



**The World Bank**

Agriculture Governance, Growth and Resilience Investment Project (P170035)

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# Project Information Document (PID)

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Appraisal Stage | Date Prepared/Updated: 27-Feb-2023 | Report No: PIDA34632



## BASIC INFORMATION

### A. Basic Project Data

Country Moldova	Project ID P170035	Project Name Agriculture Governance, Growth and Resilience Investment Project	Parent Project ID (if any)
Region EUROPE AND CENTRAL ASIA	Estimated Appraisal Date 20-Mar-2023	Estimated Board Date 10-May-2023	Practice Area (Lead) Agriculture and Food
Financing Instrument Investment Project Financing	Borrower(s) Ministry of Finance	Implementing Agency Ministry of Agriculture and Food Industry	

#### Proposed Development Objective(s)

Improve delivery of public agricultural services, foster market-oriented growth in priority sub-sectors, increase sector climate resilience, and in case of an eligible crisis or emergency, respond promptly and effectively to it.

#### Components

Enhancing Sector Governance and Agriculture Knowledge Management  
Fostering Growth in Underperforming Sub-Sectors  
Strengthening Resilience through Irrigation Services  
Contingent Emergency Response Component  
Project Management

## PROJECT FINANCING DATA (US\$, Millions)

### SUMMARY

Total Project Cost	55.00
Total Financing	55.00
of which IBRD/IDA	55.00
Financing Gap	0.00

### DETAILS

#### World Bank Group Financing



International Bank for Reconstruction and Development (IBRD)

55.00

Environmental and Social Risk Classification

Substantial

Decision

The review did authorize the team to appraise and negotiate

## B. Introduction and Context

### Country Context

1. Moldova is an upper-middle income country in a state of economic transition. Decades of strong yet volatile economic growth have improved Moldova's average standard of living, but the country nonetheless remains one of the least wealthy in Europe. Between 2000 and 2019, per capita Gross Domestic Product (GDP) expanded at an average annual pace of 4.9 percent—a cumulative increase of over 160 percent. Solid growth resulted in strong poverty reduction, from a staggering 90 percent in 2000 to 10.9 percent in 2021. Non-monetary dimensions of welfare improved too, as demonstrated by substantial increases in life expectancy and educational attainment. Despite growth and progress in poverty reduction, Moldova continues to face large urban-rural disparities in living standards and a high degree of inequality of opportunity, crystallized across the spatial dimension. Poverty remains a rural phenomenon with 80 percent of the poor residing in rural communities (57 percent of the population lives in rural areas). The rural economy is dominated by agriculture and the country's economy records one of the highest shares of agricultural production in the region. Increasing agricultural productivity and competitiveness of the sector is essential in boosting economic growth prospects and poverty alleviation.

2. The growth model that yielded high growth and poverty reduction in the past had begun to show signs of waning in strength and low sustainability before the COVID-19 pandemic and the war in Ukraine. Economic growth, driven by remittance-financed consumption, has been increasingly confronted by structural issues such as declining remittances and unfavorable demographic trends. The COVID-19 pandemic, compounded by severe droughts in 2020 and 2022, and the adverse impact of the Ukraine war, have highlighted the intrinsic vulnerabilities of the country's growth model. The country's GDP decline of 7 percent in 2020, resulting from the combined impact of the COVID-19 pandemic and the 2020 drought, was one of the severest in Europe. The employment rate stood at the levels of 2019. Poverty, following a pandemic-induced increase, has decreased from 13.7 percent in 2020 to 10.9 percent in 2021 (due to growing wages and pensions). Unfortunately, in 2022, just as Moldova was emerging from this series of severe shocks, its economic recovery and growth prospects were again profoundly undermined. With another massively damaging drought, the socio-economic spillovers of the war in Ukraine (including receiving a large number of refugees), and a massive increase in energy prices (natural gas, electricity, gasoline, and diesel fuel), gains in economic growth and poverty reduction have been reversed. The country's GDP is conservatively estimated to drop by 7.0 percent in 2022. Even before the war, sharp rises in energy costs and resulting food inflation were already negatively affecting livelihoods and poverty reduction efforts. But in 2022 Moldova has registered even greater increases in the cost of living, putting it among the countries with the highest inflation rates and in the top 10 countries globally on food price inflation. Finally,



the war in Ukraine continues to have a substantial impact on trade and remittance channels, as well as high energy prices and uncertainty of supplies, and financial uncertainties.

