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United Nations Development Programme
GLOBAL ENVIRONMENT FACILITY (GEF)

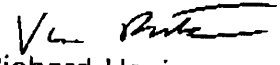


To: Mr. Avani Vaish
GEF

Date: 13 August 1997

Fax: 202-522-3240

Pages: 20
(including this sheet)

From: For 
Richard Hosier
Principal Technical Adviser
Climate Change

Subject: UNDP Response to the Comments on Climate Change Enabling Activity Proposals Moldova, Panama and Ukraine

Attached please find the revised version of the Moldova Panama and Ukraine proposals which addresses your comments of 5 August 1997.

The comments have been addressed as follows:

Moldova

Revised and edited as suggested.

Panama

- 1) Revised as suggested
- 2) The study under the USCSP was carried out simultaneously in seven Central American Countries under the overall coordination of the Central American Council on Environment and Development (CCAD) and the Regional Committee on Water Resources (CRRH). As was the case also with Guatemala, El Salvador and Honduras, the study focused on potential impacts on agriculture, coastal zone and water resources, but did not deal with forestry, natural ecosystems or health impacts. Also, no analysis of potential adaptation options was done.

A chapter clarifying this issue has been added to the proposal (pls, see page 10).

3) The endorsement letter from the GEF Operational Focal Point has been attached to the proposal

Ukraine

Regarding the eventual overlap with the USCSP for Ukraine, we have held detailed consultations both with the local stakeholders as well as with the responsible Task Manager in the US Country Study Program, Mr. Christopher Bordeaux. A chapter to this effect has been added to the revised proposal. Mr. Bordeaux has also kindly provided us with the final reports of the first phase of the USCSP project in Ukraine which have been used in preparing the proposal for the GEF.

As a result of the consultations, please find the following¹:

In summary, the results of the US Country Study program in Ukraine are impressive. Given the size of the country and the number of the sectors that have been addressed, it has taken a remarkable effort to finalize the inventory, vulnerability assessment, adaptation and mitigation analysis at the level that the final results of the studies indicate. The focus of the new SNAP program is to transform the results of these technical studies into a national action plan.

In order to prepare the first national communication to the CoP, the Government of Ukraine feels, however, that beside the USCSP, additional support from GEF is required to fully comply with the guidelines set for Annex I countries. In that regard, the Government of Ukraine has requested funding from GEF to finalize the following tasks:

1) GHG inventory from 1991 to 1995.

As an Annex I country, Ukraine is requested to produce the inventory for 1990-1994, and if possible for 1995.

Under the USCSP, a comprehensive inventory has been produced for 1990 only. Given the fact that Ukraine is among the ten largest emitters of greenhouse gas emissions in the world, the need for an accurate inventory for all the years required by the Annex I guidelines is evident, and the justification for an additional GEF grant to complement the work started under the USCSP exist. The request for \$80,000 can be considered as a modest one, given the size of the country and the number of sectors to be targeted.

¹ The text presented below has also been reviewed by Mr. Bordeaux, and he has confirmed his agreement on that.

2) Vulnerability assessment and adaptation analysis focusing on agriculture sector

While the results of the USCSP are very comprehensive for the vulnerability assessment and adaptation analysis on water resources, coastal resources and forestry, the studies on the agricultural sector are not as comprehensive. With regard to the adaptation analysis, no results were presented for the agriculture sector, and also the coverage of the vulnerability assessment in the agriculture sector was limited. Given the importance of this sector in Ukraine, the Government feels that modest additional support is needed to finalize the tasks.

3) National action plan for adaptation

While the focus of the USCSP/SNAP project in Ukraine is on mitigation (as documented in the USCSP/SNAP proposal for Ukraine) additional funding from GEF is requested to prepare a national action plan for adaptation (building on the results of the first phase of the USCSP and the results of the V&A on agriculture sector under the proposed GEF project).

4) Finalizing the national communication

The focus of the USCSP/SNAP project is to produce a national climate change action plan. While the relevant parts of this plan are expected to be incorporated into the national communication, it can not be considered as the national communication per se. Therefore additional funding from GEF is requested to cover the costs of preparing the national communication following the guidelines set for Annex I countries (including the costs for translation, printing, distribution and so on)

With respect to the use of GEF expedited proceedings for enabling activities for eligible Annex I countries (Ukraine is the last one), a decision was already made in the case of Lithuania that these proceedings can be used as long as they are consistent with the cost norms of the revised GEF guidelines for expedited financing of enabling activities.

Given the situation presented above, we feel that support from GEF to enable Ukraine to prepare its first national communication is justified, and we look forward to the expedited processing of the proposal so that the joint effort with the USCSP to produce the national communication of Ukraine can be started as soon as possible.

