Financing Agreement

(Additional Financing for Disaster and Climate Risk Management Project)

between REPUBLIC OF MOLDOVA

and INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated May 21, 2015

**CREDIT NUMBER 5637-MD**

FINANCING AGREEMENT

Agreement dated May 21, 2015, entered into between the REPUBLIC OF MOLDOVA (“Recipient”) and THE INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing additional financing for the Original Project (as defined in the Appendix to this Agreement). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

* 1. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
  2. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

**ARTICLE II — FINANCING**

* 1. The Association agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to one million five hundred thousand Special Drawing Rights (SDR 1,500,000) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
  2. The Recipient may withdraw the proceeds of the Financing in accordance with Section IV of Schedule 2 to this Agreement.
  3. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Financing Balance shall be one-half of one percent (1/2 of 1%) per annum.

2.04. The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%).

2.05. The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.

2.06. The Payment Dates are February 15 and August 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

2.08. The Payment Currency is Dollar.

**ARTICLE III — PROJECT**

* 1. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out Parts A and D of the Project through Ministry of Environment (MoE), Part B of the Project through Ministry of Internal Affairs (MIA), and Part C of the Project through Ministry of Agriculture and Food Industry (MAFI), all in accordance with the provisions of Article IV of the General Conditions.
  2. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Recipient and the Association shall otherwise agree, the Recipient shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

**ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Event of Suspension consists of the following, namely, that the agreement between the State Hydrometeorological Service (SHS) and the Air Traffic Services Authority (MoldATSA) to locate and operate weather radar at the MoldATSA-owned facility (MoldATSA Agreement) has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the SHS to perform any of its obligations under the MoldATSA Agreement.

4.02. The Additional Events of Acceleration consists of the following, namely that any event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

5.02 For purposes of Section 8.05 (b) of the General Conditions, the date on which the obligations of the Recipient under this Agreement (other than those providing for payment obligations) shall terminate is twenty years after the date of this Agreement.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is the Minister of Finance.

6.02. The Recipient’s Address is:

Ministry of Finance

Cosmonautilor Street, 7

MD2005 Chisinau

Republic of Moldova

Facsimile:

(37322) 225393

6.03. The Association’s Address is:

International Development Association

1818 H Street, N.W.

Washington, D.C. 20433

United States of America

Cable: Telex: Facsimile:

INDEVAS 248423 (MCI) 1-202-477-6391

Washington, D.C.

AGREED at Chisinau, Republic of Moldova, as of the day and year first above written.

REPUBLIC OF MOLDOVA

By

Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Authorized Representative

Name: Anatol Arapu

Title: Minister of Finance

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

Signature

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Authorized Representative

Name: Alexander Kremer

Title: Country Manager

**SCHEDULE 1**

**Project Description**

The objective of the Project is to strengthen the State Hydrometeorological Service’s ability to forecast severe weather and to improve the Recipient’s capacity to prepare for and respond to natural disasters.

The Project consists of the following parts:

Part A. Strengthen the SHS’s Severe Weather Forecasting Capacity

Provision of goods, works, consultants’ services and training for:

1. the development of “early warning” and “nowcasting” capabilities, including through: (a) automating data collection; (b) building four (4) meteorological stations as described in the POM; and (c) the provision of capacity building for the use of numerical weather prediction modeling;
2. the installment in Chisinau region of a dual polarization doppler radar technology for localized forecasts; and
3. the development of plans for seasonal and climate forecasts.

Part B. Improve Disaster Preparedness and Emergency Response

Provision of goods, works consultants’ services and training for:

1. the preparation of feasibility and design studies that will form the basis for the establishment of an Emergency Command Center (ECC), including the architectural design of the ECC within the provided space in the CPESS headquarters and the design of the information management system linking CPESS with its local offices and key sectoral institutions;
2. the establishment and operation of the ECC through: (a) renovation and refurbishment works in the facility; (b) the acquisition of furniture and equipment for the ECC; (c) the acquisition of IT hardware; (d) the acquisition of emergency information management software and (e) the acquisition of communication equipment; and
3. the building capacity of CPESS and the evaluation of progress in establishing ECC.

