FINANCING AGREEMENT

Special Conditions

The European Commission, hereinafter referred to as "the Commission", acting on behalf of the European Union, hereinafter referred to as "the EU",

of the one part, and

the Government of the Republic of Moldova, hereinafter referred to as "the Beneficiary", of the other part,

have agreed as follows:

ARTICLE 1 - NATURE AND PURPOSE OF THE OPERATION

1.1. The EU shall contribute to the financing of the following programme: CRIS decision number: ENPI/2013/024-404

Title: Support to the implementation of the Vocational Education Training Strategy

hereinafter referred to as "the programme", which is described in the Technical and Administrative Provisions.

1.2 This programme shall be implemented in accordance with this Financing Agreement and the annexes thereto.

ARTICLE 2 - TOTAL ESTIMATED COST AND THE EU'S FINANCIAL CONTRIBUTION

2.1 The total cost of the programme is estimated at 25 000 000 euro with the following component:

Budget support: 25 000 000 euro.

2.2 The EU undertakes to finance a maximum of 25 000 000 euro. The breakdown of the EU's financial contribution into budget headings is shown in the budget included in the Technical and Administrative Provisions.

ARTICLE 3 - THE BENEFICIARY'S CONTRIBUTION

1. The Beneficiary undertakes to co-finance the programme with zero euro. The breakdown of the Beneficiary's financial contribution into budget headings is shown in the budget included in the Technical and Administrative Provisions.
2. Where there is a non-financial contribution by the Beneficiary, detailed arrangements for the delivery of such contribution shall be set out in the Technical and Administrative Provisions.

ARTICLE 4 - PERIOD OF EXECUTION

1. The period of execution of the Financing Agreement as defined in Article 4 of the General Conditions shall commence on the entry into force of the Financing Agreement and end 60 months after this date.
2. The duration of the operational implementation phase is fixed at 36 months.
3. The duration of the closure phase is fixed at 24 months.

ARTICLE 5 - ADDRESSES

All communications concerning the implementation of this Financing Agreement shall be in writing, refer expressly to the programme and be sent to the following addresses:

* 1. for the Commission Mr Pirkka TAPIOLA

Head of the EU Delegation to the Republic of Moldova 12, Kogalniceanu Street MD-2001 Chisinau Republic of Moldova

* 1. for the Beneficiary Mr Iurie LEANCA

Prime Minister of the Republic of Moldova 1, Piata Marii Adunari Nationale MD-2001 Chisinau Republic of Moldova

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ARTICLE 6 - ANNEXES

6.1 The following documents shall be annexed to this Financing Agreement and form an integral part thereof;

Annex I: General Conditions

Annex II; Technical and Administrative Provisions

6.2 In the event of a conflict between the provisions of the Annexes and those of the Special Conditions of the Financing Agreement, the provisions of the Special Conditions shall take precedence. In the event of a conflict between the provisions of Annex I and those of Annex II, the provisions of Annex I shall take precedence.

ARTICLE 7 - SPECIAL CONDITIONS APPLYING TO A BUDGET SUPPORT OPERATION

1. The following clauses of the General Conditions shall not be applicable to the part of the programme related to the budget support operation: Articles 1.3, 2, 4.2 first sentence, 5, 6, 7, 8, 9, 10, 11, 12, 13, 15, 16.2, 17 and 18.2, 19.5, 20.6, 22.3, 22.4 and 22.6.
2. Furthermore, the following clauses of the General Conditions shall be replaced respectively by the following:
3. Article 3: The part of the programme related to the budget support operation shall be implemented by the Commission. This consists in verifying compliance with the conditions for payment, and in the payment of the amounts due for each instalment, in conformity with this Financing Agreement.
4. Article 14: The Beneficiary undertakes to apply its national foreign exchange regulations in a non-discriminatory manner to the payments made under this Financing Agreement.

The foreign exchange transfers will be accounted for under the value date of the notification of credit to the Treasury account to the Central Bank. The exchange rate will be the average of the interbank foreign currency market on the value date of the notification of credit.

1. Article 18.1: Every project/programme financed by the EU shall be subject to the appropriate communication and information operations. These operations shall be defined with the approval of the Commission.
2. Article 19.1: The Beneficiary shall take appropriate measures to prevent irregularities and fraud and, on request of the Commission, bring prosecutions to recover funds wrongly paid. The Beneficiary shall inform the Commission of any measure taken.

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7.2.5 Article 19.3: The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities or fraud.

1. Article 4.1 of the General Conditions shall be supplemented by the following: All payment requests submitted by the Beneficiary in accordance with the provisions set out in the Technical and Administrative Provisions shall be eligible for EU financing provided that such requests are submitted during the operational implementation phase.
2. Article 19.6 of the General Conditions shall be applicable mutatis mutandis in relation to any practices of active or passive corruption whatsoever in relation to the implementation of the operation.

ARTICLE 8 - ENTRY INTO FORCE OF THE FINANCING AGREEMENT

The Financing Agreement shall enter into force on the date on which the Commission receives a notification from the Beneficiary confirming the completion of the internal procedures of the Beneficiary necessary for its entry into force. The Financing Agreement will not enter into force if such a notification is not received by the Commission by 31 December 2014.

Done in two original copies in English, one copy being handed to the Commission and one to the Beneficiary.

FOR THE COMMISSION

Michael A. KOHLER

Director Neighbourhood

Directorate-General for Development

and Cooperation – EuropeAid

Signature

Date

FOR THE BENEFICIARY

Iurie LEANCA Prime Minister

Government of the Republic of Moldova

Signature

Date

ANNEX I - GENERAL CONDITIONS

TITLE I - PROJECT/PROGRAMME FINANCING ARTICLE 1 - GENERAL PRINCIPLE

1. The EU's financial contribution shall be limited to the amount specified in the Financing Agreement.
2. The provision of the EU financing shall be subject to fulfilment of the Beneficiary's obligations under this Financing Agreement.
3. The expenditure incurred by the Beneficiary before the entry into force of the Financing Agreement is not eligible for the EU financing.

ARTICLE 2 - COST OVERRUNS AND COVERING THEM

1. Individual overruns of the budget headings of the Financing Agreement shall be dealt with by reallocating funds within the overall budget, in accordance with Article 22 of these General Conditions.
2. Wherever there is a risk of overrunning the global amount set in the Financing Agreement, the Beneficiary shall immediately inform the Commission and seek its prior approval for the corrective measures planned to cover the overrun, proposing either to scale down the project/programme or to draw on its own or other non-EU resources.
3. If the project/programme cannot be scaled down, or if the overrun cannot be covered either by the Beneficiary's own resources or other resources, the Commission may, at the Beneficiary's duly substantiated request, decide to grant additional EU financing. Should the Commission take such a decision, the excess costs shall be financed, without prejudice to the relevant EU rules and procedures, by the release of an additional financial contribution to be set by the Commission.

