

Sida Contribution  
No:53040015  
Case number: 2008-002168

## **SPECIFIC AGREEMENT BETWEEN SWEDEN AND MOLDOVA**

The Government of Sweden (hereinafter referred to as Sweden) represented by the Swedish International Development Cooperation Agency, Sida, and the Government of the Republic of Moldova (hereinafter referred to as Moldova), represented by the Ministry of Finance have agreed as follows.

### **ARTICLE 1 SCOPE AND OBJECTIVES OF THE AGREEMENT**

Moldova has decided to carry out a program called "Capacity building to the Ministry of Economy in the area of energy efficiency and renewable energy in Moldova".

The main objectives of the programme are: A strengthened legal and institutional framework, as well as professional capacity for implementing measures to reach national energy efficiency and renewable energy goals, contributing to a more sustainable energy balance and consumption.

The programme shall be carried out in accordance with the programme document titled Technical Assistance for Capacity building to Sustainable Energy Management, Ministry of Economy, Moldova dated 2011-04-17, Annex 1.

The main beneficiaries of the programme are the Department of Energy Security and Energy Efficiency of the Ministry of Economy, and the Energy Efficiency Agency. Secondary beneficiaries include other government institutions with a mandate to work on energy in Moldova, including the Ministry of Regional Development and Construction. Financial management support of program funds will be provided by Moldova Energy Project Implementation Unit (MEPIU).

The actors mentioned in the above paragraph, Ministry of Finance, and Sweden are henceforth referred to as the Parties of this agreement.

### **ARTICLE 2 EXPECTED RESULTS**

To make the objectives operational Moldova has developed a Results Assessment Framework (RAF) for measuring the results in its implementation of the programme, Annex 2. The RAF and/or its revisions, form an integral part of this Agreement. All substantial revisions of the RAF shall be agreed during Review Meetings and documented in Agreed Minutes in accordance with Article 8.

V.N. 

**ARTICLE 3 THE SWEDISH CONTRIBUTION**

Sweden shall, subject to parliamentary appropriation of funds, support the implementation and monitoring of the programme as specified in this Agreement within an amount of 22 050 000 Swedish kronor.

**ARTICLE 4 UNDERTAKINGS BY MOLDOVA**

Moldova undertakes:

1. to implement the programme and to assume full responsibility for the programme implementation;
2. to fully coordinate the programme with energy sector development interventions financed by Moldova or other development partners;
3. the responsibility for the Swedish contribution being used efficiently for agreed purposes only,
4. to ensure that administration and internal control of programme resources are adequately carried out,
5. to report and monitor the implementation in accordance with provisions in article 9 and 11, and
6. to ensure allocation of resources for staff, offices and necessary working equipment to the Energy Efficiency Agency to carry out its tasks in accordance with Law 142 and the Agency Regulations, GD 1173/2010.


**ARTICLE 5 CONDITIONS FOR AND UTILISATION OF THE SWEDISH CONTRIBUTION**

Only costs for activities carried out during the period from 2011-07-01 to 2015-06-30 may be financed by the Swedish contribution. After a period of six months from that latter date, the contribution in this Agreement shall not be available for payment.

Only costs directly associated to the fulfilment of the program may be financed from the Swedish contribution.

Of the Swedish contribution, 1 450 000 SEK shall be retained by Sweden for consultancy support to quality assurance of the programme and coordination in relation to sector developments.

Sweden may, at any time, withhold disbursements if deviations from the programme document, or RAF occur; if misuse of funds or other resources takes place; if reports are not delivered as agreed; if the financial management of the programme is not satisfactory; or circumstances are

V.N. 

otherwise revealed which makes the programme develop unfavourably in any other important respect.

It is agreed that the following is of special importance during the implementation of this program: integration of energy sector capacity development and planning instruments with national institutional and legal reforms for EU approximation; full coordination between Moldova line ministries engaged in energy efficiency improvements and use of renewables including in particular Ministry for Regional Development and Construction, full coordination with EU delegation sector budget support activities and requirements.

Funds transferred to Moldova under this Agreement and not utilised before 2015-06-30 for the financing of activities shall be repaid to Sweden within six months of that date.

