March 9, 2012

H.E. Veaceslav Negruta
Minister of Finance
Ministry of Finance
7, Cosmonautilor str.
Chisinau, MD 2005
Republic of Moldova

Re: CDFC Plus (Technical Assistance Facility) Grant No. TF011530
Support to CFU Operations Project

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Moldova (“Recipient”), I am pleased to inform you that the International Bank for Reconstruction and Development (“World Bank”), acting as administrator of grant funds provided by the Republic of Italy, the United Nations Environment Programme, the Wallon Region of Belgium, Canada and the Kingdom of Spain (“Donors” under the Community Development Carbon Fund (“CDFC”) Plus (Technical Assistance Facility), proposes to extend to the Recipient for the benefit of the Republic of Moldova (“Member Country”), a grant in an amount not to exceed thirty-seven thousand five hundred United States Dollars (U.S.$37,500) (“Grant”) on the terms and conditions set forth or referred to in this letter agreement (“Agreement”), which includes the attached Annex, to assist in the financing of the project described in the Annex (“Project”).

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank’s payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donor[s] under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is subject to the availability of such funds. Accordingly, in the event that any Donor cancels or fails to pay any contributions under the trust fund to the World Bank for any reason, or that as a result of currency exchange variations the amount of funds available in the trust fund is insufficient for the purposes of the Grant, the Recipient shall bear the risk of such funding shortfall and the World Bank shall not have any liability whatsoever to the Recipient or to any third parties in respect of any expenditures or liabilities incurred by the Recipient or any third parties in connection with this Agreement which exceed the amount of funds made available to the World Bank by the Donors for the purposes of the Grant.

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 and Member Country’s agreement to the foregoing by having an authorized official of the Recipient and an authorized official of the Member Country sign and date, respectively, 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 last countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By

Qimiao Fan
Country Director
Authorized Representative

AGREED:

REPUBLIC OF MOLDOVA

By

Authorized Representative

Name Veaceslav Dogarau

Title Minister of Finance

Date: March 12, 2012

Enclosures:


(2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
cc: Ms. Stela Drucioc, Administrator, Carbon Finance Unit
    Mr. Victor Bodiu, General Secretary, General Secretariat of the Government of Moldova
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 objectives of the Project is to support the operations of the Carbon Finance Unit of the Recipient, in order to allow the Recipient' Carbon Finance Unit to carry out its responsibilities under the Emission Reduction Purchase Agreement ("ERPA") between the IBRD as the trustee of the CDCF and the Recipient dated February 24, 2006. The Project consists of the following parts:

(i) Providing support to CDCF projects at various stages of development through defraying the cost of project implementation support activities additional to those financed by CDCF, in particular when these activities are required to ensure timely operation of the project, and efficient monitoring, ultimately leading to delivery of Emission Reductions as planned. This includes (but is not limited to) training and other support to project entity staff for the implementation of project, the project monitoring plan or the project environmental management plan; ad-hoc support to carbon asset creation beyond the drafting of the Project Design Document.

(ii) Supporting monitoring and supervision of Community Benefits Plans ("CBP"), and support to their proper implementation.

(iii) Supporting audits of the Recipient for the period January 1, 2009 - December 31, 2011.

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 in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 ("Anti-Corruption Guidelines"); and (c) this Article II.

2.03. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. The first Project Report shall cover the period of June 1, 2011 - April 30, 2012, and the second Project Report shall cover the period of May 1, 2012 - June 30,
2012. Each Project Report shall be furnished to the World Bank not later than 15 business days after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) consist of the following:

1. Prepare the revised Annual ER Reports from July 2008 to June 2011 as agreed in the ERPA: June 30, 2012.
5. Provide all information and data for the registration of the Fossil Fuel Switch Project: April 13, 2012.

2.04. **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 a financial audit is carried out by an independent auditor in a manner satisfactory to the World Bank. The scope of such audit shall include confirmation that the Recipient has forwarded the annual payments received from the World Bank for transferred Emission Reductions generated in the following periods: (i) from July 1, 2008 to June 30, 2009; and (ii) from July 1, 2009 to June 30, 2010, to carbon reduction emission payments' beneficiaries, in accordance with Section 5.03(b) of the ERPA. The audit of the Recipient for such periods shall be furnished to the World Bank no later than June 30, 2012.

(c) The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than one month after the end of the Project period, covering the period from June 1, 2011 to the Closing Date, in form and substance satisfactory to the World Bank.

(d) The Recipient shall, upon the World Bank's request, have the project Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit shall cover the period indicated in the World Bank' request. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the date of the World Bank's request.
2.05. **Procurement**

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

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods and non-consulting services; and


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

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

Goods and non-consulting services shall be procured under contracts awarded on the basis of Shopping.

(d) **Particular Methods of Procurement of Consultants’ Services**

The following methods may be used for the procurement of consultants’ services:

(i) Quality and Cost based Selection; (ii) Selection under a Fixed Budget; (iii) Least Cost Selection; (iv) Selection based on Consultants’ Qualifications; (v) Selection of Individual Consultants; and (vi) Single-source procedures for the Selection of Individual Consultants.

(e) **Review by the World Bank of Procurement Decisions.** All 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 100% of Eligible Expenditures consisting of Goods, Consultants’ Services, including audit, and Operating Costs, inclusive of Taxes.
The term “Operating Costs” means operation and maintenance costs which would not have been incurred absent the Project and includes, inter alia, salaries paid to staff of the Recipient, other than civil servants’ salaries, hired for the purposes of the Project, office supplies and equipment, utilities, communication, travel expenses, accommodation, per diems for the staff of the Recipient during seminars, advertising for procurement, workshops to be organized by the Recipient, and any other reasonable expenditures as may be agreed upon by the World Bank.

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, except that withdrawals up to an aggregate amount not to exceed $7,500 equivalent may be made for payments made prior to this date but on or after June 1, 2011, for Eligible Expenditures.

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is June 30, 2012.

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 CFU Administrator.

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

Ministry of Finance  
7, Cosmonautilor str.  
MD 2005  
Chisinau,  
Republic of Moldova

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

International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America

Cable: INDEVAS  
Telex: 248423 (MCI)  
Facsimile: 1-202-477-6391

Washington, D.C.