

**PROJECT INFORMATION DOCUMENT / INTEGRATED SAFEGUARDS DATA
SHEET (PID/ISDS)
CONCEPT STAGE**

Report No.:PIDISDSC15768

Date Prepared/Updated: 01-Feb-2018

I. BASIC INFORMATION

A. Basic Project Data

Country:	Romania	Project ID:	P157654
		Parent Project ID (if any):	
Project Name:	Justice Quarter and Esplanada District Development Project (P157654)		
Region	EUROPE AND CENTRAL ASIA		
Estimated Appraisal Date:	29-Oct-2018	Estimated Board Date:	11-Dec-2018
Practice Area (Lead):	Social, Urban, Rural and Resilience Global Practice	Financing Instrument:	Investment Project Financing
Borrower(s)	Ministry of Finance		
Implementing Agency	Ministry of Justice		
Financing (in USD Million)			
Financing Source			Amount
Borrower			100.00
International Bank for Reconstruction and Development			150.00
Total Project Cost			250.00
Environmental Category:	B-Partial Assessment		
Concept Review Decision:	Track I - The review did authorize the preparation to continue		
Is this a Repeater project?	No		
Other Decision (as needed):	The project will require a Decision Review Meeting chaired at the Country Management Unit level.		

B. Introduction and Context

Country Context

Between 1992 and 2015, Romania's economy grew at a compound annual growth rate of 8.4%, and was one of the fastest growing economies in the World. Romania had a growth rate in this time-period that was 1% higher than the average for Upper Middle-Income Countries and more than three times

the rate for the EU and High Income Countries. Most impressively, Romania managed to catch up with the economies of Brazil and Mexico, which in 1992 had a GNI per Capita that was 3 respectively 4 times as high as that of Romania. This growth was shared with the bottom 40% in Romania, with the average income of the lowest income households growing by 6.9%, as opposed to 4.8% for the general population. Significant progress was also registered in a number of critical sectors, such as justice, health, and education.

However, challenges still loom large. In 2017, Romania continued to be the second poorest country in the EU, it had the lowest absorption rate of EU structural funds, and had one of the highest emigration rates. The 2008 financial crisis halted progress in poverty reduction and growth in income for the bottom 40%. As a result, the current Romania Country Partnership Strategy 2014-2017 has identified the need for a new growth model that will focus on (a) creating a 21st century government; (b) supporting economic growth and job creation; and (c) increasing social inclusion.

Sectoral and Institutional Context

Within Romania, Bucharest is the main engine of economic growth and dynamism. On its own, the City of Bucharest has about 10% of the country's population (around 2 million) and generates over 25% of the country's GDP. The area within a one hour driving distance from Bucharest amasses 25% of Romania's population and generates over 50% of national firm revenues. Within the EU, Bucharest-Ilfov is the fastest growing NUTS2 region, with economic output almost quadrupling between 2000 and 2015.

However, as the country as a whole, the City of Bucharest continues to face its own set of challenges. While the GDP per capita of Bucharest is more than double the country average (around €35,000 PPS), it also has one of the highest concentrations of poor people in the country and around 8% of Bucharest's population lives in precarious housing conditions (higher than in any other region in Romania). While more housing units have been built in Bucharest and Ilfov (the county surrounding Bucharest) than in any other region in Romania, over 62% of these new housing units have gone up in Ilfov and not Bucharest proper, leading to the uncontrolled sprawl of the city. Between 1992 and 2012, the urban spatial mass of Bucharest has grown by around 18% while population density in the same time period has decreased by around 32%.

As Bucharest continues to sprawl, there remain a high number of vacant and unused properties in the city, for which no redevelopment strategy has been identified. Redeveloping these unused/underused land parcels is often difficult because of complex historical property issues, the challenges of assembling contiguous plots of land, and the lack of public financial resources to finance infrastructure required as the incentive to redevelop these parcels. At the same time, urban redevelopment of these sites could bring substantial fiscal and social benefits. Studies from OECD countries suggest that urban redevelopment reduces the capital costs of infrastructure in roads, sewer and water by nearly 40 percent over traditional sub- or peri-urban development. In addition, the running costs of service delivery is reduced due to shorter distances and time travel requirements for services such as trash collection and police services. The positive fiscal impact of local governments can also be significant. Depending upon real estate market conditions and applicable tax regimes, urban redevelopment projects can generate as much as 10 times the tax revenue per acre as traditional suburban developments. Smart growth strategies that prioritize urban redevelopment can also reduce road congestion and travel times, reducing CO2 emissions.

