

FINANCING AGREEMENT

Special Conditions

The European Commission, hereinafter referred to as "**the Commission**", acting on behalf of the European Union, hereinafter referred to as "**the EU**",

of the one part, and

the Government of Moldova, hereinafter referred to as "**the Beneficiary**",

of the other part,

have agreed as follows:

ARTICLE 1 – NATURE AND PURPOSE OF THE OPERATION

1.1. The EU shall contribute to the financing of the following programme:

CRIS decision number: ENPI/2013/024-401

Title: **Confidence Building Measures**

hereinafter referred to as the programme, which is described in the Technical and Administrative Provisions.

1.2 This programme shall be implemented in accordance with this Financing Agreement and the annexes thereto.

ARTICLE 2 – TOTAL ESTIMATED COST AND THE EU'S FINANCIAL CONTRIBUTION

2.1 The total cost of the programme is estimated at 28 000 000 euro.

2.2 The EU undertakes to finance a maximum of 28 000 000 euro. The breakdown of the EU's financial contribution into budget headings is shown in the budget included in the Technical and Administrative Provisions.

ARTICLE 3 – THE BENEFICIARY'S CONTRIBUTION

3.1 The Beneficiary undertakes to co-finance the programme with zero euro.

3.2 Where there is a non-financial contribution by the Beneficiary, detailed arrangements for the delivery of such contribution shall be set out in the Technical and Administrative Provisions.

ARTICLE 4 – IMPLEMENTATION

4.1 By derogation to Article 3 of the General Conditions, the programme shall be implemented by the Commission acting for and on behalf of the Beneficiary.

4.2 The following clauses of the General Conditions shall not be applicable: Articles 1.3, 5, 6, 7, 8.2, 8.3, 11, 16.2, 17, 19.4, 20.6, 22.3, 22.4 and 22.6.

4.3 The following clauses of the General Conditions shall be replaced by the following:

4.3.1 Article 2.2: Wherever there is a risk of overrunning the global amount set in the Financing Agreement, the Commission may either scale down the project/programme or draw on the Beneficiary's own resources, after its approval, or on other non-EU resources.

4.3.2 Article 2.3: If the project/programme cannot be scaled down, or if the overrun cannot be covered by other resources including those of the Beneficiary, the Commission may decide to grant additional EU financing. Should it take such a decision, the excess costs shall be financed, without prejudice to the relevant EU rules and procedures, by the release of an additional financial contribution to be set by the Commission.

4.3.3 Article 18.1: Every project/programme financed by the EU shall be subject to the appropriate communication and information operations. These operations shall be defined with the approval of the Commission.

4.3.4 Article 19.1: The Beneficiary shall take appropriate measures to prevent irregularities and fraud and, on request of the Commission, bring prosecutions to recover funds wrongly paid. The Beneficiary shall inform the Commission of any measure taken.

4.3.5 Article 19.3: The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities or fraud.

ARTICLE 5 – PERIOD OF EXECUTION

5.1 The period of execution of the Financing Agreement as defined in Article 4 of the General Conditions shall commence on the entry into force of the Financing Agreement and end **72 months** after this date.

5.2 The duration of the operational implementation phase is fixed at **48 months**.

5.3 The duration of the closure phase is fixed at **24 months**.

ARTICLE 6 – ADDRESSES

All communications concerning the implementation of this Financing Agreement shall be in writing, refer expressly to the programme and be sent to the following addresses:

a) **for the Commission**

Mr Pirkka TAPIOLA
Head of EU Delegation to the Republic of Moldova
Kogalniceanu street 12
MD-2001, Chisinau
Republic of Moldova

b) **for the Beneficiary**

Mr Iurie LEANCA
Prime Minister of the Republic of Moldova
1, Piata Marii Adunari Nationale
MD-2001, Chisinau
Republic of Moldova

ARTICLE 7 – ANNEXES

7.1 The following documents shall be annexed to this Financing Agreement and form an integral part thereof:

Annex I: General Conditions

Annex II: Technical and Administrative Provisions

7.2 In the event of a conflict between the provisions of the Annexes and those of the Special Conditions of the Financing Agreement, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex I and those of Annex II, the provisions of Annex I shall take precedence.

ARTICLE 8 – OTHER SPECIAL CONDITIONS APPLYING TO THE PROGRAMME

8.1 The General Conditions are supplemented by the following:

8.1.1 Article 8.1 shall be supplemented by the following paragraph:

For the components of this Financing Agreement implemented under Joint Management the procedures of the delegated body will apply.

ARTICLE 9 – ENTRY INTO FORCE OF THE FINANCING AGREEMENT

The Financing Agreement shall enter into force on the date on which the Commission receives a notification from the Beneficiary confirming the completion of the internal procedures of the Beneficiary necessary for its entry into force. The Financing Agreement will not enter into force if such a notification is not received by the Commission by 31 December 2014.

Done in two original copies in English, one copy being handed to the Commission and one to the Beneficiary.

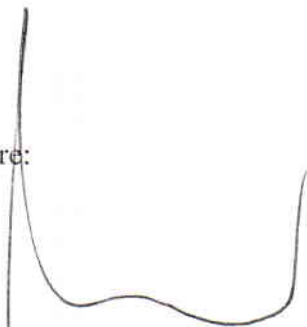
FOR THE COMMISSION

FOR THE BENEFICIARY

Michael A. KÖHLER
Director Neighbourhood
Directorate-General for Development
and Cooperation – EuropeAid

Iurie LEANCA
Prime Minister
Government of the Republic of Moldova

Signature:



Date:

28.2.2014

Signature:



Date:

26.3.2014

ANNEX II TO FINANCING AGREEMENT N° ENPI/2013/024-401

TECHNICAL AND ADMINISTRATIVE PROVISIONS

BENEFICIARY COUNTRY / REGION	The Republic of Moldova		
REQUESTING AUTHORITY	The Government of the Republic of Moldova		
BUDGET HEADING	21 03 51 00		
TITLE	Confidence Building Measures		
TOTAL COST	EU contribution: EUR 28 000 000		
AID METHOD/ MANAGEMENT MODE	Project approach Non-Decentralised management Direct centralised management / Joint management		
DAC-CODE	15220	SECTOR	Civilian peace building, conflict prevention and resolution

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1. DESCRIPTION

The overall objective of the programme is to facilitate the settlement of the Transnistrian issue by increasing confidence between Chisinau and Tiraspol through joint initiatives involving local authorities, civil society organisations and other stakeholders from both sides of the river. The action also aims at fostering technical dialogue (Working Groups) and approximation between the Right and Left banks in the event of a significant rapprochement.

An initial logical framework is attached. It may be updated or adapted without an amendment to the financing agreement as long as these modifications do not change the objectives of the programme.

1.1. Objectives

The **overall objective** is to contribute to the peaceful settlement of the Transnistrian conflict and promote confidence building in the Republic of Moldova.