**UNITED NATIONS DEVELOPMENT PROGRAMME
GLOBAL ENVIRONMENT FACILITY**

Proposal for Review

Country: Republic of Moldova

Project Title: Enabling Moldova to Prepare its First National Communication in Response to its Commitments to the UNFCCC

GEF Focal Area: Climate Change

Country Eligibility: Eligible under financial mechanism of the UNFCCC
 Eligible under paragraph 9 (b) of the Instrument

GEF Financing: US \$ 325,000

Government Counterpart Financing: n.a.

GEF Implementing Agency: UNDP

Executing Agency: Government of Moldova

Local Counterpart Agency: Department of Environment/Service of Hydrometeorology

GEF Operational Focal Point: Department of Environment

FCCC Focal Point: Service of Hydrometeorology Unit within the Department of Environment

Project Duration: 2 years

BACKGROUND AND PROJECT CONTEXT

The Republic of Moldova is situated in the south eastern part of the European continent. In the west it is bordered by Romania, and in the north, east and south by Ukraine. It has a direct access to the lower Danube and proximity to the Black Sea. The total area of the country amounts to 33,700 m².

The relief of the country is mainly flat with some hills and plains. The mean elevation is 147m above sea level. The highest point (Codri, 429.5 meters) is located in the central part of the country. Forests account only for 8% of the total area of the country.

The territory of the Republic of Moldova includes three natural zones: forests, forest steppe and steppe. Two big rivers flow through the country, these are Dnestr and Prut, and 90% of the country's territory lies between these rivers. Another important characteristic of the region is that it is situated in the Carpathian seismic zone and is therefore subject to earthquakes.

The climate of the country is temperate-continental with short mild winters and long hot summers. The average temperature in January is between 3 °C and 5 °C and in July is between 19°C and 22°C. The average annual precipitation amounts to 380 mm in the south and 560 mm in the north.

According to the 1989 census, the population of Moldova is nearly 4.4 million with a mixed ethnic composition, including Romanians (64%), Russians (13%), Ukrainians (13%), Gagauz (3.5%), Bulgarians (2%), Jews (1.7%) and others. With 46.5% of the population living in urban areas, the country has a profile that is not typical for the countries in the region. The capital of the country, Chisinau, accounts for 655,000 people. The population density is 128 people per km², which is relatively high compared to the other countries of the former FSU.

According to UNDP's 1995 Human Development Report, Moldova belongs to the group of countries with a medium level of development.

From 1940 to 1991 Moldova existed as a part of the FSU. On 31 August, 1991 it gained the status of an independent state and started a gradual transition from a centrally planned to a market driven economy. As in many other Eastern European and former FSU countries, priority was given to establishing new and democratic institutions, to carrying out democratic reforms, and to upgrading the legislative and regulatory framework. Although the first and successful steps towards a market economy and democratic society have already been done, the profound economic and social changes are yet to materialize.

The transition process in the Republic of Moldova was not only very difficult and longer than expected, but the social cost of the changes for many people were extremely high in terms of unemployment, a lower standard of living, and difficulties in the educational and health care systems. The most important change, however, was the enormous decline in economic activities. The GDP dropped more than 60% for 1990 - 1995 period according to the data provided by the Ministry of Economy, with some positive indicators of stabilization and even growth in 1995 and 1996.

Inflation reached its peak value of 32% per month in 1993 and slowed down afterwards. In 1994 and 1995, inflation was respectively 6.2% and 1.8% average per month. The monetary reform and introduction of a national currency, the Leu, at the end of 1993, together with the tightening of the monetary policy significantly contributed to financial and economic stabilization. The most important economic sectors in the Republic of Moldova are agriculture, the food processing industry, engineering and metal processing, building materials, textiles and transportation, while the service sector is still underdeveloped.

The greenhouse gas emissions profile in the Republic of Moldova is typical for the former FSU countries with the major part consisting of carbon dioxide emissions coming from sectors where fossil fuel combustion occurs, including energy, transformation and other industry, transportation, households and services. An important source of methane and nitrous oxide is agriculture. The share of emissions from mobile combustion is still small compared to the emissions from the same sector in developed countries. This is the sector where not only the growth of the greenhouse gas emissions in Moldova is currently observed, but further rapid increase is expected as a result of changes of economic pattern.

Energy

The Republic of Moldova is not rich in energy resources and 98% of the energy required is imported - mainly from Russia and Ukraine. The balance is supplied by domestic hydro power with a capacity of 64 MW. Several activities to explore the indigenous energy resources are now underway but it is not foreseen that their share in the primary energy supply can increase substantially. For example, 442 GWh of electricity were produced by hydro in 1994, while the maximal potential is 525 Gwh, and to achieve this potential it would be necessary to build new capacity at the very high cost of 1600 \$/kW. Biomass, mainly in the form of agricultural wastes, is currently used in power plants, in industry and households, but its potential is also very limited. There are some proven reserves of coal (23.6 Mtoe), crude oil (378.1 Mtoe) and natural gas (277 Mtoe), and some projects to develop oil and gas fields in the southern part of the country are under way. These reserves, however, are not sufficient to substantially diminish the dependence on energy imports.

