

Contingency Emergency Response Component

Environmental and Social Management Framework

Local Roads Connectivity Project (LRCP), Republic
of North Macedonia

June 2020

EXECUTIVE SUMMARY

This Report presents Environmental and Social Management Framework (ESMF) to address environmental and social issues relating to Contingency Emergency Response Component (CERC), Component 4 of the Local Roads Connectivity Project of Government of North Macedonia.

This document responds to requirement to address Paragraphs 12-14 “Projects in Situations of Urgent Need of Assistance or Capacity Constraints” apply to CERCs when they are triggered. In this case CERC supports implementation of Government of North Macedonia’s Decrees on the Financial Support of Private Sector Employers Affected by the Health and Economic Crisis caused by the COVID 19 Virus that establishes an income support scheme for the months of April, May and June 2020.

In particular, this ESMF:

- Identifies indicative CERC-related activities.
- Defines procedures to assess the environmental and social impacts of these activities.
- Sets out measures/plans to reduce, mitigate and/or offset adverse impacts

In order to ensure that CERC subproject activities comply with the requirements of the Bank’s Environmental and Social Framework (ESF) and inherent standards (Environmental and Social Standards - ESSs), a negative list of activities, not eligible for financing, was developed to provide guidance on critical productions and services which may be eligible for financing.

CERC negative activities include the WB Group general exclusion list, including, but not limited to: activities causing Significant conversion or degradation of critical forest area, dealing with Environmental hazardous goods, Tobacco production, processing or marketing, Manufacturing of firearms and production or trade in alcoholic beverages, excluding beer and wine production as well as hospitality industry. In addition, companies, causing significant impact to waterways, significant OHS issues, impact to cultural heritage and protected areas will also not be eligible for financing. Based on the negative list, the Client developed a questionnaire that will be used for screening supported entities and activities. Entities covered under the questionnaire will not receive support from the Bank credit line, separate from other credit lines created for the same purpose.

The project is financing only working capital (wages) in the sectors critically struck by COVID-19 lockdown, however, given the limited time in which the CERC component was prepared and consulted with stakeholders, and the equally limited time in which it needs to be implemented, the risk rating for this CERC component is **substantial**.

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ABBREVIATIONS

E&S	Environmental and Social
ECP	Environmental Commitment Plan
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
CERC	Contingency Emergency Response Component
RNM	Republic of North Macedonia
GRM	Grievance Redress Mechanism
GRS	Grievance Redress Service
LESIA	Limited Environmental Social Impact Assessment
LRCP	Local Roads Connectivity Project
LSGUs	Local Self-Government Units
MoF	Ministry of Finance
GS	General Secretariat
NGO	Non Governmental organization
OG	Official Gazette
OH&S	Occupational Health and Safety
OIP	Other Interested Parties
PE	Public Enterprise
PECU	Project Emergency Compliance Unit
SEP	Stakeholder Engagement Plan
WB	World Bank

1 Introduction

1.1 Background

The Government of North Macedonia (GoM) received financing from the World Bank/IDA for implementing in the Local Roads Connectivity Project which has as development objective the improvement of government capacity to manage local roads and improve access to markets and services. The Project's loan amount is EURO 70 million, of which US\$ 0 was allocated to the Contingency Emergency Response Component ("CERC") component. Consistent with the Project's development objective, the CERC funds will finance post-disaster emergency recovery eligible expenditures in support the Government's rapid emergency response efforts.

This Environmental and Social Management Framework ("ESMF") addresses Environmental and Social instruments relating to Component 4 of the Local Roads Connectivity Project of Government of North Macedonia - the CERC.

1.2 Scope

The CERC Technical Annex for Local Roads Connectivity Project is designed to assist implementation of income support scheme established by the Government of North Macedonia as part of its COVID 19 crisis response program and the modalities of funding of the scheme by the World Bank under the Contingency Emergency Response Component (CERC) of the Local Roads Connectivity Project.

The income support scheme is institutionalized under the Government's Decrees on the Financial Support of Private Sector Employers Affected by the Health and Economic Crisis caused by the COVID 19 Virus that establishes an income support scheme for the months of April, May and June 2020 (hereinafter "the Decrees"). The fundamental objective of the scheme is to enable employers to keep employees on their payroll during the crisis, so that they can restart their operations quickly and efficiently following the crisis.

1.3 Project Description

The COVID-19 pandemic presents Governments all over the world with unprecedented challenges. Current circumstances require a highly adaptive responsive management design to avoid, minimize and manage what may be a rapidly evolving situation. This is why, all parties involved in project implementation will have to use reasonable efforts, recognizing that what may be possible today may be different next week (both positively, because more supplies and guidance may be available, and negatively, because the spread of the virus may have accelerated).

In order to mitigate the crisis and prevent further spreading of the disease many countries, including the Republic of North Macedonia (RNM), were forced to issue lockdown measures for non vital enterprises and (economic) activities.

