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Ministry of Agriculture, Forestry and Water Economy

AGRICULTURE MODERNIZATION PROJECT

Environmental and Social Management Framework

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MODERNIZATION PROJECT IN REPUBLIC OF NORTH MACEDONIA", "LABOR MANAGEMENT PLAN" AND

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ACRONYMS

ABP	Animal By-Products
AFSARD	Agency for Financial Support in Agriculture and Rural Development
AMB	Animal Byproduct Facility
AMP	Agriculture Modernization Project
AREC	Agency for Real Estate Cadaster
ASALS	Arid and Semi Arid Lands
BAT	Best Available Techniques
BRC	British Retail Consortium
CHS	Community Health and Safety
CSO	Civil Society Organization
E&S	Environmental and Social
EA	Environmental Assessment
EC	European Community
EEC	European Economic Community
EHS	Environment, Health and Safety
EHSGs	Environmental, Health and Safety Guidelines
EIA	Environmental Impact Assessment
ESCP	Environmental and Social Commitment Plan
ESF	Environmental and Social Framework
ESIA	Environmental and Social Impact Assessment
ESMF	Environmental and Social Management Framework
ESMP	Environmental and Social Management Plan
ESS	Environmental and Social Standards
ES specialist	Environmental and Social specialist
EU	European Union
EUNIS	European Nature Information System
FFV	Fresh food and vegetable
FVA	Food and Veterinary Agency
GAP	Good Agricultural Practices
GBV	Gender based violence
GDP	Gross Domestic Products
GHP	Good Hygiene Practice
GIIP	Good International Industry Practice
GMP	Good Manufacturing Practice
GRM	Grievance Redressed Mechanism
GRS	Grievance Redress Service
HACCP	Hazard Analysis and Critical Control Point
IFC	International Financial Corporation
IMA	International Mineralogical Association
IPARD	Agency for Financial Support of Agriculture and Rural Development
IPH	Institute for public health
IPM	Integrated Pest Management
IUCN	International Union for Conservation of Nature

IVM	Integrated Vector Management
LMP	Labor Management Procedures
MAFWE	Ministry of Agriculture, Forestry and Water Economy
MESP	Ministry of Environment and Spatial Planning
MOEPP	Ministry of Environment and Spatial Planning
MOF	Ministry of Finance
NGO	Non-Governmental Organization
OG	Official Gazette
OHS	Occupational Health and Safety
PAP	Project Affected Persons
PDO	Project Development Objectives
PEMP	Public Enterprise for Management Of Pasture
PIU	Project Implementation Unit
PMT	Project Management Team
PPE	Personal Protective Equipment
PPS	Purchasing Power Standards
PPSD	Project Procurement Strategy for Development
RAP	Resettlement Action Plans
RPF	Resettlement Policy Framework
SAGA	Semi-Autonomous Government Agencies
SEA	Strategic Environmental Assessment
SEP	Stakeholder Engagement Plan
SME	Small Medium Enterprises
SQF	Safe Quality Food
TA	Technical Assistance
UNCTAD	United Nations Conference on Trade and Development
UNESCO	United Nations Educational, Scientific and Cultural Organization
US	United States
VOC	Volatile Organic Compounds
WB	World Bank
WWTP	Wastewater Treatment Plant
ZELS	Association of units of Local Self Government

EXECUTIVE SUMMARY

The Agriculture modernization project (AMP) aims to improve the competitiveness of North Macedonia's agriculture sector and strengthen public institutions in the framework of the country's accession process to the EU. The project is structured along three complementary components as follows:

The proposed Project Development Objective is to improve competitiveness in selected sub-sectors and strengthen public institutions in the agriculture sector by implementing the following components:

- Component 1: Promoting agriculture sector competitiveness. This component aims at enhancing farm-level competitiveness and fostering agricultural produce aggregation and market integration.
- Component 2: Strengthening institutional capacity for public sector support. This component aims at enhancing public support services, including the capacity to design and deliver support to the agriculture sector.
- Component 3: Project Management. This component will provide overall coordination and implementation of project activities.
  - A) Agri-food platform in Skopje
  - B) Collection and conditioning station in Resen
  - C) Collection and conditioning station in Strumiça
  - D) System for animal by-products (ABP) processing and safe disposal

ESMF document is the environmental and social due diligence instrument made to ensure that the proposed Project is implemented in accordance with the World Bank operational guidelines, ESS standards and local legislation related to environmental protection, as well as a practical tool to be used during design, implementation, and monitoring of the Project activities. The Environmental and Social Management Framework (ESMF) is considered as a key instrument to ensure initial project compliance with the relevant Environmental and Social Standards (ESSs).

The purpose of this ESMF is to provide the implementing institution (Ministry of Agriculture, Forestry and Water Economy, MAFWE, further on Client) with rules and procedures for delivering the Project's interventions in a manner compliant with the World Bank's Environment and Social Framework (ESF).

The ESMF also defines the implementation and institutional responsibilities of various stakeholders involved in the project implementation. The Framework analyzes environmental policies and legal regime of the Republic of North Macedonia and ESS standards of the WB; presents the institutional and capacity assessment related to the environmental management; and describes the principles, objectives and approach to be followed while designing site-specific sub-projects and environmental mitigation measures.

According to the WB environmental and social risk categorization the project activities will belong to the p*rojects with moderate risk*

The Chapters of the Environmental and Social Management Framework document are as follows:

1. **INTRODUCTION**

This Chapter consist short description of the project activities, current situation of the agricultural sector and main reason for implementation of the AMP.

2. BASELINE DATA

The Chapter provides general information about natural characteristics of the Republic of North Macedonia in terms of geographical characteristics, climate and water resources, basic demographic and microeconomic data, biological diversity and protected areas. The affected municipalities in the country are also described.

3. DESCRIPTION OF THE ADMINISTRATIVE, POLICY AND REGULATORY FRAMEWORK

The Chapter provides an overview of responsibilities related to environmental protection at national and local level, describes relevant national environmental and social policies, legislation and standards relevant to the assignment.

4. OVERVIEW OF THE WORLD BANK ENVIRONMENTAL AND SOCIAL FRAMEWORK AND RELEVANT ENVIRONMENTAL & SOCIAL STANDARDS

The Chapter provides for the brief overview of the World Bank Environmental and Social Standards, which should be considered for the Project to ensure prevention, mitigation and compensation in case of adverse impacts of project development to environmental and social conditions.

5. DETERMINATION OF POTENTIAL ENVIRONMENTAL AND SOCIAL IMPACTS

This Chapter includes description of: potential adverse impacts, environmental impacts, potential adverse social impacts, potential cumulative impacts, environmental & social management process: identification of adequate mitigation measures, monitoring plans and indicators, monitoring of environmental and social indicators, specific project issues, resettlement policy framework and resettlement action plans, labor management procedures, monitoring roles and responsibilities

6. PROJECT REVIEW, COORDINATION & IMPLEMENTATION ARRANGEMENTS

This Chapter contains the whole procedure for the preparation, implementation and monitoring of mitigation measures prescribed in sub-project specific ESMPs, and identifies specific monitoring responsibilities for and reporting arrangements

7. CAPACITY BUILDING, TRAINING AND TECHNICAL ASSISTANCE

Institutional capacity for ESMF Implementation, other Relevant Stakeholders, Identification of Capacity Needs, ESMF Implementation budget.

8. PUBLIC CONSULTATION AND DISCLOSURE

Description of the ESMF disclosure procedure, Grievance redress mechanism and public consultation process.

- **ANNEXES**

1. **STAKEHOLDER ENGAGEMENT PLAN**
2. **LABOR MANAGEMENT PROCEDURES**
3. **OUTLINE FOR SITE SPECIFIC ESIA/ESMP**
4. **ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN (ESMP) (TEMPLATE FOR PROJECTS WITH MODERATE AND LOW RISK)**
5. **ENVIRONMENTAL AND SOCIAL SCREENING CHECKLIST**

1. Introduction

Based on the analysis, the situation in agriculture in the country can be summarized as follow:

- **Agriculture is important economic sector and a critical employer in the rural areas of North Macedonia.**
- **Agriculture development, however, remains below potential because of several structural constraints**.
- **Small producers mainly participate in short value chains that typically end at local green or wholesale markets**.
- **The National Strategy 2012-2020 recognizes agricultural land consolidation as an important instrument to address fragmentation and to improve productivity**.

- **Management of state-owned agriculture land**. There is currently no single, unified policy or law on public land, its administration or its management. The responsibility for protecting and best using state land lies with different organizations depending on whether land is arable, pasture or forest.
- **Crop production dominates the agricultural production with an average share of 75 percent in total value. The remaining 25 percent originates from livestock production, where enhancing food safety is of particular concern.**
- **The Government's current agricultural support measures are not effective in overcoming these sector constraints and are not stimulating investment.**
- **The institutional landscape for agriculture and rural development is complex.**
- **Overall institutional capacity in the sector is weak.**

Study on production, purchase and trade in fruit and vegetables in North Macedonia that was prepared by the Faculty of Agricultural Science and Food of Skopje highlights competitiveness as the key challenge and proposes a number of recommendations including supporting the establishment of collection centers with cooling and sorting capacities in the main production areas in parallel with supporting improvement of the production quality and standards, promoting the use of contract farming, the establishment of producers' organizations, the vertical integration of the main actors in the value chain and traceability of fruit and vegetables in the chain. The study also emphasizes the need to strengthen the advisory service to provide the producers and processors with access to knowledge and information.

Based on the current situation in the agricultural sector and the conclusions of the Study, the Ministry of Agriculture, Forestry and Water economy decides to launch an Agriculture Modernization Project.

Main aim of the Agriculture Modernization Project is to improve competitiveness in selected agricultural sub-sectors and strengthen public sector readiness in the framework of the country's accession process to the EU. The achievement of the project outcomes will be measured through the following Project Development Objective level indicators: *Percentage of agricultural produce marketed in compliance with quality standards, Percentage of post-harvest loss of marketed produce and Public sector readiness for EU accession enhanced.*

According the WB environmental policy and standards, at earlier stage, there is a need for development of Environmental and Social Management Framework in order to provide general policies, guidelines, codes of practice and procedures to be integrated into the implementation of the all sub-projects for financing. At the same time it will be a "road map" for teams who are preparing the Environmental Mitigation and Monitoring Plans with main aim to provide the sustainability through protection of the environment during sub-project activities and human health and agriculture infrastructure development.

1.1 e of the ESMF

The Environmental and Social Management Framework (ESMF) is considered as a key instrument to ensure initial project compliance with the relevant Environmental and Social Standards (ESSs).

The purpose of this ESMF is to provide the implementing institution (Ministry of Agriculture, Forestry and Water Economy, MAFWE, further on Client) with rules and procedures for delivering the Project's interventions in a manner compliant with the World Bank's Environment and Social Framework (ESF).

1.2 ach and Methodology for the preparation of ESMF

The ESMF provides guidance and criteria for preparing site specific ESIA/ESMPs, to identify the environmental and social impacts and risks of proposed activities (both positive and negative), and to

specify appropriate preventive actions and mitigation measures (including appropriate monitoring plans) to prevent, eliminate or minimize any anticipated adverse environmental and social impacts.

The ESMF itself is aimed at ensuring that the implementing institution uses it in order to ensure compliance with the ESF as outlined in WB' ESS 1 – Assessment and Management of Environmental and Social Risks and Impacts. The ESMF is expected to ensure that, under the Project, environmental and social management is integrated into the development and operation of all investments and interventions as well as to ensure effective mitigationof potentially adverse impacts while enhancing accruing benefits.

The ESMF and RPF, as a separate documents, are prepared in line with the relevant ESSs and further take into account the appropriate national policies, legal and institutional framework related to environmental and social assessment.

The ESMF and RPF establish a process of environmental and social screening which will permit the implementing institution to identify, assess and mitigate the environmental and social impacts of investments. The ESMF and RPF also determine the institutional measures to be taken during the program implementation, including capacity building activities.

1.3 ct Description

The proposed Project Development Objective is to improve competitiveness in selected sub-sectors and strengthen public institutions in the agriculture sector.

Component 1: Promoting agriculture sector competitiveness. This component aims at enhancing farm-level competitiveness and fostering agricultural produce aggregation and market integration. This component will include the following two sub-components:

1.1 Developing Advisory One-stop Shop providing targeted high-quality advisory services for agricultural producers and agribusinesses;

1.2 Establishing Agriculture Purchasing and Distribution Centers including two pilot satellite collection centers to be developed in the main production areas for fruit and vegetables (Resen and Strumica), and an agri-food platform composed of a wholesale market and a logistics area for cross docking and storage operations for export and/or main retailers in the Skopje suburban area.

Component 2: Strengthening institutional capacity for public sector support. This component aims at enhancing public support services, including the capacity to design and deliver support to the agriculture sector. This component will include the following three sub-components:

2.1 Promoting Evidence-Based Policy-Making in Agriculture and Rural Development by (i) establishing a sustainable and effective monitoring and evaluation system for agricultural and rural development policy; and (ii) enhancing the Ministry of Agriculture, Forestry and Water Economy capacity to manage state-owned agriculture and pasture land;

2.2 Strengthening IPARD Implementation Capacity by providing additional required infrastructure, both in terms of office rehabilitation and equipment, to the Agency for Financial Support in Agriculture and Rural Development (i.e. Paying Agency) to ensure its capacity to implement the rural infrastructure measure according to the IPARD requirements;

2.3 Developing a System for Safe Disposal of Animal By-products ensuring the proper collection and processing of all categories of materials of animal origin subject to disposal, defined in the EU negotiations Chapter 12 Food safety, veterinary and phytosanitary policy. This is foreseen to take place in the municipality of Lozovo.

Component 3: Project Management. This component will provide overall coordination and implementation of project activities.

The exact locations of the concrete interventions, scope, and designs the physical investments will only be finalized and agreed upon during project implementation.

Following are some more details about the interventions.

A) Agri-food platform in Skopje

The agri-food platform (wholesale market and logistics area) in Skopje will be the focal infrastructure for the organization of fresh food distribution in North Macedonia (in particular for fruits and vegetables) and potentially also in the Balkan region and will be connected to different satellite collection and conditioning centers. It will allow the small-holders of the region to access the market (Ho.re.ca., open air markets, small retailers) and the main operators of the sector (wholesalers, exporters, hyper & supermarkets) to organize their activities through synergies and economy of scales.

The agri-food platform would have different functionalities as follows:

(a) Improve the supply in safe and standardized fresh food products for Skopje consumption basin (around 600,000 inhabitants);

(b) Provide access to market to local production (Skopje produces about 46,000 tons of the 5 main national crops); and

(c) Provide logistics services for agri-food sector, for both, domestic and international markets.

The agri-food platform would include:

- A physical market (wholesale market) whose objective is to organize the supply of the extended urban area around Skopje in perishable food products (and others), for the benefit of producers and consumers;
- A logistics area to create an offer of dry or cold warehouses currently non-existent at the national level. It will allow synergies between the different sectors of trade and food processing;
- An administrative area to create offices for the managing company of the site and the operators of food sector and other companies which will be attracted by the platform activity. This may include security services, health center, decentralized administrative services, banks, insurance, accountants, restaurants, etc.; and
- A technical area dedicated to the reception of all technical support activities such as truck cleaning station, trucks and cold equipment repair station, auxiliary equipment for the platform as a sewage treatment plant, waste recycling plant, etc.

Based on the benchmark of different agri-food platforms and the volumes of food products transiting in Skopje, the agri-food platform should comprise an area of not less than 14 hectares (ha), with a FAR2 of 0.3, thus including a 50,000 square meters (sqm) built and an expansion area of 10 ha.

B) Collection and conditioning station in Resen (EUR5.7 million)

Apples amount to about 60% of the total fruit production in the last decade in North Macedonia. The average annual production for the period 2008-2018 amounted to 116,700 tons. The total annual consumption of apples in the country is 25 million kg or 12 kg/capita (SSO3, 2018), while the average yield in a normal year production is 40 tons/ha. The production of apples is mainly concentrated in Pelagonia, with obvious dominance in the municipality of Resen, which represents 95% of the total apple production in the region, and 84% of the total apple production in the country. In 2018 the total production of the region amounted to 104,793 tons. Its potential is about 150,000 tons.

The collection and conditioning station would:

- Improve food safety and quality (compliance with international standards);
- Enhance competitiveness of the apple value chain;
- Enhance horizontal integration of small holders;
- Contribute to the organization of a national food distribution system; and

- Create an enabling environment for private investments.

The collection station will be part of a national food distribution strategy, becoming one of different satellites centers organized around a food hub with a wholesale market and an agri-logistics platform in Skopje.

The project would support:

- 10,000 sqm area (FAR: 0.5)
- 5,000 sqm built facility, flexible to anticipate possible increase ofquantities
- 5,000 to 8,000 tons per year
- Storage capacity: 5 cells of 500sqm
- Sorting and grading modern line
- 10 to 100 employees (peak season)

Collection and conditioning station in Strumiça (EUR6.2 million)

The main areas for vegetable production are located in the southeast (Strumica-Radovis valley Gevgelija-Valandovo valley). The total production of the 5 main national crops in 2018 represented 58% of production with a total volume of about 380,000 tons realized in the Southeast region, of which 370,000 tons were produced in the following 7 municipalities Strumica, Vasilevo, Gevgelija, Bosilevo New village, Bogdanci and Valandovo.

The collection and conditioning station would:

- Give access to market to local production;
- Increase food safety and quality;
- Comply with international standards for export;
- Improve competitiveness of value chains;
- Enhance horizontal integration of small holders;
- Contribute to the organization of national food distribution system; and
- Create an enabling environment for private investments.

The collection station will be part of a national food distribution strategy, becoming one of numerous satellites centers organized around a food hub with a wholesale market and an agri-logistics platform in Skopje. It will be also dedicated to export because of the positioning of the agriculture production in the region.

The project would support:

- 12,000 sqm area (FAR: 0.5)
- 6,000 sqm built facility, flexible to anticipate possible increase ofquantities
- 20 to 25,000 tons per year
- Storage capacity: 8 cells of 250sqm
- Multifunctional sorting and grading modern line
- 13 to 100 employees (peak season).

C) System for animal by-products (ABP)processing and safe disposal

The aim of the sub-component is to support North Macedonia in establishing a system for ABPs processing and safe disposal thus fulfilling a number of conditions, including the proper collection and processing of all categories of materials of animal origin subject to disposal, defined in the EU negotiations Chapter 12 Food safety, veterinary and phytosanitary policy.

In addition to the establishment of the necessary ABPs Facility, the activities envisaged will also include support for the gradual operationalization of the official control system for ABPs along the entire chain (production, separation, storage, transport, and disposal and/or processing), training of inspectors and business operators, establishing documented procedures and check lists for the approval of

establishments and inspection thereof, completing the alignment as necessary of the legal and regulatory framework in line with the current and relevant EU acquis and launching a public information and awareness campaign addressed to the associated food production/processing industry.

1.4 oral and Institutional Context

The study on production, purchase and trade in fruit and vegetables in North Macedonia commissioned by MAFWE to the Faculty of Agricultural Science and Food of Skopje to inform the project preparation was completed. The study focused on the main crops in terms of production and sales, namely tomato, pepper, cabbage, watermelon and cucumber for vegetable crops, and apple, plum, peach and cherry in terms of fruit crops. The study highlights competitiveness as the key challenge and proposes a number of recommendations including supporting the establishment of collection centers with cooling and sorting capacities in the main production areas in parallel with supporting improvement of the production quality and standards, promoting the use of contract farming, the establishment of producers' organizations, the vertical integration of the main actors in the value chain and traceability of fruit and vegetables in the chain. The study also emphasizes the need to strengthen the advisory service to provide the producers and processors with access to knowledge and information.

1.5 ct Institutional and Implementation Arrangements

Ministry of Agriculture, Forestry and Water Economy (MAFWE), Ministry of Finance (MOF), Agency for Financial Support in Agriculture and Rural Development (AFSARD), Food and Veterinary Agency (FVA), Agency for Real Estate Cadastre (AREC), Public Enterprise for Management of Pasture (PEMP), stakeholders and development partners will be the main institutions included for the AMP implementation.

The MAFWE is the lead project Implementing Agency and has overall responsibility for project management and implementation. The Project implementation will be partially mainstreamed into the MAFWE structure and will include other institutions involved in implementation of Project funded activities, Agency for Financial Support in Agriculture and Rural Development (AFSARD) and Food and Veterinary Agency (FVA).

A Project Management Team (PMT) will be established in MAFWE and will be composed by Project Director, Project Coordinator, Component Leaders, Procurement Specialist, Financial Management Specialist, Environmental and Social Specialist/Expert, and Technical Specialist.

A Technical Committee, led by the Project Director and involving Project Coordinator, Component Leaders, as well as any additional staff as necessary will be established to ensure coordination at the operational level. The committee will include any technical staff on a case by case base according to the topics to be discussed, and should meet at the least once a month to ensure there is good progress in planned activities, or in case it would identify bottlenecks and solutions to move forward.

Project Nanagement Team is planned to be established in April - May 2020.

2. seline data

2.1 ation and Size

The Republic of North Macedonia is a landlocked country, located in the heart of the Balkan Peninsula. It extends between 40°50' and 42°20' North Latitude, and between 20°27'30" and 23°05' East Longitude. Very important transportation routes pass through the country, which serve to connect central and eastern Europe with the southern and south-eastern parts of the continent, continuing towards the countries of the Near East and beyond. It borders two EU member states, Greece to the south and Bulgaria to the east, as well as Serbia and Kosovo to the north and Albania to thewest.

It has a total area of 25.713 km^2 and a population of about 2 million. The average population density is 78.5 residents per square kilometer, of which c. 60 percent leave in urban areas.

The capital of Skopje is located in the northern part of the country. The country is administratively divided into 84 municipalities, and the city of Skopje, as a separate entity, composing of ten municipalities.

Figure 1 Geographic position of Republic of North Macedonia and locations of main project interventions

City of Skopje

The city of Skopje is located in the central part of the Skopje Valley, covering an area of 571 km^2. Skopje has in total 578.144 inhabitants. The density is 319 person/km^2. The city is surrounded by high mountains: Skopska Crna Gora to the north; Zeden and Osoj to the west; Jakupica to the south; and Katlanovski Rid to the east. The basic orientation of the valley is from northwest to southeast, shaped by the flow of the River Vardar.

Skopje is the most important administrative, economic, cultural and educational centre in the Republic of North Macedonia. The City of Skopje is a separate local government unit, regulated by the Law on the City of Skopje, and is comprised of ten municipalities: Aerodrom, Butel, Gazi Baba, Gjorche Petrov, Karposh, Kisela Voda, Saraj, Centar, Chair and Shuto Orizari.

Strumica

The Municipality of Strumica is located at 41° 22' northern latitude and 22° 35' and 23° 45' east longitude. It occupies the far south-eastern part of the Republic of North Macedonia just below the boundary between the state borders with Greece to the south and Bulgaria to the east. The region that actually covers the valley between the mountains Belasica, Ograzden and Elenica. The Strumica region is situated on the south-east of the Republic of North Macedonia with the biggest town of

Strumica. The Municipality of Strumica is located on the south-western part of the Strumica region and covers an area of 322 km^2 with a total population of about 55,000 inhabitants.

According to the territorial organization of the local government units of 2005, the territory of Municipality of Strumica covers the city of Strumica and the following 24 populated surrounding areas: Banica, Bansko, Belotino, Veljusa, Vodocha, Gabrovo, Gradsko Baldovci, Dabilja, Dobrejci, Dorlombos, Zleshevo, Kosturino, Kuklish, Memeshli, Murtino, Ormanli, Popchevo, Prosenikovo, Raborci, Rich, Sachevo, Svidovica, Tri Vodi and Chepeli.

Resen

The Municipality of Resen is situated in the Prespa Basin, in the southwestern most part of Republic of North Macedonia, covering an area of 739km². Out of which, 562km² are on land, while 177km² are on water (Lake Prespa). It is a separate geographical area, which is located around the point of latitude 41°N and longitude 21°E.

The Municipality of Resen borders with the Macedonian municipalities of Ohrid, Bitola, and Demir Hisar. There are 44 toponyms of settlements here, out of which 43 are rural (39 active and 4 inactive/abandoned) and one urban settlement – the city of Resen.

Lozovo

Lozovo is a municipality in eastern Republic of North Macedonia. Lozovo Municipality is part of the Vardar Statistical Region. The municipality borders Sveti Nikole Municipality to the north, Štip Municipality to the east, Veles Municipality to the west and Gradsko Municipality to the south.

2.2 al Environment

North Macedonia is an elevated plateau of large, rolling hills and deep valleys, completely dissected and surrounded by mountains. The Dinaric Alps extend down into the country, and the highest point is in the Korab Mountain range, at 9,066 ft. (2,764m).

North Macedonia is a predominantly mountainous country. The average elevation of the terrain is 850 meters. Approximately 80% of the country consists of hills and mountains. The mountains are divided into two basic groups: on the one hand in the North-West the Šar Mountains mountain range that continues to the *West Vardar/Pelagonia mountain range* in the South-West and South (contiguous with the Dinaric ranges). On the other hand, in the South-East the Osogovo-Belasica mountain chain (westernmost section of the Rila-Rhodope Mountains). The Šar Mountains and *West Vardar/Pelagonia* mountain range is a continuation between the Dinaric Alps to the north and Pindus mountain ranges to the south, whereas the Osogovo-Belasica mountain chain is a continuation of the Rila-Rhodopes mountain massif.

Šar mountain range:

- Šar Mountains
- Mount Korab
- Mount Bistra
- Stogovo
- Dešat
- Jablanica
- Galičica

West Vardar/Pelagonia mountain range:

- Baba Mountain
- Jakupica
- Nidže
- Kožuf

Osogovo-Belasica mountain range:

- Osogovo
- Belasica
- Vlahina
- Maleševo
- Plačkovica
- Ogražden

The mountains in the Osogovo-Belasica group are older mountains. They are spread across the eastern part of North Macedonia. The mountains in the Šar Mountains group are younger mountains, situated in the western and central part of the country. They are divided in 3 subgroups: area around the Vardar river, area around Pelagonia valley and the area in the north-western part of the country.

There are three national parks protected by law in North Macedonia: Pelister, Mavrovo and Galichica.

Skopje

The wider area of the Skopje basin consists of Neogene-Pliocene sediments and Quaternary–alluvial deposits. Most of the soil in the Skopje Valley is a mixture of clay and alluvium with a high content of organic substances.

Resen

The rock masses belong to the West-Macedonian geotectonic unit (Klincarov 1997) which is separated into five segments. The Prespa lake watershed belongs to the Pelister - Shar Mountain segment (Arsovski 1997). Mountains to the east are composed of silicate rocks (schist, magmatic and volcanic rocks), while mountains to the north, south and west are mainly carbonaceous (limestone complex). Due to the porous limestone rocks to the west there is an underground water flow from the Prespa Lakes to the lower Ohrid Lake, where water appears as numerous sub-lacustrine and vigorous surface springs, such as Drilon in Albania and St. Naum in the Republic of North Macedonia.

The lowland part of the watershed is composed of a clastic complex of sediments (clay sediments, fluvioglacial residues, alluvial sediments, lake-swamp sediments and proluvial deposits). During the more recent evolution of the valley, frequent lake level fluctuations have occurred, evidence of which are many terraces and shore lines. The lowest identified terrace is about 5-6 m above the 852 m a.s.l. lake level. At this point the Gladno Pole sandy isthmus, which now separates the two lakes, was created (Klincarov 1997, based on Dumurdzanov and Ivanovski 1978 and Karajovanovic and Ivanovski 1979).

Strumca

The entire Strumica region is divided into hilly mountains, which include scales and flatland soils, as well as alluvial, scum, rocky and carbonate soils. Most of the land (46%) is arable land and belongs to the plain relief part located at an average altitude of 250–300 m and are of primary importance for agriculture in the region.

Lozovo

The municipality of Lozovo is a part from the Vardar planning region, that occupies much of Povardarie, the low relief area of the valley of the river Vardar in the central part of the Republic of North Macedonia. This area originated in the past by descending to the mainland creating more spacious valleys. To the north of the area it starts from the Dervenska or Yedenska gorge, which separates the Skopje and Veles valley.

Then follows the Veles ravine, where the Tikves valley spans and extends to the Demir Kapija Gorge. From the Demir Kapija Gorge begins the warm and fertile Gevgelija - Valandovo valley ending with the Gypsy Gorge on the territory of Greece. Povardarie, with low to medium high mountains, is separated

from the East - Vardar group of mountains and valleys. The main traffic artery of the Republic of North Macedonia runs through this area which is very important for the overall economicdevelopment.

2.2.1 Climate

Due to specific natural and geographic characteristics, there are two main types of climate in the Republic of North Macedonia: Mediterranean and continental. Thus, two prominant seasons occur: cold, wet winters and dry, hot summers. In addition to these, in the high, mountainous areas there is also a mountainous climate characterised by short, cool summers and considerably cold and moderately wet winters, where precipitation is mainly in the form of snow. In spite of the fact that North Macedonia lies relatively close to the Aegean and Adriatic Seas, the influence of the Mediterranean climate does not reach very deeply into the country, except within a few valleys. This is a result of the high mountains which rise up in the west and south of the country. The influence of the Aegean Sea can be felt along the valley of the Vardar River northward to Demir Kapiya, and slightly less so in the Skopye Valley. Some slight effect also reaches the valleys of the Strumitsa and Bregalnitsa Rivers, as well as the proximity of Doyran Lake. The influence of the Adriatic Sea on portions of western North Macedonia extends primarily along the Crni Drim valley. The continental influence enters from the north and continues towards the south; therefore, the characteristics of this climate are felt deep within the country, especially in the northeast and eastern regions.

The average annual temperature is 11.3°C. The hottest towns are Valandovo and Gevgelija, with temperatures of 14.5°C and 14.3°C, respectively. In the mountainous climatic areas, the mean annual temperatures are: on Popova Shapka , 4.7°C , in Lazaropole, 6.8°C and in Krushevo, 8.2°C.

The average precipitation within North Macedonia is 683.7 mm/year. The areas of highest precipitation occur in Mavrovi Anovi and Resen, with 1,197 mm and 757.9 mm, respectively, and the least in Ovche Pole Plain with only 490.3 mm.

Winds blow mainly from the northern quadrant but, in specific areas, their direction can changes according to the relief structure. Although the best known winds are the Vardarec and Jug, sometimes in valleys or ravines local winds occur, such as in Denik and Noknik.

Annually, the quantity of sunlight present is about 2,100-2,450 hours, while the mean annual cloudiness is between 4.3 and 5.7 on a 10-point scale. The average number of clear days is 130 in the south and 73 days in the Skopye Valley.

The average number of foggy days ranges from 4-72, mostly occurring in autumn and winter months. Fog is mainly present in the Skopye Valley (72 days) and in Polog (33 days), and occurs least often in the Strumitsa-Radovish Valley and in Malesheviya, where the average annual number of foggy days is 3-5.

Skopje

The climate of the Skopje Valley is influenced by the continenta l and Mediterranean climate, as well as the mountain climate in the areas at higher altitudes. The lower parts of the valley have warm and dry summer periods and averagely cold and wet winters. The average annual temperature for the period 1978–2015 was 12.9oC. The highest average monthly temperatures have been recorded in July and August, while the lowest temperatures have been recorded in January.

Precipitation is not equally distributed either in time or in area. According to the central weather station of Zajcev Rid in Skopje the average annual precipitation quantity for the period 1978–2015 was 484.8 mm. The average monthly variations of precipitation reach maximum values in May and November/December, while the lowest are in January/February and August. The dry period lasts from July until September, oſten continuously for more than 60 days. The occurrence of intensive rainfall is frequent in the valley, especially during the warmer period of the year. The year with the highest level of precipitation was 2014, with 782.9 mm, while the driest year was 2000, with 296.4 mm. The volume

of precipitation is lower during the warmer period of the year (vegetation period), when the water consumption of the sectors identified as the major water consumers is at its highest.

Strumica

The particular geographic and topographical position of Strumica is characterized by two climactic zones. The Sub-Mediterranean climate with high or low overlaps with the Eastern continental climate, interlace that gives the region a special earmark - long and hot summers with high temperatures during the day, reduced amount of rain, with lower winter temperatures and winds blowing from all directions. Strumica's micro-region is characterized by long period of sunny and intensively bright days, which positively impact the fructification. There are around 230 days of sun annually, whereas the sun reflection lasts on average 2,377 hours in a year. There is a fog in a maximum of 20 days. The micro regions of Radovish and Konche are characterized by relatively continental climate. Due to the difference in height (400-707 meters above sea level) particular climate elements vary between Mediterranean climate in the fields and mountainous climate in the mountains. Gevgelija's micro-region is characterized by Mediterranean to continental climate, ensuring warm days throughout the year. This micro-region is the sunniest part of the country, with over 240 sunny days peryear.

Resen

The average annual temperature in Resen is 9.5°C. The warmest month is July, with average monthly temperature is 18.9°C, and the coldest is January with 0.1°C.

Precipitation is influenced by the Mediterranean pluviometric regime. The average annual amount of rainfall is 715.2 mm, but in certain years the annual quantity varies from 380 mm to 1170 mm. The main peak is November, with an average of 102.6 mm, followed by December with 77.5 mm, and the main minimum in July and August is 24.9 and 26.8 mm, respectively. Precipitation is mainly from rain and little from snow.

Lozovo

Climate in the municipality of Lozovo is characterized by particular Mediterranean influence. The average annual air temperature is 13,8°C. The average annual precipitation is 500 mm.

2.3 ography and Drainage

2.3.1 logy

There are different types of waters on the territory of the Republic of North Macedonia, such as ground waters, springs, sources, running waters, streams and rivers, as well as natural and artificial lakes. The overall water resources in the Republic of North Macedonia have been estimated at around 26 billion m^3. According to these values, North Macedonia could be categorized among medium rich in water countries.

Water resources are unevenly distributed on the territory of the Republic of North Macedonia, which results from diverse geological composition, relief structure and climate characteristics. It should be pointed out that 84% of the waters in the Republic of North Macedonia are domicile, while only 16% originate outside of the country. The total amount of ground waters is estimated at around 0.52 billion m^3.

The greatest quantities occur in Skopje, Strumica, Kumanovo and Gevgelia-Valandovo Valleys. These waters are especially important for water supply to people, as it has been estimated that around 60% of the rural settlements and around 50% of the urban settlements use such waters to satisfy the demand. Springs are natural flow of aquifer water to the surface of the earth. It is considered that North Macedonia is not rich in springs. Most of them (around 80%) are located in the watershed of Vardar River, while few are in the watersheds of Crn Drim (around 15%) and Strumica(5%).

Around 4400 springs are registered in North Macedonia, 1100 of which have capacity bigger than 1 l/s. Among these, around 90 springs have capacity above 30 l/s, and 58 springs have capacity bigger than 100 l/s.

The largest rivers in North Macedonia originate from karst sources, such as Vardar, Treska, Babuna, Crna Reka, and other rivers. The biggest karst springs in North Macedonia is Ostrovo near the monastery St. Naum on the southern shore of the Lake of Ohrid, with overall capacity of 11 m^3/s, and Rashche (6 m^3/s) is the second in capacity. Also, more than 50 springs of mineral and thermo-mineral waters of overall capacity of around 1500 l/s are registered in North Macedonia. The biggest springs include the spas of Katlanovo, Kumanovo, Kochani, Shtip, Debar, Podlog, etc. North Macedonia has numerous mineral springs as well (Skopje Valley, Pelagonia, Polog, Kozhuf, Veles and Radovish areas).

Rivers in North Macedonia belong to three watershed areas: Aegean, Adriatic and Black Sea. The Aegean river watershed area is the largest in North Macedonia covering an area of 22319 km^2 or 87% of the total national territory. It is composed of the watershed of Vardar River (80% of the territory), and watersheds of the rivers Strumica and Cironska.

The river of Vardar is the longest and the most important river in North Macedonia. The total length of the river amounts 388 km, of which the Republic of North Macedonia possesses 301 km. Along its flow through the Republic of North Macedonia, Vardar River receives 37 tributaries longer than 10 km in total (Pena from Shar Planina Mt., Treska, Markova Reka, Lepenec and Serava in Skopje Valley, Pchinja and Kadina Reka in Taor Gorge, Topolka and Babuna in the area of Veles, Bregalnica in its middle course, Crna Reka and Boshava in the area of Tikvesh). In its upper flow, the river is enriched with additional 8 m3/s from Mavrovo water reservoir, diverted from the watershed of the river Radika.

The Adriatic river watershed in North Macedonia consists of the watershed of the river Crn Drim (56 km). Western and southwestern parts of the Republic of North Macedonia or 13% of the country's territory drain through it. Crn Drim flows out of Ohrid Lake, runs through Strushko Pole (fields) and then enters the reservoir of Globochica, and continues further down into the next reservoir – Debar Lake (Shpilje). The most significant tributary is the river Radika (64.7 km). Part of the upper watershed of the river Radika has been transferred, artificially, through Mavrovo Lake (reservoir) to the watershed of Vardar. The Black Sea watershed area covers insignificant part of North Macedonia's territory or 44 km2. It is situated on the northern slope of Skopska Crna Gora, where the river Binechka Morava has its springs; this river takes the waters from this area to Black Sea through Juzhna Morava and Danube rivers.

There are also a number of rivers continuing their course underground in North Macedonia, such as the rivers Krapa, Lazaropolska and Mala Reka, which sink in limestones; the water of the rivers Cerska, Patishka, Ocha and Pekolnikchija sinks in the river sediment and several small watercourses soak into karst fields (Begovo Pole, Toni Voda).

The Republic of North Macedonia has around 160 lakes with a total area of around 500 km2, or around 2% of the total area of North Macedonia. Of those, 50 are natural and the rest of 111 are artificial lakes – reservoirs. There are three tectonic lakes in North Macedonia, Ohrid, Prespa and Dojran Lakes. Ohrid Lake is situated in the furthest southwestern part of North Macedonia and it covers an area of 348.8 km2 (30.35 x 14.5 km), of which the Republic of North Macedonia owns 229.9 km^2, and the other part belongs to the Republic of Albania. The average depth is 144.8 m, and the greatest one 287 m. At normal lake water level, this lake basin accumulates 50,683 km3 of water. The Lake is fed with water through numerous riparian and sublacustric springs. Springs on the southern shore line (springs near the monastery St. Naum and springs near the village Tushemishte in Albania) are the most abundant and most numerous. Other major springs are Biljanini Izvori, the springs in the village Kalishta and springs Vodenche near the village Lin in Albania.

Prespa Lake is situated in southwestern part of North Macedonia. The Lake covers an area of 274 km^2 (28.6 x 16.9 km), of which 176.8 km^2 belong to North Macedonia, and the rest belongs to Greece and

Albania. The average depth of the Lake is 18.8 m while the biggest depth is 54 m. The overall water stored in (Greater) Prespa Lake amounts to 3.6 km^3 (Albrecht et al. 2012). There are two islands in the Greater Prespa Lake, that is, one located in North Macedonia – Golem Grad. Prespa Lake is supplied with water from a number of small tributaries, such as Golema Reka, Kranska and Brajchinska, as well as several sublacustric springs. The Lake does not have surface outflow, but it loses its water through evaporation and the sink Vragodupka in the bay of Zavir.

Dojran Lake is situated in southeastern part of North Macedonia and covers an area of 43 km^2. Its biggest depth of 10 m is in the southeastern part. It is fed with water from several small rivers from a few sublacrustic springs. Starting in 1988, the water level dropped dramatically resulting in decrease of lake's surface area by 600 ha and water volume by around 110 million m^3. As of 2002, a project for Lake recovery through replenishment of water from the alluvial aquifer Gjavato near Bogdanci has been implemented.

Apart from tectonic lakes, the Republic of North Macedonia also has one landslide lake (Moklishko Lake), one riparian-shore (Ostrovo near St. Naum), six marshy lakes, several cave lakes and 43 glacial lakes (most of which – 21 – are located on Shar Planina Mt., and the rest on the mountains Korab, Deshat, Jablanica, Stogovo, Pelister and Jakupica). There are more than 110 artificial lakes – reservoirs in North Macedonia. Of these, 22 reservoirs have a volume bigger than 1 million m3, and the rest are of smaller volume. Such larger lakes include Tikvesh on the river Crna Reka, Kozjak on the river Treska, Mavrovo Lake on Mavrovo River, Shpilje on the river Crn Drim, Kalimanci on the river Bregalnica, Strezhevo on the river Shemnica, etc.

2.3.2 and Geology

The Republic of North Macedonia, although a small country, abounds in various soil types: Automorphous (*undeveloped* – rocky soil, serozem on loose substratum, aeolian sand and colluvial soil; *humus-accumulative* – limestone-dolomitic mould, rendzina, humicsilicate soil, chernozem, and smolnica (vertisol); *cambic* – eutric brown soil, acid brown soil, brown soil over limestone and dolomite, and red soil; *eluvial-illuvial* – luvic soil and brown podzolic soil; *anthropogenic* – regolithic soil, garden soil and landfill soil); Hydromorphic (*undeveloped* – alluvial soil; *pseudogley* – pseudogley; *meadow* – meadow soil; *gley* – pseudogley- gley, black wetland soil, gley soil and peat-gley soil; *peat* – high peat, intermediate peat and low peat; *anthropogenic* – regolithic peat soil, rice soil and irrigated soil); Halomorphic *(acute saline soils* – solonchak; *solonetz* – solonetz); Subaquatic *(undeveloped* – protopedon; *developed* – "gitja," "daj" and sapropel).

The geological structure of the territory of the Republic of North Macedonia is characterized by many singularities and phenomena, which can rightly be treated as rarities amongst the world's natural, scientific and cultural heritage. On a relatively small surface we encounter a multitude of various geological and geomorphological phenomena, pointing to the fact that throughout geological history this region has undergone significant and very complex changes, resulting in a variety of rock masses ranging from geologically oldest to geologically newest formations.

Emphasis can be given to the fact that some of the geological phenomena in the region are considered unique in the world. The antimony site, Allchar, on Kozhuf Mountain, is where some one-of-a-kind thallium minerals have been discovered, the best known of which is lorándite. Certain mineral associations, in the area of village Nezhilovo, are known for the discovery of new minerals, recognized by the International Mineralogical Association (IMA).

It is worth mentioning that the cave Slatinski Izvor (Slatin Spring), formed in Precambrian rock masses, is one of the longest caves in the world and is registered on UNESCO'S World Heritage List of 2004. The list also features another site: Markovi Kuli (Marko's Towers) with their distinctive geomorphological forms, while the entrance of the Peshna Cave, measuring 52m x 40m, is one of the largest in Europe and the world.

On the territory of North Macedonia we distinguish a few separate large geotectonic units, the stages of creation and development of which are Proterozoic, Rifey-Cambrian, Caledonian-Hercynian and Alpine orogeny.

Cukali-Krasta zone

In North Macedonia, the Cukali-Krasta zone occupies a small space around the area where River Radika flows into Crn Drim (around Debar) and is composed mostly of Upper Cretatious flysch transgressed by Eocene conglomerates.

West-Macedonian zone

The West-Macedonian zone stretches from the Shar Mountain massif and spreads through the entire Western Macedonia territory, including in the south the mountain massifs of Baba Mountain with Pelister.

Pelagonian massif

The Pelagonian massif is a relic of the Precambrian Earth crust in this part of the Dinarides- Helenides. It is known under the name Pelagonian horst anticlinorium. It is separated from its neighboring tectonic units by deep regional faults, while alpine geological history depicts it as relatively elevated. It is composed of metamorphic crystalline rocks, gneisses, micaschists, marbles and other regional metamorphic complexes. Large masses of granites from various age can also be found in thiszone.

Vardar zone

The Vardar zone stretches from Belgrade in the north to the Thermaic Gulf in the south with a width of about 60-80 km. On the territory of North Macedonia, it includes fragments of Precambrian Earth crust, Paleozoic volcanic-sedimentary complex, and acidic Mesozoic magmatism. This zone in particular, with its geological history, inner structure, prevalent tectonic structures and their relations, stands out not only on the territory of North Macedonia, but in the entire Balkans as well.

Serbian-Macedonian massif

The Serbian-Macedonian massif is a fragment of the Rhodope massif separating the orogenic systems of the Dinarides and Helenides in the west and Carpatho-Balkans in the east. The part of the Serbian-Macedonian massif laying on the territory of North Macedonia is characterized by the presence of Precambrian and Rifey-Cambrian complexes. Gneisses and mica-schists are prevalent, and in certain segments – greenschist facies. In the marginal parts, there are some insignificant occurrences of graphitic schists from the Old Paleozoic era.

Kraishte zone

The Kraishte zone in North Macedonia is spread out along the border with Bulgaria (upper course of River Bregalnitsa) which includes terrains of the tertiary Pianets graben and surrounding mountain massifs. It is characterized by the presence of Triassic and other Alpine formations, and also has a particular type of development of the formation of greenschists.

