

The World Bank

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
Washington, D.C. 20433
U.S.A.

(202) 477-1234
Cable Address: INTBAFRAD
Cable Address: INDEVAS

August 6, 2013

Mr. Boris Popadiuc
Executive Director
Moldova Social Investment Fund
124, Stefan cel Mare Street, MD-2001
Chisinau
Republic of Moldova

Re: **Republic of Moldova:** PHRD Technical Assistance for the Integration of
Children with Disabilities into Mainstream Schools Project (Grant No.
TF014855)

Dear Mr. Popadiuc:

In response to the request for financial assistance made on behalf of the Republic of Moldova ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by Japan ("Donor") under the Policy and Human Resources Development (PHRD), proposes to extend to the Recipient a grant in an amount not to exceed two million eight hundred sixty thousand United States Dollars (US\$2,860,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donor. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

(i) Authorized Signatures (subsection 3.1). A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to sign Applications:

The World Bank
Str. Puskin 20/1
MD – 2012, Chisinau
Republic of Moldova
Attention: Country Director

(ii) Applications (subsections 3.2 - 3.3). Please provide completed and signed applications for withdrawal, together with supporting documents, to the address indicated below:

The World Bank
Radnicka cesta 80, 9th floor
Zagreb, HR – 10 000
Croatia
Attention: Loan Department

(iii) Electronic Delivery (subsection 3.4) The World Bank may permit the Recipient to electronically deliver to the World Bank Applications (with supporting documents) through the World Bank's Client Connection, web-based portal. The option to deliver Applications to the World Bank by electronic means may be effected if: (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials ("SIDC") from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection (<https://clientconnection.worldbank.org>). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) Terms and Conditions of Use of SIDC to Process Applications. By designating officials to use SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of SIDC") provided in Attachment 3; and (b) to cause such official to abide by those terms and conditions.

(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications is USD 50,000.

(vi) Advances (sections 5 and 6).

- **Type of Designated Account (subsection 5.3):** Segregated.
- **Currency of Designated Account (subsection 5.4):** USD.
- **Financial Institution at which the Designated Account Will Be Opened (subsection 5.5):** Banca Sociala SA.

- ***Ceiling (subsection 6.1):*** USD 300,000.

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- ***For requests for Reimbursement:***
 - Statement of Expenditure in the form attached (Attachment 4);
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 5); and
- ***For reporting eligible expenditures paid from the Designated Account:***
 - Statement of Expenditure in the form attached (Attachment 4);
 - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts that are subject to the World Bank's prior review, in the form attached (Attachment 5); and
 - A reconciliation of the Designated Account, in the form attached (Attachment 6), with a copy of the bank statement.
- ***For requests for Direct Payment:*** records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

(ii) Frequency of Reporting Eligible Expenditures Paid from the Designated Account (subsection 6.3): Quarterly or more often if required.

IV. Other Important Information

For additional information on disbursement arrangements, please refer to the Disbursement Handbook available on the World Bank's public website at <https://www.worldbank.org> and its secure website "Client Connection" at <https://clientconnection.worldbank.org>. Print copies are available upon request.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (<https://clientconnection.worldbank.org>). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be effected. For more information about the website and registration arrangements, please contact the World Bank by email at clientconnection@worldbank.org.

If you have any queries in relation to the above, please contact a Finance Officer at LOA-TF@worldbank.org using the above reference.

Yours sincerely,



Qimiao Fan
Country Director
Ukraine, Belarus and Moldova
Europe and Central Asia

Attachments

1. *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006
2. Form for Authorized Signatures
3. *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation*, dated March 1, 2013
4. Form of Interim Financial Report or Statement of Expenditure
5. Form of Payments Against Contracts Subject to the World Bank's Prior Review
6. Designated Account Reconciliation Statement

Form of Authorized Signatory Letter

[Letterhead]
Ministry of Finance
[Street address]
[City] [Country]

[DATE]

The World Bank
Str. Puskin 20/1
MD – 2012, Chisinau
Republic of Moldova

Attention: Country Director

Dear Country Director:

Re: PHRD Technical Assistance Grant No. TF014855
Integration of Children with Disabilities into Mainstream Schools Project

I refer to the Grant Agreement ("Agreement") between the International Development Association ("World Bank"), acting as administrator of grant funds provided by Japan ("Donor"), under the Policy and Human Resources Development (PHRD), and the Republic of Moldova ("Recipient"), dated August 6, 2013 providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal [and applications for a special commitment] under this Grant.