Full or partial lockdown measures are now affecting almost 2.7 billion workers globally, representing around 81 per cent of the world's workforce. In the current situation, businesses across a range of economic sectors are facing catastrophic losses, which threaten their operations and solvency, especially among smaller enterprises, while millions of workers are vulnerable to income loss and layoffs. The majority of job losses and declining working hours will occur in hardest-hit sectors. Key sectors include retail trade, accommodation and food services, and manufacturing. Without appropriate policy measures, workers face a high risk of falling into poverty and will experience greater challenges in regaining their

livelihoods during the recovery period.¹

North Macedonia is an upper-middle-income country that has made great strides in reforming its economy over the past decade. Following strong economic growth during the period 2002–08 averaging 4.3%, average GDP growth has declined to 2.1% per year since 2009. The main drivers of growth since 2009 have been construction, industry, and wholesale and retail trade.² Although North Macedonia reached the historical low point of the unemployment rate of 16.6% in January 2020, due to the global pandemic the unemployment rate was predicted to rise to over 19% by the end of the first quarter of 2020. This number is predicted to rise to over 22% by the end of the year.

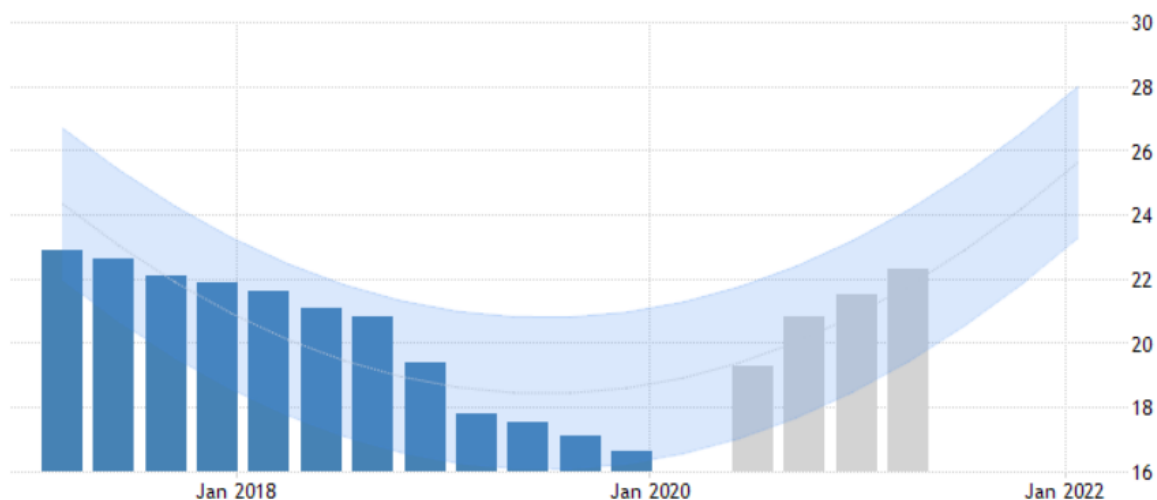


Figure 1: Unemployment rate prediction in North Macedonia
(Source: www.tradingeconomic.com / State Statistical Office of North Macedonia)

In such circumstances, the Local Road Modernization Project (LRCP) financed by the World Bank activated the Contingency Emergency Response Component redirecting a total of 50 million Euros for emergency fiscal response (the CERC) to support The Financial Support of Private Sector Employers Affected by the Health and Economic Crisis Caused by The Covid-19 Virus, for the Payment of Salaries for Months of April, May and June 2020 implemented by the Government of RNM.

The CERC will finance the subsidy of wages in the means of grant funds assigned to any eligible companies that have been forced to close their physical point of sale or that have experienced a reduction in revenues but were not ordered to close. The eligibility of companies applying for the grant funds will be determined through a multi-criteria screening process upon receiving the respective applications.

Companies excluded from financing are as follows:

- Companies that employ more than 250 employees
- Companies that are not viable (see “Viability Filter” below):
- Companies that do not fulfill their tax obligations (owe more than 5000 Euros)

¹ International Labor Organization (ILO): ILO Monitor: COVID-19 and the world of work; Second edition Updated estimates and analysis (accessed April 20, 2020) https://www.ilo.org/wcmsp5/groups/public/@dgreports/@dcomm/documents/briefingnote/wcms_740877.pdf

² World Bank in North Macedonia, Overview

- Companies that have losses two years in a row
- Companies that are 90 and more days in delay for fulfilling their loan obligations.

