



Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 28-Mar-2023 | Report No: PIDA34792

**BASIC INFORMATION****A. Basic Project Data**

Country Romania	Project ID P178599	Project Name Strengthening Foundations for Improved Justice Service Delivery	Parent Project ID (if any)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 29-Mar-2023	Estimated Board Date 25-May-2023	Practice Area (Lead) Governance
Financing Instrument Investment Project Financing	Borrower(s) Romania	Implementing Agency Ministry of Justice	

Proposed Development Objective(s)

To improve access to and the resilience of selected justice services.

Components

Component 1. Improving Access to Justice Services

Component 2. Improving the Management of the Justice Sector's Resource

Component 3. Project Management.

Component 4. Contingent Emergency Response Component

PROJECT FINANCING DATA (US\$, Millions)**SUMMARY**

Total Project Cost	107.28
Total Financing	107.28
of which IBRD/IDA	107.28
Financing Gap	0.00

DETAILS**World Bank Group Financing**

International Bank for Reconstruction and Development (IBRD)	107.28
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Environmental and Social Risk Classification

Moderate

Decision

The review did authorize the team to appraise and negotiate

B. Introduction and Context

Country Context

1. **Romania is a high-income country facing important poverty and inclusion challenges.** The country's robust economic growth has not benefited all its citizens equally. Gross domestic product (GDP) growth in Romania continues to be among the fastest in Europe, driven primarily by the private sector and urban and peri-urban development. Between 2000 and 2021, income per capita (purchasing power parity, PPP) increased from 26.4 percent of the European Union (EU) average to 74.2 percent, with real GDP per capita in (2017 international US\$, PPP) more than doubling from US\$ 12,179 to US\$ 30,777 and an average growth rate of 3.8 percent over the period. The Romanian economy performed better than anticipated during the COVID-19 crisis, with growth rebounding to 5.8 percent in 2021 and 4.8 percent in 2022 following a 3.7 percent contraction in 2020. However, disparities between urban and rural areas, where approximately 45 percent of the population lives, remain high, and rural poverty rates are reported to be six times higher than those in metropolitan areas. Despite the economic rebound and increases in household incomes,¹ the poverty rate (\$6.85/day PPP) is expected to have declined slowly, from 10.7 in 2020 to 9.6 percent in 2022.

2. **Recent crises, including the COVID-19 pandemic and the Russian invasion of Ukraine, have further underlined long-standing gaps in public service delivery and placed additional pressures on Romania's budget expenditures.** Authorities were unprepared to enforce pandemic lockdown measures and adapt to remote work while continuing to deliver basic public services in areas like health and education through online learning.² Business continuity measures proved to be insufficient, and evidenced a slow, rigid, and paper-based bureaucracy with outdated regulations, limited use of digital technologies, and unequipped and untrained workers. More recently, rising energy³ and food prices linked to Russia's invasion of Ukraine and inflation⁴ are impacting economic growth and are expected to have adverse impacts on poverty. Government spending is expected to increase due to energy subsidies to households and firms, and the additional costs generated by the massive influx of forcibly displaced people (FDP) from Ukraine, with over 3,200,000 arrivals and around 104,000 remaining in the country as of early-January 2023, according to the Government's estimates.⁵

3. **In view of these compounding crises, Romania must use its resources strategically to accelerate implementation and maximize the impact of reforms.** The government intends to use Recovery and Resilience Facility (RRF) funds provided by the European Union to jumpstart the economy, and to support key policy reforms and investments in key areas such

¹ A June 2022 Rapid Household Survey showed most workers have returned to work, with household income close to precrisis levels.

² World Bank support to the government's pandemic response included carrying out a scenario planning exercise with the Ministry of Education in the context of school re-openings under the Consolidating the Strategic Management Function of the General Secretariat of the Government Reimbursable Advisory Services (P170487).

³ Romania imports around 20 percent of its gas consumption, mainly from Russia. The government has taken measures to cap electricity and gas prices, particularly for SMEs and domestic consumers.

⁴ Annual inflation accelerated to 15.1 percent in January 2023, led by electricity, gas, and central heating prices, up by 24.1 percent, and food prices up by 22.5 percent.