For the purpose of delivering Applications to the World Bank, ²[each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting ³[individually] ⁴[jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

⁵[This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to

¹ Instruction to the Recipient when sending this letter to the World Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. *Please delete this footnote in final letter that is sent to the World Bank.*

² Instruction to the Recipient: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. *Please delete this footnote in final letter that is sent to the World Bank.*

³ Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the World Bank.*

⁴ Instruction to the Recipient: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. *Please delete this footnote in final letter that is sent to the World Bank.*

the World Bank by electronic means. In full recognition that the World Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the *Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation* ("Terms and Conditions of Use of SIDC"), the Recipient represents and warrants to the World Bank that it will cause such persons to abide by those terms and conditions.]

This Authorization replaces and supersedes any Authorization currently in the World Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

[Name], [position] Specimen Signature: _____

Yours truly,

/ signed /

[Position]

⁵ Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Secure Identification Credentials and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. *Please delete this footnote in final letter that is sent to the World Bank.*

**Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation**

March 1, 2013

The World Bank (Bank)¹ will provide secure identification credentials (SIDC) to permit the Borrower² to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.
2. Each Signatory must register as a user on the Bank's Client Connection (CC) website (<https://clientconnection.worldbank.org>) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC.

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

¹ "Bank" includes IBRD and IDA.

² "Borrower" includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.

The World Bank
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
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Cable Address: INTBAFRAD
Cable Address: INDEVAS

August 6, 2013

Mr. Boris Popadiuc
Executive Director
Moldova Social Investment Fund
124, Stefan cel Mare Street, MD - 2001
Chisinau
Republic of Moldova

Re: **Republic of Moldova: PHRD Technical Assistance for the Integration of Children with Disabilities into Mainstream Schools Project (Grant No. TF014855)**
Additional Instructions: Disbursement

Dear Mr. Popadiuc:

I refer to the Letter Agreement ("Agreement") between the International Development Association ("World Bank"), acting as administrator of grant funds provided by Japan ("Donor") under the Policy and Human Resources Development (PHRD), and the Republic of Moldova ("Recipient") for the above-referenced project, dated August 6, 2013. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant No. TF014855 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached *World Bank Disbursement Guidelines for Projects*, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Grant:

- Reimbursement
- Advance
- Direct Payment

(ii) Disbursement Deadline Date (subsection 3.7). The Disbursement Deadline Date is 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.


(iii) Disbursement Conditions (subsection 3.8). Please refer to the Disbursement Condition(s) in the Grant Agreement.

II. Withdrawal of Grant Proceeds

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date specified by the World Bank in accordance with Section 5.02 of the Annex to this Agreement.


Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By 
Qimiao Fan
Country Director
Ukraine, Belarus and Moldova
Europe and Central Asia Region

AGREED:

REPUBLIC OF MOLDOVA
(Represented by the Moldova Social Investment Fund)

By: 
Authorized Representative

Name: Boris Popadiuc

Title: Executive Director, MSIF

Date: August 6, 2013

Enclosures:

- (1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012.
- (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.

PHRD Technical Assistance Grant No. TF014855
ANNEX

Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement; and the below additional terms have the following meanings:

(a) "Beneficiary" means a community with hub-schools selected in accordance with criteria and procedures set forth in the Operational Manual to which a Sub-grant is made or proposed to be made from the proceeds of the Grant to carry out a Pilot Sub-project under Part 2 of the Project; and "Beneficiaries" means, collectively, the plural thereof.

(b) "Environmental Management Framework" or "EMF" means the environmental guidelines acceptable to the World Bank, as published on October 3, 2004, and made publicly available on the website <http://web.worldbank.org>, which contains, *inter alia* the environmental protection measures in respect of the Project, including: (i) measures for chance findings of physical cultural property; (ii) protection of natural habitats and pest management; (iii) guidelines for the identification of existing environmental conditions and potential direct and indirect environmental impacts resulting from the carrying out of the Project (including Pilot Sub-projects); (iv) guidelines for the carrying out of environmental assessments and the preparation of environmental management plans, when applicable; (v) the recommendation of mitigation measures for each negative impact identified; and (vi) measures for enhancing each identified positive impacts; as it may be amended from time to time with the World Bank's prior approval.

(c) "ME" means the Recipient's Ministry of Education or any successor thereto.