Recognizing the potential benefits of urban redevelopment, the Government of Romania is initiating its efforts to redevelop the area commonly referred to as the Esplanada District into a vibrant, mixed-use node within the Bucharest's urban core, with the objectives of improving public services while

piloting a model of urban regeneration by using government investment in the Justice sector as a lever of development. The Government of Romania has approached the Bank for support with this task as it lacks experience in redevelopment of urban centers. The proposed project site (commonly referred to Esplanada but renamed Justice District) would be the first of its kind in Romania which would take a well-located site of approximately 11 hectares of contiguous land, situated in a prime location in the heart of Bucharest and leverage public investment as part of the city's urban regeneration and development strategy.

To that end, state authorities propose to develop a Justice District on part of the site, and to leverage this important public investment for subsequent public and potentially private sector development of the remainder. The proposal plans to consolidate a number of its currently disparate justice sector institutions in one location while creating a development strategy for future cultural attractions, parks, and potential mixed use development in the same space. At this point, many of the judicial functions are fragmented over downtown Bucharest, several being located in buildings that are not energy efficient, face seismic risk and are costly to rent. Housing all of these individual institutions in a unified complex is a key element of the Government's near-term plan to improve the access to and quality of justice services and to improve the efficiency by which the justice sector operates. Justice sector-specific objectives include improving access, improving the communication between the different functions of the judiciary (i.e. the magistrate, the prosecution, the first instance court, the court of appeals, the tribunal of Bucharest, etc.), and improving the safety and sustainability of services.

The proposed project is a once-in-a-generation opportunity for Bucharest to create a distinctive, vibrant place, with the institutional and potentially cultural uses serving as design and economic anchors for a broader district. These public uses would generate foot traffic and market demand for, at minimum, area-serving retail and office uses. If planned creatively and implemented effectively, the development could attract significant follow-on private real estate and infrastructure investment in the area and generate significant positive fiscal and social impact. During preparation, the team will work closely with the national and local authorities to integrate some of the key social and economic objectives of the city within the site-specific vision and strategy. The redevelopment is hoped to also bring indirect benefits for the entire area from the Palace of the Parliament to the Alba Iulia square - a zone where few urban interventions have been undertaken since 1989.

Relationship to CAS/CPS/CPF

The project supports all three pillars of the Country Partnership Strategy 2014-2017. On the one hand, the project will support the goal of creating 21st century government by developing an integrated judicial complex with the aim of consolidating and improving the effectiveness with which judicial services are provided in the capital. In addition, as a catalyst for urban regeneration, the project will support the national and local government capacity to plan and implement redevelopment projects, increase knowledge of land capture value strategies and leverage the value of public land to achieve social, fiscal and economic policy goals. This in turn can lead to the creation of new economic opportunities and therefore new jobs, both during the construction of the site, and after the redevelopment by attempting to crowd-in and induce private sector development in the city center. By using the construction of the Justice District as a centerpiece of urban redevelopment, the project can be used to promote development of a distinctive, vibrant place with the initial public investment serving as design and economic anchors for the area's broader redevelopment. It is fully anticipated that the Project will be consistent with the new Country Partnership Framework that is currently under preparation.

C. Proposed Development Objective(s)

Development Objective(s) (From PCN)

The Project Development Objective is to support the Government of Romania and City of Bucharest in developing an integrated urban redevelopment model for central Bucharest through development of a multi-use urban development plan anchored by a new Justice complex.

