



# Concept Environmental and Social Review Summary

## Concept Stage

### **(ESRS Concept Stage)**

Date Prepared/Updated: 08/21/2026 | Report No: ESRSC05705

**I. BASIC INFORMATION****A. Basic Operation Data**

|                               |                                                     |                          |                      |
|-------------------------------|-----------------------------------------------------|--------------------------|----------------------|
| Operation ID                  | Product                                             | Operation Acronym        | Approval Fiscal Year |
| P516829                       | Program-for-Results Financing (PforR)               | SHARP                    | 2027                 |
| Operation Name                | Sustainable Heating for a Resilient Romania Program |                          |                      |
| Country/Region Code           | Beneficiary country/countries (borrower, recipient) | Region                   | Practice Area (Lead) |
| Romania                       | Romania                                             | EUROPE AND CENTRAL ASIA  | Energy               |
| Borrower(s)                   | Implementing Agency(ies)                            | Estimated Appraisal Date | Estimated Board Date |
| Ministry of Finance           | Ministry of Energy                                  | 30-Nov-2026              | 25-Mar-2027          |
| Estimated Concept Review Date | Total Project Cost                                  |                          |                      |
| 01-Sep-2026                   | 1,610,933,974.00                                    |                          |                      |

**Proposed Development Objective**

To increase the technical and institutional capacity to govern, plan and regulate the Heating and Cooling sector to improve the sustainability and resilience of large H&C systems in Romania

**B. Is the operation being prepared in a Situation of Urgent Need of Assistance or Capacity Constraints, as per Bank IPF Policy, para. 12?**

No

**C. Summary Description of Proposed Project Activities**

In line with its strategic vision for the heating and cooling sector, the Romanian Government has launched and plans to launch different initiatives policy interventions to support investments in the value chain, like thermal energy efficiency renovation of the building stock, high-efficiency cogeneration capacity in the district heating sector, production of heat from low-carbon sources (including through heat pumps and geothermal energy), modernization of existing district heating networks and energy-related renovations of buildings. In this context, the SHARP Program will support a comprehensive package of interventions in the H&C sector, capacity strengthening activities and tools, and reforms in the legal and regulatory frameworks. The proposed PforR will be structured around three main results areas: • Results



area PforR.I: Strengthened institutional systems for heating sector governance and program management. Under this results area, the Program will seek to improve the design, implementation and evaluation of policy interventions and investments. Results will be achieved by the implementation of activities to align resources to deliver, improve procedures (design, implement, supervise/monitor and evaluate programs) and institutional communication. • Results area PforR.II: Enhanced Regulatory Framework to accelerate the transition of the heating sector. This results area will support the development of a National Plan for Sustainable Heating and Cooling, the energy poverty dimension of the heating sector and standards for the provision of heating services, as well as the development of secondary legislation in the sector. • Results area PforR.III: Increased efficiency in district heating networks and heat generation technologies in district heating and industrial sectors. To achieve the results in results area III, the Program will support transformational investments in the modernization and rehabilitation of district heating networks and deployment of heat pumps in the industrial and district heating sectors. These investments are expected to have direct impact on Private Capital Mobilization (PCM), climate change adaptation and mitigation, job creation, energy security and financial sustainability and resilience of the sector. Along the PforR, a proposed EUR10million IPF would help address critical implementation and technical needs that cannot be adequately met through Romania's existing government program systems alone and ringfence resources critical for the success of the Program. The IPF component will finance three essential areas. Component I will support the Program Management Unit (PMU), ensuring dedicated fiduciary, procurement, monitoring and evaluation, and coordination capacity throughout implementation — functions that require consistent, ring-fenced resources to maintain the operational continuity and oversight standards expected under Bank-financed operations. Component II will finance the development of an IT platform and monitoring and evaluation systems at the Ministry of Energy, necessary to track program results, including impact of state aid support on key indicators (including GHG emissions reductions), verify disbursement-linked indicators, and strengthen the government's data management capacity in the sector. Components III and IV will finance highly specialized technical assistance on complex heating and cooling policy issues where access to international expertise is essential. These would include: the design and implementation of district heating and cooling reform roadmaps, the development of innovative and sustainable financing mechanisms for the sector, and the elaboration of targeted policy and regulatory frameworks.