(d) "MLSPF" means the Recipient's Ministry of Labor, Social Protection and Family or any successor thereto.

(e) "MSIF's National Board" means the board established through the Recipient's Decision No. 149 dated March 14, 2011.

(f) "MSIF" means the Moldova Social Investment Fund an autonomous public interest agency, established by the Recipient to contribute to poverty alleviation in rural communities and among disadvantaged groups pursuant to the Recipient's Decision No. 468 of May 19, 1997, as amended to the date of this Agreement.

(g) "NPDIE" means National Program for the Development of Inclusive Education, a program which aims at including children with disabilities and special educational needs in mainstream schools approved by the Recipient's Regulation No. 523, dated July 11, 2011, as amended to the date of this Agreement.

(h) "Operating Costs" means reasonable recurrent expenditures incurred by the Recipient, through MSIF, required for the implementation of the Project, including consumable materials and supplies, communications, mass media and printing services, vehicle rental, operation and maintenance, charges for the opening and operation of bank accounts required for the Project, and travel, lodging and per diems, salaries of staff working on the Project but excluding salaries of officials of the Recipient's civil service; and any other reasonable expenditures as may be agreed upon by the World Bank.

(i) "Operational Manual" means the manual adopted by the Recipient, through MSIF's National Board on June 18, 2004, updated for purposes of this Grant in a manner acceptable to the World Bank, and referred to in Section 2.03 (a) of this Agreement, as the same may be amended from time to time with the agreement of the World Bank.

(j) "Pilot Sub-project" means a specific Pilot Sub-project consisting of eligible investment including, *inter alia*: (i) rehabilitation and refurbishment of school facilities by constructing ramps for wheelchairs, installing hand rails, and modifying doors and toilets; (ii) engineering and architectural studies for the rehabilitation and refurbishment of school facilities; (iii) training to teachers and parents; and (iv) community education, and said Pilot Sub-projects shall be selected in accordance with the eligibility criteria and procedures set forth in the Operational Manual; and "Pilot Sub-projects" means, collectively, the plural thereof.

(k) "Sub-grant Agreement" means the agreement under terms and conditions satisfactory to the World Bank as specified in the model Sub-grant Agreement set forth in the Operational Manual to be entered into between the Recipient, through MSIF and each Beneficiary, such agreement to provide, *inter alia*, for the responsibility of the Beneficiary in the implementation of Part 2 of the Project; and "Sub-grants Agreements" means, collectively, the plural thereof.

(l) "Sub-grant" means a grant made or proposed to be made by the Recipient, through MSIF, to a Beneficiary, subject to specific terms and conditions set forth in the Sub-grant Agreement pursuant to Section 2.03 (c) of this Agreement, for the carrying out of a Pilot Sub-project under Part 2 of the Project and "Sub-grants" means, collectively, the plural thereof.

(m) "Supervisory Board" means the board referred to under Section 2.03 (f) of this Agreement and comprising representatives of *inter alia*, the ME, MLSPF, UNICEF-Moldova and members of civil society organizations.

(n) "Training" means expenditures incurred by the Recipient, through MSIF to conduct training, including purchase and publication of materials, rental of facilities, course fees, and travel and subsistence of trainees.

(o) "UNICEF-Moldova" means the United Nations Children's Fund office in the Recipient's territory.

Article II

Project Execution

2.01. ***Project Objectives and Description.*** The objective of the Project is to demonstrate through pilot activities that local governments can successfully apply national policies that promote integration of children with disabilities into the mainstream education system. The Project consists of the following parts:

Part 1: District-Level Planning

(a) Carrying out an informational campaign on the NPDIE in all districts of the Recipient's territory and selecting districts to receive assistance in planning for implementing the NPDIE.

(b) Preparing plans for the implementation of the NPDIE, said plans to include, *inter alia*, information on: (i) number of children with disabilities in the selected districts; (ii) solutions for rehabilitating hub-schools' infrastructure; and (iii) teachers' training and allocation of resources to support teachers.

(c) (i) Preparing a list of criteria for selecting Beneficiaries; and (ii) selecting about twenty (20) Beneficiaries within the selected districts to receive Sub-grants for the carrying out of Pilot Sub-projects.

Part 2: Demonstration Pilot Sub-projects

Carrying out Pilot Sub-projects, aimed at integrating children with disabilities into mainstream schools, based on the plans prepared under Part 1 (b) above.

