



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

Appraisal Stage | Date Prepared/Updated: 25-Jan-2018 | Report No: PIDISDSA23612



**BASIC INFORMATION**

**A. Basic Project Data**

Country Nicaragua	Project ID P165467	Project Name Rural and Urban Access Improvement Project Additional Financing	Parent Project ID (if any) P160359
Parent Project Name Rural and Urban Access Improvement Project	Region LATIN AMERICA AND CARIBBEAN	Estimated Appraisal Date 31-Jan-2018	Estimated Board Date 15-Mar-2018
Practice Area (Lead) Transport & Digital Development	Financing Instrument Investment Project Financing	Borrower(s) Republic of Nicaragua, Republic of Nicaragua	Implementing Agency Ministerio de Transporte e Infraestructura (Ministry of Transport and Infrastructure), Road Maintenance Fund (FOMAV)

Proposed Development Objective(s) Parent

The objectives of the Project are to: (a) improve safe and sustainable access to markets and services in targeted rural and urban areas of the Recipient; and (b) in the event of an Eligible Emergency, provide immediate and effective response to said Eligible Emergency.

Components

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

Financing (in US\$, millions)

**SUMMARY**

<b>Total Project Cost</b>	35.00
<b>Total Financing</b>	35.00
<b>Financing Gap</b>	0.00

**DETAILS**



<b>Total World Bank Group Financing</b>	35.00
World Bank Lending	35.00

Environmental Assessment Category

Partial Assessment (B)

Decision

The review did authorize the preparation to continue

Other Decision (as needed)

## B. Introduction and Context

### Country Context

**Nicaragua has recently experienced strong economic growth.** Nicaragua’s annual economic growth has averaged 4.6 percent in the last three years, and is expected to average 4.7 percent for the period from 2015 to 2020.<sup>1</sup> A key engine of this growth has been the manufacturing industry (mainly food products and textiles), although construction, mining, fisheries, and general commerce have all been expanding since 2010. Notwithstanding that agricultural production experienced a slight decrease stemming from adverse weather conditions causing drought over the last decades, which contributed to poor export performance, the agriculture sector is expected to be bolstered by increased production of coffee as output recovers from disease and drought, and private consumption is expected to recover, driving a sustained expansion in agricultural exports. The foundation for this growth was laid through macroeconomic stabilization in the 1990s, and debt relief in the 2000s. Overall, public external debt went from 160.8 percent of Gross Domestic Product (GDP) in 2003 and prior to the completion point of the Highly-Indebted Poor Country (HIPC) initiative in January 2004, to 46 percent of GDP by 2007. Since then, public external debt declined to 38 percent of GDP by 2016. Structural reforms - including trade liberalization, abolition of state monopolies, restructuring of state-owned banking sector and modernization of police and armed forces - have helped transform Nicaragua into a competitive market. Subsequent Administrations have also focused on addressing the basic needs of the population of whom 46 percent are aged 15 years old or less.

**As a result, poverty levels have declined, driven primarily by income growth.** Extreme poverty halved between 2005 and 2014 and overall poverty significantly decreased over the same period. Poverty, defined as living with an income below the US\$3.20 per person per day in 2011 Purchasing Parity Power (PPP), fell from 28 to 14 percent between 2005 and 2014, while the share of the population with incomes below US\$5.50 per day decreased from 55 to 36 percent between both years. The increase in labor income accounted for 65 percent of poverty reduction between 2005 and 2014. Other factors included remittances and a reduction in dependency ratios: remittances represented about 20

<sup>1</sup> World Bank Group (2018) *Global Economic Prospects*, Flagship Report, January.



percent of household income of recipient families in the lowest decile of the income distribution in 2014 up from 10 percent in 2005 and the dependency ratio, defined as the ratio of dependents (individuals younger than 15 or older than 64) to the working-age population, almost halved in the last 25 years. The reduction in the dependency ratio was associated with a 12 percent reduction of overall poverty between 2005 and 2014.

