Re: Moldova - Multi-donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development for the Preparation of the Tax Administration Modernization Project
Grant No. TF017415
Additional Instructions: Disbursement Letter

Excellency:

I refer to the Letter Agreement ("Agreement") between the Republic of Moldova ("Recipient"), and the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Multi-donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development (TF071624), for the above-referenced project, dated May 29, 2014. The Agreement provides that the World Bank may issue additional instructions regarding the withdrawal of the proceeds of Grant TF017415 ("Grant"). This letter ("Disbursement Letter"), as revised from time to time, constitutes the additional instructions.

The attached World Bank Disbursement Guidelines for Projects, dated May 1, 2006, ("Disbursement Guidelines") (Attachment 1), are an integral part of the Disbursement Letter. The manner in which the provisions in the Disbursement Guidelines apply to the Grant is specified below. Sections and subsections in parentheses below refer to the relevant sections and subsections in the Disbursement Guidelines and, unless otherwise defined in this letter, the capitalized terms used have the meanings ascribed to them in the Disbursement Guidelines.

I. Disbursement Arrangements

(i) Disbursement Methods (section 2). The following Disbursement Methods may be used under the Grant:

- Reimbursement
- Advance
- Direct Payment
(ii) **Disbursement Deadline Date (subsection 3.7).** The Disbursement Deadline Date is 4 months after the Closing Date specified in the Grant Agreement. Any changes to this date will be notified by the World Bank.

(iii) **Disbursement Conditions (subsection 3.8).** Please refer to the Withdrawal Condition(s) in Section 3.02 of the Grant Agreement.

II. Withdrawal of Grant Proceeds

(i) **Authorized Signatures (subsection 3.1).**

A letter in the Form attached (Attachment 2) should be furnished to the World Bank at the address indicated below providing the name(s) and specimen signature(s) of the official(s) authorized to submit Applications:

The World Bank  
1818 H Street, N.W.  
Washington, DC 20433  
United States of America  
Attention: Country Director

(ii) **Applications (subsections 3.2-3.3).** Please provide completed applications for withdrawal, together with supporting documents, through the World Bank’s Client Connection, web-based portal, following the instructions for electronic delivery. In the case the recipient does not have internet access, the World Bank may permit the delivery of applications for withdrawal, together with supporting documents, in accordance with subsection 3.3, to the following address:

The World Bank  
Radnicka cesta 80/IX  
10000 Zagreb, Croatia  
Attention: Loan Department

(iii) **Electronic Delivery (subsection 3.4) The option to deliver Applications to the World Bank by electronic means may be effected if:** (a) the Recipient has designated in writing, pursuant to the terms of subparagraph (i) of this Section, its officials who are authorized to sign and deliver Applications and to receive secure identification credentials (“SIDC”) from the World Bank for the purpose of delivering such Applications by electronic means; and (b) all such officials designated by the Recipient have registered as users of Client Connection. If the World Bank agrees, the World Bank will provide the Recipient with SIDC for the designated officials. Following which, the designated officials may deliver Applications electronically by completing Form 2380, which is accessible through Client Connection ([https://clientconnection.worldbank.org](https://clientconnection.worldbank.org)). The Recipient may continue to exercise the option of preparing and delivering Applications in paper form. The World Bank reserves the right and may, in its sole discretion, temporarily or permanently disallow the electronic delivery of Applications by the Recipient.