3. The war in Ukraine has also impacted the country's food security outlook and agriculture sector's ability to supply food for domestic consumptions and carry on with exports to several lucrative markets. Earlier in 2022, the greatest risks to agricultural production stemmed from rising cost of inputs (primarily diesel fuel and fertilizers), as well as physical availability of stocks of fuel, fertilizer, and seeds. Throughout the year, these risks were managed satisfactorily, but the uncertainty persists in all the essential input markets. Initial concerns related to the disruption of supply chains for imports of essential foodstuffs from Ukraine (flour, dairy, and salt), Belarus (dairy), and Russia (buckwheat, meat), have not materialized to the extent that shortages of food were an issue, but importers had to scramble to find alternative supply channels, which resulted in higher food prices. Furthermore, Ukraine was a major supplier of essential production inputs for Moldova's food industry (such as labels, caps, sausage and deli meat casings, glass/plastic bottles and jars, wrapping materials, etc.), and the industry was left reeling in search of new sources at comparable price points and dependability of delivery.

4. While the pandemic and the spillovers from the war were random events, the 2020 and 2022 droughts are just the latest episodes in an increasingly worsening new climate normal in a sector that is fully dependent on rainfall. In 2020, productivity losses in agriculture reached 60%, with estimates for 2022 coming on a smaller, but still significant scale. The last eight years have been the warmest on record and temperatures in Europe have increased twice the global average, according to the World Meteorological Organization. Moldova remains one of the most climate-vulnerable countries in Europe and one of the least adapted to cope with projected temperature increases and heightened variability of precipitation.

5. Against this complex and challenging backdrop, the current juncture offers a momentous opportunity to steer the country towards a more open and democratic society underpinned by an inclusive and resilient growth model. On June 23, 2022, the European Union granted Moldova European Union (EU) Candidate Status. The EU candidacy has dramatically changed the country's outlook for EU integration and is going to serve as a definitive impetus for alignment of the agriculture and food sectors to EU requirements, compared to the present framework of harmonization through the EU-Moldova Association Agreement<sup>1</sup>. While pre-accession support for Moldova will provide outstanding opportunities for approximation of sector development processes and organization of institutions (including budgeting and service delivery), the country will have to go through profound legislative and institutional changes to adapt law-making, implementation and enforcement of EU requirements.

#### Sectoral and Institutional Context

6. With more than 2 million people (57 percent) of the total population, living in rural areas, Moldova is a predominantly rural country. The comparatively high share of agriculture in the economy partly reflects this. The sector contributes 9.4 percent GDP and provides employment for 21 percent of the labor force, reflecting a relatively low productivity equilibrium, which is attributable to low capital intensity, investment, and innovation. In fact, agricultural labor productivity is only 40 percent of average national productivity, resulting in modest incomes from agriculture activity. Moldova's agricultural workforce is largely split between low productivity subsistence production – often engaged in some aspect of crop, livestock, or niche food production – and employment in scaled-up commercial

<sup>1</sup> The Association Agreement was signed on May 14, 2017, and included a Deep and Comprehensive Free Trade Agreement, which contained multiple provisions for harmonization of Moldova's food production systems to the requirements of the EU.



operations. Moldova is a net exporter of agricultural and food products and agricultural exports account for a large share of total exports (44 percent). Cereals, sunflower seeds, fruits, and wine are major export products. Agriculture's importance for international trade in terms of exports exceeds its share of GDP by a factor of four.

7. Given its significance, the agri-food sector remains critical to meeting Moldova's economic and export growth and social cohesion targets. The country is endowed with fertile soils and has a favorable climate, making agriculture an essential occupation in rural areas and one of the pillars of the economy, which records among the highest shares of agricultural production and agri-processing in the region. Economic and social considerations make the pursuit of agricultural sector growth and resilience salient development priorities. The country's undisputed agricultural potential translates into high comparative advantages and the immediate proximity to the premium EU market represents an outstanding strategic opportunity. In the past eight years, the country has made significant progress in harmonizing legislation and upgrading food and quality systems to increase presence in the EU markets. Meanwhile, historic markets in the Eurasian space have also continued to play an import outlet for Moldova agricultural and food products, albeit the war in Ukraine has severely impeded trade logistics towards these markets, and their appeal may be waning.