The **specific objectives** are

- To contribute to economic, social and sectoral rapprochement between the two banks of the Nistru River.
- To foster civil society development and help establishing cross-river platforms for cooperation.
- To assist the relevant authorities involved in the settlement process and to foster functioning technical dialogue mechanisms in relation to the existing working groups.
- To empower local actors in Gagauzia in order to enable them to implement and monitor development priorities in cooperation with Moldovan central authorities.
- To progressively include Transnistria in Moldovan-wide development initiatives.

Considering the specificity of the region, good governance, gender equality and human rights as well as sustainable development are promoted throughout the activities proposed within the new Confidence Building Measures (CBM) package.

1.2. Expected results

- Economic exchanges and sectoral cooperation initiatives have been enhanced between the two sides of the Dniester/Nistru River.
- Capacity of civil society in the Transnistrian region has increased; joint platforms for cooperation have been established between NGOs from both banks.
- Chisinau authorities and Tiraspol de facto administration have developed concrete roadmaps for sectoral approximation/reintegration and are sufficiently equipped in know-how and expertise.

- ATU Gagauzia has elaborated a clear regional development strategy and is progressively integrated in national-wide development policy.
- Transnistria is fully involved in Moldovan-wide initiatives in the fields of health and migrations for which approximation processes have been engaged.

1.3. Activities and implementation timetable

Component I: Sectoral confidence building measures and infrastructures projects

This component builds on the previous successful initiatives – implemented by United Nations Development Programme (UNDP) and benefiting from UN agencies pool of sectoral expertise – which provide a clear potential for confidence building in Transnistria and in the Security zone. This component will help materializing high level rapprochement initiatives, both in terms of infrastructures and establishment of networks. This component also takes into consideration the opportunities offered by the Deep and Comprehensive Free Trade Area (DCFTA) negotiations and by the establishment of the Dniester Euroregion. It is broken down as follows:

a) Business development

The goal of business development projects is to stimulate sustainable economic development while promoting cooperation between economic actors and creating platforms for stakeholders from both sides to interact. In particular, it will promote support to business activities (cooperation between business associations from both banks, participation to joint business events), stimulate business development services (establishment of an enterprise support centre, certification of business consultants and capacity building for specialized business consultants from both banks) and promote a culture of entrepreneurship in the Transnistrian region, in cooperation with business and education specialists. Based on the feasibility study conducted under the on-going CBM programme, a microfinance facility for small and medium enterprises (SMEs), accompanied by a clear exit strategy, will be established to promote economic cohesion of both banks and address one other key shortcoming, lack of accessible funding.

b) Social and community infrastructure, transports, environment

Handled in a non-political, development-focused way, the infrastructure component has proved efficient and sustainable from the viewpoint of confidence-building during the previous phases, generating community involvement and fostering closer links between the banks. This component will be enhanced and will focus heavily on the Security zone and on issues and community problems that have a high confidence-building potential. This includes social institutions, kindergartens, schools, hospitals, the transport sector (e.g. bridges), water and waste management systems, as well as and other social institutions that are used by both sides and where both sides have an interest in working together to enhance their functionality. Projects will be selected on the basis of competition, and priority will be accorded to projects in which communities from both banks work in a partnership. To tackle the lack of reliable data from the Left bank, cooperation between statistics offices from Chisinau and Tiraspol will also be encouraged throughout.

Component II: Support to civil society

This component builds on and expands civil society related activities implemented under the CBM programme approved with the AAP 2011. Considering the sensitive nature of this

cooperation and the visibility potential it entails, this component will be managed through direct centralised management via a call for proposals.

The priorities of the call will focus primarily on promoting cross-river exchanges and capacity building, by encouraging sustainable partnerships. In order to further promote capacity building and support grassroots organisations, the call will also include the possibility for sub-granting.

Taking into account the recent opening of the de facto authorities on the Left bank to explore new areas of cooperation, the scope of the call will be designed for reconciliation, rapprochement and harmonization in a wide fashion to cover joint initiatives and encourage the creation of platforms of cooperation in the following fields: human rights, media and journalism, education, social sector and persons with disabilities, gender, business development, consumer protection, environment, health, arts, sports, culture.

Component III: Support to the technical dialogue and the Working Groups

Based on the Technical Assistance (TA) which is currently provided to the Bureau for Reintegration¹ in the framework of the 2011 CBM programme, this component will further develop the following activities:

- Information/media campaign on the Transnistrian settlement – to provide communities on the Right bank as well as in the Transnistrian region with information aimed at objectively depicting the issues at stake, the benefits of reintegration, the need for cooperation, stereotype-breaking as well as the EU involvement. This action could also include a component on training/capacity enhancement for local media.
- Studies on the impact and financial implications of reintegration – to support the conflict resolution process with providing analysis of the costs and benefits of the full reintegration of the population of the left bank (for example the consequences on the health and social protection system etc.). The studies will also include a sectoral data collection component.
- Technical assistance facility: continued support for the “Working Groups on Confidence Building” – to provide timely expertise on the issues commonly agreed by the two sides: economic cooperation, banking systems, customs, statistics, standards and norms, transport, telecommunication, visa liberalization dialogue and these activities’ impact on the Transnistrian region.
- The Technical Dialogue Initiative: should prolong and transform the on-going Dialogue programme (AAP 2011), which convenes actors from both banks of the Nistru to foster rapprochement at different levels (the so-called Tracks II and III diplomacy) and ends in March 2015, into a full-fledged technical dialogue articulated around the Working Groups, with the aim to feed in the technical dialogue between relevant institutions from both banks.

This component will be implemented through a service contract which will be completed by ad hoc framework contracts to provide support and expertise to the technical settlement process.

¹ “Technical assistance to the Bureau for Reintegration of the Republic of Moldova” (ENPI/2013/311-386).

Component IV: Support to regional development, local public authorities and civil society in ATU Gagauzia

a) Integration of ATU Gagauzia in the national framework for regional development

This sub-component aims at promoting economic and social development in the Gagauzia region while encouraging cooperation with Chisinau and other Moldovan local authorities. The intervention will be based on a prior diagnosis of the needs and the planning of local development strategies in the region against the current decentralization process undertaken in the country.

The intervention will support the creation of an enabling environment for regional development by building institutional capacity to implement regional development according to standards and practices in other regions (south, center and north regions), regional strategic planning support and project formulation for accessing regional development funds and define future projects through feasibility studies.

This action will be implemented through a service contract preceded by a needs-assessment study conducted under a framework contract.

b) Support to local public authorities and civil society in ATU Gagauzia

Based on the intervention exposed above and on the successful experience of cooperation with local communities in the Transnistrian region, this sub-component will provide a grant for a comprehensive action aiming at strengthening CSOs and local public authorities in Gagauzia, in partnerships with counterparts from other regions of Moldova, in order to ensure an adequate level of confidence building.

