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Project Information Document (PID)

Appraisal Stage | Date Prepared/Updated: 03-Apr-2024 | Report No: PIDIA00447



BASIC INFORMATION

A. Basic Project Data

Project Beneficiary(ies)	Region	Operation ID	Operation Name
Moldova	EUROPE AND CENTRAL ASIA	P504278	Strengthening Moldova's Disaster Risk Management and Resilience Project
Financing Instrument	Estimated Appraisal Date	Estimated Approval Date	Practice Area (Lead)
Investment Project Financing (IPF)	27-Mar-2024	05-Sep-2024	Urban, Resilience and Land
Borrower(s)	Implementing Agency		
Republic of Moldova	Ministry of Internal Affairs		

Proposed Development Objective(s)

The Project Development Objective is to enhance Moldova’s preparedness and response to natural hazards and climate-related shocks, and in case of an eligible crisis or emergency, respond promptly and effectively to it.

Components

Investments and Institutional Strengthening for Emergency Preparedness and Response
Improving Hydrometeorological Services
Policy and Regulatory Support for Risk Reduction of Critical Infrastructure and Fiscal Resilience
Project Management

PROJECT FINANCING DATA (US\$, Millions)

Maximizing Finance for Development

Is this an MFD-Enabling Project (MFD-EP)?	No
Is this project Private Capital Enabling (PCE)?	No

SUMMARY

Total Operation Cost	40.00
Total Financing	40.00
of which IBRD/IDA	40.00
Financing Gap	0.00



DETAILS

World Bank Group Financing

International Bank for Reconstruction and Development (IBRD)	40.00
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Environmental And Social Risk Classification

Moderate

Decision

Other Decision (as needed)

N/A

B. Introduction and Context

Country Context

1. **Since independence in 1991, Moldova has had an uneven track record in economic prosperity.** Despite solid economic performance and strong poverty reduction, Moldova remains among the poorest countries in Europe. Strong but volatile economic growth over the past few decades has led to an improvement in the average standard of living. From 2000 to 2019, per capita gross domestic product (GDP) grew at an average annual rate of 4.9 percent, resulting in a cumulative increase of over 160 percent. Non-monetary aspects of welfare, such as life expectancy and education, have also improved substantially. However, Moldova struggles with significant disparities in living standards and opportunities between urban and rural areas. Poverty declined from 90.0 percent in the late 1990s to 10.9 percent in 2021, with a small rise in between due to the COVID-19 pandemic. As a small, landlocked, predominantly rural¹ country with limited natural resources, Moldova's economy has long been characterized by relatively low productivity and small-scale agriculture. Lack of job opportunities led to heavy outmigration, a large diaspora, and a remittance-reliant domestic economy.

2. **The COVID-19 pandemic, severe droughts in 2020 and 2022, and Russia's invasion of Ukraine revealed the intrinsic vulnerabilities of the country's economic growth model and its limited resilience to shocks.** The pandemic's impacts, compounded by the 2020 drought, caused a 7.4 percent decline in GDP. Economic activity bounced back by 13.9 percent in 2021; however, just as Moldova was recovering from these severe shocks, its economic prospects were significantly affected once again. Russia's invasion of Ukraine, subsequent energy and refugee crisis, disruption of trade routes, and additional drought led to 28.7 percent inflation in 2022, negatively affecting private investment and squeezing resources available to the Government of Moldova (GoM) to address long-term development priorities. The economy hit recession in 2022, and in the first half of 2023, GDP contracted by 2.3 percent. Inflation decelerated to single digits of 4.75 percent in November 2023, driven by lower commodity prices and monetary policy tightening. Lower remittances and eroding disposable incomes led to only modest growth in private consumption despite substantial increases in social

¹ Around 60 percent of Moldova's population lives in rural areas compared to less than 30 percent on average in Europe and Central Asia.



assistance and pensions. Moldova's economic recovery relies on several factors, including addressing the aftermath of COVID-19, managing the effects of droughts, and navigating challenges arising from the regional security situation.

