

**PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING**

Report No.: PIDA36480

Project Name	Integrated Nutrient Pollution Control Project - Additional Financing (P155594)
Parent Project Name	Romania Integrated Nutrient Pollution Control Project (P093775)
Region	EUROPE AND CENTRAL ASIA
Country	Romania
Sector(s)	Solid waste management (27%), Wastewater Treatment and Disposal (22%), General public administration sector (20%), General agriculture, fishing and forestry sector (18%), Sanitation (13%)
Theme(s)	Environmental policies and institutions (25%), Pollution management and environmental health (25%), Water resource management (24%), Land administration and management (13%), Rural services and infrastructure (13%)
Lending Instrument	Investment Project Financing
Project ID	P155594
Parent Project ID	P093775
Borrower(s)	Ministry of Public Finance
Implementing Agency	Integrated Nutrient Pollution Control Project Management Unit
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	09-Dec-2015
Date PID Approved/Disclosed	10-Dec-2015
Estimated Date of Appraisal Completion	18-Dec-2015
Estimated Date of Board Approval	28-Mar-2016
Appraisal Review Decision (from Decision Note)	The review did authorize the team to appraise and negotiate

I. Project Context

Country Context

Romania covers an area of 238000 km², of which 87% is rural. Out of the total Romanian population 45% (9 million) live in rural areas. Approximately one third of all farms in the EU are found in Romania, with around 3.63 million farm holdings. Currently, 92% of these farm holdings are less than 5 hectares and the majority of them are subsistence holdings. Out of the total number of farms, 68% are mixed farms with crops and livestock. However, Romania is gradually transitioning from small-scale household farming towards medium and large operations. Despite the slow but constant increase in the number of medium-sized farms, the large majority of farms keep a

few animals (most commonly animals cows, pigs, sheep, goats, chicken) sheltered in the immediate vicinity of family dwellings, without adequate storage facilities for animal waste collection. This type of inappropriate agricultural practice significantly contributes to non-point source pollution of groundwater with nitrates and bacteria, posing threats to the health status of the householders that use it as drinking water.

Sectoral and institutional Context

Since almost the entire Romanian territory lies in the Danube River Basin, in 2013, at the recommendation of the European Commission, Romania accepted the entire national territory to comply with the provisions of the Water Framework and Nitrates Directives on the protection of waters against pollution with nitrates from agricultural sources. As a result, the preparation and implementation by the local authorities of the “Local action plans for water protection against pollution caused by nitrates from agricultural sources” has become mandatory throughout country.

The current project (INPCP) covers approximately 86 communes with direct investments in only the areas declared as nitrate vulnerable zones (NVZ) by Government in 2008. However, compliance for the entire country poses an implementation challenge to the authorities, specifically the Ministry of Environment, Waters, and Forests and the Ministry of Agriculture and Rural Development. To help rural areas comply with the EU Nitrate Directive requirements, Romania needs further investments as well as the strengthening of related policies, regulations, administrative structures, services and competencies at the national, regional and local levels in the country. Large numbers of farmers have been penalized (in 2014 around 50% of those checked) for non-compliance with eco-conditionality norms applied for EU direct payment beneficiaries in agriculture. Starting in 2015, the farmers applying for direct payments from European funds and the national budget, as well as those seeking European funds through payment schemes from 2014-2020 National Rural Development Program (PNDR) will have to comply with 20 norms related to cross-compliance (eco-conditionality). There is critical need to provide farming communities with necessary knowledge and tools to comply with the EU Water Framework and Nitrates Directives, and to improve the capacity of inspectors of the Agency for Payments and Intervention in Agriculture (APIA) who check for compliance.

Romanian authorities have valued the critical support provided by the Integrated Nutrient Pollution Control Project (INPCP) in helping Romania towards meeting its obligations related to the implementation of EU Water Framework Directive and particularly EU Nitrates Directive. INPCP has significantly contributed to institutional strengthening, coordination and capacity building within the Ministry of Environment, Waters and Forests and concerned agencies, local governments and communes, and there is much improved public awareness and information about the hazards of consuming nutrient-polluted waters, other benefits of managing animal waste (such as elimination of odors and production of saleable compost) and the need for complying with this important EU legislation in the water field. However, it is also widely recognized that Romania needs continued assistance to fully meet the requirements. The National Rural Development Program (PNDR) and other Government funds are available to support some of the activities which would directly or indirectly contribute to the overall reduction of nitrates pollution. However, the established eligibility criteria under the 2014-2020 PNDR excludes to a certain extent small-scale subsistence farmers, households and commune infrastructure addressing livestock waste management and Code of Good Agricultural practices. The INPCP remains the main support vehicle for the implementation of the EU Nitrate Directive for small households and farms. GOR has therefore

requested continued World Bank assistance in meeting this challenge through an Additional Financing to scale up the ongoing activities of INPCP (with some changes) covering all the agro-climatic regions in the country.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

To support the Government of Romania to meet the EU Nitrates Directive requirements by (a) reducing nutrient discharges to water bodies, (b) promoting behavioral change at the commune level, and (c) strengthening institutional and regulatory capacity.