The Moldovskaya power plant, together with two co-generation plants in Chisinau and Beltcach, and several small heating plants, form the core of the energy transformation industry in Moldova. The Moldovskaya power plant consists of 12 units with a total capacity of 2520 MW, out of which 800 MW on coal, 800 MW on coal or natural gas, and the remaining 920 MW on gas or residual oil. In 1994 the total output of the plant amounted to 6834 MW. Co-generation plants Chisinau 1 and 2 operate on residual oil or natural gas, and have a 294.4 MW electric capacity and 974 MW heat capacity. A co-generation plant in Beltcach also operates on residual oil or natural gas, and has a 32 MW electric capacity and a 81.2 MW heat capacity. There are other 150MW heat plants on residual oil or natural gas in the urban areas, 54.2 MW heat plants on residual oil, natural gas and coal in the rural areas, and industrial co-generation plants with a 70MW electric capacity and a 700 MW heat capacity.

From the energy demand side Moldova is characterized by a very inefficient energy consumption

pattern, like other countries from Central and Eastern Europe and FSU. In 1990, 1.4 kg oil equivalent was used per dollar GDP, that is more than four times higher compared to Western economies, but still lower than in Russia and Ukraine. The very high energy intensity of the Moldovan economy is primarily due to previously very low and heavily subsidized energy prices, old and obsolete energy technologies, inefficient energy management and a very high level of losses in electrical, heat and natural gas distribution systems.

Total primary energy consumption in Moldova dropped more than 40% in 1990-1995, driven by the sharp decrease in economic activities and difficulties associated with the energy imports from Russia and Ukraine. The structure of the primary energy supply also changed during the same period with an increased share of natural gas on account of coal and residual oil.

Energy is the major development constraint for Moldova. In order to overcome difficulties associated with the energy sector, the Moldovan Government has started to prepare a comprehensive energy program. A high priority in this program will be the diversification of energy supply, improving energy efficiency, reduction of electricity and heat losses, and faster penetration of new state-of-the-art and environment friendly technologies, including renewable technologies. This program will help to secure energy supplies and to improve performance efficiency of the economy.

Agriculture

The most important sector of the national economy is agriculture, in terms of GDP produced (40%), employment (35%) and the share of agricultural lands from the total area of the country (90%). Agricultural and food products accounted for over 50% of Moldova's export in 1987-1990.

Fertile soils, mild climate and available resources form a sound basis for the development of the agricultural sector in the Republic of Moldova. Chernozems, which are among the most fertile soils in the world, are typical for 80% of the land area. The main emphasis is on production of fruits and berries, tobacco, wine grapes, maize, winter wheat, sugarbeet and livestock.

The agricultural sector experienced difficulties during the transition period due to the loss of traditional markets for agricultural products in the republics of the FSU and to the extremely severe drought in 1992. Serious constraints for development in this sector are the lack of sufficient new investment, capacity for production of fertilizers, pesticides, veterinary medicine, petroleum fuels, as well as a significant deterioration of the environment.

The main characteristic in the transition to a market economy in the agricultural sector is privatization. This policy, together with increasing the food prices to be consistent with the world market prices and removal of subsidies, is expected to create incentives for reallocation of resources, and investment in farming and marketing. This policy is complemented by upgrading institutional, regulatory and legislative frameworks in the agricultural sector that will facilitate faster adjustment of this sector to the new market conditions and will strengthen the role of export of agricultural products.

Industry

Industry is the second largest sector of the Moldovan economy with the following most prominent industries: food processing industry (46% of industrial output), engineering and metal processing (11%), light industry (6%), building materials industry (4%), forestry, wood processing, pulp and paper (4%). However, a significant drop in industrial output of more than 55% was observed in the 1990-1995 period and the share of the GDP by industry has fallen on account of agriculture.

The food processing industry is one of the main contributors to the Moldovan economy, accounting for 40% of industrial output and 20% of industrial employment. Moldova has a tradition in producing wines and brandies. Other competitive food processing industries with the potential for increased exports are fruit and vegetable processing, and the tobacco and sugar industries.

Several joint ventures have been created in the last one-two years in the field of food-processing industries, including enterprises in the wine industry, fruit and vegetable processing and the tobacco industry. It is expected that once the ban on the free sell of land is abolished, foreign investment will further increase, enabling improvements in growing and processing facilities, the quality of products and development in market techniques.

The engineering and metal processing sector, although small, is very diversified. It produces electrical equipment, power transformers, electric motors, cables and wires, instruments, automation units, pumps, industrial freezers, food processing machines, tractors, refrigerators trucks, appliances, television and radio sets, and telecommunication equipment. The building materials industry produces mainly cement and cement products, gypsum, construction blocks and bricks, and wall construction blocks of natural stone. After overcoming the drastic downfall in 1992-1994, it will continue to meet the domestic demand for relevant products.

