



Project Information Document/ Integrated Safeguards Data Sheet (PID/ISDS)

Concept Stage | Date Prepared/Updated: 08-Dec-2017 | Report No: PIDISDSC23586



BASIC INFORMATION

A. Basic Project Data

Country Romania	Project ID P165989	Parent Project ID (if any)	Project Name Ploiesti-Brasov Motorway Preparation Project (P165989)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Mar 30, 2018	Estimated Board Date May 31, 2018	Practice Area (Lead) Transport & ICT
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Public Finance	Implementing Agency Ministry of Transport	

Proposed Development Objective(s)

To support preparation of Ploiesti-Brasov Motorway Project and strengthen the capabilities of Romania’s national road sector to sustainably implement and finance major projects.

Financing (in USD Million)

SUMMARY

Total Project Cost	35.00
Total Financing	35.00
Financing Gap	0.00

DETAILS

Total World Bank Group Financing	35.00
World Bank Lending	35.00

Environmental Assessment Category

A-Full Assessment

Concept Review Decision

Track II-The review did authorize the preparation to continue



Other Decision (as needed)

B. Introduction and Context

Country Context

1. Romania's economy grew by 5.8 percent in the first half of 2017, the fastest in the EU. Growth was led by private consumption (up 7.4 percent year-on-year), which benefited inter alia from fiscal incentives and increases in the minimum and public sector wages and pensions. Despite its fast- economic growth over the last years, Romania still faces the twin challenges of inclusion and consolidating the sustainability of its growth model by focusing on better quality investments, higher productivity and exports, rather than only domestic consumption. Investment growth was timid (up 1.1 percent) reflecting the poor performance of public investment mainly due to the drop-in EU investment funding.

2. Romania held parliamentary elections on December 11, 2016. A governing coalition composed of the Social Democratic Party (PSD) and the Liberal-Democratic Alliance (ALDE) appointed a Cabinet on June 29, 2017, following a vote of no-confidence for a short-lived Cabinet that governed from January-June 2017. The Government's priorities for 2017-20 include investments in infrastructure, healthcare, education, supporting job creation and small and medium enterprise development, in addition to tax and pension reforms. The Government's Program reconfirms Romania's roadmap for achieving the Europe 2020 objectives for smart, sustainable and inclusive growth. It prioritizes for investment the use of EU funds in line with the European Structural and Investment Funds envelope for 2014-20, which amounts to approximately EUR 40 billion.

3. In the past, Romania has received generous EU funding for transport, but has not taken full advantage. Between 2007 and 2013, Romania used only about 77% of the EUR 4.6 billion available for transport infrastructure. Available European Structural and Investment Funds were underutilized due to lack of clear priorities, lack of strategic planning, lack of investment targeting, low quality project preparation and implementation. This under spending of EU funds and the lack of a prepared project pipeline coincides with a significant financing gap in the road sector given the very limited development of Romania's motorway network. This requires a realistic investment plan on the side of the Government, jointly supported by all the IFIs.

Sectoral and Institutional Context

4. Transport infrastructure networks in Romania are in poor condition, offer insufficient coverage, are not efficiently maintained, and generally do not support the country's aspirations on growth and job creation. The rail sector is not cost effective, receives a very significant share of EU funding given EU priorities and needs a thorough reform to increase its efficiency. However, based on current traffic trends and situation in all other EU countries, the backbone of traffic flows uses and will use the road network. However, compared to all EU countries, Romania's 700 km of motorways offer very little coverage and Romania is last in EU in most road infrastructure quality rankings, and in density of the motorway network, which is also low compared to most EU neighbors. Driving conditions along main national roads are poor and unsafe. . Historically, Romania has also not managed any road sector PPP (only some port and rail cargo operations are private). The connectivity of some of Romania's counties to the rest of the country and to Europe make them among the least linked to the rest of Europe, and reinforces the lagging nature of these regions. There is a lack of credible pipeline for motorways to this day, while the size of the country and its main centers for growth would justify many sections



economically. There is an acute need to restructure Romania's transport infrastructure and associated services based on a backbone of economically critical routes and better overall connectivity.