(iv) **Terms and Conditions of Use of SIDC to Process Applications.** By designating officials to accept SIDC and by choosing to deliver the Applications electronically, the Recipient confirms through the authorized signatory letter its agreement to: (a) abide by the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation (“Terms and Conditions of Use of SIDC”) provided in Attachment [3]; and (b) to deliver the Terms and Conditions of Use of SIDC to each such official and to cause such official to abide by those terms and conditions.
(v) Minimum Value of Applications (subsection 3.5). The Minimum Value of Applications for Reimbursements and Direct Payments is USD30,000

(vi) Advances (sections 5 and 6) to STI

- **Type of Designated Account[s] (subsection 5.3)**: Segregated
- **Currency of Designated Account[s] (subsection 5.4)**: USD
- **Financial Institution at which the Designated Account[s] Will Be Opened (subsection 5.5)**: National Bank of Moldova
- **Ceiling (subsection 6.1)** USD50,000

III. Reporting on Use of Grant Proceeds

(i) Supporting Documentation (section 4). Supporting documentation should be provided with each application for withdrawal as set out below:

- **For requests for Reimbursement:**
  - Statement of Expenditure in the form attached (Attachment 4)
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts/payments valued at USD30,000 or more;
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5)

- **For reporting eligible expenditures paid from the Designated Account:**
  - Statement of Expenditure in the form attached (Attachment 4)
  - Records evidencing eligible expenditures (e.g., copies of receipts, supplier invoices) for payments against contracts/payments valued at USD30,000 or more;
  - List of payments against contracts that are subject to the World Bank’s prior review, in the form attached (Attachment 5); and,
  - A reconciliation of the Designated Account, in the form attached (Attachment [6]), with a copy of the bank statement.

- **For requests for Direct Payment**: records evidencing eligible expenditures, e.g., copies of receipts, supplier invoices

IV. Other Important Information


From the Client Connection website, you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information.

If you have not already done so, the World Bank recommends that you register as a user of the Client Connection website (https://clientconnection.worldbank.org). From this website you will be able to download Applications, monitor the near real-time status of the Grant, and retrieve related policy, financial, and procurement information. All Recipient officials authorized to sign and deliver Applications by electronic means are required to register with Client Connection before electronic delivery can be affected. For more information about the website and registration arrangements, please contact the World Bank by email at <clientconnection@worldbank.org>.

If you have any queries in relation to the above, please contact LOA-TF by sending an email to loa-tf@worldbank.org and using the trust fund number as a reference.

Very truly yours,
INTERNAL DEVELOPMENT ASSOCIATION

By Qimiao Fan
Country Director
Belarus, Moldova and Ukraine
Europe and Central Asia

Attachments

1. World Bank Disbursement Guidelines for Projects, dated May 1, 2006
2. Form for Authorized Signatures
4. Form of Statement of Expenditures
5. Form of Payments Against Contracts Subject to the World Bank’s Prior Review
6. Designated Account Reconciliation Statement

cc with copies: Ministry of Finance
Cosmonautilor Street, 7
2005 Chisinau
Republic of Moldova
Contact 1: Ms. Elena Matveeva, Director of General Direction for Public Debt,
Email: elena.matveeva@mf.gov.md
Contact 2: Olga Mereuta, Head of Direction for External Financing and Debt,
Email: olga.mereuta@mf.gov.md

Main State Tax Inspectorate's address:
Cosmonautilor Street, 9
2005 Chisinau
Republic of Moldova
Contact 1: Irina Lupascu (Macritcaia)
Email: irina.macritcaia@fisc.md
The World Bank
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Attention: [Country Director]

Dear [Country Director]:

Re: Grant No. TF017415 (Preparation of the Moldova Tax Administration Modernization Project)

Excellency:

I refer to the Letter Agreement ("Agreement") between the Republic of Moldova ("Recipient"), and the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Multi-donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development (TF071624), for the above-referenced project, dated [DATE], providing the above Grant. For the purposes of Section 3.04 (b) of the Standard Conditions, as defined in the Agreement, any [one] of the persons whose authenticated specimen signatures appear below is authorized on behalf of the Recipient to sign applications for withdrawal under this Grant.

For the purpose of delivering Applications to the World Bank, [each] of the persons whose authenticated specimen signatures appears below is authorized on behalf of the Recipient, acting [individually] [jointly], to deliver Applications, and evidence in support thereof on the terms and conditions specified by the World Bank.

