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PROJECT PAPER

ON A

PROPOSED PROJECT RESTRUCTURING  
OF  
MUNICIPAL SERVICES PROJECT  
(LOAN NO. 4835-RO)

January 5, 2010

IN THE AMOUNT OF  
EURO 106.2 MILLION  
(US\$153.1 MILLION CURRENT EQUIVALENT)

TO

ROMANIA

Sustainable Development Department  
Country Unit for Central Europe and the Baltic Countries  
Europe and Central Asia Region

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CURRENCY EQUIVALENTS  
(as of January 5, 2010)

Currency Unit	=	New Romanian Lei (RON)
Euro 1	=	RON 4.21
US\$ 1	=	RON 2.92
US\$ 1	=	Euro 1.44

ABBREVIATIONS AND ACRONYMS

MoB	Municipality of Bucharest
MTR	Mid-term Review
MoPF	Ministry of Public Finance
EU	European Union
ISPA	Instrument for Structural Policies for Pre-Accession
LAPF	Land Acquisition Policy Framework
MoA	Municipality of Arad
OP	Operational Policy
RAP	Resettlement Action Plan
ISDS	Integrated Safeguards Data Sheet
EIA	Environmental Impact Assessment
MoE	Ministry of Environment

Vice President:	Philippe H. Le Houerou, ECAVP
Country Director:	Theodore O. Ahlers, ECCU5 (acting)
Sector Director	Peter Thomson, ECSSD
Sector Manager	Wael Zakout, ECSS6
Task Team Leader:	Michael John Webster, ECSS6

**ROMANIA**  
**MUNICIPAL SERVICES PROJECT**

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**ROMANIA**  
**MUNICIPAL SERVICES PROJECT**  
**(RESTRUCTURING)**

**Project Data Sheet**

Date: January 5, 2010 Country: Romania Project Name: Municipal Services Project Project ID: P088252	Task Team Leader: Michael John Webster Sector Manager: Wael Zakout Country Director: Theodore O. Ahlers (acting) Environmental category: B				
Borrower: Romania, represented by the Ministry of Public Finance (MoPF) Responsible agency: Ministry of Environment (MoE); Municipality of Bucharest (MoB); and Municipality of Arad (MoA)					
Revised estimated disbursements (Bank FY/US\$m)*					
FY	2008-2009	2010	2011	2012	
Annual		52.7	40.0	3.9	
Cumulative	56.5	109.2	149.2	153.1	
Current closing date: June 30, 2011 Revised closing date [if applicable]:					
Indicate if the restructuring is: Board approved <input checked="" type="checkbox"/> X RVP approved <input type="checkbox"/> —					
Does the restructured project require any exceptions to Bank policies? Have these been approved by Bank management? Is approval for any policy exception sought from the Board?					<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No
Revised project development objective/outcomes  The objective of the Project is to assist the Borrower to meet EU environmental directives in the water and wastewater sector, thereby improving the quality and coverage of water and wastewater services, mainly through: (i) support of infrastructure development in the municipalities of Bucharest and Arad to provide better water and wastewater service and improve stormwater management; and (ii) preparation of priority water and wastewater projects in selected counties.					
Does the restructured project trigger any new safeguard policies? Yes, OP 4.12 Involuntary Resettlement					
Revised Financing Plan (US\$m)					
Source			Original	Revised*	
Borrower			38.9	104.1	
IBRD/IDA			131.7	153.1	
Total			170.6	257.2	

\*Based on Exchange Rate: 1 EUR = 1.441900 USD as of 05-Jan-2010. Current Euro allocations are detailed in Annex A.

1. This Project Paper seeks the approval of the Executive Directors to introduce changes to the Romania Municipal Services Project (Loan No. 4835-RO) and any accompanying amendments to the project's legal documents. The proposed changes are required due to: (i) slowdown in the pace of urban development of the Baneasa area in Bucharest; (ii) increased civil works costs in Bucharest; (iii) the possible need to acquire land to complete parts of the project which was initially not envisaged; (iv) a change in Romanian legislation on water operators; and (v) the availability of grant financing for one of the counties in component 3. The proposed changes include: triggering of a new safeguard, OP 4.12 (involuntary resettlement) for all three components; ceasing loan financing for infrastructure works in the Baneasa area, and re-allocating remaining funds to other areas of Bucharest where the impact is expected to be higher; revising the end-of-project outcome targets to reflect the reallocation and increased civil works costs in Bucharest; aligning the Project Agreement covenant on selecting the operator in Arad with current legislation; and reducing the number of counties in component 3 from 11 to 10 and modifying the project development objective and end-of-project outcome targets accordingly; and introducing additional indicators and clarified measures to the results framework. The changes will mitigate risks to not achieving the project's development objective, and introduce adjustments necessary to ensure compliance with the Loan and Project Agreements without significantly modifying project outcomes.