Sweden may, if substantial deviation from the programme document and/or subsequent Plans of Operation has occurred, or if other conditions set out in this Article are not fulfilled or fully respected, reclaim the disbursed amount, wholly or in part, from Moldova.

#### **ARTICLE 6 PROCUREMENT**

The Ministry of Finance delegates procurement responsibility under the programme to MEPIU. Procurement of goods, works and services financed under this programme shall be performed in accordance with internationally accepted principles and good procurement practices, such as World Bank Procurement Guidelines.

Sweden may participant as an observer in any meetings of the procurement review board. Sweden may perform ex-post examinations of procurements. The examination can be made in the form of a procurement audit. Moldova shall provide Sweden with all the necessary documentation. The Audit as described in article 11 shall also include the procurement made within the programme.

Tender documentation, including all published procurement notices, shall be prepared in English and in Moldova's State language.

At the request of either of the Parties, consultations shall be held on any matter pertaining to procurement under this Agreement.

Equipment procured for the program will become Moldova state property.

#### **ARTICLE 7 ENVIRONMENTAL IMPACT**

It is assessed that the implementation of the programme will not have any negative impact on the environment. If this assessment is revised by either party during the programme implementation, the other parties shall be

V.N.



notified and an action plan in accordance with Sida's Guidelines for the Review of Environmental Impact Assessment shall be developed.

#### **ARTICLE 8 GENDER ISSUES**

A gender perspective shall be fully integrated in the activities under this programme.

#### **ARTICLE 9 PLANNING, REVIEW, REPORTING AND EVALUATION**

This technical assistance includes support to Moldova to revise its Energy Sector Strategy. The Ministry of Economy has underlined the urgency of this undertaking as the Strategy will guide the sector planning, including activities covered by this technical assistance. Therefore the implementing consultant(s) will be tasked to undertake the revision of the Energy Sector Strategy as early as possible and in parallel to the inception phase for the overall programme. The format for consultations and monitoring of the strategy review will be agreed with the consultants and the government to ensure transparency. A draft Energy Sector Strategy shall be presented to Ministry of Economy for consultations with sector stakeholder as soon as possible.

An **Inception Report** for this technical assistance, excluding the support to the revision of the Energy Sector Strategy, shall be presented to Sweden no later than three months after the signing of a contract with the implementing consultant(s). An **Inception Review Meeting** will be held with the Parties within two weeks of presenting the Inception Report. **Agreed Minutes including Sweden's no objection** shall be prepared and signed before the Inception Review Meeting is closed.

An **Annual Review Meeting** shall be held no later than 31 March every year of the validity of this Agreement (i.e. incl. 2015). During Review Meetings the Parties shall assess the performance of the programme based on the Annual Results Progress Report and Annual Financial Report.

A draft **Annual Results Progress Report** shall be presented to Sweden no later than three weeks before the Annual Review Meeting. The report shall summarize obtained results in relation to the RAF and the Programme Document and/or Annual Plan of Operations and contain an analysis of any deviation there from. The Annual Review Meeting may decide that this report shall be revised, in which case a date for the provision of the final report shall be stated in the Agreed Minutes.

An **Annual Plan of Operations** with budget for the forthcoming year shall be presented to Sweden as a draft for analysis and subsequent discussion at the Annual Review Meeting no later than three weeks before the Annual Review Meeting. The final Annual Plan of Operations based on the

V.N. 

agreements reached at the Annual Review Meeting shall be submitted to Sweden for a No Objection not later than two weeks after this meeting.

An **Annual Financial Report** according to Sida's instruction for reporting, Annex 3, shall be submitted to Sweden no later than three weeks before the Annual Review Meeting.


A **Completion Report** shall be submitted to Sweden as a draft no later than 45 days before the Final Review Meeting. The report shall summarize obtained and expected results in relation to the RAF, and contain an analysis of any deviation there from. After joint consideration of the draft, the report shall be amended, finalised and submitted to Sweden within 45 days of the meeting. If the Final Review Meeting for some reason will not be held, the Draft Completion Report shall be submitted to Sweden no later than 31 March 2016 and the Final Completion Report within 45 days of receiving comments.