5. To address these challenges, the Government of Romania approved on September 19, 2016 a Governmental Decision for the approval of the General Transport Master Plan (GTMP), which provides the strategy for the development of Romania's transport sector for the next 20 years. The Master Plan identified the projects and policies which best meet Romania's National transport needs over the next 5-20 years, for all modes of transport, and provides a sound, analytical basis for the choice of those policies and projects.

6. Romania's General Transport Master Plan (GTMP) is ambitious with respect to both funding and the envisaged pace of implementation. It targets EUR 27 billion in road sector investment through 2030. According to the approved GTMP, 11 motorways (estimated at EUR 13.3 billion), 19 expressways (estimated at EUR 10.4 billion), tens of rehabilitations and bypasses (EUR 3 billion) are to be delivered by 2030. However, funding sources have been identified for just a portion of the planned investments. For the period 2014 - 2020, the road sector financing needs as per the GTMP amount to EUR 12.8 billion. Approximately EUR 4.6 billion is to be secured from EU funds and national counterpart funding. The balance of EUR 8.2 billion was not identified. Investments that are envisaged for the 2021-2030 period also show a EUR 7.9 billion funding gap. Projected expenditure levels have also been limited in the past: 2012 showed Romania's greatest level of annual road infrastructure investment with 1,623 km of the network, with an annual capital investment of EUR 1.15 billion. The GTMP envisages implementation of more than EUR 2 billion worth of investment per year through 2020. There are therefore two interlinked main hurdles to the sector development: (i) capacity to prepare and implement large capital investment projects at a scale that would help Romania bridge its considerable infrastructure gap vis a vis the rest of the EU and (ii) capacity to mobilize revenue, public and private sources to finance the development of the network, which is partially hidden today by the lack of pipeline.

7. The 110 km Ploiesti-Brasov Motorway is included in the GTMP and forms part of the comprehensive Trans-European Transport Network (TEN-T). The project would complement the existing 60 km Bucharest-Ploiesti Motorway and would link Bucharest with the regional center of the Brasov area. More strategically, this would fundamentally change connectivity between Bucharest and the closest of Romania's most economically vibrant areas. As a result, it has become one of the government's flagships. However, the challenge of delivering the Ploiesti-Brasov Motorway is evident in its history. There have been three prior failed attempts at developing the project under some form of private concession. The most recent attempt in 2014 did not reach closure due to higher than expected costs for the government as well as perceived governance issues surrounding the deal. Experience of this attempt showed that deficient project preparation placed the Government of Romania at a severe disadvantage when negotiating with prospective Project sponsors. It also demonstrated that many technical constraints envisaged during the 2006 feasibility study have become outdated. For example, the 2006 feasibility study set an alignment that avoided any tunnel in excess of 300 meters.

Relationship to CPF

8. The proposed project is closely aligned with the Bank's twin goals of ending extreme poverty and boosting shared prosperity, as well as the overarching theme of sustainability, given the evidence of the strong negative relationship between extreme poverty and accessibility/mobility as an auxiliary support to trade and competitiveness. Under the Country Partnership Strategy (CPS) FY 2014-18, the World Bank supports Romania's efforts to accelerate structural reforms. The overarching long-term objective of the CPS for Romania is to support the country's convergence with the EU through robust, sustainable, and equitable growth and enhanced competitiveness.



9. The Bank engages in Romania through the full range of its instruments: development policy lending, investment project financing, Advisory Services and Analytics (ASA), and especially Reimbursable Advisory Services (RAS). Engagement over FY14–18 aims at advancing poverty reduction and promoting shared prosperity through three pillars. These are: (i) creating a 21st century Government; (ii) growth and private sector job creation; and (iii) social inclusion. The proposed project directly contributes to pillar (i) and (ii). It would define a project delivery model for the government that can be replicated to the large investment program that has been lagging in the transport sector over the years, and diversify sources of funding. The investment resulting from the proposed project would later directly contribute to growth and job creation.