## **D. Environmental and Social Overview**

### **D.1 Overview of Environmental and Social Project Settings**

The IPF-financed activities will support Project Management Unit (PMU) operations and Program monitoring and evaluation; strengthen the MoE's institutional capacity; provide technical and advisory assistance to support the achievement of PforR results, including beneficiary support, secondary legislation, and capacity building; and develop digital systems and an IT platform. These activities are nationwide and institutional or advisory in nature and will not finance site-specific physical investments or civil works. Accordingly, no direct interaction with environmentally or socially sensitive areas or significant direct adverse environmental and social (E&S) impacts is anticipated.

However, some TA outputs may inform future investments, incentive mechanisms, policies, and secondary legislation in the Heating and Cooling (H&C) sector and may therefore have downstream E&S implications. These may include resource and energy efficiency; pollution prevention; hazardous materials and waste management; occupational and community health and safety; land-related impacts; service disruptions; affordability and access for vulnerable consumers; workforce transition; and stakeholder engagement. The development of digital systems may also raise considerations related to data protection, cybersecurity, accessibility, and e-waste management, as applicable. Relevant



E&S requirements will therefore be integrated into the ToRs and outputs of applicable TA activities and addressed through stakeholder engagement and institutional capacity-building measures, as appropriate.

**D.2 Overview of Borrower’s Institutional Capacity for Managing Environmental and Social Risks and Impacts**

The Ministry of Energy (MoE) will be responsible for implementing the IPF component. Its current capacity to manage E&S risks and impacts is considered limited, as it has no previous experience implementing World Bank-financed operations and a dedicated PMU and qualified E&S specialists are not yet in place. However, the MoE has experience implementing EU-funded projects and has demonstrated its commitment to establishing the institutional arrangements necessary for E&S management under the Program, with support from the GFPP.

As an interim measure under the GFPP and its Environmental and Social Commitment Plan (ESCP), the MoE has designated an E&S focal point. A dedicated PMU will be established, and qualified E&S specialists will be recruited to oversee relevant E&S aspects of the GFPP; support the World Bank’s ESSA process; provide E&S oversight of investments associated with the proposed PforR prior actions; and support the transition to PforR implementation. Suitably qualified and experienced E&S specialists are expected to be recruited within six months of the GFPP Grant’s Effective Date of August 3. These staffing arrangements, together with planned capacity-building activities, are expected to strengthen the MoE’s capacity to manage E&S risks and impacts under the Program. The same E&S team will be responsible for managing the E&S risks and impacts associated with the IPF component. Going forward, technical and financial support for E&S management is expected to be maintained under the IPF-TA component.

**II. SCREENING OF POTENTIAL ENVIRONMENTAL AND SOCIAL RISKS AND IMPACTS**

**A. Environmental and Social Risk Classification (ESRC)** Moderate

**A.1 Environmental Risk Rating** Moderate

The environmental risk of TA-IPF is rated Moderate. The component will support Program implementation through PMU operations, institutional capacity strengthening, technical and advisory assistance, monitoring and evaluation, and the development of digital systems and IT solutions. It will not finance physical investments, civil works, feasibility studies, or engineering designs. However, TA activities related to the design of incentive, secondary legislation, beneficiary support, and heating and cooling sector reforms may inform or influence future downstream investments. These may include the rehabilitation of district heating infrastructure and the installation or upgrading of low-carbon heating and cooling systems in industrial buildings, including potentially historic or culturally significant buildings. These investments may also have implications for energy and resource efficiency, emissions and pollution prevention, management of hazardous materials and waste, occupational and community health and safety, the sustainable use of natural resources. While the IPF-TA will not finance physical investments or civil works, its institutional, advisory, capacity-building, monitoring, and digitalization activities are expected to contribute indirectly to positive environmental outcomes by supporting the sustainable design and implementation of sustainable heating and cooling sector reforms and future investments. The Moderate rating reflects the primarily institutional and advisory nature of the activities, their potential downstream environmental implications, the MoE’s currently limited environmental management capacity, and the need to ensure that relevant environmental requirements are adequately

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incorporated into applicable TA ToRs and outputs. Potential risks are expected to be predictable and manageable through appropriate environmental provisions, qualified environmental expertise, capacity building, and World Bank implementation support.