A **Mid-Term Review** shall be initiated by Moldova and presented as a draft no later than two years after signing of the contract with the implementing consultant(s). The review will be undertaken by an external actor. Moldova will draft Terms of Reference for the Mid-Term Review in consultation with the parties under this Agreement. The Terms of Reference and the selection of the consultant shall be approved by Sweden by a No-Objection. The cost for the Mid-Term Review shall be paid by Moldova and shall be a part of the programme budget.

A **Mid-Term Review Report** will be presented at a **Mid-Term Review Meeting** with the same parties after which the report shall be amended and finalised within 45 days. The Mid-Term Review Report will include a summary of obtained results in relation to the RAF and an analysis of any deviation there from; recommendations on how to improve relevance, effectiveness, efficiency, sustainability, and management of risks identified for the program implementation. An analysis of adjustments on how to increasingly use a Programme Based Approach as defined by Sida shall be given particular attention and be followed by recommendations for the continued operations and management of the program.

An **Evaluation** shall be initiated no later than one year after the approval of the Final Completion Report. Moldova will draft Terms of Reference for the Evaluation. The Parties shall agree on the Terms of Reference and the procedures for its implementation during the preceding annual review meeting. These Terms of Reference and the selection of the consultant shall be approved by Sweden by a No-Objection. The cost for the Evaluation shall be paid by Moldova and shall be a part of the programme budget. The Evaluation shall summarize obtained and expected results in relation to the RAF, and contain an analysis of any deviation there from.

Moldova shall promptly inform Sweden if reports and plans cannot be submitted as agreed. Annual review meetings will not be held and new

V.N. 

funds will not be disbursed until the required documents have been received. Irrespective of agreed reporting routines, the parties shall promptly inform each other if a situation should arise, that makes it likely that the programme will not be carried out as agreed.

Moldova shall provide Sweden with any other information regarding the programme that Sweden may reasonably request and enable Swedish representatives to visit programme locations and inspect property, goods, records and documents. Moldova shall co-operate with and assist Sweden in the performance of follow-ups and evaluations of the impact of the programme.

#### **ARTICLE 10 DISBURSEMENT AND INTEREST**

Provided that there is a need for funds the Swedish contribution shall be disbursed as follows,

- SEK 6 000 000 shall be available for disbursement upon signature of this Agreement,
- Subsequent disbursements will be made on disbursement requests based on the budget presented in the Annual Plan of Operations.

A prerequisite for disbursements after the disbursement upon signature is that the requirements in Article 5 are fulfilled, and that progress and financial reporting as stipulated in Articles 9 and 11 are submitted by Moldova and approved by Sweden. Each disbursement request needs to include or refer to a progress and financial report, as stipulated in Article 9. No disbursement can be made until Sweden has approved the request.

Disbursements of Swedish contributions shall only be made against a disbursement request in original from Moldova. Authorized to sign the disbursement request on behalf of Ministry of Finance is his/her designated representative. Moldova shall inform Sweden of any new designation.

The disbursement request shall contain the following information and the disbursement shall be made accordingly:

- the words "disbursement request" in the heading
- the Sida Contribution ID
- the name of the programme
- the requested amount in SEK
- the recipient's bank, bank address, account number/IBAN No, account holder, clearing number/sort code, SWIFT-code and currency of the account

*V.N.*

- financial report on use of previous disbursements or reference to such report
- a prognosis of the need for funds for the following period.

The disbursement request shall be signed and addressed to Sida, Department for Reform and Selective Cooperation, Unit for Reform Cooperation in Eastern Europe. Att. Mr Mikael Bahrke, SE 105 25 STOCKHOLM.

If any interest is accumulated on disbursed funds, it will remain with Moldova and used as part of the programme budget.

The funds shall be kept in a Special Account opened by MEPIU through the State Treasury. Disbursements from Special Account shall be made by MEPIU, subject for post-review of Sida.

#### ARTICLE 11 AUDIT

Moldova is responsible for that the programme is audited annually. The audit shall be carried out by an external, independent and qualified auditor. The audit shall be carried out in accordance with international standards issued by International Organisation of Supreme Audit Institutions (INTOSAI) or International Federation of Accountants (IFAC).