The textile industry is a promising sub-sector due to the existing modern equipment, resource base, qualified working force and foreign investors' interests. Several new industries evolved in the past few years, including iron and steel (electric metal melting based on the scrap metals), chemicals (insulating materials, plastics, films, piping and pipeline components, varnish and paints) and medical industry as a result of conversion of the former military industry.

Privatization was the underlying element of the state policy to stabilize the industrial sector. Implementation of this policy resulted in privatization of 1,979 small, medium and large companies by the end of 1995. In addition, The State Council of Creditors and the Restructuring Agencies for enterprises was created to solve the problems of non-profitable and non-competitive enterprises, that could be transformed into business with mixed capital, divided and sold, or left to become bankrupt.

Transport and Communications

The Republic of Moldova is characterized by a relatively well-developed transportation infrastructure. While rail transportation, accounts for 95% of external cargo, road transport is mainly used for local transportation accounting for 96% of cargo transportation and 80% of passenger transportation. Both

air and water transports are used to meet the demand for external and internal transportation respectively.

Direct telecommunication links connect Moldova with the countries from FSU, Romania, Bulgaria and Greece. Satellites support the links to the rest of the world.

Land-Use and Forestry

More than half of the population of Moldova lives in rural areas, and is thus directly affected by environmental degradation, including soil erosion and contamination of soil and waters by fertilizers and waste waters from huge animal husbandry farms.

Areas used for agricultural activities have been increased from 80% to 90% from the total area of the country for 1950-1990 period. Two thirds of this area were ploughed annually, which led to soil erosion. Huge complexes for animal husbandry also have a strong negative impact on the environment in terms of air pollution by ammonia and soil pollution by used waters from the complexes.

Moldovan forests cover about 379 thousand hectares, or about 8% of the total land resources of the country. They are of mixed deciduous type and are located mainly in the central part of the country. As a result of the policy for afforestation promoted by the Government, the forests have increased steadily from 271 thousand hectares in 1973 to 317.6 hectares in 1988 and 379.1 hectares in 1995. In addition to that, forest protection belts have been planted since 1940. The major threat for forests and forest belts is illegal cutting of forests that reached a level of 214 thousand m³ of wood in recent years. To preserve the forests, only minimal logging has been allowed since 1990.

National institutions

Several institutions in the Republic of Moldova deal with climate change related issues. These include Department of Environmental Protection, Department of Energy Resources and Fuel, Ministry of Agriculture and Alimentation, Ministry of Economy and Reforms, Ministry of Health, Department of Statistics, Ministry of Transport, Ministry of Internal Affairs, National Agency for Efficient Energy Use, and Association Geologia Moldovei. Several research institutes address different aspects of the climate change problem, including Institute of Power Engineering to the Moldovan Academy of Sciences (MAS), Institute of Botany-MAS, Institute of Geography-MAS, Scientific Research Institute of Water Supply and Amelioration and Electrical Instrumentation Research Institute.

The Department of Environmental Protection is the state authority in charge of the formulation and implementation of policy aimed at ensuring environmental balance, natural resources conservation, effective environment protection, and of drafting environmental laws and regulations. It is also responsible for the coordination of all environmental programs and control over environmental activities. The Department of Environmental Protection consists of the following units: Administrative Body, National Institute of Ecology, State Ecological Inspectorate and Service of Hydrometeorology.

The State Ecological Inspectorate is responsible for the State control and industrial pollution of air, water and soil. The National Institute of Ecology carries out research in the field of environmental protection, including ecology of natural systems, biodiversity, environment of habitats, impacts of economic activity on the environment, environmental legislation and regulation, nature disaster processes and ecological monitoring.

The Service of Hydrometeorology controls the parameters of atmospheric air quality, surface water quality and soil quality. It performs analysis and projections of the state of environment and climate. This unit is also responsible on behalf of the Government for implementation of several international treaties in Moldova, the UN FCCC being one of them.

The Department of Energy Resources and Fuel coordinates the activities in electricity, heat and natural gas to secure energy supply in the country. It prepares plans and strategies for energy sector development, energy saving programs, as well as draft energy laws and regulations. The National Agency for Efficient Energy Use supports the activities of the Department of Energy Resources and Fuels by promoting energy efficiency and renewable energy.

The Ministry of Economy and Reforms co-ordinates the sustainable use of natural and social resources as a sound basis for sustainable development of the Moldovan economy. It also implements economic mechanisms and incentives to abate anthropogenic emissions into air, soil and water. The Ministry of Industry supervises engineering and the metal processing industry, iron and steel, textiles and the chemical industry. The activities of the Ministry also target promotion of the demand side management concept and measures to save energy, and the implementation of new technologies in the relevant enterprises. The Ministry of Transportation is responsible for the state transportation policy and for managing all transport modes except Civil Aviation, which reports directly to the Deputy Prime Minister.