TITLE II - IMPLEMENTATION

ARTICLE 3 - GENERAL PRINCIPLE

The project/programme shall be implemented under the responsibility of the Beneficiary

with the approval of the Commission,

ARTICLE 4 - PERIOD OF EXECUTION

1. The period of execution of the Financing Agreement shall comprise two phases:
* an operational implementation phase, in which the principal activities are carried out. This phase shall commence on the entry into force of the Financing Agreement and end with the opening of the closure phase;
* a closure phase, during which final audits and evaluation are carried out and contracts and programme estimates for the implementation of the Financing Agreement are technically and financially closed. This phase shall end at the latest 24 months after the end of the operational implementation phase.
1. Costs related to the principal activities shall be eligible for EU financing only if they have been incurred during the operational implementation phase. Costs related to final audits and evaluation and closure activities shall be eligible up to the end of the closure phase.
2. Any balance remaining from the EU contribution will be automatically decommitted no later than six months after the end of the period of execution.
3. In exceptional and duly substantiated cases, a request may be made for the extension of the operational implementation phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the operational implementation phase and approved by the Commission before that latter date.
4. In exceptional and duly substantiated cases, and after the end of the operational implementation phase, a request may be made for the extension of the closure phase and correlatively of the period of execution. If the extension is requested by the Beneficiary, the request must be made at least three months before the end of the closure phase and approved by the Commission before that latter date.

TITLE III - PAYMENTS TO BE MADE BY THE COMMISSION

TO THIRD PARTIES

ARTICLES-DEADLINE FOR PAYMENTS TO BE MADE BY THE COMMISSION TO THIRD PARTIES

5.1 When the Commission is making payments related to contracts implementing the Financing Agreement and awarded by the Beneficiary, the Beneficiary shall undertake to provide the Commission with the payment requests or invoice no later than 15 calendar days before the payment deadline for the initial pre-financings specified in the contract. In case of further pre-financing for grants, and interim and final payments, the Beneficiary shall undertake to provide the Commission with the payment request or invoice not later than 30 calendar days before the expiry of the payment deadline specified in the contract. The Beneficiary shall notify the Commission of the date of registration of this request. The payment request is not admissible if at least one essential requirement is not met. The time limit for payments may be suspended at any time by the Commission by informing the Beneficiary, that the payment request can not be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information which puts in doubt the eligibility of expenditure appearing in a payment request, comes to the notice of the Commission the Commission may suspend the time limit for payment for the purpose of further verification, including an on-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible. The suspension should be communicated to the Beneficiary as soon as possible. The time limit for payment shall resume once the payment request becomes admissible.

* 1. The deadline referred to in paragraph 1 shall also apply when payment is conditional on approval of a report. The approval of any report is included in the payment deadline specified in the contract. To this end, the Beneficiary has to approve the report and provide the Commission with the payment request or invoice within the deadline set above in article 5.1. When the Beneficiary does not approve the report he shall send, as soon as possible, to the contractor or grant beneficiary a document formally suspending the deadline for payment and explaining the reasons for suspension. Suspension is effective from the sending of the notification. The contractor or grant beneficiary must provide clarifications, modifications or further information within 30 days of the notification. The time limit for payment begins to run again from the date on which the clarifications are registered.
	2. In the event of any delay in forwarding payment requests attributable to the Beneficiary, the Commission shall not be obliged to pay the contractor the late-payment interest provided for in contracts, which will be payable by the Beneficiary. The contractor is entitled to payment of late-payment interest, unless he is a government department or public body in an EU Member State.

TITLE IV - PAYMENTS TO BE MADE BY THE BENEFICIARY TO THIRD PARTIES AND DISBURSEMENT TO BE MADE BY THE COMMISSION THROUGH PROGRAMME ESTIMATES

ARTICLE 6 - GENERAL PRINCIPLE

1. When the Beneficiary is making payments to third parties, programme estimates must be drawn up and adopted beforehand.
2. The programme estimate is a document laying down the programme of measures to be carried out and the human and material resources required, the corresponding budget and the detailed technical and administrative implementing arrangements for decentralised execution of a project/programme over a specified period by direct labour and/or by means of public procurement and/or the award of grants.
3. All programme estimates implementing the Financing Agreement must respect the procedures and standard documents laid down by the Commission, in force at the time of the adoption of the programme estimates in question.

ARTICLE 7 - DISBURSEMENT

1. The Commission shall transfer funds no later than 45 calendar days after the date on which it registers an admissible payment request from the Beneficiary. The payment request is not admissible if at least one essential requirement is not met. The time limit for payments may be suspended by the Commission by informing the Beneficiary, at any time during the period referred to above, that the payment request can not be met, either because the amount is not due or because the appropriate supporting documents have not been produced. If information which puts in doubt the eligibility of expenditure appearing in a payment request comes to the notice of the Commission, the Commission may suspend the time limit for payment for the purpose of further verification, including an on-spot check, in order to ascertain, prior to payment, that the expenditure is indeed eligible The suspension should be communicated to the Beneficiary as soon as possible. The time limit for payment shall resume once the payment request becomes admissible.
2. The Commission shall make payments to a bank account denominated in euro and opened at a financial institution accepted by the Commission.
3. The Beneficiary shall guarantee that funds paid by the Commission by way of pre­financing can be identified in this bank account.
4. Transfers in euro shall, if necessary, be converted into the Beneficiary's national currency as and when payments have to be made by the Beneficiary, at the bank rate in force on the day of payment by the Beneficiary.
5. The funds paid by the Commission to this bank account shall yield interest or equivalent benefits. The Beneficiary shall notify the Commission of interest or equivalent benefits yielded by those funds at least once a year.
6. Interest or equivalent benefits yielded by the funds paid of more than two hundred fifty thousand euro shall be repaid to the Commission within 45 days of receipt of the Commission's request.
7. For a programme estimate which has not given rise to any transfer of funds within three years of its signature, the corresponding committed amount shall be decommitted.

TITLE V - AWARD OF PROCUREMENT AND GRANT

CONTRACTS

ARTICLE 8 — GENERAL PRINCIPLES.

1. All contracts implementing the Financing Agreement must be awarded and implemented in accordance with the procedures and standard documents laid down and published by the Commission for the award of procurement and grant contracts , in force at the time of the launch of the procedure in question.
2. The Beneficiary shall use the language of this Financing Agreement for the award of procurement and grant contracts ,
3. In cases of decentralised contracts, the Beneficiary will inform the Commission when a candidate, tenderer or applicant is in a situation of exclusion from participation in award procedures according to the relevant provisions of the Financial Regulation applicable to the general budget of the European Union or when a contractor has been guilty of making false declarations or has made substantial errors or committed irregularities and fraud, or has been found in serious breach of its contractual obligations.

In such cases, without prejudice to the power of the Commission to exclude an entity from future procurement and grant contracts financed by the EU according to the Financial Regulation applicable to the general budget of the European Union, financial penalties to contractors mentioned in the provision on "Administrative and Financial Penalties" of the General Conditions of decentralised contracts may be imposed to the contractors by the Beneficiary if this is allowed by its national law. Such financial penalties shall be imposed following an adversarial procedure and ensuring the right of defence of the contractor.

8.4 The Beneficiary undertakes to take every appropriate measure to remedy any practices of active or passive corruption whatsoever at any stage of the procedure for the award of contracts or grants. "Passive corruption" shall mean the deliberate action of an official, who, directly or through an intermediary, requests or receives advantages of any kind whatsoever, for himself or for a third party, or accepts a promise of such an advantage, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests. "Active corruption" shall mean the deliberate action of whosoever promises or gives, directly or through an intermediary, an advantage of any kind whatsoever to an official, for himself or for a third party, to act or refrain from acting in accordance with his duty or in the exercise of his functions in breach of his official duties, which has, or would have, the effect of harming the EU's financial interests.