Part C. Initiate Activities for Adaptation to Climate Risks in Agriculture

1. Provision of goods, works and consultants’ services for the development of a just-in time communication platform.
2. Provision of technical assistance and grants to farmers, farmer groups and rural communities for piloting and testing activities aimed at increasing agricultural sector’s resilience to adverse weather.

Part D. Project Management

Provision of consultants’ services, training and incremental operating costs for Project implementation, including support for the financial management and procurement functions, monitoring and evaluation.

**SCHEDULE 2**

**Project Execution**

**Section I. Implementation Arrangements**

**A. Institutional Arrangements**

* 1. The Recipient shall appoint and maintain, until the completion of the Project, a Steering Committee to provide strategic guidance and facilitate inter-agency coordination during the implementation of the Project. The Steering Committee shall be headed by the Recipient’s General Secretary of the Government in charge of donor aid coordination and include, as members, representatives of MoF, MoE, MAFI, and MIA, the directors of the SHS and respectively, CPESS.
  2. The Recipient shall implement the respective Parts of the Project through implementing entities established at the level of each ministry represented in the Steering Committee, including the Project monitoring and evaluation activities, as follows:
     + 1. Parts A through the SHS within MoE;
       2. Part B through CPESS within MIA;
       3. Part C through MAFI; and
       4. Part D through the PMT.
  3. During the Project implementation, the Recipient shall carry out the fiduciary arrangements for the entire Project through the existing Project Management Team (PMT) within MoE established under the Persistent Organic Pollutants (POPs) Project.
  4. Each Recipient’s implementing entity as described in Section I.A.2 of this Schedule shall nominate: (a) one focal point to be the primary counterpart for the respective Parts of the Project and to liaise with the PMT; and (b) representatives to committees to evaluate bids received in response to tenders for goods, works and services, in accordance with the POM.

5. The Recipient shall: (a) carry out the Project in accordance with a manual acceptable to the Association (Project Operational Manual or POM); and (b) not assign, amend, abrogate or waive the POM or any of its provisions, except with the prior written approval of the Association. In case of any conflict between the terms and conditions of the POM and those of this Agreement, the terms and conditions of this Agreement shall prevail.

**B. Anti-Corruption**

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

**C. Safeguards**

The Recipient shall: (a) ensure that the Project is carried out in accordance with the Environmental Assessment (EA) and the Environmental Management Plan (EMP) and; (b) not amend, suspend, abrogate, repeal or waive any provisions of the EMP without prior written approval of the Association.

**Section II. Project Monitoring, Reporting and Evaluation**

**A. Project Reports**

The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.

**B. Financial Management, Financial Reports and Audits**

1. The Recipient shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 4.09 of the General Conditions.

2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.

3. The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.

**Section III. Procurement**

**A. General**

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section (including Annex A to this Schedule).

2. **Consultants’ Services.** All consultants’ services required for the Project and to be financed out of the proceeds of the Financing shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.

3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Association of particular contracts, refer to the corresponding method described in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

**B. Particular Methods of Procurement of Goods, Works and Non-consulting Services**

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods, works and non-consulting services. The Procurement Plan shall specify the circumstances under which such methods may be used:

|  |
| --- |
| **Procurement Method** |
| (a) National Competitive Bidding subject to the additional procedures set forth in Annex A to this Schedule |
| (b) Shopping |
| (c) Direct Contracting |

**C. Particular Methods of Procurement of Consultants’ Services**

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants’ services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.