[This confirms that the Recipient is authorizing such persons to accept Secure Identification Credentials (SIDC) and to deliver the Applications and supporting documents to

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1 Instruction to the Recipient when sending this letter to the World Bank: Stipulate if more than one person needs to sign Applications, and how many or which positions, and if any thresholds apply. Please delete this footnote in final letter that is sent to the World Bank.

2 Instruction to the Recipient: Stipulate if more than one person needs to jointly sign Applications, if so, please indicate the actual number. Please delete this footnote in final letter that is sent to the World Bank.

3 Instruction to the Recipient: Use this bracket if any one of the authorized persons may sign; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the World Bank.

4 Instruction to the Recipient: Use this bracket only if several individuals must jointly sign each Application; if this is not applicable, please delete. Please delete this footnote in final letter that is sent to the World Bank.

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the World Bank by electronic means. In full recognition that the World Bank shall rely upon such representations and warranties, including without limitation, the representations and warranties contained in the Terms and Conditions of Use of Secure Identification Credentials in connection with Use of Electronic Means to Process Applications and Supporting Documentation ("Terms and Conditions of Use of SIDC"), the Recipient represents and warrants to the World Bank that it will cause such persons to abide by those terms and conditions.

This Authorization replaces and supersedes any Authorization currently in the World Bank records with respect to this Agreement.

[Name], [position] Specimen Signature: ______________________

[Name], [position] Specimen Signature: ______________________

[Name], [position] Specimen Signature: ______________________

Yours truly,

/ signed /

__________________

[Position]

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5 Instruction to the Recipient: Add this paragraph if the Recipient wishes to authorize the listed persons to accept Tokens and to deliver Applications by electronic means; if this is not applicable, please delete the paragraph. Please delete this footnote in final letter that is sent to the World Bank.
Terms and Conditions of Use of Secure Identification Credentials
in connection with Use of Electronic Means
to Process Applications
and Supporting Documentation
March 1, 2013

The World Bank (Bank)\(^6\) will provide secure identification credentials (SIDC) to permit the Borrower\(^7\) to deliver applications for withdrawal and applications for special commitments under the Agreement(s) and supporting documentation (such applications and supporting documentation together referred to in these Terms and Conditions of Use as Applications) to the Bank electronically, on the terms and conditions of use specified herein.

SIDC can be either: (a) hardware-based (Physical Token), or (b) software-based (Soft Token). The Bank reserves the right to determine which type of SIDC is most appropriate.

A. Identification of Users.

1. The Borrower will be required to identify in a completed Authorized Signatory Letter (ASL) duly delivered to and received by the Bank each person who will be authorized to deliver Applications. The Bank will provide SIDC to each person identified in the ASL (Signatory), as provided below. The Borrower shall also immediately notify the Bank if a Signatory is no longer authorized by the Borrower to act as a Signatory.

2. Each Signatory must register as a user on the Bank’s Client Connection (CC) website (https://clientconnection.worldbank.org) prior to receipt of his/her SIDC. Registration on CC will require that the Signatory establish a CC password (CC Password). The Signatory shall not reveal his/her CC Password to anyone or store or record the CC Password in written or other form. Upon registration as a CC user, the Signatory will be assigned a unique identifying account name.

B. Initialization of SIDC.

1. Prior to initialization of SIDC by a Signatory, the Signatory will acknowledge having read, understood and agreed to be bound by these Terms and Conditions of Use.

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\(^6\) “Bank” includes IBRD and IDA.