3. **Against this backdrop, the GoM has set ambitious objectives to tackle recent and more longstanding development challenges and reform the Moldovan economy along a more resilient growth model.** The 2020 Presidential and 2021 Parliamentary elections resulted in a new and reform-minded government, with an impetus to rapidly improve institutions, and granting the country European Union (EU) candidate status provides an opportunity to break from the past.² By supporting the convergence with EU economic, judicial, social, digital, and environmental and resilience standards, the EU accession process can open significant opportunities to unlock growth and prosperity potential for Moldova. However, the EU accession also envisages that the country must undergo profound legislative and institutional changes to meet the EU requirements. This includes accepting the EU Acquis³ before joining the EU and making the EU law part of Moldova's own national legislation (see more in paragraphs 8 and 14 below). Although some preparatory work has been done since submitting its EU membership application, significant efforts are needed, along with political and financial support, to align Moldovan mechanisms to those of the EU.

Sectoral and Institutional Context

Natural Hazards and Exposure Risks

4. **Moldova is exposed to natural hazards that disproportionately affect the poor, which are being exacerbated by the effects of climate change.**⁴ Economic losses from disasters are mostly due to extreme weather events, and, in the case of Moldova, high-impact, low-frequency earthquakes can also cause catastrophic losses. Over the past decade, floods and droughts caused US\$1.2 billion in damage. Moldova is among the most climate-vulnerable countries in Europe. The ND-GAIN⁵ vulnerability assessment ranks it 91st in the global vulnerability rank (lower middle). It also ranks 85th on the NG-GAIN readiness indicator (lower middle), showcasing a lack of ability to leverage investments into adaptation actions. The country has witnessed one significant negative climate-related event on average every three years since 2000. The cost of inaction on climate adaptation is estimated to be around US\$600 million and is projected to more than double in real terms to US\$1.3 billion by 2050.⁶ Given the size of the country and its economic profile, enhancing adaptation to climate change and increasing resilience against natural disasters and other external shocks is a key priority for Moldova. Investing in disaster risk management and resilience will certainly result in triple dividends through avoided losses and damages, induced economic profits from strengthened resilience during hazards, and environmental benefits.

5. **Floods, severe storms, and torrential rains are recurrent hazards.** Approximately 659 settlements (42 percent of all settlements) are at risk of flooding. In 2008, the country experienced severe torrential rains, which, together with dam releases from rivers upstream in Ukraine, led to severe flooding in the northern and southern parts of the country, affecting over 8,000 people and resulting in US\$120 million in losses to infrastructure and agriculture. Floods in 2010 and the subsequent dam breach led to damages and losses of around US\$41.92 million, and more recently, the rains and floods of 2020 caused economic damages of more than US\$2.1 million.⁷ Storms in May–August bring torrential rains, hail, and heavy winds,⁸ which translate into a recurrent and cumulatively heavy cost, with damage to roads and power distribution networks, and cause other infrastructural damage. Riverine flood protection is limited, as dams, canals, and dikes need substantial repair. Flash flooding often occurs without warning.

² Moldova applied for EU membership in March 2022, was granted EU candidate status in June 2022, and has set 2030 as its EU accession target.

³ The Acquis is the body of common rights and obligations that is binding on all the EU member states.

⁴ World Bank. 2021. *Special Focus Note: Moldova's Vulnerability to Natural Disasters and Climate Risks*.

⁵ Notre Dame Global Adaptation Initiative 2020.

⁶ World Bank. 2016. *Moldova - Climate Adaptation Investment Planning Technical Assistance (English)*. Washington, DC: World Bank Group.

⁷ Ionita, Monica, and Viorica Nagavciuc. 2021. *Extreme Floods in the Eastern Part of Europe: Large-Scale Drivers and Associated Impacts*.

