



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

Concept Stage | Date Prepared/Updated: 02-Jan-2018 | Report No: PIDISDSC23794



BASIC INFORMATION

A. Basic Project Data

Country Romania	Project ID P166302	Parent Project ID (if any)	Project Name Strengthening Disaster Risk Management in Romania (P166302)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date Feb 15, 2018	Estimated Board Date May 31, 2018	Practice Area (Lead) Social, Urban, Rural and Resilience Global Practice
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Romania Ministry of Internal Affairs	

Proposed Development Objective(s)

The Project Development Objective is to enhance the resilience of critical disaster and emergency response infrastructure and to strengthen the government’s capacities in disaster risk reduction and climate change adaptation.

Financing (in USD Million)

SUMMARY

Total Project Cost	58.61
Total Financing	58.61
Financing Gap	0.00

DETAILS

Total World Bank Group Financing	58.61
World Bank Lending	58.61

Environmental Assessment Category
B-Partial 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 is one of the fastest growing economies in the European Union (EU), with growth of 5.8 percent in the first half of 2017. Growth was led by private consumption (up 7.4 percent annually), which was fueled by the reduction on the standard VAT rate from 24 to 20 percent in January 2016 and by increases in the minimum and public sector wages and pensions. Despite 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, and higher productivity and exports, rather than only domestic consumption. Investment growth increased by just 1.1 percent reflecting the poor performance of public investment mainly due to the decrease in EU investment funding.
2. Romania is still among the poorest countries in the EU. With more than a third of its population living on less than \$5 per day measured in 2005 PPP terms, Romania has the highest share of population living in moderate poverty in the EU. While growth was broadly inclusive over the past 10 years, the 2008 financial crisis halted progress in poverty reduction and growth in income for the bottom 40 percent. While income of the bottom 40 percent increased by an annualized 12.6 percent between 2006 and 2008, income growth was negative on average for all households and the incomes of the bottom 40 percent were hit by some of the largest shocks in the region from 2009 to 2013, due to large-scale employment losses and reductions in pension benefits.
3. As a result, the Government's program for 2017-20 is focused on further 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 the use of EU funds for investment in line with the European Structural and Investment Funds envelope for 2014-20, which amounts to approximately EUR 40 billion.

Sectoral and Institutional Context

4. **Geophysical and climate-related disasters pose a considerable threat for Romania's poverty alleviation efforts and its sustainable economic growth.** Romania is prone to a range of natural disasters, particularly earthquakes and floods, which have resulted in significant physical, social and financial impacts. From 1970 to 2016, 85 catastrophic events were recorded in Romania, including 47 floods, 4 earthquakes and 2 droughts, which resulted in over US\$6 billion of losses and damages and affected almost two million people. At the same time, disaster impacts are increasing including due to (i) concentration of people and economic assets; (ii) insufficient funding for risk reduction; and (iii) climate change effects.

Romania is one of the countries in the European Union (EU) most at risk from earthquakes, with hundreds of lives lost and tens of thousands of buildings damaged in earthquakes in the last 200 years. In the last 5 centuries, there



have been on average two magnitude 7+ earthquakes each century, with five earthquakes since 1802 with magnitudes higher than 7.53. Moreover, seismic experts consider an 8.1 magnitude earthquake possible. The vulnerability of the Romanian economy to earthquakes is exacerbated by the fact that more than 75% of the population (or 65% of urban population) and 45% of all critical transport, energy, water, communication services are in areas with high earthquake hazard. Furthermore, 60-75 % of Romania's fixed assets which contribute to 70-80 % of the country's GDP are located in seismic zones.