2 Implementation Arrangements

In the event of public health emergency due to Covid 19 pandemic and desire to extend support to enterprises affected by the pandemic, the implementation of CERC will be carried out by the General Secretariat of the Government (GS). The team from the GS will be led by the Head of the Finance Department and comprised of GS civil servants who will be responsible for the implementation of Covid-19 response measures financed under the national funds, and will be supported by outsourcing fiduciary and other necessary services to be provided by consultants currently working in project implementation agencies responsible for different World Bank financed projects. Two teams from the project implementation units (PIU) of the existing World Bank projects will be created:

- a. First team for Financial management which will comprise of 2 persons including one from Municipal Service Improvement Project - MSIP PIU (Ministry of Finance) and one from Local Roads Connectivity Project LRCP PIU (Ministry of Transport and Communication). This team will be coordinated by the MSIP PIU; and
- b. Second team for Social and Environmental safeguards will be also comprised of 2 persons including one from MSIP PIU (Ministry of Finance) and one from Road Upgrading and Development Project - RUDP PIU (Public Enterprise for State Roads). This team will be also coordinated by the MSIP PIU.

Above-mentioned local consultants will need to have contracts with the GS and will be free of charge or symbolically paid from the GS (if the local consultants are engaged for more than 2 months the reasonable compensation for their involvement will be paid by the GS). The team from the GS civil servants and two teams composed of the PIU local staff will be organized in one unit named Project Emergency Compliance Unit (PECU). The PECU will be the lead agency within the Government of North Macedonia responsible for the implementation of emergency activities, including all aspects related to procurement, financial management, monitoring & evaluation and safeguard compliance.

The E&S capacity of the PECU has been evaluated against the World Bank safeguards requirements and assessed as acceptable:

- The CERC E&S due diligence will be supported by the head of Environment and Social unit of the PESR (Public Enterprise for State Roads). PESR successfully implemented the National and Regional Roads Project, and has been RUDP project, both financed by the Bank. The RUDP project is assessed as Environmental Category A. Current performance rating of the project is Moderately Satisfactory for Environment Management and Satisfactory for Social Management.

3 Objective of this Document

The objective of this document is to guide environmental and social due diligence of CERC activities (including screening, environmental review and other procedures) and organize environmental and social management of the CERC component in compliance with the Bank's Environmental and Social Framework (ESF).

Under the ESF, the Environmental and social management framework (ESMF) is defined as:

- An instrument that examines the risks and impacts when a project consists of a program and/or series of subprojects, and the risks and impacts cannot be determined until the program or subproject 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.

In particular, this ESMF:

- Identifies indicative CERC-related activities.
- Assesses the environmental and social impacts of these activities.
- Defines eligibility for the support.
- Defines procedures for screening the proposed activities to be supported.

4 Categorization

The original Project Local Roads Connectivity Project of Government of North Macedonia carries substantial environmental and social risk, the risk for its CERC component is **substantial as well** although it only supports provision of 2-month wages for critical economic sectors in North Macedonia, given the very short time period in which the CERC component was prepared and consulted with stakeholders, and the equally limited time in which it needs to be implemented. The project does not include any civil works, land acquisition, production activities, or any other type of activity that can possibly produce adverse environmental or social impacts. Quite the opposite, only positive socio-economic impacts of the project are envisaged as the project will prevent job-loses and decrease in living standards. Implementation of the CERC activities will be positive and urgently needed. Consequently, no Environmental and Social Standards, other than ESS1, ESS2, ESS10, of the ESF are relevant for project's CERC activities.

World Bank Environmental and Social Standards (ESS) Relevance to the Project

World Bank Environmental and Social Standards Relevance to the Project		
ESS	Relevance	CERC Activities
ESS1- Assessment and Management of Environmental and Social Risks and Impacts	Relevant	assist implementation of income support scheme established by the GoM

ESS10- Stakeholder Engagement and Information Disclosure	Relevant	assist implementation of income support scheme established by the GoM
ESS2- Labor and Working Conditions	Relevant	There will be PIU employees from other WB financed projects to support the operations. The contracts of the PIU employees satisfy the ESS2 standards
ESS3- Resource Efficiency and Pollution Prevention and Management	Not Relevant	
ESS4- Community Health and Safety	Not Relevant	
ESS5- Land Acquisition, Restrictions on Land Use and Involuntary Resettlement	Not Relevant	
ESS6- Biodiversity Conservation and Sustainable Management of Living Natural Resources	Not Relevant	
ESS7- Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities	Not Relevant	
ESS8- Cultural Heritage	Not Relevant	
ESS9- Financial Intermediaries	Not Relevant	

The largest risk for potential beneficiaries' activities is the limited time before Program launching and tight deadlines for all activities, leading to some most needy companies with vulnerable employees not being able to submit applications on time and receive support from the Program.

In order to mitigate the risk, the CERC Program will use simple online application procedures whereby interested companies are only required to fill a short questionnaire before receiving income support and submit supporting documents to confirm their eligibility later when an external audit is carried out.