8. The EU has become the most important trading partner for agri-food products, distantly followed by some countries of the Commonwealth of Independent States (CIS). The share of exports into the EU increased since 2013, while the share of exports to the CIS countries has declined. Exports to the EU are characterized by the preponderance of low value-added commodities sold in bulk, dominated by exports of oilseeds and oleaginous products, cereals and cereal products, fruits, vegetables, and beverages (wines and juice concentrates). In 2019, these product categories accounted for a value of US\$660 million. The next challenge for Moldovan producers in becoming competitive in EU markets is to add more value to exports and/or increase exports of high value produce such as fresh fruits, and vegetables. The agri-food imports (US\$350 million) comprise eight product categories (with higher value-added), with the largest being miscellaneous food products, fish and crustaceans, dairy products, and eggs (mainly for incubation).

9. High output volatility is a serious threat to Moldova's agriculture sector development, due to climate change and the low adaptive capacity of most farmers to climate change, augmented by public and private sectors' underinvestment in irrigation and drainage and tepid proliferation of climate smart and resilient agriculture practices. During 2010-2020, volatility of agricultural growth in Moldova far exceeded that of Ukraine. Crop production is particularly vulnerable to inclement weather. Droughts, floods, and soil erosion are among major climate-driven problems affecting the country. Severe weather events every two to three years since 2007 have had a devastating impact on most crops. The volatility is also partly caused by underdeveloped measures for mitigating weather-related risks, limited access to irrigation, low adoption of modern resilient agricultural technologies, and a lack of innovative financial and insurance products. A 2014 WB study found that climate change will lead to significant variations in temperature and rainfall patterns, and that without decisive adaptation strategies yields for most crops are likely to plunge.

10. Irrigation for agricultural land is the most essential element in ensuring resilience and sustainable development of the sector, as fruit and vegetable growing, cereal and fodder crops, and animal breeding require more and more supplemental watering. However, access to irrigation in the country is woefully limited, with only 5-10 percent of the area irrigated during pre-independence times currently under functional irrigation<sup>2</sup>. The country's centralized irrigation systems have suffered a colossal loss of functionality due to decades-long

<sup>2</sup> Built in the 1970-80s, the country's irrigation infrastructure commanded circa 290,000 hectares and included 88 centralized irrigation systems (276 multi-purpose pumping stations) and 20 centralized drainage systems (41 pumping stations).



underinvestment and management deficiencies. Reforms to empower the establishment of Water User Associations (WUAs) and divested management and operation of the country's public irrigation infrastructure have resulted in the registration of 35 associations, of which 27 have taken in management and operation functions from the State Water Agency. Unfortunately, in most of these cases, substantial and systemic investments are needed to rehabilitate centralized irrigation infrastructure and increase access to irrigation services by farmers.

11. Moldova's agriculture sector is characterized by differences in sub-sectoral performance. Sub-sectors such as cereals, sunflower seeds, fruits, and vine grapes/wines performed well. Others, such as dairy/beef and vegetables, underperformed, hurting rural jobs, food security, and even domestic energy security (biogas and manure to substitute some mineral fertilizers). Underperformance of dairy value chain has been especially visible. As incomes and wealth in Moldova have increased, so has the demand/consumption of high value agricultural products including meat and milk. However, domestic production only meets around 40 percent of demand for dairy and beef. And even if total agriculture growth has steadily increased in the past 15 years, it has been driven by crop production, in contrast to a precipitously shrinking livestock sector. The reasons for its decline are complex and are driven by a number of overlapping market failures including: the persistent legacy of post-soviet transition that fragmented dairy production in household units; economic constraints to establishing and growing commercial scale dairy operations, rigorous safety and quality requirements demanded in dairy processing; as well as, more recently, a worsening rural demography and shifting cultural and behavioral preferences for animal husbandry.