ARTICLE 9 - DEADLINE FOR THE SIGNATURE OF THE CONTRACTS IMPLEMENTING THE FINANCING AGREEMENT

1. Except for those components of this Financial Agreement implemented under Joint Management or Indirect Centralised Management, the contracts implementing the Financing Agreement shall be signed by both parties within three years of the entry into force of the Financing Agreement. That deadline may not be extended.
2. The above provision shall not apply to:
* audit and evaluation contracts, which may be signed later;
* addenda to contracts already signed;
* contracts concluded after early termination of an existing contract and
* cases of change of entity charged with budget execution tasks
1. At the end of the three years of the entry into force of the Financing Agreement, any balance for which contracts have not been signed, except those referred to in Article 9.2 here above, will be decommittcd
2. The above provision shall not apply to any balance of the contingency reserve.
3. A contract which has not given rise to any payment within three years of its signature shall be automatically terminated and its funding shall be decommitted.

ARTICLE 10 - ELIGIBILITY

1. Participation in invitations to tender for works, supply or service contracts and in calls for proposals shall be open on equal terms to all natural and legal persons of the Member States of the EU and, in accordance with the specific provisions in the basic acts governing the cooperation sector concerned, to all natural and legal persons of the beneficiary third countries or of any other third country expressly mentioned in those acts.
2. It may be decided, on the basis of the specific conditions laid down in the basic acts governing the cooperation sector concerned, to allow third-country nationals other than those referred to in paragraph 1 to tender for contracts.
3. Goods and supplies financed by the EU and necessary for the performance of works, supply and service contracts and procurement procedures launched by the grant beneficiaries for the execution of the action financed must originate in countries eligible to participate in the terms laid down in the previous two paragraphs, except when it is provided otherwise in the basic act.

ARTICLE 11 - PUBLICATION OF INFORMATION

1. The Beneficiary undertakes to publish each year in a dedicated and easily accessible place of its internet site the title of each contract financed by the Financing Agreement, the name and nationality of the grant beneficiary or successful tenderer as well as the amount of the corresponding grant or contract.
2. If such internet publication is impossible, the information shall be published by any other appropriate means, including the official journal of the Beneficiary. Publication shall take place during the first half of the year following the closure of the year in respect of which the contracts and grants were awarded by the Beneficiary. The Beneficiary shall communicate to the Commission the address of the place of publication and reference shall be made to this address in the dedicated place of the internet site of EuropeAid . If the information is published otherwise, the Beneficiary shall give the Commission Ml details of the means used.

CONTRACTS

ARTICLE 12 - ESTABLISHMENT AND RIGHT OF RESIDENCE

1. Where justified by the nature of the contract the Beneficiary shall entitle natural and legal persons participating in invitations to tender for works, supply or service contracts with a provisional right of establishment and residence in the Beneficiary's territory(ies). This right shall remain valid for one month after the contract is awarded.
2. The Beneficiary shall also entitle contractors (procurement and grant contracts) and natural persons whose services are required for the performance of the contract and members of their family with similar rights during the implementation of the project/programme.

ARTICLE 13 - TAX AND CUSTOMS PROVISIONS

1. The Beneficiary shall apply to procurement contracts and grants financed by the EU the most favoured tax and customs arrangements applied to States or international development organisations with which it has relations.
2. Where a Framework Agreement is applicable, which includes more detailed provisions on this subject, these provisions shall apply as well.

ARTICLE 14 - FOREIGN EXCHANGE ARRANGEMENTS

1. The Beneficiary undertakes to authorise the import or purchase of the foreign currency necessary for the implementation of the project. It also undertakes to apply its national foreign exchange regulations in a non-discriminatory manner to the contractors allowed to participate referred to in Article 10 of these General Conditions.
2. Where a Framework Agreement is applicable, which includes more detailed provisions on this subject, these provisions shall apply as well.

ARTICLE 15 - USE OF DATA FROM STUDIES

Where the Financing Agreement involves the financing of a study, the contract related to this study, signed for the implementation of the Financing Agreement, shall govern the ownership of that study and shall include the right for the Beneficiary and the Commission to use data in the study, to publish it or to disclose it to third parties.

ARTICLE 16 - ALLOCATIONS OF AMOUNTS RECOVERED UNDERCONTRACTS

1. Without prejudice to the responsibilities of the Beneficiary, the Commission may, in accordance with the relevant provisions of the Financial Regulation applicable to the general budget of the European Union formally establish an amount as being wrongly paid under a contract financed under this Financing Agreement and proceed to its recovery by any means.
2. Amounts recovered by the Beneficiary from payments wrongly effected, from financial guarantees lodged on the basis of procedures of award of contracts or under a contract financed under this Financing Agreement, as well as from financial penalties imposed by the Beneficiary on candidate, tenderer, contractor or grant beneficiary, shall be returned to the Commission. The damages granted to the Beneficiary shall also be returned to the Commission.

ARTICLE 17 - FINANCIAL CLAIMS UNDER CONTRACTS

The Beneficiary undertakes to confer with the Commission before taking any decision concerning a request for compensation made by a contractor and considered by the Beneficiary to be justified in whole or in part. The financial consequences may be borne by the EU only where the Commission has given its prior approval. Such prior approval is also required for any use of funds committed under the present Financing Agreement to cover costs arising from disputes relating to contracts.

TITLE VII - GENERAL AND FINAL PROVISIONS

ARTICLE 18 - VISIBILITY

1. Every project/programme financed by the EU shall be subject to the appropriate communication and information measures. Unless otherwise agreed, the Beneficiary shall take the necessary measures to ensure the visibility of the EU funding for the project/programme. These measures shall be defined under the responsibility of the Beneficiary with the approval of the Commission.
2. These communication and information measures shall follow the rules in the Communications and Visibility Manual for EU External Actions laid down and published by the Commission, in force at the time of the measures.

ARTICLE 19 - PREVENTION OF IRREGULARITIES, FRAUD AND

CORRUPTION

1. The Beneficiary undertakes to check regularly that the operations financed with the EU funds have been properly implemented. It shall take appropriate measures to prevent irregularities and fraud and, if necessary, bring prosecutions to recover funds wrongly paid.
2. "Irregularity" shall mean any infringement of the Financing Agreement, implementing contracts and programme estimates or of EU law resulting from an act or omission by an economic operator, which has, or would have, the effect of prejudicing the general budget of the EU, either by reducing or losing revenue accruing from own resources collected directly on behalf of the EU, or by an unjustified item of expenditure.

"Fraud" shall mean any intentional act or omission concerning:

* the use or presentation of false, incorrect or incomplete, statements or documents which has as its effect the misappropriation or wrongful retention of funds from the general budget of the EU;
* non-disclosure of information in violation of a specific obligation, with the same effect;
* the misapplication of such funds for purposes other than those for which they are originally granted.
1. The Beneficiary shall immediately inform the Commission of any element brought to its attention which arouses suspicions of irregularities or fraud and of any measure taken to deal with them.
2. As stated in Article 8.3, in cases of decentralised contracts, the Beneficiary will inform the Commission when a contractor has been guilty of making false declarations or has made substantial errors or committed irregularities and fraud, or has been found in serious breach of its contractual obligations.

Without prejudice to the power of the Commission to exclude a natural or legal person from future procurement and grant contracts financed by the EU according to the Financial Regulation applicable to the general budget of the European Union financial penalties to contractors mentioned in the provision on "Administrative and Financial Penalties" of the General Conditions of decentralised contracts may be imposed to contractors by the Beneficiary if this is allowed by its national law. Such financial penalties shall be imposed , following an adversarial procedure and ensuring the right of defence of the contractor.

