

INTEGRATED SAFEGUARDS DATA SHEET CONCEPT STAGE

Report No.: AC6347

Date ISDS Prepared/Updated:

I. BASIC INFORMATION

A. Basic Project Data

Country:		Project ID:	
Project Name:			
Task Team Leader:			
Estimated Appraisal Date:		Estimated Board Date:	
Managing Unit:		Lending Instrument:	
Sector:			
Theme:			
Financing (In USD Million)			
Financing Source			Amount
BORROWER/RECIPIENT			2.12
International Development Association (IDA)			18.00
Global Environment Facility (GEF)			4.44
LOCAL BENEFICIARIES			0.88
Total			25.44
Environmental Category:			
Is this a Repeater project?			

B. Project Objectives

The objective of the proposed project is to contribute to enhancing agro-food sector competitiveness by supporting the modernization of food safety and quality management systems, facilitating market access, and promoting agro-environmental adaptation.

C. Project Description

The Project will focus on three priority enabling areas and their elements:

- Firstly, it will focus on the modernization of the public system of quality management, food safety, and animal and plant health which are critically necessary to maintain domestic market share and increase access of food exports to traditional markets in the FSU countries and the EU market.
- Secondly, it will focus on facilitating investments for modern agronomical technologies and equipment, post-harvesting and processing facilities, enterprise-level food safety compliance, and support for international quality certification.
- Thirdly, it will focus on providing services to farmers aimed at dissemination of critical market information and technology, as well as incentives for mainstreaming of agro-environmental practices. The three areas above are modeled according to the EU's CAP pillars.

The design of the proposed Project, which will fully blend an IDA allocation of \$15 million and GEF resources of \$4.9 million, will take into account investments and activities that the Government of Moldova and the international donor community have already conducted, launched, or programmed under any of these areas (EU, MCC, USAID and IFAD). As such, the Project would aim to: (a) complement these investments; and (b) enhance the integration of investment efforts and technical assistance in these areas; while (c) remaining sufficiently focused to address issues in key value chains with comparative advantages and thus potential competitive advantages on domestic and foreign markets. The Project will have the following components:

Component 1: Food Quality and Safety Management System (US\$7.0 million). This component will support the Government's agenda in engendering critically necessary adjustments in the food quality and safety management system. At present, the country has many institutions with overlapping responsibilities and unclear institutional attributions leading to an exacerbated regulatory load and repetitive inspections, high costs to the Government and the private sector, and opportunities for rent seeking. There are no clearly delineated competencies between health and agricultural authorities, and there is no separation of responsibilities between standard-setting and food safety management. On the regulatory side, further robust actions are necessary to ensure the country's compliance with its international commitments, particularly towards the EU requirements for the negotiations of a Deep and Comprehensive Free Trade Agreement. The continued ubiquitous and informal application of GOST standards is ill-suited to the current day needs and feeds into an inspection, monitoring and surveillance system which becomes irrelevant in the context of trade based on international standards and market principles. The country's inspection services should rather be based on risk assessment tools for determining density and intensity of controls. The Government is currently working on a set of reform measures aimed at eliminating such institutional and regulatory inefficiencies, including the adoption and implementation of a food safety strategy, and the Project will extend support for these efforts. Specifically, financing would be provided for (i) the implementation of regulatory and institutional reforms (TA), training and capacity building to complement, when necessary, activities supported by the EU Comprehensive Institution Building Program; (ii) investments, training and capacity building for the operation and national and international accreditation of laboratory facilities; (iii) support to the

rehabilitation of border control points and improvements in customs clearance mechanisms; and (iv) development of software for disease surveillance and early warning, and integrating software for the food safety system as a whole.

Component 2: Access to Markets (US\$7.5 million). This component will support activities at primary production, post-production, processing and marketing/sales levels aimed at achieving an enhanced degree of commercialization of selected value chains, with a focus on horticulture. The idea will be to assist Moldovan farmers to: (i) transit from current limited and rudimentary supply chains to more complex domestic and/or external systems, i.e. #from markets to supermarkets#; and (ii) transform current quality of supply from largely #bulk commodities# to products with increased value-added. Specific activities will include: (a) competitive grant scheme for piloting producer-mobilization interventions and supporting post-harvesting investments aimed at improving quality, consistency and quantity of primary supply (washing, grading, packing, ripening room equipment, cold-storage, minor-processing); (b) matching grant facility for farm- or enterprise-based investments for food safety compliance; (c) matching grant facility for produce certification; (d) facilitation of trade by means of contract farming brokerage, providing access to supermarket shelf space, and support to Government plans for regional wholesale markets; and (e) access to knowledge, business advice and market information.

