

INTEGRATED SAFEGUARDS DATASHEET
Updated at Project Restructuring (December 15, 2009)

I. Basic Information

Date prepared/updated:
12/15/2009

Report No.: 52710

1. Basic Project Data

Country: Romania	Project ID: P088252	
Project Name: MUNICIPAL SERVICES PROJECT		
Task Team Leader: Michael John Webster		
Appraisal Date: May 1, 2006	Board Date: June 13, 2006	
Managing Unit: ECSSD	Lending Instrument: Specific Investment Loan	
Sector: General water, sanitation and flood protection sector (100%)		
Theme: Other urban development (P)		
IBRD Amount (US\$m.):	131.70	
IDA Amount (US\$m.):	0.00	
GEF Amount (US\$m.):	0.00	
PCF Amount (US\$m.):	0.00	
Other financing amounts by source:		
<u>BORROWER</u>	38.9	
	38.9	
Environmental Category: B - Partial Assessment		
Simplified Processing	Simple <input type="checkbox"/>	Repeater <input type="checkbox"/>
Is this project processed under OP 8.50 (Emergency Recovery)	Yes <input type="checkbox"/>	No <input checked="" type="checkbox"/>

2. Project Objectives

The objective of the Project is to assist the Borrower to meet EU environmental directives in the water and wastewater sector, thereby improving the quality and coverage of water and wastewater services, mainly through: (i) support of infrastructure development in the municipalities of Bucharest and Arad to provide better water and wastewater service and improve stormwater management; and (ii) preparation of priority water and wastewater projects in *selected* counties. Projects are being prepared in anticipation of potential financing by EU Structural and Cohesion grants along with other co-financing. The indicators to determine project progress are summarized below.

- Improved access to water supply meeting EU standards;
- Improved access to sanitation meeting EU standards;
- Proportion of the project area protected from flooding;
- Improved road surfacing (in areas where water, sewerage, and stormwater networks will be laid); and
- Projects accepted for EU funding or funded from other sources

3. Project Description

The project will have three components, on which information is presented below.

Component 1: Urban services in Bucharest Municipality (Cost: Euro 92.3 million; Bank loan: Euro 48.0 million). Eligible expenditures under this component would be for (i) Works and goods for the provision of new urban services – water, sewerage, drainage and road surfacing – in priority neighborhoods; and (ii) Technical Assistance to prepare bidding documents, for construction supervision, and support to the municipality to implement the project.

About 20% of the population of Bucharest does not have access to water supply and wastewater services that meet EU standards. The municipality has embarked on a 5-year program, consisting of four phases, to improve the urban infrastructure in the city to EU standards. The program comes out of the General Urban Plan, the Water Supply Master Plan and the Wastewater Master Plan which prioritize areas of greatest need and future growth within the city. This project covers Phase I of this program and foresees the extension of water supply, sewerage and stormwater services in two out of the six sectors in the city. Within these two sectors, the municipality has identified 7 priority locations – a combination of partly built-up area and new residential areas – based on the approved urban development plan. The project will include the following:

- **Water supply:** Households in built-up areas now relying on well water will be connected and water will be supplied to new development areas. In the new development areas, the project will extend the water and wastewater investments made under the EU PHARE project to provide services to priority new developments. The pipelines will improve the hydraulics of the city-wide water supply network and improve the reliability of water supply and pressure in the network which in turn will improve the functioning of the system. The existing water treatment plant and transmission lines have sufficient capacity for the proposed extension areas;
- **Sewerage:** Households will be connected to the sewer system, which will feed a wastewater treatment plant that has sufficient design capacity for the increased sewerage load. This treatment plant is currently being upgraded with assistance from the EU;
- **Stormwater drainage:** Stormwater drains will be laid to reduce flooding, especially in the low lying areas of the city. Lagoons will be used to retain stormwater to reduce the hydraulic load to the receiving water body; and
- **Road paving:** The water and wastewater services in Bucharest municipality are provided by Apa Nova, a private operator, through a concession contract with the Municipality of Bucharest. As per the concession contract, the concessionaire can take on the responsibility of providing water and wastewater services only once the streets are paved. By paving the roads the municipality will be in a position to

include the project areas in the concession contract. Paving has additional benefits for traffic and for reducing siltation in stormwater drains.