12. In regard to institutions and public services supporting the agriculture sector, Moldova has made solid progress in the past decade in harmonizing its legislation, institutions, and services to the practices of the EU (along the provisions of the Deep and Comprehensive Free Trade Agreement). The Ministry of Agriculture and Food Industry (MAFI) is the main government institution responsible for supporting the development of Moldova's agri-food sector. The country has a functional Payment Agency (handling nearly US\$90 million in direct payments in 2022). It also boasts a single Food Safety Agency covering food safety and quality mandates and managing all adjacent infrastructure and systems, such as laboratories, border inspection points, information systems. However, there is a continued need to bolster institutional functionality and effectiveness of these institutions as the latter will become essential, if not mandatory, elements for advancing on the EU pre-accession path.

13. The Government of Moldova is committed to an ambitious transformative agenda in agriculture. The National Development Strategy "European Moldova 2023-2030"<sup>3</sup> calls for more investment in agriculture, expanded export opportunities, building up of human capital, and identifying actions to respond to climate change. The livestock sector generates 80 percent of the agriculture sector emissions, thus sustainable modernization of the livestock subsector is also crucial for agriculture's decarbonization. The strategy emphasizes enhancing the quality of people's lives through country modernization and a firm course towards integration with the EU. It acknowledges the low productivity and competitiveness of Moldova's agriculture. The problems of inadequate human capital and the departure of young people from rural areas are recognized as major developmental challenges. Among other threats are global climate change, which calls for adopting such adaptation measures as introduction of cultivation of more resilient plant varieties, raising farmers awareness and training, the proliferation of conservation agriculture, and more generally, the expansion of water-efficient irrigation services. Considering the sector's current situation, its revitalization could be a significant and

<sup>3</sup> The Strategy was adopted by the Parliament of Moldova on February 17, 2023.



sustainable contributor to the rural development agenda, not only through increases in productivity and rural incomes, but also through a wide range of other social and environmental improvements in nutrition, food security, creation of gender inclusive jobs, sustainable eco-systems, and climate mitigation.

### C. Proposed Development Objective(s)

#### Development Objective(s) (From PAD)

Improve delivery of public agricultural services and foster market-oriented growth and climate resilience in priority sub-sectors, and in case of an eligible crisis or emergency, respond promptly and effectively to it.

#### Key Results

- (i) Improved access of farmers to public agricultural services and support programs (disaggregated by (i) type of support; (ii) type and size of farm; and (ii) gender (delivery of public agricultural service))
- (ii) Increased sales by targeted value chain beneficiaries (disaggregated by (i) type of beneficiary supported by the project (small holder farmers, commercial farmers, agribusinesses) and (ii) gender (market orientation))
- (iii) Increased average productivity of farms accessing irrigated services (disaggregated by (i) type of beneficiary supported by the project (small holder farmers, commercial farmers, agribusinesses) and (ii) gender (resilience))
- (iv) Increased compliance with EU requirements on food safety and environmental sustainability by targeted beneficiaries (disaggregated by: (i) type of beneficiary (small holder farmers, commercial farmers, agribusinesses, livestock/vegetable value chain actors); and (ii) gender (market orientation; resilience))

### D. Project Description

14. Despite the issues and challenges outlined earlier, Moldova's agricultural potential remains undisputed. The market potential inherent to Moldova's relationship and proximity to the EU, one of the world's largest and most well performing food markets presents an outstanding opportunity for export-oriented growth. To expand on this opportunity, the sector must continue with efforts aimed at alignment with EU requirements, while addressing existing potential-performance discrepancies to translate comparative advantages into *enhanced inclusive growth, market orientation and climate resilience*. A proposed framework for achieving these objectives is the resilient and resource-efficient production and supply of agri-food products, that meet quality standards in target markets at competitive prices. Such a framework presents a solid platform for reviewing Government of Moldova sector transformation and modernization plans and EU alignment aspirations and justifying the rationale for the mix of interventions proposed under the project. This framework, supported by extensive analytical work by the WB and other development partners, highlights three essential pathways towards more inclusive, market-oriented, and resilient agricultural growth. The first is related to the overall quality of governance of the sector and its alignment with EU rigors. The second is related to competitive and inclusive value chain development, where extra support is needed for EU-compliant modernization, particularly in under-performing subsectors which are important for the country's development. And the third is related to resilience



and sustainability and thus reducing large volatility of agricultural production and its environmental footprint. To this end, the proposed project will be structured on the following components below.