Component 3: Soil Conservation and Climate Adaptation (US\$6.0 million, including GEF Trust Fund of about \$4.9 million). This component will support the introduction of farm-based activities and agronomic techniques aimed at reducing land degradation and mainstreaming coping and adaptation techniques necessary to make agriculture more resilient to a changing climate. Both themes are highly relevant for increasing, if not maintaining, productivity and hence competitiveness of the sector. Specific thematic activities of the component will include: (i) a competitive grant scheme for sustainable farming (possibly integrated with Good Agricultural Practices approaches) to support investments in technologies and equipment for soil conservation-friendly agriculture; (ii) recurrent cash incentives for delivery of agri-environmental services (possibly through the country's Agency for Payment and Interventions in Agriculture); (iii) soil and pasture management activities; and (iv) awareness building and dissemination of knowledge on land conservation and climate resilience.

From a technical perspective, the menu of options supported by the component on soil conservation would include the following: (i) proliferation of use of cover crops; (ii) application of modern crop-rotation techniques and conservation farming; (iii) rehabilitation of forest belts; (iv) pasture rehabilitation and management; and (v) extensification of farming. On climate change adaptation, the technical aspects of the component will cover the recommended adaptation techniques contained in the final version of the Government's action plan for enhancing climate resilience of the agriculture sector (under preparation). This action plan is being prepared with information and knowledge generated under the Regional AAA Program on Reducing Vulnerability to Climate Change in ECA Agricultural Systems.

Component 4: Project Management (\$1.5 million). This component will provide technical and financial support for project management. The implementation agencies for the proposed Project will be the Ministry of Agriculture and Food Industry (MAFI) and the Ministry of Environment (ME). The Consolidated Agricultural Project Management Unit (CAPMU), which has nearly 10 years of experience in implementing World Bank and GEF Projects will serve as a fiduciary agent for both implementation agencies. This component will finance activities such as (i) the PMU staff and operations, (ii) Monitoring and Evaluation activities, (iii) training programs and (iv) audits.

D. Project location and salient physical characteristics relevant to the safeguard analysis (if known)

The project will be implemented countrywide.

E. Borrowers Institutional Capacity for Safeguard Policies

The proposed Project will be implemented by the Ministry of Agriculture and Food Industry (MAFI) and the Ministry of Environment (ME). MAFI has extensive experience in successfully implementing World Bank projects (ex. on-going RISP II and RISP II AF, Avian Influenza projects) while the ME has extensive experience in implementing GEF funded projects (ex. Moldova Agricultural Pollution Control and POPs Projects). The Consolidated Agricultural Project Management Unit (CAPMU), which has nearly 10 years of experience in implementing World Bank and GEF Projects will serve as a fiduciary agent for both implementation agencies. CAPMU has a highly qualified Environmental Specialist, being responsible for project safeguards issues. Up to now the CAPMU environmental and social performances have been qualified as adequate.

