

## Environmental and Social Data Sheet

### Overview

Project Name:	Fruit Garden of Moldova (MOLDOVA)
Project Number:	2014-0041
Country:	Moldova
Project Description:	Loan for the upgrading of the horticulture sector in Moldova.
EIA required:	no
Project included in Carbon Footprint Exercise <sup>1</sup> :	no

### Summary of Environmental and Social Assessment, including key issues and overall conclusion and recommendation

By encouraging proper land-use, and avoiding formerly productive tree plantations and table grape vineyards being allowed to revert to scrubland and infectious/disease pools, the project should have a positive net environmental impact. New plantations of walnuts and other fruit trees will be established on marginal land and on land exposed or already affected by erosion. Similarly, by re-invigorating the rural economy, the most socially deprived areas of the country will be supported and rural depopulation reduced.

All sub-projects will have to comply with national legislation and EIB's environmental and social standards.

The sub-lending will be intermediated through acceptable commercial banks and equipment leasing schemes for justified investments by eligible micro, small and medium sized companies.

### Environmental and Social Assessment

#### Environmental Assessment

All projects will have to comply with both local legislation and the EIB's environmental and social standards.

At the level of the growers, the project will slow down, and possibly reverse the process of tree plantations and table grape vineyards deterioration which has been going on for many years. Orchards and vineyards which had previously been productive but which were deteriorating, or risked being abandoned with no alternative use, will be returned to full production. Poorly tended and abandoned plantations are a source of disease and infestation which can affect trees and other plant life in the immediate areas. Restructuring and replanting orchards and table grape vineyards should therefore have a positive impact on the cultivated and natural environments, with a range of positive social and economic effects on the rural population across the country.

To improve quality and consistency of the produce, it is expected that drip irrigation will be introduced more widely. Moldova has a temperate continental climate. Drip irrigation will therefore be used to even out the supply of moisture to the trees and vines in the seasons with scarce rainfall. Finally, phyto-sanitary controls, fertilisers and biocides will be more closely regulated and enforced. New laboratories will be built and equipped for a stricter enforcement of the phyto-sanitary control. This should have a positive impact on food safety and security.

---

During the post-harvesting stages, the development of adequate refrigeration capacity, cold transportation, and sorting and grading units will reduce the wastage and improve the shelf-life of the produce. At the fruit processing stage, hygiene and process controls will be improved, and more energy and resources efficient processes introduced. New, modern packaging solutions are expected to be employed and spread amongst the fruit handlers and food processors. This should have a net positive energy impact and, again, food safety should be improved.

In the case an EIA is required, the condition is included that no funds would be allocated to sub-projects until the EIA has been submitted to the satisfaction of the Bank.

### **Social Assessment**

The sector currently employs 10% of the commercially active population. Without decisive and effective action to address the present situation, it is likely that at least half of the existing fruit plantations and table grape vineyards area will fall into disuse. Smallholders, who are already the most economically disadvantaged group, will be particularly badly hit. With few short or medium-term employment alternatives, social deprivation in rural areas would be exacerbated, prompting an increase in rural depopulation and further migration to suburbs or abroad. By supporting growers and processors through this project, a range of social problems will either be mitigated or avoided. Special attention will be given to the youth and women entrepreneurs, which face difficulties in launching and operating their businesses.

### **Public Consultation and Stakeholder Engagement**

The proposed operation has strong support at the political level and from the organisations representing fruit handlers, processors and growers of all sizes. Public meetings were held during the pre-appraisal and appraisal missions with local producers and representatives of the participants in the value chain, as well as not-for-profit organizations with environmental mandates.