

PROJECT INFORMATION DOCUMENT (PID)
ADDITIONAL FINANCING

Report No.: PIDA15098

Project Name	Disaster and Climate Risk Management Project Additional Financing (P148125)
Parent Project Name	Disaster and Climate Risk Management Project (P115634)
Region	EUROPE AND CENTRAL ASIA
Country	Moldova
Sector(s)	Public administration- Water, sanitation and flood protection (100%)
Theme(s)	Natural disaster management (85%), Climate change (15%)
Lending Instrument	Investment Project Financing
Project ID	P148125
Parent Project ID	P115634
Borrower(s)	Ministry of Finance
Implementing Agency	Ministry of Environment, Ministry of Internal Affairs
Environmental Category	B-Partial Assessment
Date PID Prepared/Updated	19-Dec-2014
Date PID Approved/Disclosed	29-Dec-2014
Estimated Date of Appraisal Completion	23-Dec-2014
Estimated Date of Board Approval	29-Jan-2015
Decision	Proceed with appraisal.

I. Project Context

Country Context

Moldova has made significant strides in its economic and its political transition, but much remains to be done. It remains a laggard in the region, with a small domestic market, limited competition and a weak drive for innovation. European integration anchors the Government's policy reform agenda, but periodic political tensions pose risks to reforms. An Association Agreement and a Deep and Comprehensive Free Trade Area (DCFTA) between Moldova and the European Union (EU) were signed on June 27, 2014. Yet, there are differing political views in the country on the appropriate direction, pace and depth of reforms.

Moldova's economy has recovered from the 2008-09 global economic crisis, but growth has been volatile reflecting vulnerability to global economic and climatic conditions. In 2010–11, growth of remittances, investment fueled domestic demand and exports were strong but in 2012, GDP contracted by 0.7 percent, as the economy was hit by both a slowdown in external demand due to the Eurozone crisis and the drought-induced contraction in agriculture. In 2013 growth resumed,

driven mainly by the recovery of agriculture (+41 percent), with GDP increasing by 8.9 percent. As a result, in comparison with neighboring countries, Moldova has managed to achieve the highest cumulative GDP growth relative to the pre-crisis year of 2008 (see Figure 1). Much of this growth drove Moldova's recent economic performance reduced poverty and promoted shared prosperity. national poverty estimates indicate positive trends in poverty reduction. The national poverty rate fell from 30.2 percent in 2006 to 12.7 percent in 2013. During 2006-13 extreme poverty fell from 4.5 percent to 0.3 percent (see Figure 2). This performance has positioned Moldova among the world's top performers in poverty reduction.

Despite a sharp decline in poverty, Moldova remains the second poorest country in Europe. Based on the Europe and Central Asia (ECA) poverty line of USD 5/day at Purchasing Power Parity (PPP), 45.4 percent of the population was poor in 2011, and extreme poverty (poverty line of USD 2.5/day at PPP) was 7.1 percent.

The Government's medium-term strategy of improvement is reflected in the National Development Strategy (NDS), approved by Parliament in 2012 and covering 2012-2020. The NDS calls for a shift from the current consumption-based growth model towards a growth model based on raising investments, increasing productivity and competitiveness, developing export industries, and promoting a knowledge-based society. Higher productivity, competitiveness and export orientation are particularly salient for the agriculture sector, which is highly vulnerable to a gamut of climate risks, but which plays a significant role in the country's GDP structure (12%), exports and employment. The example above on the contraction of the GDP in 2012 due to a drought and the respective rebound in 20 showcases the importance of agriculture and the economy's vulnerability to climate shocks. But the country's economy and livelihoods also remain highly vulnerable to other types of natural disasters, such as floods and earthquakes. Hence, the project's activities and objectives remain highly salient.

Sectoral and institutional Context

Moldova is exposed to many types of hazards, including floods, droughts, and earthquakes, which can lead to natural disasters and add to economic vulnerability. Climate variability is likely to increase the frequency and intensity of natural disasters as evidenced by, most recently, the catastrophic disasters associated with the 2007 and 2012 droughts and devastating 2008 and 2010 floods. All these disasters brought about hundreds of millions of dollars in direct and indirect damages. But even earlier, during 1984-06, Moldova's average annual economic losses due to natural disasters were about US\$61 million, or 2.13 percent of national GDP; data from the International Disaster Database (EM-DAT) during those years show that floods comprised 50 percent of natural disasters. Country-level statistics show that ten severe droughts occurred during 1990-2012. Also, historic records reveal earthquake damage; for example, in 1940, Chisinau experienced a magnitude 7.3 earthquake (Richter scale) while the 1986 Vrancea earthquake caused estimated losses equivalent to US\$500 million.

