

Luxembourg, 28 August 2024

Environmental and Social Data Sheet

Overview

Project Name:	<i>MOLDOVA FOREST DEVELOPMENT PROGRAMME</i>
Project Number:	2023-0445
Country:	MOLDOVA
Project Description:	<i>The operation will support the modernization of forestry sector in Moldova during 2024-2028 through investments focused on enhancing forest governance and regulatory framework, strengthening capacities, infrastructure and equipment base, strengthening the production capacity of forest reproductive material and restoration and rehabilitation of about 63,000 ha degraded lands and forests.</i>
EIA required:	This is a multi-scheme Framework Loan (FL) operation. Some of the schemes may require an EIA.
Project included in Carbon Footprint Exercise ¹ :	No

Environmental and Social Assessment

The operation consists of three components:

- Component I: focused on enhancing forest governance, regulatory framework, and institutional capacities, upgrading seed orchards and nurseries, as well as upgrading enabling forest infrastructure and equipment base.
- Component II: focused on afforestation and restoration of degraded lands and ecosystems (63 000 ha), and promotion of sustainable forest management principles.
- Component III: focused on integrated project management, reporting and supervision, including technical assistance (TA).

The Promoter is the National Office for Implementation of Environmental Projects (NOIEP), a public institution under the Ministry of Environment (MENV), under which the Project Implementation Unit (PIU) will be set-up. The Promoter will benefit of technical assistance (TA) for project preparation and implementation.

Environmental Assessment

The Environmental Impact Assessment (EIA) in Moldova is regulated by Law No. 86/2014, as amended by Law 226/2022. Strategic Environmental Assessment (SEA) is regulated by Law 11/2017. The competent environmental authorities are the Ministry of Environment (MENV) and the Environment Agency under MENV, including its central and regional structures. Component I of the project is designed to support efforts to align legislation with other parts of EU legislation on environment, nature protection and sustainable forest management (SFM), particularly concerning public consultations, quality assurance and monitoring, to further develop an integrated environmental and climate policy. Technical Assistance (TA) will be engaged to assess the alignment of environmental and forestry sector relevant primary and secondary national legislation, processes and practices with the EIB Environmental and Social Sustainability Framework (ESFF).

Environmental impacts

¹ Only projects that meet the scope of the Carbon Footprint Exercise, as defined in the EIB Carbon Footprint Methodologies, are included, provided estimated emissions exceed the methodology thresholds: 20,000 tonnes CO₂e/year absolute (gross) or 20,000 tonnes CO₂e/year relative (net) – both increases and savings.



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Given the nature of investments supported by this operation, the schemes expected to be implemented as part of the project are likely to deliver environmental benefits by further enhancing environmental services such as soil fixation, ecosystem protection and habitat improvement for biodiversity. These aspects will be further assessed during appraisal of individual schemes under the FL.

The Promoter will be required to carry out a strategic environmental assessment (SEA) for the investment programme in line with national and EU legislation and shall provide to the EIB the outcome of the process.

For any scheme requiring an EIA, the Promoter shall carry out the EIA process and provide to the EIB the outcome of the process. Based on the national legislation, afforestation projects that cover over 20 hectares will be subject to EIA screening where the competent authority will decide whether an EIA is required.

Biodiversity issues

The principles underlying the investment programme are aligned with SFM practices and include promotion of native species, maintenance of natural forest ecosystems, ensuring continuity of forest ecosystems and conservation of biodiversity (forests and habitats).

The activities to be implemented through the project are unlikely to have negative impacts on nature conservation areas due to their nature/type. In fact, these investments would support the further enhancement of habitat conditions for biodiversity. The afforestation and enrichment planting schemes are based on over 85 locally adapted tree and shrub species. By promoting international best practices in forest management, including forest certification, the project will improve the health and vitality of forest ecosystems, and will enhance their sustainability, biodiversity and their ability to provide ecosystem services.

Assessment of the project impact on biodiversity and/or protected areas will be carried out as per the national legislation (Law 226/2022). Compliance with the national forest and biodiversity legislation, as well as alignment with EU legislation (Habitats Directive 92/43/EEC, Birds Directive 2009/147/EC) and the EIB Environmental and Social (E&S) Standards will be further checked during appraisal of individual schemes under the FL.

Climate change adaptation

The project includes actions to strengthen the resilience of forest ecosystems and the local population. It contributes to improving forest health and growth. It strengthens the resilience of forest ecosystems against climate change and the local supply for sustainable forest products as well as ecosystem services through conservation and development of national forest resources and promotion of SFM practices. Forest protection and reforestation are essential for improving soil quality and restoring the balance of local ecosystems, on which the local population depends.

Physical climate change risks

In terms of physical climate change risks, the sub-projects are exposed to risks such as e.g., drought, heat waves, water stress, increase in temperatures, or flood. A Climate Risk Vulnerability Analysis will be requested at allocation stage and the schemes will have to take into consideration the adapted activities needed to mitigate the identified risks.

The project has been assessed for Paris alignment and is aligned with the Paris Alignment Framework – Low Carbon of the EIB, Table E - Bioeconomy, *Investment in nature and biodiversity conservation and restoration, and investment in subsectors such as sustainable forestry*.

EIB Carbon Footprint Exercise

Through the various sub-projects supported, it is estimated that the operation will sequester, and store carbon compared to the baseline situation. This would be mainly done by increasing the forest carbon pool in the country through afforestation works, and by rehabilitating degraded forests and ecosystems, including through enrichment planting and natural regeneration,



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thereby improving the management and carbon enrichment of existing (forest) ecosystems. This investment programme will further strengthen and support the National Determined Contribution (NDC) of Moldova.