1. **Other Methods of Procurement of Consultants’ Services**. The following table specifies methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants’ services. The Procurement Plan shall specify the circumstances under which such methods may be used.

|  |
| --- |
| **Procurement Method** |
| (a) Least-Cost Selection |
| (b) Selection Based on the Consultants’ Qualifications |
| (c) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants |
| (d) Single-Source procedures for the Selection of Individual Consultants |

**D. Review by the Association of Procurement Decisions**

1. The Procurement Plan shall set forth those contracts which shall be subject to the Association’s Prior Review. All other contracts shall be subject to Post Review by the Association.

2. The Recipient shall: (i) no later than December 30, of every year during the implementation of the Project, beginning on December 30, 2015: (A) prepare and furnish to the Association a procurement progress report (Procurement Report), in form and substance acceptable to the Association, which shall include, *inter alia*: (1) a description of the issues which arose during the full procurement cycle under the Project during the twelve months preceding the date of presentation of each Procurement Report, from design through planning, bidding, contract implementation and completion; (2) a list of proposed measures and actions to be taken to resolve the issues identified under (1) above; and (3) a proposed timeline for the implementation of the said measures and actions; and (ii) thereafter implement the proposed measures and actions under each Procurement Report in accordance with its terms and in a manner acceptable to the Association.

**Section IV. Withdrawal of the Proceeds of the Financing**

1. **General**

1. The Recipient may withdraw the proceeds of the Financing in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Association shall 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 Association and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.

2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Financing (“Category”), the allocations of the amounts of the Credit to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

|  |  |  |
| --- | --- | --- |
| **Category** | **Amount of the Credit Allocated (expressed in SDR)** | **Percentage of Expenditures to be Financed**  **(inclusive of Taxes)** |
| Goods, works, consultants’ services, Training and Incremental Operating Costs for Parts A,B and D of the Project | 1,500,000 | 100% |
| **TOTAL AMOUNT** | 1,500,000 |  |

1. For the purpose of this Schedule, the term:
   * 1. “Incremental Operating Costs” means expenditures incurred by the Recipient on account of the Project implementation for office supplies, utilities, operating expenses, bank charges, communication, transportation, insurance for goods and salaries for PMT staff, including qualified social charges (as determined by the Association), but excluding salaries of civil servants; and
     2. “Training” means expenditures (other than those for consultants’ services) incurred by the Recipient in connection with the carrying out of seminars, workshops, including the reasonable travel costs (i.e. accommodation, transportation and *per-diem, inter alia*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials for the purposes of, and directly related to, the activities of the Project.

**B. Withdrawal Conditions; Withdrawal Period**

1.Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made for payments made prior to the date of this Agreement.

2.The Closing Date is June 30, 2016.

**Section V. Other Undertakings**

The Recipient and the Association hereby agree to amend the Original Financing Agreement as set forth in Schedule 4 to this Agreement.

**ANNEX A**

**to**

**SCHEDULE 2**

**Additional Provisions Relating to Procurement of Goods, Works and Non-consulting Services under Association-Financed Contracts Subject to National Competitive Bidding**

Without limitation upon the provisions of Section III of Schedule 3 to this Agreement and Section I and paragraphs 3.3 and 3.4 of the Procurement Guidelines, the procurement procedure to be followed for National Competitive Bidding shall be the Open Bidding Procedure set forth in the Law on Procurement No. 96-XVI dated April 13, 2007, as further amended on September 17, 2010, December 23, 2011, March 30, 2012, April 12, 2012, June 15, 2012, and June 14, 2013 (the “PPL”), provided, however, that such procedure shall be subject to the following additional provisions:

Eligibility: Eligibility to participate in a procurement process and to be awarded an Association-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Association for reasons other than those provided in Section I of the Procurement Guidelines.

Registration of Contractors and Suppliers: Registration shall not be used to assess bidders’ qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a reasonable opportunity to register, with the reasonable cooperation of the Recipient, prior to contract signing.

Participation of Joint Ventures: Participation of Joint Ventures shall be allowed and all its members shall be jointly and severally liable for the entire contract.