Multiple government levels are responsible for disaster risk management. In 2001, Moldova created the Republican Commission for Emergency Situations as the main entity responsible for managing major emergencies. The Head of the Commission is the Prime Minister; the deputy head is the Director of the State Department of Exceptional Situations (DES), which is responsible for disaster prevention, response, relief and recovery. District and local emergency commissions include heads of local governments and relevant public services. During emergencies, members are notified

immediately and meet to evaluate the level of threat to people, the economy, and infrastructure and agree on responses. The emergency commissions and DES create five-year preparedness and response plans, and hold regular meetings to discuss, update, and ratify these plans. Moldovan government agencies communicate by telephone, fax, and mobile phone, and limited use of radio communications. The DES staff has access to dedicated radio communication channels but most of the technology is outdated. Each organization has its own internal radio frequency, and inter-agency communication among medical units, police and fire brigades can be established over a standard frequency, activated during emergencies. In practice, mobile phones dominate communication among disaster response units. Emergency communication and disaster management information systems are deficient; DES has no emergency management center or modern information technology to facilitate coordination during disaster emergencies. These deficiencies are being addressed by the parent project - the Disaster and Climate Risk Management Project, which will be complemented by the proposed Additional Financing.

In addition to the DES, the State Hydro-meteorological Service (SHS) under the Ministry of Environment provides critical support in disaster preparedness by providing Government, agencies, and the public with accurate and timely daily to five-day forecasts to prepare for severe weather emergencies. Floods, flash floods, severe weather, hail, and high winds are the biggest threats to human life. The existing SHS data network is inadequate to provide short-term (0-12 hours) or longer-term forecasts, and SHS lacks capacity to provide localized forecasts using weather radar. Although some radar data are available within the country, for example, from the airport in Chisinau, data are neither reliably available nor digitized, which limits applications. Romanian radar data are available intermittently but are not useful to quantify rainfall estimates. Furthermore, under existing conditions, the SHS is unable to fulfill its international commitments for supplying hydro-meteorological data to strengthen regional and global cooperation for improving hydro-meteorological modeling and services to promote human safety and economic development. These deficiencies are being addressed by the parent project - the Disaster and Climate Risk Management Project, which will be complemented by the proposed Additional Financing.

II. Proposed Development Objectives

A. Current Project Development Objectives – Parent

The Project development objective (PDO) is to strengthen the State Hydrometeorological Service's ability to forecast severe weather and improve Moldova's capacity to prepare for and respond to natural disasters.

III. Project Description

Component Name

Component A: Strengthen the SHS's Severe Weather Forecasting Capacity

Comments (optional)

This component aims to strengthen the State Hydro-meteorological Service's ability to forecast severe weather and provide decision makers and other users with more effective, diverse, and timely forecasts and warnings. This will contribute to the prevention and better preparedness for hydro-meteorological disasters.

Component Name

Component B: Improve Disaster Preparedness and Emergency Response

Comments (optional)

This component aims to strengthen the government capacity to manage emergencies and coordinate disaster response among local units and government agencies by establishing and operating the country's Emergency Command Center and supporting associated capacity-building activities.

Component Name

Component C: Initiate Activities for Adaptation to Climate Risks in Agriculture

Comments (optional)

The objective of the component is to improve the practical application of agro-meteorological information in the agriculture sector in order to increase its resilience towards adverse weather effects.

Component Name

Component D: Project Management

Comments (optional)

This component will provide fiduciary support for the implementation of the three components.

IV. Financing (in USD Million)

Total Project Cost:	2.00	Total Bank Financing:	2.00
Financing Gap:	0.00		
For Loans/Credits/Others			Amount
BORROWER/RECIPIENT			0.00
International Development Association (IDA)			2.00
Total			2.00

V. Implementation

The Ministry of Finance, as agent of the Government of Moldova, will be the Signatory of the Credit. The implementing agencies are the Ministry of Environment and the Ministry of Internal Affairs. A Project Management Team in the Ministry of Environment will serve as a fiduciary agent. It has over 10 years of experience in implementing World Bank and other donors' projects. The unit is staffed with highly qualified and experienced professionals, both in technical, as well as in financial management and procurement aspects.

VI. Safeguard Policies (including public consultation)

Safeguard Policies Triggered by the Project	Yes	No
Environmental Assessment OP/BP 4.01	x	
Natural Habitats OP/BP 4.04		x
Forests OP/BP 4.36		x
Pest Management OP 4.09		x
Physical Cultural Resources OP/BP 4.11		x
Indigenous Peoples OP/BP 4.10		x
Involuntary Resettlement OP/BP 4.12		x
Safety of Dams OP/BP 4.37		x

Projects on International Waterways OP/BP 7.50		x
Projects in Disputed Areas OP/BP 7.60		x

Comments (optional)

VII. Contact point

World Bank

Contact: Anatol Gobjila
Title: Senior Operations Officer
Tel: 5254+259
Email: agobjila@worldbank.org

Borrower/Client/Recipient

Name: Ministry of Finance
Contact: Ms. Elena Matveeva
Title: Head of External Financing and Debt Division
Tel: (373) 22262693
Email: elena.matveeva@mf.gov.md

Implementing Agencies

Name: Ministry of Environment
Contact:
Title:
Tel: (373-22) 204-507
Email: info@moldovapops.md
Name: Ministry of Internal Affairs
Contact:
Title:
Tel:
Email:

VIII. For more information contact:

The InfoShop
The World Bank
1818 H Street, NW
Washington, D.C. 20433
Telephone: (202) 458-4500
Fax: (202) 522-1500
Web: <http://www.worldbank.org/infoshop>