**Nevertheless, Nicaragua remains one of the poorest countries in Latin America, and absolute levels of poverty in Nicaragua are among the highest in the region.** With a per capita gross national income of US\$1,800, 30 percent of the population still live below the official poverty line, 80 percent are poor or vulnerable to becoming poor, and many Nicaraguans still lack access to basic services. Indeed, downward income mobility is an issue, since the largest economic group consists of non-poor Nicaraguans who are at risk of falling into poverty if hit by economic shocks (such as external macroeconomic shocks or natural disasters): about one in six non-poor Nicaraguans fell into poverty between 2005 and 2014. The poor are more likely to be employed in the agricultural sector in rural areas and, therefore, more exposed to climatic shocks and natural disasters. Increasing climate variability, droughts, and excessive rains are expected to have greater impact in the agricultural sector in rural areas by reducing productivity due to loss of crops, ultimately exacerbating poverty and vulnerability in the country.

**Poverty in Nicaragua has a strong spatial dimension, with the Central and Caribbean regions lagging other regions and half of Nicaragua's poor living in the Central region.** Most of Nicaragua's poor, in both absolute and relative terms, are concentrated in the rural areas of these two regions. The Central region is periodically exposed to periods of drought. The Caribbean region contains a sizable proportion of indigenous peoples and Afro-descendants. Nicaragua's socio-economic development, particularly in lagging regions, has been negatively affected by natural disasters, climatic conditions and epidemics. The country's geographic location makes it vulnerable to climate-related phenomena such as droughts, hurricanes, El Niño-Southern Oscillation and its related events, including floods and landslides, along with geological events (e.g., earthquakes and volcanic eruptions). The 2001 droughts caused a loss of 2.15 percent to GDP; the 2007 Hurricane Felix was responsible for 14.4 percent GDP loss; while heavy rains in 2007 in the northwestern region and the 2011 Tropical Depression 12E, wiped out 3 and 6.8 percent of GDP respectively. Though precise GDP losses for the 2009 Hurricane Ida are not available, they were likely to be the most significant. These events contributed to large fiscal deficits and debt accumulations requiring Nicaragua to restructure its public debt in 2007. The Government of Nicaragua has prioritized investments in roads, therefore, as a means of mitigating these spatial dimensions of poverty.

#### Sectoral and Institutional Context

**Nicaragua relies on roads and water transport as the main modes, with roads carrying 60.4 percent of the total freight traffic and water transport 39.3 percent as of 2016.<sup>2</sup>** Water transport, including river, lake and coastal maritime shipping, is important for moving people and goods, particularly in the Caribbean coast areas where land transport is underdeveloped. Nicaragua has five international seaports on the Caribbean and Pacific coasts, one river port (El Rama), which is vital for maritime freight traffic between the Pacific and Caribbean coasts, and seven lake ports, six on Lake Nicaragua and one on Lake Managua. All ports are under the jurisdiction of National Port Authority. The Pan- American Highway crosses the country from north to south and is the main road link to access seaports on the Atlantic coast of the isthmus, principally Puerto Cortés in Honduras and Puerto Limón in Costa Rica. As paved roads linking the Pacific and the Caribbean coasts are still underdeveloped, most of the country's agricultural exports are shipped through these ports at a significant cost. Annual volumes of freight transport at the national level are estimated at 13 million tons, and

<sup>2</sup> Unless otherwise noted, all figures in this section are from (Annual Estadístico de Transportes 2016, MTI).



are expected to increase 2.8 times by 2033. With a Logistics Performance Index of 2.53, Nicaragua ranks second to last among the Central American countries and 102 out of 160 countries worldwide.<sup>3</sup> The main logistics challenges stem from the high transportation costs, limited capacity of ports, reliance on ports in neighboring countries, and long customs clearance waiting times.