Based on these capacity building activities, the action will allow for the possibility to provide sub-granting to joint initiatives stemming from local CSOs and public authorities in order to promote good governance and socio-economic development. The sub-grant may also cover the refurbishment of small scale infrastructures (such as kindergartens, small scale sports and education facilities for youth, social centres, etc.).

The grant will be awarded through a separate lot under the call for proposals envisaged in Component II.

Component V: Transposition of sectoral programmes to Transnistria

As foreseen in the National Indicative Programme 2011-2013, a part of the funds earmarked for CBMs can be channelled to extend to Transnistria programmes that have been implemented so far in the rest of the country, provided that the implementation has given satisfaction. Under this programme, two projects have been identified which present the advantage to be rapidly transposable, non-politically sensitive and to entail a high potential for confidence building:

a) **Transposition of the project: "Supporting the implementation of the migration and development component of the EU-Moldova Mobility Partnership"**²: This project, implemented by the International Organisation for Migration (IOM) on the right bank, tackles the challenge of migrations which affects the country on both banks of the Nistru/Dniester river. The extension of its geographical scope will entail a clear confidence building potential

² (ENPI/2009/229-284).

notably through exchange of expertise, joint community initiatives and joint academic and research activities.

b) Transposition of capacity building activities in the Health Sector³: The activities implemented with World Health Organisation (WHO) under this project accompanying the AAP 2008 Health Budget Support on the right bank have been crucial in accelerating a series of complex and challenging reforms. Similar effect could be expected by scaling up the on-going initiatives to the left bank including mutual sharing of the experience with the final aim of rapprochement through harmonization of health policies, population based services and health personnel management. The area appears as non-politically sensitive while the Transnistrian de facto administration has expressed a strong interest in benefiting from Right bank Moldova's experience, setting the ground for confidence building activities and approximation.

These two projects will be transposed through ad hoc new contracts based however on the same description of the action, adapted to the specificities of the Transnistrian region and including clear provisions for confidence building activities.

An indicative operational timetable is presented in Appendix 2 to the present Technical and Administrative Provisions.

2. LOCATION AND DURATION

2.1. Location

The programme will be implemented on the entire territory of Moldova with a specific focus on Transnistria, the Security Zone and Gagauzia.

2.2. Duration

The execution period of the Agreement will be as specified in Article 5 of the Special Conditions

3. IMPLEMENTATION

3.1 Organisational set-up and responsibilities

Component I: Joint management with an international organisation
Component II: Direct centralised management (grant contracts)
Component III: Direct centralised management (service contracts)
Component IV: Direct centralised management (service and grant contracts)
Component V: Joint management with international organisations

Implementation by the European Commission

A part of this programme (**Components II, III, IV**) will be implemented by the European Commission through its Delegation in Moldova.

All contracts and payments are made by the Commission on behalf of the Beneficiary.

³ Health Sector Budget Support TA (ENPI/2010/228-860).

Component II – Grants

(a) Objectives of the grants, fields of intervention, priorities of the year and expected results.

The objective of the call is to support joint initiatives aiming to foster civil society development and help establishing cross-river platforms for cooperation.

(b) Eligibility conditions

The call will primarily focus on civil society organisations (CSOs) as well as local public authorities (LPAs) from the Transnistrian region.

(c) Essential selection and award criteria

The essential selection criteria are financial and operational capacity of the applicant. The essential award criteria are relevance of the proposed action to the objectives of the call (confidence building potential); design, effectiveness, feasibility, sustainability and cost-effectiveness of the action.

(d) Maximum rate of co-financing

The maximum possible rate of co-financing for grants under this call is 80%.

(e) Indicative trimester to launch the call

The call for proposals is expected to be launched in the second quarter of 2015.

Component III-Procurement

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Information/media campaign on the Transnistrian settlement and Technical Dialogue Initiative	Services	1	Starting from the 1 st quarter of 2015
Studies on the impact and financial implications of reintegration	Services	Demand driven – up to 5 contracts	Starting from the 1 st quarter of 2015
Technical assistance facility	Services	Demand driven – up to 5 contracts	

Component IVa - Procurement

Subject	Type	Indicative number of contracts	Indicative trimester of launch of the procedure
Integration of ATU Gaugazia in the national framework for regional development (component IVa)	Services	Up to 2	3 rd quarter of 2014

Component IVb - Grants

Component IVb "Support to local public authorities and civil society in ATU Gagauzia" will be implemented as a separate lot in the framework of the call for proposals foreseen under Component II. The call will primarily focus on civil society organisations (CSOs) as well as local public authorities (LPAs) from the Gagauz region. The call for proposals is expected to be launched in the second quarter of 2015.

Implementation by international organisations

Components I and V will be implemented by the international organisations, subject to compliance with applicable provisions of EU Financial Regulation.

Component I

Component I with the objective of contributing to economic, social and sectoral rapprochement between the two banks of the Nistru river will be implemented in joint management with UNDP Moldova, subject to compliance with applicable provisions of EU Financial Regulation. This implementation is justified because of the specific experience of UNDP in the Transnistrian region, in relation to prior EU funded confidence building measures programmes promoting infrastructures and business cooperation.

The contract is expected to be signed in second quarter of 2014 and in any case before 31 December 2014.

Component V

Component Va will be implemented in joint management with IOM Moldova, subject to compliance with applicable provisions of EU Financial Regulation. This implementation is justified because it constitutes the extension to Transnistria of a project that is being implemented by IOM in other parts of Moldova.

The contract is expected to be signed in the second quarter of 2014 and in any case before 31 December 2014.

Component Vb will be implemented in joint management with WHO Moldova, subject to compliance with applicable provisions of EU Financial Regulation. This implementation is

justified because it constitutes the extension to Transnistria of a project that is being implemented by WHO in other parts of Moldova.

The contract is expected to be signed in the second quarter of 2014 and in any case before 31 December 2014.

In due consideration of the principle of ownership, the European Commission reserves its right to change the organisation(s) indicated above or the scope of the delegation, without this necessarily requiring an amendment to the Financing Agreement. In that case, it shall consult the Beneficiary on this change and notify to it the name of the new organisation(s) and/or the scope of the task(s) delegated to them.

A **steering committee** shall be set up to oversee and validate the overall direction and policy of the project (or other responsibilities to be specified). The project steering committee shall indicatively meet twice a year.

The project steering committee shall be made up of:

- a representative of the Beneficiary Country,
- a representative of the EU Delegation to the Republic of Moldova,
- a representative of other relevant institutions involved in the settlement process.

3.2 Reporting

All programme activities will be subject to continuous monitoring against the indicators determined in the programme Monitoring Plan, which will be developed during the project inception phase, and be reviewed through monthly implementation meetings, steering committees and annual reviews.

3.3 Budget

The total programme cost is estimated at EUR 28 000 000 financed from the general budget of the European Union.

