



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

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**BASIC INFORMATION**

**A. Basic Project Data**

Country	Region	Project ID	Parent Project ID (if any)
North Macedonia	EUROPE AND CENTRAL ASIA	P170343	
Project Name	Social Insurance and Pension Administration Project		
Practice Area (Lead)	Financing Instrument	Estimated Appraisal Date	Estimated Board Date
Social Protection & Jobs	Investment Project Financing	9/9/2019	12/12/2019
Borrower(s)	Implementing Agency(ies)		

Proposed Development Objective(s)

Improve the efficiency of the social insurance and pension administrations, increase the participation of certain categories of early retirees in the labor market, and improve employability of persons with disabilities in the labor market

Financing (in USD Million)	Amount
<b>Total Project Cost</b>	<b>15.12</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 supports pension reform implementation and strengthening of social insurance administration. Areas identified and under consideration include i) development of central registry of socially insured individuals with a second pillar registry module, ii) Central Disability Certification Coordination Unit, iii) revision of the list of hazardous occupations eligible for early retirement with extended service period, and iv) development of capacity to administer and coordinate professional rehabilitation of persons with disabilities.

**D. Environmental and Social Overview**



D.1. Project location(s) and salient characteristics relevant to the ES assessment [geographic, environmental, social]  
 The North Macedonia is a small land-locked country in the Balkans peninsula, with the population of about 2 million. North Macedonia's labor market is relatively flexible by global standards, however unemployment is high, self-employment is rare, and labor-force participation is low, especially among women, youth and lower educated. The project will be implemented country-wide, addressing specific and relatively narrow social insurance and pension administration technical areas. These include: (i) registration of individuals to mandatory social insurance and recordkeeping of social insurance data; (ii) processing the disability assessment for persons seeking disability benefits, service, or assistance; (iii) professional rehabilitation and employment of persons with disabilities; and (iv) early retirement of hazardous occupations. The project will support the revision of the list of hazardous occupations eligible for early retirement with extended service period (ESP), primarily through the engagement of a team of ergonomic, medical and other experts to revise all workplaces and work conditions in North Macedonia with currently declared health hazard. Such workplaces will include, inter alia, construction industry, emergency medical assistance, organic chemical industry, power generation industry, etc. Labor Management Procedures will be developed for the direct and contracted staff hired to implement the project, in the course of the project implementation. No specific environmental instrument is likely to be required (this will be reconfirmed at the Appraisal stage) nor social instrument related to land acquisition. The project counterpart agency is based on Skopje but the beneficiaries of the outcomes are all employees all over the country. No physical investments are foreseen. The project will provide mostly technical assistance for the reforms, institutional strengthening and some software development to make business procedures more efficient.

D. 2. Borrower’s Institutional Capacity

The key implementing agency for the project will be the Ministry of Labor and Social Protection (MLSP). During the last 15 years, the MLSP has obtained extensive experience in implementing World Bank funded projects. The PMU under MLSP has hired an environmental and social specialist to handle safeguard issues under the ongoing Social Services Improvement Project (SSIP). Therefore, taking into account negligible environmental risks of the project, the capacity of the implementing agency to address ES standards/risks found relevant for the project, is assessed as satisfactory. The PIU has satisfactory capacity on handling both environmental and social risks such as land acquisition as well as community engagement activities. At present the PIU is in the first year of the SSIP implementation whereby the project has extensive community engagement activities, thus the PIU has also good prerequisites for stakeholder engagement preparation and then implementation.

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

A. Environmental and Social Risk Classification (ESRC)

Low

Environmental Risk Rating

Low

The environmental risk of the project is assessed as low because the major project activities will be focused on improving social insurance efficiency and pension and disability system reforms, and as such are not expected to have any adverse impacts on human population and the environment. There is a risk to human health which might occur if experts who will be assessing and revising hazardous occupations and workplaces visit hazardous workplaces without proper personal protection. For this task, the project will support hiring a licensed reputable international company who would have strong experience in the implementation of such activities and ensuring that staff’s personal

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protection is in place. In addition, it is foreseen that for the assessment of certain types of occupation no physical visits but rather desk review will be the most appropriate way of conducting the assessment. This risk is also assessed as low as it is easily avoidable and/or effectively manageable.

**Social Risk Rating**

Low

The social risk rating is assessed as low. The activities will neither have any impact on land acquisition nor will hire large number of workers through contractors. There is also minimal risk of negative impacts as the project is designed to improve social assistance to the marginalized and vulnerable groups such as poor and disabled. The project will be implemented through experienced PIU (through World Bank the PIU has successfully completed one project and started implementation of a new project to improve social services and increase supply of preschool network, both institutionally and physically). The PIU has experience in carrying out social due diligence and citizens engagement activities because of the nature of the projects. Apart from the PIU employees who are hired based on consultancy contracts paid by the World Bank finance, some project activities will have as output technical assistance provided by consultant and software companies.