**While the road infrastructure quality has improved in recent years, there remain deficiencies that restrict mobility and network connectivity.** Nicaragua's classified road network in 2016 totaled 24,335 km, a 10 percent increase from 2010. With the introduction of programs for rural road improvements, and the completion of some key transit routes, the infrastructure quality has improved over recent years reflected in a 10-percentage point gain in perceptions as measured by the Global Competitiveness Index. The size of the paved network increased from 2,814 km in 2010 to 4,127 km in 2016, and the share of population with access to a paved road within two kilometers increased from 28 to 41 percent.<sup>4</sup> However, the size of the paved roads as a share of the whole road network still remains quite low at only 17 percent, of which 35 percent is in fair or poor condition.<sup>5</sup> This puts Nicaragua behind its Central American neighbors in terms of overall road infrastructure quality. The road sector is also challenged by an increasing maintenance burden in the face of a static and inadequate cost recovery base and increasingly frequent natural disasters that cause significant damages to road and bridge infrastructure. The Ministry of Transport and Infrastructure (MTI), supported under the ongoing World Bank-financed roads project, has developed a Comprehensive Productive Roads Program with the aim of optimizing road infrastructure investments in the productive zones based on multi-criteria analysis to prioritize productive roads projects based on the strategic, social, economic, technical and environmental factors.

**The State is the owner of the road infrastructure. The administrator function lies with the MTI, which has a number of directorates in charge of different aspects of planning and implementation of projects.** MTI also plays the manager role in the provision of rehabilitation, improvements, upgrades and new constructions. The Road Maintenance Fund (FOMAV), established in 2000, is in charge of routine and periodic maintenance of the main national road network. As per Article 7 of Law No. 706 dated October 8, 2009, FOMAV signs, on an annual basis, an agreement with the Asociación de Municipios de Nicaragua (AMUNIC – Nicaragua Municipalities Association) for the maintenance of municipal rural roads. The cost of this municipal roads maintenance takes up 20 percent of FOMAV's revenues. FOMAV is financed by levies on fuels (petrol and diesel) of 16 cents per dollar, licenses, spares and import duties on vehicles. The supplier role is undertaken by diverse actors including private contractors, micro-enterprises (for routine maintenance of the main road network), Community Modules for Adoquines (MCAs), and force account operations by the regional construction corporation (COERCO).

**Nicaragua also faces a number of challenges in road safety, especially with the increased level of motorization.** Over the period of 2007-2012, the number of road accidents increased by almost 27 percent, and the number of road accident fatalities by 30 percent. In 2012, there were 679 fatalities registered officially on Nicaraguan roads, a rate of 13 deaths per 10,000 motor vehicles, which is about 25 times greater than the rate in Sweden and United Kingdom. Per population of 100,000, this is an annual rate of about 11 fatalities, which is more than twice the death rate of 5 in the safest countries in the world. Over the period of 2007-2012, a total of 3,500 people died in the accidents on Nicaraguan roads and over 30,000 were injured. Motorcycles account for the largest share of road accident fatalities (30 percent) and injuries (45 percent). Considering that the motorization level increased during the same period by 32 percent, the situation is expected to further deteriorate if serious measures are not taken. To address this, the Government of

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<sup>3</sup> World Bank, <https://lpi.worldbank.org/>

<sup>4</sup> World Bank Restructuring Paper Rural Roads Infrastructure Improvement Project, May 26, 2017.

<sup>5</sup> Based on 2015 surface condition surveys.



Nicaragua has launched several initiatives to achieve road safety objectives defined in the new National Road Safety Strategy for 2013-2018 of reducing road traffic fatalities by 20 percent.

### C. Proposed Development Objective(s)

#### Original PDO

The objectives of the Project are to: (a) improve safe and sustainable access to markets and services in targeted rural and urban areas of the Recipient; and (b) in the event of an Eligible Emergency, provide immediate and effective response to said Eligible Emergency.

#### Current PDO

The Project PDO remains unchanged.

