

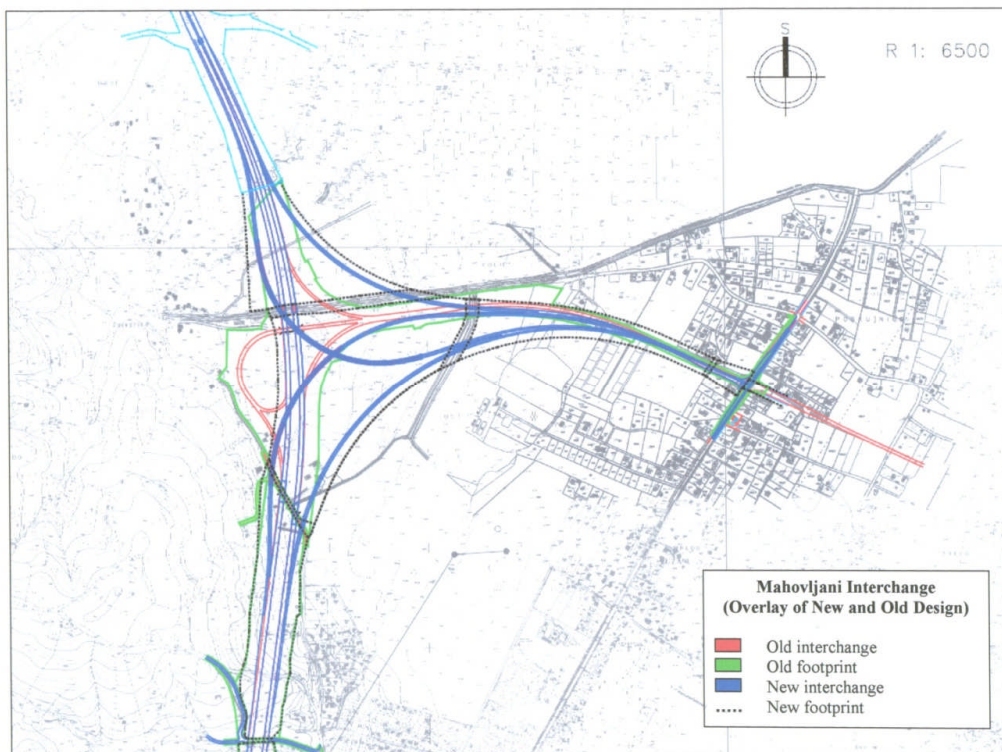
ENVIRONMENTAL AND SOCIAL REVIEW SUMMARY

PROJECT DESCRIPTION

The Mahovljani Interchange ("MI") is the intersection between two motorways: Motorway Banja Luka – Gradiska and Motorway Banja Luka – Doboј.

Under the Regional Roads Project the European Bank Reconstruction & Development (EBRD), the European Investment Bank (EIB) and the Government of Republic of Srpska (RS) is considering providing financing for the construction of a new motorway from Banja Luka to Gradiska (BLG). The original plans envisaged an ordinary exit from BLG to the local road in Mahovljani, however a new design was proposed to build an interchange between BLG and Banja Luka Doboј motorways – the Mahovljani Interchange (MI). The EBRD is considering providing a loan for construction of the MI.

The MI is located in the Municipality Laktasi, situated about 20 kilometres north-east of Banja Luka City. The space required for the new design of the interchange is about 40% bigger than the space needed for the old design. A map of the design is presented below:



The project provides an opportunity to improve regional transportation, decrease level of accidents, and reduce traffic congestion, air emissions and noise levels.

ENVIRONMENTAL AND SOCIAL ASSESSMENTS

The original design of the Mahovljani Junction was included in 2005 Banja Luka – Doboј motorway EIA (prepared by the Belgrade Institute of Transportation – CIP). The updated MI design was not subject to a separate EIA but, as the expanded project area is homogenous from the point of view of biodiversity and natural resources, no further assessment was necessary.

