Re: Moldova: Grant for Biogas Generation from Animal Manure Pilot Project
GEF MSP Grant No. TF099602

Excellency:

In response to the request for financial assistance made on behalf of Republic of Moldova (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as Implementing Agency of the Global Environment Facility (GEF), proposes to extend to the Recipient a grant in an amount not to exceed nine hundred eighty thousand United States Dollars (U.S.$980,000) (“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 GEF for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds 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.

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effective as of the date of the countersignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within thirty (30) days after the date of signature of this
Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
Acting as Implementing Agency of the Global Environment Facility

By /s/ Tamara Sulukhia
Acting Director
Ukraine, Belarus and Moldova
Europe and Central Asia

AGREED:

REPUBLIC OF MOLDOVA

By /s/ Gheorghe Salaru
Authorized Representative
Name Gheorghe Salaru
Title Minister
Date: July 6, 2011

Enclosures:

(1) Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 31, 2010
(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated June 23, 2011
Article I

Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank Out of Various Funds dated July 31, 2010 ("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.

Article II

Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to promote the transfer of a new environmentally sustainable renewable energy technology through piloting the use of animal manure for biogas-based heating and electricity production at the farm level.

The Project consists of the following parts:

Part 1. Enabling legislative and policy environment

Provision of consultants’ services for: (i) certification and licensing of biodigesters for use in Moldova and with provision of the necessary supporting legal framework; and (ii) cooperation with the country’s energy regulator to review options and develop the relevant legislation provisions for allowing smaller electricity producers to sell surplus electricity into the national grid.

Part 2. Technical assistance, capacity building and awareness raising on sound animal waste management, and animal manure-based biodigester and electricity generation technology

Provision of consultants’ services for:

(a) promoting sound animal manure management practices and mainstreaming of the use of biodigester technologies through: (i) training of farmers in sound manure management practices; (ii) training of a number of local engineers in the installation and operation of biodigesters in order to be able to work independently in scaling up the generation of biogas and electricity after the project closes; (iii) training of participating farmers in the proper operation of biodigesters; and (iv) broader awareness-raising in the livestock production community through a series of seminars and demonstration activities, to disseminate information on the benefits of biogas and electricity generation from animal manure;
(b) supporting a feasibility to replicate and expand the use of biodigester technology in the country’s animal farms (livestock, pigs and poultry);

(c) assisting local producers with knowledge transfer and capacity building in various biodigester and co-generation equipment technologies.

Part 3. Biodigester Investment Grants

Provision of grants for pilot biodigesters/co-generation systems sub-projects on two livestock cattle farms where the small carbon emissions reductions prevent them from obtaining co-financing investments from carbon funds.

Part 4. Project Management

Provision of consultants’ services for the implementation of the Project.

2.02. Project Execution Generally. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the Ministry of Environment (MoE) (“Implementing Entity”) in accordance with: (a) the provisions of 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”); and (c) this Article II.

2.03. Institutional and Other Arrangements. The Recipient, through the Consolidated Environmental Project Implementation Unit (CEPIU) under the MoE, shall:

(a) Be responsible for technical implementation of the project, including the monitoring and evaluation activities. The CEPIU staff working on this project shall include, inter alia: (i) the CEPIU Manager who will also be the Project Manager having an overall responsibility for the Project administration; (ii) a technical specialist reporting to the CEPIU Manager; and (iii) a part-time environmental specialist to ensure compliance with the environmental requirements for the Project.

(b) Provide regular reports, through the Project Manager, to the Minister of Environment and to the Bank.

(c) Carry out the Procurement and Financial Management functions.

(d) Prepare the Project Operational Manual (POM), acceptable to the World Bank, for the implementation of the Project. The Recipient shall not amend the POM without prior approval by the Bank.

2.04. Completion Report. The Recipient 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.
2.05. **Financial Management.** (a) The Recipient 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 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 semester, covering the semester, in form and substance satisfactory to the World Bank.

(c) The Recipient shall, upon the World Bank’s request, have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements shall be: (i) furnished to the World Bank not later than six months after the end of each such year (or such other period agreed to by the Association); and (ii) made publicly available in a timely fashion and in a manner acceptable to the Association.