5. **Bucharest rates as one of the 10 cities in the world most vulnerable to earthquakes.** In 1977, a magnitude 7.2 earthquake caused more than 1,500 fatalities, left 11,321 injured, and collapsed or severely damaged 156,000 residential apartments. More than 2,274 schools and 459 hospitals were severely damaged. In 1978, a World Bank report estimated a total loss of US\$2 billion in 1978 dollars, with Bucharest accounting for 70% of the total (approximately US\$1.4 billion). Scientists and engineers estimate that a similar event today would have direct damage costs of €7-11 billion Euros, with economic losses exceeding €25 billion. Estimates of fatalities range from 700 to 4,500, with functionality and access to housing in Bucharest reduced to 30%, and rising slowly to 65% after a year and 90% after two years. The increased concentration of economic assets and population growth in earthquake prone areas, such as Bucharest, means that the risk will increase over time, almost doubling by 2080, unless urgent action is taken to reduce and manage earthquake risks.
6. **There is currently no systematic national approach to risk reduction, particularly seismic risk in public buildings that provide vital public services and are critical for rapid recovery in the event of a disaster.** Other public buildings at risk of significant damage or collapse include city halls and hospitals – damage to which would significantly reduce the ability to care for injured persons and to continue critical health provision and public administrative functions. Despite 2,000 schools being severely damaged or collapsing in the 1977 earthquake, the education sector has not undertaken systematic seismic risk reduction interventions in preschool, kindergarten, elementary and secondary school buildings. Additionally, for critical lifeline utilities – water, energy, communication and transport – there is a lack of comprehensive measures to quantify and reduce risks from different hazards, an issue exacerbated by decentralized government ownership and oversight of such services.
7. Nevertheless, after the 1977 earthquake Romania has made some progress in seismic risk management. This includes the development and implementation of improved building codes and the identification of at risk structures. In 2008, compulsory indemnity home insurance was introduced to cover losses caused by earthquakes, floods and landslides. The government strengthened the mandate of the catastrophe insurance by the decision not to provide financial assistance after disasters to any uninsured household. It has also provided the legislation to penalize non-compliance with the compulsory insurance law by a fine. However further reform of this catastrophe insurance scheme would deepen coverage, which is currently at 20% of the households.
8. Institutionally, disaster risk management is increasingly decentralized, with specific roles and responsibility for actions being held at the national, Bucharest Municipality, county and local levels, with actions administered by Emergency Situation Committees or the professional community public services for emergency situations (County Inspectorates for Emergency Situations), for example. At the national level, the General Inspectorate for Emergency Situations (GIES), under the Ministry of Interior, which was formed in 2004, is responsible for coordinating DRM public policy and response. The GIES also coordinates with other line ministries with functions under the Law such as Ministry of Regional Development and Public Administration, Ministry of Environment and Climate Change, Ministry of Agriculture and Rural Development, Ministry of Health, Ministry of Education and Ministry of Economy. GIES is also responsible for prevention and management of disasters and operates the National Operational Center.



Relationship to CPF

9. The proposed program is aligned with the objectives of the current Country Partnership Strategy (CPS) FY14 – 18 for Romania which seeks to reduce poverty in Romania and foster sustainable income growth for the bottom 40 percent of the population. The CPS has three main strategic pillars: (i) creating a 21st century Government; (ii) growth and private sector job creation; and (iii) social inclusion. The proposed project contributes across all three of the CPS by supporting the government to build the country's resilience to natural disasters and will help reduce disaster related economic and livelihood losses in the event of a disaster.

10. The proposed program is also fully aligned with the objectives of the proposed Country Partnership Framework (CPF) FY19 – 23 to be presented to the Board of Executive Directors in May 2018, which seeks to reduce poverty in Romania and foster sustainable income growth for the bottom 40 percent of the population. Under the proposed Strengthen Resilience pillar, the new CPF specifically identifies enhancing earthquake preparedness as a key area for Bank support. The proposed DPL with CAT DDO will also complement the pipeline Investment Project Financing for Earthquake Preparedness (P166302 - US\$ 50million). The specific CPF outcome to which these operations will contribute is Establishment of a National Disaster Risk Management Platform and strengthening public buildings to seismic risk.

C. Proposed Development Objective(s)

The Project Development Objective is to enhance the resilience of critical disaster and emergency response infrastructure and to strengthen the government's capacities in disaster risk reduction and climate change adaptation.

Key Results (From PCN)

11. Achievement of the PDO will be monitored through the following proposed key outcome indicators:
 - Disaster and emergency response infrastructure and facilities strengthened
 - Improved understanding of seismic and climate risks
 - Strengthened capacity to coordinate and respond to emergencies
 - Number of direct project beneficiaries from strengthened facilities
 - Number of communities reached and informed

D. Concept Description

12. The proposed World Bank support will first take the form of an Investment Project Finance (IPF) loan to the Government of Romania. This will consist of the following components and activities:

Component 1: Improving seismic resilience of disaster and emergency response infrastructure

13. The main objective of this component is to improve the seismic safety of critical disaster and emergency response buildings through investments in building infrastructure and structural strengthening. Increased functionality



through amenity and energy efficiency improvements will also enhance disaster and emergency response for smaller and moderate events, especially given that many of these buildings were constructed prior to 1990.