#### Key Results

The PDO level results indicators are as follows:

- Total travel time to access markets and services in targeted urban and rural Project areas (% reduction)
- Share of rural population with access to an all-season road (increase in %)
- Road traffic fatalities on selected non-rural road sections (% reduction)
- Adoption of measures as recommended by the FOMAV Sustainability Study and as agreed with the WB

### D. Project Description

**The Nicaragua Rural and Urban Access Project (PMARU) was approved on March 6, 2017, and became effective on May 17, 2017.** The total Project Financing is US\$ 96.8 million through an IDA credit of US\$ 46.8 million and IDA Scale Up Facility (SUF) credit of US\$50 million. The Project provides resources for critically needed road links in both rural and urban parts of Nicaragua. The achievement of the PDO is supported by the following project components: (a) Road Infrastructure Improvement; (b) Road Safety; (c) Institutional Strengthening and Implementation Support; (d) Immediate Response Mechanism.

**The performance of PMARU to date is Satisfactory, though implementation is still in early phases.** The implementation has been progressing rapidly and in a satisfactory manner. Though it is still in its early phases, the Project has already disbursed US\$13.59 million.

**The proposed AF will support rehabilitation and improvement works of three additional rural road segments that are contiguous with segments currently financed under the project.** It would enable the addition of nearly 44 kilometers of cobblestones (*adoquines*) construction activities, extending the impact of those segments already supported and increasing the total length of project-financed *adoquines* roads by nearly 2.5 times. The new sections would continue the use of labor-intensive methods, using MCAs or cobblestone surfaces which had been pioneered under previous projects, enabling the completion of key road linkages begun under those projects.<sup>6</sup> These sections include an

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<sup>6</sup> Third Road Rehabilitation and Maintenance Project (P068673, closed on June 30, 2007); Fourth Roads Rehabilitation and Maintenance Project (P083950, closed on September 30, 2014); Rural Roads Infrastructure and Improvement Project (P123447, closed on November 30, 2017).



additional 13.7 kilometers along the Cárdenas - Colón road, 9.7 kilometers along the Granada – Malacatoya road, and 20.1 kilometers along the Macuelizo – Santa María road. The works will also include drainage improvements.

## **E. Implementation**

### Institutional and Implementation Arrangements

No changes in implementation and fiduciary arrangements are envisaged, with the main implementing agencies as MTI and FOMAV. The sub-components involving maintenance of road assets and capacity strengthening for FOMAV are implemented by FOMAV; the rest of the Project is implemented by MTI through the Project Coordinating Unit for World Bank Resources, the Unidad Coordinadora de Recursos MTI-Banco Mundial (UCR MTI-BM), which is responsible for managing day-to-day project operations. UCR MTI-BM has substantial experience, having implemented over five IDA operations in the transport sector. The Director of the UCR reports directly to the Minister and Vice-Minister of Transport and Infrastructure. The Project Operational Manual (POM) has been updated to reflect the inclusion of: (i) new amounts, (ii) new road sections; and (iii) beneficiaries identified to date. The final version of the POM, acceptable to the Bank, will incorporate all changes made as a result of this AF. Both the Project Procurement Strategy for Development and Procurement Plan have also been updated accordingly.

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

The AF will finance the extension of three subprojects : a) Granada – Malacatoya (section from El Guayabo to Intecna); b) Cárdenas – Colón (section from Kilometer 10 to Colón; and c) Macuelizo – Santa María (section from Ococona to Colón). These rural subprojects include pavement of existing roads with cobblestones (adoquines). All civil works will take place along existing unpaved roads, within existing right of way (RoW). The potential environmental and social impacts are limited, therefore, as these unpaved roads are already in use by vehicles. The types of works to be carried out will be the same as in the sections of roads already financed. Environmental and social impacts are subject to initial screening using the process laid out in the Environmental and Social Framework (ESMF) that has been developed under the Project and is already in place. In the case of Cárdenas – Colón (Kilometer 10 to Colón), screening during Project preparation of the AF has identified some specific forest areas with flora and fauna under protection status. Restrictions in Kilometer 10 are especially important as this area is sensitive for endangered species of both. This subproject will include specific works for the crossing of fauna when feasible, for example preventive signs, lighting systems (reflective materials), physical barriers (fences) and bridge crossings, among other mitigation measures to minimize the negative impacts in these areas. During operations, it will be important to ensure continuity of wildlife corridors through conservation easements or green corridor techniques. The total population of the area of direct influence of the three subprojects is approximately 171,884 people. In the new proposed section of Granada – Malacatoya, 47 affected households have been identified, while in that of Macuelizo - Santa Maria, 33 affected households have been identified. Resettlement Action Plans (RAPs) for both of these subprojects have been prepared, identifying resettlement of 41 and 33 families, respectively. For the new proposed section of Cárdenas – Colón, detailed screening showed no persons or households are affected.