In addition, the CERC Program will conduct a rapid but intensive communication campaign to ensure that all potential beneficiary companies and employees become aware of the Program, in particular the processes and procedures to benefit from the Program including eligibility criteria and application procedures.

The CERC's environmental and social risk is assessed substantial because of limited time for preparing and short implementation time which may lead to the Program inadvertently missing out those who need the support including vulnerable people. The CERC's potential adverse risks and impacts on human populations and/or the environment are likely to be negligible. The project will not directly result in any works or procurement of goods, as it provides contingent financing to assist implementation of income support scheme established by the GoM.

The purpose of this ESMF is to provide guidance and set procedures for screening the eligible activities under the CERC.

5 Contingent Emergency Response Component (CERC)

5.1 General

The CERC is designed to provide swift response in the event of an Eligible Crisis or

Emergency³ through a portion of the undisbursed project envelope to address immediate post-crisis and emergency financing needs. The CERC may be used in a following natural disasters or other crises and emergencies allowing funds to be reallocated from other components of the project. In the event of an emergency event, it is not anticipated that a reallocation of project funds will cause serious disruption to project implementation.

Activities under LRCP Component 4 will be governed by the World Bank Directive *Contingent Emergency Response Components (CERC)* (October, 2017). Disbursement of emergency financing under the CERC will be contingent upon:

- a) the recipient establishing a nexus between the disaster event and the need to access funds to support recovery and reconstruction activities (an “eligible event”); and
- b) submission to and no objection granted by the World Bank of an Emergency Action Plan (EAP).

The EAP will include a list of activities, procurement methodology and environmental and social management under the ESF procedures.

The EAP will require consideration of environmental and social implications for any proposed emergency activities. The World Bank, through the no objection process, will closely examine the nature of the proposed activities, to ensure:

- (i) that they are not prohibited under the negative list,
- (ii) screening, review and supervision procedures are satisfactory to the WB and
- (iii) that the recipient is aware of the non-compliance implications before initiating the process by which the proposed activities will be implemented.

It is expected that once the World Bank filters are applied to firms, approximately 64,000 employees will be supported at net minimum wage⁴. Approximately, 16,000-30,000 employees in viable firms in tourism, transport and catering will qualify to receive 50% of social contributions covered. As such, it is expected that CERC will disburse approximately 36 million USD. A 10% contingency will increase this amount to approximately 40 million USD. Up to an additional 10 million USD will be available under CERC to the government to utilize for future months of the crisis. The World Bank and the government will evaluate the status of the crisis, the demand and discuss the use of this possible additional funding in May 2020.

5.2 Screening Procedures

This CERC is designed to **function as a disbursement mechanism**. First, a designated bank account holding CERC funding will be opened in the Treasury in the name of the PECU.

Between May 13 and July 13, 2020, the government will make payments to all companies that have qualified for the income support scheme. It is expected that up to approximately a week later, the total amount of funds corresponding to the applicants that meet the World Bank eligibility criteria will then be transferred from the PECU account in the Treasury to the government’s budget in the Treasury.

³ Defined as “an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact associated with natural or man-made crises or disasters”, OP/BP 8.00, Rapid Response to Crises and Emergencies.

⁴ The Agriculture Sector is excluded from CERC as it receives support under other WB programs.

World Bank funds will be organized in a separate credit line so support to the activities will be traceable.

The applications will be collected through the existing PRO's e-Tax portal with the extension for the purposes of CERC. A new online application form is currently under development including the questionnaire to be filled by applicants and will be made available at the e-Tax portal for the submission of applications by interested firms. The Bank team has provided inputs to this form to the PRO team for the development of a new online application form in order to ensure their compliance with the Bank's requirements.

The application package will include the negative list and the questionnaire to be filled by interested companies. The filled questionnaires will be scanned by the PIU's specialists (including the environmental and social ones), based on which the requests for support will be screened for eligibility.

Applicants should not be able to submit the application unless they have responded to all questions and fill all required data fields.

While applicants are not required to submit supporting documents to substantiate answers to the questionnaire, the ex-post external audit will verify the eligibility (including E&S) of all applicants. Those companies that are later found not to meet all qualifications including on E&S aspects are expected to return the income support that they have received.

The PIU will report the screening results to PERS which will then release the funds from the WB credit line if the company is found eligible under environmental and social criteria as well as others. In the case the company is not found eligible under the WB criteria, it can still receive assistance for other Government's credit lines and instruments.

The Government and the World Bank agreed that CERC funding of the scheme will be ringfenced. The ringfencing will be based on three filters as follows:

- a. *Enterprise filter*: CERC funding will be available for MSMEs only (i.e. enterprises with less than 250 employees at the time of application to the partial unemployment scheme). The enterprise filter will be administered through data coming from the Public Revenue Office (PRO). PRO has information on the number of employees in a given firm;
- b. *Safeguards filter*: CERC funding⁵ will be available only for enterprises that meet the Environmental and Social safeguards requirements applicable to World Bank operations.