### **Background and Reasons for Restructuring**

2. The Project was approved on July 13, 2006 and became effective on May 31, 2007. The objective of the project is to assist the Borrower to meet EU environmental directives in the water and wastewater sector, thereby improving the quality and coverage of water and wastewater services. This objective is to be met through implementation of three components:

- Component 1: Urban Services in Bucharest Municipality (water, sewerage, drainage and road surfacing);
- Component 2: Urban Services in Arad Municipality (sewerage, drainage, road surfacing); and
- Component 3: Project Application for the EU (preparation of water and wastewater projects in 11 counties, including masterplans, feasibility studies, and grant applications for EU structural funding).

3. **Component 1: Urban Services in Bucharest Municipality.** Infrastructure investments for component 1, implemented by the Municipality of Bucharest (MoB), are divided into three civil works contracts in three subcomponents: Subcomponent B1 covering the Baneasa area under development; Subcomponent B2 covering already-built areas in Vatra Noua, Straulesti left, Straulesti right, Chitila Triaj, a social housing area in Odai, and Otopeni north and Baneasa north (in these latter two areas investment only include bulk water supply and trunk collectors); Subcomponent B3 covering Giulesti Sarbi.

4. A mid-term review (MTR) was launched on April 13, 2009. Overall, implementation progress has been satisfactory to moderately satisfactory, and total disbursements (42%) are broadly in line with expectations. The expected closing date remains June 30, 2011. Both the Municipality of Arad (implementing component 2) and the Ministry of Environment

(implementing component 3) still expect to complete project works and studies by or close to the closing date, and disburse all available loan funds before the closing date.

5. However, the MTR identified substantial risks to component 1 achieving its end-of-project outcome targets and development objectives. It also identified instances of non-compliance or potential non-compliance with Loan and Project Agreement covenants in the work performed under contract B1. As a consequence, on May 22, 2009, the Bank suspended disbursements to contract B1 until these instances could be resolved. These issues are discussed below.

6. ***Slowdown in Baneasa's urban development.*** Under current market circumstances, the development of the Baneasa area would not be completed for about 7 to 10 years, which would leave a significant part of the contract B1 works unused for a 5 to 8-year period. This contradicts the Project Agreement covenant that MoB should "agree with the developer upon a phased implementation plan for [...] the Project so as to ensure that services are only provided to those areas that have been developed". More importantly, it means that end-of-project outcome targets and the project development objectives corresponding to this contract would not be met. It would thus not be economically justified to complete the works according to their initial design and scope while project funding can be re-directed towards already-built areas of the project, where the development impact is likely to be higher.

7. ***Cost increases.*** Due to changes in market conditions between the time of the feasibility studies and procurement, costs for component 1 increased from EUR 74 million to EUR 93 million. MoB will bear these increased costs. The Ministry of Public Finance (MoPF) has requested that disbursement percentages be adjusted to reflect this.

8. ***Land acquisition.*** In November 2008, a supervision mission identified the possible need for the Municipality of Bucharest to acquire land to complete civil works which was not envisaged initially. This was confirmed at the MTR during the review of contracts B1 and B2. Adequate safeguards to permit land acquisition now need to be added to the design of the project, and therefore a Land Acquisition Policy Framework (LAPF) has been developed and agreed. As described below, the LAPF has been extended to component 2 as well as a precautionary measure.

9. The MTR also identified the need to amend two legal covenants on components 2 and 3 respectively, as follows.

10. ***Component 2: Urban Services in Arad Municipality -- Change in legislation regarding operators.*** For component 2, the Project Agreement currently requires the Municipality of Arad (MoA) to select a water and wastewater operator through competitive bidding. A change in the Romanian legal framework since Project approval eliminates the rationale for this covenant which was meant to ensure compliance with legislation in force at the time and to mirror EU State Aid rules. Romania now favors the creation of regional (county-level) associations of municipalities, who must contract with a regional operator. The EU approved this policy and joining such an association has been made a condition to access EU structural funds for water and wastewater investments. These changes require Arad to join the

Intercommunal Development Association of Arad County, which chose as regional operator the municipally-owned SC Compania de Apa SA Arad.

