

Project Name	Poland-Rural Environmental Protection (@+)... Project
Region	ECA
Sector	ECSSD
Project ID	PLGE59613
Borrower	National Fund for Environmental Protection and Water Management (NFEP) with Government of Poland guarantee
Implementing Agency	National Fund for Environmental Protection and Water Management
Environment Category	B
Date This PID Prepared	August 31, 1999
Appraisal Date	December, 1998
Projected Board Date	This is a LIL. It will be presented to the Board for no-objection. It is expected to become effective in November, 1999

1. Country and Sector Background

Excess nutrients in water bodies cause major environmental problems for two reasons. First, they lead to eutrophication -- increased algal growth, which reduces oxygen in water. Second, they pollute shallow groundwater, which is the source of drinking water for many rural households. In a recent Polish study, 16% of samples taken from farm wells exceeded recommended levels of nitrates.

In Poland, nutrients from agriculture are a major source of this problem. The main reason is improper storage of animal waste and silage (which contain 30 - 100 times more organic material per unit than municipal wastewater). Indeed, less than 10% of the country's 2 million farms are thought to have adequate facilities for storing manure, slurry or silage.

The technical solutions to this problem are well-tested. Several government and private organisations have undertaken demonstration activities in different parts of Poland, most of which showed that combining simple investments with changes in farming practices dramatically reduce run-off and often bring direct benefits to the farmers.

2. Objectives

This project aims to significantly increase the prevalence of environmentally-responsible farming practices among eligible farms in target project areas. It will develop a mechanism for providing incentives to farmers through a program linking outreach work with investment support.

3. Description

The project has two components. The first will provide technical assistance

to farmers to help them develop an environmentally-responsible farm management plan, and to provide financial support for on-farm investments. The second involves a program of public outreach, developing a strategy for replicating the project, monitoring and project management.

Component 1. On-Farm Environmental Improvements

Advice to Farmers. The project will provide technical assistance to eligible farmers to help them develop a farm management plan and to help them implement the plan. The plan will include nutrient management plans and evaluating options for changing cropping, tilling, manure spreading, fertilizer application practices, and establishing riparian buffer strips. To be eligible, farms must be located in the project areas, must be owned by a single family, must be financially viable and must have at least ten cows or equivalent sized animals.

Environmental Investments. The project will fund, on a cost-sharing basis, environmental investments related to the farm management plan. Most investments are likely to be for facilities to store animal wastes, but in some cases the project will also partly fund equipment for groups of farmers. The project will hire contractors to construct the facilities on the farm up to an estimated value of 70% of the total cost up to a fixed ceiling. The farmers will cover the remaining 30% in the form of labor, materials and direct payments.

Component 2. Outreach Replication and Management

This will include the following:

Public Awareness. A program to widen understanding of the importance of agriculture and environment issues in Poland.

Monitoring. This will involve measuring project performance against agreed indicators. Monitoring tools include: an on-going social assessment survey with beneficiaries and other stakeholders; a financial and economic study to assess the project's efficiency and to assess the economic impacts to farmers of adopting environmentally-responsible practices; and environmental monitoring to assess the environmental consequences of the project's interventions.

Replication. A study to assess potential for replicating the project, with necessary modifications, elsewhere in Poland and in other countries in the region.

The project will focus on three parts of the country - rural areas around Torun, Elblag and on the borders between Ostraleka and Lomza. These areas are all sensitive to nitrate pollution and are representative of different farm and soil types in Poland. They have also all been involved in earlier demonstration activities, so demand for interventions of this type are high.

4. Financing

The project will be funded by a mix of credits and grants from different sources: a World Bank loan of US\$2.5 million; a US\$3 million grant from the Global Environmental Facility (GEF); a US\$1 million grant from the Nordic Environmental Finance Corporation (NEFCO); and an expected EUR\$3.5 million

grant from the European Union.

5. Implementation

The National Fund for Environmental Protection and Water Management (NFEP) will implement the project, and will establish decentralized Local Implementation Teams to manage the project in each of the project areas.

6. Sustainability

The farm investments are expected to be sustainable as the manure stored is worth more when used as fertilizer than operating and maintaining the infrastructure. The TA and social assessment will assess sustainability issues explicitly.

7. Lessons learned from past operations in the country/sector

Key lessons learned from agricultural and environmental projects in Poland, as well as regional initiatives to protect the Baltic Sea include:

- The need for a long-term commitment to address agriculture and environment issues through phased programs of interventions and a broad-based partnership, encouraging farmers to think of themselves as environmental managers.

- The importance of calculating and disseminating the benefits of improved environmental management in rural areas at local and national levels in order to sustain support for the program.

- The high capacity of local and national Government officials for innovation and effective management.

9. Environmental Aspects

Environmental Category: B

10. Program Objective Categories

The principal program objective category is pollution control.

11. Contact Points

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Note: This is information on an evolving project. Certain activities and/or components may not be included in the final project.

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Annex

Because this is a Category B project, it may be required that the borrower prepare a separate EA report. If a separate EA report is required, once it is prepared and submitted to the Bank, in accordance with OP 4.01, Environmental Assessment, it will be filed as an annex to the Public Information Document (PID) .

If no separate EA report is required, the PID will not contain an EA annex; the findings and recommendations of the EA will be reflected in the body of the PID.