The Ministry of Agriculture and Alimentation deals with problems of agriculture and livestock, food processing industry, forests and hydro resources management. It is responsible for overall coordination and policy formulation in the agricultural sector. Several departments and institutes are subordinated to the Ministry of Agriculture and Alimentation. One of them is Moldsilva which is responsible for the state forest fund, afforestation, forest management and forests belts. Another is Water Consortium Apele Moldovey which is responsible for water management and irrigation.

Environmental legislation

A number of laws have been recently adopted by the Moldovan Parliament which form a comprehensive legislative framework for environmental protection. These are the Law of Environmental Protection (adopted on June 1993), Land Code of the Republic of Moldova (December, 1991), Forestry Code of the Republic of Moldova (June, 1979), Water Code of the Republic of Moldova (June, 1993), Republican Code on Underground (June, 1993), On Fauna (December, 1985), and Atmospheric Air Protection (December, 1981).

The Law of Environmental Protection is a fundamental law that deals with:

- > institutional framework for environmental management;
- > system for national management of natural resources;
- > conservation of biodiversity;
- > establishing of environmental funds and principles for its management;
- > radioactivity and food quality monitoring;
- > maintenance and improvement of the environment.

Another set of environmental laws is drafted to complete the environmental legislative framework, including laws on: State Environment Expert Evaluation; Noxious Substance Regime; State Protected Area Fund; Environmental Impact Assessment; and Waste Management.

Institutional Framework and Initiatives Relevant to Climate Change

The Republic of Moldova ratified the United Nations Framework Convention on Climate Change on 9 June 1995. As a Party to the Convention, Moldova has committed itself to produce a national communication to the Conference of the Parties (CoP) within three years of entry into force of the Convention for Moldova, or upon the availability of financial resources in accordance with article 4, paragraph 3 of the Convention. In order to fulfill its commitments under UN FCCC, the Government of Moldova has requested financial and technical support from GEF for preparing its first national communication to the CoP.

The establishment of Moldova's National Climate Change Committee (NCCC) is currently underway, and it is expected to consist of representatives of key ministries, academic institutions and environmental NGOs. The option is considered to set up the NCCC by involving experts, governmental officials and scientists that already participate in the National Committee of the Convention on long-range Transboundary Air Pollution, as well as members of the President Council for the Moldova Agenda 21 process.

The GEF operational focal point in Moldova is the Department of Environmental Protection, while the UN FCCC focal point is Service of Hydrometeorology Unit within the Department of Environmental Protection.

So far, no studies have been undertaken in Moldova that would directly address global climate change issues. There are, however, several studies and projects supported by the UNDP, World Bank, EBRD, EU TACIS Program and USAID that indirectly deal with some aspects of climate change problem, including:

Sustainable Development:

Strategy for Development. The Center for Strategic Studies and Reforms (UNDP). The project is designed to assist Moldova in elaborating a Strategy for Economic Development that will guide the country into the 21st Century.

Sustainable Development Networking Program in Moldova (UNDP). The project objective is to

assist the Government and other relevant institutions by providing direct access to information and information exchange by electronic and other means.

Water Management:

Environmental program for Danube River Basin (UNDP). This regional program was designed to create a framework for a long-term solution for environmental pollution in the Danube River Basin.

Development of Water Management Strategy (World Bank and the Government of Japan). The project objective is to develop a system for cost-effective irrigation and water supply.

Energy:

Energy Conservation Programs at National and Local Levels (EU TACIS). Provides basis for comprehensive energy strategy, supports energy efficiency activities, strengthens dissemination of information on saving energy.

Policy Support to the State Department of Energy (EU TACIS). Elaborates scenarios to diversify the energy supply, risk assessment and cost/benefit analysis.

Power Plant Combustion Efficiency and Environmental Controls (US AID). Provides services and equipment to improve boiler efficiency at Chisinau CHP Plants 1 and 2, fosters improved management by implementing low-cost efficiency improvements, identified through audits, and provides training.

Moldova Gas and Electricity Industry Management (World Bank and US AID). Project improves the metering of gas consumption, and the efficiency of electricity production and gas distribution. It also supports the implementation of a framework for ensuring the financial viability of the energy companies.

PROJECT OBJECTIVES

The immediate objective of the project is to facilitate the preparation of the first National Communication of Moldova to the Conference of the Parties (CoP) in accordance with Article 12 of the UN Framework Convention on Climate Change, and following the guidelines adopted by the CoP for the preparation of initial national communications by Parties not included in Annex I to the Convention.

In addition to meeting Moldova's communication obligations, the project can be seen as an essential exercise to enhance general awareness and knowledge of climate change related issues in Moldova thus enabling Moldova to take those issues into account in general planning and strategy formulation for different economic and technical sectors. The project will also indirectly assist Moldova to strengthen its role in the international scientific forums and negotiation processes related to climate change. A part of this task is to facilitate the dialogue, information exchange and cooperation among all the relevant players in the field, including governmental, non-governmental, academic, private and

"grassroots" sectors.