\(^7\) “Borrower” includes the borrower of an IBRD loan, IDA credit, or Project Preparation Facility advance and the recipient of a grant.
2. Where a Physical Token is to be used, promptly upon receipt of the Physical Token, the
Signatory will access CC using his/her account name and CC Password and register his/her
Physical Token and set a personal identification number (PIN) to be used in connection with the
use of his/her Physical Token, after which the Physical Token will be initialized for use by the
Signatory exclusively for purposes of delivering Applications. Where a Soft Token is to be used,
the Signatory will access CC using his/her account name and CC Password and set a personal
identification number (PIN) to be used in connection with the use of his/her Soft Token, after
which the Soft Token will be initialized for use by the Signatory exclusively for purposes of
delivering Applications. Upon initialization of the SIDC, the Signatory will be a “SIDC User”. The
Bank will maintain in its database a user account (Account) for each SIDC User for purposes of
managing the SIDC of the SIDC User. Neither the Borrower nor the SIDC User will have any
access to the Account.

3. Prior to first use of the SIDC by the SIDC User, the Borrower shall ensure that the SIDC User has
received training materials provided by the Bank in use of the SIDC.

C. Use of SIDC.

1. Use of the SIDC is strictly limited to use in the delivery of Applications by the SIDC User in the
manner prescribed by the Bank in the Agreement(s) and these Terms and Conditions. Any other
use of the SIDC is prohibited.

2. The Bank assumes no responsibility or liability whatsoever for any misuse of the SIDC by the
SIDC User, other representatives of the Borrower, or third parties.

3. The Borrower undertakes to ensure, and represents and warrants to the Bank (such
representation and warranty being expressly relied upon by the Bank in granting SIDC) that each
SIDC User understands and will abide by, these Terms and Conditions of Use, including without
limitation the following:

4. Security

4.1. The SIDC User shall not reveal his/her PIN to anyone or store or record the PIN in written
or other form.

4.2. The SIDC User shall not allow anyone else to utilize his/her SIDC to deliver an Application
to the Bank.

4.3. The SIDC User shall always logout from CC when not using the system. Failure to logout
properly can create a route into the system that is unprotected.
4.4. If the SIDC User believes a third party has learned his/her PIN or has lost his/her Physical Token he/she shall immediately notify clientconnection@worldbank.org.

4.5. The Borrower shall immediately notify the Bank at clientconnection@worldbank.org of any lost, stolen or compromised SIDC, and take other reasonable steps to ensure such SIDC are disabled immediately.

5. **Reservation of Right to Disable SIDC**

5.1. The Borrower shall reserve the right to revoke the authorization of a SIDC User to use a SIDC for any reason.

5.2. The Bank reserves the right, in its sole discretion, to temporarily or permanently disable a SIDC, de-activate a SIDC User’s Account or both.

6. **Care of Physical Tokens**

6.1. Physical Tokens will remain the property of the Bank.

6.2. The Bank will physically deliver a Physical Token to each Signatory designated to receive one in a manner to be determined by and satisfactory to the Bank.

6.3. Physical Tokens contain delicate and sophisticated instrumentation and therefore should be handled with due care, and should not be immersed in liquids, exposed to extreme temperatures, crushed or bent. Also, Physical Tokens should be kept more than five (5) cm from devices that generate electromagnetic radiation (EMR), such as mobile phones, phone-enabled PDAs, smart phones and other similar devices. Physical Tokens should be carried and stored separate from any EMR device. At close range (less than 5 cm), these devices can output high levels of EMR that can interfere with the proper operation of electronic equipment, including the Physical Token.

6.4. Without derogating from these Terms and Conditions of Use, other technical instructions on the proper use and care of Physical Tokens are available at http://www.rsa.com.
7. **Replacement**

7.1. Lost, damaged, compromised (in terms of 4.5, above) or destroyed Physical Tokens will be replaced at the expense of the Borrower.