⁸ In 2016, intense rain flooded buildings after hail destroyed roofs. Summer rain is unpredictable and often dangerous. Central Moldova is high risk.



6. **Drought, extreme heat, and wildfire risks are also high.** Moldova experiences severe droughts every 3 to 10 years. Droughts in 2007 and 2012 caused losses of US\$1.0 billion and US\$0.4 billion, respectively.⁹ The 2020 drought caused a 26 percent drop in agricultural production and significant socioeconomic impacts, with almost 20 percent of overall job losses in the agriculture sector.¹⁰ The 2022 drought, combined with high fertilizer and fuel prices due to Russia's invasion of Ukraine, caused cereal output to drop 46 percent below the five-year average level, the lowest volume on record.¹¹ Multi-year droughts are projected to increase in frequency and severity, increasing poverty and food insecurity. Extreme temperatures pose a risk, with extreme heat and cold resulting in power outages, wildfires, and water shortages. Wildfires are projected to become more common due to global warming. During 2008–2012, there were 13,952 fires, with estimated losses of about US\$14.5 million. In 2019, there were 1,606 fires, with material loss related to fires estimated at about US\$4.1 million.¹² Climate models predict future rises in mean temperature of more than 2°C by mid-century, a significant decline in precipitation in many areas, and increased frequency and intensity of extreme weather events.

7. **Moldova is highly exposed to earthquakes, which are expected to have a devastating impact.** Moldova is located close to the Vrancea seismic area, which produces infrequent but high-magnitude earthquakes. Over the past 200 years, Moldova has suffered 16 major earthquakes, magnitudes between 7 and 8, with growing risk due to aging buildings, expanding cities, inadequately maintained public infrastructure, and low-risk awareness. A repeat of the 1940 earthquake (magnitude 7.7) today is expected to result in more than 4,000 injured, hundreds of fatalities, and damage to more than 725,000 buildings across the country, rendering an estimated additional 1.4 million displaced.¹³ Over 324,000 people, or about one in every two inhabitants of Chisinau, reside in high-risk buildings, which are expected to cause the most fatalities in the event of a severe earthquake.¹⁴ The approximate reconstruction needs for the building sector alone would amount to US\$5.8 billion. Chisinau, which generates 50 percent of the country's GDP and is home to close to one-quarter of the population, would be particularly affected.

Alignment to EU Standards on Disaster Risk Management and Climate Change

8. **In January 2024, Moldova became a Participating State in the EU Civil Protection Mechanism (EU-CPM),¹⁵ an important step toward improved prevention, preparedness, and response to disasters and emergencies.** By joining the EU-CPM, Moldova became connected to a Europe-wide network, including human resources and equipment for disaster response, which can reduce response time, reduce damage, and enable more rapid recovery. The EU-CPM will also provide emergency response personnel, with the opportunity to continually improve their capabilities and strategy for preventing and responding to exceptional situations, including through partnering with the other 36 EU-CPM participating countries during international response. The EU-CPM operates under the Directorate General of European Civil Protection and Humanitarian Aid Operations (DG ECHO) of the European Commission (EC). Fulfilling EU-CPM requirements supports many of the civil protection activities under Chapter 27 of the EU Acquis. The EU is additionally supporting Moldova's civil protection system through the ongoing Prevention, Preparedness, and Response to natural and man-made disasters in

⁹ Most Moldovan farm households are smallholders, who tend to be poorer and less buffered against shocks than larger farmers. More than one-third of farmers reported difficulties in paying for nutrition. Smallholders consume around 80 percent of their production, leaving little for income generation (World Bank 2016).

¹⁰ According to the Food and Agriculture Organization (FAO), above-average temperatures, and poor rainfall during the 2020 season, severely affected wheat and maize crops.

¹¹ FAO. 2022. Global Information and Early Warning System Country Brief: Republic of Moldova November 28, 2022.