Component 2: Urban services in Arad Municipality (Cost: Euro 73.1 million; Bank loan: Euro 47.2 million). Eligible expenditures under this component would be for: (i) Works and goods for the provision of new urban services – sewerage, drainage and road surfacing – in priority neighborhoods; and (ii) Technical Assistance to prepare bidding documents, for construction supervision, and support to the municipality to implement the project.

Arad has a population of 190,000 and is experiencing rapid industrial growth stimulated by the industrial zones created within the city and the border trade with Hungary and other EU Member States. Meeting EU standards through improved urban services is a high priority for the municipality, including the construction of a sewerage and stormwater network to meet the industrial growth needs. The project will cover three districts in Arad municipality.

About 90% of the population living in the project areas does not have access to public sewerage and uses septic tanks that leak to the groundwater, which is high in the Arad area. The project areas also need proper drainage facilities as they are prone to flooding. The project investments are:

- Sewerage: Households will be connected to the sewer system, which will feed anew wastewater treatment plant being built with EU financing. This plant will treat the collected wastewater to EU standards;
- Stormwater drainage: Stormwater drainage will be installed, especially in the low lying project areas; and
- Road paving: Roads in which sewerage pipes and stormwater drains are installed will be restored to at least their original quality. However, road paving has benefits for the traffic and the impact on vehicle maintenance and reduces silatation of the stormwater drains. The municipality will determine, prior to construction, whether or not roads in each district should be paved. This determination will be based on a satisfactory economic rate of return for the Bank to provide no objection to road paving.

Component 3: Project Preparation for the EU (Cost: Euro 13.0 million; Bank loan Euro 11.0 million). Eligible expenditures under this component will be for consulting services to prepare projects in 10 counties. This component will be implemented by the Ministry of Environment (MoE). The MoE has already started project preparation in 30 counties, and together with the 10 countries in this project, all counties will have prepared projects.

The MoE will ensure the following: a) Romania complies with its commitments made to the EU on making improvements in the environmental sector; b) EU grant funds, as

available, are effectively used; and c) the local capacity is developed to prepare and implement projects. The MoE had initially chosen 11 counties, covering about 5 million people, where priority water and wastewater projects will be prepared. These counties are: Arad, Sibiu, Galati, Dolj, Ilfov, Mehedinti, Vrancea, Bistrita – Nasaud, Braila, Constanta, and Ialomita. However, as the Government of Romania was able to use funding from the Instrument for Structural Policies for Pre-Accession (ISPA) for Galati County, Vaslui County was added as a replacement to the list of counties where the project financed the elaboration of masterplans, but only about 10 full applications for EU cohesion grants will be prepared.

Within the MoE, the General Directorate for Management of Structural Instruments will manage this component. As this directorate is responsible for the programming of EU Structural and Cohesion Funds for the environmental sector, it is fully aware of the EU procedures that will be followed under this project. There will be two consulting contracts that will be used for the Technical Assistance. The Terms of Reference will be similar to the ones used for the other counties that have also started the process of preparing projects securing EU grant funds. The consultancy services will be for:

- (a) data collection and assessment of the current situation related to water and wastewater infrastructure in each country;
- (b) development of a Master Plan at the country level to identify priorities;
- (c) completion of detailed feasibility studies;
- (d) completion of Application Forms to seek EU Cohesion and Structural Funds;
- (e) Institutional Strengthening at the central, regional, and local levels for efficient management of environmental investments; and
- (f) preparation of complete tender dossiers to implement works and services contracts as outlined in the feasibility studies.