1. The Beneficiary shall immediately inform the Commission of the name of the economic operators whom have been the subject of a judgment which has the force of res judicata for fraud, corruption, involvement in a criminal organisation or any other illegal activity detrimental to the EU's financial interests.
2. The Beneficiary undertakes to take every appropriate measure to remedy any practices of active or passive corruption whatsoever in the implementation of the related contracts. Definitions in Article 8.3 apply herein.

If the Beneficiary does not take the appropriate measures to remedy any practices of corruption or fraud mentioned under this article, the Commission may adopt itself such measures including the recovery of the EU funding by any means.

ARTICLE 20 - VERIFICATIONS AND CHECKS BY THE COMMISSION, THE EUROPEAN ANTI-FRAUD OFFICE (OLAF) AND THE EUROPEAN COURT OF AUDITORS

1. The Beneficiary agrees to the Commission, OLAF and the European Court of Auditors conducting documentary and on-the-spot checks on the use made of EU funding under the Financing Agreement (including procedures for the award of contracts and grants) and carrying out a full audit, if necessary, on the basis of supporting documents of accounts and accounting documents and any other documents relating to the financing of the project/programme, throughout the duration of the agreement and for seven years after the date of the last payment.
2. The Beneficiary also agrees that OLAF may carry out on-the-spot checks and verifications in accordance with the procedures laid down by EU law for the protection of the EU's financial interests against fraud and other irregularities.
3. To that end, the Beneficiary undertakes to grant officials of the Commission, OLAF and the European Court of Auditors and their authorised agents access to sites and premises at which operations financed under the Financing Agreement are carried out, including their computer systems, and to any documents and computerised data concerning the technical and financial management of those operations, and to take every appropriate measure to facilitate their work. Access by authorised agents of the Commission, OLAF and the European Court of Auditors shall be granted on conditions of strict confidentiality with regard to third parties, without prejudice to public law obligations to which they are subject. Documents must be accessible and filed in a manner permitting easy inspection, the Beneficiary being bound to inform the Commission, OLAF or the European Court of Auditors of the exact location at which they are kept.
4. The checks and audits described above shall also apply to contractors and subcontractors who have received EU funding.
5. The Beneficiary shall be notified of on-the-spot missions by agents appointed by the Commission, OLAF or the European Court of Auditors.
6. The Beneficiary shall keep the following financial and contractual supporting documents

Procurement procedures:

* Forecast notice with proof of publication of the procurement notice and any corrigenda
* Nomination of shortlist panel
* Shortlist report (incl. annexes) and applications
* Proof of publication of the shortlist notice
* Letters to non-shortlisted candidates
* Invitation to tender or equivalent
* Tender dossier including annexes, clarifications, minutes of the meetings, proof of publication
* Nomination of the evaluation committee
* Tender opening report, including annexes
* Evaluation / negotiation report, including annexes and bids received1
* Notification letter
* Supporting documents
* Cover letter for submission of contract
* Letters to unsuccessful candidates
* Award / cancellation notice, including proof of publication
* Signed contract, amendments, riders and relevant correspondence

Calls for proposals and direct award of grants:

* Nomination of the evaluation committee
* Opening and administrative report including annexes and applications received2
* Letters to successful and unsuccessful applicants
* Concept note evaluation report
* Letters to successful and unsuccessful applicants
* Evaluation report of the full application or negotiation report with relevant annexes
* Eligibility check and supporting documents
* Letters to successful and unsuccessful applicant with approved reserve list
* Cover letter for submission of contract
* Award/cancellation notice with proof of publication
* Signed contract, amendments, riders and relevant correspondence

In case of decentralised operations:

* In addition to all of the above -mentioned supporting documents also all relevant documentation relating to payments and recovery orders.

Elimination of unsuccessful bids five years after the closure of the procurement procedure. Elimination of unsuccessful applications three years after the closure of the grant procedure.

ARTICLE 21 - CONSULTATION BETWEEN THE COMMISSION AND THE

BENEFICIARY

1. The Beneficiary and the Commission shall consult each other before taking any dispute relating to the implementation or interpretation of this Financing Agreement further.
2. Where the Commission becomes aware of problems in carrying out procedures relating to management of this Financing Agreement, it shall establish all necessary contacts with the Beneficiary to remedy the situation and, take any steps that are necessary, including, where the Beneficiary does not, or is unable to, perform the duties incumbent on it, temporarily taking the Beneficiary's place
3. The consultation may lead to the amendment, suspension or termination of the Financing Agreement.

ARTICLE 22 - AMENDMENT OF THE FINANCING AGREEMENT

1. Any amendment to the Special Conditions, Annex II and Annex III to the Financing Agreement shall be made in writing and be the subject of an addendum.
2. If the request for an amendment comes from the Beneficiary, the latter shall submit that request to the Commission at least three months before the amendment is intended to enter into force, except in cases which are duly substantiated by the Beneficiary and accepted by the Commission.
3. For technical adjustments which do not affect the objectives and results of the project/programme and alterations in matters of detail which do not affect the technical solution adopted, and with no reallocation of funds, the Beneficiary shall inform the Commission of the amendment and its justification in writing as soon as possible and apply that amendment.
4. The use of contingency reserve shall be subject to the Commission's prior written approval.
5. The specific cases of the extension of the operational implementation phase or closure phase are governed by Article 4 (4) and (5) of these General Conditions.
6. Where the Commission considers that the Beneficiary ceases to satisfy the decentralisation criteria and without prejudice to Articles 23 and 24 of these General Conditions, the Commission may decide to retake the financial implementation tasks entrusted to the Beneficiary in order to continue the implementation of the project/programme on behalf, and for the account, of the Beneficiary after informing the latter in written form

ARTICLE 23. SUSPENSION OF THE FINANCING AGREEMENT

23.1 The Financing Agreement may be suspended in the following cases:

* The Commission may suspend the implementation of the Financing Agreement if the Beneficiary breaches an obligation under the Financing Agreement, and notably if it ceases to satisfy the decentralisation criteria laid down, where relevant, in the Special Conditions
* The Commission may suspend the implementation of the Financing Agreement if the Beneficiary breaches any obligation set under the procedures and standard documents laid down and published by the Commission for the award and implementation of contracts and grants.
* The Commission may suspend the Financing Agreement if the Beneficiary breaches an obligation relating to respect for human rights, democratic principles and the rule of law and in serious cases of corruption.
* The Financing Agreement may be suspended in cases of force majeure, as defined below. "Force majeure" shall mean any unforeseeable and exceptional situation or event beyond the parties' control which prevents either of them from fulfilling any of their obligations, not attributable to error or negligence on their part (or the part of their contractors, agents or employees) and proves insurmountable in spite of all due diligence. Defects in equipment or material or delays in making them available, labour disputes, strikes or financial difficulties cannot be invoked as force majeure. A party shall not be held in breach of its obligations if it is prevented from fulfilling them by a case of force majeure of which the other party is duly informed. A party faced with force majeure shall inform the other party without delay, stating the nature, probable duration and foreseeable effects of the problem, and take any measure to minimise possible damage.
1. No prior notice shall be given of the suspension decision.
2. The Commission may take any appropriate precautionary measure before suspension takes place.
3. When the suspension is notified, the consequences on the ongoing contracts and programme estimates or contracts and programme estimates to be signed will be indicated.
4. A suspension of the Financing Agreement is without prejudice to the suspension of payments by the Commission for the sake of ensuring sound financial management or protecting the EU's financial interests.