**G. Environmental and Social Safeguards Specialists on the Team**

Marco Antonio Zambrano Chavez, Environmental Safeguards Specialist  
Kristyna Bishop, Social Safeguards Specialist  
Mariela Mena, Social Safeguards Specialist  
Susana Toledo Camacho, Environmental Safeguards Specialist

**SAFEGUARD POLICIES THAT MIGHT APPLY**

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	<p>This policy was triggered because of the potential negative impacts of the civil works proposed in the Project. Based on the OP/BP 4.01, the Project is classified as Category B; the potential environmental and social negative impacts are moderate to low, and the prevention, mitigation and compensation measures are known and implementable. Civil works (paved with cobblestones or adoquines) will be undertaken on existing roads.</p> <p>An ESMF was developed for the Project, governing the development of Environmental and Social Assessments (Valoraciones Ambientales y Sociales or VAS), including Environmental and Social Management Plans (ESMPs), for the 3 sections proposed in the AF. VASs for the AF sections were reviewed and cleared by the Bank during the project preparation stage. All these studies were consulted and disclosed in country and InfoShop on January 17, 2018.</p> <p>Good practices will be followed with regards to application of workers’ code of conduct, child labor, and labor influx guidelines. The potential risks to the communities derived from contracting labor from outside for the road construction works are considered low, for several reasons. First, the number of people employed from outside the local area is limited. The works will be carried out by</p>





MCAs and by cooperatives for routine maintenance of rural roads. Local people have the necessary skills required by the MCAs, meaning that MCAs will employ on average 50 people. For the works on La Garita-Tipitapa and Ciudad Sandino-Mateare under sub-component 1.1, the absorption capacity is high around the intervened urban areas and most of the labor is expected to be local and only a few high skill/technical staff will be required from outside. Second, preliminary gender analysis of previous similar projects revealed no cases of gender-based violence (GBV), social conflict, child labor, or increased communicable diseases. Third, preventive and response measures will be put in place such as inclusion of training on healthy relationships, non-violent conflict resolution, gender relations, HIV/STD awareness within the training curricula of courses provided by MTI to the MCAs. Similar training will be binding for the contractors and included in the respective contracts for the urban access road works. Mechanisms for reporting complaints on cases of potential GBV and child abuse will be enabled through the MCA offices and the Project's Grievance Redress Mechanism, and will count on the nearest police stations that can respond and provide information and orientation regarding these issues.

The Component 2 (Sub-Component 2.1) on road safety includes the physical interventions to improve road safety at hazardous spots for the pedestrians and NMT and to contribute to reduction of fatalities on roads. Given that the precise location of interventions under the road safety component have not yet been identified and confirmed, this component is covered by the ESMF. In addition, the measures to ensure the safety of pedestrians, road-side businesses and houses, and of the non-motorized traffic have been incorporated in the respective designs of the road sub-projects.

Natural Habitats OP/BP 4.04

Yes

This Policy was triggered on a precautionary basis. None of the proposed road sections traverse critical ecological habitat, but the area in which the projects are located are part of a biological corridor. Detailed approaches to manage natural habitats have been addressed in the publicly disclosed ESMPs for each