2.06. **Procurement**

(a) **General.** All goods, works and 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) “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (“Procurement Guidelines”), in the case of goods and works; and


(b) **Particular Methods of Procurement of Goods and Works and Selection Consultants’ Services.** The Procurement Plan shall set forth the proposed methods for procurement and for selection of consultants’ services. Procurement under National Competitive Bidding is subject to additional procedures set forth in Appendix I of this Agreement.

(c) **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 may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of 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:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services and training under Parts 1, 2 and 4 of the Project, operating costs under Part 4 of the Project and audit fees</td>
<td>780,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Grants under part 3 of the Project</td>
<td>200,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>980,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

For the purpose of this Table:

(a) “Training” means expenditures incurred for training courses, seminars, travel and per diem of trainees and trainers, handout materials, and other related expenditures as agreed with the World Bank;

(b) “Operating Costs” means the reasonable expenditures incurred by CEPIU relating to operational costs such as operation and maintenance of salaries of CEPIU staff, except salaries of civil servants, vehicles, rent and office equipment, insurance for equipment and vehicles procured under the Project, office materials and utilities and communication expenditures required for the implementation of the Project.

(c) “Grants” means co-financing grants provided under Part 3 of paragraph 2.01 of this Annex in accordance with the principles and procedures set forth in the operational manual referred to in paragraph 2.03(d) of this Annex.

3.02. Withdrawal Conditions. Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2014.
Article IV
Recipient’s Representative; Addresses

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Environment.

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

Ministry of Environment  
9, Cosmonautilor Str.  
Chisinau, MD-2005  
Republic of Moldova

Facsimile:  
Tel/Fax: (+373 22) 22 68 58

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

International Bank for Reconstruction and Development  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable: INTBAFRAD  
Telex: 248423 (MCI) or 64145 (MCI)  
Facsimile: 1-202-477-6391
APPENDIX I

National Competitive Bidding: Additional Provisions

For the purposes of using National Competitive Bidding Procedures, the following shall apply:

The procedure to be followed for National Competitive Bidding shall be the Open Bidding Procedure set forth in the Law on Procurement No. 96-XVI dated April 13, 2007 with due consideration to economy, efficiency and transparency as set forth in, and broad consistency with, Section I of the of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the World Bank in January 2011 (the Guidelines) and required by paragraphs 3.3 and 3.4 of the Guidelines.

Eligibility: The eligibility of bidders shall be as defined under Section I of the 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 Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation. The bidding shall not be limited to domestic goods or services.

Government-owned enterprises are eligible to bid only if they (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are independent from Recipient and its purchasing/contracting authority.

Registration: 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, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering, without any hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.

Standard Bidding Documents: Bidding Documents, acceptable to the World Bank, shall be used.

Qualification Criteria: Qualification criteria shall be clearly specified in the bidding documents, and 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 merits points shall not be used. Such assessment shall only take into account the bidder’s capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction and manufacturing facilities, and financial capacity.

Bid Submission: A minimum of 30 days shall be given for preparation and submission of bids after the publication of invitation to bid or the availability of bidding documents whichever is later.

Bid Opening: 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 the
bidders unopened. A copy of the minutes of the public bid opening shall be promptly provided to all bidders who submitted bids, and to the World Bank with respect to contracts subject to prior review.

**Bid Evaluation:** Evaluation of bids shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; merit points shall not be used in bid evaluation.

Contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and 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.

No bidder shall be rejected on the basis of a comparison with the employer’s estimate or budget allocation ceiling without the World Bank’s prior concurrence.

**Rejection of All Bids and Re-bidding:** All bids shall not be rejected or new bids solicited without the World Bank’s prior written concurrence.

**Complaints by Bidders and Handling of Complaints:** The Recipient shall implement an effective and independent protest mechanism allowing bidders to protest and to have their protests handled in a timely manner.

**Fraud and Corruption:** The World Bank shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the World Bank, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the World Bank.

**Right to Inspect/Audit:** Each bidding document and contract financed from the proceeds of the World Bank funds shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the World Bank, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the World Bank. The deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice.