

**INTEGRATED SAFEGUARDS DATA SHEET**  
**APPRAISAL STAGE**

Report No.: 91138

Date ISDS Prepared/Updated: 26-Sept-2014

**I. BASIC INFORMATION**

**1. Basic Project Data**

<b>Country:</b>	Montenegro	<b>Project ID:</b>	P144994
<b>Project Name:</b>	EU/IPA AGRICULTURE AND RURAL DEVELOPMENT INSTITUTION BUILDING PROJECT (P144994)		
<b>Task Team Leader:</b>	Maurizio Guadagni		
<b>Estimated Board Date:</b>	21-Sep-2014		
<b>Managing Unit:</b>	GAGDR		
<b>Sector(s):</b>	Agricultural extension and research (100%)		
<b>Theme(s):</b>	Other rural development (100%)		
<b>Is this project processed under OP 8.50 (Emergency Recovery) or OP 8.00 (Rapid Response to Crises and Emergencies)?</b>			No
<b>Project Financing Data (in Euros Million)</b>			
Total Project Cost:	4.55	Total Bank Financing:	4.55
Financing Gap:	0.00		
<b>Financing Source</b>			<b>Amount</b>
Borrower/Recipient			1.16
Trust Funds			3.39
Total			4.55
<b>Environmental Category:</b>	B – Partial Assessment		
<b>Is this a Repeater project?</b>	No		
<b>Is this a Transferred project?</b>	No		

**2. Project Development Objective(s)**

The Project development objective is to increase the experience of Montenegrin authorities in administering rural development grants in accordance with the core rules of the European Union Instrument of Pre-accession Assistance for Rural Development (IPARD) and to improve the productivity of a targeted number of agriculture holdings.

### 3. Project Description

The activities to be financed are as follows:

#### A. Recipient-executed activities

##### Component 1. Implementation of a grant scheme based on core IPARD rules

- (a) Implementing a grant scheme, based on IPARD rules, to strengthen MARD's Sector for Rural Development and Sector for Payment through the carrying out of the following activities: (i) drafting the Grant Operational Manual (GOM) including, inter alia, rules and procedures of the grant scheme; (ii) preparing and issuing calls for applications; (iii) selecting applications; (iv) signing of grant contracts between MARD and the final beneficiaries; (v) authorizing and controlling commitments and payments; (vi) carrying out on-the-spot checks; (vii) accounting for commitments and payments; and (viii) monitoring and evaluation of the implementation of the grants investments.

The grant scheme will provide IPARD-like demand-driven grants to beneficiaries to finance investments in agricultural holdings in accordance with the criteria set forth in the GOM.

As a general rule, the Project will co-finance 50% of total eligible cost - the Eligible Public Expenditure - of each eligible investment, with the following exceptions:

- (A) up to 55% of eligible expenditure for investments implemented by young farmers (under 40 years of age at the time the decision to grant support is taken);
- (B) up to 60% of eligible expenditure for investments implemented by agricultural holdings in the mountainous areas;
- (C) up to 65% of eligible expenditure for investments in agricultural holdings located in mountainous areas made by young farmers (under 40 years of age at the time the decision to grant support is taken).

The EU's contribution will make up to 75% of the total Eligible Public Expenditure, while the Montenegro committed contribution will cover the remaining 25% of the eligible public expenditure from the national budget for agriculture (pursuant to the Grant Agreement). The remaining 50% of the total eligible costs of the investments are expected to be financed by private beneficiaries.

- (b) Strengthening the capacity of MARD and the government's Technical Bodies (as defined in the Government Conclusion No. 06-336/3 of February 21, 2013), through the implementation of procedures introduced in the national accreditation package.
- (c) Implementing a grievance redress and complaints mechanism building on the existing MIDAS Project.

##### Component 2. Technical Assistance to support implementation and monitoring

- (a) Supporting the implementation and monitoring of the grant scheme including: (i) implementing a monitoring support system to measure results achieved by the grant scheme; (ii) providing support to the Sector Monitoring Committee (SMC) for Rural Development responsible for implementation of the monitoring arrangements including the monitoring indicators; and (iii) enhancing the knowledge in implementing the tasks foreseen under the future IPARD for the relevant staff of MARD's Sectors for

Rural Development and for Payments, as well as members of the Sector Monitoring Committee, in particular through financing their participation in study tours.

(b) Carrying out a baseline survey in the first year of Project implementation and a final survey; (ii) carrying out public awareness of the Project including dissemination of promotional material; (iii) providing support for the coordination, monitoring and implementation of environmental and social safeguards, (iv) carrying audits of grant beneficiaries; and (v) providing operational support for the implementation of the Project.

**B. Bank-executed activities**

Financing Bank-executed activities including supporting the implementation and supervision of the trust fund and drafting a final implementation completion report to evaluate the trust fund.

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

The project will be implemented throughout Montenegro, and the recipients of the grants program will be farmer beneficiaries located throughout the country.