Categories	EU contribution
	EUR million
Component I: Sectoral Confidence Building Measures & Infrastructures Projects (<i>Joint management</i>)	10.0
a) Business development	2.5
b) Social and Community Infrastructure, Transports, Environment	7.5
Component II: Support to Civil Society (<i>Direct centralised management – Grant contracts</i>)	5.5
Component III: Support to the technical dialogue and the Working Groups (<i>Direct centralised management – Service contracts</i>)	4.0
Component IV: Support to regional development, local public authorities and civil society in ATU Gagauzia (<i>Direct centralised management</i>)	5.0

a) Integration of ATU Gagauzia in the national framework for regional development (Service contracts)	2.0
b) Support to local public authorities and civil society in ATU Gagauzia (Grant contracts)	3.0
Component V: Transposition of sectoral programmes to Transnistria (Joint management)	3.0
a) Transposition of the project: Supporting the implementation of the migration and development component of the EU-Moldova Mobility Partnership	1.5
b) Transposition of capacity building activities in the Health Sector	1.5
External Evaluation and Audit (Direct centralised management – service contracts)	0.5
TOTAL	28.0

4. MONITORING AND EVALUATION

4.1 Monitoring

The Commission may carry out Results Oriented Monitoring (ROM) via independent consultants, starting from the sixth month of project activities, which will be finalised at the latest 6 months before the end of the operational implementation phase.

4.2 Evaluation

- a) The Commission will carry out external evaluations via independent consultants, as follows:
 - possibly, a mid-term evaluation mission;
 - a final evaluation, at the beginning of the closing phase;
 - possibly, an ex-post evaluation.
- b) In case a mid-term evaluation mission is foreseen, the Beneficiary and the Commission shall analyse the conclusions and recommendations of the mid-term evaluation and jointly decide on the follow-up action to be taken and any adjustments necessary, including, if indicated, the reorientation of the project. The reports of the other evaluation and monitoring missions will be given to the Beneficiary, in order to take into account any recommendations that may result from such missions.
- c) The Commission shall inform the Beneficiary at least 2 weeks in advance of the dates foreseen for the external missions. The Beneficiary shall collaborate efficiently and effectively with the monitoring and/or evaluation experts, and *inter alia* provide them with all necessary information and documentation, as well as access to the project premises and activities.

5. COMMUNICATION AND VISIBILITY

The Communication and Visibility Manual for EU External Actions will apply. Particular attention will be paid to carry a similar message – both in content and intensity - on both banks of the river.

A particular emphasis will be put in promoting visibility and communication of EU funded projects, especially when these are implemented through joint management procedure.

6. APPENDICES

Appendix 1 – Logical Framework

Appendix 2 – Indicative operational timetable

Annex II to Financing Agreement ENPI/2013/024-401
Appendix 1 to Technical and Administrative Provisions – Logical Framework

INTERVENTION LOGIC	OBJECTIVELY VERIFIABLE INDICATORS	SOURCES OF VERIFICATION	ASSUMPTIONS/RISKS
<p>OVERALL OBJECTIVE</p> <p>To contribute to the peaceful settlement of the Transnistrian conflict and promote confidence building in the Republic of Moldova.</p>	<ul style="list-style-type: none"> Progress achieved at the political level in the framework of the "5+2" talks. 	<ul style="list-style-type: none"> ENP Country Progress Report 	<ul style="list-style-type: none"> Continued engagement towards the peaceful settlement of the Transnistrian conflict. Political and security environment remains satisfactory stable.
<p>PURPOSE/SPECIFIC OBJECTIVES</p> <ul style="list-style-type: none"> To contribute to economic, social and sectoral rapprochement between the two banks of the Nistru River. To foster civil society development and help establishing cross-river platforms for cooperation. To assist the relevant authorities involved in the settlement process and to foster functioning technical dialogue mechanisms in relation to the existing working groups. To empower local actors in Gagauzia in order to enable them to implement and monitor development priorities in cooperation with Moldovan central authorities. To progressively include Transnistria in Moldovan-wide development initiatives. 	<ul style="list-style-type: none"> Level of economic exchanges between the two banks of the Dniester/Nistru river Number of sectoral cross-river partnerships established Number of civil society cross-river partnerships established Number of technical decisions adopted in the framework of the Working Groups ATU Gagauzia is ready to be fully integrated in the national Moldovan development strategy The EU-funded projects " Supporting the implementation of the migration and Moldova Mobility Partnership " and "TA to the Health Sector Reform" activities cover the entire territory of Moldova 	<ul style="list-style-type: none"> ENP Country Progress Report Official data from the Ministry of Economy of the Republic of Moldova Official data from the Bureau for Reintegration of the Republic of Moldova EUBAM's reports OSCE Minutes and reports on the Working Groups Official data from the ATU Gagauzia Progress report on the regional development strategy Projects interim and narrative reports 	<p>The two sides continue to express political willingness in pursuing dialogue on technical issues.</p> <p>Economic exchanges between the two banks of the river have continued to be facilitated by Moldovan authorities.</p> <p>European integration and access to EU markets continues to serve as an incentive.</p> <p>International and Moldovan experts can work on specific projects in the Transnistrian and Gagauz regions under reasonable conditions.</p> <p>Flow of technical assistance and funding can reach Transnistria under reasonable legal and financial conditions</p>
<p>RESULTS TO BE ACHIEVED</p> <p>R.1 Economic exchanges and sectoral cooperation initiatives have been enhanced between the two sides of the Dniester/Nistru River.</p>	<ul style="list-style-type: none"> Level of economic exchanges between the two banks of the Dniester/Nistru river Number of cross-river exchanges and partnerships established in the social, health, environment and transport sectors. Number of local public authorities from Transnistria and the Security zone involved in the above mentioned activities 	<ul style="list-style-type: none"> Official data from the Ministry of Economy of the Republic of Moldova Official data from the Bureau for Reintegration of the Republic of Moldova EUBAM reports 	<ul style="list-style-type: none"> Political and economic environment have remained stable in Transnistria. Economic exchanges between the two banks of the river have continued to be facilitated by Moldovan authorities. European integration and access to EU markets continues to serve as an incentive.