Finally, the project will establish an institutional framework, and build endogenous capacity thereby preparing the ground for further and eventual additional communication obligations, as well as for subsequent development and implementation of the identified response measures addressing climate change and its adverse impacts.

PROJECT DESCRIPTION

During project preparation the following components have been identified to respond to the objectives of the project, and to implement the project successfully:

1. Identify and hire a local competent Project Coordinator/Manager, and establish a Project Steering Committee¹ (PSC) with participants from all the relevant sectors to the project to:
 - > give guidance for, steer and monitor the implementation of the project;
 - > work as an additional information link between the project and the outside world;
 - > establish permanent links to co-ordinate climate change related issues and initiatives in the country; and
 - > support smooth transition from the enabling activity to the actual implementation of the national GHG abatement and adaptation plans that are to be prepared under this project.
2. Organize a project initiation workshop with participants from all the relevant sectors to present the objectives of the project, to clarify links to other relevant ongoing national and international activities, and to clarify the institutional and other practical arrangements to facilitate a successful implementation of the project.
3. Prepare a detailed work plan for the project (eventually with the help of a foreign consultant) and identify the institutions that will be responsible for different components of the project (institutions that are able to take responsibility for updating the studies, as appropriate, after the project is completed).
4. Identify and create links to both national and international sources of information, and eventually establish an information center/network with adequate equipment and personnel to facilitate an effective exchange of information between the participating institutions at the national level, as well as to assist them in gaining internationally available information on climate change related issues (e.g., from the USCSP and other bilateral programs, UNEP,

¹ It is understood that the relationship between the Project Steering Committee (PSC) and the National Climate Change Committee (NCCC) will be determined during the further preparation of the project. One possibility is that the NCCC will act as the PSC for the project and will be established based on the tentative list of institutions in page 13. Another option is that the PSC will be established as a technical subcommittee for the NCCC. In the latter case, some of the policy oriented and long term functions envisioned for the PSC in this proposal will be transferred to the NCCC.

IPCC, CC:TRAIN, international research institutes, ongoing enabling activities in other countries etc.). The potential to use Internet/World Wide Web has been evaluated and, to the extent feasible, it will be used to save travel costs and enhance the geographical coverage of available information. In that context, the project will cooperate, as appropriate, with UNDP's Sustainable Development Network Program (SDNP) and UNFCCC Secretariat's CC:INFO/Web initiatives.

Pursuant to the project objectives, information needs such as the following can be identified:

- > information on the climate change phenomena and its potential impacts on the global and local ecosystems;
- > sources and sinks of greenhouse gases;
- > methods to collect the statistical information, that is necessary for the inventories, and tools to manage the data;
- > internationally available information about the general methodologies and practices related to the vulnerability assessment and mitigation analysis, as well as specific technologies to promote energy efficiency and renewable energy, carbon sequestration, methane emission reduction and others;
- > potential international partners to provide services and/or funding for the potential follow-up projects dealing with implementation of the identified mitigation and adaptation measures.

It is foreseen that the network will continue to operate also after the project, allowing interested parties in Moldova to learn about other national or international activities, and permitting interested individuals and institutions outside Moldova to obtain information on ongoing, planned or finalized climate change related activities in Moldova.

Special attention will be given to dissemination of information on climate change and on the results of the project in order to enable wide participation and involvement of all the interested individuals and organizations both during and after the project.

5. Organize and undertake a national inventory of greenhouse gases in 1990 and 1994² following the guidelines adopted by the CoP. The atmospheric gases to be addressed in the study will include carbon dioxide (CO₂), methane (CH₄) and nitrous oxide (N₂O). Other greenhouse gases included in the IPCC methodology will be addressed as appropriate.
6. Study the potential impacts of climate change on water management, agriculture, forestry, natural ecosystems, and public health.
7. By building on the results of the vulnerability assessment, organize and undertake an analysis of potential options of the sectors listed above to adapt to climate change with respect to the

² It is understood that making the inventory simultaneously for both years does not involve any remarkable additional costs.

specific geographical and climatological characteristics of Moldova.

8. Organize and undertake an analysis of potential GHG abatement options, that may include options to abate the increase in greenhouse gas emissions and to enhance removals by sinks. The focus in the GHG abatement analysis will be on specific options, e.g. renewable energy, energy efficiency, advanced agricultural practices, or carbon sinks. A preliminary analysis of the technical feasibility and the costs of these options will be performed (covering also the regulatory and legislative framework, tariff and fiscal policies, tax incentives etc.). The impact of the different measures will be incorporated into the national GHG abatement scenarios and they will be evaluated in regard to their consistency with the overall development priorities for Moldova.
9. Organize a workshop (with broad local participation and relevant international partners) to present the results of the project, together with results or status of other ongoing national projects relevant to the issue, and to discuss the results with the objective of formulating a national action plan for effective response measures to climate change.
10. Prepare a national action plan for effective response measures to climate change including measures to facilitate adaptation to climate change, as well as measures to abate the increase in greenhouse gas emissions and to enhance removals by sinks.
11. Based on the results of the studies, compile and prepare the additional information that the country wants to present in its national communication including, inter alia: a) financial and technological needs and constraints associated with the implementation of the Convention under articles 4 and 12; b) projects for financing; and c) material relevant for calculation of global emission trends.
12. Using the outputs of this project as well as the results of other ongoing projects, prepare, translate (as appropriate), and publish the first national communication of Moldova following the guidelines adopted by the CoP.

