H.E. Anatol Arapu  
Minister of Finance  
Ministry of Finance  
Cosmonautilor str. 7  
Chisinau  
Republic of Moldova

Re: MDTF Grant No. TF0A0151
Preparation of the Local Roads Improvement 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/International Development Association (collectively, the “World Bank”), acting as administrator of grant funds provided 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 four hundred thousand United States Dollars (U.S.$400,000) ("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 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with Section 4.02 of the Annex to this Agreement; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received he countersigned copy of this Agreement within
ninety (90) days after the date of this Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,

INTERNATIONAL DEVELOPMENT ASSOCIATION
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By
Qimiao Fan
Country Director
Belarus, Moldova and Ukraine

AGREED:

REPUBLIC OF MOLDOVA

By:
Authorized Representative
Name: Anatol Arapu
Title: Minister of Finance
Date: June 30, 2015

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.
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 below additional terms have the following meanings:

   (a) "LRIP" means the proposed Local Roads Improvement Project.

   (b) "MoTRI" means the Recipient’s Ministry of Transport and Roads Infrastructure, or any successor thereto.

   (c) "Operational Manual" means the manual to be prepared under Part I(b) of the Project for the purposes of the proposed LRIP.

   (d) "SRA" means the State Roads Authority within the Recipient’s MoTRI, or any successor thereto.

   (e) "World Bank Safeguard Policies" means the Bank operational policies and procedures set forth in the Bank’s Operational Manual under OPs/BPs 4.01, 4.04, 4.36, 4.09, 4.11, 4.10, 4.12, 4.37, 7.50 and 7.60, as said manual is published underwww.WorldBank.org/opmanual.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the grant funds is to support the Recipient in preparing the LRIP that will improve the local level road network, as well as analyze the capacities of SRA and local administrations to carry out LRIP and maintain the rural transport network, including financial capacity, and undertake detailed socio-economic and impact assessment studies, detailed designs and terms of reference for contract bids.

The Project consists of the following parts:

**Part I: Implementation Framework**

Provision of support for:

(a) strengthening the capacity of SRA, including provision of Training for SRA staff, and developing terms of reference for the LRIP component related to the advisory activities; and
developing sector reform action plan and LRIP implementation arrangements, including preparing the Operational Manual, assessing of governance and accountability aspects of LRIP, and assessing the local level capacity to implement the LRIP.

**Part II: Planning and Prioritization**

Provision of support for:

(a) identifying the initial program for rehabilitation of roads, including developing a model of prioritization of local roads subject to rehabilitation; and

(b) carrying out the economic evaluation of priority roads, including carrying out the baseline surveys for the purposes of LRIP.

**Part III: Designs and Environmental and Social Impact Studies**

Provision of support for:

(a) developing designs for priority local roads, including defining the standards to be used for rehabilitation of said roads; and

(b) preparing necessary safeguard instruments for LRIP as required by the World Bank Safeguard Policies.

2.02. **Project Execution Generally.** The Recipient declares its commitment to the objectives of the grant funds. To this end, the Recipient shall carry out the Project through the SRA within its MoTRI 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.** The Recipient shall ensure, through MoTRI, that SRA is maintained throughout the implementation of the Project in a manner satisfactory to the World Bank.

2.04. **Donor Visibility and Visit.** (a) The Recipient shall take or cause to be taken all such measures as the World Bank may reasonably request to identify publicly the Donors’ support for the Project.

2.05. **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 acceptable to the World Bank. Each Project Report shall cover the period of 6 months, 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 (6) 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 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 audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions.

2.07. **Procurement.** All goods, works, and consulting services required for the Project and to be financed, fully or partially, out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in 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, revised in July 2014 ("Procurement Guidelines"), and the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers”, dated January 2011, revised in July 2014 ("Consultant Guidelines")..

2.08. Any contract for Eligible Expenditures to be financed in full or in part out of the proceeds of the Grant shall be included in the procurement plan prepared by the Recipient and approved by the Bank in accordance with the Procurement Guidelines and the Consultant Guidelines, prior to initiating the procurement process for any such contract.

**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, works, consultants’ services, Training, inclusive of Taxes.

For the purposes of this paragraph, the term “Training” means the reasonable costs, as shall have been approved by the World Bank, for training and workshops conducted under the Project, including tuition, travel and subsistence costs for training and workshop participants, costs associated with securing the services of trainers and workshop speakers, rental of training and workshop facilities, preparation and reproduction of training and workshop materials, and other costs directly related to training course and workshop preparation and implementation (but excluding goods and consultants’ services).

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 $80,000 equivalent may be made for payments made prior to this date but on or after April 1, 2015, for Eligible Expenditures.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is December 31, 2015.
Article IV
Effectiveness; Termination

4.01. 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 by all necessary governmental and corporate actions.

4.02. 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 this Annex. 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. This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date sixty (60) 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) 2222 5393

5.03. **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
- International Development Association
- 1818 H Street, N.W.
- Washington, D.C. 20433
- United States of America

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