B. Proposed Project Development Objectives – Additional Financing (AF)

The overall development objective of the project is to support the Government of Romania towards meeting EU Nitrate Directive requirements at national scale.

III. Project Description

Component Name

Component 1: Local Commune Investment Fund (Total cost: US\$88.17 million).

Comments (optional)

Component 1 is proposed to be renamed to reflect the shift from NVZs to the countrywide scope. This component will provide support for effective investments and management practices to reduce nutrient pollution from agricultural, livestock and human sources. This component builds upon the experiences and lessons learnt from the on-going INPCP and include support for a menu of investments focusing on manure collection and composting facilities, manure management, biogas production from animal waste and adoption of code of good agricultural practices in about 100 communes highly vulnerable to nitrate pollution in all 11 river basins in Romania.

Component Name

Component 2. Institutional Strengthening and Capacity Building (Total cost: US\$13.10 million).

Comments (optional)

This component will support activities that aim to strengthen institutional capacity and coordination within relevant national and local governments, institutions, agencies and stakeholders for regulating, implementing, monitoring and reporting the EU Nitrate Directive requirements. The project will contribute to building capacity by providing equipment, other required facilities and specialized training for MEWF, ANAR, MARD, Agriculture Payments and Intervention Agencies, National Environment Protection Agencies, Environmental Guard and Public Health Directorates, and selected Research Stations and County Offices for Soils and Agro-Chemistry.

Component Name

Component 3: Public Awareness, Training and Technical Assistance (Total cost: US\$6.95 million).

Comments (optional)

This component was renamed to better reflect the actual substance of the activities. None of the activities proposed are new or different in their nature from those currently being implemented under INPCP. In addition to information provision under the public awareness campaign, the project will provide some channels for direct citizen engagement (e.g., Project Management Unit contact information, Facebook, twitter). The opportunities for providing feedback, the analysis of such feedback and the report back to communities on its results, will be strengthened under the Additional Financing. The public awareness campaign and associated activities will reflect the needs and interests of different groups, such as Roma communities and gender groups.

Component Name

Component 4: Project Management (Total cost: US\$9.91 million)

Comments (optional)

The Additional Financing will be implemented by the existing PMU located within the MEWF, enhanced with specialists in evaluation and selection of sub-projects proposals. While the beneficiaries will have a more active role in the sub-projects proposals and implementations, the Project Management Unit (PMU) will have an extended role in providing information regarding the project and monitoring all project's activities, as well as ensuring the coordination of all interventions aimed at implementing the Nitrates Directive. This will involve a revision of the PMU procedures for clarifying the coordination mechanism between PMU, the beneficiaries and other institutions involved in the implementation of the Nitrates Directive.

IV. Financing (in USD Million)

Total Project Cost:	53.95	Total Bank Financing:	51.70
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
Borrower			2.25
International Bank for Reconstruction and Development			51.70
Total			53.95

V. Implementation

The AF will largely follow the implementation model established for INPCP. However, the communes will play much more prominent role in implementation. The financial support provided will be demand-driven, supported on competitive grounds, based on the beneficiary communities' requests and eligibility. The communes will propose sub-projects, selected from a menu of investments based on agreed eligibility criteria and having the main objective to reduce water pollution with nutrients. The selection and approval of sub-projects will be done on a competitive basis, for eligible activities and applicants. A detailed Applicants' Guidelines for the Competitive Investment Program will be also developed to provide guiding principles and rules for its implementation at the local, regional and national levels, describing in detail the eligibility criteria, selection and award procedure. The selection will be done in two stages. In the first stage, the applicants will submit a Concept Note that will be evaluated based on specified evaluation criteria and will be given a score. Only the applicants receiving a score over a threshold will be invited to prepare and submit a full proposal that will be evaluated in a second stage. Technical assistance and training on development of proposals will be provided to applicants for preparing full proposals. The full proposals, grouped by type of investments, will be reviewed by technical evaluators. Proposals with the score over a threshold will be ranked by type of investments and will be recommended by the PMU for consideration and approval by the Technical and Economic Committee of the MEWF.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x

Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x
Projects on International Waterways OP/BP 7.50	x	
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

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