INSTITUTIONAL FRAMEWORK AND PROJECT IMPLEMENTATION

The Executing Agency of the project will be the Department of Environment on behalf of the Government of Moldova. To facilitate coordination, participation and sustainability of the results of the project, a Project Steering Committee (PSC) will be established³ with a balanced representation from the key government ministries, academic institutions, environmental NGOs, and private sector representatives. The final composition of the PSC and its relationship to the NCCC will be decided during the further preparation of the project, but a "short list" of potential candidates for the PSC (or NCCC) has been identified as follows: Department of Environmental Protection, Department of Energy Resources and Fuel, Ministry of Agriculture and Alimentation, Ministry of Economy and

³ Please, see the footnote in page 10

Reforms, Ministry of Health, Department of Statistics, Ministry of Transport, Ministry of Internal Affairs, National Agency for Efficient Energy Use, Association Geologia Moldovei, Institute of Power Engineering to the Moldovan Academy of Sciences (MAS), Institute of Botany-MAS, Institute of Geography-MAS, Scientific Research Institute of Water Supply and Amelioration and Electrical Instrumentation Research Institute.

The Project Steering Committee will be charged with overseeing and advising the project execution and will have decision making power over all aspects of the project. The project will also collaborate closely with all the other relevant ongoing projects in Moldova, both through the Project Steering Committee and between the research teams in order to enable an effective information exchange between the projects and full utilization of their results.

In determining the final composition of the PSC (or NCCC if same), specific efforts will be made to ensure that all the key sectors are equally represented, while, at the same time, maintaining a limited number of seats to keep the PSC operational.

Regarding international collaboration, working links with relevant regional and international expert institutions will be created, and they will be consulted when selecting the methodologies for, and implementing the specific activities of the project. The project will also utilize results and lessons learnt from other ongoing or finalized international projects like UNEP Country Case Studies on Climate Change Impacts and Adaptation Assessment, CC:TRAIN and US Country Study Programme to avoid duplication of effort. Links to other countries of the FSU, Central and Eastern Europe with ongoing or finalized enabling activities (including countries participating in the US Country Study Program), or ones about to start will be created, and areas for collaboration such as regional training or information exchange workshops will be identified.

The activities will be carried out in sequence so that tasks building on the results of prior activities are only undertaken if these prior steps have been taken. For instance, the GHG abatement analysis will build on the results of the inventory, and the adaptation analysis will build on the results of the vulnerability assessment. Based on the results of the studies, a national action plan for effective response measures to climate change will be formulated.

In implementing the different activities, the project will follow the internationally adopted guidelines and use the existing methodologies and tools whenever available. Technical assistance will be provided by regional and local experts whenever possible.

As a means of identifying and disseminating information, the project will utilize, to the extent feasible, electronic networks such as Internet and cooperate with the CC:INFO initiative of the FCCC Secretariat.

The detailed content and target audience for the workshops will be determined during the further preparation of the project. However, a general strategy is to open the "policy oriented" workshops for a broader audience, including both policy makers and technical experts from the governmental as well as from the independent sector while targeting the technical training/coordination workshops

more for the people who are actually conducting the studies or who need to be involved as providers of the data for the studies.

Monitoring and evaluation

After the detailed work plan has been prepared, an external review on it will be undertaken. The purpose of the review is to identify in the early stage of the project the eventual gaps, overlaps and other risks to successful implementation, as well as to identify potential partners and sources of information from which the project could benefit.

The executing agency, together with the Project Steering Committee, will be responsible for monitoring the project on a continual basis. In order to do this, the project manager, with the help of the leaders of the research teams, will prepare regular reports on the progress of the project as a whole and the different sub-tasks under it.

For the remaining part, the project will rely on common UNDP monitoring and evaluation practices including a midterm evaluation and a tripartite review to be held within the first 12 months of the start of the full implementation of the project, as well as regular monitoring of the implementation of the project by the UNDP Country Office in Moldova.

PROJECT FINANCING AND BUDGET

As an enabling activity related to the communication obligations of Moldova under the UNFCCC, the "agreed full costs" of the project will be funded by GEF. A detailed project budget for expedited processing of the proposal is presented as Annex II.