4. Project Location and salient physical characteristics relevant to the safeguard analysis

The Project is located in the municipalities of Bucharest and Arad. The two municipalities were chosen as they have heavy pollution loads and thus high investment needs.

The Project is one of the first projects to pilot the use of country systems to meet the World Bank's safeguard requirements, and has been prepared in accord with the requirements of the World Bank operational policy (OP/BP 4.00) "Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank-Supported Projects" issued in March 2005. Under this policy, all investments to be financed by this project will apply Romanian environmental and social laws, regulations and Environmental Impact Assessment (EIA) and Cultural Property guidelines and legislation for selected safeguard policies on a pilot basis as appropriate.

5. Environmental and Social Safeguards Specialists (Updated)

Mr. Keith McLean (ECSSD)

Mr. Cesar Niculescu (ECSSD)

6. Safeguard Policies Triggered	Yes	No
Environmental Assessment (OP/BP 4.01)		X
Natural Habitats (OP/BP 4.04)		X
Forests (OP/BP 4.36)		X
Pest Management (OP 4.09)		X
Cultural Property (OPN 11.03)		X
Indigenous Peoples (OP/BP 4.10)		X
Involuntary Resettlement (OP/BP 4.12)	X	
Safety of Dams (OP/BP 4.37)		X
Projects on International Waterways (OP/BP 7.50)	X	
Projects in Disputed Areas (OP/BP 7.60)		X
Piloting the Use of Borrower Systems to Address Environmental and Social Safeguards Issues in Bank-Supported Projects (OP/BP 4.00)	X	

II. Key Safeguard Policy Issues and Their Management

A. Summary of Key Safeguard Issues

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

For the project, the following safeguards will be triggered: (a) Projects on International Waterways; and (b) Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank Supported Projects. Under the latter policy, the Bank is recommending the use of Romanian systems to address the Bank policies on Environmental Assessment and Cultural Property.

Involuntary Resettlement (OP 4.12): During the restructuring of the project, it was agreed that the project would trigger OP 4.12 Involuntary Resettlement. To this end, a Land Acquisition Policy Framework (LAPF) has been drafted and agreed between the Bank and the Borrower on December 15, 2009.

In Component 1, works are to be undertaken contract B1 in the Baneasa neighborhood. Thirty-four (34) families who had been living in the Agricultural University of Bucharest owned houses in Baneasa, in an area adjacent to one of the project-supported sites were provided resettlement assistance by the new owner Baneasa Investments SA from 2005 to 2008 (starting around the time of project preparation). The Government and Municipality of Bucharest have confirmed that compensation was provided at the time. While the compensation represents a transaction between two private parties, the WB has deemed it advisable to review the terms of that compensation to ensure that it met acceptable standards. The Bank will communicate the conclusions and recommendations of its review to the investor.

Due to the possible need to proceed with land acquisition under Component 1, and a small possibility that it might occur under Component 2, as well as the nature of the technical assistance under Component 3, the Bank safeguard policy on involuntary resettlement (OP 4.12) is now triggered for the entire project. This will enable the client and Bank to be proactive in terms of future land acquisition issues, should they occur, and put in place clear guidance for how such cases should be handled. Country systems were assessed during the preparation of this project and it was determined that although Romanian legislation and practices on land acquisition are consistent with Bank policies as far as legally-owned land is concerned, Bank policies provide additional protection to people using land informally or illegally.

While reasonable technical solutions will be sought to minimize the need for expropriations, in conformity with Bank policy on involuntary resettlement, a Land Acquisition Policy Framework (LAPF) will need to be in place for Components 1 and 2. The agreed upon LAPF will require preparation of a Resettlement Action Plan (RAP) for each specific case where resettlement is required.