Moderate

## **A.2 Social Risk Rating**

The social risk of the TA-IPF component is rated Moderate. The Moderate rating reflects the potential indirect and downstream social implications of policy and regulatory reforms in the heating and cooling sector supported by the TA. Depending on their scope and design, these reforms may affect energy affordability and access to social protection, particularly for vulnerable groups, including low-income households, the elderly, and Roma communities. These risks will require further analysis and appropriate stakeholder engagement to identify and minimize potential adverse impacts. Labor and working conditions risks are expected to be limited, as project workers will primarily comprise technical experts undertaking analytical and advisory activities. Relevant Occupational Health and Safety (OHS) measures will continue to apply to activities involving travel, and Codes of Conduct addressing prevention of Sexual Exploitation and Abuse/Sexual Harassment (SEA/SH) will be required for all project workers. Some consultancies may also involve field data collection and engagement with vulnerable or energy-poor households, requiring appropriate stakeholder engagement and careful management of personal data in line with the General Data Protection Regulation (GDPR).

## **B. Relevance of Standards and Policies at Concept Stage**

### **B.1 Relevance of Environmental and Social Standards**

#### **ESS1 - Assessment and Management of Environmental and Social Risks and Impacts**

Relevant

The IPF activities are not expected to cause direct substantial environmental risks or impacts, as they will finance TA, institutional strengthening, Program management, M&E, and digital systems, but no physical investments or civil works. However, TA related to incentive mechanisms, legislation, beneficiary support may have downstream environmental implications. These risks will be managed by integrating relevant E&S requirements into applicable ToRs and outputs, consistent with ESS1. From a social perspective, TA activities may have indirect and downstream impacts, particularly on vulnerable and energy-poor households. Consistent with ESS1, relevant TA ToRs will require assessment of affordability and distributional impacts, consideration of vulnerable groups and social protection needs, and consultations with potentially affected groups to inform policy and regulatory recommendations. These requirements will be reflected in the IPF-specific ESCP and stakeholder engagement activities

#### **ESS10 - Stakeholder Engagement and Information Disclosure**

Relevant

ESS10 is relevant as TA activities, including technical studies, beneficiary support mechanisms, and policy and regulatory development, will require engagement with a range of stakeholders, including affected communities, district heating utilities, Local Public Authorities, and vulnerable groups such as low-income and elderly households. Stakeholder engagement requirements will be reflected in the IPF-specific ESCP. Relevant TA ToRs will incorporate ESS10 requirements for timely information disclosure and meaningful and accessible consultation, including targeted engagement with vulnerable groups, and require stakeholder feedback to be documented and reflected, as appropriate, in relevant policy and regulatory recommendations and outputs.



## **ESS2 - Labor and Working Conditions**

Relevant

ESS2 is relevant, as the IPF will engage contracted PMU staff and individual and firm consultants. Civil servants from the MoE may also be seconded to support PforR preparation and implementation. Labor and OHS risks are expected to be limited given the TA nature of the operation. Appropriate OHS measures will nevertheless apply to field visits to heating facilities or potential investment sites, including travel and site-specific hazards. Romania's labor legislation provides a strong baseline consistent with ESS2. The Project will consider use of the Borrower's Framework, supplemented by measures including SEA/SH Codes of Conduct and a project-level workers' GRM established under the GFPP. A standalone LMP is therefore not expected to be required.

## **ESS3 - Resource Efficiency and Pollution Prevention and Management**

Relevant

ESS3 is relevant because activities under Component TA.III may influence downstream heating and cooling investments, including technology selection, energy and resource efficiency, air emissions, and the management of waste and hazardous materials, such as asbestos, oils, refrigerants, and replaced equipment. Component TA.II may also generate minor electronic-waste risks if IT equipment is procured or replaced. Any equipment procurement will consider energy efficiency and responsible end-of-life management. Romania's energy and environmental framework is aligned with applicable EU requirements and will provide the regulatory basis for these activities. Relevant ESS3 considerations will be incorporated into applicable TA ToRs and outputs.

## **ESS4 - Community Health and Safety**

Relevant

TA activities may involve community interactions through studies and consultations, requiring careful management, particularly when engaging vulnerable groups. Project workers will sign SEA/SH Codes of Conduct, and engagement will be conducted in safe and accessible settings. Some TA activities may also inform future heating-sector investments, including DH network rehabilitation and geothermal development. Relevant ESS4 considerations and applicable national and EU requirements, including construction-related risks, heating service disruptions, and exposure to hazardous materials, will therefore be incorporated into relevant TA ToRs and outputs.