⁵ <https://protectieucraina.gov.ro/1/wp-content/uploads/2023/01/ANNUAL-STATUS-REPORT-ROMANIA-DEC-2022-FINAL.pdf>



as budgetary and pension reforms, civil service reform, digital transformation, the green transition and climate change. Justice and rule of law reforms are a priority of the EUR 30 billion National Recovery and Resilience Plan (NRRP components C7 and C14), which includes specific investments aimed at increasing access to justice and supporting the digitalization of the judiciary.

4. **Justice and rule of law reforms are essential for Romania's socio-economic development as they impact the country's overall governance, public service delivery, trade, and investment as well as its social capital.** To successfully leverage the full potential of activities within the NRRP aimed at strengthening justice and the rule of law, the government will need to ensure that key enabling conditions and foundational institutional strengthening are in place - including a strategic direction for digitalization, effective coordination mechanisms, and adequate business continuity planning within the sector - and advance on parallel improvements to the service delivery model aimed at systematically addressing key barriers to access to justice.

Sectoral and Institutional Context

5. **Romania has made important progress in strengthening its rule of law framework and in the overall management of the justice sector since joining the EU.** As part of EU membership and Acquis, Romania adopted a new rule of law framework,⁶ which entered into force in 2004 and was subsequently amended in 2018 and 2019⁷ and again in November 2022.⁸ The 2022 amendments corrected some of the earlier contested changes made in 2018 and 2019, and also aimed to strengthen the independence of the judiciary by transferring the management of the judicial budget related to salaries from the Ministry of Justice (MOJ) to the High Court of Cassation and Justice (HCCJ), leading to the European Commission's assessment that Romania would no longer be monitored through the Cooperation and Verification Mechanism (CVM).⁹ Other advances in the sector's management have included targeted efforts to strengthen both the capacities of staff in the judiciary, such as expanded training programs, as well as their working environment and management systems. Construction of over 20 first instance courts (FICs) and refurbishing courts to align them with European court design standards, including with the support of the Judicial Reform Project (JRP, P090309) and Justice Services Improvement Project (JSIP, P160751), were important steps toward addressing infrastructure gaps. The sector also developed new tools to manage the processing of cases, launching and refining the Electronic Court Record Information System (ECRIS).

6. **Despite these advances, access to justice remains a challenge for many in Romania, particularly for the poor and other vulnerable groups (rural population, women, Roma, and FDPs) who are disproportionately affected by barriers to justice.** Romania is below the regional average in terms of people being able to access and afford civil justice (with a score of 0.61 on a scale from 0 to 1 vs. a regional average of 0.66).¹⁰ Issues related to difficulties in physically accessing courts, or the public administration have also been found to be perceived as being a significant obstacle by an important percentage of actors within the system (tribunals and public institutions), while external actors (bar association, non-

⁶ Laws 303, 304 and 317 (also known as the *Justice Laws*), made important advances, establishing the organization, functioning and status of judges, magistrates, and prosecutors, and strengthening the independence and accountability of the judiciary.

⁷ The amendments, introduced through Government Emergency Ordinances (Laws 207, 234 and 242 of 2018), created a dedicated section for investigating criminal offenses within the judiciary and included ad hoc early retirement schemes, and adjustments to the system of civil liability of judges and prosecutors and entry into the profession.

⁸ Amendments made through Decree for the promulgation of the Law on the status of judges and prosecutors (PL-x 440/01.09.2022); Decree for the promulgation of the Law on judicial organization (PL-x 441/01.09.2022); and Decree for the promulgation of the Law on the Superior Council of Magistracy (PL-x 442/01.09.2022), all of which were signed by the President on November 15, 2022.

⁹ COM (2022) 664 final. The Commission assessed that Romania had fulfilled all four benchmarks committed to at the time of its accession to the EU. These include: 1. Judicial independence and Judicial reform; 2. Integrity framework and the National Integrity Agency; 3. Tackling High-level Corruption; 4. Tackling corruption at all levels.

¹⁰ World Justice Project. *Romania*. <https://worldjusticeproject.org/rule-of-law-index/country/2022/Romania/>



governmental organizations) were more likely to perceive challenges related to the complexity of processes.¹¹ Some vulnerable groups, such as the poor and Roma communities, face particular obstacles related to the lack of identity documents, low levels of education, low levels of knowledge about the judiciary, legal proceedings, as well as a lack of trust in state institutions and the judiciary, and low levels of income/unaffordability of court fees and taxes. Similarly, women, are recognized to face multiple barriers to justice – they have lower salaries than men, encounter gender-based discrimination, and are underrepresented in public and decision-making positions.