¹² FAO. 2023. *Comprehensive Analysis of the Disaster Risk Reduction System for the Agriculture Sector in the Republic of Moldova*.

¹³ Strengthening Moldova's Disaster Risk Management and Climate Resilience (World Bank 2020).

¹⁴ Earthquake Risk in Multifamily Residential Buildings Europe and Central Asia Region (World Bank 2020).

¹⁵ The objective of the EU-CPM is to strengthen cooperation between the EU countries and nine participating states (Albania, Bosnia and Herzegovina, Iceland, Montenegro, North Macedonia, Norway, Serbia, Türkiye, and Ukraine) on civil protection to improve prevention, preparedness, and response to disasters. It is supported by EU Decision No. 1313/2013/EU (amended by Regulation (EU) 2021/836) and the Commission Recommendation of February 8, 2023, on the EU's objectives in disaster resilience (2023/C 56/01), which proposes a unified approach to disaster risk management.



Eastern Partnership countries - Phase 3 Programme (PPRD East 3, 2020–2024),¹⁶ with the aim to strengthen disaster risk reduction and crises management in Eastern Partnership countries and promote regional cooperation with the EU-CPM. PPRD East 3 has supported Moldova with the development of the legal framework for National Disaster Risk Assessments (NDRA) at local and national levels. The drafting of a NDRA is a requirement of the EU-CPM.

9. **Joining the EU-CPM process reflects the good progress Moldova has made toward developing a comprehensive disaster risk management (DRM) institutional framework, including working toward harmonization of the Moldovan legislation with EU standards.** Over the years, the GoM has established a clear institutional framework for civil protection with three key institutions in charge of dealing with emergencies: (a) the General Inspectorate for Emergency Situations (GIES) under Ministry of Internal Affairs (MoIA), an all-hazard emergency response agency tasked to save lives and property and in charge of planning, coordinating, and managing disaster preparedness and emergency management; (b) the National Commission for Emergency Situations, responsible for managing activities of state executive institutions during emergencies and implementing long-term programs to prevent emergencies and eliminate consequences of an emergency; and (c) the State Hydrometeorological Service (SHS) under the Ministry of Environment (MoE) monitors, forecasts, and issues warnings related to hydrometeorological, agro-meteorological, and some environmental hazards. Regional and local governments, in coordination with the GIES, have the responsibility in response operations. The recently concluded EU-CPM Peer Review Report for Moldova,¹⁷ comprehensively assessed strengths and weaknesses in seven areas of DRM: disaster risk reduction, risk assessment, risk management planning, risk prevention, risk preparedness measures, emergency response, recovery, and lessons learned. The report confirmed that Moldova has the initial building blocks in place to create a more effective DRM system, such as (a) the basis of a clear legislative and institutional framework for emergency response (this does not include prevention, preparedness, and recovery), which is well-structured and hierarchical and capable of managing multiple emergency situations as proven by recent events; (b) comprehensive risk awareness campaigns at the national and subnational levels; and (c) the recently approved GIES Program for Prevention and Management of Emergency Situations 2022–2025, a comprehensive program that outlines specific actions to further strengthen civil protection response and management through a clear set of short- to medium-term actions—all in line with the EU-CPM requirements.

Areas for Further Improvement in Emergency Preparedness and Response

10. **However, despite progress, the EU-CPM Peer Review report also highlighted significant challenges to ensure an effective and efficient disaster response system in the country.** For example, to strengthen Moldova's emergency preparedness and response capabilities, there is an urgent need to bring existing equipment up to code. Most of Moldova's emergency response vehicle fleet and emergency equipment is outdated (35 to 55 years old), ill-fitted for the current needs, and prone to failure and delays.¹⁸ The dated vehicle fleet also means significant operations and maintenance costs. The system could also be strengthened by better community-level emergency preparedness and prevention, especially in rural and hard-to-reach areas. Additionally, there is a need to upgrade Moldova's emergency communication systems, both public warning systems (PWS) and early warning systems (EWS), as they are inadequate in their current form. Both PWS (that broadcasts warning messages within a designated target area) and EWS (that provides real-time disaster-related data like weather forecasts and data received from sensor networks) save lives, protect livelihoods, and are one of the most effective ways to reduce the impact of disasters, but this requires comprehensive nation-wide coverage, forecasting, and monitoring of potential threats and disseminating timely warnings to authorities and public. In Moldova, several of these EWS elements under SHS's hydrometeorological purview are critically missing, and others (such as mapping of

