Moldova: National Water Supply and Sanitation Project (Credit no. 4414-MD)
Amendment to the Financing Agreement

Dear Mr. Minister:

We refer to the Financing Agreement between the Republic of Moldova and the International Development Association (the Association) for the above-referenced Project, dated June 2, 2008 (the Agreement) as amended, and your letters dated August 3, 2010 and November 23, 2010 requesting certain amendments to the above mentioned Agreement.

We partially accede to your request and amend the Agreement as follows (the modifications are shown in italics):

1. In **Article III**, Section 3.01 is amended as follows:

   “3.01. The Recipient declares commitment to the objectives of the Project. To this end, the Recipient shall carry out Part 1 of the Project, through Participating Water Utility Entities and Parts 2, 3, and 4 of the Project through **MoE**, in accordance with the provisions of Article IV of the General Conditions.”

   Accordingly, all references to “**Agentia Apele Moldovei**” throughout the text of the Agreement are deleted and replaced with “**MoE**”.

2. In **Schedule 2**, the Table in Section IV.A is modified to include reference to the “Incremental Operating Costs”. The revised Table is attached to this amendment letter (Attachment 1) (the modifications are shown in italics).

3. In **Schedule 2**, in Section IV.A a new paragraph 3 is added to read as follows:

   “3. For the purpose of this Schedule the term “Incremental Operating Costs” includes expenditures incurred for consumable materials and supplies; communications; mass-media and printing services; vehicle rental, operation and maintenance; charges required for travel, lodging and per diem costs; and any other necessary expenditures for activities directly related to the Project implementation approved by the Association, but excluding salaries of the Recipient’s civil servants.”
4. In **Schedule 2**, Section V.1 (b) is deleted.

5. The **Appendix** is amended as follows:

5.1. paragraph on the definition of “Agentia Apele Moldovei” or “Apele Moldovei” is deleted.

5.2. a new paragraph is added to read as follows:

“MoE” means the Recipient’s Ministry of Environment established by the Recipient pursuant to Law No. 21-XVIII, dated September 18, 2009 responsible for the Recipient’s water sector.

The entire Appendix is renumbered, accordingly, in alphabetical order. A revised Appendix is attached to this amendment letter (Attachment 2).

Please confirm your agreement with the said amendment, by signing, dating and returning to us the enclosed copy of this letter. This amendment will become effective upon receipt of a countersigned copy of this letter.

Sincerely,

/s/ Martin Raiser  
Director  
Ukraine, Belarus and Moldova  
Europe and Central Asia

AGREED:

MOLDOVA

By: /s/ Veaceslav Negruta  
Authorized Representative

Title: Minister of Finance

Date: March 21, 2011

ATTACHMENTS
### ATTACHMENT 1

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Credit Allocated (expressed in SDR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, works and consultants’ services for Part 1 of the Project</td>
<td>5,000,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, works, consultants’ services and Incremental Operating Costs for Parts 2, 3 and 4 of the Project</td>
<td>3,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL</td>
<td>8,600,000</td>
<td></td>
</tr>
</tbody>
</table>
APPENDIX

Definitions


2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.


5. “Environmental Management Plan” means the plan, satisfactory to the Association, prepared and adopted by the Recipient, which describes the environmental mitigation, monitoring and institutional measures to be taken in respect of the Project (including measures to be taken to mitigate effect on cultural property during Project implementation) and which has been prepared through a participatory process and publicly disclosed prior to commencement of the Project.

6. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 1, 2005 (as amended through October 15, 2006).


8. “Implementation Agreement” means each agreement entered into between MCTD and each Participating WUE and referred to in Section 1 (C) 1 of Schedule 2 to this Agreement pursuant to which the WUE will implement its respective portion of Part 1 of the Project.

9. “MoE” means the Recipient’s Ministry of Environment established by the Recipient pursuant to Law No. 21-XVIII dated September 18, 2009 responsible for the Recipient’s water sector.
10. “Participating Water Utility Entity” and “Participating WUE” means a WUE which meets eligibility criteria specified in the POM for participation in the Project and which has entered into a Subsidiary Agreement and an Implementation Agreement for the purposes of carrying out its respective portion of Part 1 of the Project.

11. “Project Implementation Unit” and “PIU” mean the implementation unit established pursuant to Government Decree No. (986) dated August 11, 2003 and which will assist in implementation of the Project.

12. “Project Operational Manual” and “POM” mean the operational manual prepared by the Recipient for carrying out the Project dated May, 2008, outlining policies and procedures governing Project implementation including financial management, anti-corruption, procurement and environmental procedures and (a) in respect of Part 1 of the Project: the eligibility criteria for WUEs, procedures for application and selection for inclusion in Part 1 by WUEs (b) in respect of Part 2 the regulations regarding appraisal and implementation of rehabilitation works in selected communities and the terms and conditions of grants to rural communities and rules and procedures governing in-kind contributions and (c) in respect of Parts 3 and 4 of the Project the institutional arrangements and implementation procedures to be followed; as the same may be amended and updated from time to time with the Associations prior approval.


14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 7, 2008 and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

15. “Subsidiary Agreement” means the agreement referred to in Section I.B of Schedule 2 to this Agreement pursuant to which the Recipient shall make part of the proceeds of the Financing available to a Participating WUE for the purposes of implementation of a portion of Part 1 of the Project and under which the Participating WUE agrees to implement its respective portion of Part 1 of the Project.

16. “Water Utility Entity” and “WUE” mean a water utility entity operating in accordance with the applicable laws and regulations of the Recipient.