7. **The impacts of the COVID-19 pandemic and Russia’s invasion of Ukraine have exacerbated existing challenges and placed further demands on justice institutions.** The onset of the pandemic in March 2020 revealed underlying issues with the sector’s resilience of operations, particularly as courts, which were not equipped for remote work, struggled to keep functioning under their typical procedures. Demands for justice services are also expected to grow as a result of Russia’s invasion of Ukraine, as needs for legal aid, small claims, and non-contentious claims (e.g., issuing of identification, name changes, declaration of custody for unaccompanied minors, etc.) are likely to increase.

8. **Effectively addressing these challenges requires a multi-faceted approach aimed at improving both the downstream service delivery to users as well as the sector’s upstream resource management.** At the downstream level, this includes addressing challenges related to the outdated and fragmented justice service delivery model, and legal aid challenges contributing to a lack of awareness of rights and legal proceedings and hindering those seeking redress to grievances. Upstream, this entails modernizing the sector’s resource management, digitalization and business continuity, as well as addressing new institutional capacity building needs within the HCCJ linked to the upcoming transfer of budget and payroll management mandated by the recent changes to the *Justice Laws*.

9. **In line with the long-term vision outlined in its Strategy for Development of the Judiciary (SDJ) 2022-2025,¹² the MOJ has sought World Bank support for strengthening justice institutions by improving access and building resilience in the provision of justice services.** Through Bank support, the MOJ aims to strengthen critical aspects of justice institutions needed for improved service delivery throughout Romania and to implement a transformative service delivery model by supporting the consolidation of justice service delivery in one-stop-shop locations. This will build upon past and ongoing collaboration with the Bank – including the JRP, JSIP, and the previous (2013) and forthcoming (2023) functional reviews – and will complement the SDJ 2022-2025 and reforms and investments planned under the Good Governance and Digital transformation components of the NRRP.

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

To improve access to and the resilience of selected justice services.

Key Results

10. Four results indicators will track progress towards the achievement of the PDO:
 - *Access*: Percentage of parties receiving legal aid services compared to the overall number of parties (including disaggregation by gender)
 - *Access*: Percentage of claims made for selected justice services in FICs served by an integrated justice service center compared to total claims for those services

¹¹ Superior Council of the Magistracy, Ministry of Justice. “Access to justice for Roma and other vulnerable groups. An integrated approach.” 2014. < http://old.csm1909.ro/csm/linkuri/26_01_2015__72130_ro.pdf>.

¹² The SDJ 2022-2025 links to milestone 423 under the NRRP. The SDJ and its Action Plan are both annexed to Government Decision No 436 of 30 March 2022 on the approval of the Strategy for the Development of the Judiciary 2022-2025 and its related Action Plan.



- *Resilience*: Percentage of the Bucharest Tribunal's archives which have been digitalized
- *Resilience*: Percentage of FICs implementing business continuity plans to respond to unexpected events (including climate change induced natural disasters)

D. Project Description

11. **The proposed project will support targeted reforms and investments to strengthen management by justice institutions of the sector's resources and establish key building blocks for the shift towards a more integrated model of justice service provision in Romania.** Project activities respond to the need to address both upstream and downstream challenges which present barriers to justice service access and the resilience of service delivery, with the goal of having tangible impacts on services delivery that will serve to create momentum for additional future reforms. The proposed project, to be carried out over the course of five years, is organized around two interlinked technical components, Component 1 – Improving Access to Justice Services, and Component 2 – Improving the Management of the Justice Sector's Resources, complemented by a third component on project management.

Component 1. Improving Access to Justice Services.

12. **This component aims to address downstream challenges with service delivery by developing an integrated, user centric approach to justice service delivery across jurisdictions and levels through improvements to the management of legal aid, development and roll-out of a more integrated, user-centric model for justice service delivery, and modernization of selected courts' infrastructure.** Subcomponents include: Subcomponent 1.1: Development and implementation of a new, expanded framework for the provision of legal aid; Subcomponent 1.2: Development and Rolling Out of a User-Centric Model for Integrated Service Delivery; and Subcomponent 1.1: Modernization of Selected Courts under MOJ Authority.