7.2. The Bank reserves the right, in its sole discretion, not to replace any Physical Token in the case of misuse, or not to reactivate a SIDC User’s Account.
Statement of Expenditures (SOE)

Payments made during the period from _____________ to _____________

<table>
<thead>
<tr>
<th>Application No.:</th>
<th>TF No.:</th>
<th>SOE No.:</th>
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<tr>
<th>Item No.</th>
<th>Name and Address of Contractor, Supplier or Service Provider</th>
<th>Contract, Invoice or Purchase order No. &amp; Date (or other ref.)</th>
<th>Brief Description of Goods, Works, Services or other Expenditure</th>
<th>Currency and Total Amount of Contract or Invoice</th>
<th>Total amount of expenditure covered by application (net of retention)</th>
<th>Elig. %</th>
<th>Expenditure Amount Eligible for Financing</th>
<th>Amount Paid From Designated Account (if any)</th>
<th>Date of Payment</th>
<th>Remarks</th>
</tr>
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TOTALS

Supporting documents for this SOE retained at: (insert location)
## Payments Made during Reporting Period

Against Contracts Subject to the World Bank's Prior Review

<table>
<thead>
<tr>
<th>Contract Number</th>
<th>Supplier</th>
<th>Contract Date</th>
<th>Contract Amount</th>
<th>Date of WB's Non Objection to Contract</th>
<th>Amount Paid to Supplier during Period</th>
<th>WB's Share of Amt Paid to Supplier during Period</th>
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</table>
DESIGNATED ACCOUNT RECONCILIATION STATEMENT

<table>
<thead>
<tr>
<th>Step</th>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>TOTAL ADVANCED BY WORLD BANK (OR COFINANCER)</td>
<td>$</td>
</tr>
<tr>
<td>2.</td>
<td>LESS: TOTAL AMOUNT RECOVERED BY WORLD BANK</td>
<td>$</td>
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<tr>
<td>3.</td>
<td>EQUALS PRESENT OUTSTANDING AMOUNT ADVANCED TO THE DESIGNATED ACCOUNT</td>
<td>$</td>
</tr>
<tr>
<td>4.</td>
<td>BALANCE OF DESIGNATED ACCOUNT PER ATTACHED BANK STATEMENT AS OF DATE</td>
<td>$</td>
</tr>
<tr>
<td>5.</td>
<td>PLUS: TOTAL AMOUNT CLAIMED IN THIS APPLICATION</td>
<td>$</td>
</tr>
<tr>
<td>6.</td>
<td>PLUS: TOTAL AMOUNT WITHDRAWN AND NOT YET CLAIMED</td>
<td>$</td>
</tr>
<tr>
<td>7.</td>
<td>PLUS: AMOUNTS CLAIMED IN PREVIOUS APPLICATIONS NOT YET CREDITED AT DATE</td>
<td>$</td>
</tr>
<tr>
<td>8.</td>
<td>MINUS: INTEREST EARNED</td>
<td>$</td>
</tr>
<tr>
<td>9.</td>
<td>TOTAL ADVANCE ACCOUNTED FOR (NO. 4 THROUGH NO. 9)</td>
<td>$</td>
</tr>
<tr>
<td>10.</td>
<td>EXPLANATION OF ANY DIFFERENCE BETWEEN THE TOTALS APPEARING ON LINES 3 AND 9:</td>
<td></td>
</tr>
<tr>
<td>11.</td>
<td>DATE: SIGNATURE: TITLE:</td>
<td></td>
</tr>
</tbody>
</table>

* ALL ITEMS SHOULD BE INDICATED ON THE BANK STATEMENT
H.E. Anatol Arapu  
Minister of Finance  
Ministry of Finance  
Cosmonautilor str. 7  
Chisinau  
Republic of Moldova

Re: Moldova - Multi-donor Programmatic Trust Fund for Europe and Central Asia Region  
Capacity Development for the Preparation of the Tax Administration Modernization Project -  
Grant No. TF017415

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 Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Multi-donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development, proposes to extend to the Recipient, a grant in an amount not to exceed three hundred thousand United States Dollars (US$300,000) ("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 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 Donors under the abovementioned trust fund, and the Recipient’s right to withdraw the Grant proceeds is 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 return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall
become effective as of the date specified by the World Bank in accordance with Section 4.02 of the Annex to this Agreement.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Qimiao Fan
Country Director
Belarus, Moldova and Ukraine
Europe and Central Asia