**5. Environmental and Social Safeguards Specialists on the Team**

Vera Dugandzic ( GURDR )

Esma Kreso ( GENDR )

<b>6. Safeguard Policies</b>	<b>Triggered?</b>	<b>Explanation (Optional)</b>
Environmental Assessment OP/BP 4.01	<b>Yes</b>	The activities supported under the Grants program may include a number of varied activities, from support to the dairy and food processing, to small-scale construction to reconstruction of farming huts. All grant applications should be screened as per the EMF prepared for the MIDAS project (and as part of each of the MIDAS rounds Grant Operational Manuals), and if determined based on the screening, have an EMP prepared for each site. The EMF/Screening Procedure is established in order to be able to screen out from financing activities that are equivalent to a World Bank Category A. The MIDAS EMF has been updated to reflect its applicability to this EU Grant and re-disclosed in country and Infoshop.
Natural Habitats OP/BP 4.04	<b>No</b>	All activities within the Grants component will be conducted on existing agricultural land. Furthermore, the EMF/screening procedure within the GOM has in place questions to screen out

		any degradation or impact to sensitive natural habitats.
Forests OP/BP 4.36	<b>No</b>	All activities within the Grants component will be conducted on existing agricultural land and no deforestation, activities within forests or conversion of land is anticipated. Furthermore, the EMF/screening procedure within the GOM has in place questions to screen out any degradation or impact to forested areas.
Pest Management OP 4.09	<b>Yes</b>	The support to agricultural activities may lead to using pest management products, which would need to be controlled by the Integrated Pest Management Plan, as part of the original EMF.
Physical Cultural Resources OP/BP 4.11	<b>No</b>	There are no activities envisaged in the proximity of any cultural heritage. Specific provisions in the EMF are included in cases of chance findings.
Indigenous Peoples OP/BP 4.10	<b>No</b>	
Involuntary Resettlement OP/BP 4.12	<b>No</b>	Only the sub-projects that do not trigger the application of OP 4.12 policy will be eligible for funding under the grant program. The EMF environmental and social screening checklist for the small grants program as used for the MIDAS project, clearly states that only the sub-projects located on the farmer's own land, or on the land for which the grant applicant has a written consent from the owner to use the land will be eligible for grant funding. In addition, the sub-projects that may result in displacement of any third party, formally or informally occupying or using the land on which the sub-project will be implemented, are also excluded.
Safety of Dams OP/BP 4.37	<b>No</b>	
Projects on International Waterways OP/BP 7.50	<b>Yes</b>	Most of Montenegro lies either on the Tara River Basin (Danube Catchment Area) or the catchment of the Adriatic Sea. As such, the activities financed by grants will be located on such waterways. The original MIDAS project had received an exemption to notification from ECA VP on 9/24/2008. The current project has

		also received an exception to notification based on a similar rationale dated July 11, 2014. Grants funded under the project will finance small-scale agro-processing or fisheries which are part of existing schemes and will involve additions or alterations that require rehabilitation, construction, or other changes that will not adversely change the quality or quantity of water flows to the other riparians; and it will not be adversely affected by the other riparians' possible water use.
Projects in Disputed Areas OP/BP 7.60	No	

## II. Key Safeguard Policy Issues and Their Management

### A. Summary of Key Safeguard Issues

<p><b>1. Describe any safeguard issues and impacts associated with the proposed project. Identify and describe any potential large scale, significant and/or irreversible impacts:</b></p> <p>The proposed TF, as a continuation of the MIDAS project which has been ongoing for several grant cycles, will provide grants and TA to support implementation and monitoring of sub-projects, with the overall objective of increasing readiness for the IPARD grants. The ESMF, as an integrated part of the Grant Operational Manual will be used by the Client to screen out Category A activities and to ensure that adequate due diligence is applied to the grants being financed. The grants cycle will also proactively promote environmentally sustainable agriculture practices through incorporating the Code of Good Agricultural Practice which the Government of Montenegro has recently adopted. There will be no major environmental impacts, no resettlement, and no activities which may cause a large scale, significant or irreversible impact. Most of the impacts associated with the grants may include proper waste management, small scale construction works and other impacts which are readily mitigated.</p>
<p><b>2. Describe any potential indirect and/or long term impacts due to anticipated future activities in the project area:</b></p> <p>The potential long-term impacts may only be indirectly reflected in the increased environmental awareness of the participating farmers.</p>
<p><b>3. Describe any project alternatives (if relevant) considered to help avoid or minimize adverse impacts.</b></p> <p>The grant applications are screened upon receipt to ensure no Category A activities are financed. The grants are then awarded on a competitive basis following criteria defined in the GOM.</p>
<p><b>4. Describe measures taken by the borrower to address safeguard policy issues. Provide an assessment of borrower capacity to plan and implement the measures described.</b></p> <p>The Implementing Agency for the recipient executed part of the TF will be Ministry of Agriculture and Rural Development, with the same implementation arrangements as established under MIDAS project. MARD is deemed to have relatively high capacity and is accustomed to the administrative procedures of the grants foreseen under the proposed project since these would be largely identical to the grants procedures applied under the MIDAS Grants Program. The MIDAS project has undergone a number of grant cycles, all of which have undergone proper environmental and social screening and management. No issues were noted on environmental and social safeguards review process.</p>

