April 29, 2016

H.E. Mr. Tudor Copaci
Secretary General of the Government
State Chancellery
Piata Marii Adunari Naționale 1
Chișinău
Republic of Moldova

Re: ECAPDEV Grant No. TF0A2299
Support to Preparation of Modernization of Government Services
in the Republic of Moldova Project

Excellency:

In response to the request for financial assistance made on behalf of the Government of the Republic of Moldova ("Recipient"), for the benefit of the Republic of Moldova, I am pleased to inform you that the International Bank for Reconstruction and Development and the International Development Association (collectively, "World Bank"), acting as administrator of grant funds provided by the Russian Federation ("Donor") under the Multi Donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development (TF071624), proposes to extend to the Recipient a grant in an amount not to exceed two hundred and forty-seven thousand United States Dollars (U.S.$247,000) ("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 Donor. 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 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 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 specified by the World Bank in accordance with Article V of the Annex to this Agreement.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Faruk Khan
Acting Country Director
Belarus, Moldova and Ukraine
Europe and Central Asia Region

AGREED:

GOVERNMENT OF THE REPUBLIC OF MOLDOVA

By

Authorized Representative

Name: Tudor Copaci
Title: Secretary General of the Government
Date: 17, May, 2016

Enclosures:

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


(b) “State Chancellery” means the Recipient’s state chancellery, or any legal successor thereto.

(c) “eGovernment” means the use of information and communications technologies by government agencies to improve their activities, including administration, services, and connecting with citizens and society.

(d) “eGovernment Center” means the Recipient’s public institution in charge of implementing e-Government transformation related projects, created pursuant to the eGovernment Center Legislation, or any legal successor thereto.

(e) “eGovernment Center Legislation” means the Government Decision No. 392, dated May 19, 2010 and Government Decision No. 760, dated August 18, 2010, that establishes the eGovernment Center, as amended and as in effect on the date of this Agreement.

(f) “Enabling E-services” means standalone, reusable components facilitating e-services development by isolating common functionalities including, *inter alia*, authentication, authorization, payments, notifications and delivery of documents, as part of electronic public service delivery infrastructure.

(g) “IDA Project” means the project on the modernization of government services to be implemented in the territory of the Republic of Moldova and will be proposed for financing through a credit from the International Development Association to the Republic of Moldova.

(h) “Government Services Modernization Reform 2017-2021” means the Recipient’s reform for government administrative services for the years between 2017 to 2021.

(i) “Subsidiary Agreement” means the agreement between the Recipient and the eGovernment Center for the transfer of the Grant proceeds to implement the Project, pursuant to Section 2.03(b) of this Agreement.
Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to assist the Recipient to ensure high quality and timely preparation of the IDA Project. The Project consists of the following parts:

**Part 1: Analytical work to inform IDA Project design**

Provision of support for the technical design of a modern service delivery mechanism to ensure delivery by the Recipient of high-quality, prompt, affordable, transparent and cost-efficient public administrative services through, *inter alia*:

(a) development of the concept for the Government Services Modernization Reform 2017-2021;
(b) development of an action plan including estimated costs, and an economic analysis for the implementation of the Government Services Modernization Reform 2017-2021, including carrying out a cost-benefit analysis of public services digitization and recommendations on rationalizing the list of the Recipient’s services;
(c) carrying out an assessment of the Recipient’s institutional and operational capacity for the implementation of the action plan for the Government Services Modernization Reform 2017-2021 and development of a training plan accordingly;
(d) carrying out a feasibility study and development of a strategic action plan, including estimated costs, for implementing the IDA Project activities on enhancing citizens’ access to the Recipient’s services at the local level;
(e) carrying out an assessment of the effectiveness of the Recipient’s human resources management procedures and processes used in government agencies and by providers of government services, that have been selected for reengineering and automation under the IDA Project; and carrying out an assessment of the number of staff involved in the delivery of these government services; and
(f) preparation of a strategic action plan, including estimated costs, for implementing the IDA Project activities on aligning human resources to a new model of government services delivery.

**Part 2: Preparation for effective IDA Project implementation**

Provision of support for, *inter alia*:

a) carrying out the procurement, financial management and contract administration under the Project;
b) preparation of the bidding documents and terms of reference for the purchase of Enabling E-services; and
c) developing an operations manual and studies necessary to comply with the World Bank’s requirements for the preparation of the IDA Project.

**Part 3: Financial audit**

Provision of support for the preparation of the financial audit of the Project.
2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient, through the State Chancellery, shall and shall cause the eGovernment Center to, 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”); (c) this Article II; and (d) the Subsidiary Agreement.

2.03. **Institutional and Other Arrangements**

(a) **Institutional Arrangements**

(1) The Recipient shall vest the overall responsibility for the implementation of the Project in the State Chancellery, and to this end shall, through the State Chancellery, maintain at all times during Project implementation professional staff in adequate numbers and with terms of reference, qualifications and functions acceptable to the World Bank, to perform all Project’s related functions.