**15. Component 1 – Enhancing Sector Governance and Agriculture Knowledge Management.** Broader sector governance would be addressed through a focus on upgrading essential systems for policy formulation and implementation in relation to public spending, monitoring, and evaluation; acceleration of digitalization of key institutions; and enhancements in service delivery for food quality and safety. Knowledge management in the sector would be addressed through a focus on supporting MAFI efforts on revitalizing its extension services, modernizing systems for the delivery of competent veterinary services to dairy and meat farmers, and strengthening linkages between business service providers and farmers who are seeking support for EU compliance.

**16. Component 2 – Fostering Growth in Underperforming Sub-Sectors.** Development of market-oriented value chains continues to be an essential aspect of the country's agriculture sector growth and competitiveness, diversification, and resilience aspirations. Moldova has achieved impressive success in value-chain development in several sub-sectors – fresh fruit, wine, cereals, but failed in several others, where market failures, structural deficiencies, demographic challenges, and other negative factors have stunted progress. To this end, the project would focus on exploring growth opportunities and value chain development in dairy and meat, and horticultural production of vegetables and niche products. These sub-sectors offer strong opportunities for entrepreneurship and job creation in rural areas, particularly amongst women, and can also support the country's aspirations of environmental sustainability aspirations. The proposed project would explore development of these sub-sectors in a manner consistent with EU requirements and engender the necessary retrofitting of productive systems towards broader eligibility for future EU pre-accession funds. The rapid harmonization of the national legislation with EU directives would impose strict requirements related to environmental sustainability, animal and plant health, and animal welfare, that cannot be achieved without significant farm- and processor-level improvements. Subsequently, substantial investments in both tangible and intangible assets are needed to elevate and improve the overall performance of agriculture holdings and processors throughout. The proposed component would hence seek to pursue both sector growth and alignment of investments and processes with the requirements of a future agriculture EU Instrument for Pre-Accession for Moldova. The project would employ a matching grant instrument in support of farmers and processors in line with the two relevant measures supported currently by the EU:

- a. Measure 1 – "Investments in physical assets of agricultural holdings" helps farms invest in buildings or technologies to increase efficiency, competitiveness, and more sustainable agricultural production.
- b. Measure 3 – "Investments in physical assets concerning processing and marketing of agricultural and fishery products" seeks to ensure projects in food processing companies meet EU safety and environmental standards.

**17. Component 3 – Strengthening Resilience through Irrigation Services.** As highlighted earlier, Moldova's agriculture sector is highly vulnerable to climate change risks, particularly drought and/or increasing irregular precipitation patterns. For now, irrigation water use in terms of total available water resources in Moldova is negligible. Expanding the availability of irrigation services to interested farmers is a growing necessity, not only in the transition to high value agriculture and the ensuing water intense cultivation of fruits and vegetables, but more and more frequently, in the cultivation of field crops. In the past decade, Moldova has had a positive dynamic in the establishment of a legal and regulatory framework for the functioning of WUAs and transfer of assets towards them, but investment in centralized irrigation schemes is becoming imperative for the state to



increase investments in central irrigation infrastructure that has or is being transferred to the WUAs to ensure technical functionality, greater up-take, more efficient use of water and electricity, and catalyzing transitions to more productive cropping patterns. To this end the proposed will provide financing for the rehabilitation of a large, centralized irrigation system in the Tudora and Caplani villages, in the country's Southern-Eastern region in the Rayon of Stefan Voda, for a service area of approximately 3,700 hectares. Also, the proposed project will provide financing for the feasibility studies for the rehabilitation of centralized irrigation schemes in the villages of Tetcani (Briceni rayon, Northern region) and Etulia (Cahul rayon, Southern region). Finally, financing will be provided for the establishment of a propitious environment for the rehabilitation of the targeted systems; for creating conditions for maximizing up-take of irrigation services by farmers; and for enabling an effective public institutional response to the existing and emerging challenges in the irrigation sector.

18. **Component 4 – Contingent Emergency Response Component (CERC).** Due to the country's documented vulnerability to natural disasters and the precarious regional security situation with its potential for further repercussions on Moldova's stability, the Government of Moldova has requested to include in the proposed project an unfunded contingency component that can be activated in case of an eligible emergency event. Following such an event, uncommitted project funds could be reallocated to support an emergency response. Eligible emergency and/or crisis is any natural or man-made event that has caused, or is likely to cause imminently, a major adverse economic and/or social impact to the country. The design of this component would be contingent on the type and impact of an emergency and will not be *a-priori* limited to any sectors, regions, or specific activities.