¹⁶ <https://www.pprdeast3.eu/>.

¹⁷ EU-CPM Peer Review report: Republic of Moldova 2023, was made public on October 27, 2023. <https://europa.eu/!KY3Q33>.

¹⁸ Moldovan regulations require emergency response vehicles and fire trucks to be replaced every 8 years, but in practice, this is closer to 15–20 years. The fleet currently even includes vehicles that are upwards of 55 years old. Investment in new fleet vehicles will allow the GIES to come up to code with EU Decision 2014/762, 06.11.2014, Annex II, 1. High-Capacity Pumping, 3. Urban SAR (EU INSARAG), and 15. Ground Forest Fires Fighting Vehicles, also allowing the vehicles to participate in the EU-CPM regional response efforts.



hazards, monitoring, and forecasting) need significant investment.¹⁹ The existing PWS provides warnings through an outdated and poorly maintained network of sirens rather than using modern technology such as mobile phone network alarms/alerts.²⁰

11. **Moldova also needs to direct policy, regulatory, and investment resources toward risk reduction in critical sectors.** Despite significant seismic risk, there is no dedicated law on seismic risk at the national level and no governmental strategy for comprehensive microzonation mapping of seismic hazards. Additionally, Moldova does not have a national program to assess and reduce seismic risk in public and residential buildings and requires assistance in adopting Eurocode standards.²¹ Emergency response services, government buildings providing critical public services (health, education, and so on), and critical infrastructure must be resilient with continued functionality in emergencies, including alternative energy and communications. Also, while a legal and regulatory framework for national disaster management is in place, it is mostly articulated toward emergency response rather than proactive risk management and reducing vulnerability to hazards, including those related to climate change. While the GoM has recently begun work on a National DRM Strategy, there is currently no underlying multi-hazard risk assessment that informs it—resulting in a clear need to advance one. Completion of the strategy, including its contributions to an improved institutional management framework, would fill the existing legislative gaps, bringing Moldovan legislation in line with commitments under the Sendai Framework for Disaster Risk Reduction as well as EU standards, and ensure that proactive risk mitigation priorities are incorporated in national development programs.

12. **Efforts are also needed to enhance the financial resilience of Moldova against future natural disasters.** Funding that Moldova has available to meet post-disaster costs is not enough; it is estimated that the country will, on average, face a funding gap of US\$146 million each year. Not all risks can be eliminated, and proper financial planning to ensure the availability of adequate and timely financing is critical. Financial preparedness to meet post-disaster costs can reduce the fiscal impact of natural disasters, mitigate their impact on development, and secure faster and more complete recovery of households, firms, and farmers. Natural disasters are contingent liabilities of the GoM; the GoM is expected to pay for recovery and many reconstruction costs after disasters. This cost can be substantial. For example, it was estimated that Chisinau, the capital, financial, and business center of Moldova that generates 50 percent of the national GDP, could face an average annual loss due to earthquakes of over US\$8.4 million.²² A 100-year earthquake event is estimated to generate over US\$700 million in losses country-wide. This is broadly consistent with the recorded losses from actual events: the 1986 earthquake in Chisinau led to direct and indirect losses of US\$1.2 billion.²³ At the moment, the GoM's approach to post-disaster financing is largely reactive and relies mainly on ex-post sources of funding, such as borrowing, budget reallocation, and possibly donor aid, among other ways the GoM can use to raise money in case of a major disaster.²⁴ This approach, however, might delay recovery and be expensive

C. Proposed Development Objective(s)

Development Objective(s) (From PAD)

¹⁹ A well-functioning EWS/SHS will be required for compliance with EU legislation including EU Flood Directive (Directive 2007/60/EC), EU Air Quality Directive 2008/50/EC, and the INSPIRE Directive related to free availability of environmental data including weather data (Directive 2007/2/EC).

