BP 4.37

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### Projects on International Waterways OP/BP 7.50

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### Projects in Disputed Areas OP/BP 7.60

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### KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT

#### A. Summary of Key Safeguard Issues

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

   For the purposes of the environmental assessment, the project has been assigned an environmental category "B", because the anticipated environmental impacts are time-bound, limited in scope, and manageable if appropriate mitigation measures are applied. Those impacts are mainly associated with the implementation of civil works, such as repair and reconstruction of social service infrastructure, building new facilities, and implementation of grant funding to alternative social service providers, envisioned under project Components 1(A), 2 (A) and 2 (B). The anticipated impacts may include but not be limited to, generation of construction and domestic wastes (both solid and liquid), damages to air, soil and water, generation of noise and vibration during the implementation of civil works. Since the activities which may trigger environmental concerns are now only generally indicated, without detailed identification of locations, specific types of activities and stakeholders, an Environmental and Social Management Framework (ESMF) has been found the most appropriate environmental due-diligence instrument for the proposed project. The project also has triggered the Social Safeguards given that the project will finance reconstruction of unused classrooms in the schools and construction of new kindergarten facilities in the local governments where there is no extra space. In these cases there might be a possibility for private land acquisition if the local government has no available and free public land. Thus, the precautionary Resettlement Policy Framework (RPF) has been prepared to guide potential land impacts to be acquired in compliance with the Bank Operation Policies.

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

   It is expected that the project will have long term positive social impact as will ensure the delivery of improved social services to people.

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

   N/A

4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower
capacity to plan and implement the measures described.

In order to address potential environmental and social impacts of the project, the Borrower prepared the ESMF which considered country context, legislative framework and procedures for screening specific project activities (sub-projects), assigning an EA category and defining suitable instrument for activity-specific environmental and social assessment, identification of environmental impacts and determination of adequate mitigation measures. The ESMF clearly states that activities (sub-projects) assigned category A as a result of the screening, will be screened out as ineligible for the project support. The ESMF also identified institutional responsibilities and implementation arrangements for carrying out the assessment, implementation of mitigation measures and conducting due environmental monitoring of the project activities. Also, the precautionary RPF has been prepared to guide potential land impacts to be acquired in compliance with the Bank Operation Policies. The project will establish a Grievance Redress Mechanism - (GRM) to overarch the project and provide customized outreach and access to the GRM, tailored to accommodate specifics of each project component.

The implementing agency under MLSP is experienced with the implementation of Bank-funded projects not having any environmental implications and not triggering respective safeguard policies. Therefore, the implementing agency does not have adequate capacity to handle safeguard policies and issues on the proposed project. To overcome this gap, the implementing agency will hire an environmental and social specialist(s) who would be responsible for day-to-day environmental management of the project, including advise and guidance to be provided to sub-project applicants, review of sub-project application documentation (both overall and environmental/social), supervision of sub-project implementation and on a regular basis, and proper reporting on environmental compliance both to the management of the implementing agency and to the Bank. Additionally, the project will support delivery of customized training sessions aimed at building sustainable in-house capacity within MLSP.

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

The key stakeholders include the MLSP, Ministry of Education, individual schools, recipients of social assistance, municipalities, vulnerable groups of population, including, children, women, disabled. The MLSP as the implementing agency, has been responsible for the preparation of ESMF and RPF and for carrying out public consultation meetings to disclose and discuss the main provisions of the ESMF and RPF. Thus, after the Bank had reviewed the documents and provided its clearance, the MLSP conducted public consultation meetings in selected project locations country-wide - in Western, Central and Eastern Macedonia. The final version of ESMF, with detailed minutes of public consultations duly enclosed, and the RPF, were submitted for Bank's final approval, posted on MLSP's official web-site and Bank's Operational Portal on May 16, 2018.

B. Disclosure Requirements

<table>
<thead>
<tr>
<th>Environmental Assessment/Audit/Management Plan/Other</th>
<th>For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Date of receipt by the Bank</td>
<td>Date of submission for disclosure</td>
</tr>
<tr>
<td>16-May-2018</td>
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</tbody>
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"In country" Disclosure
Macedonia, former Yugoslav Republic of 14-May-2018

Comments
The disclosure meetings were held by the borrower (MLSP) on May 14-15, 2018, in the municipalities of Tetovo, Stip and the city of Skopje.

Resettlement Action Plan/Framework/Policy Process

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

OP/BP/GP 4.01 - Environment Assessment

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

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared? Yes
If yes, then did the Regional unit responsible for safeguards or Practice Manager review the plan? Yes

The World Bank Policy on Disclosure of Information
Have relevant safeguard policies documents been sent to the World Bank for disclosure?
Yes

Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?
Yes

All Safeguard Policies

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

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

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

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

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18-May-2018

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22-May-2018