Annex II to Financing Agreement ENPI/2013/024-401
Appendix 1 to Technical and Administrative Provisions – Logical Framework

<p>R.2. Capacity of civil society in the Transnistrian region has increased; joint platforms for cooperation have been established between NGOs from both banks.</p>	<ul style="list-style-type: none"> - Number of sustainable cross-river partnerships established - Number of Transnistrian NGOs involved in training and cross-river exchanges - Number of applications to EU and other donors' calls by NGOs located in Transnistria. - Number of Transnistrian NGOs participating in national and regional civil society fora (EaP Civil Society National Platform, National Participatory Council, Black Sea Civil Society Council) 	<ul style="list-style-type: none"> ▪ EU and other donors' Call for Proposals evaluation reports ▪ EaP Civil Society Forum's Activity Report ▪ Independent evaluations (Cooperation mapping etc.) 	<ul style="list-style-type: none"> ▪ Assistance and funding can reach Transnistria under reasonable legal and financial conditions ▪ Legal and administrative environment for Civil Society Organizations remains relatively conducive in Transnistria
<p>R.3 Chisinau authorities and Tiraspol de facto administration have developed concrete roadmaps for sectoral approximation/reintegration and are sufficiently equipped in know-how and expertise.</p>	<ul style="list-style-type: none"> - Number and regularity of technical meetings ("experts working groups") held. - Number of sectoral roadmaps produced and agreed at the level of the Working Groups - Number of skills-building trainings in relevant areas (conflict management, reintegration, etc.) and trainings in thematic areas of relevance for the technical working groups (transport, banking, etc.). - Wider public's awareness on the Transnistrian settlement 	<ul style="list-style-type: none"> ▪ OSCE Minutes and reports on the Working Groups ▪ Political declarations from authorities in Chisinau and in Tiraspol ▪ Opinion Polls 	<ul style="list-style-type: none"> • The two sides continue to express political willingness in pursuing dialogue on technical issues. • The Moldovan authorities remain politically and institutionally engaged to tackle conflict settlement as a priority issue.
<p>R.4 ATU Gagauzia has elaborated a clear regional development strategy and is progressively integrated in national-wide development policy.</p>	<ul style="list-style-type: none"> - Legislative and strategic decisions taken to integrate ATU Gagauzia in the national policy for regional development - Number of feasibility studies completed for socio-economic projects in the Gagauz region. - Number of initiatives launched between Gagauz local public authorities and NGOs has increased 	<ul style="list-style-type: none"> ▪ Official data from the Ministry of Regional development ▪ Project's steering committee reports ▪ Independent monitoring ▪ EU Call for Proposals (Evaluation Reports) 	<p>Political and economic environment have remained stable in ATU Gagauzia.</p>
<p>R.5 Transnistria is fully involved in Moldovan-wide initiatives in the fields of health and migration for which approximation processes have been engaged.</p>	<ul style="list-style-type: none"> - The project Supporting the implementation of the migration and development component of the EU-Moldova Mobility Partnership covers the entire territory of Moldova - The project Health Sector Budget Support Related Technical Assistance covers the entire territory of Moldova - Cross-river exchanges in the fields covered by the two projects have been established 	<ul style="list-style-type: none"> ▪ Relevant projects' reports ▪ Independent monitoring 	<p>Flow of technical assistance and funding can reach Transnistria under reasonable legal and financial conditions.</p>

Annex II to Financing Agreement ENPI/2013/024-401

Appendix 2- Indicative Implementation Timetable

Component	Year 1				Year 2				Year 3				Year 4				Year 5		Year 6	
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Year 5	Year 6		
Component I: Sectoral Confidence Building Measures & Infrastructures Projects																				
Component II: Support to Civil Society						CFP*														
Component III: Support to the technical dialogue and the Working Groups																				
Component IV: Support to regional development, local public authorities and civil society in ATU Gagauzia																				
a) <i>Integration of ATU Gagauzia in the national framework for regional development</i>																				
b) <i>Support to local public authorities and civil society in ATU Gagauzia</i>							NA**													
Component V: Transposition of sectoral programmes to Transnistria																				
a) <i>Transposition of the project: Supporting the implementation of the migration and development component of the EU-Moldova Mobility Partnership</i>																				
b) <i>Transposition of capacity building activities in the Health Sector</i>																				
Monitoring, External Evaluation and Audit																				

*CFP: Call for Proposals

**NA: Needs Assessment

ANNEX I - GENERAL CONDITIONS

TITLE I - PROJECT/PROGRAMME FINANCING

ARTICLE 1 – GENERAL PRINCIPLE

- 1.1 The EU's financial contribution shall be limited to the amount specified in the Financing Agreement.
- 1.2 The provision of the EU financing shall be subject to fulfilment of the Beneficiary's obligations under this Financing Agreement.
- 1.3 The expenditure incurred by the Beneficiary before the entry into force of the Financing Agreement is not eligible for the EU financing.

ARTICLE 2 - COST OVERRUNS AND COVERING THEM

- 2.1 Individual overruns of the budget headings of the Financing Agreement shall be dealt with by reallocating funds within the overall budget, in accordance with Article 22 of these General Conditions.
- 2.2 Wherever there is a risk of overrunning the global amount set in the Financing Agreement, the Beneficiary shall immediately inform the Commission and seek its prior approval for the corrective measures planned to cover the overrun, proposing either to scale down the project/programme or to draw on its own or other non-EU resources.
- 2.3 If the project/programme cannot be scaled down, or if the overrun cannot be covered either by the Beneficiary's own resources or other resources, the Commission may, at the Beneficiary's duly substantiated request, decide to grant additional EU financing. Should the Commission take such a decision, the excess costs shall be financed, without prejudice to the relevant EU rules and procedures, by the release of an additional financial contribution to be set by the Commission.

TITLE II - IMPLEMENTATION

ARTICLE 3 – GENERAL PRINCIPLE

The project/programme shall be implemented under the responsibility of the Beneficiary with the approval of the Commission.

ARTICLE 4 - PERIOD OF EXECUTION

- 4.1 The period of execution of the Financing Agreement shall comprise two phases:
- an operational implementation phase, in which the principal activities are carried out. This phase shall commence on the entry into force of the Financing Agreement and end with the opening of the closure phase;
 - a closure phase, during which final audits and evaluation are carried out and contracts and programme estimates for the implementation of the Financing Agreement are technically and financially closed. This phase shall end at the latest 24 months after the end of the operational implementation phase.
- 4.2 Costs related to the principal activities shall be eligible for EU financing only if they have been incurred during the operational implementation phase. Costs related to final audits and evaluation and closure activities shall be eligible up to the end of the closure phase.
- 4.3 Any balance remaining from the EU contribution will be automatically decommitted no later than six months after the end of the period of execution.
- 4.4 In exceptional and duly substantiated cases, a request may be made for the extension of the operational implementation phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the operational implementation phase and approved by the Commission before that latter date.
- 4.5 In exceptional and duly substantiated cases, and after the end of the operational implementation phase, a request may be made for the extension of the closure phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the closure phase and approved by the Commission before that latter date.