Part 3: Project Management, Monitoring and Evaluation, and Dissemination

Supporting Project implementation including: (a) Project management, procurement, financial management, audits, monitoring and evaluation; and (b) carrying out workshops and public events to disseminate the Project's results.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through MSIF, shall carry out the Project in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"); (c) this Article II; (d) the Operational Manual; and (e) the EMF.

2.03. Institutional and Other Arrangements. (a) For the purposes of carrying out the Project, the Recipient, through MSIF, shall update and maintain throughout Project implementation an operational manual (the "Operational Manual") in form and substance satisfactory to the World Bank, therein setting forth rules, methods, guidelines, standard documents and procedures for the carrying out of the Project, including the following:

- (i) the detailed description of: (A) Project activities; and (B) institutional arrangements in respect thereof;
- (ii) the administrative, financial, accounting, auditing, procurement and disbursement procedures for the implementation of the Project including the relevant standard documents;
- (iii) the plan for the training activities under the Project;
- (iv) the plan for the monitoring, evaluation and supervision of the Project, including the performance indicators;
- (v) the eligibility criteria and procedures for the selection of districts;
- (vi) the eligibility criteria for the provision of Sub-grants;

- (vii) the model form of the Sub-grant Agreement;
- (viii) the EMF; and
- (ix) the procedural arrangements for the selection, implementation, supervision and evaluation of Pilot Sub-projects.

(b) The Operational Manual may only be amended from time to time in consultation with, and after approval of, the World Bank. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

(c) After having selected a Pilot Sub-project in accordance with the guidelines and procedures set forth in the Operational Manual, the Recipient, through MSIF, shall transfer on a grant basis, a portion of the Grant proceeds to the Beneficiary pursuant to an agreement (the Sub-grant Agreement) on terms and conditions acceptable to the World Bank which shall follow the model set forth in the Operational Manual, including, *inter alia*:

(i) the obligation of the Beneficiary to:

- (A) carry out the Pilot Sub-projects with due diligence and efficiency in accordance with the terms of the Operational Manual, the Anti-Corruption Guidelines, the EMF and this Agreement;
- (B) implement the Project in accordance with the EMF; (2) adopt the procedures detailed in said EMF for environmental screening, evaluation, implementation and monitoring of the works under the Pilot Sub-projects, including the procedures for the preparation of environmental management plans, when applicable; and (3) implement and/or cause to be implemented the pertinent environmental management plan, in accordance with its terms and in a manner acceptable to the World Bank.
- (C) procure the goods and services necessary for carrying out the Pilot Sub-projects in accordance with Section 2.07 of this Agreement;
- (D) provide all such information as the World Bank, the Recipient or MSIF shall reasonably request on the implementation of the Pilot Sub-projects; and
- (E) prepare records and accounts adequate to reflect the operations of the Pilot Sub-projects.

(ii) the obligation of the Recipient, through MSIF, to:

- (A) supervise the carrying out by the Beneficiary of its obligations, pursuant to the Sub-grant Agreement; and
- (B) take remedial actions (including restitution of funds) against the Beneficiary in case the Beneficiary shall have failed to comply with its obligations under the respective Sub-grant Agreement.

(d) The Recipient, through MSIF, shall exercise its rights and carry out its obligations under each Sub-grant Agreement in such manner as to protect the interests of the Recipient, through MSIF and the World Bank and to accomplish the purposes of the Grant; and except as the World Bank shall otherwise agree, the Recipient, through MSIF shall not assign, amend, abrogate, repeal, terminate, waive or fail to enforce any Sub-grant Agreement or any provision thereof.

(e) The Recipient, through MSIF, shall: (i) implement the Project in accordance with the EMF; (ii) adopt the procedures detailed in said EMF for environmental screening, evaluation, implementation and monitoring of the works under the Pilot Sub-projects, including the procedures for the preparation of environmental management plans, when applicable; and (iii) implement and/or cause to be implemented the pertinent environmental management plan, in accordance with its terms and in a manner acceptable to the World Bank.

(f) The Recipient, through MSIF, shall not later than thirty (30) days after the Effective Date: (i) update and adopt the Operational Manual; and (ii) establish and thereafter maintain throughout the duration of the Project, a Supervisory Board, with a structure, functions and responsibilities acceptable to the World Bank as set forth in the Operational Manual. The Supervisory Board shall, *inter alia*: (i) provide specific policy guidance lines and address identified issues and constraints in respect of Project implementation; and (ii) oversee Project implementation.