**5. Identify the key stakeholders and describe the mechanisms for consultation and disclosure on safeguard policies, with an emphasis on potentially affected people.**

The ESMF for the original MIDAS project has been prepared with consultations conducted, that solicited reviews and comments from a group of varied stakeholders, including NGOs, academia and the agencies and ministries that deal with environmental protection. As such, each of the EMPs prepared, as per the ESMF, are also subject to disclosure and consultations in the local areas. The revised ESMF for this TF has been re-disclosed in country on the MIDAS project website, and also through the World Bank Infoshop.

***B. Disclosure Requirements***

<b>Environmental Assessment/Audit/Management Plan/Other</b>	
Date of receipt by the Bank	05-Dec-2013
Date of submission to InfoShop	29-Aug-2014
For category A projects, date of distributing the Executive Summary of the EA to the Executive Directors	
"In country" Disclosure	
Montenegro	24-Jun-2014
<i>Comments:</i> Disclosed on the MIDAS project website.	
<b>If the project triggers the Pest Management and/or Physical Cultural Resources policies, the respective issues are to be addressed and disclosed as part of the Environmental Assessment/Audit/or EMP.</b>	
<b>If in-country disclosure of any of the above documents is not expected, please explain why:</b>	

***C. Compliance Monitoring Indicators at the Corporate Level***

<b>OP/BP/GP 4.01 - Environment Assessment</b>			
Does the project require a stand-alone EA (including EMP) report?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
If yes, then did the Regional Environment Unit or Practice Manager (PM) review and approve the EA report?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
Are the cost and the accountabilities for the EMP incorporated in the credit/loan?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
<b>OP 4.09 - Pest Management</b>			
Does the EA adequately address the pest management issues?	Yes [ <input checked="" type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
Is a separate PMP required?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]	NA [ <input type="checkbox"/> ]
If yes, has the PMP been reviewed and approved by a safeguards specialist or PM? Are PMP requirements included in project design? If yes, does the project team include a Pest Management Specialist?	Yes [ <input type="checkbox"/> ]	No [ <input type="checkbox"/> ]	NA [ <input checked="" type="checkbox"/> ]
<b>OP 7.50 - Projects on International Waterways</b>			
Have the other riparians been notified of the project?	Yes [ <input type="checkbox"/> ]	No [ <input checked="" type="checkbox"/> ]	NA [ <input type="checkbox"/> ]

If the project falls under one of the exceptions to the notification requirement, has this been cleared with the Legal Department, and the memo to the RVP prepared and sent?	Yes [ <input checked="" type="checkbox"/> ]    No [ <input type="checkbox"/> ]    NA [ <input type="checkbox"/> ]
Has the RVP approved such an exception?	Yes [ <input checked="" type="checkbox"/> ]    No [ <input type="checkbox"/> ]    NA [ <input type="checkbox"/> ]
<b>The World Bank Policy on Disclosure of Information</b>	
Have relevant safeguard policies documents been sent to the World Bank's Infoshop?	Yes [ <input checked="" type="checkbox"/> ]    No [ <input type="checkbox"/> ]    NA [ <input type="checkbox"/> ]
Have relevant documents been disclosed in-country in a public place in a form and language that are understandable and accessible to project-affected groups and local NGOs?	Yes [ <input checked="" type="checkbox"/> ]    No [ <input type="checkbox"/> ]    NA [ <input type="checkbox"/> ]
<b>All Safeguard Policies</b>	
Have satisfactory calendar, budget and clear institutional responsibilities been prepared for the implementation of measures related to safeguard policies?	Yes [ <input checked="" type="checkbox"/> ]    No [ <input type="checkbox"/> ]    NA [ <input type="checkbox"/> ]
Have costs related to safeguard policy measures been included in the project cost?	Yes [ <input checked="" type="checkbox"/> ]    No [ <input type="checkbox"/> ]    NA [ <input type="checkbox"/> ]
Does the Monitoring and Evaluation system of the project include the monitoring of safeguard impacts and measures related to safeguard policies?	Yes [ <input checked="" type="checkbox"/> ]    No [ <input type="checkbox"/> ]    NA [ <input type="checkbox"/> ]
Have satisfactory implementation arrangements been agreed with the borrower and the same been adequately reflected in the project legal documents?	Yes [ <input checked="" type="checkbox"/> ]    No [ <input type="checkbox"/> ]    NA [ <input type="checkbox"/> ]

### III. APPROVALS

Task Team Leader:	Name: Maurizio Guadagni	
<i>Approved By:</i>		
Practice Manager:	Name: Dina Umali-Deininger	Date: 09/19/2014