Component 2. Improving the Management of Justice Sector Resources.

13. **The component aims to strengthen the resilience and management capacities of justice sector institutions through improvements to the management of the justice sector's resources, including continuing advancements in digitalization and the development of business continuity plans, as well as by addressing new institutional capacity building needs within the HCCJ linked to the upcoming transfer of payroll management.** Subcomponents include: Subcomponent 2.1: Strengthening Institutional Foundations for Digital Transformation of the Justice Sector; Subcomponent 2.2: Transition to Digital Archives Management; Subcomponent 2.3: Strengthening of the Capacity of the HCCJ to Manage the Justice Sector's Financial Resources; and Subcomponent 2.4: Improving Coordination and Collaboration within the Justice Sector.

Component 3. Project Management.

14. **This component will provide support for carrying out of project coordination and management activities, including operation of the Project Implementation Unit (PIU) within the Department for Implementation of Externally Financed Projects (DIEFP), monitoring and evaluation, fiduciary, audit, and reporting tasks.** Based on lessons learned in the implementation of JRP and JSIP projects, this component will also support the carrying out of activities that support the implementation of the Strategy for Development of the Judiciary and the development objective of this project and that are agreed between the parties.

Component 4. Contingent Emergency Response Component.

15. Given Romania's exposure to geophysical and climate change-induced disasters, a Contingent Emergency Response Component (CERC) is introduced under the project. The CERC is an ex-ante mechanism available to the



Government for rapid access to financing to respond to an eligible crisis or emergency. This component would draw from the uncommitted loan resources from other project components to cover emergency expenditures.

Legal Operational Policies

	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Areas OP 7.60	No

Summary of Assessment of Environmental and Social Risks and Impacts

16. **The potential risks are moderate for both environment and social.** The following environmental and social standards (ESS) have been found relevant for the project: ESS1 (Assessment and Management of Environmental and Social Risks and Impacts), ESS2 (Labor and Working Conditions), ESS3 (Resource Efficiency and Pollution Prevention and Management), ESS4 (Community Health and Safety), ESS6 (Biodiversity Conservation and Sustainable Management of Living Natural Resources), ESS8 (Cultural Heritage), and ESS10 (Stakeholder Engagement and Information Disclosure).

17. Environmental risks and impacts will be generated mostly under Component 1 which includes infrastructure. Subcomponent 1.2 - Development and Rolling Out of a User-Centric Model for Integrated Service Delivery includes the design and development of physical infrastructure needed to operationalize justice services under an integrated user-centric delivery model. The social risks associated with project activities are related to potential exclusion in benefits for marginalized segments of the population in regard to accessing improved justice services and legal aid and those related to temporary impacts from civil works. All potential environmental and social impacts of the World Bank-financed project activities can be managed through robust and well-implemented mitigation measures, which have been outlined in the project's draft Environmental and Social Management Framework (ESMF) and a draft Labor Management Procedures (LMP). These instruments will be disclosed, and publicly consulted upon clearance and as per the agreed timelines in the Environment and Social Commitment Plan (ESCP). The MOJ has also prepared a Stakeholder Engagement Plan (SEP) which was publicly disclosed and consulted prior to appraisal. Subsequent site-specific ESMPs that will be prepared, disclosed and publicly consulted during project implementation. A GBV action plan (GBVAP) will also be prepared to mitigate risks related to sexual exploitation, abuse, and harassment, both in relation to justice services' access and physical infrastructure upgrades. The ESCP developed by MOJ in consultation with the Bank sets out the measures and actions required for the project to achieve compliance with the ESF over a specified time frame.

E. Implementation

Institutional and Implementation Arrangements

18. **The MOJ will be implementing agency for the proposed project and will manage the project through its Department for Implementation of Externally Financed Projects (DIEFP).** The DIEFP has solid experience implementing World Bank financed projects, including the JRP and JSIP, and its familiarity with Bank processes and working modalities will be important for ensuring the project's smooth implementation. The DIEFP will coordinate closely with beneficiaries outside of the MOJ, such as the HCCJ, and with the MOF to ensure adequate budget allocations are assigned in line with



the planned implementation schedule. A Project Operational Manual (POM) detailing responsibilities, accountabilities, processes, and procedures governing the project will be adopted in a manner acceptable to the Bank before effectiveness.

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APPROVAL

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