At the end of the Programme period the entire programme funds shall be audited by the Moldovan Court of Accounts.

Moldova will draft Terms of Reference for the audits in accordance with Sida's standard Terms of Reference for annual financial audit (Annex 4). These Terms of Reference and the selection of auditor shall be approved by Sweden by a No-Objection. The cost for the audit shall be paid by Moldova and shall be a part of the programme budget.

The **Auditor's report** shall express an opinion whether the submitted annual financial report is in accordance with Moldova's accounting records and Sida's instructions for reporting according to ISA 800/805. The auditor shall also express an opinion on other questions if requested in the terms of reference.

The auditor shall submit a **Management Letter/Audit Memorandum**, which shall contain the audit findings made during the audit process and shall also state which measures have been taken as a result of previous audit and whether measures taken have been adequate to deal with reported shortcomings.

Moldova shall present the auditor's reporting to Sweden at the Annual Review Meeting. A **Management response** including an **Action plan**

V. N. 

shall be produced by Moldova and submitted to Sweden within three weeks of the date of the Agreed Minutes from the Annual Review Meeting.

Moldova shall co-operate with and assist Sweden in the performance of any additional audits, follow-ups and financial studies that Sweden may request.

If Moldova shall channel financial funds to a recipient organisation Moldova shall be responsible for that yearly audits of those funds are performed according to the above stated requirements.

## **ARTICLE 12 ANTI-CORRUPTION**

Sweden and Moldova agree on cooperating to counteract corruption during the implementation of the programme. In planning and implementation of the operational activities, Moldova shall take into consideration the risk of corruption and identify important problems and elaborate clear objectives. If a substantial risk of corruption is considered to be one of the identified problems, measurable objectives shall be elaborated to reduce the risk identified.

Moldova undertakes to investigate and, if necessary, take action, including legal measures, against any person or persons whom there is good reason to suspect of corruption or other improper gain.

Moldova shall immediately inform Sweden of any illegal or corrupt practice or any other misuse of the contribution in any activity financed under this Agreement that Moldova is aware of or that has been brought to its attention, whether or not under Moldova's responsibility. Moldova shall provide Sweden with information on the findings and any actions or measures taken by Moldova. Upon receipt of any such notification, the Parties shall promptly consult with each other to determine further actions to be taken in order to resolve the matter. Moldova shall keep Sweden informed of the progress of any formal investigation concerning the matter and provide Sweden with a final report of the findings of such investigation upon its conclusion.

## **ARTICLE 13 REFERENCE TO OTHER AGREEMENTS**

Cooperation between the Parties under this Agreement is also governed by:

- the Agreement on General Terms and Conditions for Development Cooperation between the Parties for the period 2003-2011,
- any agreement that may replace or amend the said agreements.

V.N. 



**ARTICLE 14 TERMINATION**

This Agreement shall remain valid until 2015-12-31, unless terminated earlier by six months' written notice by either Party. In case of serious breach of the Agreement, Sweden may terminate the Agreement with immediate effect.

In cases of termination by Sweden the termination shall not apply to funds irrevocably committed in good faith by Moldova to third parties before the date of the notice of termination, provided that the commitments were made in accordance with this Agreement.

In case of termination by Moldova, no funds shall be made available for activities after the expiry of this Agreement.

**ARTICLE 15 ENTRY INTO FORCE**

This Agreement shall enter into force on 20110701.

Two originals of this Agreement have been signed, of which the parties have taken one each.

Chisinau, 2011-06-29

Place and date

Chisinau, 2011-06-30

Place and date

Sweden, represented by

Moldova, represented by [specify]

Signature

Signature

BJÖRN KAVALKOV-  
HALVARSSON

VEACESLAV NEGRUTA

FIRST SECRETARY  
CHARGÉ D'AFFAIRES  
EMBASSY OF SWEDEN,  
CHISINAU

MINISTER OF FINANCE

Name and title in block letters

Name and title in block letters

Enclosures

Annex 1 Programme Document, 20110417  
Annex 2 Results Assessment Framework  
Annex 3 Instructions for reporting  
Annex 4 Standard Terms of Reference for annual financial audit

V.N. 