TITLE III – PAYMENTS TO BE MADE BY THE COMMISSION TO THIRD PARTIES

ARTICLE 5 -- DEADLINE FOR PAYMENTS TO BE MADE BY THE COMMISSION TO THIRD PARTIES

- 5.1 When the Commission is making payments related to contracts implementing the Financing Agreement and awarded by the Beneficiary, the Beneficiary shall undertake to provide the Commission with the payment requests or invoice no later than 15 calendar days before the payment deadline for the initial pre-financings specified in the contract. In case of further pre-financing for grants, and interim and final payments, the Beneficiary shall undertake to provide the Commission with the payment request or invoice not later than 30 calendar days before the expiry of the payment deadline specified in the contract. The Beneficiary shall notify the Commission of the date of registration of this request. The payment request is not admissible if at least one essential requirement is not met. The time limit for payments may be suspended at any time by the Commission by informing the Beneficiary, that the payment request can not be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information which puts in doubt the eligibility of expenditure appearing in a payment request, comes to the notice of the Commission the Commission may suspend the time limit for payment for the purpose of further verification, including an on-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The suspension should be communicated to the Beneficiary as soon as possible. The time limit for payment shall resume once the payment request becomes admissible.
- 5.2 The deadline referred to in paragraph 1 shall also apply when payment is conditional on approval of a report. The approval of any report is included in the payment deadline specified in the contract. To this end, the Beneficiary has to approve the report and provide the Commission with the payment request or invoice within the deadline set above in article 5.1. When the Beneficiary does not approve the report he shall send, as soon as possible, to the contractor or grant beneficiary a document formally suspending the deadline for payment and explaining the reasons for suspension. Suspension is effective from the sending of the notification. The contractor or grant beneficiary must provide clarifications, modifications or further information within 30 days of the notification. The time limit for payment begins to run again from the date on which the clarifications are registered.
- 5.3 In the event of any delay in forwarding payment requests attributable to the Beneficiary, the Commission shall not be obliged to pay the contractor the late-payment interest provided for in contracts, which will be payable by the Beneficiary. The contractor is entitled to payment of late-payment interest, unless he is a government department or public body in an EU Member State.

TITLE IV – PAYMENTS TO BE MADE BY THE BENEFICIARY TO THIRD PARTIES AND DISBURSEMENT TO BE MADE BY THE COMMISSION THROUGH PROGRAMME ESTIMATES

ARTICLE 6 – GENERAL PRINCIPLE

- 6.1 When the Beneficiary is making payments to third parties, programme estimates must be drawn up and adopted beforehand.
- 6.2 The programme estimate is a document laying down the programme of measures to be carried out and the human and material resources required, the corresponding budget and the detailed technical and administrative implementing arrangements for decentralised execution of a project/programme over a specified period by direct labour and/or by means of public procurement and/or the award of grants.
- 6.3 All programme estimates implementing the Financing Agreement must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

ARTICLE 7 - DISBURSEMENT

- 7.1 The Commission shall transfer funds no later than 45 calendar days after the date on which it registers an admissible payment request from the Beneficiary. The payment request is not admissible if at least one essential requirement is not met. The time limit for payments may be suspended by the Commission by informing the Beneficiary, at any time during the period referred to above, that the payment request can not be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information which puts in doubt the eligibility of expenditure appearing in a payment request comes to the notice of the Commission, the Commission may suspend the time limit for payment for the purpose of further verification, including an on-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The suspension should be communicated to the Beneficiary as soon as possible. The time limit for payment shall resume once the payment request becomes admissible.
- 7.2 The Commission shall make payments to a bank account denominated in euro and opened at a financial institution accepted by the Commission.
- 7.3 The Beneficiary shall guarantee that funds paid by the Commission by way of pre-financing can be identified in this bank account.

- 7.4 Transfers in euro shall, if necessary, be converted into the Beneficiary's national currency as and when payments have to be made by the Beneficiary, at the bank rate in force on the day of payment by the Beneficiary.
- 7.5 The funds paid by the Commission to this bank account shall yield interest or equivalent benefits. The Beneficiary shall notify the Commission of interest or equivalent benefits yielded by those funds at least once a year.
- 7.6 Interest or equivalent benefits yielded by the funds paid of more than two hundred fifty thousand euro shall be repaid to the Commission within 45 days of receipt of the Commission's request.
- 7.7 For a programme estimate which has not given rise to any transfer of funds within three years of its signature, the corresponding committed amount shall be decommitted.

TITLE V - AWARD OF PROCUREMENT AND GRANT CONTRACTS

ARTICLE 8 – GENERAL PRINCIPLES.

- 8.1 All contracts implementing the Financing Agreement must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the award of procurement and grant contracts , in force at the time of the launch of the procedure in question.
- 8.2 The Beneficiary shall use the language of this Financing Agreement for the award of procurement and grant contracts ,
- 8.3 In cases of decentralised contracts, the Beneficiary will inform the Commission when a candidate, tenderer or applicant is in a situation of exclusion from participation in award procedures according to the relevant provisions of the Financial Regulation applicable to the general budget of the European Union or when a contractor has been guilty of making false declarations or has made substantial errors or committed irregularities and fraud, or has been found in serious breach of its contractual obligations.

In such cases, without prejudice to the power of the Commission to exclude an entity from future procurement and grant contracts financed by the EU according to the Financial Regulation applicable to the general budget of the European Union, financial penalties to contractors mentioned in the provision on "Administrative and Financial Penalties" of the General Conditions of

decentralised contracts may be imposed to the contractors by the Beneficiary if this is allowed by its national law. Such financial penalties shall be imposed following an adversarial procedure and ensuring the right of defence of the contractor.

- 8.4 The Beneficiary undertakes to take every appropriate measure to remedy any practices of active or passive corruption whatsoever at any stage of the procedure for the award of contracts or grants. "Passive corruption" shall mean the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests. "Active corruption" shall mean the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests.

ARTICLE 9 - DEADLINE FOR THE SIGNATURE OF THE CONTRACTS IMPLEMENTING THE FINANCING AGREEMENT

- 9.1 Except for those components of this Financial Agreement implemented under Joint Management or Indirect Centralised Management, the contracts implementing the Financing Agreement shall be signed by both parties within three years of the entry into force of the Financing Agreement. That deadline may not be extended.
- 9.2 The above provision shall not apply to:
- audit and evaluation contracts, which may be signed later;
 - addenda to contracts already signed;
 - contracts concluded after early termination of an existing contract and
 - cases of change of entity charged with budget execution tasks
- 9.3 At the end of the three years of the entry into force of the Financing Agreement, any balance for which contracts have not been signed, except those referred to in Article 9.2 here above, will be decommitted
- 9.4 The above provision shall not apply to any balance of the contingency reserve.
- 9.5 A contract which has not given rise to any payment within three years of its signature shall be automatically terminated and its funding shall be decommitted.

ARTICLE 10 - ELIGIBILITY

- 10.1 Participation in invitations to tender for works, supply or service contracts and in calls for proposals shall be open on equal terms to all natural and legal persons of the Member States of the EU and, in accordance with the specific provisions in the basic acts governing the cooperation sector concerned, to all natural and legal persons of the beneficiary third countries or of any other third country expressly mentioned in those acts.
- 10.2 It may be decided, on the basis of the specific conditions laid down in the basic acts governing the cooperation sector concerned, to allow third-country nationals other than those referred to in paragraph 1 to tender for contracts.
- 10.3 Goods and supplies financed by the EU and necessary for the performance of works, supply and service contracts and procurement procedures launched by the grant beneficiaries for the execution of the action financed must originate in countries eligible to participate in the terms laid down in the previous two paragraphs, except when it is provided otherwise in the basic act.