The safeguards filter will be administered through a number of specific questions provided in the questionnaire as part of the application form to be submitted by interested companies to the PRO. The questionnaire is presented below at Chapter 5.4. It should be mandatory for all firms applying to answer all the listed questions. The applicant should not be able to submit the application unless they have responded to every question.

- c. *Viability filter*: CERC funding will be available only for enterprises that meet a viability test, discussed above. The viability filter will be administered in two ways:
 - The viability tests concerning tax arrears and losses will be administered based on the information existing in the PRO data base, and will not require specific questions under the questionnaire to be submitted by the

⁵ Companies that do not meet the filter but satisfy the Government Criteria will receive same amount of funding from the Government source of finance.

employer to the PRO. The criteria for exclusion that will be implemented when assessing tax arrears and losses is as follows:

- Companies that owe more than 5000 Euros of taxes
 - Companies that have had losses as reflected in tax returns filed in 2018 and 2019
- The viability test concerning the Credit Bureau will be administered through an exchange of information between the Credit Bureau and the PRO. Specifically, the PRO will communicate to the Credit Bureau the list of firms that meet the first two viability filters, and the Credit Bureau will review this list and communicate to the PRO the enterprises that have debts that were due for 90 days or more on February 29, 2020, which is the criteria for exclusion when concerning the Credit Bureau.

After the completion of the grant application process, a list of eligible firms will be publicly disclosed on the website of the implementing agency.

External Audit

The CERC will finance an ex-post audit of companies that have received funds to retroactively verify their meeting conditions of financing (e.g. fulfillment of conditions, compliance with ESF requirements etc.). Any time after August 2020, but before the end of 2020, an external auditor will conduct a financial audit to verify the proper use of funds and submit a report to the World Bank. This Audit will also review the relevant E&S documents⁶ to verify eligibility of beneficiary companies ex post. The Audit will be conducted independently from the audit carried out for the other components of the Local Roads Project.

The summary of the audit report will be publicly disclosed on the web site of the implementing agency. The audit will cover the feedback from stakeholders (companies, employees and others) to inform corrective actions and/or improve future intervention. Additionally, the findings of the feedback will be presented in a report and publicly disclosed on the implementing agencies web site. The report will summarize the experience gained and lessons learned from the Project, as well a proposition for tailoring future similar Programs. In case any of the feedbacks shed light on serious problems (e.g. in the implementation of the Program) the PECU will immediately inform the WB and suggest according correction measures to ensure full transparency.

For financial management reporting purposes to the World Bank (IFRs), the PECU's financial management specialist assigned for the CERC component, will prepare the reporting submissions for the CERC component. The intervals and timing of the reporting will be the same as the Local Roads Project.

5.3 CERC Negative List

The Project will not finance activities that would e.g. affect natural habitats, forests, finance experiments or production of pesticides, or cause economic and social displacement; any activities which involve land acquisition or any form of

⁶ The requested Environmental & Social (E&S) relevant documents will include: permits / licenses / authorizations, etc. to operate according to the national legislation and to prove non-adherence to the WBG negative list; environmental permit; employees' contracts; environmental & social risk management internal procedures; operational health & safety internal procedures; inspection (environmental, sanitary, health & safety, other entitled authorities) control logs; any other relevant documents

resettlement; any of the activities listed in the World Bank Group -IFC Exclusion List given below:

- Trade in wildlife and wildlife products prohibited under the CITES convention (this only includes international trade of endangered species),
- Gambling industry companies
- Conversion or degradation of critical natural habitats
- Significant conversion or degradation of critical forest area
- Release of genetically altered organisms into the natural environment,
- Manufacturing, distribution and sale of banned pesticides and herbicides (as per the Law on Pesticides - banned by the national regulation),
- Manufacturing, handling and disposal of radioactive products,
- Environmental hazardous goods,
- Manufacturing of equipment and appliances containing CFCs and other substances regulated under the Montreal Protocol,
- Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0,005 % by weight,
- Manufacturing of asbestos containing products,
- Production of or trade in radioactive materials, including nuclear reactors and components thereof (this does not apply to the purchase of medical equipment, quality control (measurement) equipment and any equipment where IFC considers the radioactive source to be trivial and/or adequately shielded).
- Tobacco production, processing or marketing; tobacco processing machinery,
- Manufacturing of firearms
- Production or trade in alcoholic beverages, excluding beer and wine, tourism and hospitality industry.

Furthermore, the support excludes:

- Companies that operate without all required permits / licenses / authorizations, etc. required under the national legislation.
- Companies performing activities that are likely to negatively impact nature protected areas.
- Companies performing activities that are likely to impact cultural heritage or with activities taking place in cultural heritage protection/archeological zones.
- Companies that have negative environmental inspection findings and litigations in the past year.
- Companies that had significant OHS issues in the past year (two or more company responsible fatality or severe injuries) and did not address the OHS incompliance leading to the incident
- Activities that would significantly change impact to international waterways.