AGREED:

REPUBLIC OF MOLDOVA

By: [Signature]
Authorized Representative
Name: [Name]
Title: Prime Minister of the Republic of Moldova
Date: July 10, 2014

Enclosures:


2. Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006

3. 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


5. Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 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 February 15, 2012 ("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, and the following additional terms have the following meanings:

   (a) "Operating Costs" means reasonable expenditures (none of which would have encountered absent the Project) incurred by the Recipient on account of implementation of the Grant including bank charges, office supplies, vehicle operation and maintenance costs, fuel, rent, utilities, communication, local transportation and study visits, minimum office equipment, printing, interpretation and translation costs, and such other expenditures as may be agreed upon by the World Bank but excluding salaries of civil servants and consultants.

   (b) "STI" means the Recipient’s State Tax Inspectorate established within the Recipient’s Ministry of Finance pursuant to the Government Decision N#1736 (on the regulation of activity of State Tax Service), dated December 31, 2002 and the Tax Code approved by Law N# 1163-XIII dated April 24, 1997 (with the subsequent amendments) or any successor thereto.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to develop the concept design, technical specifications and business process mapping for the implementation of an integrated information system for the Tax Administration Modernization Project. The Project consists of the following parts:

Part 1: Concept Design and Technical Specifications

   (a) Conducting an assessment of STI’s current business processes and gap analysis for developing a concept design for the new integrated tax system, including:

      (i) a review of existing legislation governing the stages of the tax administration processes at the central and local level;

      (ii) institutional, functional, organizational arrangements and information flows, taking into account the functions that will support the implementation of the integrated system;

      (iii) a gap analysis identifying the differences between the existing procedures and the baseline practice, and changes required before the implementation of the integrated tax system;

      (iv) an action plan for implementing the required changes (legislative, organizational, functional, procedural and information flow arrangements); and
(v) the preparation of the concept design to include the conceptual model of an integrated tax management system including the functional coverage of the system.

(b) Developing the system design and technical specifications, including:

(i) the preparation of detailed functional and technical specifications for the integrated tax management system as well as the necessary central server systems;

(ii) the design of the communication infrastructure for a countrywide integrated tax system;

(iii) the identification of necessary network equipment for the connectivity of central systems and territorial offices;

(iv) the identification of hardware and standard software solutions for effective integration of the central system and territorial offices;

(v) the technical specifications of necessary engineering support systems for the establishment of proper physical environment for system users and for operation of technical equipment; and

(vi) a plan for the implementation of the integrated tax management system.

Part 2: Audit of the Project Preparation Grant

Conducting an audit of the expenditures financed by the Grant.

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 STI 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. Institutional and Other Arrangements. For purposes of carrying out the Project, the Recipient shall maintain at all times during Project implementation, professional staff in adequate numbers and with functions, terms of reference and qualifications acceptable to the World Bank, to perform all Project’s related functions.

2.04. 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 indicators acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) 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 quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. **Procurement**

(a) **General.** All 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) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(ii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(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, III, IV and V of the Consultant Guidelines, as the case may be.

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

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan: (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants’ Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(d) **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 100% of Eligible Expenditures consisting of consultants’ services and Operating Costs inclusive of Taxes.

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 April 30, 2015.

Article IV
Effectiveness; Termination

4.01. **Effectiveness.** This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate actions.

4.02. **Effectiveness Date.** Except as the Recipient and the World Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of the Annex to this Agreement (“Effective Date”). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.

4.03. **Termination.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred twenty (120) days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article V
Recipient’s Representative; Addresses

5.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.
5.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance  
Cosmonautilor str. 7  
Chisinau  
Republic of Moldova

Facsimile:

(373) 22 225393

5.03. **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:              Telex:                  Facsimile:
INDEVAS             248423 (MCI) or 1-202-477-6391
Washington, D.C.    64145 (MCI)