F. Environmental and Social Safeguards Specialists on the Team

II. SAFEGUARD POLICIES THAT MIGHT APPLY

Safeguard Policies Triggered	Yes	No	TBD	Explanation
Environmental Assessment OP/BP 4.01	X			<p>This policy is triggered as the project will support a series of activities which will generate some environmental and social impacts. While generally the project will provide many environmental and social benefits (such as increased food security and farmer income due to higher agricultural productivity, enhanced agricultural competitiveness, improved farmer skills in land conservation and climate change adaptation technologies or increased opportunity for engagement in small scale agri-businesses by farmers), it may also cause some negative impacts. In particular these impacts might be associated with the project's competitive and matching grant schemes which are expected to finance: (a) producer-mobilization interventions on a pilot basis and supporting post-harvesting investments aimed at improving quality, consistency and quantity of primary supply (washing, grading, packing, ripening room equipment, cold-storage, minor-processing); (b) farm- or enterprise-based investments for food safety compliance; and, (c) investments in technologies and equipment for soil conservation-friendly agriculture as well as for soil and pasture management activities.</p> <p>The proposed activities under these schemes, if not adequately implemented, may cause some environmental impacts related to: (a) increased pollution of ground and surface waters due to soil erosion, use of fertilizers and pesticide, as well as the processing of agricultural products; (b) threats to human health and wildlife due to poor handling of fertilizers and pesticides; (c) increased siltation of water bodies due to soil erosion; (c) solid wastes during processing of agricultural products. Additionally the project will support the rehabilitation of border control points and laboratory facilities which may include minor civil works which might generate solid wastes, air pollution and health hazards. To address these potential negative impacts the borrower will prepare Environmental Management Framework (EMF) which will specify the EA requirements for project activities as well as for subprojects to be supported under the competitive and matching grants. This document will cover the following: rules and procedures for environmental screening; guidance for preparing subprojects EIA and/or simple EMPs as well as of EMP Checklist; possible mitigation measures for different types of sub-projects; requirements for monitoring and supervision of implementing of EIA/EMPs requirements. The EA document will be prepared before appraisal. Before appraisal the Checklist EMPs (if the project investments will be known) as well as the EMF will be disclosed and consulted in the country.</p>
Natural Habitats OP/BP 4.04			X	<p>No important wildlife and wildlife habitats are expected to be found in the vicinity of the potential locations for the implementation project activities and subprojects to be supported under the grant schemes. Yet, discussions with the counterparts on the applicability of OP/BP4.04 continue. A final determination will be made by mid-November.</p>
Forests OP/BP 4.36		X		<p>This policy will be not triggered as all project activities will be implemented on existing agricultural lands and on the currently functioning border control points and laboratory facilities.</p>
Pest Management OP 4.09	X			<p>While the project will not finance the purchasing and/or application of pesticides, it is possible that pesticide use will increase due to the increased intensity of cropping supported by the Project's grant schemes of the project and/or due to promoting conservation agriculture. Therefore, OP 4.09 is triggered. No separate Pest Management Plan is needed, but the Environmental Management Framework will include measures to raise awareness and educate potential beneficiaries regarding safe pesticide handling and use of Integrated Pest/Farm Farm Management to enhance sustainability and reduce human and environmental exposure to dangerous products.</p>
Physical Cultural Resources OP/BP 4.11		X		<p>There will be no impact on physical cultural resources as all proposed activities will be implemented on existing agricultural lands and/or within the laboratory facilities.</p>
Indigenous Peoples OP/BP 4.10		X		N/A

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.

Safeguard Policies Triggered	Yes	No	TBD	Explanation
Involuntary Resettlement OP/BP 4.12		X		The project will not support activities and sub-projects that might result in resettlement. The EMF and the Project Operational Manual will clearly indicate that any infrastructure constructed under the project will be: a) located on land already owned by participants, or will be bought or leased on a willing buyer-willing seller basis, and, b) will be screened to ensure that it is free of legal encumbrance, or informal use or occupation by others who lack formal title. Furthermore, these documents will also specify pasture improvement will not entail any form of involuntary pasture closure or diminishment of access.
Safety of Dams OP/BP 4.37		X		N/A
Projects on International Waters OP/BP 7.50		X		N/A
Projects in Disputed Areas OP/BP 7.60		X		N/A

III. SAFEGUARD PREPARATION PLAN

A. Tentative target date for preparing the PAD Stage ISDS : 30-Sep-2011

B. Time frame for launching and completing the safeguard-related studies that may be needed. The specific studies and their timing¹ should be specified in the PAD-stage ISDS:

The EA document will be prepared before appraisal. Before appraisal the Checklist EMPs (if the project investments will be known) as well as the EMF will be disclosed and consulted in the country. The EA documents disclosure will be done via Internet and by submitting the draft documents to key stakeholders for review and comments. After that (in about 10-14 days) the EA documents will be consulted at a special workshop with participation of all stakeholders and representatives from broad public and NGOs. All relevant consultation documents including invitations, announcement, list of attendees, minutes and summaries of comments received will be attached to the EMPs and EMF for Infoshop disclosure.

IV. APPROVALS

<i>Signed and submitted by:</i>		
Task Team Leader:	Name:	Date:
<i>Approved By:</i>		
Regional Safeguards Coordinator:	Name:	Date:
Comments:		
Sector Manager:	Name:	Date:
Comments:		

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