		sub-project, in accordance with the procedures laid out in the ESMF, which includes screening criteria.
Forests OP/BP 4.36	No	This Policy was not triggered because the project will not support civil works located within forested areas or plantations as defined under the policy. Although the ESMF includes measures to prevent and some of the rural roads may pass through forested areas, the civil works (laying of adoquines on existing unpaved roads) has low environmental impact, and will not require the removal of natural forest.
Pest Management OP 4.09	No	This policy was not triggered because the use of pesticide or herbicide is not expected during road construction or road maintenance works. The ESMF includes specific measures for the use of techniques for the elimination of vegetation in the RoW(mechanically or manually).
Physical Cultural Resources OP/BP 4.11	Yes	This Policy was triggered on a precautionary basis. All civil works will take place within the RoW of existing roads, and thus no impact to any physical or cultural resource (PCR) is expected. Due the type of pavement (adoquines), earth disturbance and material banks usage, is minimal. The EAs of the sub-projects will include specific measures in case of chance finds and corresponding protocols of action. Also, the ESMF include specific guidelines to address chance finds.
Indigenous Peoples OP/BP 4.10	Yes	<p>This Policy was triggered because one of the sub-projects is located in the municipality of Corn Island, which is part of the South Atlantic Autonomous Region (RAAS), where people of Creole (Kriol) and Miskito ethnicities are found. Consequently, the Indigenous People Plan (IPP) for the Corn Island road sub-project was prepared under the parent project, approved by the Bank, consulted upon on November 17, 2016, and disclosed on December 23, 2016, in the country and on December 28, 2016 in the InfoShop. The assessments have determined that on the other seven road sections where locations are known, the Indigenous Peoples were not present.</p> <p>Given that precise locations and siting of sub-components 1.4 (building climate resilience) and 2.1 (alleviation of hazardous spots to improve road safety), were not known when the parent project was appraised, an Indigenous Peoples Planning</p>



Framework (IPPF) was prepared for these interventions and disclosed on December 23, 2016, in the country and on December 28, 2016, in the Bank's InfoShop.

The activities proposed to be financed under the AF are not in areas where Indigenous Peoples are present.

This Policy was triggered because there are known affectations in some of the Project areas; a Resettlement Policy Framework (RPF), governing the management of resettlement and development of Resettlement Action Plans (RAPs) was developed, consulted upon, and disclosed in the country and InfoShop on December 23 and 28, 2016, respectively. The civil works for the new sections of roads to be improved under the Additional Financing will impact several households that are currently occupying the RoW. Accordingly, RAPs have been prepared and consulted upon for the two road sections (Macuelizo - Santa Maria and Granada - Malacatoya) that have project affectations, and these were disclosed in-country and on the World Bank's website on January 19, 2018.

This Policy was not triggered because the Project will not support the construction or rehabilitation of dams, nor will it support other investments which rely on the services of existing dams.

This Policy was not triggered because the Project will not affect international waterways.

This Policy was not triggered because the Project will not affect disputed areas as defined under the policy.

Involuntary Resettlement OP/BP 4.12      Yes

Safety of Dams OP/BP 4.37      No

Projects on International Waterways OP/BP 7.50      No

Projects in Disputed Areas OP/BP 7.60      No

**KEY SAFEGUARD POLICY ISSUES AND THEIR MANAGEMENT**

**A. Summary of Key Safeguard Issues**

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

The Project will generate positive impacts on health and quality of life such as reduction of dust from unpaved roads, noise, travel time, among other positive impacts. All civil works will be undertaken on existing roads only, and no Project components or activities are located in critical or sensitive natural habitats. The potential negative impacts of the civil works under the MCA model are limited, and the works will be of the same magnitude as under the previous



sections financed with the original project. VASs have been produced for all the subprojects, in compliance with both the national environmental law and Bank policy OP/BP 4.01. These VASs include ESMPs in order to assure the implementation of the environmental measures to prevent, mitigate and minimize the potential negative impacts.

Both the Cárdenas - Colón and Granada - Malacatoya sections have the potential for habitat fragmentation due to human activities (land use change, conversion and deforestation). The Cárdenas – Colón Sub-Project area is near two protected areas – the Refugio los Guatuzos and the Parque Nacional Guanacaste (Costa Rica) – while Granada - Malacatoya runs along Calcibolca Lake (Lake Nicaragua).