11. Due to changes in market conditions between the time of the feasibility studies and procurement, costs for component 2 also increased, from EUR 50 to EUR 73 million. However, unlike in the case of Bucharest, MoA and MoPF agreed to maintain current disbursement percentages. MoA will cover 100% of remaining Project expenditures from its own sources once Bank funding is exhausted. MoA provided the Bank with a multi-year forecast that shows sufficient financing capacity to this effect. The loan agreement will be amended to reflect the above agreement and the subsidiary agreement between MoPF and MoA has been proposed to be revised to reflect this agreement.

12. **Component 3: Project Application for the EU -- *Change in number of counties.*** For component 3, 11 counties were initially included in the project scope. However the Government of Romania was able to use funding from the Instrument for Structural Policies for Pre-Accession (ISPA) for Galati, eliminating the need to use borrowed funds for this county. As a replacement, Vaslui County was added to the list of counties where the project financed the elaboration of masterplans, but only 10 full applications for EU cohesion grants will be prepared.

### **Proposed Changes**

13. The project's development objective is only marginally changed and will read as follows: "The objective of the Project is to assist the Borrower to meet EU environmental directives in the water and wastewater sector, thereby improving the quality and coverage of water and wastewater services, mainly through: (i) support of infrastructure development in the municipalities of Bucharest and Arad to provide better water and wastewater service and improve stormwater management; and (ii) preparation of priority water and wastewater projects in selected counties." The only change is in the number of counties, from "11" to "selected" (and which are expected to be 10).

14. For component 1, Bank financing has ceased to be available for contract B1 (as per the letter of suspension of contract B1 of May 22, 2009): works invoiced after June 30, 2009 will not be eligible under the project; however, MoB financing will continue for this contract. Disbursement percentages for the component will be adjusted from 65% to 83% so that (i) remaining funds that were planned to be used for contract B1 will be re-allocated to contracts B2 and B3, and (ii) the total share financed by MoB will be increased to take into account the increase in the cost of works. The resulting revised financing plan is attached as Annex A. The two outstanding invoices for works procured prior to May 22, 2009 can be financed after the lifting of the suspension of contract B1.

15. The proposed changes only marginally affect the Project's development objective. They do not require a change in monitoring mechanisms or outcome indicators. However they modify outcome targets for components 1 and 3. For component 1, the outcome targets will be reduced to reflect the reallocation of funding from the Baneasa to other areas of Bucharest, and the decreased level of Bank financing of civil works in Bucharest due to cost increases. For component 3, the grant application for County Galati will still be prepared, albeit not financed by

the Project. It should also be noted that in terms of development outcome, this component will help Romania access a total amount of EU grant funding of about EUR 1 billion. The revised targets are in Annex B.

16. Changes to the Results Framework: In order to make project indicators more explicit and representative, the following modifications have been agreed between the Government and the Bank and are reflected in the project restructuring:

- adding two indicators on "Incremental water connections" (unit = number of connections), and "Incremental sewerage connections" (unit = number of connections);
- change the unit for "incremental stormwater drainage improvements" (km of drains instead of %);
- change the unit for "improved road surfacing" (km of roads instead of %).

17. The values for "incremental population served" and "incremental connections" will represent the number of, respectively, people or connections for whom service infrastructure is made available. This is meant to allow a measuring of the progress towards objectives during the course of the Project, while the operator will only take over the infrastructure towards the end of the project. Experience in Romania shows that practically all users will connect to the service if available (one reason being that sewerage service, in particular, is billed by operators if available even if the user chooses not to connect).

18. The need to proceed with land acquisition for component 1 triggers the application of the Bank safeguard policy on involuntary resettlement (OP 4.12) for the project. As a precautionary measure the Government has agreed for the safeguard to be applied to all three components. A Land Acquisition Policy Framework (LAPF) has been agreed with MoB and MoA and compliance with this framework for components 1 and 2 will be made a covenant of the Project Agreement. A general requirement of compliance with applicable Bank policies on land acquisition and resettlement will also be included in the Loan Agreement.

19. To take into account the change in legislation described in paragraph 10 above, the Project Agreement requirement to select an operator through competitive bidding will be removed. The Loan Agreement reference to the "selected operator" will be edited to apply to the regional operator.