2.04. Donor Visibility and Visit. (a) The Recipient, through MSIF, shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donor's support for the Project.

(b) For the purposes of Section 2.09 of the Standard Conditions, the Recipient, through MSIF shall, upon the World Bank's request enable the representatives of the Donor to visit any part of the Recipient's territory for purposes related to the Project.

2.05. Project Monitoring, Reporting and Evaluation. (a) The Recipient, through MSIF, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The Recipient, through MSIF, shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.06. Financial Management. (a) The Recipient, through MSIF, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient, through MSIF, shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty-five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient, through MSIF, shall have the Project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each such audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.07. Procurement

(a) General. All goods, works, non-consulting services and consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

- (i) Section I of the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Procurement Guidelines"), in the case of goods, works and non-consulting services;
- (ii) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants' services; and
- (iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient, through MSIF, for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods, Works and Non-consulting Services

- (i) Except as otherwise provided in sub-paragraph (ii) below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of National Competitive Bidding subject to the following additional provisions which shall apply to all goods and non-consulting services procured for the Project under contracts awarded on the basis of National Competitive Bidding:
 - (A) Eligibility: Eligibility to participate in a procurement process and to be awarded a World Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the World Bank for reasons other than those provided in Section I of the Procurement Guidelines.

- (B) Registration of Contractors and Suppliers: Registration shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a reasonable opportunity to register, with the reasonable cooperation of the Recipient, through MSIF, prior to contract signing.
- (C) Bidding Documents: Bidding documents acceptable to the World Bank shall be used, and shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.
- (D) Qualification: Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a "pass or fail" basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder's or prospective bidder's capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant (iii) capability of construction and/or manufacturing facilities.
- (E) Prequalification procedures and documents acceptable to the World Bank shall be used for large, complex and/or specialized works. The verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with the bidder's capability with respect to personnel and equipment.
- (F) In the procurement of goods where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.
- (G) Cost Estimate: The detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the World Bank's prior written concurrence.
- (H) Bid Submission and Bid Opening: Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to bidders unopened. A copy of the bid opening minutes shall be

promptly provided to all bidders who submitted bids, and to the World Bank with respect to contracts subject to the World Bank's prior review.

- (I) Bid Evaluation: Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation.
- (J) No domestic preference shall be granted in bid evaluation on the basis of bidder nationality, origin of goods or services, and/or preferential programs.
- (K) Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents, and (ii) to offer the lowest-evaluated cost. No negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted. A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.
- (L) Rejection of All Bids and Re-bidding: All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the World Bank's prior written concurrence.
- (M) Bid Validity: The bid validity period required by the bidding documents shall be sufficient to account for any period that may be required for the approval and registration of the contract as contemplated in the Public Procurement Law. If justified by exceptional circumstances, an extension of bid validity may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the registration process; a corresponding extension of any bid guarantee also shall be required in such cases. A Bidder may refuse the request for extension of bid validity without forfeiting its bid guarantee. No further extensions shall be requested without the prior written concurrence of the World Bank.
- (N) Guarantees: Guarantees shall be in the format included in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made to without a suitable advance payment guarantee.

- (O) Fraud and Corruption: The bidding documents and contract as deemed acceptable by the World Bank shall include provisions stating the World Bank's policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.
- (P) Inspection and Audit Rights: In accordance with the Procurement Guidelines, each bidding document and contract financed out of the proceeds of the Grant shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the World Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the World Bank. Acts intended to materially impede the exercise of the World Bank's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Procurement Guidelines.
- (Q) Contract Modifications: With respect to contracts subject to the World Bank's prior review, the Recipient, through MSIF, shall obtain the World Bank's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than 15 percent; or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the World Bank.

- (ii) The following methods, other than National Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts which are specified in the Procurement Plan: (A) Shopping; (B) Direct Contracting; and (C) Community Participation procedures which have been found acceptable to the World Bank.

(d) Particular Methods of Procurement of Consultants' Services

- (i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.
- (ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Selection under a Fixed Budget; (B) Least Cost Selection; (C) Selection based on Consultants' Qualifications; (D) Single-source Selection of consulting firms; (E) Selection of Individual

Consultants; and (F) Single-source procedures for the Selection of Individual Consultants.