Limited land acquisition and physical displacements are expected, as there are several families living in the RoW of the existing roads: (i) Macuelizo- Santa Maria with approximately 33 families affected (homes and small businesses); (ii) Granada-Malacatoya with approximately 41 families affected (living in poverty conditions). The RAP prepared for the Macuelizo- Santa Maria sub-project proposes to carry out individual resettlement for the 33 affected families, since these families have enough space within their own lands or on nearby land within the same community to rebuild their houses, thus avoiding major social and economic impacts that may result from resettlement to an area further away from their current community. The RAP prepared for the Granada-Malacatoya sub-project recommends the carrying out of a collective resettlement for the 41 affected families. MTI has identified a possible resettlement site that meets eligibility criteria (not floodable, with access to basic services, including education, health, water, electricity). In addition, the RAP includes a social and economic development program designed by MTI for the affected families.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area: Given the characteristics and magnitude of the interventions, there are no significant direct or indirect negative environmental impacts expected in the long-term. There are also no expected adverse indirect long-term social impacts. A total of 80 families that are living in or very near the RoW will need to be resettled. A RAP for each section has been prepared, including measures to mitigate socio-economic impacts.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts. The VASs for the roads include a feasibility study, which compares various alternatives, from which the most economically, socially, technically, and environmentally feasible option has been identified. The alternative to use “adoquines” was found to have the lowest environmental impact and yield highest positive impact on the communities as a result of their engagement under the MCA model. Other alternatives considered were asphalt and gravel.

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

The instruments developed to comply with the national environmental law and the project ESMF, including the compliance with Bank policy OP/BP 4.01, were the VASs, due to the classification of the sub-Projects as Category 3 (under the National Environmental Law) of the subprojects. These VASs include corresponding ESMPs, in order to ensure the implementation of the environmental and social measures during the subproject constructions. The VASs were disclosed in country and on the Bank’s InfoShop on January 17, 2018.

The MTI’s Environmental and Social Management Division (UGA) will be the responsible unit for oversight and management of safeguards in the subprojects. The UGA has built its capacity and experience under previous Bank-financed projects. The project includes specific funds to support and improve the capacity building of the UGA and the Ministry to carry out their environmental and social mandates.



The parent Project is compliant with safeguards policies to date. The implementation of the Abbreviated Resettlement Action Plans (ARAPs) is progressing well: (i) in Granada-Malacatoya road section, the compensation process has been fully completed in a satisfactory manner; (ii) in Ciudad Sandino - Mateare road section, the processes of information and negotiation have been completed and 15 of the 16 household cases have been addressed and completed, with the remaining expected to be completed in February 2018; (iii) in La Garita - Tipitapa, five of six housing improvements identified under the ARAP have been completed; the final housing improvement, as well as the seven restoration of economic activities identified under the ARAP are expected to be completed by March 2018. It is too soon to assess the progress of implementation of the IPP in Corn Island; the works are scheduled to commence in the second half of 2018.

Labor influx clauses: In addition to the ESMP, the following instruments and clauses will be included in the contract documents to comply with the Bank's Environmental, Social, Health and Safety (ESHS) Guidelines (e.g.: Code of Conduct, Communication and Community Engagement Plan, and Grievance Redress Mechanism). The instruments are to be developed by the contractors and will be included in the contracts. The supervising consultancies will also include or, if necessary, be amended to include, the requirements to ensure compliance with the WBG General EHS Guidelines, including incorporating environmental and social specialists as a part of supervising consultants' teams for adequate implementation of the respective ESMP, RAP and ESHS plans.

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

The key project stakeholders are, first and foremost, the beneficiary rural population living in the participating municipalities and regions that live and / or are engaged in economic activities in the project areas and that have been identified and consulted upon as part of preparation of the VASs.

The Project affected people (PAPs) whose dwellings, properties, or livelihoods are directly and immediately affected by the works in the project areas have been identified and consulted with as part of preparation of VASs and RAPs.