20. During the MTR, MoA reaffirmed the statement made during negotiations that the project is carried out on public lands only. The corresponding Project Agreement covenant that MoA "will ensure that [...] implementation of [component 2] does not cause, or result in, resettlement" will not be modified.

21. The number of counties for which EU grant applications will be prepared in component 3 will be reduced from 11 to 10. Corresponding references in the Loan Agreement will be amended. However, 11 masterplans will still have been prepared under the Project.

## **Project costs and financing**

22. Bank financing for each component remains as per the original Project Appraisal Document, however, as project costs have increased, counterpart contributions have increased, decreasing the financing share of Bank financing. In addition, within component 1, contract B1 will no longer be eligible for Bank financing, therefore the funds have been reallocated to contracts B2 and B3 (see annex A).

## **Safeguards**

23. **Social.** OP 4.12 Involuntary Resettlement is now triggered for the project. Country systems were assessed during project preparation and it was determined that although Romanian legislation and practices on land acquisition is consistent with Bank policies as far as legally-owned land is concerned, Bank policy provides additional protection and support to people using land informally or illegally and is intended to protect the poor and vulnerable.

24. *Component 1:* In conformity with OP4.12, and to minimize delay risks to the project, the first step was to look for reasonable technical solutions to minimize the need for expropriations. In particular for contract B2 this was possible in Straulesti Left but not in Straulesti Right. In Straulesti Left the design has been changed from a separated rainwater/sewerage system to a unitary one that would avoid the need for land acquisition. This was considered acceptable from an environmental point of view because discharge quantities are very small in comparison to the total going to the Bucharest wastewater treatment plant.

25. The agreed upon LAPF will require preparation of an Abbreviated Resettlement Action Plan (RAP) for each specific case where resettlement is required, since no land acquisition that will be permitted will involve more than 200 affected persons.

26. There is high public pressure for works to progress in the contract B2 areas. Some sporadic demonstrations have taken place in Straulesti and were reported in the press. The proposed restructuring would also increase Bank funding to this economically less well-off area.

27. Land acquisition in contract B1: During project preparation, the developer of the area (a private company Baneasa Investments SA) moved 34 private families from a neighboring area as part of the development. Although the resettlement was not financed by the loan, the Bank is completing a due diligence exercise to assess whether the compensation paid to each of the 34 families is reasonable, according to the principles and practices of OP 4.12.

28. *Component 2:* No land acquisition is expected during this component. Further, it was re-affirmed during the MTR that implementation of this component does not require or cause resettlement. However, the LAPF still applies to component 2, in the unlikely event that some land acquisition becomes necessary.

29. *Component 3:* OP 4.12 will also apply to component 3. Although the component only finances studies to prepare water and wastewater investments, and not the physical investments themselves, the Ministry of Environment (MoE) implementing the Bank-financed project will be

urged to take into consideration the provisions of OP 4.12 in the documentation being prepared. Further, since the main difference between OP 4.12 and Romanian laws and practice on land acquisition relates to informal or illegal use of land, the Bank task team will seek to determine the extent to which these cases will be in issue for the planned investments.

30. **Other safeguards.** The following safeguards will be triggered under the project: (a) Projects on International Waterways; (b) Piloting the Use of Borrower Systems to Address Environmental and Social Safeguard Issues in Bank Supported Projects; and (c) Involuntary Resettlement. Under (b), the Bank is recommending the use of Romanian systems to address the Bank policies on Environmental Assessment and Cultural Property. The ISDS has been updated to reflect the proposed changes and the new application of OP 4.12.

<b>Safeguard Policies Triggered</b>	<b>Yes</b>	<b>No</b>
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
Cultural Property (OPN 11.03)		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
Piloting the Use of Borrower Systems to Address Environmental and Social Safeguards Issues in bank-Supported Projects (OP/BP 4.00)	X	

31. The investments supported are all intended to improve local services and the population's health and social welfare and will be designed to minimize adverse effects. No significant indirect or long-term impacts are expected. The project design aims to have a positive effect on the environment as measured by improved water quality. Local impacts from project activities would be limited to minor construction. The long-term environmental impacts anticipated are positive and linked to the overall project development objective to assist Romania to meet EU environmental directives in the water and wastewater sector, thereby improving the quality and coverage of water and wastewater services.