2.4 d Use

Land use within the Republic of North Macedonia has been categorised on the basis of productive purposes (agriculture and forestry) and nonproductive purposes (water and watercourses, infrastructure, settlements and non-arable land), in accordance with data from the year 2000 State Survey Administration. Productive land has been exhibiting a slight decrease over the past twenty years.

Forest land includes 22,000 ha of nonproductive areas (rocky terrain). As a result of the measures taken for forest maintenance and artificial reforestation, today the forests in North Macedonia have been rehabilitated, with a large part of the shrublands converted into low forests (woodlands), and low forests into high forests**.** Unfortunately, seedlings of White and Black pine have been used in the

reforestation process rather than naturally occurring species. Of special note is the fact that 250,000 ha of forests and forest lands are currently almost devoid of vegetative cover (both inside and outside the main forest canopy). Of these, 0.4% are under sparse cover. These are areas suitable for replanting or for allowing natural recolonisation to occur.

Agricultural land includes pastures, temporary pools, drained wetlands still containing reeds and arable land. High quality pastures (192,000 ha) are located in almost all high mountain areas, but the best ones are located in the western mountains (Shar Planina, Bistra, Stogovo, Korab, Deshat and others). Arable land includes ploughed land and gardens, meadows, and a small amount of vineyards and orchards. Cereals dominate within this area (62%), which does not correspond to the favorable soil moisture and temperature conditions.

In general, approximately one-third of farm fields and gardens remain unplanted each year, that is, fallow or untilled (total of 193,000 ha). These are mainly areas of low cadastral class (VI, VII and VIII) located on hilly or mountainous terrain, having unfavorable relief or climatic conditions.

Water resources comprise most of the total balance of nonproductive land. Watercourses, natural lakes and artificial reservoirs cover an area of 87,493 ha or 3.4% of North Macedonia's total land area. A great portion of nonproductive land, however, is covered by settlements and infrastructure (totaling 69,207 ha), mainly in the plains and the most fertile areas. Of particular note has been the expansion of towns and plain settlements within the Skopje Valley, Polog Valley, Kichevsko Pole Plain, Ohrid Valley, Kumanovsko Pole Plain, Slavishko Pole Plain, Strumichko Pole Plain etc.

The category of "other barren lands" includes rocky terrain, high rocky peaks of young mountain ranges, extremely eroded areas, very steep and uncultivated areas, sides of canyons and valleys and the like. The abandoned arable land of cadastral class VII and VIII included in this category suffers from extreme erosion.

Skopje

There are vast areas of unused agricultural land at disposal within the city. The agricultural land occupies 48.4% of the rural territory, out of which 25.86% is arable. The current situation is such that only a small portion of this land is used/cultivated, and the rest remains futile.

Pelagonija

In the Pelagonija planning region, 17.7% of the total 650.000 hectares of arable agricultural land in the Republic of North Macedonia are located. Agriculture is one of the priority sectors in the Pelagonia region. It participates with 4% of the total production in the region and 5% in the total employment in the region. Excellent agricultural structure and climatic conditions are the main factors contributing to the successful development of agriculture in the region. Table 59 presents the representation of agricultural land by category. From Table no. 59 it can be noted that arable land (53%) and pastures (47%) are the most represented.

In the Pelagonia region, agriculture is an economic activity of the whole family. Most often, as a holder of an individual agricultural holding, men (90% of the cases, just like at the national level) with an average age of 57 years, while households engaged in individual agricultural holdings are 64% women with an average age of 45 years and 36% of men with an average age of 33 years (Table 61). It is important to mention that 30% of household members engaged in individual agricultural holdings are under 35 years old, up from 25% nationally. This shows a trend of inclusion of young people in agricultural activities.

Strumica

The forest eco-systems in Strumica micro-region are covering the territory of Belasica and Ograzden mountains, and are dominated by deciduous forests mostly composed of oak, black and white hornbeam, chestnut and beech trees. Evergreen forests are rarer and mostly found in the higher parts

of the mountains, dominated by the pine, fir and juniper trees. Mixed forests are found on smaller surfaces and they are not very common in this region.

In Strumica micro-region, the mine for exploitation of feldspad “Hamzali” is of a sodium character, and is the only one found on the territory of North Macedonia and the Balkans. The mine for CaCO3 exportation “Memeshli” is a site which represents marbled limestone, one of the rare sites in the Republic of North Macedonia. An investigation is being conducted on Ograzden Mountain in the immediate vicinity of the populated area Ilovica, where there are indications of potential stores (copper and gold).

The strength of Strumica’s agribusiness is a result of the favorable climate conditions, a large surface of fertile land, the science and technological development in the modernization of agriculture and suitable agriculture machines and equipment. From total of 54.676 residents, 19.216 residents live in the rural environments in which agriculture is the primary business branch, and by which this sector is placed in the group of sectors with the most numerous engaged workforce in Municipality of Strumica. The total agricultural surface is 8.130 hectares, of which 7.156 ha or 88.02% is fertile land, where plow and gardens dominate. Orchards 120 hectares (1,48%), vineyards 137 hectares (1,69%), meadows 272 hecatares (3,35%), pastures 93 hectares (1,14%), reed 93 hectares (1,14%) and 259 hectares or 3,18% of other. From the total production of fruit and vegetable, above 90% belongs to the production of vegetable, while 10% is fruit.

The fertile land, favorable microclimate and favorable hydrography, allow the growing and ripening of quality early-garden crops. Because of human resources, agriculture surface, structure and configuration of the land, as well as the favorable climate, investment in agriculture has limitless opportunities and enormous potential.

Of the small percentage of arable land, which is used for the production of field and horticultural crops, dominate the production of corn (26.6 percent share in the production of corn in Republic of North Macedonia), then potatoes and onions. The other crops are produced in very small quantities and thus have minimal participation in the total production in Republic of North Macedonia.

Fruit production is also minimally developed with very small share in the total production in the country. In 2014 the highest production with 13.7 percent participation was noted in the production of nuts, 10.7 percent cherries and 10.3 percent pears. Grape production has the smallest share of 0.3 percent in overall grape production in Republic of North Macedonia.

Lozovo

The main crops of Lozovo primarily include grapes, tobacco, and some wheat. The red and white grapes are harvested for the production of wine and for eating. Tobacco is harvested in through the autumn months, is threaded/stitched, dried, and sold in March. Many locals have replaced vineyards with tobacco fields because tobacco has become more profitable than grapes.

Domestically, locals grow vegetables and fruits in their home gardens. Vegetables can include peppers, cabbage, leeks, tomatoes, beans, carrots, and squash. Fruit can include apples, pears, plums, figs, quince, and lemons. Many locals have chickens, goats, and pigs. A few locals make their living as shepherds. Local goat walks occur daily through the main street.

2.5 ogical Environment-Ecosystems

2.5.1 Grasslands

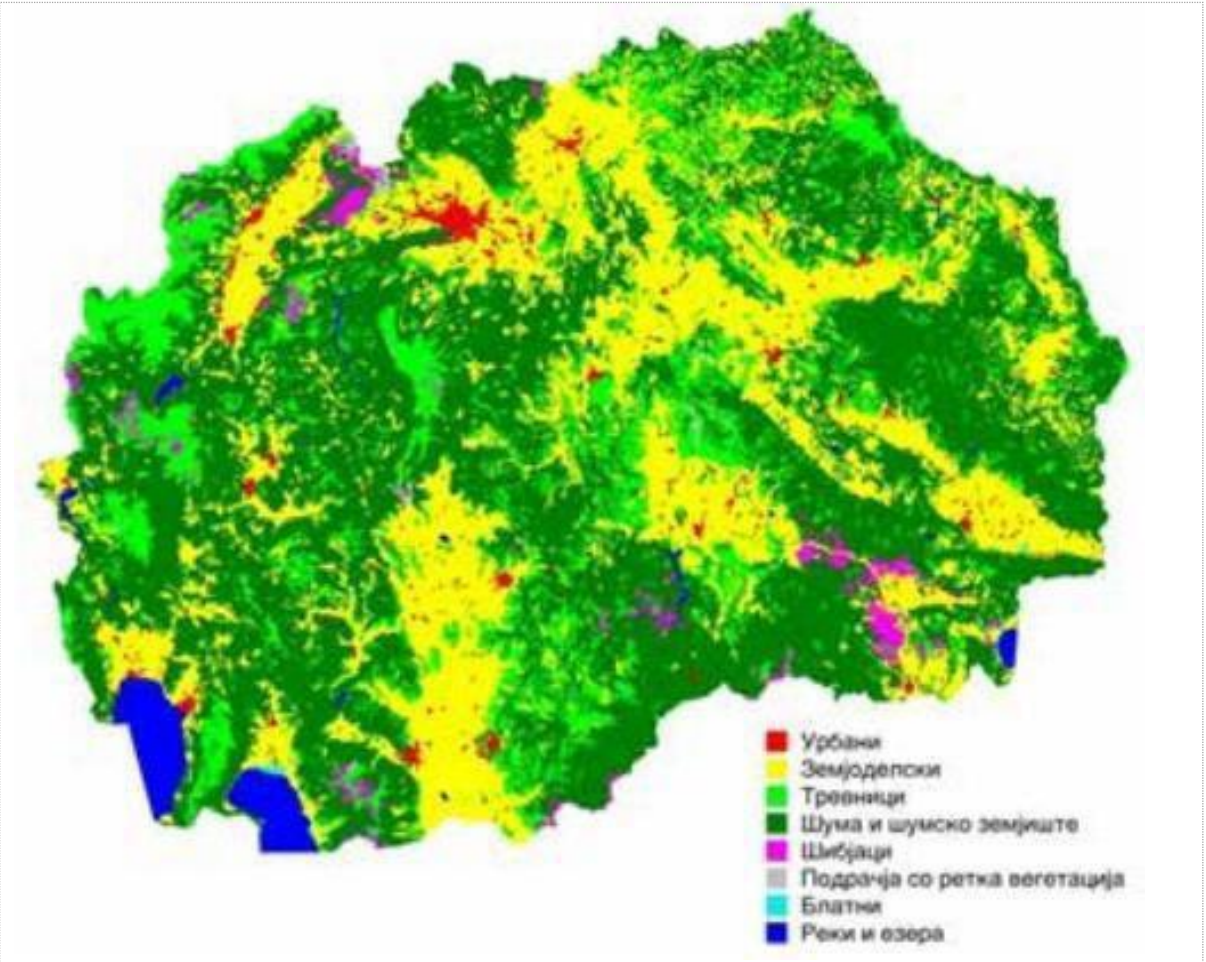
Grasslands occur in the lowland and high land belts from 60-1,200 mmsl. The soils on which they develop are geologically diverse (silicate, limestone, dolomite, etc.). Dry land/grassland ecosystems occupy a large part of the Republic of North Macedonia. They occur in the lowland and highland belt (in the highland pastures), and often in secondary habitats primarily because of permanent degradation of forest phytocenoses (mainly Oak), but also due to recolonisation of abandoned farmland by grassland species. The soils on which they develop are geologically diverse over the entire

territory (silicate, limestone, dolomite, serpentine, arsenic, Palaeogenic and Neogenic marls and saline soils) and the ecosystems themselves are present at altitudes of from 60 m to approximately 1,200 m msl.

This group of habitats is a complex group comprising six smaller groups in North Macedonia, namely: Dry montane grasslands (E1), Mesic grasslands – meadows (E2), Seasonally wet and wet grasslands (E3), Alpine and subalpine grasslands (E4), Woodland fringes and clearings and tall forb stands (E5), and Inland salt steppes (E6). Distribution of dry montane grasslands (E1) is bound to oak forest region. They occur in altitudinal belt from 60 to 1200 m, on different geological grounds, mostly on secondary habitats.

The groups of mesic grassland stands/habitats (E2) and seasonally wet and wet grasslands (E3) refer to more or less wet pastures and meadows from lowland and lower mountain belt within boreal, amoral, moderately warm humid and Mediterranean zone. Contrary to habitats in the group E2, which are exposed at bigger anthropogenic intervention (regular grazing, mowing, agricultural improvement, use for sporting, etc.), habitats in E3 incorporate pastures and meadows with no significant human influence. Both habitat groups are characterized by communities of the class Molinio-Arrhenatheretea. Habitats of alpine and subalpine grasslands (E4) most often occur above the upper forest boundary. They include primary and secondary grassland formations in boreal, amoral, moderately warm humid and Mediterranean zone, which is dominated by species from the families Poaceae or Cyperaceae.

Compared to previous groups, climate here is characterized with higher humidity and lower temperatures in the course of the year. Three major subgroups of this habitat group can be distinguished in North Macedonia: Acid alpine and subalpine grasslands (E4.3), Calcareous alpine and subalpine grasslands (E4.4) and Alpine and subalpine enriched grasslands (E4.5). Habitat group E5 – Woodland fringes and clearings and tall forb stands is ecologically one of the most heterogeneous habitat groups. It includes stands with tall grass or ferns which grow on abandoned urban and agricultural lands, along watercourses, on woodland fringes or in pastures inhabited with species from adjacent habitats. Besides native communities specific to woodland fringes (E5.2) and subalpine wet tall-herb and fern stands (E5.5), it also incorporates various weed communities on abandoned urban, suburban and rural structures, industrial sites, arable lands, etc. (E5.1). Habitats of inland salt steppes (E6) refer to saline soils on which grass plants resistant to high concentrations of salts are predominant. Salt steppes from North Macedonia, under the EUNIS classification, belong to E6.215: Pelago-Vardar salt steppes, comprising halophyle communities from the southwestern part of the Balkan Peninsula, in the area surrounded by Pelagonides and Meso-Macedonian mountains, in the arid zone of the rivers Vardar and Gorna Morava. Several habitat types of the sixth level are mentioned for North Macedonia.



LEGEND:

(***Red***) Urban Ecosystems (Artificial Habitats)

(***Yellow***) Agricultural Ecosystems

(***Light green***) Grasslands

(***Green***) Forest and Wooded Land

(***Magenta***) Shrubs

(***Grey***) Naturally Unvegetated or Sparsely Vegetated Areas,

(***Turquoise***) Marshy Ecosystems

(***Blue***) rivers and lakes

Figure 2 Types of ecosystems in the Republic of North Macedonia

2.5.2 Forests

Forest ecosystems cover a large portion of the land area of the Republic of North Macedonia at elevations of 150-2,200 m. Broadleaf forests dominate (Hornbeam [Carpinus betulus], Chestnut [Castanea sativa], Beech [Fagus sylvatica], Hop-hornbeam [Ostrya carpinifolia] and Oak [Quercus sp.]), while evergreen forests (Fir [Abies sp.], Spruce [Picea sp.] and Pine [Pinus sp.]) as well as mixed forests (Beech-Fir) are distributed in small areas. Due to over-harvesting, they have been 15 degraded in the lowland areas and completely destroyed in some places. Nevertheless, they are represented by over 80 pure forest stands and include species from seven classes.

2.5.3 Arid and semi-arid lands (ASALS)

North Macedonia is a seismic area, however, and a large part of its territory is arid and semiarid and there are frequent landslides, avalanches etc.

2.5.4 Mountain vegetation

Mountain ecosystems are found within a large portion of the Republic of North Macedonia, especially on mountains over 2,000 m in elevation – Belasitsa, Bistra, Deshat, Duditsa, Galichitsa, Yablanitsa, Yakupitsa, Korab, Kozhuf, Nidze, Osogovo, Pelister, Shar Planina, Stogovo etc. – where there are optimal conditions for their development. Mountain and high-mountain vegetation which develops above the upper forest boundary (over 1,800 m) is very rich and diverse. Contemporary phytocenological research on these ecosystems has been done on the mountains Bistra and Osogovo, whereas data for the other mountains (Belasitsa, Galichitsa, Yablanitsa, Yakupitsa, Korab, Nidze, Pelister, Shar Planina etc.) are older, and will probably need to be revised. Data on some of the mountains are missing (Duditsa, Kozhuf etc.).

The communities in the mountain pastures which are located on silicate (class Caricetea curvulae) and carbonate soils (class Elyno-Seslerietea) are represented by approximately 15 associations. The communities that develop on limestone and silicate rocks (class Asplenietea rupestris), limestone screes (class Drypetea spinosae), under snow banks (class Salicetea herbaceae), near mountain streams (tall grassy plants of the class Betulo-Adenostyletea), in high-mountain marshes (classes Montio-Cardaminetea and Scheuchzerio-Caricetea fuscae) etc. are also locatedhere.

2.5.5 Freshwaters and wetlands

The rivers of North Macedonia are divided into three watersheds: the Adriatic Sea, the Aegean Sea and, to a very small extent, the Black Sea. The Vardar River is the largest river, containing 80% of the water flow leaving the Republic of North Macedonia. Of the remaining 20%, 13% flows through the Crni Drim River, with only 7% through the Strumitsa River. Of the natural lakes in the Republic of North Macedonia, the most attractive are the tectonic lakes: Ohrid, Prespa and Doyran.

Wetland ecosystems in the Republic of North Macedonia are present in various forms (relic lakes, glacial lakes, reservoirs, rivers, streams, springs and temporary waters). The group of key aquatic systems includes the three natural lakes and the developed river network, especially the watershed of the Vardar River.

Ohrid Lake, with its relict and endemic organisms, represents the most significant lake ecosystem in Europe (under the protection of the United Nations Educational, Scientific and Cultural Organization [UNESCO]). It is the largest lake in the Republic of North Macedonia and is situated in a tectonic valley in the far southwest of the country. It is a typical oligotrophic lake with outstanding transparency, low nutrient content and low production.

Prespa Lake is the second largest natural lake, located at the juncture of the three countries, North Macedonia, Greece and Albania. Rich encrusted layers of Green and Bluegreen algae and diatoms can be found on the rocky submerged substrate in the southern portion of thelake.

Doyran Lake is the smallest tectonic lake in the Republic of North Macedonia. It is located in the south-eastern area of the country and is a typical eutrophic lake of the Aegean lake group. It is characterised by high floristic and faunal diversity and low endemism. Diatoms are dominant among the phytoplankton and periphyton.

The three natural lakes provide favourable conditions for the development of aquatic macrophytic (floating and submersed) vegetation, as well as the development of shoreline marsh species. In the past, plant communities of these vegetation types used to develop in the numerous swamps and marshes present in most of the valleys of North Macedonia (Katlanovo Marsh, Prespa Marsh, Ohrid Marsh, Struga Marsh, Pelagonia Marsh, the marsh near Negortsi Spa, the marsh near the village of Bansko, Monospitovo Marsh, the marsh in Upper Polog [near Gostivar] etc.), of which today only

fragments remain. The Republic of North Macedonia has a very rich network of rivers divided among three watersheds: the Vardar, Crni Drim and Strumica. The watershed of the Vardar River is the largest.

2.5.6 Protected areas within the chosen locations

Skopje

Protected area Vodno (ID 202)

The site covers the northern slopes of the Vodnan Mountain (Krdovar 1,066 m), starting from Kisela Voda to the east, along the crest of the mountain to the Dolna Matka in thewest.

Space where degraded forests in the past have been restored by intensive afforestation (over 400 ha) with coniferous and broad-leaved trees (black pine, linden, birch). The upper parts of Vodno partially preserve autochthonous composition of chestnut, oak, clear and hornbeam. Northeast of the village Nerezi is the paleontological site of Mali Most.

Proposed for protection as natural rarity Kale – Skopska Tvrdina (ID 333)

The site is located on the old sections of the southwest part of the fortress, on an area of 0.67 ha.

It is made of Pliocene sediments containing numerous very well-preserved flora remnants, but also of freshwater lake fauna.

Nonrepresentative protected area and proposed area for protection Arboretum (ID 281)

The site is located about 5 km southeast of the city of Skopje, south of the settlement Madzari, on the left bank of the river Vardar.

About 600 species of trees and shrubs come from all continents, primarily from Europe, Asia and North America are present in Arboretum. The facility serves a variety of bio-environmental observations.

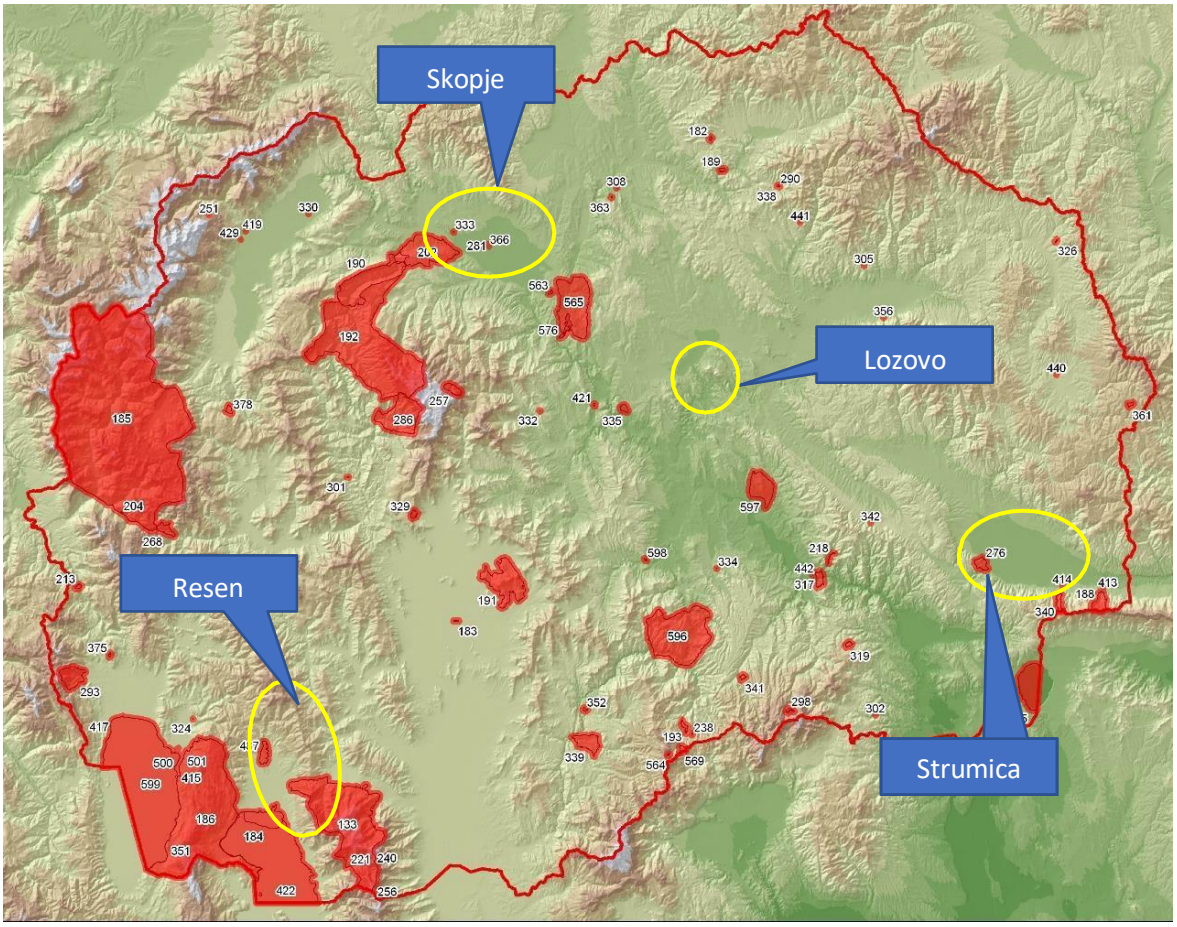


Figure 3 Representative areas in the country

Nonrepresentative protected area and proposed area for protection Ostrovo Trubarevo (ID 366)

The site is located on the left side of the river Vardar near the settlement Trubarevo, opposite of the bank of Markova River estuary in Vardar.

After the drying up of the Katlanovo Swamp in 1965 with the ameliorative operations in the Skopje Valley, as only "resort" of migratory birds near Skopje remained the "Ostrovo" area near Trubarevo. Most of the bird singers are found here.

Resen

Protected area National Park Galichica (ID 186)

Galicica National Park is located between Ohrid and Prespa Lake in the extreme southwestern part of the Republic of North Macedonia, on the Galicica mountain range, including parts of its branches East and Prechna Mountain, and the Golem Grad island in Prespa Lake. It covers a total area of 22750 ha which constitutes most of the territory of the mountain Galichica.

Protected area Ezerani (ID 184)

The protected area Ezerani covers the coastal northern parts of Lake Prespa. It is located between the villages of Sir Han and Asamati.

The most important is the presence of many species of birds, represented by large populations. The presence of plant species and habitats of national and international importance is an important feature the area. At the confluence of the Golema Reka the only known one site of the insectivorous Aldrovanda vesiculosa which formed a specialcommunity.

The natural ecosystems in the area are under the influence of anthropogens factors, to a greater or lesser degree. These factors include different agricultural practices and infrastructure facilities.

Protected area Prespa Lake (ID 422)

Lake Prespa is located in the extreme southwestern part of the territory of the Republic of North Macedonia, of the triangles between North Macedonia, Albania and Greece, at an altitude of 853 meters.

Lake Prespa and its surroundings feature significant flora and fauna. The chloro-vegetation diversity of Lake Prespa is represented by plant habitats (marsh vegetation, aquatic/flotant, aquatic/submarine, meadow, hygrophilic, forest and riparian vegetation). Lake Prespa has recorded 23 species of fish, 9 species of amphibians, 14 species of reptiles, 216 species of birds and 29 species mammals.

Prespa Lake in 1995 was placed in the World Ramsar list, as the first racist place in North Macedonia, and in 2000 is included in Corine biotopes of North Macedonia, while in 2002 is included in the Catalog of Wetlands of North Macedonia. Prespa Lake is included in the National Emerald Network of Areas of Interest to preserve the EU and the Macedonian Green Belt, an initiative of the European Commission World Union for the Protection of Nature. Lake Prespa is recorded as a significant vegetation area in the Republic of North Macedonia in 2007 and 2010 has been proposed as an important ornithological site in the Republic of North Macedonia the criteria of BirdLife International.

Strumica

Protected area Cham Chiflik (ID 276)

The site is located south of the city of Strumica in the wider area of the Cham Chiflik hill (553 m).

The slopes are steep slopes and are overgrown with pine forest (Pinus nigra - Pinus pallsiana) and oak prairie (Quercus coccifera). Along with lynx there are numerous Mediterranean and sub-Mediterranean species: *Clematis flammula, Osyris alba, Cistus villosus, Cistus incanus subsp. incanus, Carex dystachya, Asparagus acutifolius* and others**.**

Representative area proposed for protection Monospitovsko blato (ID 357)

The site is located in the plain of the Strumica Valley between the villages Monospitovo in the north, Bansko in the south and Kolesino in the east.

The Monospitovsko blato is the largest swamp in North Macedonia characterized by the presence of rare and relict species and plant communities, as well as internationally importanthabitats.

In the Monospitovsko blato there are six types of habitats represented by several plant communities: swamp (Oenantheto-Roripetum and Scirpeto-Alopecuretum cretici), marsh (Sparganieto-*Glycerietum resuitans, Dichostyleto-Fimbrotyletum carpio) -balansae, Cynosureto-Caricetum hirtae* and *Osmundo-Thelipteridetum*), forests (*Periploco-Alnetum glutinosae* and *Salicetum albae-fragilis*), fragments of sphagnum peat bogs and agricultural areas.

There are many important plant species found here: Osmunda regalis (relict species), Marsilea quadrifolia, Thelipteris palustris, Tamarix smyrensis, Sisyrinchium bermudiana, Isoetes phrygia, Amaranthus spinosus, Cladium mariscus and others.

112 species of birds are known, of which 61 species are included in Annex 2 to the Bonn Convention, 107 in the Berne Annexes, 46 have unfavorable conservation status in Europe, 62 species are included in the Annexes to the EU Birds Directive, and 46 species have European endangered status in one of the disadvantaged categories.

From mammals, the presence of the otter (*Lutra lutra*), as well as the seven bat species included in the Bern Convention lists, the EU Habitat Directive and the IUCN Red List of Threatened Species, are of particular importance.

Representative area proposed for protection Vodenishnica River (ID 450)

The site covers the original part of the catchment area of the river Vodenishnica in the western part of the Belasica Mountain.

Balkan endemics Myas chalybaeus and Pterostichus brucki are found here, as well as subendemites *Carabus violaceus rilvensis, Molops rufipes belasicensis* and *Tapinopterus balcanicus belasicensis*.

Lozovo

There are no protected or other recognized areas of biological and nature importance in Lozovo municipality.

2.6 io-Economic Background

2.6.1 al Information on Administrative division

The administrative division of Republic of North Macedonia includes municipalities, but also statistical regions, as well as the City of Skopje as a separate administrative unit.

The municipalities cover the settlements that enter into their territory, determined by law. The seat of the municipality is in the most populated settlement in the municipality. Current division in municipalities was established in 2004, when the new *Law on territorial organization* and *local self-government in the Republic of North Macedonia* was adopted. Municipalities in North Macedonia are the *first*-level *administrative division*. The municipal division counts 80 municipalities, out of which 10 are municipalities under the territorial area of the City of Skopje, which is also considered as a separate unit of local self-government.

The country is also divided into 8 planning statistical regions, which are considered as *certain*-level *administrative division*, but as regions suitable for planning of their development.

The regions of North Macedonia were adopted by the Parliament in 2009. The largest region in area is Pelagonija, which is characterized with a low population density of 50 inhabitants per square kilometer, while the smallest region, the Skopje region, has a densely populated population of 319 inhabitants per square kilometer and absorbs more of a quarter of the total population in the country. Rural municipalities are widely represented in almost all regions, but most of the population lives in larger urban centers, which indicates an uneven concentration of the population inside the regions.

In the Polog and the Southwest region there is a high share of the population living in rural areas, while in other regions rural settlements are less commonly populated.

2.6.2 ation

Demographic indicators at the regional level show differences which points to existence of disproportion in the territorial distribution of the population. The Skopje Region is the most densely populated region, while the Vardar region is the least densely populated.

Differences in population are visible the age structure of the population. The highest share of young population (0-14 years of age) is registered in the Skopje Region (18.4%), whereas the lowest is in the East Region (14%). The highest proportion of old population (65+) is observed in the Pelagonija Region (16.2%), while the lowest in the Polog Region (9.3%). The indicators of the average age of the population also confirm this situation.

Differences are also visible in the number of births and deaths. In five regions (Vardar, Southwest, Southeast, East, and Pelagonija), as a result of the unfavorable age structure and the low fertility, the

number of deaths exceeds the number of births. The most critical is the situation in the Pelagonija region with difference of 4 ‰ (people/per 1000 inhabitants): live births vs deaths = 9.3 ‰ vs 13.3 ‰.

Table 1 Population and Migration figures for the past decade in Republic of North Macedonia

	2008	2013	2018
Population at the end of the year	2.048.619	2.065.769	2.077.132
Female	1.021.815	1.030.928	1.036.932
Immigrated citizens of the	219	490	369
Immigrated foreigners	557	1.941	2.557
Emigrated citizens of the Republic of North Macedonia	740	945	144
Emigrated foreigners	11	96	233

(Source: SSO. North Macedonia in figures, 2019)

In 2018 there is an increase of population in the country for 0.55%, compared to the data from 2013, and 1.39% compared to data from year 2008. In regards of the gender structure of population in 2018, there is almost an ideal balance where women represent 49.92% of the population.

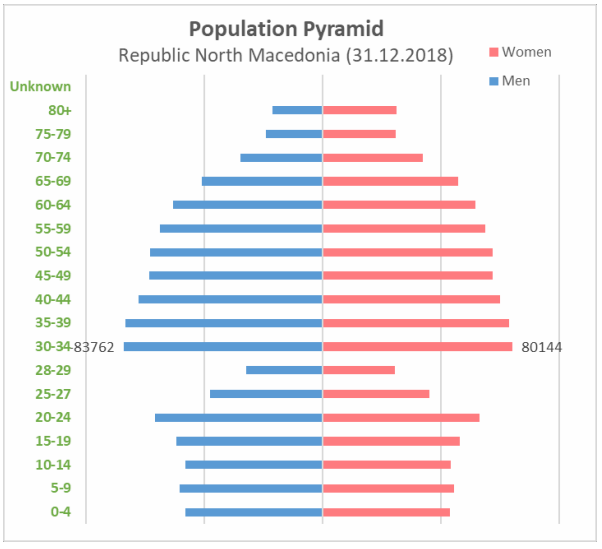
Table 2 Vital statistics

‰ (per 1000 inhabitants)	2008	2013	2018
Live births	11.2	11.2	10.3
Deaths	9.3	9.3	9.5
Marriages	7.2	6.8	6.5
Divorces	0.6	1.0	0.8

(Source: SSO. North Macedonia in figures, 2019)

In the period 2008/18, the number of live births decreased by 7.0 % and the birth rate by 0.9‰. In the same period (2008-2018), the number of deaths caused an increase in the mortality rate to 9.5% and the number of marriages decreased by 8.2% followed by the number of divorces (increased of 34 %).

The following figure presents the population structure in the country, by five-year age cohorts.

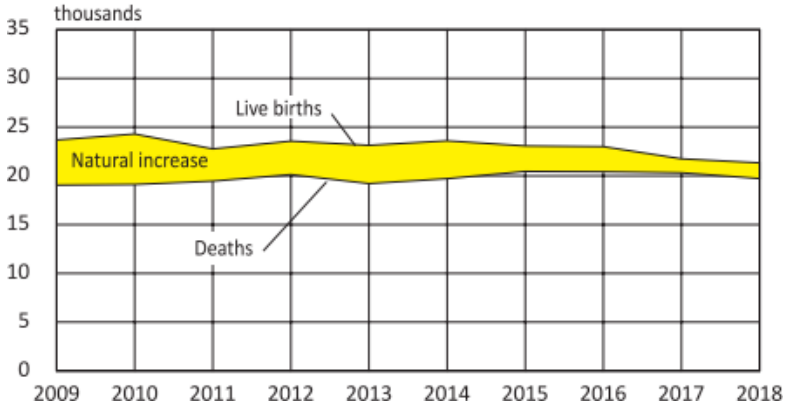


(Source: SSO, website. MakStat Database)

Figure 4 Population Pyramid, 2018

All these data are indicating that the population in the country is growing older and that in a certain period of time there will be increased need for improvement of social services delivered on local and national level.

The following graph demonstrates the tendency of Natural increase of population in the country for the period 2008/18.



(Source: SSO. North Macedonia in figures, 2019)

Figure 5 Natural Increase of Population

2.6.3 ic Growth & Setting

North Macedonia's economy is closely linked to Europe as a customer for exports and source of investment. North Macedonia maintained macroeconomic stability through the global financial crisis 2008 by conducting prudent monetary policy, which keeps the domestic currency pegged to the euro, and inflation at a low level.

Basic data on Gross domestic products are shown on the following table.

Table 3 Environmental and Social Standards (ESS) triggered by the Local Roads Connectivity Project

Basic data on gross domestic product	2016	2017
Gross domestic product at market prices in current prices (in million Denars)	594.795	616.600
- real growth rate (in %)	2.8	0.2
- in million Euros (at current exchange rate)	9.657	10.014
- per capita in Euros (at current exchange rate)	4.659	4.827
GDP in million PPS	22.578	22.606
GDP per capita in PPS	10.900	10.900

(Source: SSO. North Macedonia in figures, 2019)

In 2016, according to the structure of GDP, the Skopje region holds the biggest share of 43.1% of the total national GDP, followed by Pelagonija (10.9%), Southeast (10%), Southwest (8.2%), East (7.9%), Vardar (7.8%), Polog (7.1%) and Northeast (5%) region.

In 2016, in the Republic of North Macedonia, gross fixed capital formation mounted to 145 040 million Denars, which is 8.8% more compared to the previous year. The Skopje Region had the biggest share in the total gross fixed capital formation (51.9%), while the Northeast Region had the smallest share (1.7%).

Figures on number of employees, average salary, as well as number of active business per industry sector are presented on the following table.

Table 4 Active business entities by sectors of activity, by total number of employees and Average net wage paid per employee, situation on 31 December 2018

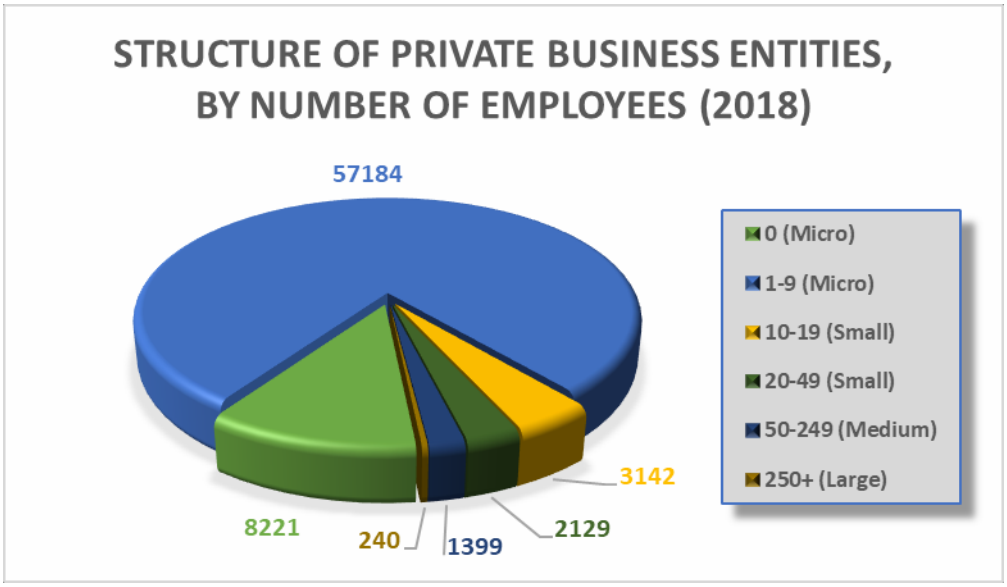
State as of 31st December 2018 (salary in Denars)	Number of Active Businesses	Number of employees	Average Net Salary Disbursed
Total	72.315	759.054	25.784
Agriculture, forestry and fishing	2.546	119.337	19.101
Mining and quarrying	205	6.509	36.143
Manufacturing	8.033	150.820	21.427
Electricity, gas, steam and air conditioning supply	186	10.324	38.701
Water supply, sewerage, waste management and remediation activities	250	14.120	20.939
Construction	4.938	56.263	22.633
Wholesale and retail trade; repair of motor vehicles and motorcycles	22.950	108.726	26.260
Transportation and storage	5.667	39.134	23.536
Accommodation and food service activities	4.597	30.964	17.850
Information and communication	1.856	12.995	53.729
Financial and insurance activities	448	8.095	42.953
Real estate activities	575	1.330	28.574
Professional, scientific and technical activities	7.261	17.332	31.936
Administrative and support service activities	1.752	14.612	18.881
Public administration and defense; compulsory social security	264	52.900	27.870
Education	1.222	44.696	24.152
Human health and social work activities	3.357	42.760	27.640
Arts, entertainment and recreation	1.404	12.334	27.018
Other service activities	4.427	12.604	27.227
Activities of households as employers	0	864	0
Activities of extraterritorial organizations and bodies	0	814	0

(Source: SSO, website. MakStat Database)

The largest share of employed persons by sectors is in Manufacturing with 143.253 employees in 2017 (137.615 employees in 2016, 150.820 in 2018). Second biggest sector with the largest number of employees is Agriculture, forestry and fishing, with 120.311 employees in 2017 (in 2018 there were 119.337 employees).

On a regional level, the highest average monthly gross wage paid per employee in 2017, compared to the overall average in the Republic of North Macedonia, was observed in the Skopje Region (17.0%), while the lowest average monthly gross wage paid per employee in 2017, compared to the overall average in the country, was recorded in the East Region (23.3%)

In 2018, the number of active business entities is 72 315, which is an increase compared to 2017 by 1.3%. The largest number of entities are from the Wholesale and retail trade; repair of motor vehicles and motorcycles with 22 950 entities or 31.7% and Manufacturing with8033 subjects or 11, 1%.



(Source: SSO, website. MAKStat Database)

Figure 6 Number of private business enterprises, by number of employees, 2018

The data on the structure of active business entities (2017) according to the number of persons employed show that the highest share of 79.1% belongs to business entities with 1-9 persons employed, followed by business entities with no persons employed or entities with unascertained number of persons employed (no data on persons employed) with 11.4% and entities with 10-19 persons employed with 4.3%. The share of entities with 20-49 persons employed was 2.9%, those with 50-249 persons employed participated with 1.9%, while entities with 250 or more persons employed had a share of only 0.3%.

At the very end of 2018, the Employment Agency recorded some 94721 unemployed individuals who regularly seek job, of which 34% are people living in rural areas.

Agriculture

According to the SSO, in 2018 there were 1.264.139 ha area of available agricultural land, of which 41% is totally cultivated land. This cultivated land consists of arable land and gardens (80.6%), orchards (3.24%), vineyards (4.64%) and meadows (11.5%). Pastures includes 58.9% of available agricultural land.

Wheat is the main crop that can be found on the fields in the country, although the area that has been sown on 2008, has been in decline for 16.9% in 2018. Fruit (Apples and Grapes) are in continuous expansion thus registering increase their presence in 2018 on 11.3% (grapes) area of land, compared to 2008.

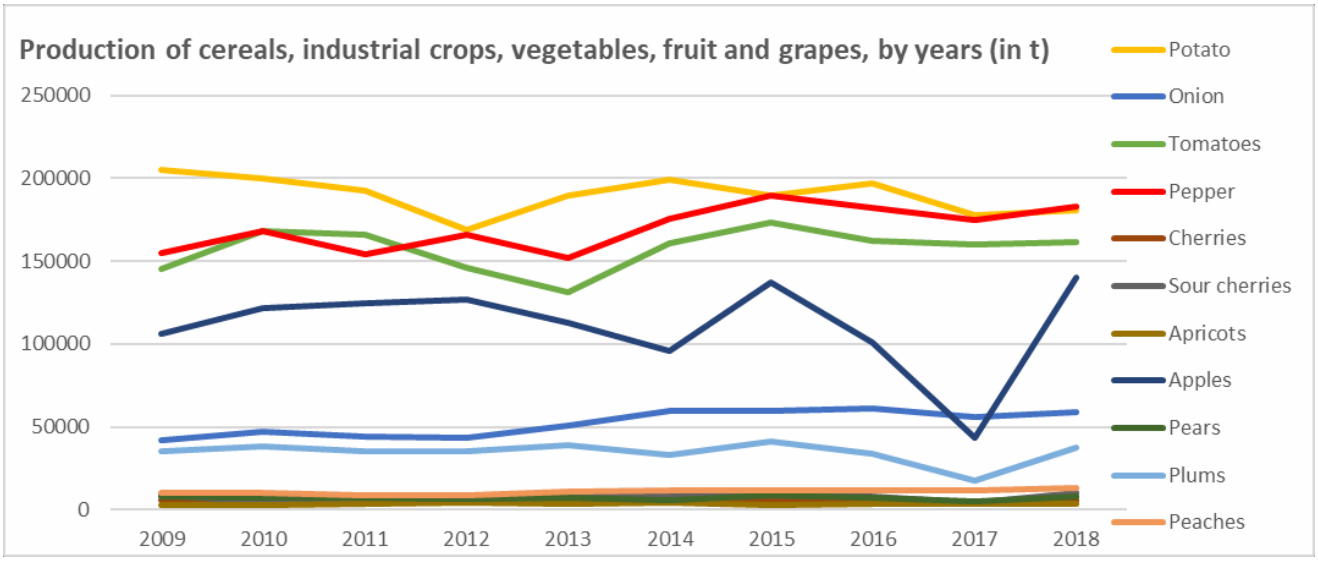
Table 5 Area under main crops (in ha)

Area under main crops (in ha)	2008	2013	2018
Wheat	85.454	80.980	70.987
Barley	47.351	41.944	42.331
Tobacco	17.064	19.178	16.582
Tomatoes	5.319	5.457	5.569
Apples (number of fruit-bearing trees in 000)	4.154	4.385	4.724
Grapes (number of fruit-bearing vines in 000)	77.789	82.354	86.591

(Source: SSO. North Macedonia in figures, 2019)

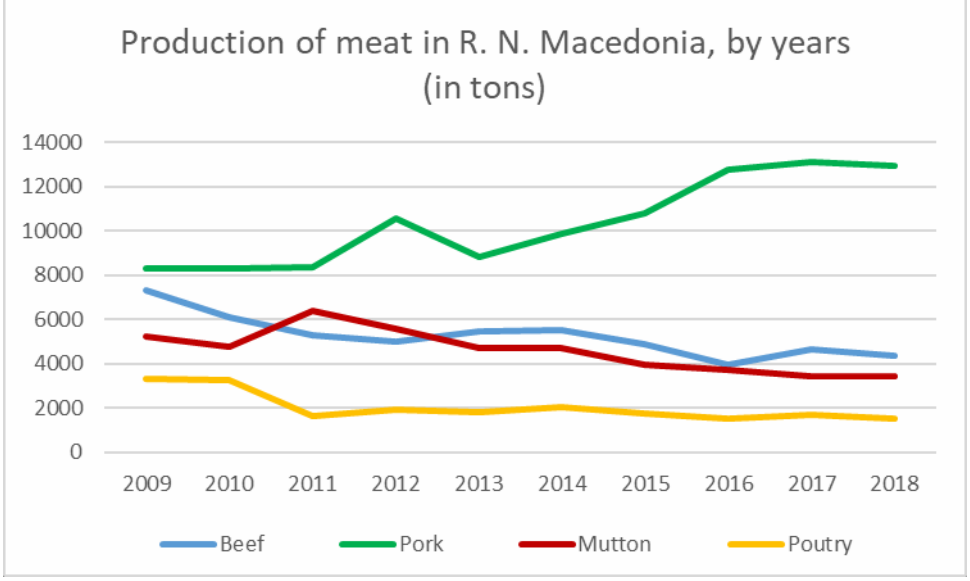
The following table gives overview of the production of cereals, industrial crops, vegetables, fruit and grapes, in tons, for the past decade. The trendlines of each of the items presented on the figure below, show increase in production of onion, peaches, pepper, tomatoes, while some decline is registered at the production of potato and apples.