²⁰ A strong PWS is a requirement under EU Directive 2018/1972, Article 110 (requiring all EU countries to operate a PWS that can send geo-targeted emergency alerts) and GoM Decree 846/2022, Article 2.1.1-2.1.4 and Decree 137/2019, Article 101.c (requiring a PWS to be deployed by the end of 2025, by the GIES).

²¹ Seismic upgrading of vulnerable buildings and adopting Eurocode 7 'Geotechnical design' and Eurocode 8 'Design of structures for earthquake resilience' will allow Moldova to comply with the 2020 European Commission Strategy for the Renovation Wave of Buildings and Directive (EU) 2018/844 of the European Parliament and of the Council of May 30, 2018, amending Directive 2010/31/EU on the energy performance of buildings and Directive 2012/27/EU on energy efficiency.

²² Depending on the source estimate used for the estimated country wide average annual loss.

²³ <https://climateknowledgeportal.worldbank.org/country/moldova/vulnerability>.

²⁴ The EU is increasingly focused on disaster risk finance. The 2021 EU Climate Adaptation Strategy provides for measures on disaster risk finance.



The Project Development Objective is to enhance Moldova's preparedness and response to natural hazards and climate-related shocks, and in case of an eligible crisis or emergency, respond promptly and effectively to it.

Key Results

13. The Project will measure progress toward the PDO through the following proposed indicators:
 - (a) People with enhanced resilience to climate risks (Number) (Of which women (percentage))²⁵
 - (b) Share of population with access to higher quality weather forecasts and climate services (percentage)
14. **In line with the new World Bank Group (WBG) Corporate Scorecard, interventions under the proposed Project contribute to *enhanced resilience to climate risks by providing Project beneficiaries with sufficient access to systems and instruments to adapt to, cope with, and recover from these risks*.** The first PDO-level indicator is aligned with the WBG Corporate Scorecard, ensuring that the Project's goals are in sync with the broader objectives of the WBG. Project-financed activities include enhancing climate disaster response, improved weather, water, and climate risk management, non-structural or capacity development elements, financial instruments, and improvements to the enabling environments and institutional frameworks for climate and disaster resilience.

D. Project Description

15. The proposed Project will include the following components:
16. **Component 1: Investments and Institutional Strengthening for Emergency Preparedness and Response (US\$28 million).** This component will finance the installation and implementation of a national cell phone (cell broadcast) based PWS, with its respective instrumentation and data servers, and integration with existing meteorological, hydrological, and geological information systems. The component will also finance the acquisition of emergency response (fire engines) vehicles and equipment (containers with hazard-specific search and rescue and logistics) and essential emergency preparedness equipment and instrumentation (in-building and outdoor training equipment) for improved local-level emergency services. All activities would support the GIES to increase its emergency preparedness and response operations capacity in line with the requirements of the EU-CPM, reach compatibility with the EU member states, and help the GIES meet its EU Acquis and legislative requirements.
17. **Component 2: Improving Hydrometeorological Services (US\$6 million).** This component will support the strengthening of the SHS's meteorological and hydrological monitoring networks, production of forecasts and warnings capacity, and delivery of weather, hydrological, and climate services.²⁶ This will include selective essential investments in support of the modernization of the country's EWS—which is a key input to the GIES planned PWS financed under Component 1—through improved weather and hydrological observations and monitoring, information and communication technology (ICT), and forecasting infrastructure and institutional strengthening and capacity building. The improved weather and hydrological forecasting and climate services will provide a critical value-add in decision-making

²⁵ To ensure that the proposed SMORE project is aligned with the new WBG Scorecard Framework, this indicator specifically ties to the scorecard 'Outcome Area 5: Green and Blue Planet and Resilient Populations', which covers the WBG's interventions on improvements in adaptation such as work on enhancing resilience to climate risks and contributions to client countries' pathways toward net zero greenhouse gas (GHG) emissions.

