Agreement Amending Development Credit Agreement

(Rural Investment and Services Project)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 12, 2004
AGREEMENT AMENDING
DEVELOPMENT CREDIT AGREEMENT

AGREEMENT, dated May 12, 2004 between REPUBLIC OF MOLDOVA (the Borrower) and INTERNATIONAL DEVELOPMENT ASSOCIATION (the Association).

WHEREAS (A) the Borrower and the Association have entered into a Development Credit Agreement (Rural Investment and Services Project) dated June 26, 2002 (the Development Credit Agreement) for the purpose of assisting in the financing of the Project described in Schedule 2 to the Development Credit Agreement (the Project);

(B) the Borrower has requested the Association to provide additional assistance towards the financing of the Project by increasing the amount made available under the Development Credit Agreement by an amount in various currencies equivalent to three million four hundred thousand Special Drawing Rights (SDR 3,400,000); and

WHEREAS the Association has agreed, on the basis, inter alia, of the foregoing, to provide such additional assistance to the Borrower upon the terms and conditions set forth in this Agreement;

NOW THEREFORE the parties hereto hereby agree as follows:

ARTICLE I

Amendments to the Development Credit Agreement

Section 1.01. Section 1.02. of the Development Credit Agreement is amended by deleting the “and” at the end of paragraph (y), substituting “; and” for “.” at the end of paragraph (z) and adding a new paragraph (aa) as follows:

“(aa) “Amending Agreement” means the agreement amending the Development Credit Agreement (Rural Investment and Services Project) between the Borrower and the Association, dated June 26, 2002.”

Section 1.02. Section 2.01. of the Development Credit Agreement is amended to read as follows:

“Section 2.01. The Association agrees to lend to the Borrower, on the terms and conditions set forth or referred to in the Development Credit Agreement, an
amount in various currencies equivalent to eleven million seven hundred thousand Special Drawing Rights (SDR 11,700,000) (the Credit), which includes: (i) an original amount in various currencies equivalent to eight million three hundred thousand Special Drawing Rights (SDR 8,300,000) (the Initial Financing); and (ii) an additional amount in various currencies equivalent to three million four hundred thousand Special Drawing Rights (SDR 3,400,000) (the Additional Financing).”

Section 1.03. The following new paragraph (d) is added to Section 2.02. of the Development Credit Agreement:

“(d) Except as the Borrower and the Association shall otherwise agree, all amounts withdrawn from the Credit Account or made subject to a special commitment pursuant to Section 5.02. of the General Conditions shall be initially charged against the Initial Financing until such Financing has been exhausted, and thereafter shall be charged against the Additional Financing.”

Section 1.04. A proviso is added at the end of Section 2.04. (b) (i) of the Development Credit Agreement to read as follows:

“; provided, however, that the commitment charge on the Additional Financing shall accrue from a date sixty (60) days after the date of the Amending Agreement.”

Section 1.05. The word “Credit” in Section 2.07. (a) is deleted and replaced with the words “Initial Financing”.

Section 1.06. Section 2.08. is renumbered as Section 2.09., and new Section 2.08. is added to read as follows:

“Section 2.08. The Borrower shall repay the principal amount of the Additional Financing in semiannual installments payable on each May 1 and November 1 commencing on May 1, 2014 and ending on November 1, 2043. Each installment to and including the installment payable on November 1, 2023 shall be one percent (1%) of such principal amount, and each installment thereafter shall be two percent (2%) of such principal amount.”

Section 1.07. Paragraph 1 of Schedule 1 (Withdrawal of the Proceeds of the Credit) of the Development Credit Agreement is hereby amended as set forth in the Annex to this Agreement.

**ARTICLE II**

**Effective Date; Termination**
Section 2.01. This Amending Agreement shall not become effective until evidence satisfactory to the Association shall have been furnished to the Association that the execution and delivery of this Amending Agreement on behalf of the Borrower have been duly authorized or ratified by all necessary governmental action.

Section 2.02. As part of the evidence to be furnished pursuant to Section 2.01. of this Agreement, there shall be furnished to the Association an opinion or opinions satisfactory to the Association of counsel acceptable to the Association showing, on behalf of the Borrower, that this Amending Agreement has been duly authorized or ratified by, and executed and delivered on behalf of, the Borrower and is legally binding upon the Borrower in accordance with its terms.

Section 2.03. This Amending Agreement shall come into force and effect on the date upon which the Association shall dispatch to the Borrower notice of its acceptance of the evidence required pursuant to Section 2.01. of this Agreement.

Section 2.04. If this Amending Agreement shall not have come into force and effect by a date ninety (90) days after the date of this Amending Agreement, this Amending Agreement and all obligations of the parties hereunder shall terminate, unless the Association establishes a later date for the purposes of this Section. If this Amending Agreement shall terminate under the provisions of this Section, the Development Credit Agreement shall continue in full force and effect, as if this Amending Agreement had not been executed.

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorized representatives, have caused this Amending Agreement to be signed in their respective names in Kyiv, Ukraine as of the day and year first above written.

REPUBLIC OF MOLDOVA

By: /s/ Nicolae Cernomaz

Authorized
Representative

INTERNATIONAL DEVELOPMENT
ASSOCIATION
By: /s/ Luca Barbone

Authorized Representative
ANNEX
SCHEDULE 1

Withdrawal of the Proceeds of the Credit

1. The table below sets forth the Categories of items to be financed out of the proceeds of the Credit, the allocation of the amounts of the Credit to each Category and the percentage of expenditures for items so to be financed in each Category:

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Initial Financing (Expressed in SDR Equivalent)</th>
<th>Amount of the Additional Financing Allocated (Expressed in SDR Equivalent)</th>
<th>% of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>100,000</td>
<td>0</td>
<td>100% of foreign expenditures, 100% of local expenditures (ex-factory cost), and 80% of local expenditures for other items procured locally</td>
</tr>
<tr>
<td>(2) Consultants’ services, including audits and training</td>
<td>1,030,000</td>
<td>0</td>
<td>100% of foreign expenditures and 75% of local expenditures</td>
</tr>
<tr>
<td>(3) Sub-loans under Sub-loan Agreements under Part C.1 of the Project</td>
<td>5,690,000</td>
<td>3,400,000</td>
<td>100% of eligible Sub-loans disbursed by the PIFs on or before December 31, 2003, and 80% thereafter</td>
</tr>
<tr>
<td>Category</td>
<td>Amount of the Initial Financing Allocated (Expressed in SDR Equivalent)</td>
<td>Amount of the Additional Financing Allocated (Expressed in SDR Equivalent)</td>
<td>% of Expenditures to be Financed</td>
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<tr>
<td>(4) Incremental Operating Costs of the CAPMU</td>
<td>260,000</td>
<td>0</td>
<td>90% until December 31, 2003, 80% until December 31, 2004, and 70% thereafter</td>
</tr>
<tr>
<td>(5) Refunding of Project Preparation Advance</td>
<td>1,220,000</td>
<td>0</td>
<td>Amount due pursuant to Section 2.02 (c) of the Development Credit Agreement</td>
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<tr>
<td>TOTAL</td>
<td>8,300,000</td>
<td>3,400,000&quot;</td>
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