Figure 7 Production of cereals, industrial crops, vegetables and fruit, in tons (2009-2018)



(Source: SSO, website. MAKStat Database)

The production of meat in the country, for the past decade, registers decline in mutton (sheep and lamb), beef and poultry meat, but the production of pork meat registers 56% increase when compared 2009 with 2018. The following figure presents state of meat production in the country for the period of 2009-2018.



(Source: SSO, website. MAKStat Database)

Figure 8 Production of meat in Republic of North Macedonia, by years (in tons). 2009-2018

Tourism

Tourism, during the past decade, has been recording significant increase in all segments. It seems that Tourism is becoming important industry in the country. The number of foreign tourists record an increase of incredible 177% in 2018, compared to 2008. Growth in the number of domestic tourists is not so spectacular, but not so insignificant either, with rise of ca. 20%.

Table 6 Number of tourists and nights spent

Number of tourists	2008	2013	2018
Total	605.320	701.794	1.126.935
* Domestic	350.363	302.114	419.590
* Foreign	254.957	399.680	707.345
Number of nights spent	**2008**	**2013**	**2018**
Total	2.235.520	2.157.175	3.176.808
* Domestic	1.648.073	1.275.800	1.685.273
* Foreign	587.447	881.375	1.491.535

(Source: SSO. North Macedonia in figures, 2019)

Also, spectacular growth is recorder in nights spend by the foreign tourists, with growth of 154%, for the period of 2008/18.

2.6.4 nfrastructure and Transport

Statistical figures on the transport of people and goods by diverse transport means are presented on the following table, where the stats in 2008 are compared with those in years 2013 and 2018.

Table 7 Transport means and activity

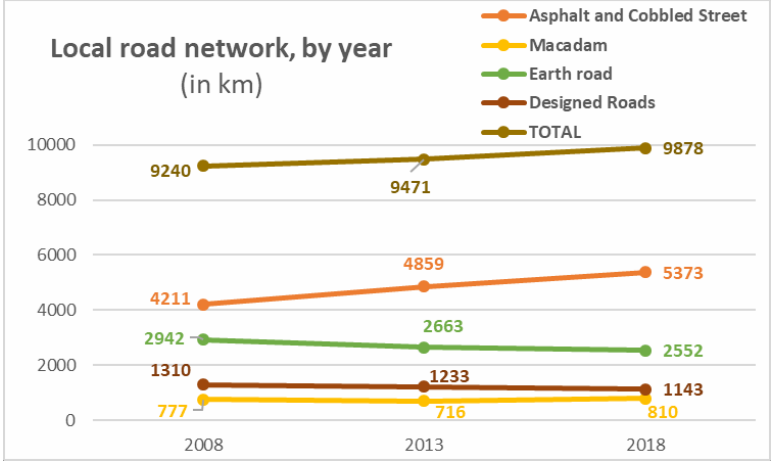
Passengers carried by mode of transport	2008	2013	2018
Road transport	10.147	16.052	8.516
Urban transport	64.378	69.063	71.410
Rail transport	1.448	853	541
Air transport	694	1.067	2.335
Goods carried by mode of transport	**2008**	**2013**	**2018**
Road transport, thousand	20.075	31.346	69.139
Rail transport, thousand	4.206	2.283	1.668
Air transport	2.159	2.515	2.982

(Source: SSO. North Macedonia in figures, 2019)

As it is highly obvious, the road transport is recording significant positive change during the monitored period. Where railway transport is underperforming, the road transport is recording heights. This refers to both, transport of people and goods. Air transport is also recording significant increase during the given period, in both goods and passengers.

This is an obvious evidence that the road transport of passengers and goods is preferred option, rather than the train.

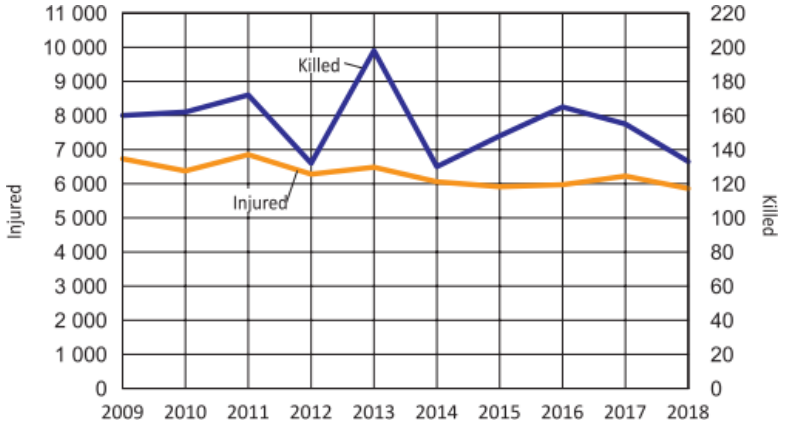
The road network in the country is continuously in rise, and for a period of 10 years it rises for almost 7%, with significant rise in roads that are Asphalted or Cobbled streets (27.6%). The following figure gives overview of the state of roads in the country.



(Source: SSO, website. MAKStat Database)

Figure 9 Local road network, by year (in km)

Regarding the number of persons injured or killed in traffic accidents, a decline was registered for the given period from 2016 to 2018. The overall trend was in decline, with an incidental peak in 2013. In the period from 2014 to 2016, the number of killed also increased, but the following years records decline. In 2018, the number of killed in traffic accidents is less than 140 people. The number of injured in traffic accidents in 2018, compared to 2009 registers ca. 1000 people less injured in traffic accidents (see following figure).



(Source: SSO. North Macedonia in figures, 2019)

Figure 10 Killed and injured persons in traffic accidents

2.6.5 l and Health Care

The Republic of North Macedonia takes care of the social protection of citizens in accordance with the principle of social justice. The country establishes the social protection system and enables its functioning, provides conditions and measures for performing the social-protective activity and develops forms of self-help. According to the Law on Social Protection, social protection is a system of measures, activities and policies for preventing and overcoming the basic social risks that the citizen has exposed during his life, for reducing poverty and social exclusion and for strengthening his own protection capacity. Social risk in terms of this law shall mean: health risks, old age and aging risks, single-parent family risks, unemployment risks, loss of income for maintenance based on work, etc., risks of poverty and risks from another kind of social exclusion.

The social protection system is essential and important in securing the social security and well-being of the citizens in every country that takes care of their population.

The following table gives overview to the number of households by region, that are recipients of the Social Cash Benefit.

Table 8 Social cash benefit Recipients, by Regions (2017)

Area	Head of household (number of households)	Share
NR Macedonia	29215	100,0%
Vardar region	1821	6,2%
East	1793	6,1%
South West	2795	9,6%
South East	1623	5,6%
Pelagonija	3664	12,5%
Polog region	6273	21,5%
North-East	5023	17,2%
Skopje region	6223	21,3%

(Source: SSO, website. MAKStat Database)

The healthcare system consists of three segments: primary, secondary and tertiary healthcare. The primary healthcare in North Macedonia is based on a network of private and public health facilities: clinics and health centers. The system of primary protection includes preventative, promotional and curative services through different profiles of health workers and affiliate professionals: doctors, general medicine specialist, dentists, pediatricians, school medicine specialists, gynecologists and labor medicine specialists. The secondary health care is practiced throughout a system of specialist advice services, general and special hospitals and institutes. The tertiary health care is practiced in clinical hospitals and the University Clinical Center in Skopje.

The public health is constantly monitored by the Institute of Public Health, and the latest data and healthcare analyses are included in the Health report for the population of Republic of North Macedonia 2017.

An excerpt from the situation with coverage of medical staff in the country is presented in the following table.

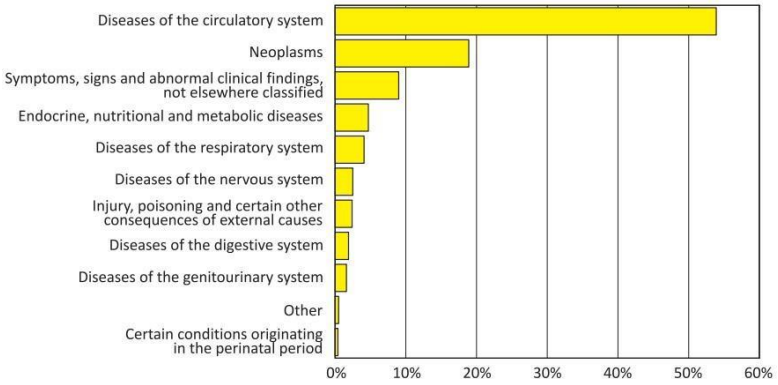
Table 9 Number of Doctors in the Health Regions of the Republic of North Macedonia

NUMBER OF DOCTORS IN THE HEALTH REGIONS OF RM	2017
Number of residents per 1 doctor	333,6
Total number of Doctors	6219
General Practice	1770
General Practice (% of the total number of Doctors	28,5%
At Specialization	699
At Specialization (% of the total number of Doctors)	11,2%
Specialists	3750
Specialists (% of the total number of Doctors)	60,3%
Number of Dentists	1811
Number of residents per 1 dentist	1145,5
Number of Pharmacists	1070
Number of residents per 1 pharmacist	1938,8

(Source: IPH. Health map of the Republic of North Macedonia, 2017)

There are 321 Permanent doctors in the medical units in rural areas in the country, and 5 Periodical Doctors. There are 354 Health workers with High School and Vocational school working on 231 rural hot spots.

The following figure presents the main reason for deaths in the country.



(Source: SSO. North Macedonia in figures, 2019)

Figure 11 Information or causes of death, 2017

3. Description of the administrative, policy and regulatory framework

3.1 The National Legal, Regulatory and Policy Framework

3.1.1 Applicable laws and regulations

Following is a list of the relevant national environmental legislation.

- Constitution of the Republic of North Macedonia (Official Gazette of RM, no. 52/91, 01/92, 31/98, 91/01, 84/03 and 107/05) and the Constitutional law of Republic of North Macedonia (Official gazette of RM no.52/91 и 4/92);
- Law on environment (Official Gazette of RM no. 53/05, 81/05, 24/07, 159/08, 83/09, 48/10, 124/10, 51/11, 123/12, 93/13, 187/13, 42/14, 44/15, 39/16) and Law on quality of ambient air (Official Gazette of RM no. 67/04, 92/07, 35/10, 47/11, 51/11, 100/12, 163/13) and the related by-laws,
- Law on air quality (Official Gazette of RM no. 67/04, 92/07, 35/10, 47/11, 51/11, 100/12,163/13),
- Law on waters (Official Gazette of RM no. 87/08, 6/09, 161/09, 51/11, 44/12, 163/13, 180/14, 52/16) and the related by-laws,
- Law on waste management (Official Gazette of RM no. 68/04, 71/04, 107/07, 102/08, 134/08, 09/11, 51/11, 123/12, 163/13, 39/16) and the related by-laws,
- Law on protection from environmental noise (Official Gazette of RM no. 79/2007, 124/10, 47/11, 163/13) and the related by-laws,
- Law on nature protection (Official Gazette of RM no. 67/04, 14/06, 84/07, 47/11, 148/11, 163/13, 39/16, 63/16),
- Law on management of packaging and packaging waste (Official Gazette of RM no. 161/09, 17/11, 47/11, 6/12, 163/13, 197/2014, 39/16) and the related by-laws,

Relevant legislation from the social domain is divided in four sub domains: Health and Safety, Labor and Workforce, Property and Livelihood and Cultural Heritage.

A) Health and Safety

Health and safety laws that are relevant for this project are:

- Law on Traffic Road Safety (OG of RM No.169/15, 226/15, 55/16, 11/18, 83/18). With this Law are established the rules for the traffic on the road, the system for the traffic sign-posts, duties in case of accident, conditions for gaining the right to operate a vehicle, training the candidates to became drivers and passing a driving test, the equipment and instruments which must be in the vehicle, the conditions which must be fulfilled for the vehicle to be in the traffic, special precautions, as well as organization and duties for the advice safety on the road traffic.
- Law on Public Health (OG of RM No. 22/10, 136/11, 144/14, 149/15, 37/16) regulates the implementation of the basic functions and tasks of public health, the public health system, public health emergencies and public health financing. The purpose of this law is: to preserve and promote the health of the population; to enable implementation of the basic functions and tasks of public health through organized measures and activities undertaken by the state bodies, institutions, units of the local self-government and other legal and natural persons in cooperation with the healthcare institutions; to promote and strengthen cross-sectoral cooperation in the implementation of the basic public health functions; to promote and strengthen cooperation between the competent ministries and the units of local self-government and the public and private sector and citizens in the preservation and promotion of the health of the population; to provide an appropriate response in case of public health need and urgency and occurrence of a public health emergency; to ensure the implementation of international health rules and to regulate specific public health issues that are not regulated by another law.
- Law on Social Protection (OG of RM no. 79/09, 148/13,164/13, 187/13, 38/14, 44/14, 116/14, 180/14, 33/15, 72/15, 104/15, 150/15, 173/15, 192/18, 30/16, 163/17, 51/18). Social welfare and protection in North Macedonia comprises of services and benefits from the tax-financed social welfare system (social prevention – which according to the Law on Social Protection includes
  – educational and advisory work, development of self-assistance forms, volunteering work etc., institutional care, non-institutional care and monetary assistance) and contributory-based social insurance system (pensions and disability, health and unemployment insurance).
- Law for Health Protection (OG of RM no. 43/12, 145/12, 87/13, 164/13, 39/14, 43/14, 132/14, 188/14, 10/15, 61/15, 154/15, 132/15, 154/15, 192/15, 37/16).Law on Health Protection regulates the matters related to the system and organization of health protection and the performance of healthcare activity, the guaranteed rights and the established needs and interests of the country in the provision of health protection, the healthcare institutions, the employment, rights and duties, responsibility, assessment, termination of employment, protection and decision-making upon the rights and obligations of healthcare workers and healthcare co-workers, the quality and safety of healthcare activity, the chambers and professional associations, the marketing and advertising of healthcare activity, the performance of healthcare activity in case of emergencies, and the supervision of the performance of healthcare activity.

Other laws that cover Health and Safety domain are:

- Law on Safety and Rescue (OG of RM no. 93/12, 41/14, 71/16, 106/16)
- Law on Public Works (95/212, 163/13, 42/14, 44/15, 147/15, 31/16)
- Law on Sanitary and Health Inspection (OG of RM no. 71/06, 139/08, 88/10, 18/11, 53/11, 164/13, 43/14, 144/14, 51/15, 150/15, 37/16)
- and other bylaws

B) Labor and Workforce

- Labor and working conditions issues are covered with the following legislation:
- Labor Law of Republic of North Macedonia (OG of RM no. 62/05; 106/08; 161/08; 114/09; 130/09; 149/09; 50/10; 52/10; 124/10; 47/2011; 11/12; 39/12; 13/13; 25/2013; 170/2013; 187/13; 113/14; 20/15; 33/15; 72/15; 129/15, 27/16), manages relationship between parties involved in the process of employment. It protects and applies to any natural person that has concluded an employment contract with an employer.
- Law on Pensions and Disability Insurance (OG of RM no. 53/13, 170/13, 43/14, 44/14, 97/14, 113/14, 160/14, 188/14, 20/15, 61/15, 97/15, 129/15, 147/15, 154/15, 173/15, 217/15, 27/16, 120/16, 132/16) defines the obligatory pension insurance of workers under working contract and the natural persons performing activity, the bases of the capital funded pension insurance, as well as the special conditions how certain categories of insured persons receive the right to pension and enjoy disability insurance. The rights deriving from the pension and disability insurance are the following: right to age-related pension, right to disability pension, right to re-allocation to other adequate, working post, right to adequate employment, right to re-qualification or higher qualification and right to adequate financial compensations, right to family pension, right to monthly compensation for physical damage, and right to minimal pension
- The Law on Safety at Work (OG of RM no. No. 92/07, 30/16) is the key law that defines measures and obligations in the field of OHS (Occupational Health and Safety)

Other labor and workforce related laws are:

- Law on employment and insurance against unemployment
- Law on labor inspection;
- Law on records in the field of labor;
- Law on employment of disabled persons;
- Law on holidays of the Republic of North Macedonia;
- Law on temporary employment agencies;
- Law on volunteering;
- Law on peaceful settlement of labor disputes
- Law on employment and work of foreigners;
- Law on minimum wage;
- Law on protection from harassment in the workplace
- Law on Equal Opportunities for Women and Men

Other relevant by-laws are:

- Rulebook on Preparation of the Health and Safety Statement defines mandatory health and safety statements for each workplace; engagement of an authorized H&S officer and official medical institution; adopting fire protection, first aid and evacuation measures; providing trainings on first aid, fire protection, rescue and evacuation; providing periodical medical examinations for staff.
- Regulation on PPE defines mandatory provision of PPE for workers (O.G. No 116/07).
- Rulebook on minimum requirements for safety and health of employees at work (O.G. No. 154/08) - defines the following obligations of employers: providing clear routes to emergency exits; carrying out technical maintenance of the workplace, equipment and devices; keeping the workplace, equipment and devices at an adequate level of hygiene; providing first aid rooms fitted with essential first aid installations and equipment; taking into consideration the needs of disabled workers;
- Rulebook on personal protective equipment used by workers at work (O.G. No. 116/07) - defines mandatory provision of PPE for workers;

- Rulebook for Safety and Health at Work on equipment for work (O.G. No.116 / 07) - defines that adequate and safe work equipment must be available to workers, employers must take measures to minimize risks, including providing appropriate notices and written guidelines for workers, as well as providing training on risks;
- Rulebook on safety and health at work of employees at risk of noise (O.G. No. 21/08) - defines mandatory measurement of noise levels at workplaces, prohibits work on locally recognized days of rest, outside of the normal working hours or in extreme weather conditions.
- Regulation on Use of Work Equipment defines mandatory periodical testing of work equipment.
- Regulation on OHS in Use of Work Equipment defines that adequate and safe work equipment must be available to workers; employers must take measures to minimise risks, including providing appropriate notices and written guidelines for workers, as well as providing training on risks.
- Regulation on Minimum OHS Requirements in Temporary Mobile Sites defines the obligation of contractors to develop an OHS Plan
- Regulation on Minimum OHS Requirements at Workplaces defines the following obligations of employers: providing clear routes to emergency exits; carrying out technical maintenance of the workplace, equipment and devices; keeping the workplace, equipment and devices at an adequate level of hygiene; providing first aid rooms fitted with essential first aid installations and equipment; taking into consideration the needs of disabledworkers.
- Regulation on Form and Content of Report on Start of WorkActivities defines that contractor are required to notify the State Labour Inspectorate about the construction site,
- Regulation on Health and Safety of Workers Exposed to Noise Pollution defines mandatory measurement of noise levels at workplaces, prohibits work on locally recogniseddays of rest, outside of the normal working hours or in extreme weather conditions.
- Regulation on OHS Signs defines mandatory health and safety signs for any hazardous work activities and providing suitable instructions to workers.

C) Property and Livelihood

Main national legislation relevant to projects, in regards of Land and Assets take, Livelihood provision are described in the following

- The Expropriation Law (OG of RM, No. 5/12, 131/12, 24/13, 27/14, 104/15, 192/15, 23/16, 178/16). North Macedonia's legislation deals with involuntary resettlement and livelihood restoration under its legal framework for expropriation, with the basic notion that owners of properties are to be compensated for their losses, most often in monetary terms. The law regulates the procedure for the expropriation of property for projects that are of public interest and the connected rights for real estates (immovable properties).
- Law on Property and Other Real Property Rights (OG of RM, No. 18/01, 92/08, 139/09, 35/10) Stipulates fundamental provisions of property relations, including ownership rights substance, subjects of ownership rights, co-ownership and joint ownership rights, acquiring the right of ownership, right on yields emanating from owned thing, possession rights, easement rights, ownership acquired by adverse possession, ownership relations deriving in situations when structures was built on someone else's land, protection of ownership rights, protection of possession, cessation of ownership rights, etc.
- Law on Construction. (OG of RM, No. 130/09, 124/10, 18/11, 36/11, 54/11, 13/12, 144/12, 25/13, 79/13, 137/13, 163/13, 27/14, 28/14, 42/14, 115/14, 149/14, 187/14, 44/15, 129/15, 217/15, 226/15, 30/16, 31/16, 39/16, 71/16, 132/16, 35/18). It governs the building, the basic requirements construction of buildings, the required project documentation for obtaining a building permit, the rights and the obligations of the participants in the construction, the manner of use and maintenance of construction, as well as other issues of importance for construction etc.

Other laws that cover Property and Livelihood domain are:

- Law on real estate cadaster ("Official Gazette of the Republic of North Macedonia" no. 55/13, 41/14, 115/14,116/15,153/15, 192/15, 61/16);
- Law on public roads (Official Gazette of the Republic of North Macedonia No. 84/08, 52/09, 114/09, 124/10, 23/11, 53/11, 44/12, 168/12, 163/13, 187/13, 39/14, 42/14, 166/14, 44/15, 116/15, 150/15, 31/16, 71/16);
- Law on Assessment (Official Gazette of the Republic of North Macedonia No. 115/10, 158/11, 185/11, 64/12, 188/14, 104/15, 153/15, 192/15, 30/16);
- The Law on Access to Public Information (OG of RM no. 13/06, 86/08, 06/10, 42/14, 148/15, 55/16);
- Methodology for assessment of the market value of the real estate (Official Gazette of the Republic of North Macedonia No. 54/12);
- Rulebook on the method of cadastral classification and determination and registration of the change of cadastral culture and land class (Official Gazette of the Republic of North Macedonia No. 144/13, 95/15);
- Law on acting upon illegally constructed buildings (Official Gazette of the Republic of North Macedonia No. 23/11, 54/11, 155/12, 53/13, 72/13, 44/14, 115/14, 199/14, 124/15, 129/15, 217/15, 31/16);
- Law on acting upon complaints and proposals (Official Gazette of Republic of North Macedonia No.82/2008, 13/13, 156/15, 193/15).

D) Cultural heritage

- Law on Culture (OG of RM no. 31/98, 49/2003, 82/2005, 24/2007, 116/10, 47/11, 51/11, 136/12, 23/13, 187/13, 44/14, 61/15, 154/15, 39/16) determines the foundations of culture as the fundamental value of the Republic of North Macedonia, the forms of culture, the manner and conditions of its financing, as well as other issues of interest to the culture. Culture, within the meaning of this law, covers: creation, publication of artistic creation and the protection and use of creation.
- Law on Protection of Cultural Heritage (OG of RM no. 20/04, 71/04, 115/07, 18/11, 148/11, 23/13, 137/13, 164/13, 38/14, 44/14, 199/14, 104/15, 154/15, 192/15, 39/16) specifies the types, categories, identification, manners of settling under protection and other instruments of the cultural heritage protection, the regime of protection and use of cultural heritage, rights and obligations of holders and limitations of the property right on the cultural heritage of public interest, the organization, co-ordination and supervision, professional titles and other issues significant for the unity and the functioning of the cultural heritage protection system in the Republic of North Macedonia.
- Law on Memorials and Monuments (OG of RM no. 66/04, 89/08, 152/15) regulates the issues related to the marking of important events and distinguished persons with memorial monuments and memorial signs, the conditions and procedure for raising memorial monuments and memorial symbols, the entities responsible for their installation, protection, keeping, the register of their records, as well as the supervision and control over the implementation of the provisions of this law.
- Law on Museums (OG of RM no. 66/04, 89/08, 116/10, 51/11, 88/15, 152/15, 39/16)
- Rulebook on National Registry of Cultural Heritage (OG of RM no. 25/05)
- and associated and other subordinated legislation

In the area of agriculture, following is a list of relevant national legislation.

- Law on agricultural products quality (Official Gazette of RM no. 140/10, 53/11, 55/12, 106/13, 116/15, 149/15, 193/15)
- Law on food safety (Official Gazette of RM no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 123/15, 129/15, 213/15, 39/16, 64/18)

- Law on Veterinary Health (Official Gazette of RM no. 113/07, 24/11, 136/11, 123/12, 154/15, 53/16)
- Law on animal by-products (Official Gazette of RM no. 113/07, 144/14, 149/15,53/16)
- Law on Veterinary Medical Preparation (Official Gazette of RM no. 42/10, 136/11, 149/15, 53/16, 241/18)
- Law on animal by-products (Official Gazette of RM no. 113/07, 144/14, 149/15, 53/16),
- Law on Veterinary Health (Official Gazette of RM no. 113/07, 24/11, 136/11, 123/12, 154/15, 53/16).
- Law on forests (Official Gazette of RM no. 64/09, 24/11, 53/11, 25/13, 79/13, 147/13, 43/14).
- Law on Plant Health (Official Gazette of RM no. 29/05; 81/08; 20/09; 57/10; 17/11, 148/11).

EU regulations:

- Regulation (EC) No 178/2002 of the European Parliament and of the Council of 28 January 2002 laying down the general principles and requirements of food law, establishing the European Food Safety Authority and laying down procedures in matters of food safety.
- Regulation (EC) No 1069/2009 of the European Parliament and of the Council of 21 October 2009 laying down health rules as regards animal by-products and derived products not intended for human consumption and repealing Regulation (EC) No 1774/2002 (Animal by-products Regulation).
- Council directive 92/65/EEC of 13 July 1992 laying down animal health requirements governing trade in and imports into the Community of animals, semen, ova and embryos not subject to animal health requirements laid down in specific Community rules referred to in Annex A (I) to Directive 90/425/EEC.
- Council directive of 15 July 1991 laying down the principles governing the organization of veterinary checks on animals entering the Community from third countries and amending Directives 89/662/EEC, 90/425 /EEC and 90 / 675 / EEC.
- Council directive 92 / 65 / EEC of 13 July 1992 laying down animal health requirements governing trade in and imports into the Community of animals, semen, ova and embryos not subject to animal health requirements laid down in specific Community rules referred to in Annex A (I) to Directive 90/ 425 / EEC.
- Council directive 92 / 118 / EEC of 17 December 1992 laying down animal health and public health requirements governing trade in and imports into the Community of products not subject to the said requirements laid down in specific Community rules referred to in Annex A (I) to Directive 89/ 662 / EEC and, as regards pathogens, to Directive 90/425 / EEC.
- Council directive 97/78/EC of 18 December 1997 laying down the principles governing the organization of veterinary checks on products entering the Community from third countries.
- Commission decision of 19 August 2003 concerning the development of an integrated computerized veterinary system known as Traces *(notified under document number C (2003) 2983).*

3.2 Relevant Sector Policies and Reforms (if applicable)

3.3 Relevant Institutions

There are basically two institutions relevant to the environmental impact assessment procedures carried out on a national base. The Ministry of Environment and Physical Planning is responsible

competent authority for conducting and EIA procedures for certain types of projects[1] where full EIA is mandatory to be carried out.

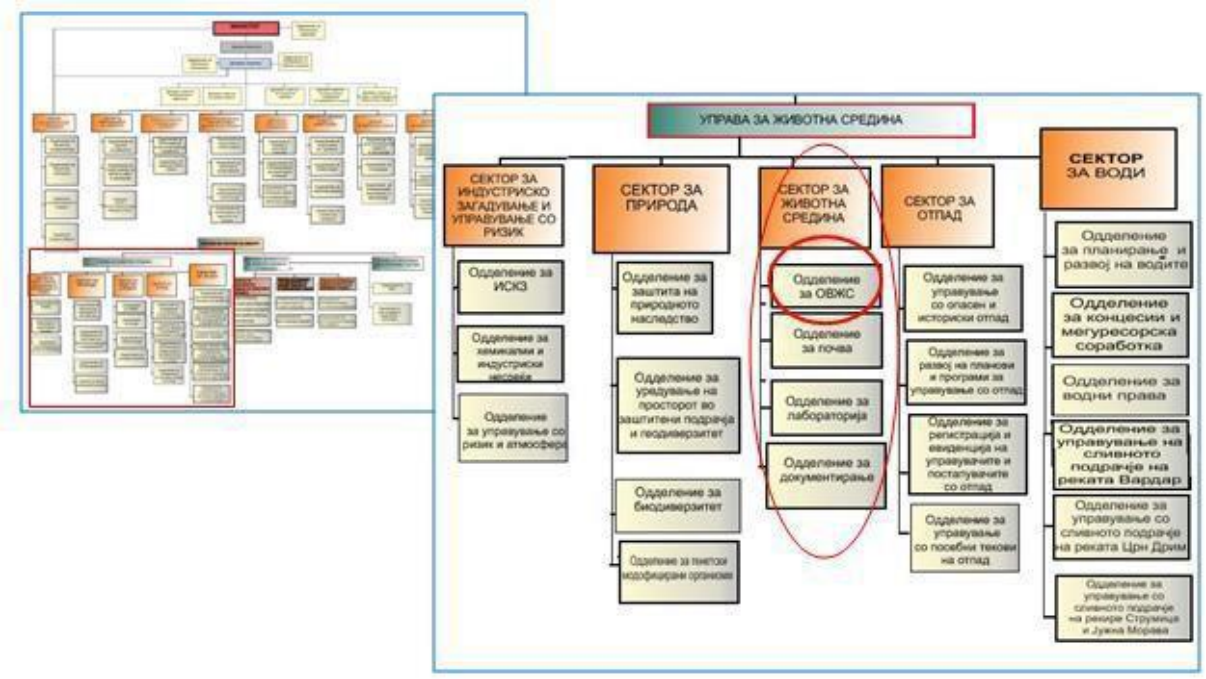
The Law on Environment also prescribes an obligation for shorter environmental impact assessment procedure for projects that do not fall under the full EIA scope and determined with the previously mentioned decree. The responsibility of conducting this procedure is shared between two different institution, the MOEPP and the municipalities and the City of Skopje. The projects that fall under this regime are defined with two different Decrees[2].

3.3.1 Environmental Assessment Administrative/Institutional framework

Environmental Impact Assessment of certain projects is required to be carried out in the Republic of North Macedonia in accordance with Articles 76-94 of the Law on Environment. This is a full scope EIA procedure, based on EU's EIA Directive 85/337/EEC as amended by 97/11/EEC and 2003/35/EC), transposed into to the Law on Environment.

According to the Law on environment, a competent institution for the implementation of the procedure for assessment of the environmental impact of projects is the Ministry of Environment and Spatial planning, that is the Department of environment under the Ministry.

Figure 12 Institutional arrangement of MESP (left) and structure of the Department of environment (right)



The Department of environment is in charge of the following responsibilities:

- Management of waste, air, chemical substances, noise and other areas of the environment;
- Expert tasks in the protection of the nature, waters and soil from pollution;
- Provides expert assistance and runs the procedure for the evaluation of the environmental impact and the procedure for issue of integrated environmental licenses;

1 Decree on determining projects for which and criteria on the basis of which the screening for an environmental impact assessment shall be carried out (Official Gazette of the Republic of North Macedonia 74/05, 109/09, 164/12)

2 Decree on the activities and activities for which an elaborate report is compulsory, approved by the Mayor of the Municipality, the Mayor of the City of Skopje and the Mayor of the Municipalities of the City of Skopje (Official Gazette 80/09, 32/12) and Decree on the activities and activities for which the elaborate is compulsory, the approval of which is the body responsible for carrying out expert activities in the field of environment (Official Gazette 80/09, 36/12).

- Manages the cadaster for the environment and the Registry of polluting materials and substances and their features;
- Executes the monitoring of the environment, and
- Provides other tasks defined by the regulations in the area of the environmentalissues.

The EIA Procedure (full scope, Study level)

As per the provisions of the national legislation, the ESIA procedure is conducted according to the scale of the project.

The procedure starts when the sub-project proponent submits a Notification Letter to the Ministry of Environment and Physical Planning (MoEPP). Notification Letter should be prepared according to the requirements of the national legislation containing information about the sub-project proponent, project scope, and main project activities, identification of the potential environmental impacts and evaluation of the impacts.

Upon receipt of the Notification Letter submitted by the sub-project proponent, based on project location, sensitive/protected areas, planned project activities and potential impacts, MoEPP decides whether a proponent is required to implement the full ESIA procedure.

For the small scale projects that could have moderate impacts on the environment, the MoEPP shall request the sub-project proponent to develop the EIA Report (Elaborate). The EIA Report (Elaborate) prepared by the proponent should be submitted to the MOEPP/Municipality/City of Skopje (depending on type of the project) for approval and issuing the Decision. The issued Decision should be submitted together with the EIA Report (Elaborate) and sub-project proposal to the MAFWE PMT.

Under the national EIA procedure, projects are classified in two groups: projects listed in Annex 1 are all subject to compulsory EIA while for projects in Annex 2, the assessment contains and element of discretion, noting that an EIA procedure will, in any event, be required for projects with potentially significant environmental impacts as defined with the Decree for Determining Projects for which and criteria on the basis of which the screening for an environmental impact assessment shall be carried out Official Gazette of the Republic of North Macedonia 74/05, 109/09, 164/12).

The EIA process includes three specific procedures:

- Screening: the stage of determining whether an EIA is required,
- Scoping: the stage of determining the scope or extent of the environmental impact assessment including cumulative impacts,
- Review: the stage of reviewing the EIA study to see if it has been undertaken to an acceptable standard and in accordance with the legal requirements so that a decision can be made as to whether or not development consent should be granted.

Following are the regulations in force that regulate EIA in a national context:

- The Decree determining projects for which and criteria on the basis of which the screening for an environmental impact assessment shall be carried out (Official Gazette of the Republic of North Macedonia 74/05, 109/09, 164/12),
- The Ordinance on the content of the requirements that need to be fulfilled by the study on environmental impact assessment (Official Gazette of the Republic of North Macedonia 33/06),
- The Ordinance on additional criteria, the manner, the procedure, and compensation on expenses for enrolment in and withdrawal from the List of experts (Official Gazette of the Republic of North Macedonia 33/06),
- The Ordinance on the information contained in the notification of intent to undertake a project and the procedure for establishing the need for environmental impact assessment of a project (Official Gazette of the Republic of North Macedonia 33/06),

- The Ordinance on the content of the announcement of the notification of intent to implement a project, of the decision on the necessity of an environmental impact assessment, of the study on project environmental impact assessment, of the report on the adequacy of the study on project environmental impact assessment, and of the decision for approval or rejection of project realization, and the manner of public consultation (Official Gazette of the Republic of North Macedonia33/20),
- The Ordinance on the form, content, procedure and manner of delivering a report on the adequacy of the study on project environmental impact assessment and the procedure for authorisation of persons from List of experts of environmental impact assessment responsible for the preparation of the report. (Official Gazette of the Republic of North Macedonia 33/06),
- The Ordinance on the amount of expenses covered by the Investor for implementation of environmental impact assessment procedure (Official Gazette of the Republic of North Macedonia33/06).

EIA Elaborate (shorter scope, Elaborate level)

As mentioned before, the Law on Environment sets out another environment impact assessment procedure, with a shorter scope, defined with the article 24. This procedure applies to project that do not fall under the requirements of the full EIA scope and are defined with two different Decree, depending of the competent authority:

- MOEPP is responsible competent authority for all project defined with the Decree on the activities and activities for which the elaborate is compulsory, the approval of which is the body responsible for carrying out expert activities in the field of environment (Official Gazette 80/09, 36/12),
- Municipalities and the City of Skopje are responsible competent authority for projects defined with Decree on the activities and activities for which an elaborate report is compulsory, approved by the Mayor of the Municipality, the Mayor of the City of Skopje and the Mayor of the Municipalities of the City of Skopje (Official Gazette 80/09, 32/12).

The form and the content of the Elaborate is defined with a specific ordinance:

- Rulebook on the form and content of the elaborate on environmental protection according to the types of activities or activities for which elaborate is being prepared, as well as according to the performers of the activity and the scope of the activities and activities performed by the legal entities and natural persons, the procedure for their elaboration approval, as well as the manner of keeping the register of approved reports (Official Gazette of RM no. 44/13, 111/14).

3.3.2 Social and Resettlement Administrative/Institutional framework

The Law on Expropriation regulates the procedure for the expropriation of property for projects that are of public interest and the connected rights for real estates (immovable properties).

Construction of linear and other communal infrastructure, for the benefit of the City of Skopje or Local Self-government, falls under a project of national/public interest. The legal justification of why the project is believed to be in the public interest is submitted together with the request for expropriation (as part of the same process), to the Expropriation Authority, by the expropriation beneficiary.

The Expropriation Authority, in this case the Property and Legal Affairs Department within the Ministry of Finance, upon the proposal for expropriation, schedules debate where owner of the property or the holders of other property rights of the property that is subject to expropriation and Proposer of the expropriation are invited. At the hearing the existence of public interest is determined, then the right of ownership and other property rights, as well as the type and amount of compensation and other facts and circumstances relevant to the process of expropriation.

The Authority must, after submission of the proposal for expropriation to the owner of the property or the holders of other property rights of the property, to schedule and hold a hearing on the proposal within 15 days of submission of the proposal to the owner of the property or the holders of other property rights of the property.

The hearing may end up with an agreement for compensation (payment in money or providing other suitable property), and for the amount of the fee if it is determined in money, as well as timeframes for payment. This agreement as an executive document and by signing of the agreement is considered the expropriation process and procedure for the determination of compensation as completed and final.

If agreement is not reached the expropriation authority, relying on the facts set out in the procedure will issue a decision on expropriation. The decision on expropriation can be appealed to the Administrative Court within 15 days of receipt of the decision.

Following institutions, each with different roles and responsibilities, are main actors in the process of expropriation.

Ministry of Agriculture, Forestry and Water Economy is the project developer. It conducts transformation of agricultural land into construction land and can be consulted during the process of creation of packages for compensation. Also, it can be consulted in the process of estimating compensation for lost crops.

State Attorney's Office of the Republic of North Macedonia is Governmental institution which takes a measures and legal means for legal protection of property rights and interests of the Republic of North Macedonia and performs other duties prescribed by law.

Ministry for Transport and Connections is the governmental body responsible for issuing permits for construction and monitoring the process of expropriation in means of completion of the process of expropriation.

The Real Estate Cadaster Agency holds and registers the information on ownership rights of the land in Republic of North Macedonia. It can be consulted during the process of obtaining valuable and valid information on ownership and current land use/leasing.

The following institutions offer wide spectrum of assistance that can enable, support and facilitate the consultation process for implementation of RAP.

Ombudsman can be consulted on various legal advices related to litigations of PAPs with the governmental bodies.

Local level:

The Inter-municipal Centre for Social Work established by the Government that can be consulted during the process of realization of RAP. The Center can give valuable input into identification, communicating and addressing of the vulnerable social groups, thus giving appropriate direction for setting compensation means/packages for such groups.

Local community level: Official representatives of the municipalities can be consulted for and actively involved in the preparation and execution of resettlement processes in their area of jurisdiction. They might be consulted and involved as mediators in the processes of redressing the complaints/grievances, before those are deposited with the Grievance Redress Committee

3.4 Government Agencies related to the project

Agency for Financial Support in Agriculture and Rural Development (AFSARD) was established in 2007 by the national Assembly for the purpose of successful implementation of the measures of agriculture policy and rural development policy in the Republic of North Macedonia. It provided efficient management of the funds under the both the national budget and the EU pre-accession assistance for rural development.

The competences of the Agency include: implementation of the measures for direct payment in agriculture, interventions in the agriculture products market, implementation of the production quotas, implementation of the rural development measures, implementation of the EU funds from the pre-accession assistance for rural development and implementation of the agriculture measures funded under the government assistance.

Activities of the Agency include: receiving, recording and processing of applications for financial support; authorization of funds payment; organization of financial and accounting activities; internal audit; organization, implementation and coordination of the administrative and technical controls and on-the-spot controls; data collecting and processing; keeping databases and registers and preparation of reports and analyses.

The Agency announces calls and criteria for allocation of financial support, approves financial support in compliance with the criteria, concludes contracts with the beneficiaries of the financial support, conducts on-the-spot control prior to and after the approval of the application, authorizes the eligible expenditures of the claimants before the payment of funds, follows-up the project implementation and conducts a procedure against beneficiaries who have used the funds otherwise than provided for in the contract.

Food and Veterinary Agency (FVA) is an independent governmental institution responsible for carrying out the activities in the field of food safety and animal feed, implementation, control, supervision and monitoring of veterinary activities in the field of animal health protection , their well-being, veterinary public health, as well as control of national reference and authorized laboratories that provide adequate support for the needs of the Agency.

Agency for Real Estate Cadaster (AREC) is established for the purposes of performing the works for establishment and maintenance of the real estate cadaster, the management of the geodetic-cadaster information system, as well as for establishment, maintenance and public access to the National Spatial Data Infrastructure. The Agency for Real Estate Cadaster acts in the capacity of a legal person with its rights, liabilities and responsibilities as stipulated by the Law on Real Estate Cadaster and for its operation reports to the Government of the Republic of North Macedonia.

AREC's responsibilities include: establishment and management of geodetic-cadaster information system, performance of basic geodetic works, real estate survey, registration of real estate rights, establishment and maintenance of real estate cadaster, geodetic works for special purposes of significance to the country as defined by the Government, production of state topographic maps, administration of a Spatial Units Register, establishment, maintenance and public access to the National Spatial Data Infrastructure, and supervision over the work of the sole proprietors–authorized surveyors and trade companies for geodetic works.

Public Enterprise for Management of Pasture (PEMP) has been established by the Government in order to manage the state-owned pastures. According to Law on pasture, PE on Pastures creates a pasture management program every year. This program determines the natural conditions of the pasture, its restoration, development, measures for breeding, protection, promotion and extension of

pastures.

3.5 International Environmental and Social Management Requirements

There are a number of important trends that characterize both governmental and private sector food safety, environmental and health requirements (reviewed in detail in UNCTAD, 2006a). They concern:

- Stronger emphasis on public health and consumer welfare in decisions by regulatory agencies, which leads to a focus on the entire food supply chain and on identifying where hazards can be controlled most effectively. This approach is referred to as "farm to table" or "farm to fork" analysis;
- Increasing stringency, complexity and multi-dimensionality (on the latter, see box 1);
- Growing importance of requirements transmitted to producers and exporters in developing countries through the supply chain;
- Growing importance of private sector standards and codes in themarketplace;
- An enhanced relationship between mandatory and voluntary requirements;
- Greater reliance on traceability and related certification; and
- Greater regulatory responsibility for the exporting country.

In order to supply goods to developed-country retailers, producers and exporters now have to comply with a range of private protocols based on a combination of international and national regulations (e.g. for pesticides), food safety standards, logistical requirements and process documentation. These protocols apply to all suppliers, regardless of their origin or that of their product.

Private standards can be broken down into two categories: collective standards (e.g. EurepGAP) and retailers' specific standards (e.g. Tesco's Nature's Choice).

The following are some of the most important standards affecting horticultural exports to the EU and the US:

- EurepGAP is a pre-farm-gate standard that covers the agricultural production process of the certified product, from pre-planting to harvest. The EurepGAP certification scheme is considered a supply-chain partnership of retailers, produce suppliers/ growers and associate members from the agricultural input and service sectors (for more information see: www.eurep.org).
- BRC (British Retail Consortium): BRC developed Food Technical Standards to be used to evaluate manufacturers of retailers' own-brand food products. It is a postfarm-gate standard.
- Nature's Choice of Tesco (United Kingdom): Established by the supermarket chain, Tesco, this identifies key principles and practices for Tesco's producers and suppliers of FFV in order to ensure that the production and produce handling systems are sustainable and environmentally responsible.
- The Assured Produce scheme (United Kingdom): Founded by the country's National Farmers' Union in conjunction with seven multiple retailers, this initiative seeks to assure consumers that fresh produce is grown in an environmentally sensitive manner, in particular using reduced amounts of pesticides. The scheme currently covers 45 crops, for which it has developed specific protocols.
- Safe Quality Food 2000 (SQF 2000): Administered by the Food Marketing Institute (United States), it is recognized by the Global Food Safety Initiative, a retailer-driven initiative founded by the Food Business Forum. It provides a Code that specifies food safety and quality system requirements to be used for all sectors of the food industry. The objective is to supply food that is safe and meets quality and legislative requirements. The standard applies the concepts and principles of HACCP, good manufacturing practice (GMP), good hygiene practice (GHP) and GAP. It is used mainly by United States and Australian retailers. SQF 1000 is the standard for prefarm gate and SQF 3000 for retail outlet levels.

4. OVERVIEW OF THE WORLD BANK ENVIRONMENTAL AND SOCIAL FRAMEWORK AND RELEVANT ENVIRONMENTAL & SOCIAL STANDARDS

4.1 Environmental and Social Framework

The World Bank Environmental and Social Framework sets out the World Bank's commitment to sustainable development, through a Bank Policy and a set of Environmental and Social Standards that are designed to support Borrowers' projects, with the aim of ending extreme poverty and promoting shared prosperity.

The E&S Framework comprises of (1) Vision for Sustainable Development, which sets out the Bank's aspirations regarding environmental and social sustainability; (2) The World Bank Environmental and Social Policy for Investment Project Financing, which sets out the mandatory requirements that apply to the Bank; and (3) The Environmental and Social Standards, together with their Annexes, which set out the mandatory requirements that apply to the Borrower and projects.

ESMF is an instrument that examines the risks and impacts when a project consists of a program and/or series of sub-projects, and the risks and impacts cannot be determined until the program or sub-project details have been identified. The ESMF sets out the principles, rules, guidelines and procedures to assess the environmental and social risks and impacts. It contains measures and plans to reduce, mitigate and/or offset adverse risks and impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project risks and impacts, including on its capacity to manage environmental and social risks and impacts. It includes adequate information on the area in which subprojects are expected to be sited, including any potential environmental and social vulnerabilities of the area; and on the potential impacts that may occur and mitigation measures that might be expected to be used.

The World Bank Environmental and Social Policy for Investment Project Financing sets out the requirements that the Bank must follow regarding projects it supports through Investment Project Financing.

The Environmental and Social Standards set out the requirements for Borrowers relating to the identification and assessment of environmental and social risks and impacts and mitigationmeasures associated with projects supported by the Bank through Investment Project Financing.

The E&S standards is expected to: (a) support Borrowers in achieving good international practice relating to environmental and social sustainability, (b) assist Borrowers in fulfilling their national and international environmental and social obligations; (c) enhance nondiscrimination, transparency, participation, accountability and governance; and (d) enhance the sustainable development outcomes of projects through ongoing stakeholder engagement.

There are ten Environmental and Social Standards (ESS) that the Borrower[3] and the project needs to meet through the project life cycle:

- ESS 1: Assessment and Management of Environmental and Social Risks and Impacts;
- ESS 2: Labor and Working Conditions;
- ESS 3: Resource Efficiency and Pollution Prevention and Management;
- ESS 4: Community Health and Safety;
- ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement;
- ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources;
- ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities;
- ESS 8: Cultural Heritage;
- ESS 9: Financial Intermediaries; and

[3] Republic of North Macedonia, Ministry of Agriculture, Forestry and Water Economy

- ESS 10: Stakeholder Engagement and Information Disclosure.

Environmental and Social Standard ESS1 applies to all projects for which Bank Investment Project financing is sought. ESS1 establishes the importance of: (a) the Borrower's existing environmental and social framework in addressing the risks and impacts of the project; (b) an integrated environmental and social assessment to identify the risks and impacts of a project; (c) effective community engagement through disclosure of project-related information, consultation and effective feedback; and (d) management of environmental and social risks and impacts by the Borrower throughout the project life cycle. The Bank requires that all environmental and social risks and impacts of the project be addressed as part of the environmental and social assessment conducted in accordance with ESS1. ESS2–10 set out the obligations of the Borrower in identifying and addressing environmental and social risks and impacts that may require particular attention.

The World Bank Access to Information Policy, which reflects the Bank's commitment to transparency, accountability and good governance, applies to the entire Framework and includes the disclosure obligations that relate to the Bank's Investment Project Financing.

Borrowers and projects are also required to apply the relevant requirements of the World Bank Group Environmental, Health and Safety Guidelines (EHSGs). These are technical reference documents, with general and industry specific examples of Good International Industry Practice (GIIP).

Table Screening for relevant ESSs

ESS	**Relevancy**
ESS 1: Assessment and Management of Environmental and Social Risks and Impacts	**√**
ESS 2: Labor and Working Conditions	**√**
ESS 3: Resource Efficiency and Pollution Prevention and Management	**√**
ESS 4: Community Health and Safety	**√**
ESS 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	**√**
ESS 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources	**√**
ESS 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	X
ESS 8: Cultural Heritage	**√**
ESS 9: Financial Intermediaries	X
ESS 10: Stakeholder Engagement and Information Disclosure	**√**

4.2 ESS 1 - Assessment and Management of Environmental and Social Risks and Impacts

ESS1 sets out the Borrower's responsibilities for assessing, managing and monitoring environmental and social risks and impacts associated with each stage of a project supported by the Bank through Investment Project Financing, in order to achieve environmental and social outcomes consistent with the Environmental and Social Standards (ESSs).

The ESSs are designed to help Borrowers to manage the risks and impacts of a project, and improve their environmental and social performance, through a risk and outcomes based approach. The desired outcomes for the project are described in the objectives of each ESS, followed by specific requirements to help Borrowers achieve these objectives through means that are appropriate to the

nature and scale of the project and proportionate to the level of environmental and social risks and impacts.

Borrowers will conduct environmental and social assessment of projects proposed for Bank financing to help ensure that projects are environmentally and socially sound and sustainable. The environmental and social assessment will be proportionate to the risks and impacts of the project. It will inform the design of the project, and be used to identify mitigation measures and actions and to improve decision making.

Borrowers will manage environmental and social risks and impacts of the project throughout the project life-cycle in a systematic manner, proportionate to the nature and scale of the project and the potential risks and impacts.

The objectives of this ESS are:

- To identify, evaluate and manage the environment and social risks and impacts of the project in a manner consistent with the ESSs.

  To adopt a mitigation hierarchy approach to:

  (b) Anticipate and avoid risks and impacts;

  (c) Where avoidance is not possible, minimize or reduce risks and impacts to acceptable levels;

  (d) Once risks and impacts have been minimized or reduced, mitigate; and

  (e) Where significant residual impacts remain, compensate for or offset them, where technically and financially feasible.
- To adopt differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable, and they are not disadvantaged in sharing development benefits and opportunities resulting from the project.
- To utilize national environmental and social institutions, systems, laws, regulations and procedures in the assessment, development and implementation of projects, whenever appropriate.
- To promote improved environmental and social performance, in ways which recognize and enhance Borrower capacity.

ESS1 applies to all projects supported by the Bank through Investment Project Financing.

4.3 ESS 2 – Labor and Working Conditions

ESS2 recognizes the importance of employment creation and income generation in the pursuit of poverty reduction and inclusive economic growth. Borrowers can promote sound worker-management relationships and enhance the development benefits of a project by treating workers in the project fairly and providing safe and healthy working conditions. ESS2 applies to project workers including fulltime, part-time, temporary, seasonal and migrant workers.

The Borrower will develop and implement written labor management procedures applicable to the project. These procedures will set out the way in which project workers will be managed, in accordance with the requirements of national law and this ESS. The procedures will address the way in which this ESS will apply to different categories of project workers including direct workers, and the way in which the Borrower will require third parties to manage their workers in accordance with ESS2. The standard will apply to the direct project workers and the contracted workers. The direct project workers will be those hired by the project whereby the contracted workers will be those hired by the companies to do the works for the facilities to be financed by the project : agri-food platform , two collection centers and the AMB -animal byproduct facility. The approximate number

of the employees per facility will be between 30 to 50. Most probably the workers will be from the site region. It is not expected that there will be labor influx issues.

4.4 ESS 3 – Recourse and Efficiency, Pollution Prevention and Management

This ESS sets out the requirements to address resource efficiency and pollution prevention and management2 throughout the project life-cycle consistent with GIIP.

The objectives of this standards are:

- To promote the sustainable use of resources, including energy, water and rawmaterials.
- To avoid or minimize adverse impacts on human health and the environment by avoiding or minimizing pollution from project activities.
- To avoid or minimize project-related emissions of short and long-lived climate pollutants 3.
- To avoid or minimize generation of hazardous and non-hazardous waste.
- To minimize and manage the risks and impacts associated with pesticide use.

The applicability of this ESS is established during the environmental and social assessment described in ESS1.

Resource Efficiency

The Borrower will implement technically and financially feasible measures for improving efficient consumption of energy, water and raw materials, as well as other resources. Such measures will integrate the principles of cleaner production into product design and production processes to conserve raw materials, energy and water, as well as other resources. Where benchmarking data are available, the Borrower will make a comparison to establish the relative level of efficiency.

Pollution Prevention and Management

The Borrower will avoid the release of pollutants or, when avoidance is not feasible, minimize and control the concentration and mass flow of their release using the performance levels and measures specified in national law or the EHSGs, whichever is most stringent. This applies to the release of pollutants to air, water and land due to routine, non-routine, and accidental circumstances, and with the potential for local, regional, and transboundary impacts.

4.4.1 Climate Adaptation

Inspired by the vision for Sustainable Development, the World Bank Group is globally committed to environmental sustainability, including stronger collective action to support climate change mitigation and adaptation, recognizing this as essential in a world of finite natural resources.

It recognizes that climate change is affecting the nature and location of projects, and that World Bank-financed projects should reduce their impact on the climate by choosing alternatives with lower carbon emissions. The World Bank works on climate change because it is a fundamental threat to development in our lifetime.

At a project level, the WB seeks to address project-level impacts on climate change and consider the impacts of climate change on the selection, siting, planning, design and implementation and decommissioning of projects. This issue is addressed as part of the environmental and social risks and impacts assessment. This aspect is mainly considered mainly within ESS1 and ESS3.

4.5 ESS 4 – Community Health and Safety

ESS4 recognizes that project activities, equipment, and infrastructure can increase community exposure to risks and impacts. In addition, communities that are already subjected to impacts from climate change may also experience an acceleration or intensification of impacts due to project activities.

ESS4 addresses the health, safety, and security risks and impacts on project-affected communities and the corresponding responsibility of Borrowers to avoid or minimize such risks and impacts, with particular attention to people who, because of their particular circumstances, may be vulnerable. Within the ESMP will address impacts from the project related activities on health, safety of the project-affected communities possible issue could be project related traffic. It is not expected that there will be security related risks to the communities.

4.6 ESS 5 – Land Acquisition, Restrictions on Land Use, and Involuntary Resettlement

ESS5 recognizes that project-related land acquisition and restrictions on land use can have adverse impacts on communities and persons. Project-related land acquisition or restrictions on land use may cause physical displacement (relocation, loss of residential land or loss of shelter), economic displacement (loss of land, assets or access to assets, leading to loss of income sources or other means of livelihood), or both. The term "involuntary resettlement" refers to these impacts. Resettlement is considered involuntary when affected persons or communities do not have the right to refuse land acquisition or restrictions on land use that result in displacement.

Experience and research indicate that physical and economic displacement, if unmitigated, may give rise to severe economic, social and environmental risks: production systems may be dismantled; people face impoverishment if their productive resources or other income sources are lost; people may be relocated to environments where their productive skills are less applicable and the competition for resources greater; community institutions and social networks may be weakened; kin groups may be dispersed; and cultural identity, traditional authority, and the potential for mutual help maybe diminished or lost. For these reasons, involuntary resettlement should be avoided. Where involuntary resettlement is unavoidable, it will be minimized and appropriate measures to mitigate adverse impacts on displaced persons (and on host communities receiving displaced persons) will be carefully planned and implemented. Ministry of Agriculture owns large amounts agriculture landthat is not used and thus it is expected that land acquisition is possible to avoid.

4.7 ESS 6 – Biodiversity Conservation and Sustainable Management of Living Natural Resources

ESS6 recognizes that protecting and conserving biodiversity and sustainably managing living natural resources are fundamental to sustainable development. Biodiversity is defined as the variability among living organisms from all sources including, inter alia, terrestrial, marine and other aquatic ecosystems and the ecological complexes of which they are a part; this includes diversity within species, between species, and of ecosystems. Biodiversity often underpins ecosystem services valued by humans. Impacts on biodiversity can therefore often adversely affect the delivery of ecosystem services

ESS6 recognizes the importance of maintaining core ecological functions of habitats, including forests, and the biodiversity they support. Habitat is defined as a terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. All habitats support complexities of living organisms and vary in terms of species diversity, abundance and importance.

The objectives of this ESS are:

- To protect and conserve biodiversity and habitats.
- To apply the mitigation hierarchy4 and the precautionary approach in the design and implementation of projects that could have an impact on biodiversity.
- To promote the sustainable management of living natural resources.

- To support livelihoods of local communities, including Indigenous Peoples, and inclusive economic development, through the adoption of practices that integrate conservation needs and development priorities.

The applicability of this ESS is established during the environmental and social assessment described in ESS1. Based on the environmental and social assessment, the requirements of this ESS are applied to all projects that potentially affect biodiversity or habitats, either positively or negatively, directly or indirectly, or that depend upon biodiversity for their success.

The environmental and social assessment as set out in ESS1 will consider direct, indirect and cumulative project-related impacts on habitats and the biodiversity they support. This assessment will consider threats to biodiversity. It will determine the significance of biodiversity or habitats based on their vulnerability and irreplaceability at a global, regional or national level and will also take into account the differing values attached to biodiversity and habitats by project-affected parties and other interested parties.

4.7.1 Forests and Wetlands

Forests and wetlands are considered as habitats, which is defined as terrestrial, freshwater, or marine geographical unit or airway that supports assemblages of living organisms and their interactions with the non-living environment. Habitats vary in their significance for conserving globally, regionally and nationally important biodiversity, their sensitivity to impacts and in the significance different stakeholders attribute to them. Because, in most instances, habitat loss, degradation or fragmentation represents the greatest threat to biodiversity, much of the focus of biodiversity conservation actions is on maintaining or restoring suitable habitats.

This ESS requires a differentiated risk management approach to habitats based on their sensitivity and values.

Natural habitats are areas composed of viable assemblages of plant and/or animal species of largely native origin, and/or where human activity has not essentially modified an area's primary ecological functions and species composition.

If natural habitats are identified as part of the assessment, the Borrower will seek to avoid adverse impacts on them in accordance with the mitigation hierarchy. Where natural habitats have the potential to be adversely affected by the project, the Borrower will not implement any project related activities unless:

(a) There are no technically and financially feasible alternatives; and

(b) Appropriate mitigation measures are put in place, in accordance with the mitigation hierarchy, to achieve no net loss and, where feasible, preferably a net gain of biodiversity over the long term. When residual impacts remain despite best efforts to avoid, minimize and mitigate impacts, and where appropriate and supported by relevant stakeholders, mitigation measures may include biodiversity offsets adhering to the principle of "like-for-like or better."

Where the project includes commercial agriculture and forestry plantations (particularly projects involving land clearing or afforestation), the Borrower will locate such projects on land that is already converted or highly degraded (excluding any land that has been converted in anticipation of the project). In view of the potential for plantation projects to introduce invasive alien species and threaten biodiversity, such projects will be designed to prevent and mitigate these potential threats to natural habitats. When the Borrower invests in production forestry in natural forests, these forests will be managed sustainably.

4.7.2 Protected Areas

Where the project occurs within or has the potential to adversely affect an area that is legally protected[4] designated for protection, or regionally or internationally recognized[5], the Borrower will ensure that any activities undertaken are consistent with the area's legal protection status and management objectives. The Borrower will also identify and assess potential project-related adverse impacts and apply the mitigation hierarchy so as to prevent or mitigate adverse impacts from projects that could compromise the integrity, conservation objectives or biodiversity importance of such an area.

4.8 ESS 8 – Cultural Heritage

ESS8 recognizes that cultural heritage provides continuity in tangible and intangible forms between the past, present and future. People identify with cultural heritage as a reflection and expression of their constantly evolving values, beliefs, knowledge and traditions. Cultural heritage, in its many manifestations, is important as a source of valuable scientific and historical information, as an economic and social asset for development, and as an integral part of people's cultural identity and practice. ESS8 sets out measures designed to protect cultural heritage throughout the project life cycle.

The requirements of ESS8 apply to cultural heritage regardless of whether or not it has been legally protected or previously identified or disturbed. The requirements of ESS8 apply to intangible cultural heritage only if a physical component of a project will have a material impact on such cultural heritage or if a project intends to use such cultural heritage for commercialpurposes.

The Borrower will implement globally recognized practices for field-based study, documentation and protection of cultural heritage in connection with the project, including by contractors and other third parties.

A chance finds procedure is a project-specific procedure which will be followed if previously unknown cultural heritage is encountered during project activities. It will be included in all contracts relating to construction of the project, including excavations, demolition, movement of earth, flooding or other changes in the physical environment. The chance finds procedure will set out how chance finds associated with the project will be managed.

The procedure will include a requirement to notify relevant authorities of found objects or sites by cultural heritage experts; to fence-off the area of finds or sites to avoid further disturbance; to conduct an assessment of found objects or sites by cultural heritage experts; to identify and implement actions consistent with the requirements of this ESS and national law; and to train project personnel and project workers on chance find procedures.

4.9 ESS 10 – Stakeholder Engagement and Information Disclosure

This ESS recognizes the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice. Effective stakeholder engagement can improve the environmental and social sustainability of projects, enhance project acceptance, and make a significant contribution to successful project design and implementation.

[4] *A clearly defined geographical space, recognized, dedicated and managed, through legal or other effective means, to achievethelong-termconservationofnaturewithassociated ecosystem services andculturalvalues.*
[5] *Internationally recognized areas of high biodiversity value include World Heritage Natural Sites, Biosphere Reserves, Ramsar Wetlands of International Importance, Key Biodiversity Areas, Important Bird Areas, and Alliance for Zero Extinction Sites, amongothers.*

The client will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.

Stakeholder engagement is an inclusive process conducted throughout the project life cycle. Where properly designed and implemented, it supports the development of strong, constructive and responsive relationships that are important for successful management of a project's environmental and social risks. Stakeholder engagement is most effective when initiated at an early stage of the project development process, and is an integral part of early project decisions and the assessment, management and monitoring of the project's environmental and social risks and impacts.

In consultation with the Bank, the Borrower will develop and implement a Stakeholder Engagement Plan (SEP) proportionate to the nature and scale of the project and its potential risks and impacts.

5. DETERMINATION OF POTENTIAL ENVIRONMENTAL AND SOCIALIMPACTS

The purpose of this chapter is to identify environmental and social impacts likely to occur during the implementation of the Project. The comprehensive consideration of impacts and mitigation measures will be undertaken during the Project implementation, once the details of each anticipated sub-project, such as location and engineering design, are available. The types of sub-projects to be supported by the Project, for which specific environmental and social impacts and mitigation measures shall be determined, are as follows:

- Establishment and operation of collection and storage centers for fruits and vegetables in Resen and Strumica;
- Establishment and operation of Agri-Food Platform in Skopje, including a wholesale market and a logistic area for cross docking and storage (dry and colf warehouses, offices for managing company, technical area comprising, inter alia, truck cleaning station, repair station, sewage treatment plant, waste recycling plant);
- Rehabilitation of offices and provision of equipment to the Agency for Financial Support in Agriculture and Rural Development;
- Construction and operation of facilities for Animal By-products (ABP) processing and safe disposal in the Municipality of Lozovo, which will cover the entire cycle of production, separation, storage, transport, processing and disposal.

Technical Assistance (TA) will be provided under Component 1, to connect producers and processors and assist agro-businesses on increasing productivity and efficiency, and under Component 2, to enhance the capacity of MAFWE on managing state-owned agricultural and pasture land, shall duly address aspects of sustainable environmental and social management, introduce IPM and IVM principles and be in line with World Bank General EHS Guidelines and Industry Sector (Agribusiness and Food Production) Guidelines.

5.1 Positive Impacts

The Project will provide high-quality advisory services for agricultural producers and agribusinesses in North Macedonia and support the establishment of the advisory one-stop shop, having in mind that future sustainability may be linked with purchase and distribution centers.

The construction and operation of collection center shall provide support to the development of a national strategy for food distribution which would benefit producers, distributors and final consumers. It will significantly improve agricultural competitiveness, covering the entire chain from production to distribution.

The establishment of the Agri-Food Platform including a wholesale market, the logistic area and the technical area will provide farmers and distributors with facilities allowing better traceability and standardization of food production. It will stimulate the development of synergies between different operators and provide logistics services, and can become a regional hub for agri-food distribution given the lack of such infrastructure in the Western Balkans.

Importantly, in order to respond to national goals on increasing the agriculture sector potential, the project will introduce measures allowing national products to meet international standards, and will support regulatory and technical enhancement which shall be in place to take full advantage of improved physical infrastructures and create an enabling environment for private investments.

The establishing of a system for safe disposal of ABPs will cover proper collection and processing of all categories of materials of animal origin subject to disposal, which will help to improve the compliance with EU Food safety, veterinary and phytosanitary policy. The project will also provide support for the gradual operationalization of the official control system of ABPs along the entire chain (production, separation, storage, transport, and disposal and/or processing), provide assistance to strengthen institutional capacity, and completing the alignment of the legal and regulatory framework with relevant EU acquis.

In summary, the main project interventions are expected to result in the following benefits to the stakeholders.

Agri-food platform (wholesale market and logistics area):

- Access to food: markets ensure that costumers have access to healthy, affordable and good quality food;
- Food safety: as food centers, wholesale markets offer a good place where food inspection authorities can check quality and take regular samples;
- Employment and resilience of SMEs: markets are " incubators of essential companies" that give easy access and low-cost entry to entrepreneurs for starting theirbusinesses;
- Internal Market and Competition: combined infrastructure facilitate the movement ofgoods;
- Food losses reduction, and proper waste management; and
- Food hygiene improvement.

Collection and conditioning:

- Give access to market to local production;
- Improve food safety and quality (compliance with international standards);
- Enhance competitiveness of the apple value chain;
- Enhance horizontal integration of small holders;
- Contribute to the organization of a national food distribution system; and
- Create an enabling environment for private investments.

The project is expected to create significant positive socio-economic impact in the domain of agricultural production, thus ensuring that small farmers have access to a functional agri-market infrastructure to sustain and expand agricultural production.

Also, quality product competitiveness in the agriculture is expected to rise on the national level. Small retailers (Hotel/Restaurant/Café) will receive better price for best quality, which can decrease their operational costs, and will secure their supply chain when there are incidental higher demands for certain product used in retail.

Slight reduction of rural poverty as well as slowing down of the pace of rural-urban migration, especially among young generation, are also expected in the areas of collection centers.

5.2 Potential Adverse Impacts

5.2.1 Environmental Impacts

Below is an overview of potential adverse environmental impacts and general mitigation measures identified for each type of sub-projects, as specified above in Chapter 5. per intervention and relevant appropriate mitigation measures. The specific impacts cannot be pre-determined as will be identified as part of the development of the Environment and Social Management Plans (ESMPs) for each specific site where civil works will be implemented and the mitigation measures will be applied accordingly ESMPs .

Establishment and operation of collection and storage centers for fruits and vegetables in Resen and Strumica;

Project phase	Potential impacts:	Likelihood (expected level of potential environmental impact)
Construction phase	Land take	Certain/ high
	Air emissions	Possible/high
	Waste generation	Certain/ high
	Habitats and biodiversity loss and degradation	Possible/low
	Noise emissions	Possible/medium
Operational phase	Waste water generation	Certain/ medium
	Energy use	Certain/ high
	Waste generation	Certain/ high
	High electricity costs for storage of fruits and vegetables	Certain/ high
	Environmental pollution caused by the transport of fruits and vegetables	Certain/ medium
	Using materials that will create packaging waste.	Certain/ high
	Fast expiration date that can cause food loss and reduction of product quality caused by mold and waste generation.	Possible/ medium
	Water loss during cold storage of fruits and vegetables	Possible/ medium
	Development of microorganisms and mold during prolonged storage.	Certain/ medium
	Refrigerators noise emissions.	Possible/ high
	Compliance	Certain/ low

Establishment and operation of Agri-Food Platform in Skopje, including a wholesale market and a logistic area for cross docking and storage.

This sub-project includes construction and operation of dry and cold warehouses, offices for managing company, technical area comprising, truck cleaning station, repair station, sewage treatment plant and waste recycling plant, so require special attention and shall be treated as separate sub-projects requiring separate ESMPs

Project phase	Potential impacts:	Likelihood (expected level of potential environmental impact)
Construction phase	Land take	Certain/high
	Waste generation	Possible/high
	Air emissions	Certain/high
	Noise emissions	Possible/high
	Habitats and biodiversity loss and degradation	Possible/high
Operational phase	Waste water generation	sible/high
	Energy use	Certain/high
	Waste generation	Certain/high
	High electricity costs for storage of fruits and vegetables	Certain/high
	Environmental pollution caused by the transport of fruits and vegetables	Certain/medium
	Usage of packaging materials.	Certain/high
	Fast expiration date that can cause food loss and reduction of product quality caused by mold and waste generation.	Certain/medium
	Water loss during cold storage of fruits and vegetables	Certain/medium
	Development of microorganisms and mold during prolonged storage.	Possible/medium
	Refrigerators noise emissions.	Possible/high
	Compliance	Certain/low

Rehabilitation of offices and provision of equipment to the Agency for Financial Support in Agriculture and Rural Development:

- **Project Procurement Strategy for Development (PPSD) has to be prepared before or by Project Appraisal. The PPSD is the basis for the procurement arrangements under the project. The PPSD will provide information on the equipment procurement specific risks and the proposed mitigation measures.**

Construction and operation of facilities for ABP (Animal by-products) processing plant in Municipality of Lozovo and disposal facility

Project phase	Potential impacts:	Likelihood (expected level of potential env. impact)
Construction phase	Land take	Certain/high
	Habitats and biodiversity loss and degradation	Possible/medium
	Air emissions	Certain/high
Operatio	Waste water generation	medium
	Waste generation	Certain/high

Project phase	Potential impacts:	Likelihood (expected level of potential env. impact)
	Energy use	Certain/medium
	Environmental pollution caused by the transport of the by-products.	Possible/medium
	Using materials that will create packaging waste.	Possible/high
	Inappropriate plant management	Possible/medium
	Risk of infectious diseases if not transported on time to the disposal facility.	Possible/high
	Risks arising to public and animal health	Possible/high
	Smaller amounts of animal waste that can't be adequately handled if not processed.	Certain/medium
	Noise emissions from the processing plants	Possible/medium
	Air pollution and emission of dust from the processing plant. The discharge of volatile organic compounds (VOC) may occur in processing plants when cleaning agents are used. Dust may be produced in bone cutting and bone processing industries. And the production of milk powder inevitably leads to the production of dust as well.	Certain/high
	Odor impacts	Certain/high
	Compliance with national legislation regarding required permits and licences	Certain/high

5.2.2 Potential Adverse Social Impacts

Access restrictions. There will be some construction induced social impacts during the implementation phase. The construction activities on proposed infrastructure subprojects may cause temporary access restrictions to homes, land plots or other private or public property. For the cases where the temporary access will become more difficult the social section of the ESMP will forsee and solution will be found for securing the temporary access. In the situations where land acquisition is needed the RPF will guide the process of land acquisition.

Even though most of such local level constructions under the project will go through institutional centered organizations and agencies, adequate care and measures will be taken to avoid any violation of use of labor, accidents, or disputes with local communities due to use of non-local labor force used for constructions, risks associated with influx of non-local workers. The contractors would be encouraged to use as much as possible locally hired labor. This would be easily enabled because there is enough supply of local construction companies that operate within a region. The regional construction companies would cooperate with contractors that will win the project contracts.

The site specific ESMPs prepared under the project will include, as necessary, a mitigation measures to reduce potential adverse impacts and risks and the public constructions will be carried out each of the construction site before the civil works begin.

Land acquisitions. No large-scale physical displacement or relocation of persons is expected under the project. In addition to the ESMF (ESMP), a Resettlement Policy Framework (RPF) is prepared for the project to address social impacts such as land acquisitions, access restrictions due to community level social and economic infrastructure subprojects. When details of the project sites and investments / subprojects are available, the need for further site-specific Resettlement Action Plans (RAP) will be assessed, in accordance with the RPF.

Both social and environmental impacts would be those related to project traffic and OHS

Traffic. There will be increased traffic of loaded transport vehicles in both phases, construction and operation in all proposed four construction locations. All locations will require significant effort in organizing traffic flow for and from the subcomponents.

Labor risks associated with contracted workers at subproject level. Subprojects will be implemented by local contractors and the majority of contracted workers will be hired locally. All contractors will be required to have a written contract with their workers materially consistent with objective of ESS2, in particular with regard to child and forced labor.

Occupational Health and Safety (OHS) risks are low to moderate and will depend on the type of subproject works to be implemented. All contractors will be required to develop and implement written labor management procedures, including procedures to establish and maintain a safe working environment as per requirements of ESS2. OHS risks are related to the construction works during the construction of the distribution centers and facility for animal by products, as well as during the operational phase of the facility for animal by products.

Risks associated with - **vulnerable farmers.** There is a potential social risk where vulnerable and small farmers will not benefit from the project activities. This is due to factors such as climate changes, inability to reach project sites on time, as well as generating additional transport costs by those who want to deliver products to the market, but are not living close to the proposed locations. Such operational conditions will left these vulnerable small farmers out of themarket.

MAFWE will pay particular attention and give priority to these small scale farmers. A list of small farmers interested to participate into this program could be created and regularly maintained. This list will serve Collection and conditioning station's Operator/s to give priority in serving of this group of farmers.

Risk associated with labor influx. The project involves civil works, which require labor force and most probably will fully supplied locally. It is anticipated that due to the nature and scope of works the level of labor influx will be insignificant so the associated risks will be low and manageable.

5.3 Potential Cumulative Impacts

The cumulative impact of the project is the incremental impact of the project when added to impacts from other relevant past, present and reasonably foreseeable developments as well as unplanned but predictable activities enabled by the project that may occur later or at a different location. Cumulative impacts can result from individually minor but collectively significant activities taking place over a period of time. The environmental and social assessment will consider cumulative impacts that are recognized as important on the basis of scientific concerns and/or reflect the concerns of project-affected parties. The potential cumulative impacts will be determined as early as possible, ideally as part of project scoping.

At this time, no indication of any cumulative impact may be determined. One should be conducted as soon as more details are available about the project, its infrastructure, techniques and technology,

and as well locations. The cumulative impacts will be analyzed and taken into consideration during the environmental impact assessment.

5.4 Environmental & Social Management Process: identification of adequate mitigation measures

The Environmental and Social Management Process in general consists of four main phases:

Screening/Scoping	Determine what are likely potential issues, including what policies triggered, decide what type and level of assessment is needed
Assessment	Conduct screening for sub-projects to identify risks and impacts and evaluate and confirm the significance of issues Conduct site-specific baseline assessment (valued ecological components) Identify likely impacts Determine acceptable changes from baseline
Mitigation –	Identify measures to avoid/reduce/compensate for negative impacts including the expected results (e.g. standards to be achieved); identify who is responsible and confirm they have the capacity and resources
Monitoring	Verify that mitigation measures are being implemented and that they are achieving the expected results (if not, need to modify them)

Risk classification

This ESMF provides for initial risk assessment and classification based on the available documentation and data. The environment and social risks are rated as moderate. In order to address them, following instruments have been prepared:

(i) Environment and Social Management Framework (ESMF)
(ii) Stakeholder Engagement Plan (SEP)
(iii) Resettlement Policy Framework (RPF); and
(iv) Labor Management Procedures (LMP).

The ESMF is based on applicable ESF Standards and the World Bank Group's Environmental Health and Safety Guidelines. The ESMF has checklists for determining where and when site specific Environment and Social Impact Assessments (ESIAs)/Management Plans (ESMPs) and Resettlement Plans (RAPs) will be necessary (for resettlement, the criteria are also in the RPF).

The MAFWE should review the risk screening and classification at a later stage, once more project data is available. Change of the classification should be done where necessary, to ensure that it continues to be appropriate. Any change to the classification needs so reflect the selection of the appropriate EA tools and mitigation measures, where necessary.

The following risk management instruments and specific measures or actions are planned to prevent, avoid, minimize, reduce or mitigate the environmental and social risks and impacts of the projects over the project cycle:

ESS 1 - Assessment and Management of Environmental and Social Risks and Impacts

The environment and social risks are rated as moderate respectively. The Borrower - MoTC will conduct environmental and social assessment of projects proposed for Bank financing to help ensure that projects are environmentally and socially sound and sustainable. The environmental and social

assessment will be proportionate to the risks and impacts of the project. Based on the proposed project activities within the AMP the following instruments have been prepared: (i) Environment and Social Management Framework (ESMF): (ii) Stakeholder Engagement Plan (SEP); (iii) Resettlement Policy Framework (RPF); and (iv) Labor Management Procedures (LMP). The ESMF is based on applicable ESF Standards and the World Bank Group's Environmental Health and Safety Guidelines.

The ESMF has checklists (Annex 4 and Annex 5 for determining where and when site specific Environment and Social Impact Assessments (ESIAs)/Management Plans (ESMPs) and Resettlement Plans (RAPs) will be necessary (for resettlement, the criteria are also in the RPF).

ESS 2 – Labor and Working Conditions

Direct workers. MAFWE, the implementing agency, follows the national labor legislation and practices when hiring project staff. The legal provisions of the Labor Law apply to all involved parties. The MAFWE employees state public servants, and majority of employees are permanent staff with unlimited time employment agreements, all according with the Labor relatedlegislation.

Forty hour per week employment is practiced and recorded on paper. Payrolls (monthly), paid sick leaves and annual leave are filed in hard copies, as well as stored in e-version. The Labor Inspection from the Ministry of Labor and Social Policy conducts occasional audits of the labor documentation of the institution.

Contracted workers: Part of the project activities is the construction of operation of collection and storage centers in Strumica and Resen, Agri-Food Platform in Skopje and facilities for Animal By-products (ABP) processing and safe disposal in the Municipality of Lozovo which will require the engagement of construction workers.The Contractors and their sub-contractors are obliged to follow the local labor legislation and regulations during the sub-project implementation.

MAFWE prepares the Labor management procedure (LMP) which set out details for preparing the labor management plans and the principles of employment. The LMP also identifies main requirements for contracted workers to be employed in accordance with national Labor Law and the LMP. It will underline the risks associated with the project and determines the resources necessary to address project labor issues. The MAFWE will ensure that all contracts with workers, contractors and primary supply workers are consistent with the requirements of ESS2. The MAFWE will incorporate ESS2 requirements into tendering processes and establish policies for monitoring the performance of contractors in relation to ESS2. MAFWE will work closely with contractors to check contracts at the local level. Contracts will be reviewed by the World Bank, to ensure compliance with ESS2 requirements.

ESS 3 – Resourse and Efficiency, Pollution Prevention and Management

The ESMF includes sections on resource efficiency and pollution prevention and management.

Risk assessment related to resource and efficiency, pollution prevention and management will raise during the construction phase as short term, locally and high intensity. During the operational phase of the project risks will be long term, locally and medium intensity. Assessment of risks and impacts and proposed mitigation measures related to relevant requirements of ESS3, including raw materials, water use, air pollution, hazardous materials, and hazardous waste are included within scope of the ESMF, and ESMPs as relevant.

Construction activities (such as clearing of vegetation and reconstruction of roads), and operational activities (such as maintenance) can result in increased turbidity via suspension of sediment in the water column. In addition, the introduction of pollutants can have adverse impacts on aquatic flora and fauna (including benthic communities), and human health, for example excessive nutrient loading leading to eutrophication, oxygen depletion, and toxic algal blooms.

ESS 4 – Community Health and Safety

Assessment of work-related health risks includes the following; works and road safety; HIV/AIDS and sexually transmitted diseases; excessive noise and dust levels, site safety awareness and access restrictions; GBV/SEA; and labor influx. Preparation of a Traffic Management Plan addressing issues such as rerouting of traffic, informing the local communities of the construction programme, adequate traffic control at critical traffic points. Fencing will be installed around all construction sites and areas where there is a risk to community health and safety. If workers camp needed to be built, the contractor will be required to employ measures to control labor influx risks based on Bank requirements, as well as the IFC/EBRD Good Practice Note. A GRM for the public was prepared and consulted on with local communities during project preparation. Each construction/reconstruction project has its own Dynamic Plan (defined in the national legislation) describing and proposing the project activities that should be implemented versus the time period for realization, so the progress of implementation has been recorded and eventually any delays could be discussed with theinvestor explaining the reasons for delay or problems rised. So, the status of implementation of the envisaged Dynamic Plan for the project activities; Use of heavy construction machinery with permissible noise level for urban area. Obligation for Contractor to repair any damage - In case of causing damage to the surrounding of the project site it will be restored to its original condition.

Project will ensure that grant recipients are accountable for resource management and responsive to the preferences and needs of community members. Business development service providers (enablers) will be empowered to conduct monitoring from time to time which will cover CHS as well. The community health and safety will be a part of monitoring process as well.

ESS 5 – Land Acquisition, Restrictions on Land Use, and Involuntary Resettlement

It is not defined whether the project require lands for establishing planned activities. Current plans are to either capitalize on the existing infrastructure and / or secure unused public lands. However, there could be some isolated instances wherein privately owned lands may have to be acquired. Currently, details about the requirements of land - number, area, location etc—are not known. It will become known only during the implementation.

Given this scenario, towards managing involuntary land acquisition, the client has prepared a Resettlement Policy Framework (RPF). The framework clarifies resettlement principles, organizational arrangements, and design criteria to be applied to subprojects or project components to be prepared during project implementation. Once the subprojects or individual grants are defined and the necessary information becomes available, such a framework will be expanded into a specific resettlement action. Project activities that will cause physical and/or economic displacement will not commence until such specific plans have been finalized and approved by the Bank.

ESS 6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources

The ESMF document prescribes measures to be implemented by the contractor in order to minimize impacts on biodiversity. Specific measures will be proposed in the separate ESMPs for each project separately (construction of a distribution center and ABP Safe Disposal System).

ESS 8 – Cultural Heritage

The ESMF includes a section on protection of Cultural Heritage including check-lists to help MAFWE PIU Environmental Specialist/Field Coordinators/Enablers to assess if a site specific Cultural Heritage Management Plan is needed; and "chance find" procedures to be included in site specific ESIA/ESMPs subprojects and template for Cultural Heritage Management Plans to be prepared for pre-identified historical places to be rehabilitated.

ESS 10 – Stakeholder Engagement and Information Disclosure

Project preparation has mapped the stakeholders. Individuals and groups likely to be affected (direct beneficiaries) have been identified. They include: on the agricultural front- farmers, farming

community, women farmers, youth harmers, traders with agriculture products as well as transporters etc.

Other interested parties would be government agriculture sector agencies/authorities, sector specific NGOs and CSOs and these are identified in the SEP. Stakeholder profile is very diverse as well as their expectations, and capacity to interfere with the project. The Ministry thus has prepared Stakeholder Engagement Plan (SEP). This SEP analyzes different stakeholders and provides an approach strategies how to reach them. The SEP has been prepared and will be disclosed publicly before completion of Appraisal. SEP will be updated from time to time as deemed appropriate. The client has proposed a project related Grievance Redressal Mechanism (GRM) to enable stakeholders submit their concerns/ comments/grievances and this is part of the SEP.

Environmental mitigation measures

Establishment and operation of collection and storage centers for fruits and vegetables in Resen and Strumica;

	Potential impacts:	**Mitigation measures:**
Construction phase	Land take	• Careful planning. • Considering brownfield possibilities. • Avoiding sensitive locations and surroundings and especially private land in order to avoid expropriation procedure
	Air emissions	• Characterization and estimation of project air emissions. • Avoid or minimize project-related air emissions during the design and construction of the sub project's facilities. • Selection of fuels or other materials with less polluting emissions. • Dilution air emissions to achieve maximum permitted values is unacceptable. • Pollution control systems in place in order to meet specified emissions limits. • Monitor both emission flows and emission loads.
	Waste generation	• Avoid/minimize generation of hazardous and non-hazardous waste. • Where waste generation cannot be avoided, minimize the generation of waste, and reuse, recycle and recover waste in a manner that is safe for human health and the environment. • Where waste cannot be reused, recycled or recovered, treat, destroy, or dispose of it in an environmentally sound and safe manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material. • If the generated waste is considered hazardous, comply with existing requirements for management (including storage, transportation and disposal) of hazardous wastes including national legislation and applicable international conventions, including those relating to transboundary movement. • When hazardous waste management is conducted by third parties, use contractors that are reputable and legitimate enterprises licensed by the relevant national competent authorities to the final disposal location. • Ascertain whether licensed disposal sites are being operated to acceptable standards and where they are, use these sites.

	Potential impacts:	Mitigation measures:
		• Contingency procedure for when intended disposal sites are closed. • Where licensed sites are not being operated to acceptable standards, minimize waste sent to such sites and consider alternative disposal options, including the possibility of developing its own recovery or disposal facilities at the project site or elsewhere.
	Habitats and biodiversity loss and degradation	• Reliable baseline data. • Use biodiversity surveys, covering biologically important periods, whenever necessary. • Avoid ecologically sensitive areas. • Identify and assess potential project-related adverse impacts and apply the mitigation hierarchy so as to prevent or mitigate adverse impacts from projects that could compromise the integrity, conservation objectives or biodiversity importance of such an area.
	Noise emissions	• Limit the noise emissions in accordance with the national requirements (Rulebook on the limit values of the level of noise in the environment (Official Gazette of the Republic of North Macedonia No. 147/08).
Operational phase	Waste water generation	• Dilution of effluents to achieve maximum permitted values is unacceptable. • Pollution control systems in place in order to meet specified emissions limits. • Processed wastewater, domestic sewage, and contaminated storm water and runoff must meet the maximum limits, according national and/or international standards. • Pretreatment prior to discharge into WWTP facility; full treatment prior to discharge to a final recipient. • Monitor both emission flows and emission loads.
	Energy use	• Adoption of renewable or low carbon energy sources. • Alternatives to refrigerants with high global warming potential. • Enhanced process control; leak elimination; insulation; and the use of more energy-efficient demand-side equipment.
	Waste generation	• Re-use the waste from fruits and vegetables from collection and storage centers in Resen and Strumica • Sign an agreement with authorized company for taking generated waste from the collection and storage centers
	High electricity costs for storage of fruits and vegetables	• Usage of energy efficient saving methods for storage and less energy consuming equipment (A+++).
	Environmental pollution caused by the transport of fruits and vegetables	• Transportation planning, transport of materials when traffic congestion is minimal, good logistical support, use of environmentally friendly transport vehicles or vehicles that meet the required EU standards for minimum pollution.
	Using materials that will create packaging waste.	• Recycling, reuse of packaging materials. Storage in suitable reusable containers. Storage areas and transport containers for

	Potential impacts:	Mitigation measures:
		organic product should be cleaned using methods and materials permitted in organic production.
	Fast expiration date that can cause food loss and reduction of product quality caused by mold and waste generation.	• Regular, adequate and timely transportation of fruits and vegetables to prevent rotting and damage calculation.
	Water loss during cold storage of fruits and vegetables	• Storage of fruit and vegetables for a minimum of time in order to maintain their freshness for further processing and implementation of good storage practices in order to prevent the rotting and decay of fruits and vegetables in the refrigerators.
	Development of microorganisms and mold during prolonged storage.	• Maintenance of sanitary hygienic conditions in the refrigerators, disinfection, regular cleaning and ventilation of storage rooms.
	Refrigerators noise emissions.	• Use of devices meeting the national and EU directives required standards for minimum noise emission. According the Rulebook on occupational safety and health of employees at risk of noise (Official Gazette of RM. No. 21/08: -at noise from 80 to 85 dB should be use ear protective equipment (antiphons, etc.); -at noise from 85 to 87 dB to take measures noise; -at noise 87 dB from 85 to take measures for reduction of noise from the equipment (fencing, sound insulation); -noise above 87 dB - reducing working time to obtain 8 hour exposure of 80 dB. -Rulebook on the specific types of special noise sources as wellas the requirements to be met by installations, equipment, installations and devices used outdoors for noise emission and noise protection standards (Official Gazette of RM. No 142/13) -EU Directive 2000/14/EC on the approximation of the laws of the Member States relating to the noise emission in the environment by equipment for use outdoors.
	Compliance	• Obtaining all required licenses prior to commencement of work.

Establishment and operation of Agri-Food Platform in Skopje, including a wholesale market and a logistic area for cross docking and storage.

	Potential impacts:	Mitigation measures:
Construction	Land take	• Careful planning. • Considering brownfield possibilities. • Avoiding sensitive locations and surroundings. • Avoid private land to be use in order to skip the expropriation process

	Potential impacts:	Mitigation measures:
	Waste generation	• proper solid waste management techniques for the disposal of debris, effluent and infrastructural waste; The Contractor should prepare a Waste Management Plan, get it approved by the competent municipality staff and strictly follow during the implementation. The Waste Management Plan should include guidelines for keeping records of: type of generated waste, type of waste (hazardous, non-hazardous, inert waste, biodegradable, etc.), quantity of generated fractions of waste and location for its temporary storage, location for its final disposal by an authorized company. Waste Management Plan should also include guidelines on how different types of waste are handled; and contingency plan for hazardous waste in case intended disposal facility is not available.
	Air emissions	• Characterization and estimation of project air emissions. • Avoid or minimize project-related air emissions during the design and construction of the project. • Selection of fuels or other materials with less polluting emissions. • Dilution of air emissions to achieve maximum permitted values is unacceptable. • Pollution control systems in place in order to meet specified emissions limits. • Monitor both emission flows and emission loads. • Establish a Traffic management plan within the ESMP • Daily cleaning of access roads - in the vicinity of the construction site and working sites (removal of earth and sand to prevent dust) • Mandatory washing of tyres • Implementing procedures for handling of construction materials • Implementing good construction practices • Visual control of working conditions and construction practices on the site on a daily basis.
	Noise emissions	• Limit the noise emissions in accordance with the national requirements (Rulebook on the limit values of the level of noise in the environment (Official Gazette of the Republic of North Macedonia No. 147/08).
	Habitats and biodiversity loss and degradation	• Reliable baseline data. • Use biodiversity surveys, covering biologically important periods, whenever necessary. • Avoid ecologically sensitive areas. • Identify and assess potential project-related adverse impacts and apply the mitigation hierarchy so as to prevent or mitigate adverse impacts from projects that could compromise the integrity, conservation objectives or biodiversity importance of such an area.
Operational phase	Waste water generation	• Water Management Plan with procedure for dealing with ABP with infectious disease if that ever occurs • Dilution of effluents to achieve maximum permitted values is unacceptable. • Pollution control systems in place in order to meet specified emissions limits.

	Potential impacts:	Mitigation measures:
		• Process wastewater, domestic sewage, and contaminated stormwater and runoff must meet the maximum limits, according national and/or international standards. • Pretreatment prior to discharge into WWTP facility; full treatment prior to discharge to a recipient. • Monitor both emission flows and emission loads. • Regular maintenance of the sewage treatment plant, waste recycling plant, truck cleaning station and proper handling with the generated waste according the national requirements. • Installation of water / oil separators in truck cleaning station • Regular cleaning of the separators - collection of accumulated oils, fats and fuel from the separators by an authorized handlers. • Keeping records of separator cleaning.
	Energy use	• Adoption of renewable or low carbon energy sources. • Alternatives to refrigerants with high global warming potential. • Enhanced process control; leak elimination; insulation; and the use of more energy-efficient demand-side equipment.
	Waste generation	• Avoid/minimize generation of hazardous and non-hazardous waste. • Where waste generation cannot be avoided, minimize the generation of waste, and reuse, recycle and recover waste in a manner that is safe for human health and the environment. • Where waste cannot be reused, recycled or recovered, treat, destroy, or dispose of it in an environmentally sound and safe manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material. • If the generated waste is considered hazardous, comply with existing requirements for management (including storage, transportation and disposal) of hazardous wastes including national legislation and applicable international conventions, including those relating to transboundary movement. • When hazardous waste management is conducted by third parties, use contractors that are reputable and legitimate enterprises licensed by the relevant national competent authorities to the final destination. • Ascertain whether licensed disposal sites are being operated to acceptable standards and where they are, use these sites. • Where licensed sites are not being operated to acceptable standards, minimize waste sent to such sites and consider alternative disposal options, including the possibility of developing its own recovery or disposal facilities at the project site or elsewhere. • Reuse the generated organic waste • Implementation of national legislation on the selection, labeling, appropriate storage, temporary disposal and final disposal depending on the type of waste and its characteristics • Keeping records on quantities of temporary disposed hazardous and non-hazardous waste and records of collected wastes from the licensed companies • Signing Contracts with authorized companies for collection, transportation and treatment of different types of wastes

	Potential impacts:	Mitigation measures:
		• Selection, appropriate storage and temporary disposal of the replaced spare parts on suitable place within the repair station • Collection and transportation of the replaced spare parts by an authorized company • Replaced motor oil from trucks should be stored in appropriate containers placed on the impermeable tank and collected by authorized companies for management with this type of waste
	High electricity costs for storage of fruits and vegetables	• Usage of energy efficient saving methods for storage andless energy consuming equipment (A+++) in the dry and cold warehouses.
	Environmental pollution caused by the transport of fruits and vegetables	• Transportation planning, transport of materials when traffic congestion is minimal, good logistical support, use of environmentally friendly transport vehicles or vehicles that meetthe required EU standards for minimum pollution.
	Usage of packaging materials.	• Recycling, reuse of packaging materials. Storage in suitable reusable containers. Storage areas and transport containers for organic product should be cleaned using methods and materials permitted in organic production. Measures should be taken to prevent possible contamination from any treatment before using a storage area or container that is not dedicated solely to organic products.
	Fast expiration date that can cause food loss and reduction of product quality caused by mold and waste generation.	• Regular, adequate and timely transportation of fruits and vegetables to prevent rotting and damage calculation.
	Water loss during cold storage of fruits and vegetables	• Storage of fruit and vegetables for a minimum of time in order to maintain their freshness for further processing and implementation of good storage practices in order to prevent the rotting and decay of fruits and vegetables in the refrigerators.
	Development of microorganisms and mold during prolonged storage.	• Maintenance of sanitary hygienic conditions in the refrigerators, disinfection, regular cleaning and ventilation of storage rooms.
	Refrigerators noise emissions.	• Use of devices meeting the required standards for minimum noise emission.
	Compliance	• Obtaining all required licenses prior to commencement of work.

Construction and operation of facilities for ABP (Animal by-products) processing plant in Municipality of Lozovo and disposal facility

	Potential impacts:	Mitigation measures
C o	Land take	• Careful planning.

	Potential impacts:	Mitigation measures
		• Considering brownfield possibilities. • Avoiding sensitive locations and surroundings.
	Habitats and biodiversity loss and degradation	• Reliable baseline data. • Use biodiversity surveys, covering biologically important periods, whenever necessary. • Avoid sensitive areas. • Identify and assess potential project-related adverse impacts and apply the mitigation hierarchy so as to prevent or mitigate adverse impacts from projects that could compromise the integrity, conservation objectives or biodiversity importance of such an area.
	Air emissions	• Characterization and estimation of air emissions from the construction activities • Avoid or minimize project-related air emissions during the design and construction of the ABP processing plant and distribution centers. • Selection of fuels or other materials with less polluting emissions. • Dilution of air emissions to achieve maximum permitted values is unacceptable. • Pollution control systems in place in order to meet specified emissions limits. • Monitor both emission flows and emission loads. • Daily cleaning of access roads - in the vicinity of the construction site and working sites (removal of earth and sand to prevent dust) • Mandatory washing of tyres • Implementing procedures for handling of construction materials • Implementing good construction practices • Visual control of working conditions and construction practices on the site on a daily basis.
Operational phase	Waste water generation	• Waste Management Plan for solid waste and waste water and with procedure for dealing with ABP with infectious disease if that ever occurs • Dilution of effluents emissions to achieve maximum permitted values is unacceptable. • Pollution control systems in place in order to meet specified emissions limits. • Process wastewater, domestic sewage, and contaminated stormwater and runoff must meet the maximum limits, according national and/or international standards. • Pretreatment prior to discharge into WWTP facility; full treatment prior to discharge to a recipient. • Monitor both emission flows and emission loads. • Choose cleaning agents that do not have adverse impacts on the environment in general, on wastewater treatment unit processes, or on sludge quality for agricultural application. • Increase the quality of the sludge (from the wastewater treatment processes) for possible use as agricultural fertilizer

	Potential impacts:	Mitigation measures
		by reducing or eliminating pathogens such as E. coli 0157, campylobacter, and salmonella through controlled aerobic treatment (compost) or anaerobic digestion (bio-gas); • Use biodegradable waste with high organic content as a bio mass in order to use it as an energy source; • If no other alternatives are feasible, dispose of fat at landfills.
	Waste generation	• Waste Management Plan during operational phase for solid waste and waste water • Prioritize the removal of solid waste before it enters the wastewater stream; • Re usage of organic waste • Avoid generation of hazardous and non-hazardous waste • Where waste generation cannot be avoided, minimize the generation of waste, and reuse, recycle and recover waste in a manner that is safe for human health and the environment • Where waste cannot be reused, recycled or recovered, treat, destroy, or dispose of it in an environmentally sound and safe manner that includes the appropriate control of emissions and residues resulting from the handling and processing of the waste material • If the generated waste is considered hazardous, comply with existing requirements for management (including storage, transportation and disposal) of hazardous wastes including national legislation and applicable international conventions, including those relating to transboundary movement • When hazardous waste management is conducted by third parties, use contractors that are reputable and legitimate enterprises licensed by the relevant national competent authorities to the final destination • Ascertain whether licensed disposal sites are being operated to acceptable standards and where they are, use these sites • Where licensed sites are not being operated to acceptable standards, minimize waste sent to such sites and consider alternative disposal options, including the possibility of developing its own recovery or disposal facilities at the project site or elsewhere
	Energy use	• Adoption of renewable or low carbon energy sources. • Alternatives to refrigerants with high global warming potential. • Enhanced process control; leak elimination; insulation; and the use of more energy-efficient demand-side equipment. • Improving cooling efficiency by insulating refrigeration room / areas and doors, installing an automatic door-closing mechanism (e.g. micro switches), applying airlocks, and setting alarms to go off when chill room doors and external loading doors are left open;
	Environmental pollution caused by the transport of the by-products.	Transportation planning, transport of materials when traffic congestion is minimal, good logistical support, use of environmentally friendly transport vehicles or vehicles that meet the required EU standards for minimum pollution. Animal

	Potential impacts:	Mitigation measures
		by-products can only be collected and transported byapproved licensed hauliers and can only be stored and processed at licensed facilities.
	Using materials that will create packaging waste.	Recycling, reuse of packaging materilas. Storage in suitable reusable containers. Storage areas and transport containers for organic product should be cleaned using methods and materials permitted in organic production. Measures should be taken to prevent possible contamination from any other treatment before using a storage area or container that is not dedicated solely to organic products. Animal by-products must be transported in sealed new packaging or covered leak-proof containers or vehicles. Containers must dedicated to the use of specific categories of animal by-products and where they are not they must be cleaned and disinfected after each use in order to prevent cross contamination. Animal by-products must be identified and collected and identified by category. Mixtures of different categories of animal by-products must be treated as the higher or highest risk of the mixed materials.
	Inappropriate plant management	Rendering plants can take all categories of animal by-products. They must be approved in accordance with Article 24 of Regulation (EC) 1069/2009 and operators must meet the general hygiene requirements in Article 25.
	Risk of infectious diseases if not transported on time to the disposal facility.	Implement integrated vector management approach and maximize vector control. Regular, adequate and timely transportation. Animal by-products can only be collected and transported by approved licensed haulers and can only be stored and processed at licensed facilities.
	Risks arising to public and animal health	Implement integrated vector management approach and maximize vector control. Animal by-products must be collected, identified and disposed of without undue delay. What constitutes „undue delay" will depend on a case-by-case assessment depending on the type of animal by-products involved but for instance a farmer may have his fallen stock collected every few days and a retail shop may have a weekly return of out of date food.
	Smaller amounts of animal waste that can't be adequately handled if not processed.	Collection and treatment of animal by-products is particularly important to prevent the spread of diseases and infections in humans and animals caused by dead or sick animals, or to prevent the spread of infections caused by parasites, pathogens, viruses, etc. Storing carcasses until collection to prevent putrefaction, odors, and attraction of vectors, using cooling if necessary. Storage times should be minimized to avoid energy intensive cooling requirements; Using a reliable collection company approved by local authorities that disposes of carcasses by rendering, with adequate time, temperature and pressure criteria for sanitization, or incineration / co-incineration depending on the

	Potential impacts:	Mitigation measures
		cause of fatality; · Where no authorized collection of carcasses is available, and after approval of the local veterinary authorities, incinerating or burying carcasses on site if allowed.
	Noise emissions from the processing plants	Use of a devices that meets the required national standards for noise emission within the limit values.
	Air pollution and emission of dust from the processing plant. The discharge of volatile organic compounds (VOC) may occur in processing plants when cleaning agents are used. Dust may be produced in bone cutting and bone processing industries. And the production of milk powder inevitably leads to the production of dust as well.	Application of ambient air protection measures, such as setting filters on chimneys of plants, locating the plant in a place protected from air currents, such as strong winds, etc., using appropriate biodegradable agents for cleaning and disinfecting of the plants, combustion processes take place in strictly controlled conditions to prevent adverse effects on employee health, etc.
	Odor impacts	• Consider the location of new facilities, taking into account proper distances to neighbors and the propagation of odors; • Pasteurize organic material before processing it to halt biological processes that generate odor; • Install rendering equipment in closed spaces and operate under negative pressure compared to ambient air conditions; • Minimize the inventory of raw carcasses, waste and byproducts and store it for short periods of time in a cold, closed, well-ventilated place; • Seal off animal by-products (e.g. in covered leak-proof containers or vehicles) during transport, loading unloading, and storage activities. Transport blood in insulated containers to reduce temperature increase;
	Compliance with national legislation regarding required permits and licences	• Obtaining all required licenses prior to commencement of work. MoEPP (Decission for need of conducting EIA procedure, Decissision for approval for project implementation) Municipalities (Decission for approval of the EIA Report, Construction permit, Use Permit) • Planned, designed, constructed and operated in compliance with relevant BAT.

5.5 Monitoring Plans and Indicators

5.5.1 Monitoring of Environmental and Social Indicators

The environmental and social issues included within the mitigation measures are monitored and supervised by the local specialists appointed by the MAFWE. Although the environmental and social impacts are expected to be moderate, the potential negative environmental and social impacts are planned to be prevented or mitigated during the construction and operation stages.

Environmental and social monitoring system starts from the preparation phase of the subproject through the operation phase in order to prevent negative impacts of the project and observe the effectiveness of mitigation measures. This system helps the WB and the MAFWE to evaluate the success of mitigation as part of project supervision and allows taking an action when needed. The monitoring system provides technical assistance and supervision when needed, early detection of conditions related to mitigation measures, follows up on mitigation results, and provides information of the project progress.

Environmental and social monitoring to be implemented by the MAFWE/PMT has to provide information about key environmental and social aspects of the subprojects, particularly the project environmental and social impacts and the effectiveness of taken mitigation measures. Such information enables to evaluate the success of mitigation as part of project supervision, and allows corrective action(s) to be implemented, when needed. In this regard the Monitoring Plan (as part of ESMPs) identifies monitoring objectives and specifies the type of monitoring, and their link to impacts and mitigation measures. Specifically, the monitoring section of the ESMP provides: (a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements; and, (b) monitoring and reporting procedures to: (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results ofmitigation.

5.6 Specific Project Issues

5.6.1 Resettlement Policy Framework and Resettlement Action Plans

Planned sub-projects have not defined the exact location of activities, as well as the need whether the project require lands for establishing planned activities. Current plans are to either capitalize on the existing infrastructure and / or secure unused public lands. However, there could be some isolated instances wherein privately-owned lands may have to be acquired. Currently, details about the requirements of land - number, area, location etc.—are not known. It will become known only during the implementation.

Given this scenario, towards managing involuntary land acquisition, the client has prepared a Resettlement Policy Framework (RPF), sought approval from the Bank and disclosed the same. The framework clarifies resettlement principles, organizational arrangements, and design criteria to be applied to subprojects or project components to be prepared during project implementation. Once the subprojects or individual grants are defined and the necessary information becomes available, such a framework will be expanded into a specific Resettlement Action Plan. Project activities that will cause physical and/or economic displacement will not commence until such specific plans have been finalized and approved by the Bank.

5.6.2 Labor Management Procedures

MAFWE prepares the Labor management procedure (LMP) which set out details for preparing the labor management plans and the principles of employment. The LMP also identifies main requirements for contracted workers to be employed in accordance with national Labor Law and the LMP. It will underline the risks associated with the project and determines the resources necessary to address project labor issues. The MAFWE will ensure that all contracts with workers, contractors and primary supply workers are consistent with the requirements of ESS2. The MAFWE will incorporate ESS2 requirements into tendering processes and establish policies for monitoring the performance of contractors in relation to ESS2. MAFWE will work closely with contractors to check contracts at the local level. Contracts will be reviewed by the World Bank, to ensure compliance with ESS2 requirements.

5.7 Monitoring Roles and Responsibilities

Project Management Team (PMT) will be established in MAFWE and include Project Director, Project Coordinator, Component Leaders, Procurement Specialist, Financial Management Specialist, Environmental and Social Specialist(s), and Technical Specialist. To this end, the State Advisor for Rural Development (civil servant) serving as well as MAFWE Gender Focal Point will be appointed by the MAFWE as Project Director. Staff and civil servants of the MAFWE, AFSARD and FVA will be appointed as Component Leaders for the relevant activities. Given the demanding specific requirement for the implementation of the project, it has been agreed that the Project will provide technical assistance for ensuring day-to-day project coordination, additional technical support as needed, as well as Bank fiduciary and ESF requirements; training, equipment and incremental operating costs to support project management and monitoring.

The PMT will be responsible for meeting ESS standards found applicable for the project. The day-to-day coordination of the environmental and social management of the project will be carried out by the PMT ES Specialists who will ensure due implementation of sub-project specific mitigation measures and undertake prompt and adequate environmental and social monitoring. The ES specialists will visit sub-project sites on a monthly basis and produce respective monitoring reports to be submitted to the PMT Director. The reports shall also be made available for the World Bank review upon request. The reports shall reflect the status of implementation of sub-project specific ESMPs, identify issues (if any) and list corrective actions, along with timing and responsibilities. Semi-annual and annual project progress reports prepared by the PMT for the Bank shall include sections summarizing project's environmental and social performance against applicable ESSs during the reporting period.

A Technical Committee, led by the Project Director and involving Project Coordinator, Component Leaders, as well as any additional staff as necessary will be established to ensure coordination at the operational level. The committee will include technical experts on a case by case basis according to the topics to be discussed, and should meet at the least once a month to ensure there is good progress in planned activities, or in case it would identify bottlenecks and solutions to move forward.

6. PROJECT REVIEW, COORDINATION & IMPLEMENTATION ARRANGEMENTS

6.1 Sub Project Investment Review

In accordance with the provisions of this ESMF and applicable ESSs, MAFWE PMT will:

(i) undertake environmental and social screening of each sub-project to define sub-project eligibility against preset criteria;
(ii) facilitate communication and coordination with competent authorities (see chapter ???) involved in the review and approval of sub-project specific environmental and social documentation and issuing permits and licenses as appropriate;
(iii) ensure proper implementation of the provisions of sub-project specific ESMPs, LMPs and other documents prepared in accordacne with applicable ESSs;
(iv) ensure the mechanisms for addressing complaints and feedback as per respective ESSs from project stakeholders, public and affected people are in place and fully functional;
(v) supervise (independently and jointly with the Environmental Inspectorate) the implementation of the sub-project specific ESMPs and the provisions of other documents as specified above;
(vi) monitor environmental impacts as part of overall monitoring of sub-projects' implementation; and

keep records and report on the mitigation of environmental and social impacts occurring originated during the implementation of sub-projects and analyzing the efficiency of identified mitigation measures. Suggest any amendments to the mitigation measures, if/as needed.

6.1.1 Screening and sub-project preparation

A spart of the preparation of sub-project specific ESMPS, each sub-project will be screened and classified in accordance with its specific location, sensitivity, and scale; and the nature and magnitude of the potential environmental and social risks and impacts. The ESMF provides the World Bank criteria to screen and classify sub-projects as High, Substantial, Moderate and Low risks. The ESMF also establishes a mechanism for screening out sub-projects found to be of High and Substantialrisk.

Screening procedure starts with the fulfilment of Environmental and Social Screening (ESS) Check List (Annex 5) by the Borrower together with "ES specialist". The ESS Check List contains data about the project (type of the proposed activities - new construction or reconstruction, need for acquisition of land, use of hazardous or toxic materials, impacts on protected areas, etc. According to the type of activities expected impacts should be assessed in scale (minor, moderate or major), and duration (long, medium or short term).

The ESS Check List helps the "ES specialist" to determine the sub-project risk classification (with high risk, substantial risk, with moderate risk or with low risk) based on screening criteria and preliminary impact assessment, and to identify the required type of environmental due diligence document for each sub – project.

The following scheme shows the types of sub project activities that determines the environmental and social risk categorization.

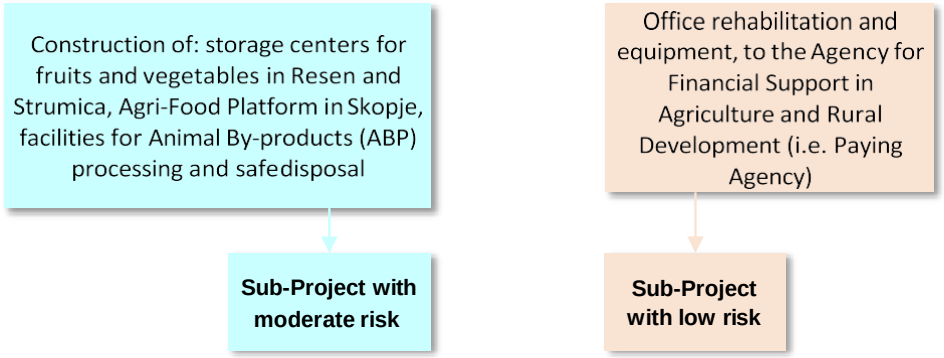


Figure 13 Preliminary screening of sub – projects according to the World Bank categorization

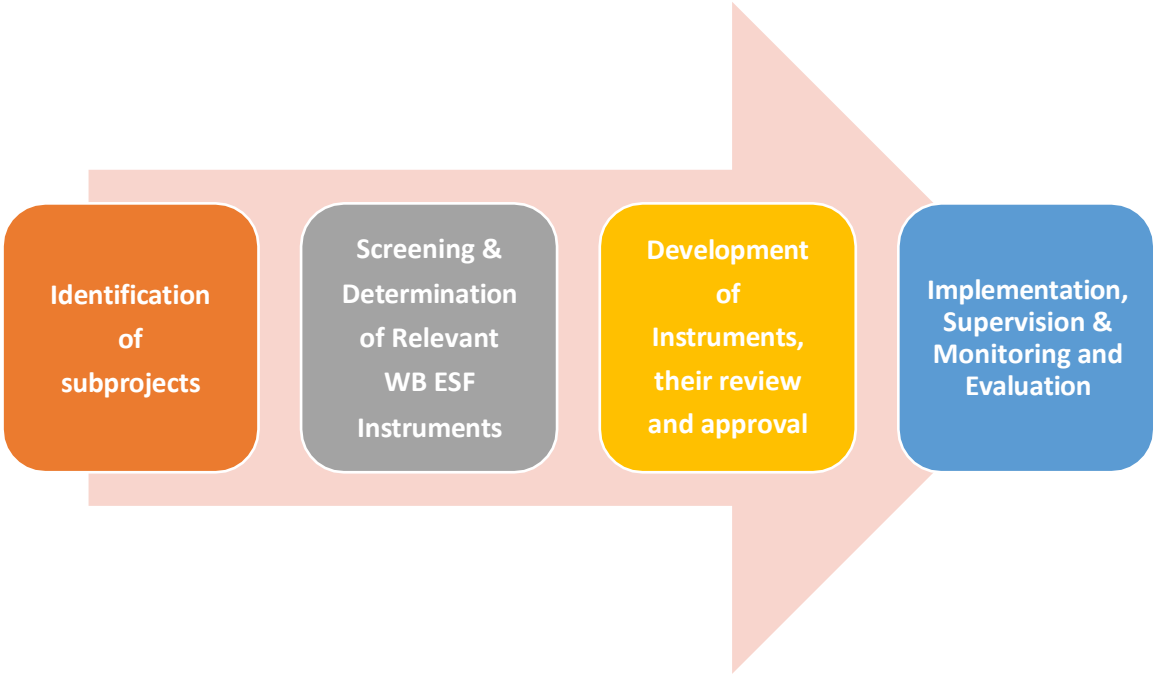
As part of the project includes specific activities, each of them will be separately checked for determining the environmental and social risk category.The environmental and social assessment should start as early as possible in project identification and preparation. The assessment should identify the environmental and social risks and impacts of a project in an integrated manner and inform project design.

Environmental and social risks and impacts may vary at different stages of the project, depending on the activities that are being conducted. The environmental and social assessment should consider each stage and identify the related environmental and social risks and impacts and their appropriate mitigation measures. Different methods and tools can be used to identify and assess the environmental and social risks and impacts of a project. These can vary depending on the baseline data available and the nature and significance of the environmental and social risks and impacts.

In determining the appropriate risk classification, it should be taken into account relevant issues, such as the type, location, sensitivity, and scale of the project; the nature and magnitude of the potential environmental and social risks and impacts; and the capacity and commitment of the Borrower (including any other entity responsible for the implementation of the project) to manage the environmental and social risks and impacts in a manner consistent with the ESSs.

The Process Flow on Subproject Level is described on the following figure.

Figure : Screening and classification Process Flow on Sub-project Level



6.1.2 Screening Checklist Preparations

MAFWE will carry out a rapid assessment of the likely environmental impact and the potential for involuntary resettlement, that will be based on the requirements of national legislation and WB ESSs, by completing the screening checklist presented in Annex 5. Sub-projects of High and Substantial risk will be screened out. The Screening Checklist on Social Issues should be also filled out for this purpose, see Annex 5.

The following considerations shall be used for rating the risks of sub-projects:

Type and scale of projects. “High Risk” projects generally entail (a) significantly impact on human populations, including settlements and local communities (b) alteration of environmentally important areas, including wetlands, native forests, grasslands, and other “critical” natural habitats and ecosystem services; (c) direct pollutant discharges that are large enough to cause degradation of air, water or soil, endangered species and “critical” habitats; (d) large-scale physical disturbances of the site and/or surroundings; (e) extraction, consumption or conversion of substantial amounts of forest and other important natural habitats, including above and below ground and water-based ecosystems; (f) measurable modification of hydrologic cycle; (g) hazardous materials in more than incidental quantities; and (h) significant involuntary displacement of people and other significant social disturbances. Subprojects with High and Substantial Environmental Risks and Impacts are not likely to be financed. Sub-projects with High and Substantial Social Risks and Impacts are not likely to be supported.

Location. Subprojects located in the proximity of ecologically and socially sensitive areas will be classified as Substantial or High Risk projects from environmental perspective: (a) in or near sensitive and valuable ecosystems and "critical" habitats — juniper forests, wetlands, wild lands, vulnerable soils, and particular habitats of endangered rare and endemic species; (b) in densely populated areas, where resettlement may be required or potential pollution impact and other disturbances may significantly affect communities; (c) in regions subject to heavy development activities or where there are conflicts regarding the allocation of natural resources; along watercourses, in aquifer recharge areas or in reservoir catchments used for potable water supply; and on lands or waters containing valuable resources (such as fisheries, minerals, medicinal plants, prime agricultural soils). Such projects may not be considered for financing.

Sensitivity. Sensitive issues may include (but are not limited to): conversion of wetlands, potential adverse effects on endangered species and habitats as well as protected areas or sites, involuntary resettlement, impacts on international waterways and other transboundary issues, and toxic waste disposal.

Magnitude. The scale of projects and magnitude of impacts are taken into account when doing the E&S assessment, thus considered in the risk categorization process. **"Projects with moderate risk"** are those were the environmental impacts are less adverse than those "Projects with substantial risk" in terms of their nature, size and location, as well as the characteristics of the potential environmental impacts (moderate/minor).

Moderate risk will be assigned to the sub- projects which include **Construction of: storage centers for fruits and vegetables in Resen and Strumica, Agri-Food Platform in Skopje, facilities for Animal By-products (ABP) processing and safe disposal**.

"Projects with moderate risk" require preparation of the ESMPs by the "ES specialist" within the PMT, which will help assess potential environmental impacts associated with the proposed sub-project with brief description of impacts, specify well-defined mitigating measures and adopt accepted operating practices and monitoring.

The project will be eligible and there will be no need for preparation of additional environmental and social documentation in case when the completed ESS Check List (Annex5) shows that the subproject is classified with low environmental and social risk (for ex. Office rehabilitation and equipment, to the Agency for Financial Support in Agriculture and Rural Development (i.e. Paying Agency).

If, after completing the ESS Check List (Annex 5) it is determined that the subproject **is classified with low environmental and social risk (for ex.** Office rehabilitation and equipment, to the Agency for Financial Support in Agriculture and Rural Development (i.e. Paying Agency)), the final Decision will be that the Project is eligible, and there is no need for preparation of additional environmental and social documentation.

6.1.3 ESIA/ESMP

For moderate risk subprojects a site-specific Environmental and Social Impact Assessment (ESIA) (ESIA Report Outline presented in the Annex 3 or ESMP will be required for each site to identify, evaluate and to prevent potential environmental and social risks and impacts.

Sub-project specific ESMP specifying specific impacts, mitigation measures and monitoring plan along with implementation responsibilities shall be developed as part of the sub-project detailed design package, following the formats presented in Annex 3 (ESMPS) or Annex 4 (ESMP Checklist for small scale construction and rehabilitation activities).

The purpose of the ESMP is to predict potential effects and improve the environmental and social aspects of subprojects by minimizing, mitigating or compensating for negative effects. Environmental and Social Management Plan Checklists (Annex 4) will be used for sub-projects that are likely to have minor environmental impacts, and that are typical for small scale construction and rehabilitation investments. The MAFWE/PMT will ensure those are prepared as part of the detailed design package.

A site-specific evaluation will be conducted in accordance with the WB's Environmental and Social Framework (ESF), and site-specific ESMPs will be prepared as a result of such evaluation. These will be the responsibility of MAFWE. The ESMP checklist will be included in an annex of bidding documents for construction works. Labor management procedures will also form a part of bidding documents for construction works. Implementation of ESMPs on the ground will be the part of the construction subcontractor's task, however in case of any non-compliance MAFWE is expected to take corrective action as the primary responsible party.

Distribution of the responsibilities of all parties involved in the project is given in Table 10 below.

Table 10 Distribution of the responsibilities of all parties involved in the project

Responsible Party	Responsibilities
MAFWE	• Prepare the ESMF and RPF and submit for Bank approval; • Disclose the ESMF and RPF on MAFWE website; • Ensure implementation of ESMF, RPF and other instruments as specified above • Prepare ESMPs, EIA Reports and RAPs according to ESMF and RPF; • Submit ESMPs and RAPs to the WB for prior review, and incorporate all comments as requested; • Ensure proper quality of ESMPs and RAPs; • Disclose ESMPs and RAPs on the official website of MAFWE and incorporate ESMPs and RAPs into bidding documents; • Prepare labor management procedures; • Assign field specialists for the environmental and social monitoring; • Perform inspections of the implementation of ESMPs by the construction contractor, make recommendations and decide whether additional measures are needed or not; • Implement RAPs on site and provide regular reporting on implementation to WB; • In case of non-compliance, ensure that the contractor eliminates the noncompliance and inform the WB about the noncompliance; • Prepare, update and implement a Stakeholder Engagement Plan (SEP) that considers vulnerable groups in addition to paying attention to the gender aspect of the Project; • Hold consultation meetings, and prepare and distribute leaflets or other informative documents to inform communities, recruit a community liaison officer on project, and its impacts and construction schedule as well as rights and entitlements of PAPs; • Set up a GRM for workers and GRM for communities, monitor and address grievances related to the project under specified timelines; • Provide guidance to the construction contractor and engineering supervision firm. • Summarize the environmental and social issues related to project implementation to WB in regular progress reports;

Responsible Party	Responsibilities
	• Be open to comments from affected groups and local environmental authorities regarding environmental aspects of project implementation. Meet with these groups during site visits, as necessary; • Coordinate and liaise with WB supervision missions regarding environmental and social safeguard aspects of project implementation; • Conduct regular monitoring activities for the implementation of site specific ESMPs and RAPs; and • Prepare/design training and tools for MAFWE's local (branch level) staff and community representatives.
Contractor	• Implement ESMPs on site, if required can revise the ESMPs together with MAFWE; • Prepare and implement labor management procedures; • Manage the grievance mechanism at the contractor, communicate grievances to MAFWE regularly through ESMP monitoring reports; • Monitor site activities on a regular basis (daily, weekly monthly etc.); • Prepare the ESMP progress reports for the review of MAFWE; and • Compensate or fix all damages occurred during construction (i.e. damages to crops, infrastructure) as set out by the ESMP or RAP/RPF.
Environmental and Social Specialists based in the field offices (on the side of the Client)	• Ensure that ESMP is implemented correctly and in a timely manner by the contractor; • Ensure timely and successful implementation of RAPs; • Perform environmental and social monitoring as defined in ESMF and RPF and sub-project specific ESMPs and RAPs; and • Collect information on environmental and social issues) for progress reports submitted to the WB and make sure that these are all compliant with the Bank's requirements.

6.1.4 Social Impact Assessment Process

Aspects of the Social Impact Assessment Process shall be in line with ESIA procedure described in WB ESF and GIIP, and its review shall be conducted by experienced external social expert.

6.1.5 Public Review of the ESIA/ESMP

According to the national environmental legislation, disclosure of EIA documents and public consultations is mandatory for EIA Studies, but not for Environmental assessment Elaborates.

The draft ESIA/ESMP (for the projects with moderate risk) will be available for the public on web site of the MAFWE and the web site of the local self-government units. All relevant comments and suggestions received by the stakeholders will be included into the final ESIA/ESMP and will be submitted to the PMT for the approval by the MAFWE "ES" specialist and the World Bank "ESS" Specialist/s. Approved Final version of ESIA/ESMP should be part of the Agreement with the proponent and respective bidding documents and construction contracts.

6.1.6 ESIA/ESMP Review Process by the Government institutions

The scope of the project and its main foreseen interventions:

- Agriculture Purchasing and Distribution Centers - Collection centers for fruit and vegetables and Wholesale market and a logistics area for cross docking and storage operations
- Facility for Safe Disposal of Animal By-products

was screened against the national EIA regulation for identification of relevant EIA requirements. The national EIA procedure asks for limited economic and social impacts (only one chapter during the development of EIA Study and only few information to be included within the EIA Elaborate document. The contractors are obliged according other legislation (OH&S, construction related legislation, traffic/transportation acts, etc.) to take care about the social aspects like community safety, traffic management, etc. That is why the ESMPs will include all these issues and aspects and relevant preventive and mitigation measures will be proposed to cover both – environmental and social risks and impacts.

Following is the screening resume that will ensure environmental due diligence instrument to be defined according the national legislation:

Full EIA scope (relevant for large scale projects):

- Projects for carcases handling and animal waste treatment are part of the Annex 2 Projects for which environmental impact assessment screening is carried out and the MoEPP will decide if the full EIA procedure should be carried out (EIA Study to be prepared) or EIA Report- Elaborate to be prepared.

EIA Elaborate (relevant for small scale projects):

- Activities for collection of fruit and vegetable are part of the Decree on the activities and activities for which an elaborate report is compulsory, approved by the Mayor of the Municipality, the Mayor of the City of Skopje and the Mayor of the Municipalities of the City of Skopje (Official Gazette 80/09, 32/12):
    - Chapter III Food industry,
      Other processing and preservation of fruits and vegetables 1. Preserving fruits, nuts or vegetables: freezing, drying, put in oil or salt, put in cans etc.

Bearing this in mind, MAFWE has an obligation to prepare and submit to the competent authority (MOEPP) a Notification for intention for implementation of the project, for each of his subcomponents. Based on this notification, MOEPP shall decide whether for the project subcomponents would be necessary EIA Study (especially for component which includes carcasses handling and animal waste treatment) or EIA Elaborate(s) to be prepared.

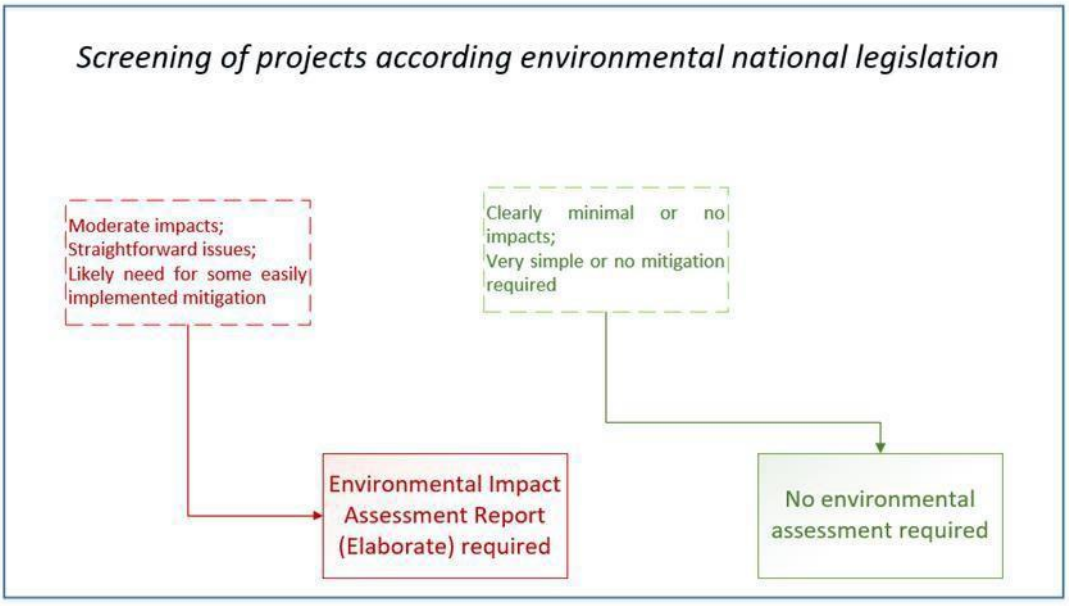


Figure 14 Screening of projects according environmental national legislation

The proposed sub-projects will be with moderate impacts, site specific due to the fact that they will be implemented in different cities/regions. According the national legislation, for these activities (e.g., activities for collection of fruit and vegetable, construction of collection centers with cooling chambers, food processing, etc.) the EIA Report-Elaborate should be prepared and the competent authority should approve it.

Full EIA procedure needs to be implemented only for the construction of an carcasses handling and animal byproducts if the competent ministry (Ministry of environment and physical planning) decides after receiving a Notification letter.

Depending on the project documentation, the location where the construction activities will take place and the MoEPP decision what type of document is required to be prepared (EIA Report or EIA Study), the ESMP document will be prepared using information/data already prescribed into the EIA Elaborate.

The EIA Study is subject of mandatory review by the competent authority, the Ministry of Environment and Physical Planning (MOEPP). The result of the review process is a Report on the adequacy of the study on project environmental impact assessment, prepared by MOEPP. The preparation of this report is carried out on the basis of the study on the project environmental impact assessment, as well as on the basis of the opinions submitted with regard to the EIA study. The report states whether the EIA study fulfils the requirements laid down in the Law on Environment and proposes the conditions which should be set out in the permit for the project implementation, as well as measures for prevention and reduction of harmful impacts. The deadline for preparation of the adequacy report is no longer than 60 days from the date of the submission of the EIA study together with the opinions thereon. The deadline may be extended for justified reasons, and especially in complex circumstances, but by no more than 30 days.

In case certain deficiencies in the EIA study are found in the course of the preparation of the adequacy report, MOEPP shall return the EIA study to the Investor (Client) who shall supplement and finalize it within not more than 30 days.

Figure 15 provides a schematic diagram of the procedure that needs to be followed by MAFWE for addressing environmental and social concerns of sub-project implementation according to national regulations and World Bank requirements.

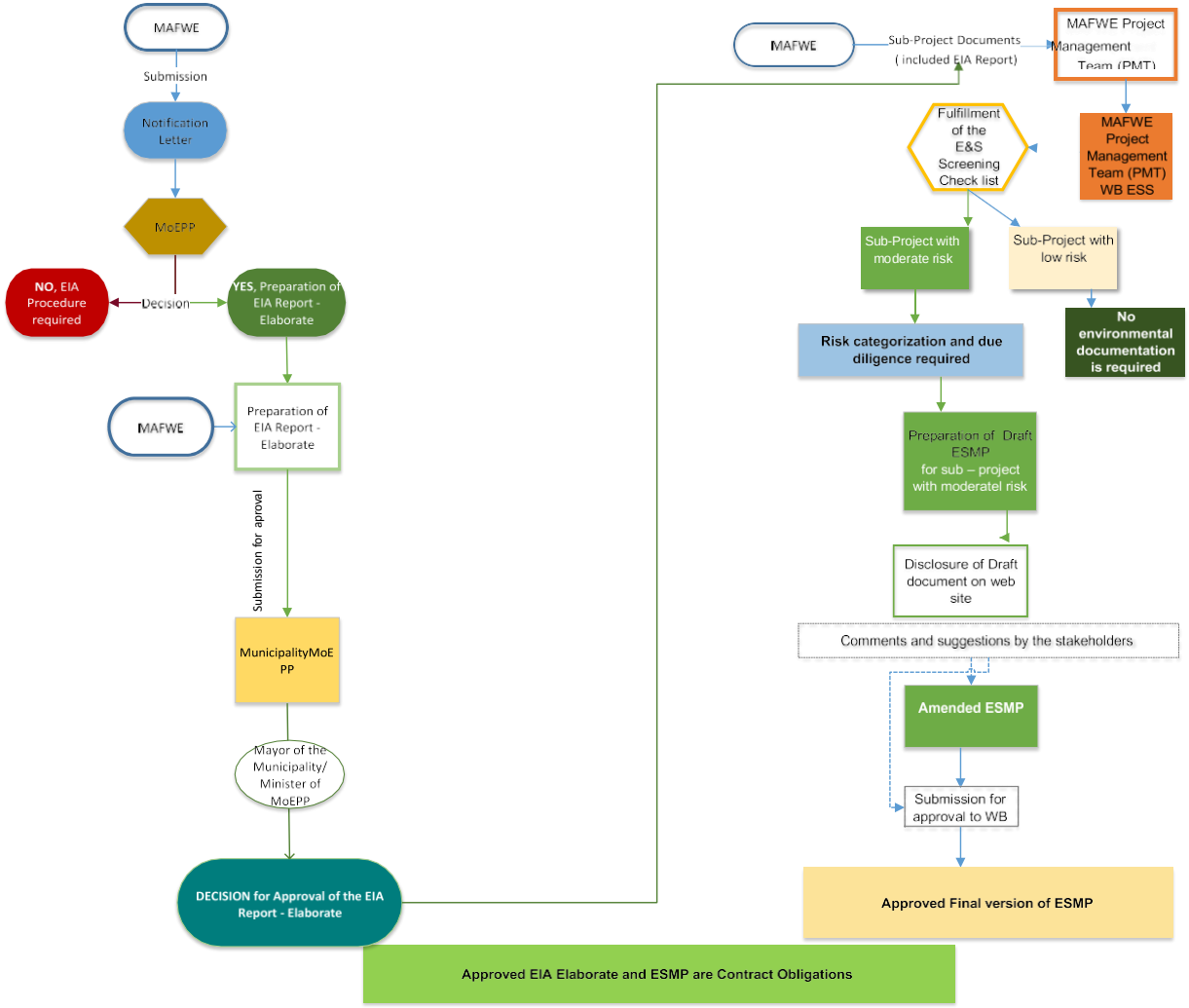


Figure 15 Procedure for identification and development of appropriate environmental and social due diligence instruments

6.1.7 Environmental and Social impact mitigation responsibility in works and supervision contracts

As part of its environmental and social monitoring activities, the MAFWE/PMT conduct random inspections of project sites to determine the effectiveness of measures taken and the impacts of sub project activities on the surrounding environment. The MAFWE/PMT are also responsible for processing, addressing and monitoring complaints and other feedback, including that on environmental and social issues.

6.1.8 Annual Environmental Audit

MAFWE will conduct Annual Environmental Audit on works in progress and operational parts of subcomponents in order to determine whether there is need for additional mitigation measures or corrections to the existing prescribed in the ESMF or ESMPs. The audit will be conducted by external certified E&S Officer/s engaged by MAFWE.

6.2 Overall Project Compliance and Reporting

Through its ES specialist the MAFWE/PMT will monitor all subprojects that it finances to ensure conformity to environmental and social requirements during construction and operation. They will ensure full compliance with the contract conditions and the ESMP. Final payment to the contractor should be contingent on the final inspection, with particular attention to the requirement to restore the site to its original condition upon completion of rehabilitation/construction activities.

The environmental monitoring shall be in compliance to the relevant environmental monitoring plans specific for each of the project sub components.