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

**B.1. General Assessment**

**ESS1 Assessment and Management of Environmental and Social Risks and Impacts**

***Overview of the relevance of the Standard for the Project:***

The proposed project will pursue two main areas of engagement, which relate to i) improving the efficiency of pension and social insurance administrations and ii) further reforms of the pension and disability insurance system. Improving social insurance administrative efficiency largely focuses on establishment of the unified central registry of insured individuals. Pension and disability system reform includes three subcomponents dealing with i) establishment of the unified disability assessment system, ii) strengthening the system of professional rehabilitation and employment of persons with disabilities, and iii) revising the early retirement for hazardous and arduous occupations. This standard is relevant because the review and assessment of hazardous occupations might be associated with a risk to the health of experts in case they visit hazardous workplaces without proper personal protection. The assessment of workplace hazards and health impacts will be undertaken based on the provisions of the General Environmental, Health and Safety Guidelines (EHS) which provides general and industry-specific examples of Good International Industry Practices (GIIP). The General EHS Guidelines will be referenced together with relevant Industry Sector EHS Guidelines addressing specific industry sectors. Another aspect is associated with procurement of technical equipment for social insurance, employment and professional rehabilitation agencies: technical specifications of the equipment should meet advanced environmental safety requirements. Also, staff of the beneficiary agencies shall be trained on proper treatment of wastes which might be generated during and after the period of use of the equipment. There will be no need for land acquisition. There will be minimal contracting of consultants for the TA activities and no large contracted workers as there is no civil works. There are no further social issues related with the project activities. Given the HR administrative reforms of Pension and Disability system the focus will be to ensure that the project has clear strategies that are implemented to target the vulnerable groups, especially the poor, women, unemployed and disabled the Stakeholder Engagement Plan should have robust mechanism to well identify the vulnerable and other effected and prepare appropriate partnership with these groups with the objectives to better prepare the most interested groups to better be informed about the improved benefits

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



The Borrower’s framework will not be used for the project as a whole, nor for any of its parts.

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

Stakeholder engagement plan preparation and later implementation is key to success of the project. The project will affect a broad group of stakeholders both all employees and employee interest groups. Those would be the insured individuals, contribution payers, persons with disabilities, and employees in hazardous and arduous occupations eligible for early retirement. These are the directly affected persons. Practically all employees are directly affected persons whereby interested groups would be all others which is broad category For some groups, especially the hazardous occupations, the reform would open the opportunities to work longer, but also tighten their early retirement options. The project will ensure that planning, implementation and monitoring is adequately coordinated across key stakeholders. Any potential opposition to project and other stakeholder risks will be managed through a comprehensive stakeholder engagement process. The stakeholder engagement plan will identify stakeholders, both project-affected parties and other interested parties, very early in the process. Accordingly it will analyze and plan how the engage by first providing information, consulting as well as providing the feedback from the project. Substantial citizen engagement/public consultation has already been carried out prior to the passage of the new government strategy on PWDs and the pension reforms. Beneficiary surveys and/or focus groups may be carried out to understand citizen experience with registration and access to social insurance, disability certification, and the ESP reforms, and to inform project design based on their experience. The PMU already has substantial experience with carrying out these consultations through the SSMP and has begun thinking about potential consultations needed for this operation.

The SEP will develop robust GRM which will be also a communication channel both for affected and interested persons as well as relevant interest groups

### **B.2. Specific Risks and Impacts**

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

#### **ESS2 Labor and Working Conditions**

The standard is relevant because the Project will hire PMU staff (who will not be civil servants) and additional consultants who will be hired for other assessments and technical assistance such as consultancy to review of hazardous and arduous occupations. Thus LMP will be developed for the staff hired to implement the project – the direct workers and the contracted workers – staff hired by third parties

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

This standard is currently not relevant as the project activities will not be associated with the use of resources such as water or energy.

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



The standard is not currently relevant because the project activities will not have any adverse environmental and social impacts on communities

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

This standards is not currently relevant because no land will be acquired for the project purposes.

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

This standard is not currently relevant because the project activities will not cause any impact on biodiversity and living natural resources.

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

The standard is not relevant because no indigenous people are known to reside in North Macedonia.

**ESS8 Cultural Heritage**

The standard is not relevant because the project activities do not represent any risk to cultural heritage both tangible and intangible.

**ESS9 Financial Intermediaries**

This standard is not currently relevant because no financial intermediaries are party to the project implementation modality.

**C. Legal Operational Policies that Apply**

**OP 7.50 Projects on International Waterways** No

**OP 7.60 Projects in Disputed Areas** No

**III. WORLD BANK ENVIRONMENTAL AND SOCIAL DUE DILIGENCE**

**A. Is a common approach being considered?** No

**Financing Partners**

N/A

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

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**Actions to be completed prior to Bank Board Approval:**

LMP for direct and contracted workers will be prepared before Appraisal Board Approval

Draft SEP acceptable to the Bank will be prepared before appraisal

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

General and Industry Specific EHS Guidelines to be applied for the assessment of hazardous occupations

**C. Timing**

**Tentative target date for preparing the Appraisal Stage ESRS**

02-Sep-2019

**IV. CONTACT POINTS**

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**V. FOR MORE INFORMATION CONTACT**

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**VI. APPROVAL**

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Safeguards Advisor ESSA Nina Chee (SAESSA) Cleared on 11-Jun-2019 at 21:16:27 EDT