10. Under the next Country Partnership Framework (currently in process of being developed) the Bank will continue to engage in a strong partnership with Romania and maintain a large portfolio of lending, advisory services and technical assistance along three main pillars to: support private sector competitiveness, enhance public service delivery and strengthen resilience. The proposed project (and the investment resulting from it) will directly contribute to private sector competitiveness (through lower transport costs, a larger market, a greater and more diverse supply of labor) and will trigger public service delivery by the expected institutional improvements in preparing and managing large infrastructure projects.

C. Proposed Development Objective(s)

11. To support preparation of Ploiesti-Brasov Motorway Project and strengthen the capabilities of Romania’s national road sector to sustainably implement and finance major projects.

Key Results (From PCN)

12. The Project will seek to use the Ploiesti-Brasov Motorway Project’s preparation as a demonstration for improved project preparation of Romania’s motorways. The intended achievement of the PDO is expected to be measured by the following outcome indicators:

- Delivery of a “best practice” feasibility study and accompanying safeguards instruments for the Ploiesti-Brasov Motorway Project that can serve as a model for effective major project preparation in Romania;
- Development of a funding strategy to close the financing for the Ploiesti-Brasov Motorway construction, and for a road sector wide funding and delivery strategy for the motorway construction part of Romania’s General Transport Master Plan (GTMP) and/or its successor(s);
- Technical designs and bid documents to start construction of the Ploiesti-Brasov Motorway Project;
- Implementation of a public communications and consultations program that uses online presence, social media, and face-to-face consultations for capturing and making use of beneficiary feedback in developing the Ploiesti-Brasov Motorway project.

D. Concept Description

13. The proposed World Bank support would first take the form of an Investment Project Finance (IPF) loan to the Government of Romania. This will finance preparation and technical assistance activities under the following two components:



Component 1: Preparation of the Ploiesti-Brasov Motorway delivery

14. This component will support financing of the following studies/activities, all related to the construction of the Ploiești-Brașov Motorway from the current end of the A3 motorway from Ploiești to Brașov:

- (i) Technical feasibility study including conceptual design, traffic demand forecast, technical surveys, preliminary design, cost estimate, economic and financial evaluations;
- (ii) Environmental study including the Environmental and Social Impact Assessment (ESIA) and Environmental Management Plans (EMPs);
- (iii) Social studies including the Resettlement Policy Framework (RPF), Land Acquisition and initial Resettlement Plans and Land Valuation Studies;
- (iv) Financial Options Study for this investment including an assessment of financial schemes and plans including State, Public, international and commercial financing for the proposed investment;
- (v) Detailed Designs and Bidding Documents preparation, complemented by the necessary adjustment to the relevant land acquisition plan; and
- (i) Other necessary consulting services required for quality preparation of the project.

Component 2: Institutional strengthening and sector initiatives

15. This component will support financing of the following activities:

- (i) Project management activities providing support for project coordination and administration and covering PMU Staffing Costs, purchasing of some equipment and operating costs over the life of the project;
- (ii) Technical assistance activities covering external technical support including technical experts review, road safety audit, communication and consultation needed for the investment, and supporting services to improve government project management processes if necessary.
- (iii) Development of a funding and programmatic delivery strategy for the motorway aspects of the General Transport Master Plan or its successor(s); and of a financing strategy for the road sector (including options to introduce an e-tolling system);
- (iv) Training and skills enhancement relating to motorways development with a particular focus on tunneling, complex structures, climate resilience and road safety; and
- (v) Assessment of Wider Economic Benefits of the Ploiesti-Brasov Motorway.