ARTICLE 24 - TERMINATION OF THE FINANCING AGREEMENT

1. If the issues which led to the suspension of the Financing Agreement have not been resolved within a maximum period of 180 days, either party may terminate the Financing Agreement at 30 days' notice.
2. Where a Financing Agreement has not given rise to any payment within three years of its signature or no implementing contract has been signed within this period, that Financing Agreement will be terminated.
3. When the termination is notified, the consequences on the ongoing contracts and programme estimates or contracts and programme estimates to be signed will be indicated.

ARTICLE 25 - DISPUTE-SETTLEMENT ARRANGEMENTS

1. Any dispute concerning the Financing Agreement which cannot be settled within a six-month period by the consultations between the parties provided for in Article 21 of these General Conditions may be settled by arbitration at one of the parties' request.
2. In this case the parties shall each designate an arbitrator within 30 days of the request for arbitration. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration (The Hague) to designate a second arbitrator. The two arbitrators shall in their turn designate a third arbitrator within 30 days. Failing that, either party may ask the Secretary-General of the Permanent Court of Arbitration to designate the third arbitrator.
3. Unless the arbitrators decide otherwise, the procedure laid down in the Permanent Court of Arbitration Optional Rules for Arbitration Involving International Organisations and States shall apply. The arbitrators' decisions shall be taken by a majority within a period of three months.
4. Each party shall be bound to take the measures necessary for the application of the arbitrators' decision.

Annex II to financing agreement No ENPI/2013/024-404

technical and administrative provisions

|  |  |
| --- | --- |
| Beneficiary country/region | Republic of Moldova |
| Budget heading | 21 03 51 00 |
| Title | Support to the implementation of the Vocational Education Training Strategy |
| Total cost | Total amount of EU budget contribution: EUR 25 000 000 of which EUR 25 000 000 for budget support |
| Aid method / Management mode |  | Sector Reform Contract Direct centralised management |
| DAC sector code | 11330 | Sector | Vocational Trainin« |
| Complementary Support | - | DAC sector Code | - |

1. Intervention

1.1 Objectives

General objective:

The general objective of this Sector Reform Contract is to re-conceptualize the education program within the Vocational Education Training (VET) sector and to streamline the VET institutions network aiming to increase efficiency of professional education and to provide a competitive workforce for national and regional economy that would meet the labour market needs in terms of quality and quantity requirements.

This objective is a subset of the VET Development 2013-2020 Strategy overall objective to modernize and streamline the VET in order to increase the competitiveness of the national economy, by training competent and qualified workforce, in line with current and future requirements of the market.

Specific objectives:

The specific objectives of this Sector Reform Contract are derived from the objectives of the VET Development Strategy:

* Restructure the VET into two levels - secondary and post-secondary and reconfigure the network of institutions by 2017.
* Ensure vocational training is based on competences and adjust it to the labour market requirements, so that employment rate increases by 10 percentage, from 50.6% in 2012, for graduates from the secondary specialised education, and from 50% in 2012 for graduates from the secondary vocational education.
* Increase the quality of the VET by improving the efficiency of the utilization of financial means and by creating and implementing the quality assurance system, so that, by 2017 a functional entity for the assessment and accreditation of these institutions is in place.
* Synchronise scientific, cultural and methodological provision of the VET, so that 100% of curricula is adjusted to the National Qualifications Framework by 2020.
* Increase the quality of the teaching staff, including by upgrading the initial and continuing professional development of teaching staff for the VET, and improving the motivation of these, so that, by 2020, the entire teaching staff is trained according to the National Qualifications Framework.
* Increase attractiveness and access to the VET, so that by 2020, the number of students increases by

10%.

Cross-cutting issues: This support will directly contribute to good governance by improving the work of public institutions and management of public resources. It will also directly contribute to ensuring respect for human rights and fundamental freedoms. In addition, in preparation of activities, attention will be paid to ensure gender equality, impact on environment and sustainable development.

1.2 Expected results

Through a dialogue with the stakeholders, several key results areas have been identified where achievements and targets will be more specifically supported; the numbering corresponds to the results of the VET Development 2013-2020 Strategy:

Result 1: Identify the VET institutions to be reorganized as excellence centres specialised into fields

of the national economy and which will become professional leaders in their area of competence.

Result 2: Create Sector Committees for the 7 specialisation fields.

Result 3: Create an accreditation and quality assurance structure in the VET.

Result 4: Develop and apply new funding mechanisms of the VET system.

Result 5: Provide proper education conditions in the VET.

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Result 6: Strengthen capacities of the VET Centre (CRD1P) for the scientific, methodological and curricular supply of the VET.

Result 7: Publish teaching materials, curricula, course support, instructive materials, e-learning materials, professional guidance materials, for the adult training.

Result 8: Continuously promote modern teaching technologies with the use of the Information and Communication Technologies (ICT).

Result 9; Promote in the VET institutions courses on: entrepreneurship, IT and foreign languages (English, Russian).

1.3 Main activities

The main activities to implement the budget support package are budget support dialogue and policy dialogue, financial transfer, performance assessment, reporting and capacity development.

1.3.1 Budget Support

The main activities correspond to the expected results: Result 1 - Activities

* Development and approval by the Government of the VET Sector Restructuring Plan, as well as the corresponding Public Procurement Plan, covering construction works, supply of general equipment and ICT & software;
* Preparation and implementation of contracts of creating 10 centres of excellence, including securing funding in Ministry of Education, strengthening of infrastructure and provision of modern equipment.

Result 2 - Activities

* Support to the setting up of four Sector Committees: Agriculture and Food Industry; Transport and Road Infrastructure; Information and Communication Technologies (ICT); and Constructions;
* Support the full functioning of three additional Sector Committees: Trade, Food Services and Tourism; Light Industry: textiles and confection, shoes and leather; Energy;
* Support seven Sector Committees to draft proposals for new professions, assessment of existing curricula in line with the labour market needs.

Result 3 - Activities

* Develop the institutional framework for performing accreditation and quality assurance in VET (including regulation, design and initiation of the accreditation unit and the National Qualification Framework unit);

Result 4 - Activities

* Develop the legal framework for new funding mechanisms. Result 5 - Activities
* Reconstruct physical environment for dormitories for eight centres of excellence;
* Prepare two reconstruction contracts for the Ministry of Education 2017 budget. Result 6 - Activities
* Drafting of the Strategic Plan and Action Plan for the VET Republican Centre (CRDIP) and its approval by the Government of Moldova.

Result 7 - Activities

* Support to the development and approval of curricula in seven sectors;
* Support to the publication and dissemination of the above-mentioned curricula and training materials on web platform/digital database;
* Purchase specialised literature/software for 100%- of VET institution libraries. Result 8 - Activities
* Install and connect ICT equipment and digital learning materials in a VET network. Result 9 - Activities
* Promote the availability of courses in foreign languages in 100% of VET institutions.

1.3.2 Complementary support

No complementary support is financed under this programme.

Complementary technical assistance (e.g. external review missions, technical support, evaluation and audit, communication and visibility etc.) will be provided through AAP 2012 ("Strengthening the governance of the Vocational Education Training sector" programme - CRIS ENPI/2012/023-419).

2. Implementation

2.1 Budget and timetable

The total EU contribution to this programme is EUR 25 000 000.

|  |  |
| --- | --- |
|  | EU contribution (in EUR) |
| Budget Support | 25 000 000 |
| TOTAL | 25 000 000 |

The indicative operational implementation period of this programme is as specified in Article 4 of the Special Conditions.