19. **Component 5 – Project Management.** This component will finance costs related to project implementation and coordination across various government agencies, including monitoring and evaluation functions.

#### Legal Operational Policies

##### Triggered?

Projects on International Waterways OP 7.50	Yes
Projects in Disputed Areas OP 7.60	No

#### Summary of Assessment of Environmental and Social Risks and Impacts

Environmental Risk Rating	Substantial
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20. The environmental risks associated with the proposed project are assessed as Substantial. Although the long-term impacts of the project are likely to be positive, its activities carry several risks that are potentially generated under Component 2 and mainly under Component 3. The matching grant activities to be supported under Component 2 include small-to medium-scale civil works will more than likely have a number of predictable and readily mitigated environmental impacts that will most likely be moderate in nature. Due to construction of the new facilities - (a) new or modernized commercial dairy farms and (b) small-scale milk & meat processing facilities - the following risks are expected : site-specific soil and air pollution, acoustic, aesthetics impacts small-scale water pollution from improper handling of waste and machinery, worker health



and safety, animal welfare risks, and waste management, both resulted from the civil works as well as the one generated by the workers themselves. The agricultural activities included could lead to following risks: soil erosion, loss of soil productive capacity, soil compaction, soil pollution, surface, and underground water pollution, health and environmental risks associated with agro-chemicals use , whereas the agro-processing might bring a small contribution to surface water pollution, wastes generation and odor. Under Component Three, taking into consideration the nature of the irrigation projects and their unknown yet location, as well as the international waterways as water sources, these activities may be considered as those with substantial risk. It is expected that will likely generate adverse civil works site-specific risks similar to those described above , as well as potential impact over protected areas if abstraction is done in vicinity of one of the 3 already mentioned Ramsar zones. This will be further analyzed if new abstraction points will be designed and their location. Risk of the new abstraction points or increase in abstracted volume of water over the fish population will need to be analyzed also. Potential negative risks could be associated with the replacement of the old water irrigation systems containing asbestos material, and therefore, the project will analyze all respective sites and decide about the best options to be applied. The Client has minimal experience with use of the World Bank's Environmental and Safeguards Framework in the previous projects and therefore, additional efforts will be required to build the capacity during implementation.

**Social Risk Rating**

Substantial

21. Project activities under Component 3, associated with the rehabilitation of large-scale irrigation systems may cause some significant impacts on livelihoods. Construction activities will require temporary acquisition of productive land to replace piping and renovate pumping systems and restrictions on access to associated easements. Impacts on crop production are minor but widespread and able to be minimized and mitigated through local engagement in technical design and compensation processes. Social sustainability of the newly rehabilitated systems will require extension work with WUAs and business support through investments in cooperatives participating in agricultural, meat and dairy value chains. There is a risk that insufficient engagement and capacity building for WUAs to participate in assessment and selection of alternatives for irrigation rehabilitation could weaken achievement of the development objectives. Project activities under Component 2 consisting of the provision of matching grants for purchase of equipment and for working capital and construction works for small-scale agricultural activities are unlikely to involve significant risk of adverse impacts on workers or communities. Site-specific community health and safety risks may be present depending on the nature of the grant activities such as risk of interaction with nearby communities during transport of equipment and machinery or during localized construction activities. Workforces participating in individual agricultural cooperatives are typically small groups of working age local community members (less than 100 workers including seasonal labor at harvest time). Irrigation rehabilitation works will involve small groups of specialized national contractors establishing camps in local community areas. Provision of grants and implementation of civil works should be accompanied by enhanced labor inspection and prevention of health and safety incidents since a degree of labor informality is likely to remain especially in the context of the regional crisis and provision of employment to vulnerable refugees. Sexual exploitation and abuse and sexual harassment (SEA/SH) risks are estimated to be low and have not been reported during similar previous activities, but preventative measures should be put in place prior to the provision of grants, including screening of risks, appropriate codes of conduct and communications measures. All cooperatives and



contractors that are involved in the project should have protection measures in place to avoid SEA/SH and prohibit use of forced labor and harmful child labor.