- (e) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

Article III Withdrawal of Grant Proceeds

3.01. **Eligible Expenditures.** The Recipient, through MSIF, may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant ("Category"), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, consultants' services, Training and Operating Costs under Part 1 and Part 3 of the Project	690,000	100%
(2) Goods, works, consultants' services and Training for Sub-grants under Part 2 of the Project	2,170,000	100%
TOTAL AMOUNT	2,860,000	

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made:

(a) for payments made prior to the date of countersignature of this Agreement by the Recipient; or

(b) under Category 2 of the Project until and unless the first Sub-grant Agreement referred to in Section 2.03 (c), acceptable to the World Bank, shall have been executed.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is July 30, 2016.

Article IV Additional Remedies

4.01. ***Additional Event of Suspension.*** The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following, namely, the Recipient's Decision No. 468 dated May 19, 1997, has been amended, suspended, abrogated, repealed or waived so as to, in the opinion of the World Bank, affect materially and adversely the ability of the Recipient, through MSIF, to perform any of its obligations under this Agreement.

Article V Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized by all necessary governmental actions.

5.02. Except as the Recipient and the World Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 of this Annex ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

5.03. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date sixty (60) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article IV Recipient's Representative; Addresses

6.01. ***Recipient's Representative.*** The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is MSIF's Executive Director.

6.02. ***Recipient's Address.*** The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Moldova Social Investment Fund
124, Stefancel Mare Street
Chisinau, MD-2001
Republic of Moldova
Facimile: 373 22 275320

6.03. ***World Bank's Address.*** The World Bank's Address referred to in Section 7.01 of the Standard Conditions is:

International Development Association
1818 H Street, N.W.

Washington, D.C. 20433
United States of America

Cable:

Telex:

Facsimile:

INDEVAS
Washington, D.C.

248423 (MCI) or
64145 (MCI)

1-202-477-6391

2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the Signatory will access CC using his/her account name and CC Password and register his/her Physical Token and set a personal identification number (PIN) to be used in connection with the use of his/her Physical Token, after which the Physical Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used, the Signatory will access CC using his/her account name and CC Password and set a personal identification number (PIN) to be used in connection with the use of his/her Soft Token, after which the Soft Token will be initialized for use by the Signatory exclusively for purposes of delivering Applications. Upon initialization of the SIDC, the Signatory will be a "SIDC User". The Bank will maintain in its database a user account (Account) for each SIDC User for purposes of managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any access to the Account.
3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other use of the SIDC is prohibited.
2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the SIDC User, other representatives of the Borrower, or third parties.
3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such representation and warranty being expressly relied upon by the Bank in granting SIDC) that each SIDC User understands and will abide by, these Terms and Conditions of Use, including without limitation the following:
 4. ***Security***
 - 4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written or other form.
 - 4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application to the Bank.
 - 4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout properly can create a route into the system that is unprotected.
 - 4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. ***Reservation of Right to Disable SIDC***

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User's Account or both.

6. ***Care of Physical Tokens***

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at <http://www.rsa.com>.

7. ***Replacement***

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User's Account.

**Payments Made during Reporting Period
Against Contracts Subject to the Bank's Prior Review**

Contract Number	Supplier	Contract Date	Contract Amount	Date of WB's Non Objection to Contract	Amount Paid to Supplier during Period	WB's Share of Amt Paid to Supplier during Period

DESIGNATED ACCOUNT RECONCILIATION STATEMENT

LOAN/CREDIT/PPF/COFINANCIER NUMBER _____

ACCOUNT NUMBER _____ WITH (BANK) _____

1. TOTAL ADVANCED BY WORLD BANK (OR COFINANCIER) \$ _____
2. LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK - \$ _____
3. EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE SPECIAL ACCOUNT (NUMBER 1 LESS NUMBER 2) = \$ _____

4. BALANCE OF SPECIAL ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE _____ \$ _____
5. PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION NO. _____ + \$ _____ *
6. PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED REASON: _____ + \$ _____ *
7. PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE OF BANK STATEMENTS

APPLICATION NO.AMOUNT *

SUBTOTAL OF PREVIOUS
APPLICATIONS NOT YET CREDITED

+ \$ _____

8. MINUS: INTEREST EARNED - \$ _____ *
9. TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9) = \$ _____

10. EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:

11. DATE: _____

SIGNATURE: _____

TITLE: _____