**COVERAGE OF THE ACTIVITIES IN MOLDOVA TO PREPARE
THE INITIAL NATIONAL COMMUNICATION**

ANNEX I

Information to be included into the national communication	Enabling activity to produce the information needed	Type of Activity ⁴		
		Planning ⁵ and execution	Capacity Building	
			Institutional	Human
1. National circumstances	Compilation of the information from existing sources	X	NA	NA
2. Greenhouse gas inventory (incl. CO₂, CH₄ and N₂O) for: - all energy sources - industrial processes - agricultural processes - land use change and forestry - other sources	Data gathering and inventory of GHG emissions from: - all energy sources - industrial processes - agricultural processes - land use change and forestry - other sources	X X X X X	X X X X X	X X X X X
3. General description of steps taken or envisaged to implement the Convention including, as appropriate: (a) programs related to sustainable development, research, public awareness, etc.; (b) policy options for monitoring systems and response strategies for impacts; (c) policy frameworks for implementing adaptation measures and response strategies; (d) building capacity to integrate climate change concerns into planning; (e) programs to address climate change and its adverse impacts, including the abatement of increase in GHG emissions and enhancement of sinks	An assessment of potential impacts of climate change in the country	X	X	X
	An analysis of potential options to adapt to the impacts of climate change.	X	X	X
	An analysis of potential options to abate the increase in GHG emissions and enhance the sinks.	X	X	X
	Formulation of programs and policy frameworks for implementing the identified response measures.	X	X	X
4. Other information including, as appropriate: a) Financial and technological needs and constraints associated with the implementation of the Convention under articles 4 and 12. b) projects for financing c) material relevant for calculation of global emission trends	Based on the results of the studies compilation and preparation of the additional information that the country wants to present in its national communication	X	X	X
5. Compilation and production of the Initial national communication	Preparation, translation (as appropriate), and publication of the national communication (incl. the preparation of an exec. summary)	X	X	X

⁴ X activities covered by the proposed project

⁵ including data gathering and research related to the preparation of the national communication

ANNEX II

**BUDGET FOR EXPEDITED PROCESSING OF THE ENABLING ACTIVITY PROPOSAL
FOR PREPARING THE INITIAL NATIONAL COMMUNICATION OF MOLDOVA**

Information to be included into the national communication	Enabling activity to produce the information needed	Type of Activity			Total Costs in US \$
		Planning and execution	Capacity Building		
			Inst.	Training	
1. National circumstances	Compilation of the information from existing sources	-	-	-	-
2. Greenhouse gas inventory	Data gathering and an inventory of GHG emissions	45,000	10,000	25,000	80,000
3. General description of steps (a) programs related to sustainable development, research, public awareness, etc.; (b) policy options for monitoring systems and response strategies for impacts; (c) policy frameworks for implementing adaptation measures and response strategies; (d) building capacity to integrate climate change concerns into planning; (e) programs to address climate change and its adverse impacts, including the abatement of increase in GHG emissions and enhancement of sinks	An assessment of potential impacts of climate change in the country	18,000	5,000	10,000	33,000
	An analysis of potential options to adapt to the impacts of climate change	16,000		12,000	28,000
	An analysis of potential options to abate the increase in GHG emissions and enhance sinks.	20,000	7,000	10,000	37,000
	Formulation of programs and policy frameworks for implementing the identified response measures.	20,000	10,000	7,000	37,000
4. Other information: a) Financial and technological needs and constraints associated with the implementation of the Convention under art. 4 and 12 b) projects for financing c) material relevant for calculation of global emission trends	Based on the results of the studies, compilation and preparation of the additional information that the country wants to present in its national communication	10,000			10,000
5. Compilation and production of national communication	Preparation, translation (as appropriate), and publication of the national communication.	10,000	5,000	5,000	20,000
Project management		32,200	12,500	10,800	55,500
Monitoring/Evaluation		15,000			15,000
Subtotal		186,200	49,500	79,800	315,500
Project support services (3%)		9,500			9,500
GRAND TOTAL		195,700	49,500	79,800	325,000
Percentage of total budget		60%	15%	25%	100%

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DEPARTMENT FOR ENVIRONMENT PROTECTION
HYDROMETEOR SERVICE OF THE REPUBLIC OF MOLDOVA

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Moldova

No 08/115

DATE: 07.07.97

TO: Mr. Winston Temple,
Resident Representative UNDP Moldova

FAX: 233-425

FROM: Dr. V. Sofroni

No OF PAGE(S):

Dear sir,

After carefully having examined the project brief "Enabling Moldova the First National Communication to the UNFCCC, we are pleased to inform you, that in our opinion this project builds sufficient capacity to fulfill our commitments towards the Convention of the Parties. Therefore we kindly request you to submit this proposal to GEF in order to start with the implementation of this project.

Yours faithfully

Mrs. Lidia Treshilo *L. Treshilo*
Chief of Hydrometeor Centre