32. As per the Bank's Operational Policy 4.00, the use of the country systems for the environmental and social safeguards is being piloted. Romania has agreed to implement the measures identified in the safeguards diagnostic review report prepared by the Bank to sustain equivalence and acceptability of piloted safeguard-related policy areas. The results of the diagnostic review indicate that the operational principles of Environmental Assessment as stated in Table A1 of OP 4.00 and the Romanian Environmental Impact Assessment (EIA) system have many common features and that there are no gaps in equivalency. With respect to the acceptability, it was also found that Romania's current approach to EIA conforms to OP 4.00. As per the Bank's policy on Environmental Assessment, the project is categorized as an environmental category B since the investments will be related to small civil works without

significant impact to the environment. The project will remain an environmental category B project after restructuring.

33. The requirements of the policy on International Waterways (OP 7.50) have been met and Romania has completed notification.

34. **Economic.** There is no major modification in the economic impact of project investments as appraised, save for the small reduction in expected outcomes in Bucharest, attributable to changed economic conditions and resulting slower pace of urban development in the Baneasa area.

35. Other than mentioned above, the restructuring has no further impacts on the original economic, financial, technical, institutional, environmental, social, or other aspects of the project as appraised.

36. The restructuring does not involve any exception to Bank policies.

### **Benefits and Risks**

37. **Benefits.** The project restructuring will shift Bank financing areas in Bucharest that will have a higher social and economic impact and more in need of Bank financing. In addition, the restructuring will help mitigate the risk of the project not achieving its PDO, and of not meeting the Bank's safeguard policies.

38. **Delays.** The expropriation process required in Straulesti entails a risk of delay. As the timetable for completing works under contract B2 is tight already, this has the potential to cause slippage in the completion date. However, the Municipality of Bucharest has extensive practice of land acquisition and expropriations, and has a specialized office to manage them. The size and number of properties affected remain small, probably affecting only three owners.

39. **Counterpart funding.** Counterpart funding for component 1 is provided by Bucharest Sector Municipalities of Sectors 1 and 6. To avoid any shortage of counterpart funds, the proposed new disbursement percentages maintain the original balance of already-budgeted funding required from each of these two Sector Municipalities. For component 2, increased counterpart funding is required from MoA due to the increased costs. MoA has committed to finance 100% of the remaining costs (once loan funds have been fully disbursed) as stated in the amendment to the loan agreement and in the proposed revisions to the Subsidiary Agreement between MoPF and MoA.

40. **Procurement.** The MTR highlighted concerns regarding the treatment of pre-existing works in contract B1, representing 14% to 19% of the contractual scope. To lift any uncertainty, MoB requested that a full procurement and contract audit be performed by the Bank. The Bank's Operations Procurement Review Committee (OPRC) also recommended such an audit, which will include a determination of the possible impact of pre-existing works on the bidding process. The proposed restructuring reduces the amount at risk in case the audit ascertains that

Bank procurement policies have not been complied with. A forensic auditor has been contracted and is proceeding with the forensic audit as requested by MoB.



**ANNEX A**  
**Project Costs and Financing**

**Revised Project Financing**

Euro million

		Project costs		Project Financing		
		Original	Restructured	Bank	Counterpart	Total
Component 1	Bucharest	73.9	92.3	48.0	44.3	92.3
Component 2	Arad	50.3	73.1	47.2	25.9	73.1
Component 3	MoE	13.1	13.0	11.0	2.0	13.0
<b>Total</b>		<b>137.3</b>	<b>178.4</b>	<b>106.2</b>	<b>72.2</b>	<b>178.4</b>

**Revised financial plan for Component 1**

Euro thousands

	Contracted	Original				Restructured		
		Bank financing	Financing %	Invoiced	Bank disbursed	Financing %	Bank funds	Final use of Bank funds
<b>Component 1</b>								
Contract B1	23,946			11,296	6,466*	0%	0	6,466
Contract B2	30,310			10,007	6,420	83%	16,851	23,271
Contract B3	18,236			7,067	4,743	48%	5,361	10,104
Contract B4	6,196			3,375	2,281	48%	1,354	3,635
<b>Total</b>	<b>78,688</b>	<b>48,000</b>	<b>65%</b>	<b>31,745</b>	<b>19,910</b>	<b>83%</b>	<b>23,566</b>	<b>43,476</b>

\* This amount assumes payment for Invoice no.841024 dated 30.04.2009 in the amount of 219,949.52 RON and Invoice no.841023 dated 30.04.2009 in the amount of 3,079,293.34 RON submitted prior to the suspension of contract B1