²⁶ It will support the SHS to implement the National Framework for Climate Services and associated action plan, previously developed with support from the World Bank and Global Facility for Disaster Reduction and Recovery (GFDRR). The World Bank also supported the SHS with the development of a Modernization Roadmap, which highlights key actions and investments that need to be undertaken in the short to medium term. <https://documents.worldbank.org/en/publication/documents-reports/documentdetail/598981562951011789/concept-and-action-plan-for-climate-services-in-the-republic-of-moldova>.



for a variety of public and private users, particularly farmers, in the context of increasing drought frequency and severity. A well-functioning SHS will also contribute to compliance with the EU legislation, including the EU Flood Directive, the EU Directive related to Air Quality, and the INSPIRE Directive related to the free availability of environmental data including weather data.

18. **Component 3: Policy and Regulatory Support for Risk Reduction of Critical Infrastructure and Fiscal Resilience (US\$3 million).** This component will provide support for policy and regulatory measures and technical studies to better assess and manage natural hazards and climate-related risks. This would include the financing of the structural vulnerability assessments; geotechnical and other site investigations; and feasibility and design studies for rehabilitating, rebuilding, or reinforcing vulnerable critical infrastructure assets whose failure may cause loss of lives and livelihoods and significant economic damages and losses to the Moldovan economy. Activities financed under this component are intended to be used as pilots of good practices and later used as models for scale-up investments (by the World Bank, other development partners, and/or the GoM as part of Moldova’s EU accession process) with a focus on seismic risk reduction. Finally, the component will also support the Ministry of Finance (MoF) to undertake DRF reforms in Moldova to reduce the post-disaster funding gap and improve the management of disaster-related contingent liabilities.

19. **Component 4: Contingency Emergency Response Component (CERC) (US\$0).** This component will enable the reallocation of credit proceeds from other components to provide immediate recovery and reconstruction support following an eligible crisis, as needed. Due to the vulnerability to natural disasters and the precarious regional security situation with potential repercussions on Moldova’s stability, the GoM has opted to include a CERC that can be activated in case of an eligible emergency event. Following such an event, the GoM may request the World Bank to reallocate uncommitted project funds to emergency response. The CERC design will be contingent on the impact and type of emergency and will not be a-priori limited to any sectors, regions, or specific activities. CERC-financed activities will be demand- and event-driven and will be detailed in a GoM Action Plan of Activities. An eligible emergency, conditions for triggering the CERC, and a positive list of financed activities will be defined in the project’s legal documents, and the mechanics of the decision-making process and implementation will be reflected in the CERC Operations Manual.

20. **Component 5: Project Management (US\$3 million).** This component will finance operational costs (except salaries of the Project Implementation Unit [PIU] staff), consulting services, non-consulting services, goods, and training to finance the overall project management cost, including consultants hired by the PIU to carry out project management and technical support functions to ensure efficient project implementation and close cooperation between the line ministries and implementing agencies, as well as other project stakeholders. It will finance capacity-building activities for the PIU staff and other implementing agencies. These functions will cover technical, procurement, financial, environmental, social management, monitoring/evaluation, and communication and outreach activities.