SAFEGUARDS

A. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project comprises technical assistance activities funded by two main components including; (1) feasibility studies, technical surveys, engineering conceptual and detailed design studies; relevant safeguard instruments(ESIA with ESMP and RPFs with RAPs); and preparation of bidding documents, etc that would facilitate the new construction of the Ploiești - Brașov motorway planned from the current end of the A3 motorway in Ploiești to Râșnov, which may or may not be financed by the Bank and (2) Project management activities providing support for project coordination and administration and overall institutional strengthening of agencies that are responsible for planning and implementation of follow-up road sector development programs. Project locations for the proposed TA will be relevant to the surroundings of the proposed Bucharest-Brasov corridor road network including three major touristic cities along this corridor (Bușteni, Predeal and Sinaia), several villages and communes, a combination of flat area and difficult mountain terrain, established



natural reserves/parks as well as known physical cultural resources. The corridor also intersects a variety of utilities such as natural gas and petrol, telecommunications electrical poles, drinking water and sewage networks. The actual locations for the civil works for follow-up investments will be determined based on results of the studies financed under the present TA.

B. Borrower’s Institutional Capacity for Safeguard Policies

The country has experience in implementing IFI (such as EU and EBRD) supported road projects including in World Bank financed projects. This TA will support to enhance capacities for the staff of the Project Implementation Unit (PIU) that will be created within the Ministry of Transport with the necessary skills and knowledge to prepare and implement the project and apply the Bank environmental and social safeguards policies.

The PIU will be in charge of daily activities of project implementation and coordination, including planning, budgeting, procurement, disbursement, auditing arrangements, monitoring and evaluation, and implementation progress reports. It is important to note that Romania was one of the first 7 pilot countries for use of country systems (UCS) for safeguards in category B projects in transport and water and sanitations sectors (in line with the OP 4.00, 2008). Within the UCS framework assessment, equivalency and acceptability of the environmental and social national legislation and standards and their implementation on practice have been analyzed through a safeguards diagnostic review. This concluded that the environmental legislation and practices is in principle equivalent and acceptable with the Bank OPs, however there are major differences concerning the involuntary resettlement and land acquisition process. Currently, Romania’s environmental legislation is completely aligned with the relevant EU framework. Disclosure of information and public consultation for ESIA’s of major investments are following a thorough process with a transparent participation from the relevant stakeholders, process that will meet the Bank requirements.

C. Environmental and Social Safeguards Specialists on the Team

- Ruxandra Maria Floroiu, Environmental Safeguards Specialist
- Mohamed Ghani Razaak, Social Safeguards Specialist
- Cesar Niculescu, Environmental Safeguards Specialist

D. Policies that might apply

Safeguard Policies	Triggered?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	The proposed Technical Assistance will support the preparation of an investment program including the preparatory technical studies for a110 km long Ploiesti – Brasov motorway construction. This will mainly consist in delivery of a “best practice” feasibility study and accompanying safeguards instruments for the Ploiesti-Brasov Motorway Project that can serve as a model for effective major road project preparation in Romania; delivery of preliminary designs and bid documents to start construction of the Ploiesti-Brasov Motorway Project; and implementation of a public communications and consultations program that can later be replicated for other similar investment.



The proposed TA activities themselves do not have direct adverse environmental and social impacts. However, the outcomes of the proposed TA support are expected to have significant environmental and social implications going forward, entailing risks and potentially inducing adverse impacts due to the nature of the works and affiliated risks envisaged for the construction of the said new motorway (detailed below). Consequently, this TA is classified as category “A” in line with OP 4.01.

The incremental environmental and social impacts associated with the proposed works will be considered and addressed by an Environmental and Social Impact Assessment (ESIA) including a general Environmental and Social Management Plan (ESMP), which will be the output of the TA. This will be developed in line with the technical studies and will provide the necessary background for environmental and social considerations to be built into the project design so that environmentally and socially sustainable implementation can take place.