The maximum of EUR 25 000 000 will be disbursed in three instalments, subject to compliance with the General Conditions defined in Section 3 of Appendix 2 and the relevant Specific Conditions defined in Section 4 of Appendix 2. Instalments will comprise only variable components. The amounts of each variable component as well as the weight of the conditions linked with the payment of the variable components are further detailed in Appendix 2. Disbursements will be paid into the Treasury Account, indicatively in the second quarter of 2015, 2016 and 2017 (subsequent to an independent review of compliance).

Indicative Disbursement Calendar

|  |  |  |  |
| --- | --- | --- | --- |
|  | First | Second | Third |
|  | Instalment | Instalment | Instalment |
| Indicative Assessment | 1st quarter 2015 | 1st quarter 2016 | Is\* quarter 2017 |
| Indicative Disbursement | 2nd quarter 2015 | 2nd quarter 2016 | 2nd quarter 2017 |
| Variable Component (max) | EUR | EUR | EUR |
|  | 3 500 000 | 10 0)0 000 | 11 500 000 |
| Total: up to | EUR | EUR | EUR |
|  | 3 500 000 | 10 000 000 | 11 500 000 |

Amounts under the variable components may be less than those shown where Government fails to fully comply with the Specific Conditions for disbursement. Amounts withheld will continue to be eligible for release at the time of subsequent instalments where Government fulfils the disbursement requirements but will be lost irrevocably if conditions are not fulfilled by the time of assessment of the final third instalment.

1. Budget support modalities

Budget support is provided as direct untargeted budget support to the national Treasury, The crediting of the euro transfers disbursed into Moldovan LEI (MDL) will be undertaken at the appropriate exchange rates in line with Article 7,2,2 of the Special Conditions.

1. Disbursement criteria

Instalments of the budget support will be payable to the Moldovan State Treasury, subject to fulfilment of General and Specific Conditions agreed in the Policy Reform Matrix, appended to the Financing Agreement's Technical and Administrative Provisions.

The release of all tranches under this Programme will require compliance with General Conditions related to:

* Satisfactory progress in the implementation of VET Sector Development Strategy 2013 - 2020 and continued credibility and relevance of that or any successor strategy.
* Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances.
* Satisfactory progress in the implementation of the programme to improve public financial management.
* Satisfactory progress with regards to the public availability of accessible, timely, comprehensive, and sound budgetary information.

The General Conditions for disbursement of all tranches are detailed in Appendix 2 table B.

The Specific Conditions for disbursement of the variable tranches will be connected to the main components of the Sector Reform Contract: (1) restructure the VET into two levels and reconfigure the network of institutions by 2017, (2) ensure vocational training is based on competences and adjust it to the labour market requirements, (3) increase the quality of the VET, (4) implement a scientific, cultural and methodological provision to the VET, (5) increase the quality of the teaching staff, (6) increase attractiveness and access to the VET.

The Specific Conditions for disbursement are detailed in Appendix 2 table C.

The chosen performance targets and indicators specified in Appendix 1 will apply for the duration of the programme. However, in duly justified circumstances, the Government of Moldova may submit a request to the Commission for the targets and indicators to be changed. The changes agreed to the targets and indicators may be authorised by exchange of letters between the two parties.

1. Performance monitoring

Monitoring missions will take place at the end of each financial year to review the progress of the reform, checking financial and budget executions reports in order to collect evidence on the funding and the budget allocations.

The programme will be subject to independent reviews that will assess the level of compliance with the indicators set forth in the Financing Agreement. The performance criteria to be reached according the sector strategy action plan, as defined in the Technical and Administrative Provisions and its Appendices, will be used as disbursement target.

The Sectoral Development Strategy 2013-2020 outlines the institutional framework for monitoring the implementation of sector policies and strategies, which includes the development partners. Since June 2013, the Ministry of Education is organising the donor coordination.

The institutional framework for the strategy monitoring and assessment will include the following main actors:

* 1. Ministry of Education's Board, which will supervise the Strategy implementation, monitoring and assessment process, will analyse the progress and problems and will put forward solutions for overcoming the barriers and ensuring the plenary implementation of the Strategy;
	2. Representatives of the VET Coordination Council, Sector Committees, businesses;
	3. Civil society, development partners, which will independently monitor the Strategy implementation process and will intervene with proposals aiming at improving the implementation process.

The monitoring activity will be performed by:

* + 1. Annual monitoring and reporting, which supposes a detailed reporting for a one-year period;
		2. Half-yearly monitoring and reporting of results;
		3. Final monitoring and reporting on the achievement of Strategy objectives during the whole implementation period.

The annual, half-yearly and final monitoring reports on Strategy implementation will be submitted to the authorities responsible for Strategy implementation for review and approval by the Ministry of Education's Board.

The overall monitoring and evaluation system will be developed in a consistent manner, aligned to reporting process for the National Development Strategy "Moldova -2020" and Government's Program.

The monitoring and evaluation reports will be open and will be posted on the website of the monitoring / evaluation authorities.

The Ministry of Education, through direct contacts, through the media and its website, will inform the civil society about the progress and about how it can engage for a successful Strategy implementation, ensuring a transparent and participatory interaction of all stakeholders involved in Strategy monitoring and evaluation.

* + - 1. Evaluation and audit

External Review missions will verify compliance with relevant Policy Reform Matrix conditions prior to the release of the 1st, 2nd and 3rd instalments (see "Performance indicators used for disbursement", Appendix 1 and "Disbursement arrangements and timetable", Appendix 2 of these Technical and Administrative Provisions).

These External Review missions shall be initiated by the Delegation of the EU to Moldova or at the request of the Government of Moldova and will be carried out by independent teams of experts, specifically engaged or detached for this purpose. These missions will be funded from Financing Agreement ENPI/2012/023-419 ("Support for the vocational education and training sector").

Prior to the completion of the sector budget support programme, the European Commission will appoint additional expertise to carry out an independent final evaluation of the programme.

The European Commission reserves the right to employ consultants to carry out, an audit of a sample of expenditures related to the implementation of the government's VET sector development policy.

* + - 1. Communication and visibility

As part of the financing agreement, the Moldovan government undertakes to ensure that the visibility of the EU contribution to the Sector Reform Contract is given appropriate coverage in the various publicity media. The project will endeavour to further enhance the positive image of the EU in the context of its work in Moldova. At appropriate milestones during the project duration and after appropriate events, press releases will be issued, in co-operation with the EU Delegation in Chisinau. The Communication and Visibility Manual for EU External Actions will be applied.