PMU's ES specialist will visit sub-project sites as and when necessary. Based on ES performance of different subprojects, the PMT's ES specialist will advise on the subsequent disbursements that should be done for the contractors awarded a contract to implement subprojects. The ES specialist will ask the contractors to follow the preventive and mitigation measures proposed and if any non-compliances have been identified, the instructions will be provided and the contractor should follow them. The photos and documents as an evidence should be provided by the contractor to the E&S Officers when the non-compliance is overcome.

In addition, in the project areas the PMT will be responsible for the environmental and social monitoring activities identified above as part of the preventive actions and mitigation measures proposed to address potential adverse impacts. This monitoring will be incorporated into the overall project monitoring plan required by the World Bank as part of project performance.

The MAFWE will be responsible for ESMP reporting and will:

- Record and maintain the results of project supervision and monitoring throughout the life of the project. It will present summary progress reports on ESMF/ESMP implementation and the E&S aspects of subprojects on a semi-annual basis to the World Bank, and as part of this reporting, provide updates on any unsolved/solved compliance related as grievances/feedback that was received, that has been addressed and that may bepending.
- Prepare quarterly reports on the progress of implementation of measures proposed by the ESMP for selected subprojects;
- Prepare annual reports on the environmental impacts originated during implementation of subprojects and analyze the efficiency of mitigation measures applied to minimize negative consequences;
- Prepare outlines and requirements for Contractors' reports on environmental protection and mitigation measures, and review Contractor's monitoring plan and reports
- Present the effectiveness of mitigation and environmental and social protection measures for general public via specific publications or/and by annual public seminars.

7. CAPACITY BUILDING, TRAINING AND TECHNICAL ASSISTANCE

7.1 Institutional Capacity for ESMF Implementation

The MAFWE will be the lead project Implementing Agency and will have overall responsibility for project management and implementation. The Project implementation will be partially mainstreamed into the MAFWE structure and will include other institutions involved in implementation of Project funded activities, namely the AFSARD and the FVA.

Project Management Team (PMT) will be established in MAFWE and will be composed by **Project Director**, **Project Coordinator**, **Component Leaders**, **Procurement Specialist**, **Financial Management Specialist**, **ES Specialist(s)**, and **Technical Specialist**. The **State Advisor for Rural Development** (civil servant) serving as well as **MAFWE Gender Focal Point** will be appointed by the MAFWE as **Project Director**. Staff and civil servants of the MAFWE, AFSARD and FVA will be appointed as **Component Leaders** for the relevant activities.

The PMT main responsibilities will include:

(i) day-to-day project management;
(ii) coordination and cooperation among various institutions;
(iii) coordination with stakeholders, the Bank and co-financiers;
(iv) preparation of annual work plan and budget;
(v) preparation and update as necessary of procurement plan;
(vi) preparation of quarterly unaudited financial reports and annual audited financial statements;
(vii) monitoring and evaluation of Project activities, including updating of the results framework and monitoring and reporting of environmental and social compliance;
(viii) preparation of semi-annual and annual progress reports;
(ix) briefing of Ministry on the status of Project implementation; and
(x) systematic filing of all Project-related documents (including procurement and financial management).

A **Technical Committee**, led by the Project Director and involving Project Coordinator, Component Leaders, as well as any additional staff as necessary will be established to ensure coordination at the operational level. The committee will include any technical staff on a case by case base according to the topics to be discussed, and should meet at the least once a month to ensure there is good progress in planned activities, or in case it would identify bottlenecks and solutions to move forward.

During project implementation, the **Component Leaders** will be responsible for:

a) environmental and social screening and evaluation of subproject eligibility from the environmental point of view;
b) communication and coordination with ESIA competent authorities;
c) ensuring proper implementation of the ESMP and ESMP Checklist requirements during the subprojects' realization;
d) addressing complaints and feedback from Project stakeholders and the public, including grievances regarding environmental/social impacts of subprojects;
e) supervision (independently or jointly with the Environmental Inspectorate) of environmental protection and mitigation measures stipulated in the ESMPs;
f) monitoring of environmental and social impacts as part of overall monitoring of the subproject implementation; and

g) reporting on environmental and social impacts originated during implementation of subprojects and analyze the efficiency of mitigation measures applied to minimize negative consequences.

The MAFWE will conduct regular supervision of E&S screening, documentation, and mitigation measures for infrastructure project activities, and include the summaries of these supervision activities in its regular reports.

7.1.1 Other Relevant Stakeholders

Suppliers, clients, service providers – Contracted companies (SMEs) will be responsible for the design and construction/rehabilitation/installation of physical works in accordance with national environmental norms, regulations and requirements. They will also be responsible for complete implementation of the provisions included in the ESMP Checklists. Contracted companies will also prepare their Labor Management Procedures.

7.2 Identification of Capacity Needs

As this is the first project with MAFWE prepared under the Bank's new Environment and Social Framework (ESF), the client's capacity to deliver an ESF based project is limited; therefore, capacity building for the client PMT including Component Leaders will be included in the ESMF as well in other environmental and social instruments to be prepared during preparation and implementation.

To improve institutional capacities with regard to ESMF implementation, the WB Environmental and Social Specialists will provide special training for the PMT and other staff focused on: (i) Procedural aspects of ESIA (stages, key actors, main responsibilities etc.); (ii) Assessment of environmental and social impacts potentially related to the subproject supported within the project; (iii) Consulting and approval of the ESIA and monitoring plans; and (iii) preparing ESMP Checklist; (iv) Conducting field supervision and preparing progress reports.

The program will also support outreach and consultations with local authorities and beneficiaries of subprojects in the target areas to encourage local ownership and continued maintenance of newly established and rehabilitated facilities.

7.3 ESMF Implementation Budget

MAFWE will be responsible for conducting Environmental and Social Impact Assessments, obtain necessary permits and other relevant activities depending on the nature of the project proposal, its complexity, scale, and so on.

Under the Sub-component 1.2: Agriculture Purchasing and Distribution Centers, part of Component 1: Promoting agriculture sector competitiveness, the activities to be supported under the project include provision of (i) technical assistance for the preparation of business plan, environmental and social impact assessment and detailed design and supervision, and (ii) works for the construction of three public logistic infrastructures.

Funds for these activities are allocated under Sub-component 1.2 of the Project. During construction and operation, MAFWE is also responsible for providing funding for installation and other activities to minimize any hazardous environmental impacts to be included in the subproject costs. The amount of required funding will depend on the technique/technologies used for implementing mitigation measures and their scale, number, variety and other factors.

In order to ensure successful ESMF implementation, funding is also required to finance capacity building activities. Since it is difficult to prepare exact budget estimates for capacity building at this stage, this information will be included in the procurement plan.

8. PUBLIC CONSULTATION AND DISCLOSURE

8.1 ESMF Disclosure

The draft ESMF will be posted on the website of MAFWE (www.mzsv.gov.mk). The final version of the ESMF will be officially submitted to the World Bank for disclosure in English on the WB external webpage. The English and Macedonian versions will be also posted on the web page of the MAFWE. The final version of this document will be used by respective government agencies and other Project stakeholders during the project implementation

8.2 Public Consultation

MAFWE will conduct one local public consultation on this draft ESMF and will invite all interested stakeholder organizations including local representatives of the other Governmental institutions and bodies, such as local branches of MAFWE, health & labor departments, local self-government, local and national organizations of farmers and NGOs from target sites in proposed locations (Strumica, Resen, Skopje and Lozovo), as well as other interested public (members/representatives/leaders as well). During the consultations, the MAFWE will present a summary of draft ESMF and RPF. In particular, the audience will be informed about screening of the projects, the Environmental and Social Assessment for Substantial Risk subprojects, potential impacts which may by generated as well as measures to be taken to prevent/mitigate potential impacts.

Consultation on sub-project specific environmental and social assessments. The disclosure of environmental and social documents will be conducted as those become available during the project implementation and cleared by the Bank for disclosure. There will be at least one round of consultations involving, interalia, project affected groups and NGOS, after preparation of the ESMP. Prior to such consultations, the MAFWE will provide relevant materials (process descriptions, maps, building plans, etc.) to participants in a timely manner and in a form and languages that are understandable to the group being consulted and records.

Public consultations on subprojects with low risk which will not have a significant effect on the environment and the local community, can be conducted virtually or in key sites in local public administration offices. For any construction/reconstruction activities a notice board will be installed at the project site.

8.3 Grievance Redress Mechanism

There are two options for Project stakeholders and citizens to submit complaints regarding the AMP, i.e. the Project Grievance Redress Mechanism (GRM) and the World Bank Grievance Redress Service (GRS). Separate grievance mechanism for project workers will be established under labor management procedures.

The GRM in AMP is incorporated into a broader beneficiary feedback mechanism to be established by MAFWE at the central and local levels of the institution. The project-based GRM is intended to serve as a mechanism to:

- Allow for the identification and impartial, timely and effective resolution of issues affecting the project;
- Strengthen accountability to beneficiaries, including project affected people, and provide channels for project stakeholders and citizens at all levels to provide feedback and raise concerns.

Having an effective GRM in place will also serve the objectives of: reducing conflicts and risks such as external interference, corruption, social exclusion or mismanagement; improving the quality of project activities and results; and serving as an important feedback and learning mechanism for project management regarding the strengths and weaknesses of project procedures and implementation processes.

The GRM will be accessible to a broad range of Project stakeholders who are likely to be affected directly or indirectly by the project. These will include beneficiaries, community members, project implementers/contractors, civil society, media—all of who will be encouraged to refer their grievances and feedback to the GRM.

The GRM can be used to submit complaints, feedback, queries, suggestions or compliments related to the overall management and implementation of the AMP, as well as issues pertaining to sub projects that are being financed and supported by the AMP, including:

- Mismanagement, misuse of Project Funds or corrupt practices.
- Violation of Project policies, guidelines, or procedures, including those related to child labor, health and safety of community/contract workers and gender violence.
- Disputes relating to resource use restrictions that may arise between or among affected communities.
- Grievances that may arise from members of communities who are dissatisfied with the eligibility criteria, community planning measures, or actual implementation of community energy investments or socio-economic infrastructure.
- Issues with land and asset acquisition or resettlement specifically for AMP supported sub projects.

The GRM's functions will be based on the principles of transparency, accessibility, inclusiveness, fairness and impartiality and responsiveness.

The timeline for complaint resolution at the MAFWE will be 15 days upon receipt of the complaint. The complainant will be informed on the outcome immediately and at the latest within 5 days of the decision.

The overall process for the GRM will be comprised of 6 steps: (1) uptake (2) sorting and processing (3) acknowledgment and follow up (4) verification, investigation and action (5) monitoring and evaluation and (6) feedback

The MAFWE will make quarterly reports available to the World Bank team on the implementation of the Project GRM. In addition, data on grievances and/or original grievance logs will be made available to World Bank missions upon request.

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. For information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), please visit

http://www.worldbank.org/en/projects-operations/products-and-services/grievance-redress-service.

For information on how to submit complaints to the World Bank Inspection Panel, please visit www.inspectionpanel.org.

8.4 Establishment of Grievance Redress Committee

A Grievance Redress Committee at Program level will be established to address complaints and grievances pertaining to environmental issues and resettlement and to pre-empt all disagreements being referred to the court. The Grievance Redress Committee will include PMT staff, a representative of affected municipality and representatives of the local communities affected by the Project.

8.5 Land and Environment Courts

In cases where complaints and grievances regarding the Project implementation and land-take compensation are not amicably settled and mediation by the Grievance Redress Committee remains also unsuccessful, the PAP will also have the right to appeal the case to the Court as a last resort. The Courts' decision shall be final and be executed.

Annex 1 Stakeholder Engagement Plan

INTRODUCTION AND PROJECT DESCRIPTION

Introduction

Stakeholders are defined as persons or groups who are directly or indirectly affected by a project as well as those who may have interest in a project and/or the ability to influence its outcome, either positively or negatively. The current Stakeholder Engagement Plan (SEP) is designed to establish an effective platform for productive interaction with the potentially affected parties and others with interest in the implementation and outcomes of the Agriculture Modernization Project (AMP). Meaningful stakeholder engagement throughout the project cycle is an essential aspect of good project management and provides opportunities for the MAFWE to incorporate feedback into the project design, assess the risks as well as mitigation measures, and clarify the project scope and impacts to manage expectations.

The objective and purpose of the present SEP is to inform how stakeholders will be involved throughout the course of the project, who were the previous engagements within the AMP, and outline the responsibilities of the relevant institutions and contractors in the implementation of upcoming engagement activities etc.

This SEP identifies the major stakeholders affected by the project either directly or indirectly (including vulnerable groups) as well as those with other interests that can influence decisions about the project. It outlines the engagement approach undertaken and planned, and articulates a range of strategies for timely, relevant and accessible stakeholder engagement throughout the project life cycle. The SEP is also prepared in compliance and with the application of the World Bank Performance Environment and Social Standard 10 on stakeholder engagement and informationdisclosure.

National Strategy for Agriculture and Rural Development 2014-2020 sets the objectives, policies and measures to develop agriculture and rural areas in the country. The Strategy's key policy goal is "increasing the competitiveness of North Macedonia agriculture and food industry, rural development and sustainable management of natural resources", with four specified priority areas: the improvement of technological and market infrastructure; strengthening integration in the agri -food sector; providing access to production factors; and improving rural infrastructure. The proposed project would support several strategic objectives of the National Strategy.

The proposed project is aligned with the World Bank Country Partnership Framework (CPF) 2019-2023 for North Macedonia. Specifically, it responds to the CPF objective to improve connectivity and access to markets. The CPF stipulates support investment in agricultural modernization and expansion access to markets.

The Project Development Objective is to improve competitiveness and strengthen public institutions in the agriculture sector. Through advisory services and establishment of purchasing and distribution centers, the project aims to increase capacity to adopt technology and innovate and increase sector competitiveness through uptake of improved production practices by agricultural producers and increased access to domestic and international markets. The project is also in line with IBRD engagement goals, one of which is to contribute to a more productive rural economy with the potential to increase incomes for underserved groups that face greater barriers to achieving sustainable livelihoods, such as women, young people, and minority groups.

Project Description

The Agriculture modernization project (AMP) aims to improve the competitiveness of North Macedonia's agriculture sector and strengthen public institutions in the framework of the country's accession process to the EU. The project is structured along three complementary components as follows:

The proposed Project Development Objective is to improve competitiveness in selected sub-sectors and strengthen public institutions in the agriculture sector.

Component 1: Promoting agriculture sector competitiveness. This component aims at enhancing farm-level competitiveness and fostering agricultural produce aggregation and market integration. This component will include the following two sub-components:

1.1 Developing Advisory One-stop Shop providing targeted high-quality advisory services for agricultural producers and agribusinesses;

1.2 Establishing Agriculture Purchasing and Distribution Centers including two collection and conditioning centers to be developed in areas that produce fruit and vegetables (Resen and Strumica), and an agri-food platform composed of a wholesale market and a logistics area for cross docking and storage operations for export and/or main retailers in the Skopje suburban area.

Component 2: Strengthening institutional capacity for public sector support. This component aims at enhancing public support services, including the capacity to design and deliver support to the agriculture sector. This component will include the following three sub-components:

2.1 Promoting Evidence-Based Policy-Making in Agriculture and Rural Development by (i) establishing a sustainable and effective monitoring and evaluation system for agricultural and rural development policy; and (ii) enhancing the Ministry of Agriculture, Forestry and Water Economy capacity to manage state-owned agriculture and pasture land;

2.2 Strengthening IPARD Implementation Capacity by providing additional required infrastructure, both in terms of office rehabilitation and equipment, to the Agency for Financial Support in Agriculture and Rural Development (i.e. Paying Agency) to ensure its capacity to implement the rural infrastructure measure according to the IPARD requirements;

2.3 Developing a System for Safe Disposal of Animal By-products ensuringthe proper collection and processing of all categories of materials of animal origin subject to disposal, defined in the EU negotiations Chapter 12 Food safety, veterinary and phytosanitary policy. This is foreseen to take place in the municipality of Lozovo.

Component 3: Project Management. This component will provide overall coordination and implementation of project activities.

The exact locations of the concrete interventions, scope, and designs the physical investments will only be finalized and agreed upon during project implementation.

Following are some more details about the interventions.

A) Agri-food platform in Skopje

The agri-food platform (wholesale market and logistics area) in Skopje will be the focal infrastructure for the organization of fresh food distribution in North Macedonia (in particular for fruits and vegetables) and potentially also in the Balkan region and will be connected to different satellite collection and conditioning centers.

Based on the benchmark of different agri-food platforms and the volumes of food products transiting in Skopje, the agri-food platform should comprise an area of not less than 14 hectares (ha), with a FAR2 of 0.3, thus including a 50,000 square meters (sqm) built and an expansion area of 10 ha.

B) Collection and conditioning station in Resen

Apples amount to about 60% of the total fruit production in the last decade in North Macedonia. The average annual production for the period 2008-2018 amounted to 116,700 tons. The total annual consumption of apples in the country is 25 million kg or 12 kg/capita (SSO3, 2018), while the average yield in a normal year production is 40 tons/ha. The production of apples is mainly concentrated in Pelagonia, with obvious dominance in the municipality of Resen, which represents 95% of the total apple production in the region, and 84% of the total apple production in the country. In 2018 the total production of the region amounted to 104,793 tons. Its potential is about 150,000 tons.
The collection station will be part of a national food distribution strategy, becoming one of different satellites centers organized around a food hub with a wholesale market and an agri-logistics platform in Skopje.

Collection and conditioning station in Strumiça

The main areas for vegetable production are located in the southeast (Strumica-Radovis valley Gevgelija-Valandovo valley). The total production of the 5 main national crops in 2018 represented 58% of production with a total volume of about 380,000 tons realized in the Southeast region, of which 370,000 tons were produced in the following 7 municipalities Strumica, Vasilevo, Gevgelija, Bosilevo New village, Bogdanci and Valandovo.
The collection station will be part of a national food distribution strategy, becoming one of numerous satellites centers organized around a food hub with a wholesale market and an agri-logistics platform in Skopje. It will be also dedicated to export because of the positioning of the agriculture production in the region.

C) System for animal by-products (ABP) processing and safe disposal

The aim of the sub-component is to support North Macedonia in establishing a system for ABPs processing and safe disposal thus fulfilling a number of conditions, including the proper collection and processing of all categories of materials of animal origin subject to disposal, defined in the EU negotiations Chapter 12 Food safety, veterinary and phytosanitary policy.
In addition to the establishment of the necessary ABPs Facility, the activities envisaged will also include support for the gradual operationalization of the official control system for ABPs along the entire chain (production, separation, storage, transport, and disposal and/or processing), training of inspectors and business operators, establishing documented procedures and check lists for the approval of establishments and inspection thereof, completing the alignment as necessary of the legal and regulatory framework in line with the current and relevant EU acquis and launching a public information and awareness campaign addressed to the associated food production/processing industry.

Project location and context

The Republic of North Macedonia is a country, located in the heart of the Balkan Peninsula. It covers the area between 40°50’ and 42°20’ North Latitude, and between 20°27’30” and 23°05’ East Longitude. Through the country very important transportation routes pass, which serve to connect central and eastern Europe with the southern and south-eastern parts of the continent, continuing towards the countries of the Near East and beyond. It borders two EU member states, Bulgaria to the east and Greece to the south, as well as Albania to the west and Kosovo and Serbia to the north.
It has a total area of 25.713 km^2 and a population of about 2 million according to the Census in 2002. The average population density is 78,5 residents per square kilometer, of which 60 percent leave in urban areas.

The capital of Skopje is located in the northern part of the country. The country is administratively divided into 84 municipalities, and the city of Skopje, as a separate entity, composing of ten municipalities.

Figure 1 Geographic position of Republic of North Macedonia and locations of main project interventions

AMP Project within the 3 components include construction activities as follow:

- Establishment and operation of collection and storage centers for fruits and vegetables in Resen and Strumica,
- Establishment and operation of Agri-Food Platform in Skopje,
- Construction and operation of facilities for Animal By-products (ABP) processing and safe disposal in the Municipality of Lozovo.

City of Skopje

The city of Skopje is located in the central part of the Skopje Valley, covering an area of 571 km^2. Skopje has in total 578.144 inhabitants. The density is 319 person/km^2. The city is surrounded by high mountains: Zeden and Osoj to the west; Skopska Crna Gora to the north; Katlanovski Rid to the east and Jakupica to the south. The basic orientation of the valley is from northwest to southeast, shaped by the flow of the River Vardar.

Skopje is the most important administrative, economic, cultural and educational center in the Republic of North Macedonia. The City of Skopje is a separate local government unit, regulated by the Law on the City of Skopje, and is comprised of ten municipalities: Aerodrom, Butel, Gazi Baba, Gjorche Petrov, Karposh, Kisela Voda, Saraj, Centar, Chair and Shuto Orizari.

Strumica

The Municipality of Strumica is located at 41° 22' northern latitude and 22° 35' and 23° 45' east longitude and located on the south-western part of the Strumica region and covers an area of 322 km^2 with a total population of about 55,000 inhabitants. It covers the far south-eastern part of the Republic of North Macedonia just below the boundary between the state borders with Bulgaria to the east and Greece to the south. The region is located on the valley between the mountains Belasica,

Ograzden and Elenica. The Strumica region is situated on the south-east of the Republic of North Macedonia with the biggest town of Strumica.
According to the territorial organization of the local government units of 2005, the territory of Municipality of Strumica covers the city of Strumica and 24 populated surrounding areas: Banica, Bansko, Belotino, Veljusa, Vodocha, Gabrovo, Gradsko Baldovci, Dabilja, Dobrejci, Dorlombos, Zleshevo, Kosturino, Kuklish, Memeshli, Murtino, Ormanli, Popchevo, Prosenikovo, Raborci, Rich, Sachevo, Svidovica, Tri Vodi and Chepeli.

Resen

The Municipality of Resen is situated in the Prespa Basin, in the southwestern most part of Republic of North Macedonia, which covers an area of 739 km². Out of which, 562 km² are on land, while 177 km² are on water (Lake Prespa). It is a separate geographical area, which is located around the point of latitude 41°N and longitude 21°E.
The Municipality of Resen borders with the municipalities of Bitola, Ohrid and Demir Hisar. There are 44 settlements in the municipality, out of which 43 are rural (39 active and 4 inactive/abandoned) and one urban settlement – the city of Resen.

Lozovo

Lozovo is a municipality in eastern Republic of North Macedonia. Lozovo Municipality is part of the Vardar Statistical Region. The municipality borders Sveti Nikole Municipality to the north, Štip Municipality to the east, Veles Municipality to the west and Gradsko Municipality to the south.

Project Benefits

The proposed Project Development Objective is to improve competitiveness in selected sub-sectors and strengthen public institutions in the agriculture sector in the Republic of North Macedonia.
The main project interventions will result in the following benefits:
Agri-food platform in Skopje will provide:

- Access to the market i.e. food for the consumers;
- Food safety and food hygiene improvement;
- Employment for the Small and medium enterprises;
- Food loss reduction due to proper waste management.

Collection and conditioning stations in Resen and Strumica will provide:

- Access to the market to local production;
- Improvement of the food safety and quality (compliance with international standards);
- Compliance with the international standards for export;
- Enhancement of the competitiveness of the apple value chain;
- Enhancement of the horizontal integration of small holders;
- Contribution to the organization of a national food distribution system; and
- Creation of an enabling environment for private investments.

The construction of a **system for animal by-products (ABP) processing and safe disposal** will provide proper collection and processing of all the materials from animal origin that need to be disposed.
This project will lead to considerable positive socio-economic impact in the field of agriculture production because there is a functional agri-market infrastructure, which will help them to further continue with agricultural production and even increase the production.

Will initiate product competitiveness in the agriculture on national level. Also the quality product competitiveness in the agriculture is expected to rise on the national level. The small retailers will obtain greater quality for lower price, which in turn will decrease their operational costs and in an event of incident higher demands for a certain product they will secure their supply chain.
The project will pursue the creation of equal opportunities for women and vulnerable groups to increase participation, including in benefitting from the advisory one-stop shop activities.
At the collection and conditioning stations it is anticipated a minor decrease of the rural poverty and rural to urban emigration.

Objectives and Scope of the Stakeholder Engagement Plan

Stakeholder engagement is an inclusive process conducted throughout the project life cycle. Where properly designed and implemented, it supports the development of strong, constructive and responsive relationships that are important for successful management of environmental and social risks identified in a project. Communicating early, often, and clearly with stakeholders helps manage expectations and avoid risks, potential conflict, and project delays. In addition, the plan assists in managing stakeholder expectations, which will have a bearing throughout the lifespan of the project. Hence, this SEP provides a plan to interact effectively with stakeholders to support project interests. In order to provide clear and smooth communication between all interested and affected parties, Ministry of Agriculture, Forestry and Water Economy has developed this Stakeholder Engagement Plan (SEP), which is carrying out stakeholder engagement in line with the laws of Republic of North Macedonia, as well as the requirements of World Bank (ESS standards).
The Key Objectives of the SEP can be summarized as follows:

- ✓ Understand the stakeholder engagement requirements of Republic of North Macedonia legislation;
- ✓ Provide guidance for stakeholder engagement such that it meets the standards of WB;
- ✓ Identify key stakeholders that are affected, and/or able to influence the Project and its activities;
- ✓ Identify the most effective methods, timing and structures through which to share project information, and to ensure regular, accessible, transparent and appropriate consultation;
- ✓ Develops a stakeholder's engagement process that provides stakeholders with an opportunity to influence project planning and design; the initial stakeholders' consultation has taken place;
- ✓ Establish formal grievance/resolution mechanisms;
- ✓ Define roles and responsibilities for the implementation of the SEP;
- ✓ Define reporting and monitoring measures to ensure the effectiveness of the SEP and periodical reviews of the SEP based on findings

The SEP document will be continuously updated for the entire period of implementation of all project activities.

REGULATORY REQUIREMENTS FOR STAKEHOLDER ENGAGEMENT

National Legislation requirements

According to the *Law on Environment*[6]*,* public disclosure and consultation activities should be carried out during the full environmental impact assessment (EIA) procedure. The relevant procedures for disclosure and consultations include the following steps:

- The public is informed about details of disclosure of the draft plan/document (where the hard copy is available for review, the dates and time when it can be reviewed) through the media; citizens/organizations are invited to send comments and/or attend public consultations;
- Public consultations are held in an appropriate local venue and the plan/document is presented;
- Comments received from all stakeholders are processed, and the plan/document has been revised to reflect them.

Construction of distribution centers as a part of AMP belongs to the category of activities for which an EIA Elaborate Report should be prepared (not a full-scale EIA procedure), so for the lower category projects the public disclosure and consultation is not mandatory according the national legislation.

Throughout the process of development and adoption of urban and spatial planning documents (which is in line with the Law on Urban and Spatial Planning), the public must also be informed and consulted. According to the Law on construction (OG of RM no. 130/09, 124/10, 18/11, 36/11, 54/11, 13/12, 144/12, 25/13, 70/13, 79/13, 137/13, 150/13, 163/13, 27/14, 28/14) - Decision for Approval of the EIA Report is a precondition for approval of infrastructure projects.
Article 16 of the Constitution of North Macedonia guarantees "access to information and the freedom of reception and transmission of information".
The Law on Free Access to Information of Public Character (Official Gazette of RM" No. 13/06, 86/08, 06/10, 42/14) allows individuals and legal entities to obtain information from state and municipal bodies and all others who are performing public functions.
In 1999, FYR Macedonia ratified the Aarhus Convention on Access to Information, Public Participation in Decision Making and Access to Justice in Environmental Matters. The Aarhus Convention grants the public rights regarding access to information, public participation and access to justice, in governmental decision-making processes on matters concerning the local, national and transboundary environment. Article 2(c) of the Convention states that the Convention applies not only to government at all levels, but also to "any other natural or legal persons having public responsibilities or functions, or providing public services, in relation to the environment, under the control of [a public authority]." In line with the Convention, the Company is required to: respond to requests from the public for environmental information (any member of the public can make a request, regardless of citizenship, nationality or domicile); regularly collect and disclose environmental information to the public and notify the public that the information is available; and provide information for emergencies.

[6] O.G. of FYR Macedonia, No. 53/2005, with the latest amendments in 99/18

World Bank Requirements

WB has set out a comprehensive set of specific Environmental and Social Standards (ESS) that projects are expected to meet. Stakeholder engagement in line with the World Bank requirements is associated with ESS 10.

The World Bank's Environmental and Social Framework (ESF)'s Environmental and Social Standard (ESS) 10, "Stakeholder Engagement and Information Disclosure", recognizes "the importance of open and transparent engagement between the Borrower and project stakeholders as an essential element of good international practice". Specifically, the requirements set out by ESS10 are the following:

- "Borrowers will engage with stakeholders throughout the project life cycle, commencing such engagement as early as possible in the project development process and in a timeframe that enables meaningful consultations with stakeholders on project design. The nature, scope and frequency of stakeholder engagement will be proportionate to the nature and scale of the project and its potential risks and impacts.
- Borrowers will engage in meaningful consultations with all stakeholders. Borrowers will provide stakeholders with timely, relevant, understandable and accessible information, and consult with them in a culturally appropriate manner, which is free of manipulation, interference, coercion, discrimination and intimidation.
- The process of stakeholder engagement will involve the following, as set out in further detail in this ESS: (i) stakeholder identification and analysis; (ii) planning how the engagement with stakeholders will take place; (iii) disclosure of information; (iv) consultation with stakeholders; (v) addressing and responding to grievances; and (vi) reporting to stakeholders.
- The Borrower will maintain and disclose as part of the environmental and social assessment, a documented record of stakeholder engagement, including a description of the stakeholders consulted, a summary of the feedback received and a brief explanation of how the feedback was taken into account, or the reasons why it was not." (World Bank, 2017: 98).

A Stakeholder Engagement Plan proportionate to the nature and scale of the project and its potential risks and impacts needs to be developed by the Borrower. It has to be disclosed as early as possible, and the Borrower needs to seek the views of stakeholders on the SEP, including on the identification of stakeholders and the proposals for future engagement. If significant changes are made to the SEP, the Borrower has to disclose the updated SEP. According to ESS10, the Borrower should also propose and implement a grievance mechanism to receive and facilitate the resolution of concerns and grievances of project-affected parties related to the environmental and social performance of the project in a timely manner.

Identification of stakeholders will ensure wide participation in project acceptability and the project design. To ensure that there is citizen participation in the project life spun, a SEP has been drafted clearly stipulating the process of consultation and disclosure of key project information which will be made public relevant stakeholders during the preparation and implementation of the project.

PREVIOUS STAKEHOLDER ENGAGEMENT

In order to set the priorities for financing in the agricultural sector since November 2018 the Ministry of Agriculture, forestry and water economy started intensive consultations with farmers, agricultural cooperatives, municipalities dominated by agricultural land, ZELS, agricultural experts and in parallel with World Bank representatives. Representatives of the World Bank were on several missions in the country.

At the same time the Study on production, purchase and trade in fruit and vegetables in North Macedonia was prepared by the Faculty of Agricultural Science and Food of Skopje. The Study highlights competitiveness as the key challenge and proposes a number of recommendations including supporting the establishment of collection centers with cooling and sorting capacities in the main production areas in parallel with supporting improvement of the production quality and standards, promoting the use of contract farming, the establishment of producers' organizations, the vertical integration of the main actors in the value chain and traceability of fruit and vegetables in the chain. The study also emphasizes the need to strengthen the advisory service to provide the producers and processors with access to knowledge and information.

Based on the realized meetings and the conclusions of the Study, the Ministry of Agriculture, Forestry and Water economy decides to launch an Agriculture Modernization Project.

A World Bank team visited North Macedonia on July 15 - 19 and July 29 – August 6, 2019 to advance the preparation of the Agriculture Modernization Project (AMP). The purpose of the mission was to agree on project activities, their costs and proposed indicators, confirm implementation arrangements, and follow-up on project preparation activities as agreed during the May mission, including safeguards requirements.

The Bank team met with Minister of MAFWE, representatives of the Ministry of Agriculture, Forestry and Water Economy (MAFWE), Ministry of Finance (MOF), Agency for Financial Support in Agriculture and Rural Development (AFSARD), Food and Veterinary Agency (FVA), Agency for Real Estate Cadastre (AREC), Public Enterprise for Management of Pasture (PEMP), stakeholders and development partners. The Bank team carried out field visits and met with associations of producers in Resen and Strumica. The team would like to express its sincere thanks and appreciation to the Minister and his staff, all representatives of institutions, stakeholders and individuals met for their assistance, cooperation and constructive discussions held during the visit.

The mission held detailed discussions with the MAFWE Preparation Team as well as AFSARD, FVA and the EU Delegation to agree on project activities within each component, project implementation arrangements, and overall costing of activities.

Identified Stakeholders and Specific Communication Requirements

The WB ESS 10 recognizes two broad categories of stakeholders:

- Project Affected Parties
- Other Interested parties and
- Disadvantaged / vulnerable individuals or groups.

Project-affected parties includes those likely to be affected by the project because of actual impacts or potential risks to their physical environment, health, security, cultural practices, well-being, or livelihoods. These stakeholders may include individuals or groups, including local communities. They are the individuals or households most likely to observe/feel changes from environmental and social impacts of the project.

The term "Other interested parties" (OIPs) refers to: individuals, groups, or organizations with an interest in the project, which may be because of the project location, its characteristics, its impacts, or matters related to public interest. For example, these parties may include regulators, government officials, the private sector, the scientific community, academics, unions, women's organizations, other civil society organizations, and cultural groups.

It is particularly important to understand project impacts and whether they may disproportionately fall on disadvantaged or vulnerable individuals or groups, who often do not have a voice to express their concerns or understand the impacts of a project.

There are number of key stakeholders that are relevant for the implementation of the AMP Project, so they have been identified according their interest, influence and importance. All stakeholders who have a regulatory role and responsibility for the implementation of the Project on a central level, as well as relevant stakeholders that could be involved in any way with the implementation of the Agriculture Modernization project activities or affected by its activities with their responsibilities are presented in the following table.

Table 1 Relevant stakeholders for AMP Project

Stakeholder Category	Sub group/ Department Sector	Responsibilities

Governments and regulatory bodies	- Ministry of agriculture, forestry and water economy
	  o Rural development sector
	  o Agriculture and policy analyses
	- Ministry of local – self government
	- State Inspectorate for agriculture
	- Water Management Authority
	- Phytosanitary Directorate
	- State Phytosanitary Laboratory
	- Seed and Seedling Administration
	- State Forestry and Hunting Inspectorate
	- Agency for financial support of agriculture and rural development
	- Agency for real estate Cadaster (AREC)
		- Ensuring proper and effective implementation of the AMP project regarding national legislation and WB requirements,
		- Raising remarks upon construction activities,
		- Ensuring safety during construction activities,
		- Ensuring environmental protection during the execution of the work

	- Ministry of finance o Paying agency	- Providing finances for the ongoing project activities. employing persons from the agriculture sector and experts for the different project components

Stakeholder Category	Sub group/ Department Sector	Responsibilities
National institutions	- National extension Agency - Food and Veterinary Agency - Public Enterprise for Management of Pastures - Association of Agriculture and Food Industry of the Economic Chamber of Macedonia - Statistical office - National extension Agency branch offices - Public enterprise for state forests "National Forest" - Faculty of agricultural sciences	- Support the MAFWE for efficient implementation of the AMP, - Giving advice to farmers and managers responsible for managing distribution centers
Community	- Farmers, - People living near the project activities: Skopje, Strumica Lozovo and Resen, - Federation of farmers in the Republic of North Macedonia - Vulnerable groups (individual farmers, Roma people, people with low social standard, people with disabilities, old people, women's)	- Support the MAFWE for efficient implementation of the AMP, - Active participation during the project implementation. - Opportunity for engagement of representatives from each group
Local and regional authorities	- ZELS - Municipality of Strumica - Municipality of Resen - City of Skopje - Municipality of Sveti Nikole - Center for development of the Pelagonija planning region - Center for development of the South – east planning region - Center for development of the Skopje planning region - Bureau for regional development	- Support the MAFWE and PMT for efficient implementation of the AMP, - Adoption of the technical documentation for the realization of the project, - Issuing the Decision for approval of the EIA Report/Elaborate for the construction of the distribution centers, - Supervision of the construction activities, - Ensuring the full implementation of the OH&S and environmental standards during the construction activities.
Suppliers, clients, service providers	- Contractors (SMEs), - Construction companies, - Subcontractors, - Transportation contractors, - Suppliers of goods and services, - Contracted waste management companies, - Local community services - Emergency Services: Fire Brigade and Police, - MEPSO, - EVN Macedonia	- Implementation of good construction practice, OH&S measures and environmental protection, - Quick intervention and elimination of consequences from adverse incidents, - Efficient and timely execution of construction work.
Non-governmental organizations and professional organizations	- National and local NGOs - Consumer Organization of Macedonia - Anima Mundi	- Following the implementation of the AMP project and raising concerns regarding the issues that need to be overcome.

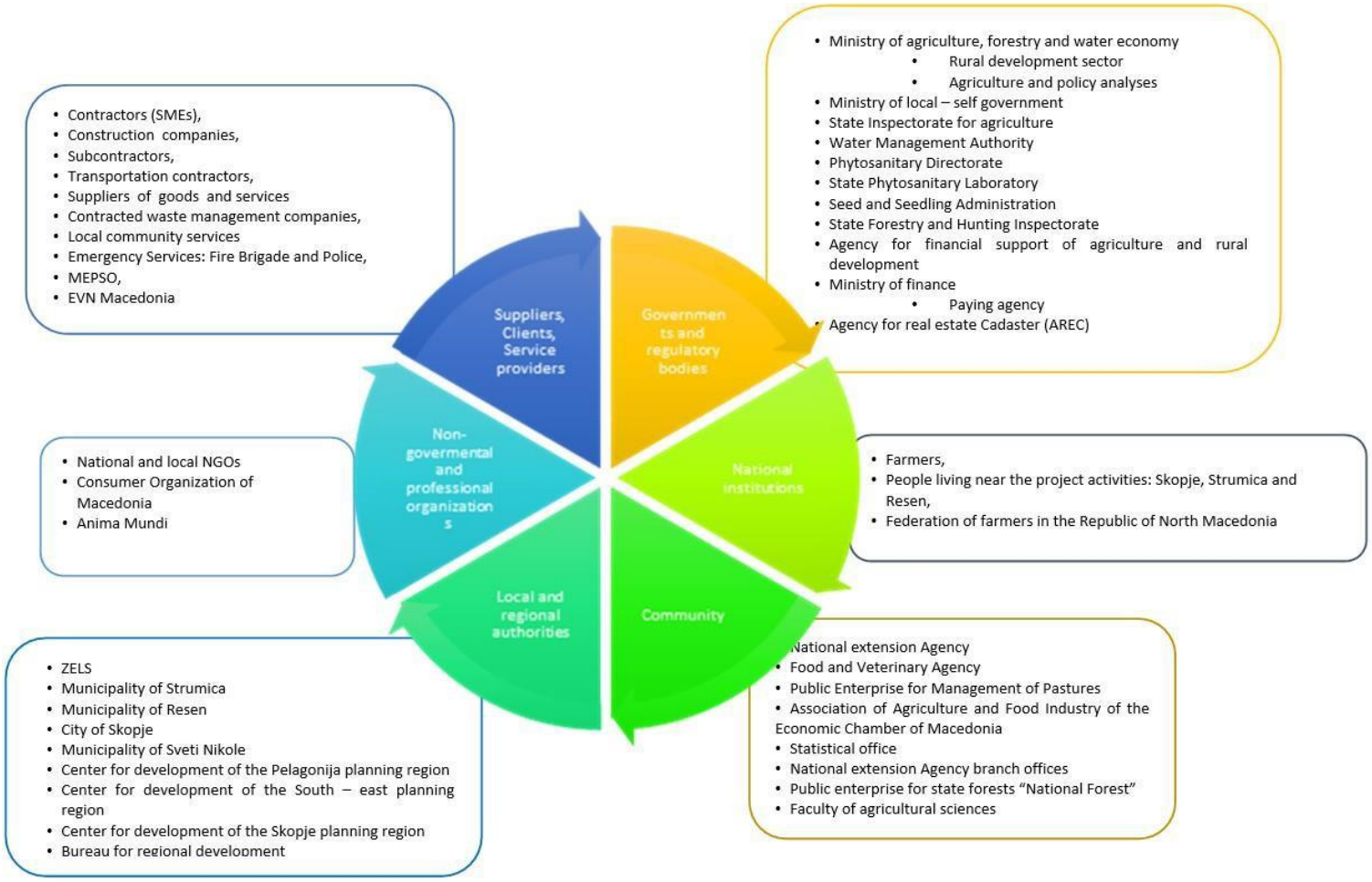
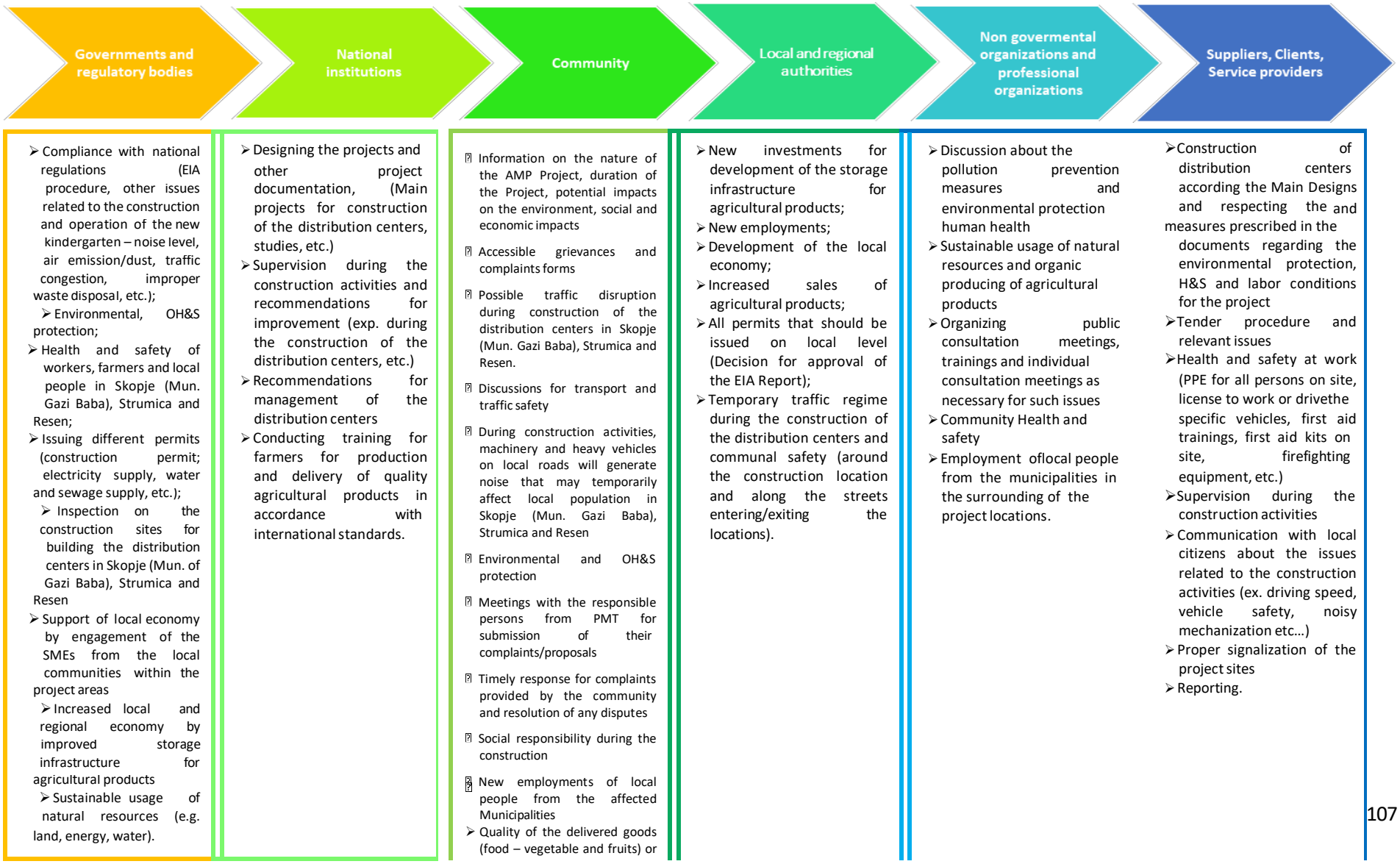


Figure 2 Identified stakeholders group within the AMP project

PMT will discuss different issues with each group of stakeholders depending on their role, responsibility and importance as stakeholder. The following table contains the main issues that will be discussed with different stakeholders.

Figure 3 Key issues to be discussed with different groups of stakeholders



List of stakeholders during the project implementation will be continuously updated and they will be incorporated in the SEP document.