EIB Paris Alignment for Counterparties (PATH) Framework

Moldova is a signatory to the Paris Climate Agreement under the UNFCCC² and its NDC targets to reduce its net greenhouse gas emissions by 64-67% in 2030 compared with 1990 levels.

Social Assessment

The investment programme is expected to bring social benefits and foster economic development in rural areas. It will develop local capacities and technical skills in the sector, providing employment opportunities for local communities, and promoting fair benefit sharing mechanisms.

Public Consultation and Stakeholder Engagement

Public consultation and stakeholder engagement will be carried out as per the applicable national legislation at investment programme level and/or at project scheme level. Technical assistance will be in place to further support project preparation, schemes allocations and implementation.

Other Environmental and Social Aspects

The operation will contribute to the EU Priorities in the country under the Multi-annual Indicative Programme, especially with regard to Priority Area 3: Environment and climate resilience (SO2 "*Promote a resource-efficient, clean and circular economy, based on a more sustainable use of natural resources*"; SO4 "*Enhance legislation and institutional frameworks to reinforce climate resilience (both mitigation and adaptation), and disaster risk reduction efforts*").

The investment programme aims to bring about substantial environmental, social and economic improvements through protection against soil erosion and biodiversity loss, and investments in SFM. The investment programme includes a sub-component for starting the forest certification process for forests managed by the National Forest Agency "Moldsilva", either under the Forest Stewardship Council (FSC) or the Programme for Endorsement of Forest Certification (PEFC).

The operation contributes to various Sustainable Development Goals (SDGs), in particular to SDG 13 (Climate Action) – by promoting sequestration and storage of carbon in forests and enhanced climate resilience of forest ecosystems and landscapes, and to SDG 15 (Life on land), by promoting sustainable forest management, including through expansion of forest cover and restoration and rehabilitation of degraded landscapes and ecosystems. The operation contributes to EIB's Climate Action and Environmental Sustainability (CAES) objectives.

Conclusions and Recommendations

Given the nature of the operation, the environmental and social impacts and mitigants will be evaluated at allocation stage. The Bank will require the Promoter to implement the sub-projects in compliance with the EIB Environmental and Social standards.

Overall, the project is expected to deliver positive net social and environmental benefits.

Conditions for first disbursement

- The Project Implementation Manual (PIM) shall cover climate, environmental and social matters, to the satisfaction of the Bank.
- The Promoter shall submit the outcomes of the strategic environmental assessment for the investment programme, in line with national and EU legislation. .
- The Promoter submits a draft procedure as regards to Climate Risk Vulnerability Assessment (CRVA) for this operation, to the satisfaction of the Bank.

² United Nations Framework Convention on Climate Change



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- The Promoter commits to have in place, as part of the Project Implementation Unit (PIU), a senior expert for managing and monitoring climate, environmental, and social matters of the project (draft terms of reference for expert selection).

Conditions for all allocations (disbursements):

- The Promoter shall not commit any EIB funds against schemes requiring an EIA and/or biodiversity assessment according to national legislation and EIB Environmental and Social Standards without, prior to commitment, receiving the consent from the competent authority and having submitted to the EIB the outcome of the EIA process.
- The Promoter shall provide the Bank proof of no negative impacts of the project schemes on biodiversity or that the appropriate mitigation measures are being taken according to the applicable national laws on forests and biodiversity, and in line with relevant EU legislation (e.g., EU Biodiversity Strategy, Habitats Directive 92/43/EEC, Birds Directive 2009/147/EC).

The Promoter shall adhere to and comply with the following E&S relevant undertakings:

- Implement recommendations and action plans of the environmental and social gap analysis, and of the recommendations of SEA and EIA processes, as applicable.
- Public consultation and stakeholder engagement shall be carried out at programme level and/or at project scheme level, in line with national and EU legislation.
- For schemes requiring a full EIA, its implementation will not start until it has received all necessary approvals from the relevant authority. In such cases, the Bank will also require the promoter to provide a copy of the EIA report.
- Applicable EU and national legislation for forestry sector activities in Moldova, including *inter alia*, valid afforestation plans (AP), forest management plans (FMPs), due diligence system in place in compliance with Regulation (EU) 2023/1115 on deforestation-free products and sustainability criteria defined in Directive (EU) 2023/2413 (RED III).
- Afforestation plans and forest management plans shall be elaborated and/or updated, considering existing River Basin Management Plans³ of Moldova, as applicable.
- Project schemes to be implemented inside or in the vicinity of protected areas, shall be aligned with the provisions of the management plans for protected areas (MPPAs) and ensure coherence and integration between AP, FMPs and MPPAs, in line with national and EU legislation.
- International best practices for SFM (Forest Europe's Criteria and Indicators for SFM⁴ as enshrined in FMPs), and commitment to a roadmap for forest certification.
- Timely implement prevention and mitigation measures to enhance the resilience of forest ecosystems against natural hazards and climate risks, and minimize potential forest, ecosystem and/or biodiversity losses.
- Afforestation plans, selection of tree and shrub species for the project shall be aligned with the provisions of the EU Forest Strategy for 2030⁵ and with the Guidelines on Biodiversity-Friendly Afforestation, Reforestation and Tree Planting⁶.
- Ensure that appropriate occupational health and safety measures are applied during project implementation and operation by all project stakeholders (implementing entities, beneficiaries, service providers).

³ [River Basin Management Plan - EUWIPLUSEAST](#)

⁴ [Forest Europe's Criteria and Indicators for SFM](#)

⁵ [Forest strategy \(europa.eu\)](#)

⁶ [Register of Commission Documents - SWD\(2023\)61 \(europa.eu\)](#)