Appendices

* + - * 1. - Performance indicators used for disbursements
				2. - Disbursement arrangements and timetable

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
| Objectives of the "VET Strategy"1 | Targets for Instalment I (To be achieved by December 2014)2 | Means of verification | Resp. | Targets for Instalment II (To be achieved by December 2015)2 | Means of verification | Resp. | Targets for Instalment III (To be achieved by December 2016)2 | Means of verification | Resp. |
| OBJECTIVE. 1 : Restructure the VET into two levels - secondary and post-secondary and reconfigure the network of institutions by 2017. |
| Identity the VET institutions to be reorganized as excellence centres specialized into fields of the national economy and which will become professional leaders in their area of competence:* Create professional competence centres in the field (also develop the criteria for excellence centres - to be developed by 2014)
* Strengthen the infrastructure and piovide institutions with modern equipment
* Consult structures with competences in developing the legal, institutional and operational framework as concerning the specialization tick!
* Suengthen professional development capacities of the stall' in the specialization field
* Organize graduation exams on the specialization field
 | 1 .Approval of the VET Restructuring Plan by the Government | Government decision | MoE | 1. Approval of the Public Procurement Plan for Centres of Excellence and other capital investment under the VET Strategy by the Government
2. Organization of a tender, conclusion of contracts for upgrading 5 Centres of Excellence and allocation of the necessary budget for MoE
 | MoE annual evaluation report 2015, Budget Law | MoE MoF | 1. Conclusion of contracts for upgrading other 5 Centres of Excellence and allocation of the necessary budget for MoE | MoE annual evaluation report 2016, Budget Law | MoE MoF |
| OBJECTIVE 2: Ensure the vocational training in the VET based oil competences and adjust it to the labour market requirements, so that employment rate increases by 10 percentage, from 50.6%in 2012, for graduates from the secondary specialised education, and from 50% in 2012 for graduates from the secondary vocational education. |
| Create Sector Committees tor the 7 specialization fields: - Re-update the activity regulation of Sector Committee.Recruit relevant members of the Sector Committees* Train the Sector Committees Members

Develop the organizational culture of Sector Committees | 1. Carry out the labour market survey.

|  |  |
| --- | --- |
| 3. At least 4 SectorCommitteesfunctioning:- Agriculture andFood Industry- Transport andRoadInfrastructure- Information andCommunicationTechnologies (ICT)

|  |
| --- |
| - Constructions4. Development ofat least 4occupationalstandards in the pilotsectors |

FRfrfrfr |
|  |
| - Constructions |
| 4. Development of |
| at least 4 |
| occupational |
| standards in the pilot |
| sectors |

 | Report on survey, MoE annual evaluation

|  |
| --- |
| report 2014, |
| SC action |
| plans/annual |
| programme, |
| Assessment |
| Report |

 | MLSPF MEc MoE MAPI

|  |
| --- |
| MTRI |
| MITC |
| MRDC |

 |  |  |  | 2.Establishment of additional 3 Sector Committees that become functioning:

|  |
| --- |
| - Trade, Food |
| Services and |
| Tourism |
| - Light Industry: |
| textiles and |
| confection, shoes |
| and leather |
| - Energy |

 | SC actionplans/annualprogramme | MLSPFMEcMoE |

1. These objectives refer to the "Vocational Education and Training Development Strategy for 2013-2020" of Moldova
2. Targets to be achieved by this Programme

Appendix 1: Performance indicators used for disbursements

|  |
| --- |
| OBJECTIVE 3: Increase the quality of the VET by improving the efficiency of the utilization of financial means and by creating and implementing quality assurance system, so that by 2017 a functional entity for the assessment and accreditation of these instiutions is in place. |
| Create an accreditation and quality assurance structure in the VET:* Develop quality assessment

indicators and criteria in theVET as part of accreditation agency to be set up.* Recruit staff, professional development, capacity building.
* Identify and form groups of relevant experts for quality assurance in the VET: train them
* Carry out accreditation and quality assurance missions

Provide the infrastructure with the necessary equipment and furniture |

|  |
| --- |
| 5. Agency for |
| Quality Assurance |
| in Professional |
| Education is |
| functional and |
| includes a VET unit |

 |

|  |
| --- |
| Regulation |
| for |
| organisation |
| and |
| functioning |
| of the |
| Agency for |
| Quality |
| Assurance in |
| Professional |
| Education is |
| approved by |
| Government |
| Decision and |
| staff of the |
| management |
| Council is |
| recruited |

 | MoE |

|  |
| --- |
| 3. Development of |
| the National |
| Vocational |
| Qualifications |
| Framework for at |
| least 10 professions |
| in each of the 4 pilot |
| sectors |

 | MoE annual evaluation report 2015 | MoE | 3. Development of the National Vocational Qualifications Framework for at least 5 professions in each of the new pilot sectors | MoE annual evaluation report 2016 | MoE |
| **OBJECTIVE 4- Synchronise scientific, cultural and methodological provision of the VET, so that 100% of curricula is adjusted to the National Qualifications Frame work by 2020.** |
| **Strengthen capacities ol the VET****Centre (CRDIP) for the scientific,****methodological and curricular supply of the VET*** **Extend the number of staff and train the staff;**
* **Undertaking the coordination role in the mapping and restructuring process of the VET institutions**
* **Participate in the consolidation of institutional capacities of the restructured VET institutions network**
* **Undertake the coordination role in the teaching staff training process**
* **Participate in the development**

**process of occupational standards. National Qualifications Framework. curricula and development, course supports*** **Participate in the quality control and assurance process in the VET:**
* **Provide the CRDIP with the necessary modern equipment lor learning out its mission (computers, networks, furniture, etc.)**
 | **7. Development and approval of the CRDIP Strategic Plan and annual action Plan by MoE** | **MoE annual evaluation report 2014** | **MoE** | **7. Development and approval of 3 curricula in each of the 4 pilot sectors** | **MoE annual evaluation report 2015** | **MoE** | **6. Development and approval of 4 additional curricula in each of the 4 pilot sectors and 1 curriculum per additional 3 pilot sectors** | **MoE annual evaluation report 2016, CES annual evaluation report 2016** | **MoE** |
| **Publish teaching materials learning materials, professional guidance materials, for** the **adult** |  |  |  |  |  |  | 7. Development by CRDIP of a web platform/digital database and publication of the approved curricula and training there | MoE annual evaluation report 2016 | MoE |
| **Continuously promote modern teaching technologies with the use of the IC1 - Introduce educational software in the VET (purchase and adjust them to the reality in Moldova or develop new software.****Purchase ICT equipment and connect into a netwotk****Training the leaching staif about the use of the ICT in the teaching/learning process** |  |  |  | 8. Development and approval by the government of the public procurement Plan for ICT & digital learning material | MoE annual evaluation report 2015 | MoE | 8. Installation and connection into a VET network of the ICT equipment and inclusion of digital learning material for 3 professions | MoE annual evaluation report 2016 | MoE |
|  |  |  |  |  |  |  |  |  |  |
|  |  |  |  |  |  |  |  |  |  |

|  |
| --- |
| **OBJECTIVE 5: Increase the quality of the teaching staff, including by upgrading the initial and continuing professional development of teaching staff for the VET, and improving the motivation of these, so that, by 2020, the entire teaching staff is trained according to the National Qualifications Framework.** |
| **Modernisation of the training system of the teaching staff in the VFT sector, in conformity with the occupational standards, the NQF and the new** |  |  |  | 9. Training of 10 managers of Centres of Excellence in management of VET system | Training reports | MoE, ProD, UTM | 9. Training of at least 10 managers of vocational schools/colleges in management of VET system1. Training of at least 4 trainers per each of the 20 professions (5 professions per 4 pilot sectors)
2. Trainings organized in 3 newly created Excellence Centres.
 | Training reports | MoE, ProD, UTM |

|  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  |  |  |  |  |  |  |  |  |  |
| OBECTIVE 6: Increase attractiveness and and access to the VET, so that by 2020, the number of students increases by 10%. |
| Promote in the VET institutions courses on:- Entrepreneurship- IT- Foreign languages (English, Russian)Purchase and adjustment of existing learning systemsDevelopment of an IT platform for learning systems |  |  |  |  |  |  | 12. Implementation of courses in Entrepreneurship, IT, foreign languages (English, Russian) in 5 Centres of Excellence | MoE annual evaluation report 2016 | MoE |

List of acronyms:

MoE - Ministry of Education

MEc - Ministry of Economy

MoF - Ministry of Finances

MAFI - Ministry of Agriculture and Food Industry

MTRI - Ministry of Transport and Road Infrastructure

MITC - Ministry of Information Technology and Communications

MRDC - Ministry of Regional development and Constructions

MLSPF - Ministry of Labour, Social Protection and Family

CES - Centre for Educational Science

CRDIP - VET Centre

QA agency - Quality assurance agency

SC - Sector Committee

ProD - Educational Centre Pro Didactica

UTM - Technical University of Moldova

Appendix 2: Disbursement arrangements and timetable

This appendix covers the following five main areas according to the country/intervention sector context: (1) responsibilities; (2) the indicative disbursement timetable; (3) the General Conditions for each disbursement tranche; (4) the Specific Conditions for each disbursement tranche; (5) variable tranche calculation.