The main environmental impacts expected to be generated by the motorway construction may include destabilization of slopes due to soil erosion in sensitive areas, loss of tree plantations in various sections alongside the road alignment, disturbance of drainage systems, extraction of road construction materials and operation of access roads, increased dust production and air and noise pollution, and construction wastes which will need to be collected, transported and disposed regularly and in a sustainable manner. Establishment of construction camps is associated with generation of solid wastes and wastewater, compression of soil and possible noise disturbance. Supply of the motorway construction with asphalt, stones, gravel, and sand may carry the risk of disturbance of landscape and soil as well as of hazardous emissions and generation of noise. In addition, there are other social, occupational health and safety issues may also require attention. The construction works of road network may require a large workforce including both local and foreign workers. The labor influx to relatively semi-urban localities may trigger some social tensions. The project will assess the requirements of foreign labor force and will adopt necessary mitigation measures by providing



training, orientation as well as strict code of conducts for workers to avoid potential conflict between host communities. Overall, the long-term impacts of the motorway project are positive. This will connect south-north part of the country, between Bucharest, Ploiesti and Brasov, one of the most intense traffic corridor in Romania, and improved road infrastructure will contribute to decreased level of accidents due to better regulated traffic, lower levels of dusting, noise and vibration.

Natural Habitats OP/BP 4.04	Yes	The policy is triggered since the planned motorway sections goes through and located near several sensitive natural habitats which requires additional due diligence.
Forests OP/BP 4.36	Yes	The policy is triggered as the ESIA developed as part of the TA output will need to consider risks of the motorway construction which would be implemented in close vicinity or within forest areas. The ESIA and general ESMP will specify the rules and procedure for environmental screening and assessment of land plots given for positioning the motorway structures within/nearby the forests areas to ensure adequate design and implementation of mitigation measures.
Pest Management OP 4.09	No	Policy is not triggered as the TA will not procure any pesticides nor will it induce an increase in the current low levels of pesticide use.
Physical Cultural Resources OP/BP 4.11	Yes	Policy will be triggered due to the possibility of chance finds of cultural or historic resources during the construction of the new motorway, and also, because cultural resources might be affected by the construction activities. The ESIA financed by this TA will need to consider any possible impacts on the known or not discovered PCRs at the future project locations.
Indigenous Peoples OP/BP 4.10	No	Not applicable
Involuntary Resettlement OP/BP 4.12	Yes	The project does not envisage physical interventions and no tangible adverse social impacts are anticipated. However, the proposed technical assistance may proceed to a larger investment program with interventions that lead to physical infrastructure development for the Ploiesti-Brasov Motorway construction that may entail significant change in land use in areas/main settlements and affect the neighboring population living along road network in



hilly terrace sections. Hence, in order identify potential adverse social impacts and risks, especially land acquisitions, physical displacement of properties and people, access restriction to livelihood resources for communities residing along the road network, the policy is triggered as a precautionary measure. The project will carry out social studies including the Resettlement Policy Framework (RPF), Land Acquisition and initial Resettlement Plans and Land Valuation Studies which will show potential impacts and suggest an approach to develop additional safeguards instruments, if necessary. A grievance redress mechanism will be established under the project to address concerns and complaints of the public and project affected persons.

Safety of Dams OP/BP 4.37	No	Not applicable
Projects on International Waterways OP/BP 7.50	No	Not applicable
Projects in Disputed Areas OP/BP 7.60	No	Not applicable

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Apr 02, 2018

Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing should be specified in the Appraisal Stage PID/ISDS

- The ToRs for safeguards instruments to be prepared during project implementation including (i) full ESIA and general ESMP category A level and (ii) Resettlement Policy Framework (RPF), Land Acquisition and initial Resettlement Plans and Land Valuation Studies – to be ready by appraisal publicly disclosed and consulted with relevant stakeholders before appraisal may commence.
- ToR for Stakeholder consultation and strategic communications plan also will be prepared, publicly disclosed and consulted with relevant stakeholders before the appraisal. Special attention will be paid to include people with disabilities and their organizations in these communication and stakeholder consultation plans.

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