Key Results (From PCN)

The Key Project Results Indicators will be developed during preparation. Preliminary expected outcomes are likely to include :

- ? Development of a viable urban redevelopment strategy and financing plan (including for on-site infrastructure) for the site known as the Esplanada District;
- ? Improvement in the efficiency of the administration of the justice sector in Bucharest;
- ? Strengthening the capacity of the Government of Romania and the City of Bucharest to leverage the value of land and real estate assets for local economic development and improved fiscal management

D. Concept Description

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The Ministry of Justice is seeking World Bank support for the development of a justice complex on the open plot of land along Unirii Boulevard, across the street from the National Library in central Bucharest. The site, formerly known as the Esplanada District and now referred to as the Justice District, is where the Communist regime had planned to build the Romanian Opera. The site is bordered by Unirii Boulevard to the North, the Octavian Goga Boulevard to the South, the Nerva Traian Street to the East, and the Mircea Voda Boulevard to the West. In the 1980s, the site underwent complex demolition works to prepare for redevelopment. The concrete foundation for the Opera was laid, but construction was stopped after 1989. The site has remained in the same condition since and, despite its prime location in the heart of Bucharest, remains unoccupied.

In the 2001 Bucharest General Urban Plan (GUP), the District was zoned as a central subzone, with land allocated for mixed-use developments (e.g., business centers, public buildings, housing, retail, hotels), with the possibility of developing buildings of over 50 meters in height. The 2001 GUP also allocated land parcels on the site for the development of public space and parks. The 2001 GUP is currently under revision. No site-specific Zonal Urban Plan has yet been prepared for the District. In the 2035 Strategic Concept for Bucharest, the Esplanada District is identified as being part of the Key Support Area for the development of the city. Earlier attempts to redevelop the site were not successful, due mostly to limited institutional capacity and appetite at the time to develop the site using a PPP model and due to the complicated land ownership issues with multiple small plots claimed by private interests going back to the time before demolition of what was then the Jewish Quarter.

Recent national legislation proposes to develop the site as a Justice District. The intent of the change is to authorize the public authorities to take the necessary legal measures to re-zone and plan the site into a Justice District and Multi-functional Cultural Complex. The plan envisages a harmonious integration of a justice complex and multicultural center interconnected with open public space. A zonal urban plan (not yet prepared) would regulate the development of the entire site. The justice complex would serve as a catalyst for transformative redevelopment of this strategic city-center site.

To advance with any project on this site, the privately owned parcels will need to be acquired. The Government's intended approach is to use Law 255/2010 which allows for the expropriation of private land for public purposes. Law 255/2010 prescribes the exclusive use of the expropriated land for public interest. The redevelopment of the site is a clear priority for the Government of Romania with

specific mention of the project made in Law 255. In addition, successful redevelopment will require a comprehensive approach that goes beyond just the Justice District. Discussions with government and private sector stakeholders suggest there is high-level consensus on the need to address the redevelopment in a comprehensive manner. The current legal situation of the site can be characterized as heterogenous with the individual lots governed by different legal regimes and in different ownership under different administrations. Most of the land is owned by the Public Sector, including the Municipality of Bucharest and the state. The state land is currently administered by the Ministry of Regional Development and Public Administration. The remaining parcels, around 25% of the total, are in private ownership in various forms of legal status. A government memorandum approved during the Government meeting of November 29th, 2017, signed by the Prime Minister of Romania, authorizes the transfer of state land to the Ministry of Justice for the purposes of constructing the Justice District, after the Administrator has clarified the legal status of land parcels, public and private. The Ministry of Justice, therefore lead in acquiring land through the public expropriation process and in carrying out the various pre-development activities required to develop the site.

Discussions are on-going with the Government of Romania on the intended borrowing from the World Bank, including the amount (approximately 200-300 million Euros) and the preferred lending instrument. The on-going Judicial Sector Improvement Project (JSIP) may be used to finance some of the upfront pre-development work to advance the entire development process.

The notional components of the Project would include the following.

Component 1: Planning, Engineering and Design. This component would support the required upstream work, including the preparation of the overall redevelopment strategy and feasibility studies and specific feasibility and design work for the development of the Justice District and on-site infrastructure.

(a) Land Acquisition: The entire 11 hectares is comprised of land that is private property in various legal states (restituted lots included in the Land Registry, restituted lots not included in the Land Registry, lots currently subject to litigation in courts, lots notified in conformity with Law 10/2001 concerning the legal regime of real estate taken during the period of March 6, 1945 to December 22, 1989 on which no action has been taken) and Public Property, which includes land owned by the city of Bucharest and land under State administration. It is estimated that public land represents roughly 75% of the total site. Prior to undertaking any development of the site, a full and detailed review of the legal situation of the properties is required. The process of clarifying the legal status is needed to, inter alia, calculate the exact expropriation/acquisition/re-parcellation procedures and estimated associated costs and time that would be needed to complete the transfer and consolidation of land for redevelopment. This is to be done during project preparation. During implementation, the Ministry of Justice will use this as a basis to carry-out any expropriation or land purchases required to carry-out the project.