1. Responsibilities

On the basis of the disbursement conditions stipulated in the Financing Agreement, Prime Minister of the Republic of Moldova will send a formal request to the European Commission for the disbursement of each tranche in accordance with the timetable specified in Table A below. The request must include: (i) a full analysis and justification for payment of the funds, with the required supporting documents attached; (ii) a financial information form, duly signed, to facilitate the corresponding payment.

1. Indicative disbursement timetable

An indicative timetable is given below:

Table A: Indicative disbursement timetable (EUR million)

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Countryfiscalyear | 2015 | 2016 | 2017 |  |
| Type of tranche | Q1 | Q2 | Q3 | Q4 | Qi | Q2 | Q3 | Q4 | Ql | Q2 | Q3 | Q4 | Total |
| Variable tranches |  | 3.5 |  |  |  | 10.0 |  |  |  | 11.5 |  |  | 25.0 |
| Total |  | 3.5 |  |  |  | 10.0 |  |  |  | 11.5 |  |  | 25.0 |

3. General Conditions for the disbursement of each tranche

The General Conditions set out below for the disbursement of each tranche shall apply to the disbursement of all tranches and all tranche release requests must be accompanied by all appropriate information and documents.

Table B: General Conditions for the release of tranches

|  |  |  |
| --- | --- | --- |
| Area | Conditions | Verification source |
| Public Policy | Satisfactory progress in the implementation of VET Sector Development Strategy 2013-2020 and continued credibility and relevance of that or any successor strategy. | MoE annual evaluation reports |
| Macroeconomic stability | Maintenance of a credible and relevant stability-oriented macroeconomic policy or progress made towards restoring key balances | Reports by the Government of Moldova and by international organizations (e.g., IMF, WB, EU). |
| Public financial management | Satisfactory progress in the implementation of the programme to improve public financial management. | Annual report transmitted by Government of Moldova and including: (i) the assessment of |

|  |  |  |
| --- | --- | --- |
|  |  | PFM-related performance for previous year, (ii) the progress expected to be achieved by end of current year, and (iii) the progress expected to be achieved within the medium-term period. Reports by international organizations (e.g., IMF, WB, EU). |
| Budget Transparency | Satisfactory progress with regard to the public availability of accessible, timely, comprehensive, and sound budgetary information. | Reports by the Government of Moldova and by international organizations (e.g., IMF, WB, EU). |

4. Specific Conditions for the disbursement of tranches

The Specific Conditions for the disbursement set out in Table C and D shall apply to the disbursement of a specific tranche. Tranche release requests must be accompanied by all appropriate information and documents on the Specific Conditions.

Table C: Specific Conditions for the release of tranches

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Tranche | AmountEURmillion | Indicative dateof the disbursementrequest (Quarter/Year) | Indicative disbursementdate (Quarter/Year) | Condition/Criteria /Activities for disbursement | Verification source including timing or data availability(where applicable) |
| FirstVariableTranche | 3.5 | Ql/2015 | Q2/2015 | Specific Conditions on sector reform management as detailed in Appendix 1 for targets to be achieved by end 2014. | See Table B/D andAppendix 1 |
| SecondVariableTranche | 10 | Ql/2016 | Q2/2016 | Specific Conditions on sector reform management as detailed in Appendix 1 for | See Table B/D andAppendix 1 |

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  |  |  |  | targets to be achieved by end 2015. |  |
| ThirdVariableTranche | 11.5 | Q1/2017 | Q2/2017 | Specific Conditions on sector reform management as detailed in Appendix 1 for targets to be achieved by end 2016. | See Table B/D andAppendix 1 |

The disbursement conditions for the variable tranches are set for the duration of the programme and may be amended in accordance with the TAPs section 2,3 of this Financing Agreement.

5. Variable tranche calculation

The programme foresees variable instalments of up to a maximum of EUR 3 500 000 in 2015, EUR 10 000 000 in 2016 and EUR 11 500 000 million in 2017.

Variable instalments allow for less than the full amount to be released in the case of only partial compliance with the criteria conditioning release of instalments, defined in Appendix I.

Therefore, four aggregate performance categories will apply. The performance categories are: "unsatisfactory" (score 0-29), "limited progress" (score 30-49), "satisfactory" (score 50-79), and "strong performance" (score 80-100). When the Government demonstrates "strong performance" as defined above, 100% of the relevant amount will be paid, 70% when the Government achieves "satisfactory" compliance, 40% for "limited progress" and nil when compliance is evaluated as "unsatisfactory".

Table D: Variable Tranche

|  |  |  |  |
| --- | --- | --- | --- |
| V1T Strategy objectives | Instalment I | Instalment II | Instalment III |
| Targets weight, % | Objective Maximum weight, % | Targets weight, % | Objective Maximum weight, % | Targets weight, % | Objective Maximum weight, % |
| 1 - Restructure the VET into two levels: secondary and post-secondary and reconfigure the network of institutions bv 2017. | 1. 100% | 25% | 1.50% 2. 50% | 30% | 1. 100% | 20% |
| 2 - Ensure the vocational training in the VET based on competences and adjust il to the labour market requirements, so that employment rate increases by 10 percentage, from 50.6% in 2012. for graduates from the secondary specialised education, and from 50% in 2012 for graduates from the secondary vocational education. | 2.30% 3.40% 4. 30% | 25% | - | 0% | 2. 100% | 20% |

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|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| .. |  |  |  |  |  |  |
| 3 - Increase the quality of the VET by improving the efficiency of the utilization of financial means and by creating and implementing the quality assurance system, so that. b\ 2017 to have a functional entity for the assessment and accreditation of these institutions. | 1. 30%
2. 70%
 | 35% | 3. 20% 4.40%1. 30%
2. 10%
 | 40% | 3. 30% 4.50% 5. 20% | 25% |
| 4 - Svnchronise scientific, cultural and methodological provision of the VET, so that 100% of curricula is adjusted to the National Qualifications Framework by 2020. | 7. 100% | 15% | 7. 30% 8.70% | 20% | 6. 30% 7.40% 8. 30% | 15% |
| 5 - Increase the quality oi the reaching staff, including by- upgrading the initial and continuing professional development of teaching staff for the VET and improving the motivation of these, so that, by 2020, the entire teaching staff is trained according to the National Qualifications Framework. | - | 0% | 9. 100% | 10% | 9.40% 10.40% 11.20% | 10% |
| 6 - Increase attractiveness and access to the VET, so that by 2020. the number of students increases by 10%. | - | 0% | - | 0% | 12.100% | 10% |
| Total |  | 100% |  | 100% |  | 100% |