5.4 CERC Eligibility Questionnaire

ELIGIBILITY		
Please indicate if your company is engaged in the following activities:		
Trade in wildlife and wildlife products prohibited under the CITES convention	<input type="radio"/> yes	<input type="radio"/> no
Gambling Industry	<input type="radio"/>	<input type="radio"/>
Manufacturing, distribution and sale of banned pesticides and herbicides.	<input type="radio"/> yes	<input type="radio"/> no
Manufacturing, handling and disposal of radioactive products	<input type="radio"/> yes	<input type="radio"/> no
Hazardous waste storage, treatment and disposal certified/allowed under the national legislation and in the EU.	<input type="radio"/> yes	<input type="radio"/> no
Use CFCs in production or servicing or other substances regulated under the Montreal Protocol.	<input type="radio"/> yes	<input type="radio"/> no
Manufacturing of electrical equipment containing polychlorinated biphenyls (PCBs) in excess of 0,005 % by weight	<input type="radio"/> yes	<input type="radio"/> no
Manufacturing of asbestos containing products.	<input type="radio"/> yes	<input type="radio"/> no
Manufacturing nuclear reactors and parts thereof.	<input type="radio"/> yes	<input type="radio"/> no
Production of tobacco, unmanufactured or manufactured.	<input type="radio"/> yes	<input type="radio"/> no
Manufacturing of tobacco processing machinery.	<input type="radio"/> yes	<input type="radio"/> no
Manufacturing of firearms.	<input type="radio"/> yes	<input type="radio"/> no
Production or trade in alcoholic beverages (excluding beer and wine, tourism and hospitality industry).	<input type="radio"/> yes	<input type="radio"/> no

Beneficiary Companies Commit the following	
All of its employees have employment contracts	YES
Communicate clearly job description and employment conditions to contracted workers	
Age verification. Confirm that company does not use labor of minor age	
Fulfill and is in compliance with the OHS regulations and national strategy on OHS (special focus to be paid to construction industry)	

PERMITS AND STATE OF THE ENVIRONMENT		
Permits		
Did the company have negative environmental inspection findings and litigations in the past year?	<input type="radio"/> yes	<input type="radio"/> no
Was the company responsible for fatalities or severe injuries if any in the past year?	<input type="radio"/> yes	<input type="radio"/> no

NOTE:

*It should be mandatory for all firms to respond to all the above questions. Applicants should not be able to submit the application unless they have responded to all the questions above.

**The application should include the following feature and language: "By clicking this box, a grant beneficiary receiving financing from the World Bank through this application process agrees to comply with the provisions of the World Bank Anti-Corruption Guidelines

([https://policies.worldbank.org/sites/ppf3/PPFDocuments/40394039anti-corruption%20guidelines%20\(as%20revised%20as%20of%20july%201,%202016\).pdf](https://policies.worldbank.org/sites/ppf3/PPFDocuments/40394039anti-corruption%20guidelines%20(as%20revised%20as%20of%20july%201,%202016).pdf)).

6 Grievance Redress Mechanism

Grievance Redress Process

In compliance with the World Bank’s ESS10 requirement, a specific grievance and feedback redress mechanism is established.

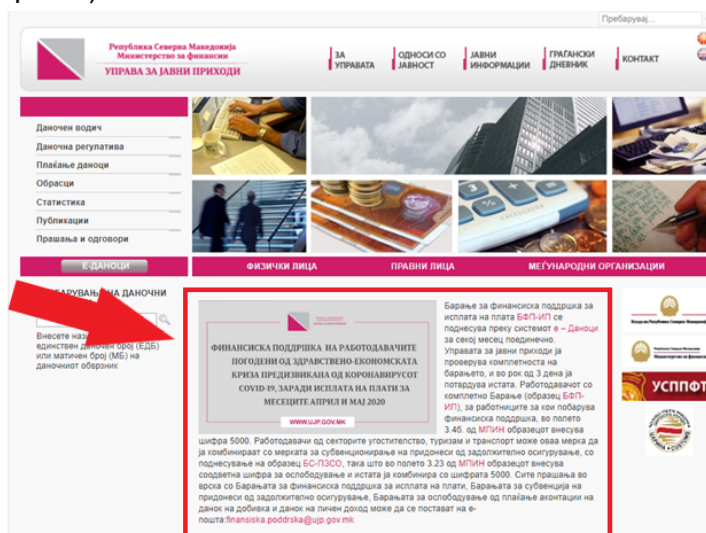
The established grievance mechanism is used to collect feedback, questions and comments regarding this program. It is in place early in the process to receive and address stakeholder comments and questions in a timely manner and provide further information on net wage subsidies to the companies/employees affected by the program.