A variety of communication methods will be used as appropriate for each set of stakeholders. In general, these include: a) Public and individual meetings, b) Announcements in media and portals, c) Provision of general information on notice-boards at public locations, d) Regular mail and email correspondence and Publication of relevant project information on the website of the MAFWE (http://www.mzsv.gov.mk) and other relevant institutions.

There are a variety of engagement techniques used to build relationships with stakeholders, gather information from stakeholders, consult with stakeholders, and disseminate project information to stakeholders.

When selecting an appropriate consultation technique, appropriate consultation methods, and the purpose for engaging with a stakeholder group should be considered. The techniques mostly used are presented in the following table.

Table 2 SEP Techniques

Stakeholder group	Engagement Technique	Phase of the projects
Community/Local and regional authorities	▪ Publishing information on the extent, timing and duration of planned works and any expected disruptions and inconveniences on the central bulletin board in the branch offices of the Municipalities at least two weeks prior to the start of any construction works,	Before starting with implementation of the project activities
	▪ Public consultation meeting, and individual meetings as necessary	-Before starting with implementation of the project activities -During the construction works
	▪ Informing through the media – radio/TV/social media (announcements),	-Before starting with implementation of the project activities -During the construction works
	▪ Direct information through the local authorities ▪ Communication through bulletin boards (placed in appropriate places) and posting project information/notices there	-Before starting with implementation of the project activities -During the construction works -During the operational phase of the distribution centres
	▪ Group meetings with farmers	-Before starting with implementation of the project activities -During the construction works -During the operational phase of the distribution centres

Stakeholder group	Engagement Technique	Phase of the projects
	▪ Direct communication with residents, companies etc.	-Before starting with implementation of the project activities -During the construction works -During the operational phase of the distribution canters
	▪ Direct information via a contact person or person responsible for the implementation of the SEP.	-Before starting with implementation of the project activities -During the construction works -During the operational phase of the distribution centres
Governments and regulatory bodies/National institutions	▪ Official correspondence	-Before starting with implementation of the project activities -During the construction works -During the operational phase of the distribution centres
	▪ Meetings, public hearings	-Before starting with implementation of the project activities -During the construction works
	▪ One on one meetings	-Before starting with implementation of the project activities -During the construction works
Non-governmental organizations and professional organizations	▪ Public consultation meetings, and individual consultation, meetings as necessary	-Before starting with implementation of the project activities -During the construction works -During the operational phase of the distribution centres
	▪ Direct email communication	
	▪ Media/ press releases.	
Suppliers, clients, service providers	▪ Information through tender procedure and Contracts	Before starting with implementation of the project activities
	▪ Communication via supervising engineers	During the construction works
	▪ Toolbox talks at construction sites on health and safety topics	During the construction works
	▪ Monthly reports on progress of works to be submitted by contractors during construction works	During the construction works

STAKEHOLDER ENGAGEMENT PROGRAM

Introduction

During the preparation of the SEP, different communication and information channels have been designed for all identified stakeholders in accordance with their needs. The engagement process will be used to obtain suggestions/comments for the Project activities, which may reflect the Project design and lead to extended benefits of relevant stakeholder's groups. The MAFWE recognises that timely engagement of different stakeholders can enable the success of the Project.

AMP Project stakeholders have been identified in order to address the different consultation requirements. Stakeholders include persons or groups that are:

- directly and/or indirectly affected by the Project;
- have certain interests in the Project and its activities;
- have the ability to affect the Project itself and its final outcome.

Responsibility for SEP Implementation

MAFWE will be responsible for Project implementation, including the implementation of this SEP, under the supervision of the Lenders. Until now, the PMT is not established. The PMT will consist: Project Director, Project Coordinator, Component Leaders, Procurement Specialist, Financial Management Specialist, Safeguards Specialist, and Technical Specialist. There are only nominated representatives from each of the main stakeholders groups for the relevant project components (MAFWE, AFSARD and FVA will be appointed as Component Leaders for the relevant activities.).

All contractors in charge of carrying out specific Project activities will also be required to implement the relevant provisions of SEP. The grievance mechanism requirements will be laid out in the tender documentation and contracts signed with the sub - contractors.

Proposed Strategy for information disclosure

All prepared documents within the AMP project will be publicly available on the MZSV web site (http://www.mzsv.gov.mk):

For that purpose Project disclosure package should be prepare and should contain following documents:

- **Environmental and Social Management Framework (ESMF) for AMP,**
- **Resettlement Framework Policy (RFP) for AMP,**
- **Stakeholder Engagement Plan (SEP) for AMP,**
- **Labor Management Procedures for AMP,**
- **Environmental and Social Commitment Plan (ESCP) for AMP,**
- **Grievance and Redress Mechanism (GRM) for AMP,**
- **Environment and Social Management Plan (ESMP)**

These documents will remain in the public domain for the duration of the Project. The SEP will be periodically updated.

All information regarding AMP project shall be available on the MZVS website, also on Municipalities Information Boards (where the distribution centers will be constructed) that will serve as a media tool/channel for communications with the local residents. Information in relation to the Grievance Mechanism will also be included (see below). Stakeholders, including the public, will also be able to use the Grievance Mechanism. Furthermore information regarding the Grievance Procedure will also be widely disseminated to affected municipalities and affected local communities.

Information prior and during project implementation will be made available through brochures, in the Municipalities and regions were activities will be conducted. Most of the Municipalities have local community radio stations, therefore, information will transmitted through these radio stations.

The MZVS through the Municipalities will be responsible for disclosure of commencement of the project, SEP and GRM so that the community is made aware of channels to bring out their complaints.

Regarding the WB requirements for environmental protection for the project that are classified with **moderate risk** (construction of collection and storage centres, Agri-Food Platform, facilities for Animal By-products (ABP) processing and safe disposal) ESMP document will beprepared.

Prepared documents regarding the environmental protection ESMF and RPF and ESMPs will be publicly available on the MZVS website for submitting comments within 14 days.

Public hearing event will be organized for ESMF and RPF and for the sub-projects with moderate isks/impacts, the prepared ESMP will be presented on public hearing event. The announcement for organization of public hearing event for draft version of ESMF and RPF will be published in two newspapers (Macedonian and Albanian languages).

The event will be organized during the 14-day period specified for the availability of the ESMF and RPF or EMP document. If necessary, separate meetings will be held to ensure that the stakeholder engagement is gender responsive.

The PMT from MZVS will carry out public consultations trough organizing public hearing events. For that purpose Project disclosure package should be prepare and should contain following documents:

Disclosure package for draft versions of ESMF and RPF:

- Public Announcement for organization of the public hearing events for prepared ESMF and RPF (published in two newspapers in Macedonian and Albanian languages, on the web site of the MZVS);
- Draft version of ESMF and RPF documents;
- Agenda for public hearing events;
- Minutes of Meeting from the organized public hearing event;
- Final version of the ESMF and RPF including the MoM for the public hearing event, List of participants and public announcements.

Disclosure package for draft versions of Environmental and Social Management Plan document for sub-projects with moderate risks/impacts:

- Public Announcement for organization of the public hearing events for prepared ESMP document;
- Draft version of Environmental and Social Management Plan (ESMP) document developed for each sub-project;
- Form for submitting comments and suggestions site specific ESMPdocument;
- Agenda for public hearing events;
- Minutes of Meeting from the organized public hearing event;
- Final version of the ESMP document including the MoM for the public hearing event, List of participants and public announcement.
- Grievance form to be used during the construction of the sub-project.

The disclosure package will be publicly available in Macedonian and for some sub-projects in Albanian language immediately upon its availability, on the websites of the relevant Municipalities (on which territory the distribution centers will be constructed: Skopje, Strumica, Lozovo and Resen), and the MZVS (www.mzvs.gov.mk).
After the 14-day period for submitting comments for the prepared documents (ESMF and RPF/ESMP) and after the conducted public hearing event for ESMF and RPF and ESMP, the submitted comments will be included in the final version of the relevant document and they will be posted on the MZVS web site.

GRIEVANCE MECHANISM

WORLD BANK GRIEVANCE REDRESS SYSTEM

Communities and individuals who believe that they are adversely affected by a World Bank (WB) supported project may submit complaints to existing project-level grievance redress mechanisms or the WB's Grievance Redress Service (GRS). The GRS ensures that complaints received are promptly reviewed in order to address project-related concerns. Project affected communities and individuals may submit their complaint to the WB's independent Inspection Panel which determines whether harm occurred, or could occur, as a result of WB non-compliance with its policies and procedures. Complaints may be submitted at any time after concerns have been brought directly to the World Bank's attention, and Bank Management has been given an opportunity to respond. All information on how to submit complaints to the World Bank's corporate Grievance Redress Service (GRS), are presented on the following web site - http://www.worldbank.org/en/projects-operations/products-and-services/grievance- redress-service.

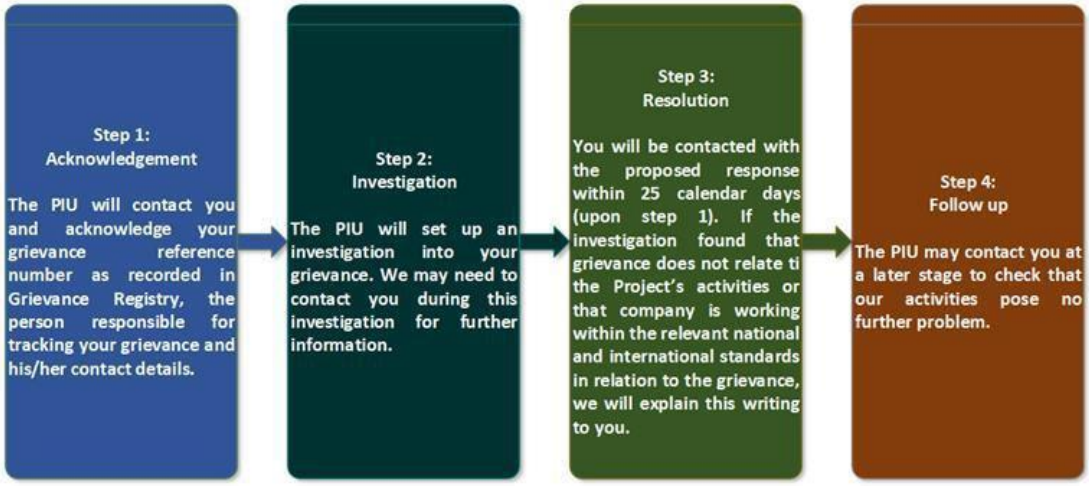
GRIEVANCE MECHANISM FOR THE AGRICULTURE MODERNIZATION PROJECT

In compliance with the World Bank's ESS10 requirement, a specific grievance mechanism will be set-up for the project. Dedicated communication materials (GRM pamphlets, posters) will be created to help local residents familiarize themselves with the grievance redress channels and procedures. A GRM guidebook/manual will also be developed and suggestion boxes installed in each affected municipality. In order to capture and track grievances received under the project, a dedicated GRM Management Information System/database/ register isplanned.

Within the Ministry of Agriculture, Forestry and Water Economy of the Republic of North Macedonia (http://www.mzsv.gov.mk/), will be established a Grievance mechanism online, including grievance registry. The aim of this mechanism is to inform all relevant stakeholders for the procedures for submitting a complaint/suggestion regarding the SEP and receiving a response of the submitted grievance.

PMT within the MAFWE will implement a Grievance Mechanism to ensure that it is responsive to any concerns and complaints particularly from affected stakeholders and communities. A grievance mechanism will be implemented to ensure that the PMT/Contractor is responsive to any concerns and complaints particularly from affected stakeholders and communities.

The PMT will go through the following steps to deal with the grievance:



Any comments or concerns can be brought to the attention of the company verbally or in writing (by post or e-mail) or by filling in a grievance form. The grievance form will be made available in the Municipalities offices that are easily accessible for all relevant stakeholders, alongside a description of the grievance mechanism as well as on the construction sites.

The following timeframe will be used:

- ✓ Written acknowledgement of receipt of the grievance: within 5 days of receiving the grievance;
- ✓ Proposed resolution: within 15 days of receiving the grievance.

Specifically nominated and trained members of staff will record grievance information in a grievance log. This will include:

- Stakeholder name and contact details;
- Details of the grievance and how and when it was submitted, acknowledged, responded to and closed out.

For each ESMP PMT within the MAFWE will establish Form for submitting comments and suggestions on ESMP (Annex 1) and Form will be published together with the prepared ESMP document for each Municipality (Strumica, Resen, Lozovo and Skopje).

For the purposes of receiving comments from the stakeholders PMT will establish Grievance Form for the construction phase of the project that will be available in printed and electronic form. Printed version will be available at the construction site in each Municipality were the construction activities will be performed.

The Grievance Form for the construction phase of the project (Annex 2) will be revealed on the:

- Websites of the Ministry of Agriculture, Forestry and Water Economy (http://www.mzvs.gov.mk/) and relevant Municipalities, where the project activities will be implemented; and
- Available printed copies in the premises of the relevant Municipalities (when the construction work activities will start) and the premises of the local communities, located near the project areas;

The grievance can also be submitted directly to the Contractor that will forward any such received concerns/comments to the PMT without postponement to allow the PMT (within

MAFWE) to further process the concerns/comment (i.e. verify, acknowledge and respond to the grievance in the timeframes defined below). The Contractor is obliged to hand out the Project Grievance - explain the grievance mechanism to the concerned citizen(s)/local population and forward the filled-in Grievance Form to the PIU, but also, to undertake all proposed corrective actions to react on received grievance.

All complaints will be verified by the PMT in the Grievance Registry and assigned a number, and acknowledged within 15 calendar days (the flowchart for processing complaints is enclosed in Annex D). The Registry will have all necessary elements to disaggregate the grievance by gender of the person submitting it as well as by type of grievance. Each grievance will be verified in the registry with the following information: a) description of grievance, b) date of receipt of grievance and when acknowledgement returned to the complainant; c) description of actions taken (investigation, corrective measures, and preventive measures); d) date of resolution and closure provision of feedback to the complainant.

In cases when the grievance/complaint is indefinite or not clear enough, the PMT will assist and provide advice in formulating/redrafting the submission, in order for the grievance/complaint to become clear, for purposes of an informed decision by the PMT, in the best interests of persons affected by the Project.

If the PMT is not able to address the issues raised by immediate corrective action, a long-term corrective action will be identified. The complainant will be informed about the proposed corrective action and follow-up of corrective action within 25 calendar days upon the acknowledgement of grievance. In situation when the PIU is not able to address the particular issue verified through the grievance mechanism or if action is not required, it will provide a detailed explanation/ justification on why the issue was not addressed. The response will also contain an explanation on how the person/ organization that raised the complaint can proceed with the grievance in case the outcome is not satisfactory. At all times, complainants may seek other legal remedies in accordance with the legal framework of Republic of North Macedonia, including formal judicial appeal.

For the workers, which will be engaged for the implementation of the project activities, a separate grievance mechanism will be available.

The process is shown in Figure 4.

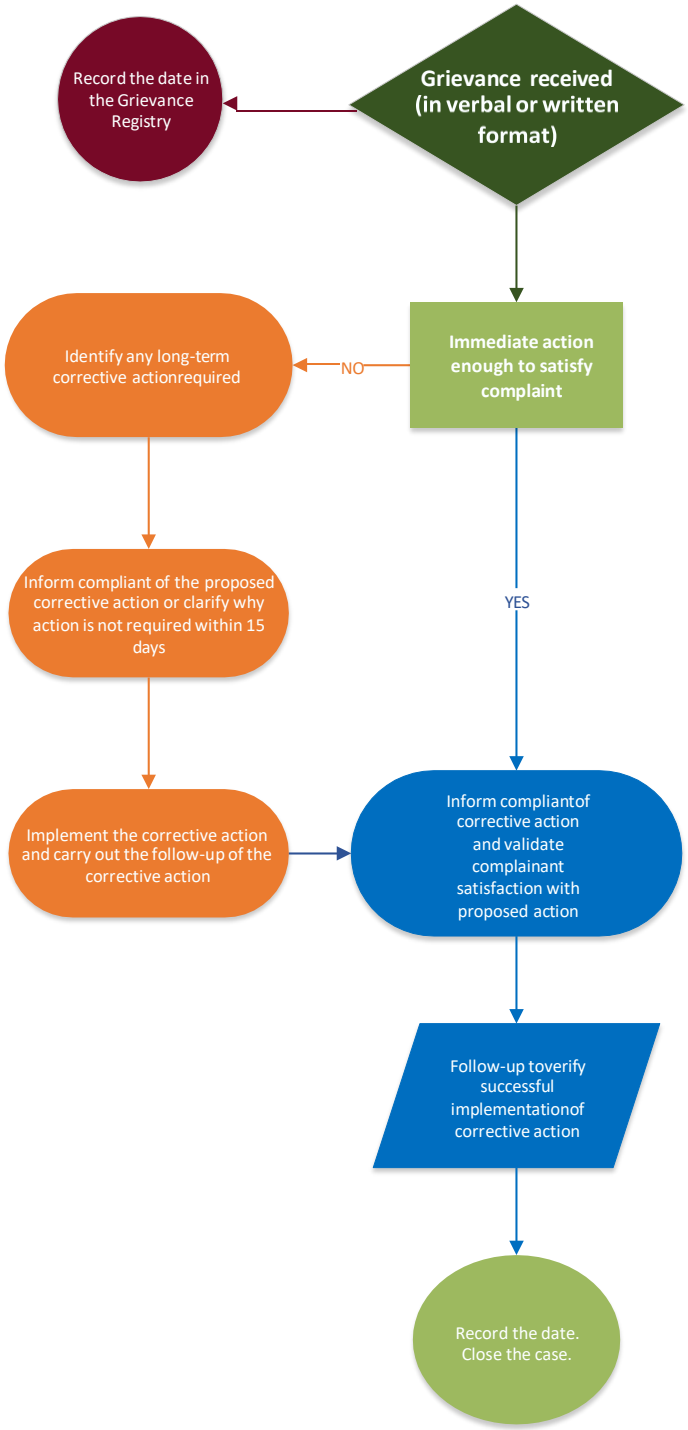


Figure 4 Steps within the Grievance procedure

Information Boards at Municipalities and construction sites

Information boards in each Municipality will provide local residents with information on stakeholder engagement activities, construction updates, contact details for the Contractors etc. The Contractors will set up information desks/boxes, on the construction sites on visible

and easily accessible places where they can meet and share information about the project and receiving grievances.

Grievance Log

The Grievance Focal Points will maintain local grievance logs to ensure that each complaint has an individual reference number and is appropriately tracked and recorded actions are completed. When receiving feedback, including grievances, the following is defined:

- Type of appeal;
- Category of appeal;
- People responsible for the execution of the appeal;
- Deadline of resolving the appeal;
- Agreed action plan.

The PMT Safeguard Specialist and focal points will ensure that each complaint has an individual reference number and is appropriately tracked and recorded actions are completed. The log should contain the following information:

- Name of the PAP, his/her location and details of his / her complaint;
- Date of reporting by the complaint;
- Date when the Grievance Log was uploaded onto the project database;
- Details of corrective action proposed, name of the approval authority;
- Date when the proposed corrective action was sent to the complainant (if appropriate);
- Details of the Grievance Committee meeting (if appropriate);
- Date when the complaint was closed out;
- Date when the response was sent to the complainant.

Monitoring and Reporting on Grievances

Monitoring and evaluation of the stakeholder process is important to ensure MoTC is able to respond to identified issues and alter the schedule and nature of engagement activities to make them more effective. The following characteristics/commitments/activities will assist in achieving successful engagement:

- Sufficient resources to undertake the engagement;
- Inclusivity (inclusion of key groups) of interactions with stakeholders;
- Promotion of stakeholder involvement;
- Sense of trust in MAFWE shown by all stakeholders;
- Clearly defined approaches; and
- Transparency in all activities.

PMT has an obligation to prepare Monitoring Reports.

The first report will be Semi Annual Report for environmental and social aspects and reports from the public hearings events

Field Coordinators will be responsible for:

- Collecting data from the construction sites on the number, substance and status of complaints and uploading them into the single regional database;
- Maintaining the grievance logs on the complaints received at the regional level;
- Monitoring outstanding issues and proposing measures to resolve them;
- Submitting quarterly reports on GRM mechanisms to the PIU Environmental and Social Specialist.

The PMT Safeguard Specialist will be responsible for:

- Summarizing and analyzing the qualitative data received from the Field Coordinators on the number, substance and status of complaints and uploading them into the single project database;
- Monitoring outstanding issues and proposing measures to resolve them;
- Submitting quarterly reports on GRM mechanisms to the PIU Environmental and Social Specialist.

PMT within the MAFWE will submit biannually Reports to the WB, which shall include Section related to GRM which provides updated information on the following:

- Status of GRM implementation (procedures, training, public awareness campaigns, budgeting etc.);
- Qualitative data on number of received grievances \ (applications, suggestions, complaints, requests, positive feedback), highlighting those grievances related to the WB ESS 2 and 5 and number of resolved grievances;
- Quantitative data on the type of grievances and responses, issues provided and grievances that remain unresolved;
- Level of satisfaction by the measures (response) taken;
- Any correction measures taken.

Community Relations/Liaisons Manager, if engaged, would be responsible for:

- Establishes good relationship with all identified stakeholders;
- Organize the public hearing events for sub – projects
- Notice the stakeholder's comments on sub-projects and records their appeals
- Prepare Semi Annual Reports and submit to the Project Director.

The PMT will be responsible for monitoring of all Project related stakeholder engagement activities, ensuring the fulfilment and updating of this SEP, and reporting to the stakeholders.

MONITORING AND REPORTING

Monitoring and evaluation of the stakeholder process is considered vital to ensure MAFWE is able to respond to identified issues and alter the schedule and nature of engagement activities to make them more effective. The following characteristics will help in achieving successful engagement:

- ✓ Transparency in all activities
- ✓ Promotion of stakeholder involvement
- ✓ Trust in MAFWE and other key institutions shown by all relevant stakeholders
- ✓ Sufficient resources to undertake the engagement;
- ✓ Inclusion of key groups of interactions with stakeholders;

Monitoring of the stakeholder engagement process allows the efficacy of the process to be evaluated. Specifically, by identifying key performance indicators that reflect the objectives of the SEP and the specific actions and timings, it is possible to both monitor and evaluate the process undertaken.

Key performance indicators

- ✓ Number of grievance files
- ✓ Number of solved grievances

In order to provide, results from the stakeholder engagement process (Number of grievance files, Number of solved grievances, Attendance to the consultation sessions) and project implementation, MAFWE has an obligation to prepare Monitoring Report on an annual base.
The MAFWE will be responsible for monitoring of all Project related stakeholder engagement activities, ensuring the fulfilment and updating of this SEP, and reporting to the stakeholders.

MANAGEMENT FUNCTIONS

The AMP Project will be implemented by the MAFWE of the Republic of North Macedonia as the main responsible institution.
The Project Implementation Unit (PIU) will be established for the purpose of AMP implementation and will be located in the premises of the Ministry of agriculture, forestry and water economy, staffed with experts/specialist as the following: Project Director, Project Coordinator, Component Leaders, Procurement Specialist, Financial Management Specialist, Safeguards Specialist and Technical Specialist. The PMT will be responsible for the overall AMP implementation, project planning and coordination, procurement, monitoring of the project activities and reporting.

An independent Environmental and Social Specialist(s) (ESS(s)) will be engaged by the PMT for the entire period of the project implementation. The ESS will be responsible for ensuring proper environmental management of all AMP activities, will conduct environmental supervision by carrying out document reviews, site visits and interviews with Contractor, Construction Supervisors (if any), and municipality staff. ESS will be responsible for reviewing all environmental safeguard documentation (site-specific ESMPs) submitted by sub-project proponents, providing recommendations, advising on the sub-project category advising on the quality of, and clearing the environmental safeguard documentation on behalf of the PMT.

The management, coordination and implementation of the SEP and its integral tasks will be the responsibility of the PMT Environmental and Social Specialist. Main tasks for PMT Environmental and Social Specialist - responsible person for SEP implementation:

- Implementation of the Stakeholder Engagement Plan (SEP). ESS presents information regarding the project and receive any community concerns or complaints (grievance forms);
- Facilitate all stakeholder engagement events and disclosure of material to support stakeholder engagement events;
- Participate during all face-to-face stakeholder meetings;
- Preparation of Minutes of meeting from all engagement events; and
- Maintain the stakeholder database.
- Maintain the track results of regular meetings and specific concern/complaint received. The grievance data base need to be maintained on regular basis with all received concerns/how the concern/complaint was addressed and/or resolved, etc.
- Prepare periodic Reports on current status with implementation of SEP to the project Management Team.

APPENDICES

Annex 1 Form for submitting comments

<table>
<tr><td colspan="3">Form for submitting comments and suggestions for (ESMP)</td></tr>
<tr><td colspan="3">Main description of the project

Electronic version and hard copy of (Name of the Document) are available on:
➢ Sub-project Proponent Notice Board
Contact Person:
Address:
Phone number:
e-mail:
➢ Sub-project Proponent (web page)

➢ Project Office WB (web page)
Contact Person:
Address:
Phone number:
e-mail:</td></tr>
<tr><td colspan="3">If you have any comments/suggestions or amendments to the proposed measures of (Name of the Document), please submit it to the responsible persons from the List in the 14 days period after the announcement of (Name of the Document)
(date of announcement:.....)</td></tr>
<tr><td colspan="3">Please, submit your comments (grey fields) for improvement of (Name of the Document) submit it on the mentioned e-mail addresses of the responsible persons for the project implementation (PMT responsible person for communication with the stakeholders)</td></tr>
<tr><td colspan="3">Referent number: _____
(fulfilled by the responsible persons for the project implementation)</td></tr>
<tr><td>Name and surname of the person who provides comment*</td><td colspan="2"></td></tr>
<tr><td>Contact information*</td><td colspan="2">E-mail:
_____
Phone:</td></tr>
<tr><td colspan="3">Comment:</td></tr>
<tr><td>Signature</td><td colspan="2">Date</td></tr>
</table>

Annex 2 Grievance form for construction phase of the project (construction of the distribution centers in Strumica, Resen and Skopje, as well as facilities for Animal By-products (ABP) processing and safe disposal in the Municipality of Lozovo)

Reference Number	
Full name (optional) ☐ **I wish to raise my grievance anonymously.** ☐ **I request not to disclose my identity without my consent.**	
Contact information **Please mark how you wish to be contacted (mail, telephone, e-mail).**	☐ **By E-mail:** ___ ☐ **By telephone:** _____ ☐ **By Post:** ***Please provide mailing address:***
Preferred language of communication	☐ **Macedonian** ☐ **Albanian** ☐ **Other:** _____
Gender	☐ **Male** ☐ **Female**

Description of Incident for Grievance	What happened? Where did it happen? Whom did it happen to? What is the result of the problem?

Date of Incident / Grievance	
	☐ **One-time incident/grievance (date_____)** ☐ **Happened more than once (how many times?_____)** ☐ **On-going (currently experiencing problem)**

What would you like to see happen?

Signature:_ Date:

_____

Please return this form to:

Attention:_____

E-mail:_____

Agriculture Modernization Project (AMP)

Ministry of Agriculture, Forestry and Water Economy

Str. Aminta III no.2, 1000 Skopje, Republic of North Macedonia

Annex 2 Labor Management Procedures

INTRODUCTION

Background Information

Main aim of the Agriculture Modernization Project that is planned to be realized in the Republic of North Macedonia is to improve competitiveness in selected agricultural sub-sectors and strengthen public sector readiness in the framework of the country's accession process to the EU. The achievement of the project outcomes will be measured through the following PDO-level indicators: *Percentage of agricultural produce marketed in compliance with quality standards, Percentage of post-harvest loss of marketed produce and Public sector readiness for EU accession enhanced.*

About the project

Project implementation will help to address structural constraints in the agriculture sector of Republic of North Macedonia, it will improve agricultural producers' competitiveness and market access, and strengthen public agricultural institutions and services. In parallel it will improve competitiveness refers to farmers' ability to produce agricultural products that meet quality requirements for sale in agricultural product markets through formalized commercial transactions. The results chain logic supporting the project's aim is based on a two-pronged approach: First, through the provision of targeted and demand-driven technical and business advisory services, the project will promote agronomic practices improvements to enhance disease/pest management, reduce production inefficiencies, and the conversion to higher quality and/or high-value crops, among others. Second, through the establishment of the Resen and Strumica CCCs the project will facilitate produce aggregation, sorting by quality categories, cooling, packaging and logistics to meet different market/buyer requirements. The centers are to foster farmers' market integration by informing them of quality requirements of different destination markets, and by supporting the formation of formalized commercial transactions between producers and buyers. This is expected to lower existing transaction costs, such as contract breaches and delayed payments, and to broaden producers' access to local and/or regional value chains. Moreover, the Skopje Agri-Food Platform will be the focal infrastructure for the organization of fresh food distribution systems in the country (in particular for fruits and vegetables) and allow smallholder producers of the region to access the market and the main operators of the sector to organize their activities through synergies and economy of scales. The project complements the aforementioned activities with institutional capacity to strengthen North Macedonia's readiness for EU accession. In particular, the specific activities relate to improving the (i) compliance with safe disposal of animal by-products, (ii) capacity of the Paying Agency in line with pre-accession requirements and (iii) MAFWE's policy-making based on evidence for enhanced sector support services. In addition, the project supports improvements in the management of state-owned agricultural land.

Environmental and Social Aspects

Agriculture Modernization Project addresses the environmental and social aspects through the World Bank's Environmental and Social Stands (ESS) approach/ framework. One of the Standard- ESS 2- relates to Labor and Working Conditions and expects the Borrowers to develop labor management procedures (LMP). Purpose of LMP is to facilitate planning and implementation of the project. The LMP enables identify main labor requirements and risks associated with it, and help the Borrower to determine the resources necessary to address labor issues. The LMP is a living document, which is initiated early in project preparation, and is reviewed and updated throughout development and implementation of the project. Accordingly, this document details out the type of workers likely to be

deployed by the project and the management thereof. Key aspects of the LMP should be incorporated into contractual obligations of contractors and subcontractors.

OVERVIEW OF LABOR USE ON THE PROJECT

Number of Project Workers:
The direct beneficiaries of the project are: individual agricultural producers, farmers associations, organizations and cooperatives, agricultural holdings/enterprises, traders, wholesalers, that are expected to benefit from the establishment of the collection and conditioning centers. The project is expected to reach about 1,000 producers and processors with advisory service and targeted training; in addition to about 120 advisers; 300 producers in Resen and Strumica directly benefitting from the CCC, and in Skopje about 400 among smallholders, wholesalers, logistics services providers and workers at the agri-food platform. In addition, these activities will indirectly benefit consumers thanks to the increased quality of agri-food products.

Further livestock producers and 60 large meat processors will directly benefit from the establishment of the ABP management system, while the population will be the indirect beneficiary as the fast collection of waste within the food establishments is crucial for the prevention of food materials becoming contaminated.

Institutional direct beneficiaries which will benefit from capacity building, training, and study visits are comprised of: (i) 50 MAFWE staff, from various sectors such as Rural Development Sector, Agriculture and Policy Analysis, Land, etc; (ii) 200 staff of the Paying Agency; (iii), staff of the Public Enterprise for Management of Pasture and (iv) staff the Food and Veterinary Agency includinginspectors.

The project will pursue the creation of equal opportunities for women and vulnerable groups to increase participation, including in benefitting from the advisory one-stop shop activities.

Characteristics of Project Workers:
About 45% of the population in North Macedonia lives in rural areas. In the last decade large number of villages become depopulated mostly because of outmigration in urban areas within the country and abroad. This is partly also due to government negligence to the rural space. The consequences are more severe in hilly and mountain areas. Decreasing social capital disables the rural population from the opportunities to cope with decreasing of the living conditions and pushes them to migrate in urban areas. Young women in some rural areas escape from the rural life and marry in urban areas thus some rural areas face the negative gender balance. Based on the source of family income poverty is highest among the households in social assistance program (90.6%) than for the families that depend on income from agriculture and those that have income from seasonal and part time employment. Income distribution is significantly uneven and most affected are children less than 14 years, rural women and unemployed man. Income gender gap is twice as higher in rural areas comparing to urban areas. Women in rural areas are also much less informed about agriculture support programs and thus much smaller number as beneficiaries. To track affects in women the project will disaggregate the beneficiary numbers by sex. Also, all citizen engagement activities among which, inclusive focus groups, will pay attention to include feedback from women farmers and rural women that are indirectly related to agriculture, in order to improve the outreach to women and the provide services to women.

Timing of Labor Requirements:
The project will be implemented in Resen, Strumica and Skopje with regard to main infrastructure investments, while support for advisory, various information systems, safe disposal of animal by-

products, monitoring and evaluation will be provided country-wide. Project activities are planned to be realized within the period of 5 years.

Contracted Workers: The precise number of project workers who will be employed are not known as of now. This will become known as and when implementation begins.

Civil Workers: Part of the project activities is the construction of operation of collection and storage centers in Strumica and Resen, Agri-Food Platform in Skopje and facilities for Animal By-products (ABP) processing and safe disposal in the Municipality of Lozovo which will require the engagement of construction workers but their number will be known once the projects for all centers are completed.

ASSESSMENT OF KEY POTENTIAL LABOR RISKS

Key Labor Risks:

In the AMP project, risks for project workers are expected during the construction and operational phase of the facilities that are planned to be constructed.

The Contractor should follow the standards and requirements stipulated in the national legislation on protection of workers prescribed in Law on Safety and Health at Work ("Official Gazette of the Republic of North Macedonia " n.92/2007, 136/2011, 23/2013, 25/2013, 137/2013, 164/2013, 158/2014, 10/15, 61/15) and other secondary legislation.

- According to national law, every construction company is required to carry out a risk assessment for each job before commencing activities;
- The Contractor is required to provide:
    - appropriate protection / equipment and clothing depending on the needs of each workplace, especially for workers who will work on height (appropriate ergonomic clothing);
    - fire protection through the purchase of firefighting apparatus and training of workers for fire protection (all workers must be familiar with the fire hazards and fire protection measures and must be trained to handle fire extinguishers, hydrants and other devices used for extinguishing fires);
    - health protection-fist aid kits and medical service on sites;
    - emergency and normal first aid procedure for any injury if such occur through construction work;

  The Contractor should follow safety guidelines:
- for the storage, transport, and distribution of hazardous materials to minimize the potential for misuse, spills, and accidental human exposure;
- for handling with chemicals (e.g., pesticides);
- for handling the waste generated from un propoer storage of the vegetables, fruits and animal origin;
- for avoidance/minimization of microbiological contamination during the operation of the facilities and apply the appropriate measures (HACCP systems to identify the control points for possible physical, chemical or micro biological contamination in the food chain – from the farm to the consumer);
- The companies that will maintain the facilities are obliged to have the appropriate standards and equipment necessary to carry out their duties in order to prevent infections and spread the epidemic.

All these minimum requirements should be followed by the Contractors, but also they need to ask these issues to be followed by their sub-contarctors.

BRIEF OVERVIEW OF LABOR LEGISLATION: TERMS AND CONDITIONS

The main legislative Act at national level is Labor Law of Republic of North Macedonia (OG of RM no. 62/05; 106/08; 161/08; 114/09; 130/09; 149/09; 50/10; 52/10; 124/10; 47/2011; 11/12; 39/12; 13/13;
25/2013; 170/2013; 187/13; 113/14; 20/15; 33/15; 72/15; 129/15, 27/16, 134/16), manages relationship between parties involved in the process of employment. It protects and applies to any natural person that has concluded an employment contract with an employer.

Law on Social Protection (OG of RM no. 79/09, 148/13,164/13, 187/13, 38/14, 44/14, 116/14, 180/14, 33/15, 72/15, 104/15, 150/15, 173/15, 192/18, 30/16, 163/17, 51/18). Social welfare and protection in North Macedonia comprises of services and benefits from the tax-financed social welfare system (social prevention – which according to the Law on Social Protection includes - educational and advisory work, development of self-assistance forms, volunteering work etc., institutional care, non-institutional care and monetary assistance) and contributory- based social insurance system (pensions and disability, health and unemployment insurance).

Law on Pensions and Disability Insurance (OG of RM no. 53/13, 170/13, 43/14, 44/14, 97/14, 113/14, 160/14, 188/14, 20/15, 61/15, 97/15, 129/15, 147/15, 154/15, 173/15, 217/15, 27/16, 120/16, 132/16) defines the obligatory pension insurance of workers under working contract and the natural persons performing activity, the bases of the capital funded pension insurance, as well as the special conditions how certain categories of insured persons receive the right to pension and enjoy disability insurance. The rights deriving from the pension and disability insurance are the following: right to age-related pension, right to disability pension, right to re-allocation to other adequate, working post, right to adequate employment, right to re-qualification or higher qualification and right to adequate financial compensations, right to family pension, right to monthly compensation for physical damage, and right to minimal pension.

BRIEF OVERVIEW OF LABOR LEGISLATION: OCCUPATIONAL HEALTH AND SAFETY

Law on Occupational Health and Safety (Official Gazette No. 92/07, 98/10, 93/11, 136/11, 60/12, 23/13, 25/13, 137/13, 164/13, 158/14, 15/15, 129/15). This law determines the safety and health measures at work, the obligations of the employer and the rights and obligations of employees in the field of safety and health at work, as well as preventive measures against occupational risks, eliminating risk factors for accident, informing, consulting, training workers and their representatives, and participating in the planning and taking of occupational safety and health measures.

Other relevant by-laws are:

- **Rulebook on Preparation of the Health and Safety Statement** (Official Gazette No.07/08) defines mandatory health and safety statements for each workplace; engagement of an authorised H&S officer and official medical institution; adopting fire protection, first aid and evacuation measures; providing trainings on first aid, fire protection, rescue and evacuation; providing periodical medical examinations for staff.
- **Regulation on PPE** (Official Gazette No.116/05) defines mandatory provision of PPE for workers.
- **Regulation on Use of Work Equipment** (Official Gazette No.116/07) defines mandatory periodical testing of work equipment.

- **Regulation on OHS in Use of Work Equipment** (Official Gazette No.116/07) defines that adequate and safe work equipment must be available to workers; employers must take measures to minimise risks, including providing appropriate notices and written guidelines for workers, as well as providing training on risks.
- **Regulation on Minimum OHS Requirements in Temporary Mobile Sites** (Official Gazette No.105/08) defines the obligation of contractors to develop an OHS Plan.
- **Regulation on Minimum OHS Requirements at Workplaces** (Official Gazette No.154/08) defines the following obligations of employers: providing clear routes to emergency exits; carrying out technical maintenance of the workplace, equipment and devices; keeping the workplace, equipment and devices at an adequate level of hygiene; providing first aid rooms fitted with essential first aid installations andequipment; taking into consideration the needs of disabled workers.
- **Regulation on Form and Content of Report on Start of Work Activities** (Official Gazette No.136/07) defines that contractor are required to notify the State Labour Inspectorate about the construction site,
- **Regulation on Health and Safety of Workers Exposed to Noise Pollution** (Official Gazette No.21/08) defines mandatory measurement of noise levels at workplaces, prohibits work on locally recognised days of rest, outside of the normal working hours or in extreme weather conditions.
- **Regulation on OHS Signs** (Official Gazette No.127/07) defines mandatory health and safety signs for any hazardous work activities and providing suitable instructions toworkers.

RESPONSIBLE STAFF

The MAFWE will be the lead project Implementing Agency and will have overall responsibility for project management and implementation. The Project implementation will be partially mainstreamed into the MAFWE structure and will include other institutions involved in implementation of Project funded activities, namely the AFSARD and the FVA. To this end a Project Management Team (PMT) will be established in MAFWE and will be composed by Project Director, Project Coordinator, Component Leaders, Procurement Specialist, Financial Management Specialist, Safeguards Specialist, and Technical Specialist. To this end, the State Advisor for Rural Development (civil servant) serving as well as MAFWE Gender Focal Point will be appointed by the MAFWE as Project Director. Staff and civil servants of the MAFWE, AFSARD and FVA will be appointed as Component Leaders for the relevant activities. Given the demanding specific requirement for the implementation of the project, it has been agreed that the Project will provide technical assistance for ensuring day-to-day project coordination, additional technical support as needed, as well as Bank fiduciary and safeguards requirements; training, equipment and incremental operating costs to support project management and monitoring.

A Technical Committee, led by the Project Director and involving Project Coordinator, Component Leaders, as well as any additional staff as necessary will be established to ensure coordination at the operational level. The committee will include any technical staff on a case by case base according to the topics to be discussed and should meet at the least once a month to ensure there is good progress in planned activities, or in case it would identify bottlenecks and solutions to move forward.

AMP (PMT) will be responsible for the following:

- Implement this labor management procedure.

• Ensure that contractors all works that implements are in comply with these labor management procedures.

• Ensure the contracts with the contractors are developed in line with the provisions of this LMP.

• Monitor to verify that contractors are meeting labor and OHS obligations toward contracted and subcontracted workers.

• Monitor contractors and subcontractors' implementation of labor management procedures.

• Ensure that the grievance redress mechanism for project workers is established and implemented and that workers are informed of its purpose and how to use it.

• Have a system for regular monitoring and reporting on labor and occupational safety and health performance.

• Monitor implementation of the Worker Code of Conduct.

Project Operational Manual will include standard templates of contracts which include LMP, OHS aspects, and the contractors commit to them. LMP and OHS responsibilities of the Contractors are the following:

• Follow the labor management procedures and occupational health and safety requirements as stated in the contracts signed with MAFWE.

• Contractors will keep records in accordance with specifications of the jobdescription.

• Supervise the subcontractors' implementation of labor management procedures and occupational health and safety requirements.

• Maintain records of recruitment and employment of contracted workers as provided in their contracts.

• Communicate clearly job descriptions and employment conditions to all workers.

• Make sure every project worker hired by contractor/subcontractor is aware of the AMP (PMT) dedicated phone number, email address, and web portal through which anyone can submit grievances.

POLICIES AND PROCEDURES

The project will emphasize that special section in the stakeholder engagement plan both during the preparation and implementation is designed and implemented to outreach and incorporate smaller and vulnerable farmers. Also, the project will build capacity to the MAFWE to mainstream engagement of vulnerable in their regular cycle of policy designs and policy implementation. The project will build capacity in the Ministry to include also the poorest farmers in the process.
Employment of project workers within the AMP will be based on the principles of non-discrimination and equal opportunity. There will be no discrimination with respect to any aspects of the employment relationship, including recruitment, compensation, working conditions and terms of employment, access to training, promotion or termination of employment. The following measures, will be followed by contractors and monitored by the AMP (PMT), to ensure fair treatment of all employees:

- Recruitment procedures will be transparent, public and non-discriminatory, and open with respect to ethnicity, religion, sexuality, disability or gender.

- Applications for employment will only be considered if submitted via the official application procedures established by the contractors.
- Clear job descriptions will be provided in advance of recruitment and will explain the skills required for each post.
- All workers will have written contracts describing terms and conditions of work and will have the contents explained to them. Workers will sign the employment contract.
- The contracted workers will not be required to pay any hiring fees. If any hiring fees are to be incurred, these will be paid by the Employer.
- Depending on the origin of the employer and employee, employment terms and conditions will be communicated in two languages, in the state language and the language that is understandable to both parties.
- All workers will be 18 years old or above for civil works. This will be a requirement in AMP contracts with contractors.
- Normal working time should not exceed 40 hours per week. With a five-day working week, the duration of daily work is determined by the internal work regulations approved by the employer after prior consultation with the representatives of the workers, in compliance with the established working week duration.

AGE OF EMPLOYMENT

North Macedonia law prohibits anyone under 18 from performing “unhealthy or heavy” and there are special requirements for leave, work hours, and other conditions of employment.

Contractors will be required to verify and identify the age of all workers. This will require workers to provide official documentation, which could include abirth certificate, national identification card, or medical or school record. If a minor under the minimum labor eligible age is discovered working on the project, measures will be taken to immediately terminate the employment or engagement of the minor in a responsible manner, taking into account the best interest of theminor.

TERMS AND CONDITIONS

The employment terms and conditions applying to AMP (PMT) employees are set out in the this document. These internal labor rules will apply to all AMP employees who are assigned to work on the project (direct workers). Terms and conditions of part-time direct workers are determined by their individual contracts.

The work hours for AMP workers will be 40 hours per week, eight hours per workday. Terms and conditions of part-time direct workers will be determined by their individual contracts. The contractors’ labor management procedure will set out terms and conditions for the contracted and subcontracted workers. These terms and conditions will be in line, at a minimum, with this labor management procedure and specified in the standard contracts to be used by the MAFWE under the project, which will be provided in Project Operations Manual and follow this LMP.

GRIEVANCE MECHANISM

The project will establish a GRM for the Project Workers consistent with the ESS2 before the Project Effectiveness and describe them in the Project Operations Manual (POM).