Moreover, the following environmental and social assessments also included the Mahovljani Interchange area, and are publicly available:

- Environmental Impact Assessment Study (part of the Feasibility Study for Banja Luka – Gradiska Motorway) (2004) prepared by BCEOM, France;

- Banja Luka – Dobož motorway Pre-Environmental Impact Assessment Study (2008) prepared by Institute for material testing - IMS Institute Beograd and Draft Feasibility Study (2009 – still under development);
- Changes Made to Regulative Plan for Corridor Motorway Banja Luka – Gradiska on the Territory of Laktasi Municipality (section Mahovljani – Glamocani). Mahovljani Interchange (2008) prepared by the Urban Planning Institute, Banja Luka; and
- Implementation Project (i.e. the Detail Design) for Motorway E-611, Gradiska – Banja Luka. Section Mahovljani – Glamocani. Mahovljani Interchange (2008) prepared by the Urban Planning Institute, Banja Luka.

Potential social impacts have been assessed via a rapid social assessment which identified the need for a Resettlement Action Plan (RAP) which has been, therefore, prepared for the project.

ENVIRONMENTAL AND SOCIAL ISSUES

The potential adverse environmental and/or social impacts from the MI that may arise are mainly covered in the Banja Luka – Gradiska motorway EIA for construction and operation. The impacts include:

- pollution and soil degradation (in construction phase);
- increase in air and noise emissions, visual disturbance, traffic disturbance during construction;
- socio-economic impacts;
- possible cultural heritage and natural habitat disturbance.

These have largely already been assessed, and mitigation measures identified, through the EIA procedure developed for the motorway. A specific Environmental Management Plan has been developed and to be implemented by the Contractors.

Land acquisition process has been carried out in full compliance with RS regulatory requirements.

As result of a Socio-Economic survey carried out in relation to the MI development, no major impacts have been identified, however the local population may be affected by noise and dust increase during construction (earth movement and construction traffic).

SUMMARY OF MITIGATION MEASURES

The Banja Luka – Gradiska motorway EIA for construction and operation included detailed mitigation measures in the Environmental Management Plan applicable to the Interchange project area. In addition, to these mitigation measures, the RS Motorway Company has committed to a project specific Environmental and Social Action Plan (ESAP) to meet EBRD Environmental & Social Policy (2008) requirements, covering the following:

- The Contactor will implement Environmental, Health & Safety Management System (EHS-MS) in line with International good practice;
- All workers will be given EHS induction training prior to starting work on site;
- A Noise and Vibration Plan will be established by the Contractors;
- Dust suppression methods will be defined in a specific plan;
- Hazardous Materials and Waste Management Plans will be provided by the Contractors;
- A Project Emergency Preparedness and Response Plan will be prepared in coordination with the local community and local emergency responders;
- RS Motorway will implement the MI Resettlement Action Plan.

DISCLOSURE OF INFORMATION

Environmental and Social information on the project have been disclosed in accordance to the RS laws. The EIA is available at the following websites:

<http://www.putevirs.com>

<http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/msv/Pages/Splash.aspx>

This Environmental and Social Review Summary, Stakeholder Engagement Plan, (SEP), including Grievance Procedure and Resettlement Action Plan will be available at the following websites:

<http://www.vladars.net/sr-SP-Cyrl/Vlada/Ministarstva/msv/Pages/Splash.aspx>, as well as in Laktaši Municipality building.

The SEP includes more detailed information on the current and future stakeholder consultation activities, including activities to be undertaken by Contractors.

MONITORING AND REPORTING

RSM will monitor the EHSS performance of the Contractors through the appointment of an Independent Engineer.

Progress on the implementation of the RAP requirements will be monitored and reported to the EBRD. RSM will monitor and report to the Bank annually on the EHSS impacts and on the implementation of the ESAP.

RSM will report to the Bank on any material accidents or incidents and conduct its business with due regard to National and EU Environmental Regulations and Standards