There might be different types of complaints. Some of the most common expected complains to this program are presented here: it is expected that grievances will be submitted by companies that consider they are eligible for CERC support but who have missed the deadline to submit applications. Should grievances be submitted by such companies, they are referred to responsible entities so they can receive a timely response, including support from the Government’s fund where this is appropriate. Also, a company who receive a negative audit report may submit a complaint about it. Furthermore, grievances may also be submitted from employees for not receiving income support despite their employer(s) receiving funding.

The Public Revenue Office (PRO) is the responsible entity for funds application system for minimum net wage subsidies. Thereof, the **GRM at first level** is established at PRO, along with the application process.

Each Citizen/company shall fill-in the Request form – BFP-IP on the following link <http://www.ujp.gov.mk/mk/obrasci/opis/221>. At this link, as last paragraph GRM is briefly presented and the GRM Form is attached (Annex 1). This set-up will allow each citizen/company right after the Request form, easily to see the possibility to fill-in GRM form, if she/he feels necessary to submit one or more complaints.

The grievance form is available on the PRO website together with clear information on how feedback, questions, comments, concerns and grievances can be submitted by any stakeholder and information concerning the PECU’s managing of the GRM both in terms of process and deadlines. The website will include the possibility to submit grievances electronically. All grievances can be filled anonymously. It is published on the central position of the webpage (see photo)



The GRM can be downloaded, filled-in and submitted to special E-mail address: finansiska.poddrska@ujp.gov.mk.

Grievances could be also submitted by:

-phone: 02 3253 200 or 0800 33 000

- post: str. 11 Oktomvri no. 10, 1000 Skopje, Republic of North Macedonia

The PRO has established a team of three employees who will be responsible for GRM for the CERC component. The PRO team will be responsible to manage the grievances and to provide answers within 15 days of receipt.

The PECU E&S experts will be provided with detailed report from this E-mail to be able to generate required reports towards GRM implementation and/or to respond to some of the grievances under their competences and competencies under PECU. The report will consist of a list of complaints received, complainant and response received.

Additionally, in order to increase transparency, the PRO will publish a list of frequently asked questions and received complaints and answers to those, so that each citizen/company can see that the answer they've received as the same for everyone.

The PECU will ensure that the GRM is responsive to any concerns and complaints particularly from affected citizens/companies and vulnerable groups.

For better transparency and information to public, the General Secretariat will publish the List of companies who received minimum net wage payment on its website, at the same link where the CERC component documents are published. The List shall contain as minimum, the name of the company and the type of industry it belongs to. The transparency tool can be linked to open finance lint too: <https://open.finance.gov.mk/mk/home>

For citizen/company that want to file an official complaint (acceptable to court) the PRO will adjust and create a complaint form, for which citizens/companies will be able to be informed through the PRO website, and the delivery will be through the e-Taxes portal. After the submitted complaint, the PRO will decide with a response to the complaint. A formal archive will be kept for this, data and evidence will be required from the base of the PRO, AVRSM or from the taxpayer. For citizen/company that want to file a complaint anonymously they will be able to do so by sending the filled out complaint form on the special e-mail (finansiska.poddrska@ujp.gov.mk).

In case a grievance cannot be resolved in manner satisfactory to the complainant he/she has the right for an appeal. In such cases the resolution of the grievance will be reviewed **at second level** by a Commission at the level of the implementing agency (Government's General Secretary Office). After the submission of the response to the complaint by the PRO, if the taxpayer is still dissatisfied, he/she will be able to submit a complaint after the response of the PRO to the General Secretariat of the Government of RSM. This information will be contained in the submitted response from the PRO.

They will be able to submit the appeal through a GRM form (Annex 1) available on www.vlada.mk/CERC or on the e-mail address: finansiskimerki@gs.gov.mk.

The Commission will consist of three officially appointed members that are not directly involved in Project implementation. The Commission will acknowledge the receipt of the appeal within 3 days and issue the final decision within 10 days of the receipt of the appeal. The Commission in GS will have mandate to request PRO to review the complainant documentation and provide feedback or to advise the complainant to use the judicial possibilities. The decision of the Commission will entail a detailed explanation of the grievance resolution process as well as the explanation of the final decision and guidance on how to proceed if the outcome is still not satisfactory for the complainant. The complaints and decisions will be published on the webpage of the General Secretariat.

At all times, complainants may seek other legal remedies in accordance with the legal framework of Republic of North Macedonia, including **formal judicial appeal**.