Bidding Documents: Bidding documents acceptable to the Association shall be used, and shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

Qualification: Qualification criteria shall be clearly specified in the bidding documents*.* All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a “pass or fail” basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder’s or prospective bidder’s capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant; (iii) capability of construction and/or manufacturing facilities. Prequalification procedures and documents acceptable to the Association shall be used for large, complex and/or specialized works. The verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with the bidder’s capability with respect to personnel and equipment. In the procurement of goods and works where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

Cost Estimate: The detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the Association’s prior written concurrence.

Bid Submission and Bid Opening: Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to bidders unopened. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to the Association’s prior review.

Bid Evaluation: Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation. Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents; and (ii) to offer the lowest-evaluated cost. No negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted. A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

Rejection of All Bids and Re-bidding: All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association’s prior written concurrence.

Bid Validity: The bid validity period required by the bidding documents shall be sufficient to account for any period that may be required for the approval and registration of the contract as contemplated in the PPL. If justified by exceptional circumstances, an extension of bid validity may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the registration process, but not more than thirty (30) days; a corresponding extension of any bid guarantee also shall be required in such cases. A Bidder may refuse the request for extension of bid validity without forfeiting its bid guarantee. No further extensions shall be requested without the prior written concurrence of the Association.

Guarantees: Guarantees shall be in the format included in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made without a suitable advance payment guarantee. Performance security shall not exceed ten percent (10%) of the contract amount.

Fraud and Corruption: The bidding documents and contract as deemed acceptable by the Association, shall include provisions stating the Association’s policy to sanction firms or individuals found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

Inspection and Audit Rights: Each bidding document and contract financed out of the proceeds of the Creditshall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association’s inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.

Contract Modifications: With respect to contracts subject to the Association’s prior review, the Recipient shall obtain the Association’s no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.

**SCHEDULE 3**

**Repayment Schedule**

|  |  |
| --- | --- |
| **Date Payment Due** | **Principal Amount of the Credit repayable**  **(expressed as a percentage)\*** |
| On each February 15 and August 15:  commencing August 15, 2020 to  and including February 15, 2030  commencing August 15, 2030 to  and including February 15, 2040 | 1.65%  3.35% |

\* The percentages represent the percentage of the principal amount of the Credit to be repaid, except as the Association may otherwise specify pursuant to Section 3.03 (b) of the General Conditions.

**SCHEDULE 4**

**Amendments to the Original Financing Agreement**

The Recipient and the Association hereby agree to amend the Original Financing Agreement as follows:

1. Schedule 1 is hereby amended to read in its entirety as set forth in Schedule 1 to this Agreement.

2. Section I.A.2 of Schedule 2 is hereby amended to read in its entirety as follows:

“The Recipient shall implement the respective Parts of the Project through implementing entities established at the level of each ministry represented in the Steering Committee, including the Project monitoring and evaluation activities, as follows:

* + - 1. Parts A through the SHS within MoE;
      2. Part B through CPESS within MIA;
      3. Part C through MAFI; and
      4. Part D through the PMT.”

1. Section I.A of Schedule 2 is hereby amended to include a new paragraph 5 which shall read as follows:

“5. The Recipient shall: (a) carry out the Project in accordance with a manual acceptable to the Association (Project Operational Manual or POM); and (b) not assign, amend, abrogate or waive the POM or any of its provisions, except with the prior written approval of the Association. In case of any conflict between the terms and conditions of the POM and those of this Agreement, the terms and conditions of this Agreement shall prevail.”

1. Section II.A of Schedule 2 is hereby amended to read in its entirety as follows:

“The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of indicators acceptable to the Association. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty five (45) days after the end of the period covered by such report.”

1. Section II.B. 2 of Schedule 2 is hereby amended to read in its entirety as follows:

“2. Without limitation on the provisions of Part A of this Section, the Recipient shall prepare and furnish to the Association not later than forty five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Association.”