ARTICLE 11 – PUBLICATION OF INFORMATION

- 11.1 The Beneficiary undertakes to publish each year in a dedicated and easily accessible place of its internet site the title of each contract financed by the Financing Agreement, the name and nationality of the grant beneficiary or successful tenderer as well as the amount of the corresponding grant or contract.
- 11.2 If such internet publication is impossible, the information shall be published by any other appropriate means, including the official journal of the Beneficiary. Publication shall take place during the first half of the year following the closure of the year in respect of which the contracts and grants were awarded by the Beneficiary. The Beneficiary shall communicate to the Commission the address of the place of publication and reference shall be made to this address in the dedicated place of the internet site of EuropeAid . If the information is published otherwise, the Beneficiary shall give the Commission full details of the means used.

TITLE VI - RULES APPLICABLE TO THE PERFORMANCE OF CONTRACTS

ARTICLE 12 - ESTABLISHMENT AND RIGHT OF RESIDENCE

- 12.1 Where justified by the nature of the contract the Beneficiary shall entitle natural and legal persons participating in invitations to tender for works, supply or service contracts with a provisional right of establishment and residence in the Beneficiary's territory(ies). This right shall remain valid for one month after the contract is awarded.
- 12.2 The Beneficiary shall also entitle contractors (procurement and grant contracts) and natural persons whose services are required for the performance of the contract and members of their family with similar rights during the implementation of the project/programme.

ARTICLE 13 - TAX AND CUSTOMS PROVISIONS

- 13.1 The Beneficiary shall apply to procurement contracts and grants financed by the EU the most favoured tax and customs arrangements applied to States or international development organisations with which it has relations.
- 13.2 Where a Framework Agreement is applicable, which includes more detailed provisions on this subject, these provisions shall apply as well.

ARTICLE 14 - FOREIGN EXCHANGE ARRANGEMENTS

- 14.1 The Beneficiary undertakes to authorise the import or purchase of the foreign currency necessary for the implementation of the project. It also undertakes to apply its national foreign exchange regulations in a non-discriminatory manner to the contractors allowed to participate referred to in Article 10 of these General Conditions.
- 14.2 Where a Framework Agreement is applicable, which includes more detailed provisions on this subject, these provisions shall apply as well.

ARTICLE 15 – USE OF DATA FROM STUDIES

Where the Financing Agreement involves the financing of a study, the contract related to this study, signed for the implementation of the Financing Agreement, shall govern the

ownership of that study and shall include the right for the Beneficiary and the Commission to use data in the study, to publish it or to disclose it to third parties.

ARTICLE 16 - ALLOCATIONS OF AMOUNTS RECOVERED UNDER CONTRACTS

- 16.1 Without prejudice to the responsibilities of the Beneficiary, the Commission may, in accordance with the relevant provisions of the Financial Regulation applicable to the general budget of the European Union formally establish an amount as being wrongly paid under a contract financed under this Financing Agreement and proceed to its recovery by any means.
- 16.2 Amounts recovered by the Beneficiary from payments wrongly effected, from financial guarantees lodged on the basis of procedures of award of contracts or under a contract financed under this Financing Agreement, as well as from financial penalties imposed by the Beneficiary on candidate, tenderer, contractor or grant beneficiary, shall be returned to the Commission. The damages granted to the Beneficiary shall also be returned to the Commission.

ARTICLE 17 - FINANCIAL CLAIMS UNDER CONTRACTS

The Beneficiary undertakes to confer with the Commission before taking any decision concerning a request for compensation made by a contractor and considered by the Beneficiary to be justified in whole or in part. The financial consequences may be borne by the EU only where the Commission has given its prior approval. Such prior approval is also required for any use of funds committed under the present Financing Agreement to cover costs arising from disputes relating to contracts.

TITLE VII - GENERAL AND FINAL PROVISIONS

ARTICLE 18 -- VISIBILITY

- 18.1 Every project/programme financed by the EU shall be subject to the appropriate communication and information measures. Unless otherwise agreed, the Beneficiary shall take the necessary measures to ensure the visibility of the EU funding for the project/programme. These measures shall be defined under the responsibility of the Beneficiary with the approval of the Commission.
- 18.2 These communication and information measures shall follow the rules in the Communications and Visibility Manual for EU External Actions laid down and published by the Commission, in force at the time of the measures.

ARTICLE 19 – PREVENTION OF IRREGULARITIES, FRAUD AND CORRUPTION

19.1 The Beneficiary undertakes to check regularly that the operations financed with the EU funds have been properly implemented. It shall take appropriate measures to prevent irregularities and fraud and, if necessary, bring prosecutions to recover funds wrongly paid.

19.2 "Irregularity" shall mean any infringement of the Financing Agreement, implementing contracts and programme estimates or of EU law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the EU, either by reducing or losing revenue accruing from own resources collected directly on behalf of the EU, or by an unjustified item of expenditure.

"Fraud" shall mean any intentional act or omission concerning:

- the use or presentation of false, incorrect or incomplete, statements or documents which has as its effect the misappropriation or wrongful retention of funds from the general budget of the EU;
- non-disclosure of information in violation of a specific obligation, with the same effect;
- the misapplication of such funds for purposes other than those for which they are originally granted.

19.3 The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities or fraud and of any measure taken to deal with them.

19.4 As stated in Article 8.3, in cases of decentralised contracts, the Beneficiary will inform the Commission when a contractor has been guilty of making false declarations or has made substantial errors or committed irregularities and fraud, or has been found in serious breach of its contractual obligations.

Without prejudice to the power of the Commission to exclude a natural or legal person from future procurement and grant contracts financed by the EU according to the Financial Regulation applicable to the general budget of the European Union financial penalties to contractors mentioned in the provision on "Administrative and Financial Penalties" of the General Conditions of decentralised contracts may be imposed to contractors by the Beneficiary if this is allowed by its national law. Such financial penalties shall be imposed, following an adversarial procedure and ensuring the right of defence of the contractor.

19.5 The Beneficiary shall immediately inform the Commission of the name of the economic operators whom have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the EU's financial interests.

19.6 The Beneficiary undertakes to take every appropriate measure to remedy any practices of active or passive corruption whatsoever in the implementation of the related contracts. Definitions in Article 8.3 apply herein.

If the Beneficiary does not take the appropriate measures to remedy any practices of corruption or fraud mentioned under this article, the Commission may adopt itself such measures including the recovery of the EU funding by any means.