The following steps are to be taken to ensure full GRM functioning:

Step 1: Recording received grievance in the GRM registry

In order to capture and track grievances received under the project, a dedicated GRM register is planned. Specifically nominated members of the PRO, GS and RECU will record grievance information in the grievance registry. For those who will submit official complain this will include:

- Appointed number of Grievance (give each new complaint a specific entry number and refer to this number in each subsequent correspondence)
- Date of receipt
- Stakeholder name (or statement that the grievance was filled anonymously)
- Date of acknowledgement
- Description of grievance
- Description of action taken
- Date of grievance resolution

The PECU will share the Grievance Registry with the WB on a monthly basis.

Step 2: Providing the person who filed the grievance with an immediate acknowledgment of receipt and second follow up within 5 days of receipt⁷

- A standard “thank you for your message” response, “Thank you for your e-mail, we’ll respond to you as soon as possible”, should be sent immediately to the complainant (or autoreply) to let them know that their message is being reviewed. It should also include the reference number of the complaint for easier follow up for those that have been submitted through e-taxes.
- A second message should be sent within 5 days indicating whether the complaint is being further reviewed by the agency, or has been referred to another entity, or lacks sufficient cause for follow up.
- This message should include information on the process for appeal in case the complainant is not satisfied with the result.

Step 3: Assessing and investigating the grievance

- All complaints should be given a facts-based, objective assessment. Investigators must be neutral and not show bias.
- Not all complaints need a full investigation. For some it might be sufficient to do a brief desktop review.
- For those that do need investigation, the response should be appropriate and proportional to the suspected abuse. This might include travel to the location where the potential problem has occurred. It can be beneficial for investigators to travel in pairs to enable collection of evidence and witness statements to be observed by a colleague.
- A proper set of notes should be kept for each investigation, including lists of witnesses, evidence, etc., a diary of actions, etc. Some investigations can result in court cases so it is important to maintain proper records.
- Summary reports should be provided to the World Bank on a monthly basis, even if there are no complaints.

⁷ This step is currently not possible to implement, but will be reviewed and included as soon as the technical possibility occurs

- In the event that a complaint refers to fraud or corruption, this should immediately be communicated to the World Bank.

Step 4: Deliver a resolution to the complainant within 15 days of grievance receipt

- Efforts will be made to conclude all complaint handling within 15 days or receiving the complaint. However, some complaints can be complex or lead to unexpected consequences, and will need more than 15 days to resolve, especially in an emergency situation.

Step 5: Follow up

Lessons learned from the complaints and cases can be extremely valuable for future programs/operations.

6.1 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. 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

7 Monitoring and Reporting

The PIU will be responsible for overall monitoring, compilation and reporting on CERC progress and screening results. The report, with annexed Screening Report, will be issued a month into the end of the CERS activity (by September 1 the latest).

World Bank will carry out an ex-post supervision on a sample of applications.

8 Public Consultations

The draft version of the ESMF will be publicly disclosed at least five days before Program launch on the websites of the implementing agency and WB. The disclosure packages will include:

1. CERC announcement including:
 - a. Brief description of CERC
 - b. Ways of submitting comments and feedback
 - c. Key deadlines

2. The respective draft ESF documents

The public disclosure of the draft document and the Program launch will be announced through Radio, TV, written and electronic media as well as all available official social media accounts and web pages of the Government and Implementing agency, as part of the overall Stakeholder Engagement activities described above.

The comments received on the draft document will be reviewed immediately upon arrival by the PECU E&S specialist. Major comment will be incorporated in the final version of the ESMF and disclosed, together with a report on the feedback, i.e. (i) list of media the announcement was disclosed, (ii) content of the announcement, (iii) time of publishing, (iv) list of received feedback.

Furthermore, the CERC Program will conduct a rapid but intensive communication campaign to ensure that all potential beneficiary companies and employees become aware of the Program, in particular the processes and procedures to benefit from the Program including eligibility criteria and application procedures. The communication campaign will be conducted in line with the provisions outlined in the Program's Stakeholder Engagement Plan (SEP).

Annex 1

Grievance Form

Reference Number	
Full name (optional) <input type="checkbox"/> I wish to raise my grievance/feedback anonymously. <input type="checkbox"/> I request not to disclose my identity without my consent.	
Contact information Please mark how you wish to be contacted (mail, telephone, e-mail).	<input type="checkbox"/> By Post: <i>Please provide mailing address:</i> _____ _____ _____ <input type="checkbox"/> By telephone: _____ <input type="checkbox"/> By E-mail
Preferred language of communication	<input type="checkbox"/> Macedonian <input type="checkbox"/> Albanian <input type="checkbox"/> Other: _____
Gender	<input type="checkbox"/> Female <input type="checkbox"/> Male
Age	
Description of Incident for Grievance/Feedback	What happened? Where did it happen? Whom did it happen to? What is the result of the problem?
Date of Incident / Grievance	
	<input type="checkbox"/> One-time incident/grievance (date _____) <input type="checkbox"/> Happened more than once (how many times? _____) <input type="checkbox"/> On-going (currently experiencing problem)
What would you like to see happen?	