In terms of Component 3, the Bank safeguard policy on involuntary resettlement will also apply although the component only finances studies to prepare water and wastewater investments, and not the physical investments themselves. In this context the Ministry of Environment which will be the recipient of the technical assistance (consulting services) and is the implementing agency for the Bank-financed project will be urged to take into consideration the provisions of OP 4.12 in the documentation being prepared. In support of this approach, the Bank task team will review the relevant documents to be financed and recommend the incorporation of provisions consistent with OP4.12 on Involuntary Resettlement, where relevant. Further, since the main difference between OP 4.12 and Romanian laws and practice on land acquisition relates to informal or illegal use of land, the Bank task team will seek to determine the extent to which these cases could emerge for the planned investments.

Equivalence and Acceptability Assessments: This project was selected for piloting the use of country systems under the Bank's OP/BP 4.00. Thus, a safeguards diagnostic study was undertaken to assess: (a) the equivalence of Romanian systems and World Bank requirements; and (b) the acceptability of implementation practices, track record and capacity of the agencies involved. The equivalence and acceptability assessment was carried out by an interdisciplinary team of Bank staff in collaboration with relevant Government staff. The Bank review included meetings and site visits in cooperation with environmental officials at the central, regional and local levels. The methodology included desk review of current legislation and supporting mandatory guidelines.

The results of the diagnostic review indicate that the operational principles of Environmental Assessment as stated in Table A1 of OP 4.00 and the Romanian Environmental Impact Assessment (EIA) system have many common features and that there are no gaps in equivalency. With respect to the acceptability, it was also found that Romania's current approach to EIA conforms to OP 4.00. As per Bank's policy on

Environmental Assessment, the project is categorized as an environmental category B since the investments will be related to small civil works without significant impact to the environment.

Regarding cultural property, the Romanian systems are equivalent to that of the Bank and appropriate for application, if needed. If the project requires construction or rehabilitation near historic buildings or other physical cultural resources, or if “chance finds” are encountered, Romanian systems are at least as effective as those outlined in OP/BP 4.00 on such points. Inventories of buildings and sites of cultural significance are available, and stakeholders are consulted to assess whether proposed investment projects might cause impact. Local experts on archeology, architecture and other relevant fields are brought in for assessments before construction decisions are made, and if “chance finds” are encountered during construction.

Bank supervision on safeguard-related matters will continue, on a semi-annual basis, throughout the implementation of the proposed project to ensure compliance with equivalent and acceptable Romanian procedures and track results.

The equivalency analysis did not cover the Bank’s policy on International Waterways where the Bank’s policy will apply for components 1 and 2 of the project as: in Bucharest stormwater will be discharged to the Dambovitza River that discharges to the Arges River that flows into the Danube River – an international waterway. In Arad the stormwater discharge will flow into the Mures river that flows into the Tisza river in Hungary which meets the Danube in Hungary before it flows through Romania to the Black Sea. Further, in both cities, additional wastewater will be collected due to sewerage connections. This wastewater will be fully treated before it is discharged to the Mures and Dambovitza rivers. Although the impact of the project is negligible compared to the flow of the Danube River, in accordance with Bank policies, the MoE informed the International Commission for Protection of the Danube River (ICPDR) on December 28, 2005 about this project. On February 22, 2006, the ICPDR replied to the MoE acknowledging receipt of the letter from the Government and did not raise any objections to the project. The ICPDR also mentioned that it had informed the riparians and welcomed the initiative taken by Romania to improve the Danube water quality. For the component 3 of the Project, under OP7.50, riparians are also required to be notified about any projects under preparation that may impact the international waterways. On May 15, 2006, the MoE sent a supplemental notification informing the ICPDR about the technical assistance component which will include the preparation of tender dossiers (encompassing detailed design and engineering studies) for Romania to seek EU grant funds. The ICPDR has been given until May 31, 2006 to respond to the supplemental notification.

2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:

The investments supported are all intended to improve local services and the population’s health and social welfare and will be designed to minimize adverse effects. No significant indirect or long-term impacts are expected. The project design aims to have a

positive effect on the environment as measured by improved water quality. Local impacts from project activities would be limited to minor construction.