ARTICLE 20 - VERIFICATIONS AND CHECKS BY THE COMMISSION, THE EUROPEAN ANTI-FRAUD OFFICE (OLAF) AND THE EUROPEAN COURT OF AUDITORS

20.1 The Beneficiary agrees to the Commission, OLAF and the European Court of Auditors conducting documentary and on-the-spot checks on the use made of EU funding under the Financing Agreement (including procedures for the award of contracts and grants) and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the project/programme, throughout the duration of the agreement and for seven years after the date of the last payment.

20.2 The Beneficiary also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down by EU law for the protection of the EU's financial interests against fraud and other irregularities.

20.3 To that end, the Beneficiary undertakes to grant officials of the Commission, OLAF and the European Court of Auditors and their authorised agents access to sites and premises at which operations financed under the Financing Agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the Commission, OLAF and the European Court of Auditors shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Beneficiary being bound to inform the Commission, OLAF or the European Court of Auditors of the exact location at which they are kept.

20.4 The checks and audits described above shall also apply to contractors and subcontractors who have received EU funding.

20.5 The Beneficiary shall be notified of on-the-spot missions by agents appointed by the Commission, OLAF or the European Court of Auditors.

20.6 The Beneficiary shall keep the following financial and contractual supporting documents

Procurement procedures:

- Forecast notice with proof of publication of the procurement notice and any corrigenda
- Nomination of shortlist panel
- Shortlist report (incl. annexes) and applications
- Proof of publication of the shortlist notice
- Letters to non-shortlisted candidates
- Invitation to tender or equivalent
- Tender dossier including annexes, clarifications, minutes of the meetings, proof of publication
- Nomination of the evaluation committee
- Tender opening report, including annexes
- Evaluation / negotiation report, including annexes and bids received¹
- Notification letter
- Supporting documents
- Cover letter for submission of contract
- Letters to unsuccessful candidates
- Award / cancellation notice, including proof of publication
- Signed contract, amendments, riders and relevant correspondence

Calls for proposals and direct award of grants:

- Nomination of the evaluation committee
- Opening and administrative report including annexes and applications received²
- Letters to successful and unsuccessful applicants
- Concept note evaluation report
- Letters to successful and unsuccessful applicants
- Evaluation report of the full application or negotiation report with relevant annexes
- Eligibility check and supporting documents
- Letters to successful and unsuccessful applicant with approved reserve list
- Cover letter for submission of contract
- Award/cancellation notice with proof of publication
- Signed contract, amendments, riders and relevant correspondence

In case of decentralised operations:

- In addition to all of the above –mentioned supporting documents also all relevant documentation relating to payments and recovery orders.

¹ Elimination of unsuccessful bids five years after the closure of the procurement procedure.

² Elimination of unsuccessful applications three years after the closure of the grant procedure.

ARTICLE 21 – CONSULTATION BETWEEN THE COMMISSION AND THE BENEFICIARY

- 21.1 The Beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this Financing Agreement further.
- 21.2 Where the Commission becomes aware of problems in carrying out procedures relating to management of this Financing Agreement, it shall establish all necessary contacts with the Beneficiary to remedy the situation and, take any steps that are necessary, including, where the Beneficiary does not, or is unable to, perform the duties incumbent on it, temporarily taking the Beneficiary's place
- 21.3 The consultation may lead to the amendment, suspension or termination of the Financing Agreement.

ARTICLE 22 – AMENDMENT OF THE FINANCING AGREEMENT

- 22.1 Any amendment to the Special Conditions, Annex II and Annex III to the Financing Agreement shall be made in writing and be the subject of an addendum.
- 22.2 If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least three months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission.
- 22.3 For technical adjustments which do not affect the objectives and results of the project/programme and alterations in matters of detail which do not affect the technical solution adopted, and with no reallocation of funds, the Beneficiary shall inform the Commission of the amendment and its justification in writing as soon as possible and apply that amendment.
- 22.4 The use of contingency reserve shall be subject to the Commission's prior written approval.
- 22.5 The specific cases of the extension of the operational implementation phase or closure phase are governed by Article 4 (4) and (5) of these General Conditions.
- 22.6 Where the Commission considers that the Beneficiary ceases to satisfy the decentralisation criteria and without prejudice to Articles 23 and 24 of these General Conditions, the Commission may decide to retake the financial implementation tasks entrusted to the Beneficiary in order to continue the implementation of the project/programme on behalf, and for the account, of the Beneficiary after informing the latter in written form

ARTICLE 23. SUSPENSION OF THE FINANCING AGREEMENT

23.1 The Financing Agreement may be suspended in the following cases:

- The Commission may suspend the implementation of the Financing Agreement if the Beneficiary breaches an obligation under the Financing Agreement, and notably if it ceases to satisfy the decentralisation criteria laid down, where relevant, in the Special Conditions
- The Commission may suspend the implementation of the Financing Agreement if the Beneficiary breaches any obligation set under the procedures and standard documents laid down and published by the Commission for the award and implementation of contracts and grants.
- The Commission may suspend the Financing Agreement if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption.
- The Financing Agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by a case of force majeure of which the other party is duly informed. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage.

23.2 No prior notice shall be given of the suspension decision.

23.3 The Commission may take any appropriate precautionary measure before suspension takes place.

23.4 When the suspension is notified, the consequences on the ongoing contracts and programme estimates or contracts and programme estimates to be signed will be indicated.

23.5 A suspension of the Financing Agreement is without prejudice to the suspension of payments by the Commission for the sake of ensuring sound financial management or protecting the EU's financial interests.

ARTICLE 24 -- TERMINATION OF THE FINANCING AGREEMENT

- 24.1 If the issues which led to the suspension of the Financing Agreement have not been resolved within a maximum period of 180 days, either party may terminate the Financing Agreement at 30 days' notice.
- 24.2 Where a Financing Agreement has not given rise to any payment within three years of its signature or no implementing contract has been signed within this period, that Financing Agreement will be terminated.
- 24.3 When the termination is notified, the consequences on the ongoing contracts and programme estimates or contracts and programme estimates to be signed will be indicated.

ARTICLE 25 - DISPUTE-SETTLEMENT ARRANGEMENTS

- 25.1 Any dispute concerning the Financing Agreement which cannot be settled within a six-month period by the consultations between the parties provided for in Article 21 of these General Conditions may be settled by arbitration at one of the parties' request.
- 25.2 In this case the parties shall each designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.
- 25.3 Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.
- 25.4 Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.

Prin prezenta confirm că textul alăturat este o copie certificată de pe Acordul de finanțare dintre Guvernul Republicii Moldova și Uniunea Europeană privind Programul "Măsuri de Consolidare a Încrederii", PNA 2013 (Chișinău, 26 martie 2014), originalul căruia este depozitat la Arhiva Tratatelor a Ministerului Afacerilor Externe și Integrării Europene.




Dimitrie ȘOCOLAN,
Director General Drept
 Internațional al Ministerului Afacerilor
 Externe și Integrării Europene al
 Republicii Moldova