The MTI and municipalities will be in charge of implementing the safeguard policies as they adopt the applicable good practices and/or take the necessary mitigation measures, as applicable. In addition, members of MCAs will have an important role in supporting implementation of the project's socio-environmental management. Other stakeholders include Ministry of Environment and Natural Resources (MARENA) at the national level as the environmental authority, and Natural Forestry Institute (INAFOR) as a forest authority.

Public meetings and consultations were carried out with the main stakeholders and beneficiaries at each site during preparation of the respective site-specific VASs/ESMPs, and duly reported and annexed to each document. The VASs / ESMPs were disclosed in-country and on the World Bank's external website on January 17, 2018.

The framework instruments updated by the original project (IPPF, ESMF and RPF) were all consulted upon, and populations in affected areas sensitized, before appraisal of the parent project in a multi-stakeholder workshop with participation of all key stakeholders in December 2016.

Public meetings and consultations during preparation of RAPs were included as part of the consultant activities during the preparation of these documents: for Granada – Malacatoya on September 19 and October 23, 2017, and for Macuelizo – Santa María on October 31, 2017. The final RAPs were disclosed in Nicaragua and the World Bank's



external website on January 19, 2018.

**B. Disclosure Requirements (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

**Environmental Assessment/Audit/Management Plan/Other**

Date of receipt by the Bank	Date of submission for disclosure	For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors
11-Jan-2018	17-Jan-2018	

**"In country" Disclosure**

Nicaragua  
12-Jan-2018

Comments

Link to disclosed documents:  
<https://www.mti.gob.ni/index.php/proyecto-fa-pmaru>

**Resettlement Action Plan/Framework/Policy Process**

Date of receipt by the Bank	Date of submission for disclosure
16-Jan-2018	19-Jan-2018

**"In country" Disclosure**

Nicaragua  
17-Jan-2018

Comments

**Indigenous Peoples Development Plan/Framework**

Date of receipt by the Bank	Date of submission for disclosure
16-Dec-2016	28-Dec-2016

**"In country" Disclosure**

Nicaragua  
23-Dec-2016

Comments



If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.

If in-country disclosure of any of the above documents is not expected, please explain why:

**C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting) (N.B. The sections below appear only if corresponding safeguard policy is triggered)**

**OP/BP/GP 4.01 - Environment Assessment**

Does the project require a stand-alone EA (including EMP) report?

Yes

If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?

Yes

Are the cost and the accountabilities for the EMP incorporated in the credit/loan?

Yes

**OP/BP 4.04 - Natural Habitats**

Would the project result in any significant conversion or degradation of critical natural habitats?

No

If the project would result in significant conversion or degradation of other (non-critical) natural habitats, does the project include mitigation measures acceptable to the Bank?

NA

**OP/BP 4.11 - Physical Cultural Resources**

Does the EA include adequate measures related to cultural property?

Yes

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

Yes

**OP/BP 4.10 - Indigenous Peoples**

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

Yes

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

Yes



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

NA

#### **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

Is physical displacement/relocation expected?

Yes

Provide estimated number of people to be affected 315

Is economic displacement expected? (loss of assets or access to assets that leads to loss of income sources or other means of livelihoods)

No

#### **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

#### **CONTACT POINT**





**World Bank**

Roger Gorham  
Senior Transport Economist

Sevara Melibaeva  
Senior Transport Economist

**Borrower/Client/Recipient**

Republic of Nicaragua

Republic of Nicaragua

**Implementing Agencies**

Ministerio de Transporte e Infraestructura (Ministry of Transport and Infrastructure)

Cristhel Guzman  
Directora UCR-MTI-BM  
cristel.guzman@mti.gob.ni

Road Maintenance Fund (FOMAV)

Carlos Silva Cruz  
Director Ejecutivo  
csilva@fomav.gov.ni

**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>



**APPROVAL**

Task Team Leader(s):	Roger Gorham Sevara Melibaeva
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**Approved By**

Safeguards Advisor:	Noreen Beg	25-Jan-2018
Practice Manager/Manager:	Gylfi Palsson	25-Jan-2018
Country Director:	Andrea C. Guedes	25-Jan-2018