The long-term environmental impacts anticipated are positive and linked to the overall project development objective to assist Romania to meet EU environmental directives in the water and wastewater sector, thereby improving the quality and coverage of water and wastewater services.

3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.

N/A

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

As per Bank's Operational Policy 4.00, the use of the country systems for the environmental and social safeguards is being piloted. As stated above, Romania has agreed to implement the measures identified in the safeguards diagnostic review report prepared by the Bank to sustain equivalence and acceptability of piloted safeguard-related policy areas.

The requirements of the policy on International Waterways (OP 7.50) have been met. As noted above, Romania has completed notification.

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

Staff from the Ministry of Environment (MoE) and the World Bank jointly organized a public consultation workshop to discuss the draft version of the Equivalence and Acceptability Report in Bucharest in December 2005. The MoE had circulated copies of the Executive Summary of the draft report to a large number individuals and relevant agencies inviting them to participate in the public consultation and comment on the report. Over thirty-five people, representing non-Government officials, consultants, academia, and various Government departments, attended this workshop. Participants expressed their support to the proposal to pilot Romanian environmental and social system in the context of the project and agreed with the findings and gap filling actions proposed to achieve and sustain equivalence and acceptability. The full report, including the executive summary, was disclosed in Romania and in Washington on January 25, 2006. A final version of the document will be disclosed in Romania and Washington DC by the Board date.

B. Disclosure Requirements Date

Safeguards Diagnostics Review Report:

Date of "in-country" disclosure	01/25/2006
Date of submission to InfoShop	01/25/2006

Environmental Assessment/Audit/Management Plan/Other:

Date of receipt by the Bank	12/21/2005
Date of "in-country" disclosure	01/25/2006
Date of submission to InfoShop	01/25/2006
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	

Resettlement Action Plan/Framework/Policy Process:

Date of receipt by the Bank	11/15/2009
Date of "in-country" disclosure*	12/17/2009
Date of submission to InfoShop	12/22/2009

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

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

** The final LAPF has been posted on the website of the Municipality of Arad on 12/17/09 (<http://www.primariaarad.ro/stirea.php?sid=768&mode=thread&order=0&thold=0>). An earlier version of the LAPF was posted on the website of the Municipality of Bucharest – the final version will be published as soon as problems with their server has been resolved.

C. Compliance Monitoring Indicators at the Corporate Level (to be filled in when the ISDS is finalized by the project decision meeting)

OP/BP/GP 4.01 - Environment Assessment

Does the project require a stand-alone EA (including EMP) report?	N/A
If yes, then did the Regional Environment Unit or Sector Manager (SM) review and approve the EA report?	N/A
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	N/A

OPN 11.03 - Cultural Property

Does the EA include adequate measures related to cultural property?
Does the credit/loan incorporate mechanisms to mitigate the potential adverse impacts on cultural property?

OP/BP 4.12 - Involuntary Resettlement

Has a resettlement plan/abbreviated plan/policy framework/process framework (as appropriate) been prepared?	Yes
If yes, then did the Regional unit responsible for safeguards or Sector Manager review the plan?	Yes

OP 7.50 - Projects on International Waterways

Have the other riparians been notified of the project?	Yes
If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	N/A
What are the reasons for the exception? Please explain:	
Has the RVP approved such an exception?	N/A

The World Bank Policy on Disclosure of Information

Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes

All Safeguard Policies

Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes
Have costs related to safeguard policy measures been included in the project cost?	N/A
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes

D. Approvals

<i>Signed and submitted by:</i>	<i>Name</i>	<i>Date</i>
Task Team Leader:	Mr. Michael Webster	12/15/2009
Environmental Specialist:	Mr. Cesar Niculescu	12/15/2009
Social Development Specialist Additional Environmental and/or Social Development Specialist(s):	Mr. Keith McLean	12/15/2009
<i>Approved by:</i>		
Regional Safeguards Coordinator:	Ms. Agi Kiss	12/28/2009
Comments: Sector Manager:	Mr. Wael Zakout	12/17/2009