## **ESS5 - Land Acquisition, Restrictions on Land Use and Involuntary Resettlement**

TBD

The IPF is not expected to finance physical investments, civil works, or activities requiring land acquisition or resulting in involuntary resettlement. As the scope of the TA will be further defined during PforR preparation, the nature and extent of any potential downstream implications related to involuntary land acquisition and resettlement are not yet known. The relevance of this Standard will therefore be further assessed as the scope and outputs of the TA are defined.

## **ESS6 - Biodiversity Conservation and Sustainable Management of Living Natural Resources**

TBD

The IPF component will not finance physical activities that could directly affect biodiversity or natural habitats. However, technical assistance and beneficiary support under Component TA. However, as the scope and outputs of the technical assistance will be further defined during PforR preparation, any potential downstream implications for natural habitats, protected areas, water bodies, or other environmentally sensitive locations remain uncertain. Accordingly, the relevance of ESS6 will be determined once the scope and potential downstream implications of the



technical assistance are clearer. Any future downstream or follow-on activities, if applicable, will be assessed on their own merits in accordance with Romanian legislation and the ESS6.

**ESS7 - Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities**

Not Currently Relevant

There are no Indigenous Peoples or Sub-Saharan African Historically Underserved Traditional Local Communities present in the Program area as defined under ESS7. ESS7 is not relevant.

**ESS8 - Cultural Heritage**

Relevant

The IPF component will not finance physical activities that could directly affect cultural heritage. However, some of the TA activities may inform downstream investments involving civil works, including rehabilitation of district heating infrastructure and installation or upgrading of heating and cooling systems in buildings, potentially within or near historic or culturally significant buildings and sites. Such downstream activities will be subject to Romania's applicable legal framework, and use of the Borrower's Framework is being considered to address potential impacts on tangible cultural heritage under ESS8. The TA activities are not expected to affect intangible cultural heritage.

**ESS9 - Financial Intermediaries**

Not Currently Relevant

The IPF does not involve financial intermediaries. ESS9 is not relevant.

**B.2 Legal Operational Policies that Apply**

**OP 7.50 Operations on International Waterways**

No

**OP 7.60 Operations in Disputed Areas**

No

**B.3 Other Salient Features**

**Use of Borrower Framework**

In Part

The IPF-TA will partially rely on the Borrower's E&S Framework in lieu of ESF requirements. Romania's legal framework, shaped by EU membership and relevant EU Directives, provides a strong baseline broadly consistent with applicable ESS objectives, as informed by the Overview Assessment of Romania's E&S regulatory framework. For ESS2, national labor and OHS legislation will apply, complemented by ESCP requirements on SEA/SH Codes of Conduct and a workers' GRM. For ESS8, national requirements on tangible cultural heritage, including chance-find procedures, will apply. For ESS10, national EIA/SEA consultation requirements will be complemented by a project-specific SEP to ensure accessible disclosure and meaningful engagement. The adequacy of the Borrower's Framework and any additional gap-filling measures will be confirmed by appraisal.

**Use of Common Approach**

No

No Common Approach is envisaged, as no financing partners have been identified at the Concept stage.



## C. Overview of Required Environmental and Social Risk Management Activities

### C.1 What Borrower environmental and social analyses, instruments, plans and/or frameworks are planned or required by Appraisal?

The ESCP will be prepared and disclosed prior to Appraisal.

The ESCP will include provisions for the E&S assessment and management of the Project, including:

- i) Maintaining adequate E&S capacity within the PMU, including qualified E&S specialists, to support implementation and oversee relevant E&S aspects;
- ii) Incorporating E&S requirements into the ToRs and outputs of relevant TA activities, particularly those that may inform or influence downstream C&H sector investments;
- iii) Managing labor and working conditions in accordance with Romania's Labor Code and applicable by-laws, supplemented by Codes of Conduct addressing SEA/SH and a project-level workers' GRM established prior to the engagement of project workers, building on commitments under the GFPP ESCP;
- iv) Ensuring meaningful and inclusive stakeholder engagement as part of relevant TA activities, including with affected and interested stakeholders and targeted engagement with vulnerable and energy-poor households; and
- v) Ensuring that TA outputs related to policy and regulatory development, including targeting on subsidies of tariffs and incentive mechanisms, adequately assess and address potential social risks and impacts on vulnerable consumers, consistent with ESSs.

## III. CONTACT POINT

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## IV. FOR MORE INFORMATION CONTACT

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## V. APPROVAL

|                               |                          |
|-------------------------------|--------------------------|
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