Component 2: Enhancing technical capacity for seismic risk reduction investment planning and Project Management

- 14. The objective of this component is to improve the understanding of disaster and climate risks, with a focus on developing a national seismic risk reduction program and investment strategy to guide future investments in subsequent phases of the Program. This component will finance technical assistance activities to improve datasets critical for prioritization of risk reduction in other sectors, as well as modelling, forward-looking resilient investment planning, development of a package of evidence-based priority investments to support strengthening of existing critical buildings across the country, development of designs, communications activities, and other activities to enhance the capacity of the Government to implement and manage large scale retrofitting programs.

Component 3: Contingent Emergency Response Component (CERC)

- 15. Following an eligible crisis or emergency, the Government may request the Bank to re-allocate project funds to this component to support emergency response and reconstruction. This component would draw from the uncommitted loan resources under the project from other project components to cover emergency response.

SAFEGUARDS

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

Project activities will be in Bucharest and other areas of Romania at high risk from earthquakes. Activities under Component 1 could include, inter alia, construction, rehabilitation and partial demolition of existing high risk buildings, and where found, removal of asbestos.

B. Borrower’s Institutional Capacity for Safeguard Policies

Borrower's institutional capacity for safeguard policies will be assessed during project preparation.

C. Environmental and Social Safeguards Specialists on the Team

Kristine Schwebach, Social 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 project is anticipated to have limited, reversible and insignificant environmental and social impacts due to building construction and retrofitting activities. Anticipated environmental impacts during the



construction works will be noise pollution, emissions of particulate matter/dust to air, domestic waste water, disposal of excavation materials and hazardous materials. Due to demolishing activities there is the potential of asbestos contamination which will arise from old pipes, paint used and roofing materials, etc. All construction, retrofitting and demolition works will be conducted in line with the national environmental regulations and World Bank’s Operational Policies.

According to the initial screening, additional analysis is needed to assess whether there are Roma issues relevant to the Project and the need for consultations on how and if the project could affect Roma differently. These will be done as part of project preparation and will be reflected in appropriate safeguards documents and tools.

If necessary, an ESMF will be prepared ex ante to supplement the Project’s environmental and social safeguards instruments, and included in the CERC Annex covering activities potentially to be financed from the CERC.

Natural Habitats OP/BP 4.04	No	The project will be implemented in settled areas and the team does not expect to have any activities in natural habitats.
Forests OP/BP 4.36	No	The project will be implemented in settled areas and the team does not expect to have any activities in forests.
Pest Management OP 4.09	No	The project does not include any activities related with pest management.
Physical Cultural Resources OP/BP 4.11	Yes	OP 4.11 was triggered to include procedures and responsibilities for managing works in culturally and historically significant areas and accidentally discovered or chance find cultural artifacts to ensure that Cultural Heritage assets will not be adversely affected by World Bank-financed projects.
Indigenous Peoples OP/BP 4.10	No	The project does not include any activities that would affect indigenous peoples.
Involuntary Resettlement OP/BP 4.12	TBD	Whether or not OP4.12 will be triggered will be determined during project preparation. The project will support retrofitting or reconstruction of high priority public buildings used for emergency response purposes. Therefore involuntary resettlement or land acquisition is not expected. However, at this stage the details ownership status of the public buildings to be



included under the project are not clear. If any of them presents mixed ownership or pending claims from individuals, the involuntary resettlement policy will be triggered to enable proper tools and mechanisms to be defined.

Safety of Dams OP/BP 4.37	No	The project does not include any dams.
Projects on International Waterways OP/BP 7.50	No	Project does not have any impact on international waterways.
Projects in Disputed Areas OP/BP 7.60	No	Project is not in disputed areas.

E. Safeguard Preparation Plan

Tentative target date for preparing the Appraisal Stage PID/ISDS

Feb 15, 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

ESMF will be prepared and disclosed prior to appraisal. Stakeholder engagement mechanisms will be investigated during preparation and disclosed during appraisal.

CONTACT POINT

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APPROVAL

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