Legal Operational Policies	Triggered?
Projects on International Waterways OP 7.50	No
Projects in Disputed Area OP 7.60	No

Summary of Screening of Environmental and Social Risks and Impacts



21. **The Project's Environmental and Social Risk Classification is Moderate.** ESS 1, ESS 2, ESS 3, ESS 4, and ESS 10 are considered relevant. The Project will finance minor infrastructure investments under component 2 related to the renovation, demolition, or construction of meteorological stations. No land acquisition will be supported under the Project. No significant environmental risks are foreseen, as the major component relates to the purchase of equipment for emergency response personnel and only small civil works related to the rehabilitation of some public buildings in urban areas. The risks generated by civil works are known, of medium intensity for the duration of the works, and no permanent environmental damages. Due to their nature, there are known effective mitigation procedures which would be put in place. SMORE may finance feasibility studies for selected risk reduction investments of critical infrastructure such as schools and hospitals, where downstream risks will need to be reassessed during Project preparation and dedicated environmental and social assessments prepared as appropriate. To manage impacts and risks, an ESMF has been prepared and adopted by the Project. The ESMF sets out the environmental and social assessment requirements of the project's activities and provides guidance on the preparation of site-specific ESMPs and/or checklists to be prepared by MoF PIU, on behalf of the related ministries, during the Project implementation phase. Adverse social risks are limited and are mainly related to risks of labor and health and safety risks for small crews of contracted workers and for health and safety risks for surrounding communities during civil works. These risks and mitigation measures have been identified in the ESMF and will be further developed in Labor Management Procedures before the start of any bidding processes. The small size of the works and workforce, located on public lands, contributes to the risks of SEA/SH assessed as low. A critical element in delivering social benefits is the ability of the implementing agencies to actively involve relevant stakeholders, communities, and particularly vulnerable groups in raising awareness and capacity building about emergency preparedness and response. Such risks have been addressed as part of the Project's design and preparation of a Stakeholder Engagement Plan (SEP), including accessible grievance mechanisms. The ToRs for Technical Assistance (that is, feasibility studies, regulatory support, and so on) will incorporate relevant risk assessments and mitigation measures and provisions for stakeholder consultations to promote transparency and public participation and will be consistent with the ESS. Depending on the types of equipment and instrumentation to be procured, relevant capacity building for operators and project workers from occupational health and safety (OHS) risk perspectives will be incorporated into the Labor Management Procedures (LMP). The ESMF, SEP, and ESCP have been prepared, cleared by the Bank, disclosed, and consulted. All relevant measures are incorporated in the ESCP as time-bound actions and are part of the Loan Agreement.

E. Implementation

Institutional and Implementation Arrangements

22. **The Office for External Assistance Programs Management (OEAPM) under the MoF will function as the PIU and perform all day-to-day project management functions.** OEAPM has long experience in managing the implementation of external assistance projects and has demonstrated its capacity to act as a PIU for projects with international financial institution financing, including through a series of World Bank-financed operations between 1996 and 2021, the most recent being the Competitiveness Enhancement Project, Phase II (CEP 2).²⁷ Hence, the OEAPM PIU has a strong track record and experience with the World Bank's policies and procedures. The PIU will be led by a project director and composed of dedicated staff and consultants for the project with adequate qualifications (including experience in World Bank policies and procedures).²⁸ It will be directly responsible for (a) carrying out the procurement of works, goods, and services required under the project; (b) administering funds and maintaining separate accounting records in accordance

²⁷ Other projects include the Moldova First Private Sector Development Project (PSD1, P008561), Rural Investment and Services Project 1 (RISP 1, P060434), Rural Investment and Services Project 2 (RISP 2, P090673), and Competitiveness Enhancement Project (CEP 1, P089124).

²⁸ Core staff will comprise the PIU Director, Deputy PIU Director/Project Coordinator, Financial Management Specialist, Environmental Specialist and two Procurement Specialists. All staff are in place except environmental and social consultants that will need to be recruited.



with its own financial regulations, rules, policies, and procedures; (c) performing monitoring and evaluation functions to prepare periodic progress reports; (d) ensuring compliance with the World Bank's ESF processes; and (e) conducting adequate stakeholder and citizen engagement.

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