(b) Site Redevelopment Strategy and Planning: This sub-component would include establishing a baseline of market viability. It would include preparing the overall development strategy for the 11 hectare site, the legal basis for which would be the Urban Zonal Plan (PUZ in Romanian) which establishes, inter alia, the proposed strategy for development and uses for the entire site. This component would also include the assessment of institutional capacity, financing options, and regulatory framework, to provide the government with a sound development pathway, considering, inter alia, available resources and financial expectations (public and private); the government's control over land development process and strategic impacts. This would be necessary for not only establishing the process for development of the justice complex, but also the rest of the site which

would be developed over years by different actors, including the City of Bucharest.

(c) Engineering Feasibility Studies and Detailed Designs: This sub-component would include the financing of the engineering feasibility studies and detailed designs for the construction of the proposed Justice District and the public infrastructure required for the phased development of the entire site (e.g. Justice Campus, Cultural Center and other proposed uses). The Government of Romania envisages an integrated redevelopment of the site that would include, inter alia, the Justice District, public green space, cultural uses and mixed-use office and administrative uses. This would likely be developed in a phased approach following the recommendations from the Site Redevelopment Strategy and planning instruments. The Justice District is planned as the initial public anchor investment and thus this sub-component would finance the feasibility, architectural and engineering studies required to development of the Justice District and the on-site infrastructure that would be required to facilitate the development of the 11 hectare site.

Component 2: Development of the Justice District and On-Site Infrastructure. This component would finance the development of the Justice District. The District would bring under one roof several key justice institutions, ensuring the provision of integrated services in modern facilities that meet the latest seismic resistant standards. Conceptual plans based on a national competition suggest this would include buildings for courts and related activities with an area of approximately 80,750 square meters, office buildings for the main institutions of the judicial sector, with an area of approximately 14,250 square meters; buildings intended for institutions of higher education with an area of approximately 7,190 square meters; and buildings or spaces suited for offices for specific justice sector activities with an area of approximately 9,560 square meters. This would also include the development of on-site infrastructure required for the development of the Justice District and to facilitate the future development of the other planned uses on the site. The Government of Romania intends to develop the site using sustainable and green development practices.

Component 3: Project Management Support: This component would support a Project Implementation Unit led by the Ministry of Justice to carry-out the upstream planning and feasibility work and the downstream site development activities. Support would be both technical and operational in nature given the lack of capacity to undertake a large, multi-sector redevelopment project of this scale in Romania. In addition to support in key project management areas, support would also be provided to build capacity to build experience in the redevelopment of other high-value sites in Bucharest and other urban areas. To that end, the Project Management Support would also aim to strengthen the technical capacity of key government counterparts to leverage expertise on different areas of urban redevelopment. This would ensure that the approach to preparing an implementation plan for a broader mixed-use development project could be replicated, such that the State and City authorities could leverage any regulatory and market analytics for any future large-scale redevelopment initiatives. This would also include putting in place an institutional structure that would enable the phased development of the remainder of the site using global best practices in urban regeneration.

II. SAFEGUARDS

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

The project will be implemented in Bucharest municipality. The proposed project will target the Esplanada District, an underutilized site of around 11 hectares in the center of the City of Bucharest. The site is largely in public ownership (the Central Government and the Municipality of Bucharest), but there also are a number of parcels (approximately 2 hectares) that are in private ownership and will be acquired under the project.