(b) **Subsidiary Agreement**

(1) Without limitation to the provisions of Section 2.02 of this Agreement, the Recipient, through the State Chancellery, shall transfer the proceeds of the Grant to the eGovernment Center through an agreement (“Subsidiary Agreement”) under terms and conditions acceptable to the World Bank which shall include, *inter alia*, the roles and responsibilities of the eGovernment Center and the Recipient, through the State Chancellery, in connection with Project implementation, including the eGovernment Center’s obligation to:

(A) carry out the financial management, procurement and disbursements under the Project with due diligence and efficiency and in accordance with the provisions set forth in Sections 2.06 and 2.07, and Article III of this Agreement, and with sound technical, economic, financial and managerial practices;

(B) ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines; and

(C) take or permit to be taken all actions to enable the Recipient to comply with its obligations referred to in this Agreement in respect to the eGovernment Center.

(2) The Recipient, through the State Chancellery, shall exercise its rights and carry out its obligations under the Subsidiary Agreement in such manner as to protect the interests of the Recipient and the World Bank and to accomplish the purposes of the Grant. Except as the World Bank shall otherwise agree, the Recipient, through the State Chancellery, shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions. In case of any conflict between the terms of the Subsidiary Agreement and those of this Agreement, the terms of this Agreement shall prevail.
2.04. **Donor Visit.** For the purposes of Section 2.09 of the Standard Conditions, the Recipient shall, upon the World Bank's request, take all measures required on its part to enable the representatives of the Donor to visit any part of the Recipient's territory for purposes related to the Project.

2.05. **Project Monitoring, Reporting and Evaluation.** (a) The Recipient, through the State Chancellery: (i) shall and shall cause the eGovernment Center to monitor and evaluate the progress of the Project; (ii) shall cause the eGovernment Center to 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 quarter, and shall be furnished to the World Bank not later than forty five (45) days after the end of the period covered by such report.

(b) The Recipient, through the State Chancellery, shall cause the eGovernment Center to 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.

2.06. **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, through the State Chancellery, shall cause the eGovernment Center to ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank as part of the Project Report 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, through the State Chancellery, shall cause the eGovernment Center to have the 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.

2.07. **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 (revised July 2014) ("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) Selection based on Consultants’ Qualifications; (B) Single-source Selection of consulting firms; (C) Selection of Individual Consultants; and (D) 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.** (a) The Recipient, through the State Chancellery, may withdraw the proceeds of the Grant in accordance with the provisions of: (i) the Standard Conditions; (ii) this Section; and (iii) 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 (inclusive of Taxes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Consultants’ services</td>
<td>226,500</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Operating Costs</td>
<td>5,500</td>
<td>100%</td>
</tr>
<tr>
<td>(3) Training</td>
<td>15,000</td>
<td>100%</td>
</tr>
<tr>
<td><strong>TOTAL AMOUNT</strong></td>
<td><strong>247,000</strong></td>
<td></td>
</tr>
</tbody>
</table>

(b) Unless otherwise agreed by the World Bank, the Recipient, through the State Chancellery, shall and shall cause the eGovernment Center to ensure that the amounts allocated to finance the Eligible Expenditures under Category 3 do not exceed the financing thresholds established for said Eligible Expenditures pursuant to the Rules of Operation.

(c) For the purposes of this section, the term:

(i) “Operating Costs” means the reasonable costs for the incremental expenses incurred on account of Project implementation, consisting, *inter alia*, of translation, vehicle operation and maintenance, communication and insurance costs, banking charges, rental
expenses, office (and office equipment) maintenance, utilities, document duplication/printing and consumables, but excluding the salaries of the Recipient's civil service's officials.

(ii) “Rules of Operation” means the World Bank’s set of rules and procedures dated July 2014 applicable to ECAPDEV, containing inter alia, the criteria for eligible countries, the approval process for grants, the financing thresholds of Eligible Expenditures and the applicable governance arrangements; as the same may be amended from time to time by agreement between the Donor and the World Bank; and

(iii) “Training” means the reasonable costs, as shall have been approved by the World Bank, for training conducted under the Project, including tuition, travel and subsistence costs for training participants, costs associated with securing the services of trainers speakers, rental of training facilities, preparation and reproduction of training materials, and other costs directly related to training course preparation and implementation (but excluding goods and consultants’ services and Study Tours). For the purposes of this paragraph, “Study Tours” means the reasonable costs, as shall have been approved by the World Bank, for training outside the Recipient’s territory conducted under the Project, including travel and subsistence costs for training participants (but excluding academic studies leading to a degree).

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

3.03. Withdrawal Period. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is either: (i) twelve months after the Effective Date of this Agreement; or (ii) the date when the Bank declares the IDA Project effective; whichever occurs first.

Article IV
Additional Remedies

4.01. Additional Events of Suspension. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions consist of the following:

(a) The eGovernment Center has failed to perform any obligation under the Subsidiary Agreement.

(b) The eGovernment Center Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely in the opinion of the World Bank the ability of the eGovernment Center to perform any of its obligations under the Subsidiary Agreement.

Article V
Effectiveness; Termination

5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following conditions have been met:

(a) the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized by all necessary governmental actions.

(b) the Subsidiary Agreement referred to in Section 2.03(b) of this Annex has been executed on behalf of the Recipient and the eGovernment Center.
5.02. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("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.

5.03. Termination for Failure to Become Effective. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 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 VI
Recipient’s Representative; Addresses

6.01. Recipient’s Representative. The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Government’s Secretary General of the State Chancellery.

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

State Chancellery
Piața Marii Adunări Naționale 1
Chișinău, Republica Moldova

Telex: [_______] Facsimile: [_______]

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

Telex: 248423 (MCI) or 64145 (MCI) Facsimile: 1-202-477-6391