**Revised Disbursement Table**

Category	Amount of Loan Allocated (Euro million)	Percentage of Expenditures to be Financed	
		Original	Restructured
(1) Works, goods and consultants' services under Part 1 of the Project, except for the B1 – Civil works in sector 1-Baneasa Contract no.3637/12.07.2007	48.0	65%	65% for activities performed before June 30, 2009 and 83% thereafter
(2) Works, Goods, and Consultants' Services under Part 2 of the Project	47.2	94%	94%
(3) Consultants' Services under Part 3 of the Project	11.0	84%	84%
<b>Total</b>	<b>106.2</b>		

## ANNEX B

### Revised Results Framework

<b>PDO</b>	<b>Project Outcome Indicators</b>	<b>Use of Project Outcome Information</b>
<p>Assist Romania to meet EU environmental directives in the water and wastewater sector, thereby improving the quality and coverage of water and wastewater services. This objective will be met through:</p> <p>a) the support of infrastructure development in the municipalities of Bucharest and Arad to provide better water and wastewater service and improve stormwater management; and</p> <p>b) preparation of priority water and wastewater projects in selected counties.</p>	<ul style="list-style-type: none"> <li>• Improved access to water supply meeting EU standards;</li> <li>• Improved access to sanitation meeting EU standards;</li> <li>• Proportion of the project area protected from flooding;</li> <li>• Improved road surfacing (in areas where water, sewerage, and stormwater networks will be laid); and</li> <li>• Projects applications prepared for EU funding</li> </ul>	<p>Determine the progress made in meeting the project objective</p>
<b>Intermediate Outcomes</b>	<b>Intermediate Outcomes Indicators</b>	<b>Use of Intermediate Outcome Monitoring</b>
<p>Procurement of construction contracts and works on schedule for Arad and Bucharest</p>	<p>Progress of implementation of water, sewerage, stormwater, and road paving contracts</p>	<p>The status of the works contracts will be used to monitor implementation progress and corrective actions will be taken, as needed.</p>
<p>Procurement of consulting contracts and consultancy assignment on schedule for the component managed by MoE</p>	<p>Progress of implementation of the consulting contracts for the preparation of projects in several counties</p>	<p>The status of the consultancy contracts will be used to monitor implementation progress and corrective actions will be taken, as needed.</p>

## Revised Evaluation Indicators for the Project

		Unit	Base-line	Original Target Values	Current (Nov. 2009)	Restructured Target Values
<b>Project Outcome Indicators</b>						
<b>Component 1 (Bucharest)</b>						
Improved access to water supply meeting EU standards	• Incremental benefiting population	People	0	30,620	14,439	24,449
	• Incremental water connections	Connections			1,033	3,566
	• Incremental water sold	1000 m <sup>3</sup>	0	2,066	598	1,249
Improved access to sanitation meeting EU standards	• Incremental sewerage connections	Connections			1,456	3,028
	• Incremental sewerage collected	1000 m <sup>3</sup>	0	1,860	538	1,124
Proportion of the project area protected from flooding	• Incremental stormwater drainage	km of drains	0	39.0	17.8	28.1
Improved road surfacing	• Improved road surfacing	km of roads	0	62.0	13.2	49.3
<b>Component 2 (Arad)</b>						
Improved access to sanitation meeting EU standards	• Incremental benefiting population	People	0	23,238		23,238
	• Incremental sewerage connections	Connections				7,400
	• Incremental sewerage collected	1000 m <sup>3</sup>	0	1,746		1,746
Proportion of the project area protected from flooding	• Incremental stormwater drainage	km of drains		81.0	49.9	81.0
Improved road surfacing	• Improved road surfacing	km of roads	0	84.0	13.6	84.0
<b>Component 3 (MoE)</b>						
Projects applications prepared for EU funding	• Project applications prepared for EU funding	Completed reports (no.)	0	11	0	10
<b>Intermediate Outcome Indicators</b>						
Progress of implementation of water, sewerage, stormwater, and road paving contracts	<b>Arad</b> Procurement of construction contracts and works on schedule	% of works completed	0	100	39	100
	<b>Bucharest:</b> Procurement of construction contracts and works on schedule	% of works completed	0	100	30	100
Progress of implementation of the consulting contracts for the preparation of projects in several counties	<b>MoE</b> Procurement of consulting contracts and consultancy assignments on schedule	% of consulting services completed	0	100	45	100