B. Borrowers Institutional Capacity for Safeguard Policies

The project's investments related to the Justice Campus will be managed by a special department within the Ministry of Justice (MOJ) ? Division for Implementation of Externally Financed Projects (DIEFP). The other departments of the MOJ ? i.e. IT Department, [Department of International Relations], Capital Investments Department, Budget Division etc. will have specific responsibilities related to management of investment components of the project. DIEFP would be responsible for project preparation and implementation given its long experience with Bank-financed operations, capacity in following Bank procurement, financial management and safeguard procedures. DIEFP has built a positive track record in safeguards monitoring and compliance throughout the implementation of Judicial Reform Project. DIEFP will carry out project implementation in close cooperation with the participating municipality and key counterparts and will be responsible for managing the implementation of the project, including the preparation of detailed design and engineering studies, tender documents, as well as procurement, technical and financial supervision of contract implementation, financial management and accounting of project accounts, continuous monitoring and evaluation M&E, control of safeguard compliance as well as routine communications with the World Bank.

C. Environmental and Social Safeguards Specialists on the Team

Cesar Niculescu, Environmental Safeguards Specialist

Kristine Schwebach, Social Safeguards Specialist

D. POLICIES THAT MIGHT APPLY

Safeguard Policies	Triggered ?	Explanation (Optional)
Environmental Assessment OP/BP 4.01	Yes	An Environment and Social Impact Assessment (ESIA) would be prepared. The ESIA is expected to cover the entire 11 hectare site, inclusive of all existing, proposed, planned or expected buildings and infrastructure. Additionally, it is expected that social safeguards should be included within the scope of the ESIA. Social impacts may include, inter alia, potential gentrification of the area related to the redevelopment of the site and should therefore be included in the scope of the ESIA. A stakeholder engagement plan is recommended to be prepared and implemented for this project.
Natural Habitats OP/BP 4.04	No	
Forests OP/BP 4.36	No	
Pest Management OP 4.09	No	
Physical Cultural Resources OP/BP 4.11	TBD	The environmental screening process will screen for the presence of physical cultural resources. In addition, chance find procedures will be included in all works contracts.
Indigenous Peoples OP/BP 4.10	No	

Involuntary Resettlement OP/BP 4.12	Yes	<p>The land parcel targeted for redevelopment has a complex ownership structure, with approximately 9 hectares owned by the Ministry of Regional Development and Public Administration and the Municipality of Bucharest, and roughly 2 hectares in private ownership (uninhabited and no cultivated land) to be acquired by the project. The land owners? identification is ongoing. Approximately 170 landowners have been identified so far.</p> <p>The management of land acquisition issues consistent with Bank safeguards policies and the Romanian legislative framework are expected to be a key element of the Bank?s value added during preparation and implementation. The Eminent Domain Law 255/2010 stipulates that for redevelopment projects of public utility, including judicial, cultural and administrative buildings, the Government can expropriate private owners and reimburse them at full market value. The eminent Domain Law was passed to help the government address land acquisition for big infrastructure projects using EU standards and also covers claims that come after the construction has begun. Private landowner at the Project site have been mostly identified by the government. The Project site includes part of an old Jewish Quarter and the government will need to look at these sites closely. An ARAP is proposed.</p>
Safety of Dams OP/BP 4.37	No	
Projects on International Waterways OP/BP 7.50	Yes	<p>The Project will likely include the construction of water and sanitation infrastructure that will connect to already existing water supply, drainage and wastewater collection systems in the area. These would have the potential to lead to intensification of use of these public services. These activities may trigger OP7.50 since the existing infrastructure and any extension thereof under the Project would discharge into a river that is a tributary of the Danube. Analysis by Legal of the updated Project activities will be necessary to ascertain whether any of the policy exceptions to the obligations to notify riparians is applicable</p>

Projects in Disputed Areas OP/BP 7.60	No	
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E. SAFEGUARD PREPARATION PLAN

1. Tentative target date for preparing the Appraisal Stage ISDS:

15-Dec-2016

2. 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 ISDS.

It is anticipated that preparation of the safeguards documentation will begin in June 2016 and conclude in December 2016. This is subject to revision.

III. Contact point

World Bank

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IV. For more information contact:

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V. Approval

Task Team Leader(s):	Name: Valerie Joy Eunice Santos, Dean A. Cira
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<i>Approved By:</i>		
Safeguards Advisor:	Name:	Date:
Practice Manager/Manager:	Name:	Date:
Country Director:	Name:	Date:

¹ Reminder: The Bank's Disclosure Policy requires that safeguard-related documents be disclosed before appraisal (i) at the InfoShop and (ii) in country, at publicly accessible locations and in a form and language that are accessible to potentially affected persons.