All identified stakeholders within the AMP can submit a complaint/suggestion regarding the project implementation. The complainant will be informed about the proposed corrective action and follow-up of corrective action within 25 calendar days upon the acknowledgement of grievance. In situation when the PMT is not able to address the particular issue verified through the grievance mechanism or if action is not required, it will provide a detailed explanation/justification on why the issue was not addressed. The response will also contain an explanation on how the person/ organisation that raised the complaint can proceed with the grievance in case the outcome is not satisfactory. Grievance mechanism will be publicly available on the MAFWE web site (special link for the AMP) in order to be easily accessible for the stakeholders and to be able to submit a complaint for the project activities and documents that will be developed within the AMP.

CONTRACTOR MANAGEMENT

Construction and other contracts will include provisions related to labor and occupational health and safety as provided in the World Bank Standard Procurement Documents and North Macedonia law. AMP PMT within MAFWE will manage and monitor the performance of contractors in relation to contracted workers, focusing on compliance by contractors with their contractual agreements (obligations, representations, and warranties) and labor management procedures. Also the PMT staff will look how the following obligations are fulfilled by the Contractors:

- **Labor conditions**: records of workers engaged under the Project, including contracts, registry of induction of workers, hours worked;
- **Workers**: number of workers, indication of origin (local, nonlocal nationals), gender, age with evidence that no child labor is involved, and skill level (unskilled, skilled, supervisory, professional, management);
- **Training/induction**: dates, number of trainees and topics, records on training provided for contracted workers to explain occupational health and safety risks and preventive measures;
- **Safety**: recordable incidents (lost time incidents, medical treatment cases), first aid cases, high potential near misses, and remedial and preventive activities required, reports relating to safety inspections, including fatalities and incidents and implementation of corrective actions, records relating to incidents of non-compliance with national law;
- **Details of any security risks**: details of risks the Contractor may be exposed to while performing its work—the threats may come from third parties external to theproject;
- **Worker grievances**: details including occurrence date, grievance, and date submitted; actions taken and dates; resolution (if any) and date; and follow-up yet to be taken—grievances listed should include those received since the preceding report and those that were unresolved at the time of that report.

Fulfillment of these obligations will apply to the companies that will be engaged by MAFWE for construction of operation of collection and storage centers in Strumica and Resen, Agri-Food Platform in Skopje and facilities for Animal By-products (ABP) processing and safe disposal in the Municipality of Lozovo.

PRIMARY SUPPLY WORKERS

The primary suppliers for the AMP will be the companies that will supply raw materials and materials for the construction of distribution centers. Companies will be local from the Municipalities that surrounds settlements where distribution centers will be built. Contractors shall be required to carry

out due diligence procedure to identify if there are significant risks that the suppliers are exploiting child or forced labor or exposing worker to serious safety issues.

Annex 3 Outline for Site Specific ESIA/ESMP

Indicative Outline of ESIA

(a) Executive summary
- Concisely discusses significant findings and recommended actions.

(b) Legal and institutional framework
- Analyzes the legal and institutional framework for the project, within which the environmental and social assessment is carried out, including the issues set out in ESS1, paragraph 264.
- Compare the Borrower's existing environmental and social framework and the ESSs and identify the gaps between them.
- Identifies and assesses the environmental and social requirements of any co-financiers.

(c) Project description
- Concisely describes the proposed project and its geographic, environmental, social, and temporal context, including any offsite investments that may be required (e.g., dedicated pipelines, access roads, power supply, water supply, housing, and raw material and product storage facilities), as well as the project's primary suppliers.
- Through consideration of the details of the project, indicates the need for any plan to meet the requirements of ESS 1 through 10.
- Includes a map of sufficient detail, showing the project site and the area that may be affected by the project's direct, indirect, and cumulative impacts.

(d) Baseline data
- Sets out in detail the baseline data that is relevant to decisions about project location, design, operation, or mitigation measures. This should include a discussion of the accuracy, reliability, and sources of the data as well as information about dates surrounding project identification, planning and implementation.
- Identifies and estimates the extent and quality of available data, key data gaps, and uncertainties associated with predictions;
- Based on current information, assesses the scope of the area to be studied and describes relevant physical, biological, and socioeconomic conditions, including any changes anticipated before the project commences.
- Takes into account current and proposed development activities within the project area but not directly connected to the project.

(e) Environmental and social risks and impacts
- Takes into account all relevant environmental and social risks and impacts of the project. This will include the environmental and social risks and impacts specifically identified in ESS2 – 8, and any other environmental and social risks and impacts arising as a consequence of the specific nature and context of the project, including the risks and impacts identified in ESS1, paragraph 28.
- Within the ESIA cumulative impacts will also be considered and analyzed

(f) Mitigation measures
- Identifies mitigation measures and significant residual negative impacts that cannot be mitigated and, to the extent possible, assesses the acceptability of those residual negative impacts.

- Identifies differentiated measures so that adverse impacts do not fall disproportionately on the disadvantaged or vulnerable.
- assesses the feasibility of mitigating the environmental and social impacts; the capital and recurrent costs of proposed mitigation measures, and their suitability under local conditions; the institutional, training, and monitoring requirements for the proposed mitigation measures.
- specifies issues that do not require further attention, providing the basis for this determination.

(g) Analysis of alternatives

- systematically compares feasible alternatives to the proposed project site, technology, design, and operation--including the "without project" situation--in terms of their potential environmental and social impacts;
- assesses the alternatives' feasibility of mitigating the environmental and social impacts; the capital and recurrent costs of alternative mitigation measures, and their suitability under local conditions; the institutional, training, and monitoring requirements for the alternative mitigation measures.
- For each of the alternatives, quantifies the environmental and social impacts to the extent possible, and attaches economic values where feasible.

(h) Design measures

- sets out the basis for selecting the particular project design proposed and specifies the applicable EHSGs or if the ESHGs are determined to be inapplicable, justifies recommended emission levels and approaches to pollution prevention and abatement that are consistent with GIIP.
- Summarizes key measures and actions and the timeframe required for the project to meet the requirements of the ESSs. This will be used in developing the Environmental and Social Commitment Plan (ESCP).

(j) Appendices

- List of the individuals or organizations that prepared or contributed to the environmental and social assessment.
- References—setting out the written materials both published and unpublished, that have been used.
- Record of meetings, consultations and surveys with stakeholders, including those with affected people and other interested parties. The record specifies the means of such stakeholder engagement that were used to obtain the views of affected people and other interested parties.
- Tables presenting the relevant data referred to or summarized in the main text.
- List of associated reports or plans.

Indicative Outline of ESMP

(a) Mitigation

- The ESMP identifies measures and actions in accordance with the mitigation hierarchy that reduce potentially adverse environmental and social impacts to acceptable levels. The plan will include compensatory measures, if applicable. Specifically, the ESMP:
  (i) identifies and summarizes all anticipated adverse environmental and social impacts (including those involving indigenous people or involuntaryresettlement);
  (ii) describes--with technical details--each mitigation measure, including the type of impact to which it relates and the conditions under which it is required (e.g., continuously or in the event of contingencies), together with designs, equipment descriptions, and operating procedures, as appropriate;
  (iii) estimates any potential environmental and social impacts of these measures; and
  (iv) takes into account, and is consistent with, other mitigation plans required for the project (e.g., for involuntary resettlement, indigenous peoples, or culturalheritage).

(b) Monitoring

- The ESMP identifies monitoring objectives and specifies the type of monitoring, with linkages to the impacts assessed in the environmental and social assessment and the mitigation measures described in the ESMP 6. Specifically, the monitoring section of the ESMP provides(a) a specific description, and technical details, of monitoring measures, including the parameters to be measured, methods to be used, sampling locations, frequency of measurements, detection limits (where appropriate), and definition of thresholds that will signal the need for corrective actions; and (b) monitoring and reporting procedures to (i) ensure early detection of conditions that necessitate particular mitigation measures, and (ii) furnish information on the progress and results of mitigation.

(c) Capacity development and training

- To support timely and effective implementation of environmental and social project components and mitigation measures, the ESMP draws on the environmental and social assessment of the existence, role, and capability of responsible parties on site or at the agency and ministry level.
- Specifically, the ESMP provides a specific description of institutional arrangements, identifying which party is responsible for carrying out the mitigation and monitoring measures (e.g. for operation, supervision, enforcement, monitoring of implementation, remedial action, financing, reporting, and staff training).
- To strengthen environmental and social management capability in the agencies responsible for implementation, the ESMP recommends the establishment or expansion of the parties responsible, the training of staff and any additional measures that may be necessary to support implementation of mitigation measures and any other recommendations of the environmental and social assessment.

(d) Implementation schedule and cost estimates

- For all three aspects (mitigation, monitoring, and capacity development), the ESMP provides (a) an implementation schedule for measures that must be carried out as part of the project, showing phasing and coordination with overall project implementation plans; and (b) the capital and recurrent cost estimates and sources of funds for implementing the ESMP. These figures are also integrated into the total project cost tables.

(e) Integration of ESMP with project

- The Borrower's decision to proceed with a project, and the Bank's decision to support it, are predicated in part on the expectation that the ESMP (either stand alone or as incorporated into the ESCP) will be executed effectively. Consequently, each of the measures and actions to be implemented will be clearly specified, including the individual mitigation and monitoring measures and actions and the institutional responsibilities relating to each, and the costs of so doing will be integrated into the project's overall planning, design, budget, and implementation.

Environmental and Social Management Plan Format

Phase	**Environmental Impact**	**Mitigating Measure(s)**	**Cost**		**Institutional Responsibility**		**Remarks**
			Install	Operate	Install	Operate	
Construction	• •	• •					
Operation	• •	• •					
Decommissioning	• •	• •					

МИНИСТЕРСТВО ЗА ЗЕМЈОДЕЛСТВО, ШУМАРСТВО И ВОДОСТОПАНСТВО
на Република Македонија

Environmental and Social Monitoring Plan Format

Phase	**What** parameter is to be monitored?	**Where** will the parameter be monitored?	**How** will the parameter be monitored?	**When** will the parameter be monitored?	**Why** is the parameter being monitored?	**Cost**		**Institutional Responsibility**	
						Install	**Operate**	**Install**	**Operate**
Construction									
Operation									
De-commissioning									

Annex 4 ENVIRONMENTAL AND SOCIAL MANAGEMENT PLAN (ESMP) CHECKLIST
(Template for Projects with Moderate and Low risk sub project)

ESMP Checklist for Construction and Rehabilitation Activities

PART A: GENERAL PROJECT AND SITE INFORMATION

INSTITUTIONAL & ADMINISTRATIVE				
Country	**Republic of North Macedonia**			
Project title	Agriculture Modernization Project			
Scope of project and activity	1. Improve competitiveness in selected agricultural sub-sectors and enhance public sector readiness for EU accession. 2. Promoting Agriculture Sector Competitiveness 3. Strengthening Institutional Capacity for Public Service Support 4. Project Management			
Institutional arrangements (Name and contacts)	WB (Project Team Leader)	Project Management	Local Counterpart and/or Recipient	
Implementation arrangements (Name and contacts)	Safeguard Supervision	Local Counterpart Supervision	Local Inspectorate Supervision	Contactor
SITE DESCRIPTION				
Name of site				
Describe site location			Attachment 1: Site Map [ ]Y [ ] N	
Who owns the land?				
Description of geographic, physical, biological, geological, hydrographic and socio-economic context				
Locations and distance for material sourcing, especially aggregates, water, stones?				
LEGISLATION				
Identify national & local legislation & permits that apply to project activity	▪ Law on Environment (Official Gazette No.53/05,81/05,24/07,159/08, 83/2009, 124/2010, 51/2011, 123/12, 93/13, 163/13, 42/14, 44/15 129/15, 192/15, 39/16, 99/18); ▪ Law on Waters (Official Gazette No. 87/08, 6 / 09, 161/09, 83/10, 51/11, 44/12, 163/13); ▪ Law on Waste (Official Gazette No. 68/04, 71/04, 107/07, 102/08, 134/08, 124/10 and 51/11, 123/12, 147/13, 163/13, 146/15, 192/15); ▪ List of Waste Types ("Official Gazette No. 100/05); ▪ Law on Nature Protection ("Official Gazette No. 67/06, 16/06, 84/07, 59/12,			

	13/13, 163/13, 146/15); ▪ Law on Noise Protection ("Official Gazette" No. 79/07, 124/10, 47/11, 163/13, 146/15); ▪ Law on Chemicals ("Official Gazette of the Republic of North Macedonia" No. 145/10, 53/11, 164/13, 116/15 and 149/15); ▪ Law on Ambient Air Quality (Official Gazette No. 67/04 with amendments Nos. 92/07, 35/10, 47/11, 59/12, 163/13, 10/15, 146/15); ▪ Law on Protection of Cultural Heritage (Official Gazette No. 20/04, 115/07, 18/11, 148/11, 23/13, 137/13, 164/13, 38/14, 44/14); ▪ Law on Occupational Health and Safety (Official Gazette No. 92/07, 98/10, 93/11, 136/11, 60/12, 23/13, 25/13, 164/13); ▪ Law for Health Protection (Official Gazette No. 07/07, 44/11, 145/12, 87/13); ▪ Law on Access to Public Information (Official Gazette of RM no. 13/06, 86/08, 06/10, 42/14, 148/15, 55/16); ▪ Law on agricultural products quality (Official Gazette of RM no. 140/10, 53/11, 55/12, 106/13, 116/15, 149/15, 193/15) ▪ Law on food safety (Official Gazette of RM no. 157/10, 53/11, 1/12, 164/13, 187/13, 43/14, 72/15, 84/15, 123/15, 129/15, 213/15, 39/16, 64/18) ▪ Law on Veterinary Health (Official Gazette of RM no. 113/07, 24/11, 136/11, 123/12, 154/15, 53/16) ▪ Law on animal by-products (Official Gazette of RM no. 113/07, 144/14, 149/15, 53/16) ▪ Law on Veterinary Medical Preparation (Official Gazette of RM no. 42/10, 136/11, 149/15, 53/16, 241/18) ▪ Law on animal by-products (Official Gazette of RM no. 113/07, 144/14, 149/15, 53/16), ▪ Law on Veterinary Health (Official Gazette of RM no. 113/07, 24/11, 136/11, 123/12, 154/15, 53/16). ▪ Law on forests (Official Gazette of RM no. 64/09, 24/11, 53/11, 25/13, 79/13, 147/13, 43/14). ▪ Law on Plant Health (Official Gazette of RM no. 29/05; 81/08; 20/09; 57/10; 17/11, 148/11)
PUBLIC CONSULTATION	
Identify when / where the public consultation process took place	The draft Environmental and Social Management Plan (ESMP) Checklist (for the projects with moderate and low risk) will be available for the public for 14 days on web site of the Municipalities (Resen, Strumica, Skopje, Sveti Nikole) and the web site of the MAFWE PMT. All relevant comments and suggestions received by the stakeholders will be included into the final ESMP checklist and will be submitted to the PMT for the approval by the MAFWE Environmental Expert and World Bank Specialist. Approved Final version of ESMP Checklist should be included in the Grant Agreement with the proponent and respective bidding documents and construction contracts.
INSTITUTIONAL CAPACITY BUILDING	
Will there be any capacity building?	[ ] N or [ ]Y if Yes, Attachment 2 includes the capacity building program

PART B: SAFEGUARDS INFORMATION

ENVIRONMENTAL /SOCIAL SCREENING			
	Activity	**Status**	**Triggered Actions**
Will the site activity include/involve any of the following??	A. Building rehabilitation	[**X**] Yes [ ] No	See Section **A** below
	B. New construction	[ ] Yes [**X**] No	See Section **A** below
	C. Individual wastewater treatment system	[ ] Yes [**X**] No	See Section **B** below
	D. Historic building(s) and districts	[ ] Yes [**X**] No **??**	See Section **C** below
	E. Acquisition of land[7]	[ ] Yes [**X**] No	See Section **D** below
	F. Hazardous or toxic materials[8]	[**X**] Yes [ ] No	See Section **E** below
	G. Impacts on forests and/or protected areas	[ ] Yes [**X**] No	See Section **F** below
	H. Handling / management of medical waste	[ ] Yes [**X**] No	See Section **G** below
	I. Traffic and Pedestrian Safety	[**X**] Yes [ ] No	See Section **H** below

[7] Land acquisitions includes displacement of people, change of livelihood encroachment on private property this is to land that is purchased/transferred and affects people who are living and/or squatters and/or operate a business (kiosks) on land that is being acquired.

[8] Toxic / hazardous material includes but is not limited to asbestos, toxic paints, noxious solvents, removal of lead paint, etc.

PART C: MITIGATION MEASURES

ACTIVITY	PARAMETER	MITIGATION MEASURES CHECKLIST
0. General Conditions	Notification and Worker Safety	(a) The local construction and environment inspectorates and communities have been notified of upcoming activities (b) The public has been notified of the works through appropriate notification in the media and/or at publicly accessible sites (including the site of the works) (c) All legally required permits have been acquired for construction and/or rehabilitation (d) Preparation and implementation of the Site Management Plan; ▯ Appropriate installation of signposting of the project site will inform workers of key rules and regulations to follow; ▯ Ensure appropriate marking out and out of the construction site /section by section; ▯ access to the family houses, markets, play yards for kids, village church should beprovided; ▯ Placed warning tapes signalizing forbidden entrance of unemployedpersons. (e) The Contractor formally agrees that all work will be carried out in a safe and disciplined manner designed to minimize impacts on neighboring residents and environment. (f) Workers' PPE will comply with international good practice (always hardhats, as needed masks and safety glasses, harnesses and safety boots) (g) Appropriate signposting of the sites will inform workers of key rules and regulations to follow (h) Community and Worker's OH&S measures should be applied (first aid, protective clothes for the workers, appropriate machines and tools) (i) Constant presence of firefighting devices should be ensured in case of fire or other damage. Their position is communicated to workers and marked. The level of fire-fighting equipment must be assessed and evaluated through a typical risk assessment;
A. General Rehabilitation and /or Construction Activities	Air Quality	(a) During interior demolition debris-chutes shall be used above the firstfloor (b) Demolition debris shall be kept in controlled area and sprayed with water mist to reduce debrisdust (c) During pneumatic drilling/wall destruction dust shall be suppressed by ongoing water spraying and/or installing dust screen enclosures at site (d) The surrounding environment (side walks, roads) shall be kept free of debris to minimizedust (e) There will be no open burning of construction / waste material at the site (f) There will be no excessive idling of construction vehicles at sites (g) To minimize dust the construction materials should be stored in appropriate places and becovered (h) Ensure all transportation vehicles and machinery is regularly maintained and attested
	Noise	(a) Construction noise will be limited to restricted times agreed to in thepermit (b) During operations the engine covers of generators, air compressors and other powered mechanical equipment shall be closed, and equipment placed as far away from residential areas as possible
	Water Quality	(a) The site will establish appropriate erosion and sediment control measures such as e.g. hay bales and / or silt fences to prevent sediment from moving off site and causing excessive turbidity in nearby streams andrivers. (b) Organization of proper storage, handling and daily refilling the hazardous materials.
	Waste management	(a) Waste collection and disposal pathways and sites will be identified for all major waste types expected from demolition and construction activities. (b) Mineral construction and demolition wastes will be separated from general refuse, organic, liquid and chemical wastes by on-site sorting and stored in appropriate containers.

		(c) Construction waste will be collected and disposed properly by licensedcollectors (d) Communal service enterprise for waste collection is the responsible for communal and inert waste collection and transportation within the Municipality. The waste disposal will be performed in the local landfill. For the expected waste types from cleaning and rehabilitation activities the waste collection and disposal pathways and sites will be identified (e) The construction waste will be separated from the general waste, liquid and chemical waste on site, by sorting in appropriate containers (f) For the possible hazardous waste (motor oils, vehicle fuels) an authorized collector needs to be appointed to collect and dispose of it properly (g) The materials should be covered during the transportation to avoid waste dispersion (h) The records of waste disposal will be maintained as prooffor proper management as designed (i) Whenever feasible the contractor will reuse and recycle appropriate and viable materials (except asbestos)
B. Individual wastewater treatment system	Water Quality	(a) The approach to handling sanitary wastes and wastewater from building sites (installation or reconstruction) must be approved by the local authorities (b) Before being discharged into receiving waters, effluents from individual wastewater systems must be treated in order to meet the minimal quality criteria set out by national guidelines on effluent quality and wastewater treatment (c) Monitoring of new wastewater systems (before/after) will be carried out (d) Construction vehicles and machinery will be washed only in designated areas where runoff will not pollute natural surface water bodies. (e) There will be procedures for prevention of and response to accidental spills of fuels, lubricants and other toxic or noxious substances.
C. Historic building(s)	Cultural Heritage	(a) If the building is a designated historic structure, very close to such a structure, or located in a designated historic district, notification shall be made and approvals/permits be obtained from local authorities and all construction activities planned and carried out in line with local and national legislation. (b) It shall be ensured that provisions are put in place so that artifacts or other possible "chance finds" encountered in excavation or construction are noted and registered, responsible officials contacted, and works activities delayed or modified to account for such finds.

ACTIVITY	**PARAMETER**	**MITIGATION MEASURES CHECKLIST**
D. Acquisition of land	Land Acquisition Plan/Framework	(a) If expropriation of land was not expected but is required, or if loss of access to income of legal or illegal users of land was not expected but may occur, that the Bank's Task Team Leader shall be immediately consulted. (b) The approved Land Acquisition Plan/Framework (if required by the project) will beimplemented
E. Toxic Materials	Asbestos management	(a) If asbestos is located on the project site, it shall be marked clearly as hazardous material (b) When possible the asbestos will be appropriately contained and sealed to minimizeexposure (c) The asbestos prior to removal (if removal is necessary) will be treated with a wetting agent to minimize asbestos dust (d) Asbestos will be handled and disposed by skilled & experiencedprofessionals (e) For the workers - the personal protective equipment must be provided to all workers (full body covering including the head, water proof foot and hand protection and eye protection, dust mask with special HEPA filter (f) If asbestos material is be stored temporarily, the wastes should be securely enclosed inside closed containments and marked appropriately. Security measures will be taken against unauthorized removal from thesite. (g) Restrict access to the removal area to those people directly involved in the asbestos removal and site supervisor and municipal inspectors (h) The removed asbestos will not be reused

	Toxic / hazardous waste management	(a) Temporarily storage on site of all hazardous or toxic substances will be in safe containers labeled with details of composition, properties and handling information (b) The containers of hazardous substances shall be placed in an leak-proof container to prevent spillage and leaching (c) The wastes shall be transported by specially licensed carriers and disposed in a licensed facility. (d) Paints with toxic ingredients or solvents or lead-based paints will not beused (e) Hazardous waste should not be mixed and will be transported and handled only by licensed companies in line with the national regulation
F. Affected forests, wetlands and/or protected areas	Protection	(a) All recognized natural habitats, wetlands and protected areas in the immediate vicinity of the activity will not be damaged or exploited, all staff will be strictly prohibited from hunting, foraging, logging or other damaging activities. (b) A survey and an inventory shall be made of large trees in the vicinity of the construction activity, large trees shall be marked and cordoned off with fencing, their root system protected, and any damage to the trees avoided (c) Adjacent wetlands and streams shall be protected from construction site run-off with appropriate erosion and sediment control feature to include by not limited to hay bales and silt fences (d) There will be no unlicensed borrow pits, quarries or waste dumps in adjacent areas, especially not in protected areas.
G. Disposal of medical waste	Infrastructure for medical waste management	(a) In compliance with national regulations the contractor will insure that newly constructed and/or rehabilitated health care facilities include sufficient infrastructure for medical waste handling and disposal; this includes and not limited to: ▪ Special facilities for segregated healthcare waste (including soiled instruments “sharps”, and human tissue or fluids) from other waste disposal; and ▪ Appropriate storage facilities for medical waste are in place; and ▪ If the activity includes facility-based treatment, appropriate disposal options are in place and operational
H Traffic and Pedestrian Safety	Direct or indirect hazards to public traffic and pedestrians by construction activities	(b) In compliance with national regulations the contractor will insure that the construction site is properly secured and construction related traffic regulated. This includes but is not limited to ▪ Signposting, warning signs, barriers and traffic diversions: site will be clearly visible and the public warned of all potential hazards ▪ Traffic management system and staff training, especially for site access and near-site heavy traffic. Provision of safe passages and crossings for pedestrians where construction traffic interferes. ▪ Adjustment of working hours to local traffic patterns, e.g. avoiding major transport activities during rush hours or times of livestock movement ▪ Active traffic management by trained and visible staff at the site, if required for safe and convenient passage for the public. ▪ Ensuring safe and continuous access to office facilities, shops and residences during renovation activities, if the buildings stay open for the public.

PART D: MONITORING PLAN

Phase	What (Is the parameter to be monitored?)	Where (Is the parameter to be monitored?)	How (Is the parameter to be monitored?)	When (Define the frequency / or continuous?)	Why (Is the parameter being monitored?)	Cost (if not included in project budget)	Who (Is responsible for monitoring?)
During activity **preparation**	site access traffic management availability of waste disposal facilities	at the site at the site in site vicinity	check if design and project planning foresee diligent procedures	before launch of construction/rehabilitation	safety of general public, timely detection of waste disposal bottlenecks	Marginal within budget	Contractor, Engineer
During activity **implementation**	hazardous waste inventory (asbestos) construction material quality control (eg. paints / solvents)	on site Contractor's store / building yard	visual / analytical if in doubt visual / research in toxic materials databases	before start of rehabilitation works before approval to use materials	public and workplace health and safety	Marginal within budget; (prepare special account for analyses at PMT?)	Contractor, Engineer
During activity **supervision**	dust generation noise emissions wastewater volumes & quality waste types and volumes	on site and in immediate neighborhood, close to potential impacted residents	visual consultation of locals visual, analytical if suspicious count of waste transports off site	daily daily daily / continuous every batch	avoidance of public nuisance avoidance of negative impacts on ground/ surface waters ensuring proper waste management and disposal	Marginal within budget	Contractor, Engineer

Annex 5 Environmental and Social Screening Checklist

Part 1 (to be completed by MAFWE)

1. Subproject Name and Code:

2. **Brief Description of Subproject** to include: nature of the project, project cost, physical size, site area, location, property ownership, existence of on-going operations, plans for expansion or new construction (the description can be copied from the subproject proposal and attached).

3. **Will the project have impacts on the environmental and social parameters** listed below during the construction or operational phases? Indicate, with a check, during which phase impacts will occur and whether mitigation measures are required.
Explain what land needs will be needed and identify who owns the land, who is using the land, and/ or how land will be acquired.

Part 2 (to be completed by the MAFWE based on the findings of the environmental screening and scoping process)

Project Environmental Risk Category (Substantial or Moderate) _____

ESIA and/or ESMP is required (yes or no) _____

What are the specific issues to be addressed in the ESIA/ESMP?

E&S Screener: **Date:**

ENVIRONMENTAL SCREENING CHECKLIST

1. Sub-Project Name:

2. Brief Description of Sub-project to include: nature of the project, project cost, physical size, site area, location, property ownership, existence of on-going operations, plans for expansion or new construction (the description can be copied from the subproject proposal and attached)

3. Will the project have impacts on the environmental parameters listed below during the construction or operational phases? Indicate, with a check, during which phase impacts will occur and whether mitigation measures are required.

Environmental Component	Construction Phase	Operational Phase	Proposed Mitigation Measures
Terrestrial environment			
Soil Erosion: does the project involves crop agriculture? If so, which crops? Is agricultural field is located on the slopes and/or on the plain areas? Will the project involve ploughing/plant cultivation on the slopes?			
Soil Salinization and waterlogging: does the project use irrigation? If yes, are there any features of waterlogging and salinization noticed? At what rate?			
Habitats and Biodiversity Loss: Will the project involve use or modification of natural habitats (pasturing on and ploughing up the steppe areas, cutting or removal of trees or other natural vegetation, etc.)			
Soil pollution: Will the project applies pesticides? If yes which types and their amount? Will the project use machinery with badly managed fuel and lubricants system?			
Land, habitats & ecosystems degradation: Is the area which is to be used currently a natural (not converted) habitat (forest, wetland, natural grassland, etc.)?			
Land degradation: Will the project involve land excavation?			
Generation of solid wastes - what type of wastes will be generated (various types of construction wastes, wastes from agro-processing activities, livestock manure) and their approximate amount			
Generation of toxic wastes - what types of toxic waste will be generated (obsolete and unusable pesticides and mineral fertilizers; chemicals used in agro-processing activities; asbestos) and their approximate amount.			

Environmental / Social Component	Construction Phase	Operational Phase	Proposed Mitigation Measures
Biodiversity and Habitats Loss: Will the project located in vicinity of protected areas or other sensitive areas supporting important habitats of natural fauna and flora?			
Underground water pollution - if the project involves production of stall fed livestock does it has a manure platform?			
Construction			
Air quality: Will the project provide pollutant emissions? Which types of pollutants (SOx, NOx, solid particles, dioxins, furans, etc)			
Aquatic environment			
Water Quantity: will the project involve water use? Which volumes and from which water source (centralized water supply system and/or from water			
Water Quality/Pollution: Will the project contribute to surface water pollution - what will be the approximate volumes of waste water discharge? Does the project involve discharges of waste waters in water reservoirs and/or in centralized sanitation network/septic tank?			
Loss of Biodiversity: Will the project involve introduction of alien species (in case of aquaculture projects)?			
Loss of Biodiversity: Will the project located in vicinity of protected area or wetlands?			
Degradation of natural aquatic ecosystems - if the project involves discharges in water courses and reservoirs of solid wastes; pesticides; cutting of protective shelterbelts.			
Weeds, pests, diseases: will the project contribute to spreading of weeds, pests and animal and plant			
Sedimentation of water bodies - will the project contribute to sedimentation of water bodies due to soil erosion ?			
Socio-economic environment			
Social impacts - does the project involve the following: (a) occupational safety issues; (b) health hazards; (c) involuntary land acquisition or displacement of third parties using land; (d) loss of access to sources of income; (e) loss of physical and/or economic assets; and (f) disturbance of residents living near the project area.			
Does the project per national legislation require public consultation to consider local people environmental concerns and inputs?			
Will the project assure non-deterioration of human health, occupational safety and non-disturbance of residents living near project area? If no, is it possible by applying proposed mitigation measures to reduce the project environmental and social impacts to admissible			

Is the proposed project likely to negatively affect the income levels or employment opportunities of vulnerable groups?			
Is the project likely to significantly affect the cultural traditions of affected communities, including gender-based roles?			

4. Results of Environmental and Social Screening

☐ Risk Category "High". Significant impact, exclude from financing ☐ Risk Category "Substantial". Limited or temporary impact ☐ Risk Category "Moderate". Limited or temporary impact ☐ Risk Category "Low". No impact	Prepared by: Name and Signature: Designation: Date: Approved by: Name and Signature: Designation: Date:

Annex 6 Summary of the public hearing/consultation meeting for draft version of "Environmental and social Management Framework", "Resettlement Policy Framework" "Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in the Republic of North Macedonia", "Labor Management Plan" and "Stakeholder Engagement Plan" for the Agriculture Modernization Project

Place	Ministry of Agriculture, Forestry and Water Economy: – Date 11.11.2019, Ministry of Agriculture, Forestry and Water Economy st. Aminta Treti n. 2, 1000 Skopje, duration 11.00 – 12.30 o'clock.
Aim	The purpose of the event was to present draft versions of the prepared documents "Environmental and social Management Framework", "Resettlement Policy Framework", "Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in RNM", "Stakeholder Engagement Plan" and "Labor Management Procedures" for Agriculture Modernization Project and collecting comments and remarks from various stakeholders. The five documents have been prepared within the Agriculture Modernization Project of the RNM with the aim for investment in modernization of agriculture and expansion of access to markets through advisory services and establishment of procurement and distribution centers, which will increase capacity to adopt technology and innovation and increase competitiveness of the sector through implementation of improved production practices by the agricultural producers and increased access to domestic and international markets. All documents were published on the MAFWE web site on 06.11.2019.
Invited	Invitations were sent to various stakeholders across the country related to the Agriculture Modernization Project (national institutions, agricultural associations, farmers, NGOs dealing with environmental and social issues).
Participants	8 representatives from the Ministry of Agriculture, Forestry and Water Economy participated in the public debate.
Presentation Techniques	Power Point presentation was prepared by the Consultant with key findings from the "Environmental and social Management Framework", "Resettlement Policy Framework", "Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in RNM", "Stakeholder Engagement Plan" and "Labor Management Procedures" for Agriculture Modernization Project and were presented environmental and social due diligence procedures in accordance with national legislation and policies of the World Bank.
Announcement for holding public hearings	1. Public Notice and Announcement of the Public Hearing were posted on MAFWE website (http://www.mzsv.gov.mk/Events.aspx?IdRoot=1&IdLanguage=1&News=769), also the draft version of the prepared documents Environmental and social Management Framework", "Resettlement Policy Framework", "Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in RNM", "Stakeholder Engagement Plan" and "Labor Management Procedures" are disclosed on the website. 2. The official invitation from MAFWE for the public event was sent to many stakeholders from relevant national and local level institutions, NGOs, professional associations etc. on 06.11.2019. 3. Minutes of the Meeting, List of Participants and Photographs of the Public Hearing are given in Annex 1.
Conclusion and comments	Participants on the public hearing were satisfied with the prepared documents and expressed an interest in the subcontractors' responsibility for meeting the

	environmental and social criteria, as well as the energy efficiency segment taken into account in the preparation of the documents.
Conclusion	At this stage, the Agreement with the Bank has not yet been signed and the Bank wishes to hear public opinion on these five prepared documents. After the signing of the Contract the details of the specific activities for each of the components and sub-projects involved will be known.
Responsibilities	The Environmental and social Expert will review the documents in accordance with the comments received and will also prepare a Summary of the Public Hearings and include them in the final version of the documents "Environmental and social Management Framework", "Resettlement Policy Framework", "Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in RNM", "Stakeholder Engagement Plan" and "Labor Management Procedures". Final version of the documents "Environmental and social Management Framework", "Resettlement Policy Framework", "Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in RNM", "Stakeholder Engagement Plan" and "Labor Management Procedures" will be submitted to the World Bank for final review and approval.

Annex 1 Minutes of meeting from the Public hearing event in the Ministry of Agriculture, Forestry & Water Economy on “Environmental and social Management Framework”, “Resettlement Policy Framework”, “Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in the Republic of North Macedonia”, “Labor Management Plan” and “Stakeholder Engagement Plan" for Agriculture Modernization Project
(11.11.2019)

On the 11.11.2019 at 11:30 o’clock at the premises of the Ministry of Agriculture, Forestry and Water Economy of the Republic of North Macedonia public hearing event on Environmental and social Management Framework”, “Resettlement Policy Framework”, “Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in the Republic of North Macedonia”, “Labor Management Plan” and “Stakeholder Engagement Plan" was held.

The Notice and the Announcement for holding a public hearing on the draft documents were published on the website of the Ministry of Agriculture, Forestry and Water Economy and they are given in Annex 1 and Annex 2

At the public hearing attended 8 representatives from the Ministry of Agriculture, Forestry and Water Economy. The List of participants is given in Annex 3.

Mrs. Slavjanka Pejcinovska - Andonova, representative of the “EcoMosaic” Technical Consulting Company who prepared the draft documents gave a brief overview of the World Bank Agriculture Modernization Project.

The project envisages support for investment in modernization of agriculture and expansion of access to markets through advisory services and establishment of procurement and distribution centers, which will increase capacity to adopt technology and innovation and increase competitiveness of the sector through implementation of improved production practices by the agricultural producers and increased access to domestic and international markets.

The project's development objective is to improve competitiveness and strengthen public institutions in the agricultural sector. The project will be implemented throughout the country and will contain the following components:

Component 1: aims at enhancing farm-level competitiveness and fostering agricultural produce aggregation and market integration of farmers. It includes support for setting up: (a)

an advisory network linking manufacturers and buyers with a wide range of knowledge and directing quality advisory services and (b) a distribution center.

Component 2: aims at enhancing public support services, including the capacity to design and deliver effective support to the agriculture sector. This component aims to improve the services that public institutions provide to users, including the capacity to design and support the agricultural sector. It will: (a) strengthen the Rural Development Department of the Ministry of Agriculture, Forestry and Water Economy in its policy-making and monitoring functions, (b) support the Paying Agency to increase the capacity to implement newly accredited rural infrastructure measures and (c) support from the Food Safety Agency.

Following a brief introduction to the Project, Mrs. Slavjanka Pejcinovska - Andonova presented the environmental aspects of the document "Environmental Management Framework and Social Aspects". Mrs. Andonova pointed out that the expected sub-projects to be implemented under the Agriculture Modernization Project are expected to be medium- risk projects (construction of fruit and vegetable storage centers in Resenand Strumica, agri-platform food in Skopje, facility for processing animal by-products and their safe disposal) and low-risk projects (reconstruction of the facility of the Agency for Financial Support of Agriculture and Rural Development and its equipping). During the implementation of the projects MAFWE as the project developer needs to follow the environmental impact assessment procedures of the projects in accordance with national legislation and World Bank policy. She explained the procedures through concrete examples and presented all screening forms and impact assessment instruments.

During the public debate the “Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in the Republic of North Macedonia” was also presented, the document containing all measures and activities related to environmental protection and the social aspects that the MAFWE needs to implement.

Mrs. Slavjanka Pejcinovska - Andonova also presented the "Stakeholder Engagement Plan" which is a particularly important document in terms of timely identification and involvement of stakeholders who need to be familiar with project activities during their implementation, as well as the possibility of expressing grievances from the realization of the project activities and resolving them according to the established procedure.

The social aspects that are part of the "Environmental and Social Management Framework", "Resettlement Policy Framework", "Labor Management Procedures" were also briefly presented by Mrs. Slavjanka Pejcinovska - Andonova.

After the presentation of the main goals and the meaning of the documents, the discussion began.

Representatives of MAFWE expressed particular satisfaction and had positive comments on the detail and wide range of information summarized in the prepared documents.

Mrs. Vase Simovska Boshkova commented on the possibilities for inclusion of packaging waste from used pesticides and irrigation water as environmental issues.

Mrs. Slavjanka Pejcinovska - Andonova commented that these segments are not included in the document "Environmental and Social Management Framework" since they are not relevant to the activities envisaged by the realization of the Agiculture Modernization Project. The Consultant also pointed out that this is a general document that includes all sub-projects, while the preparation of the relevant environmental and social document for the specific sub-project will contain details of all aspects.

Mrs. Maja Lazareska Joveski had a question regarding the energy efficiency segment and was it taken into consideration?

Mrs. Slavjanka Pejcinovska - Andonova pointed out that energy efficiency is still involved in the preparation of project documentation so that the construction of the facilities will be with best available and apropriate materials that in addition to energy savings will indirectly provide environmental protection.

Mr. Igor Agovski expressed doubts about how subcontractors will be able to fulfill the obligations that are obligatory to perform by Contractors regarding environmental and social aspects.

Mrs. Slavjanka Pejcinovska - Andonova emphasized that the Contractor will be responsible for meeting the required criteria of the subcontractors who will hire them to perform part of the project activities.

The Summary Report of the public hearing will be prepared and included in the final version of the documents. The final version of the "Environmental and Social Management Framework" and "Resettlement Policy Framework" will be submitted to the MAFWE and the World Bank.

Photos from the public hearing event are attached in Annex 4.

After conducting the public hearing event Mrs. Vase Simovska-Boskova, Head of the Agricultural Policy Analysis Department at MAFWE, commented on the prepared document "Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in the Republic of North Macedonia" that need to be added the Law on Organization and Operation of the State Administration Bodies, in order to extend the scope of competences of the Ministry of Agriculture, Forestry and Water Economy, as per the current legal solution in Article 21 of the Law Organization and work of the state administration bodies MAFWE has no competences for analysis and management of the environment and social conditions, risks and impacts.

The comment was taken into consideration and incorporated the aforementioned Law with its amendment to the final version of the document "Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in the Republic of North Macedonia".

Skopje, 15.11. 2019

Annex 1 Announcement for conducting a public hearing in the Ministry of Agriculture, Forestry and Water Economy

Ministry of Agriculture, Forestry and Water Economy
Agriculture Modernization Project

ANNOUNCEMENT
for document availability and public hearing for the documents "Environmental and Social Management Framework" and "Resettlement Policy Framework"
for the Agriculture Modernization Project

The Ministry of Agriculture, Forestry and Water Economy of the Republic of North Macedonia (RNM), through the Government of RNM, has submitted an application to the World Bank for funds aimed towards improving competitiveness and strengthening of the public institutions in the agricultural sector. Through advisory services and establishment of purchasing and distribution centres, the project aims to increase capacity to adopt technology and innovate and increase sector competitiveness through uptake of improved production practices by agricultural producers and increased access to domestic and international markets.

The following documents have been prepared in order to timely identify the potential adverse environmental and social impact from the realization of the project activities and engagement of the stakeholders:

- "Environmental and Social Management Framework" with included "Labor Management Plan" and "Stakeholder Engagement Plan";
- "Resettlement Policy Framework";
- "Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in RNM"

The documents have been prepared in accordance with the national legislation and the World Bank's requirements.

The documents have been made available at the website of the Ministry of Agriculture, Forestry and Water Economy (http://www.mzsv.gov.mk). Your comments can be submitted within 14 days as of the day of posting of the documents on the website.

The presentation of the main findings of the prepared documents shall be made at the public hearing to be held in the premises of the Ministry of Agriculture, Forestry and Water Economy on 11.11.2019 at 11 hrs.

Your comments can be submitted within 14 days as of the day of posting of the documents on the website or can be sent in writing at the following address: Ministry of Agriculture, Forestry and Water Economy of the Republic of North Macedonia, Aminta III No 2 , 1000 Skopje.

The main findings of the prepared documents shall be presented at the public hearing to be held in the premises of the Ministry of Agriculture, Forestry and Water Economy of the Republic of North Macedonia on 11.11.2019 at 11 hrs. The minutes from the public hearing

shall be sent to all interested parties who have submitted the comments through their contacts (submitted e-mail addresses/ post addresses).

The Ministry of Agriculture, Forestry and Water Economy hereby invites all stakeholders, institutions and individuals to attend the public hearing on the framework documents for the project and provide their comments and suggestions on the developed documents.

Ministry of Agriculture, Forestry and Water Economy
of the Republic of North Macedonia

Annex 2 Announcement for conducting a public hearing on the website of the Ministry of Agriculture, Forestry and Water Economy

Република Северна Македонија
Министерство за земјоделство, шумарство и водостопанство

Почетна | Министерство | Односи со јавност | Јавни огласи и повици | Документи | Органско производство

Јавни Огласи

ИЗВЕСТУВАЊЕ за достапност на документи и одржување на јавна расправа за документите "Рамка за управување со животна средина и социјални прашања" и "Рамка на политиката за раселување" за Проект за модернизација на земјоделството

06.11.2019 15:00:00

Република Северна Македонија

Министерство за земјоделство, шумарство и водостопанство

Министерството за земјоделство, шумарство и водостопанство на Република Северна Македонија (РСМ) преку Владата на РСМ аплицираше во Светска Банка за добивање на финансиски средства со цел подобрување на конкурентноста и зајакнување на јавните институции во земјоделскиот сектор. Преку советодавни услуги и формирање на центри за набавки и дистрибуција, проектот има за цел да го зголеми капацитетот за усвојување на технологија и иновации и зголемување на конкурентноста на секторот преку преземање на подобрени производствени практики од страна на земјоделските производители и зголемен пристап до домашните и меѓународните пазари.

Со цел навремено идентификување на можни негативни влијанија врз животната средина и социјалните аспекти од

Јавни огласи и повици

Известување од Човечки ресурси

ИЗВЕСТУВАЊЕ за достапност на документи и одржување на јавна расправа за документите "Рамка за управување со животна средина и социјални прашања" и "Рамка на

Влада на Република Северна Македонија

Агенција за финансиска поддршка во земјоделството и руралниот развој

Регистри на државно земјоделско земјиште

Електронско наддавање

Annex 3 List of participants on the public hearing event on “Environmental and social Management Framework”, “Resettlement Policy Framework”, “Labor Management Plan” and “Stakeholder Engagement Plan", “Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in the Republic of North Macedonia” for Agriculture Modernization Project in the North Macedonia

Проект за модернизација на земјоделството

Листа на присутни

на Јавна расправа за документи “Рамка за управување со животна средина и социјални прашања” со вклучени “План за управување со работна сила” и “План за вклучување на засегнати страни” и “Рамка за политиката за раселување“ и “Акционен План за реализација на мерки за животна средина и социјални аспекти во рамки на Проектот за модернизација на земјоделството во РСМ,

Скопје (11.11.2019 год)

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Annex 4 Photos from the public hearing event on “Environmental and social Management Framework”, “Resettlement Policy Framework”, “Labor Management Plan” and “Stakeholder Engagement Plan", “Action Plan for realization of environmental and social measures within the Agriculture Modernization Project in the Republic of North Macedonia” for Agriculture Modernization Project in the Republic of North Macedonia.