**Sexual Exploitation and Abuse/Sexual Harassment Risk Rating**

Low

22. Violence against women is commonly associated with domestic partners in rural communities and rooted in cultural norms and entrenched behaviors. According to the National Bureau of Statistics, rural women, elderly women, Romani women, women with disabilities and HIV-positive women are at increased risk. The regional crisis has resulted in an unprecedented movement of mostly vulnerable women and child refugees. Refugees from Ukraine who arrive in Moldova are permitted to work. It is unclear how many would seek or receive jobs in primary agriculture but presence and increased vulnerability to all forms of exploitation should be further assessed during project preparation. Moldova has made advances in raising awareness in rural communities and has established peer-support networks for prevention and access to services. Despite taking place over a large geographical area, specific project activities are mostly small scale and with localized organization and there is no anticipated large scale movement of workers to local areas that would increase risk of SEA/SH. These risks are estimated to be low but preventative measures, including worker codes of conduct and grievance mechanisms respecting confidential complaints and referring to specialist service providers have been put in place as set out in the Environmental and Social Management Framework, Labor Management Procedures and a Project Grievance Mechanism which includes a referral pathway to national non-government specialist service providers.



## E. Implementation

### Institutional and Implementation Arrangements

23. An existing inter-ministerial Steering Committee, established in accordance with the GOM Decision 878 dated September 9, 1999 (as revised to include the relevant up-dates for the proposed AGGRI Project), will perform overall supervisory, coordination and strategic guidance functions for the project. Currently, the Steering Committee has representatives of MAFI, the Ministry of Finance (MOF), the Ministry of Economy, the Ministry of Environment, the Prime-Minister's office, and civil society. The project would be implemented by MAFI, with support from beneficiary institutions, specifically assigned component coordinators (Components 1 and 2), AIPA (Component 2), SDA (Component 3) and CAPMU. Beneficiary institutions will provide contributions on technical subjects for the preparation of Terms of Reference and Technical Specifications. Component coordinators will be in charge of supporting MAFI on technical aspects of implementation of their respective components. The matching grant/support scheme will rely on AIPA<sup>4</sup> for screening of grant application, disbursements, delivery of grants to beneficiaries, financial management and monitoring of grant implementation. The SDA will serve as the technical agency for the implementation of the activities of Component 3, operating on the basis of an implementation agreement between MAFI and the SDA. Finally, for fiduciary support and overall coordination of implementation across all three components CAPMU<sup>5</sup> will be in charge of supporting disbursement, financial management and procurement activities. Functions related to the implementation of the Environmental and Social Framework safeguards and results monitoring will be interspersed across several entities (Figure 4 below). To ensure transparency of the procurement process the Implementation Agencies will establish representative procurement evaluation committees specific to the activity/component.

24. To ensure efficiency and transparency in the selection of grant/support beneficiaries under Component 2, MAFI will establish a grant evaluation committee in charge of announcing competitive selection rounds, reviewing, and evaluating applications, and making award decisions. To ensure the transparency of the review, evaluation and award processes, the decisions of the committee (both awards and rejections) will be made public on MAFI's and/or AIPA's sites. The composition of the evaluation committee, and any subsequent compositional changes, will be approved by the Steering Committee. The committee would include representatives of MAFI, AIPA, MOF, and independent technical<sup>6</sup> and experts. To facilitate the operations of the evaluation committee, an initial eligibility screening of incoming applications would be carried out by AIPA.

25. The project will be implemented based on a Project Operational Manual which will be approved by the project's Steering Committee and accepted by the WB. The POM would include: (i) the project's overall operating, fiduciary and decision-making procedures; (ii) results monitoring arrangements; (iii) a Grant Operational Manual detailing the operating principles of the project's grant/support schemes, and (iv) a CERC Operational Manual. Only the Steering Committee will have the authority to amend the two documents above, provided such amendments are acceptable to the WB.

<sup>4</sup> AIPA is institutionally subordinated to MAFI.

<sup>5</sup> CAPMU was established in 1999 through Government Decision 878 and has more than ten years of experience in providing fiduciary support in the implementation of Bank-financed projects in agriculture and rural development.

<sup>6</sup> The profile of technical experts will be specific to the thematic area.

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**APPROVAL**

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**Approved By**

Practice Manager/Manager:		
Country Director:	Inguna Dobraja	29-Mar-2023



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