1. Section III.D of Schedule 2 is hereby amended to include a new paragraph 2 which reads as follows:

“2. The Recipient shall: (i) no later than December 30 of every year during the implementation of the Project, beginning on December 30, 2015: (A) prepare and furnish to the Association a procurement progress report (Procurement Report), in form and substance acceptable to the Association, which shall include, *inter alia*: (1) a description of the issues which arose during the full procurement cycle under the Project during the twelve months preceding the date of presentation of each Procurement Report, from design through planning, bidding, contract implementation and completion; (2) a list of proposed measures and actions to be taken to resolve the issues identified under (1) above; and (3) a proposed timeline for the implementation of the said measures and actions; and (ii) thereafter implement the proposed measures and actions under each Procurement Report in accordance with its terms and in a manner acceptable to the Association.”

1. The top cell of the right column of the table in Section IV.A. 2 of Schedule 2 *Percentage of Expenditures to be Financed* is hereby amended in its entirety to include the reference to “inclusive of Taxes”.
2. Section IV.A. 3 of Schedule 2 is hereby amended to include the definition of Training:

“3. For the purpose of this Schedule, the term:

1. “Incremental Operating Costs” means expenditures incurred by the Recipient on account of the Project implementation for office supplies, utilities, operating expenses, bank charges, communication, transportation, insurance for goods and salaries for PMT staff, including qualified social charges (as determined by the Association), but excluding salaries of civil servants; and
2. “Training” means expenditures (other than those for consultants’ services) incurred by the Recipient in connection with the carrying out of seminars, workshops, including the reasonable travel costs (i.e. accommodation, transportation and *per-diem, inter alia*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials for the purposes of, and directly related to, the activities of the Project.”
3. Section I of the Appendix is hereby amended to read as Section I of the Appendix to this Agreement, as applicable.

**APPENDIX**

**Section I. Definitions**

1. “Anti-Corruption Guidelines” means 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.
2. “Category” means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
3. “Chisinau” means the territory of the city of Chisinau, the Recipient’s capital.
4. “Consultant Guidelines” means 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).
5. “CPESS” means the Recipient’s Civil Protection and Emergency Situation Service established within MIA in charge with emergency management.
6. “Emergency Command Center” or “ECC” means the Emergency Command Center to be established and operated by CPESS as referred to in Part B of Schedule 1 to this Agreement.
7. “EMP” means the Environmental Management Plan prepared and disclosed by the Recipient on June 3, 2010 for the Project, satisfactory to the Association, which includes a monitoring plan with measures that will be employed to track the effectiveness of the mitigation measures and describe the environmental indicators to be monitored, along with the monitoring methods, frequency, as well as the monitoring and reporting procedures, including institutional arrangements.
8. “Environmental Assessment” or “EA” means the environmental assessment for the Project carried out by the Recipient, acceptable to the Association, dated June 3, 2010.
9. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
10. “IT” means information technology.
11. “MAFI” means the Recipient’s Ministry of Agriculture and Food Industry, or any successor thereto.
12. “MIA” means the Recipient’s Ministry of Internal Affairs, or any successor thereto.
13. “MoE” means the Recipient’s Ministry of Environment, or any successor thereto.
14. “MoF” means the Recipient’s Ministry of Finance, or any successor thereto.
15. “MoldATSA” means the Recipient’s Air Traffic Services Authority established pursuant to Governmental Decision No. 3 dated January 12, 1994.
16. “MoldATSA Agreement” means the agreement dated May 25, 2010, as amended, referred to in Section 4.01 of this Agreement.
17. “Original Financing Agreement” means the financing agreement between the Recipient and the Association for the “Disaster and Climate Risk Management Project”, dated August 12, 2010 (Credit No. 4794-MD).
18. “Original Project” means the Project described in Schedule 1 to the Original Financing Agreement.
19. “Persistent Organic Pollutants (POPs) Project” means the project set forth in Schedule 1 to the Global Environmental Facility Grant Agreement dated February 9, 2006, as amended (GEF Trust Fund Grant TF055875).
20. “Procurement Guidelines” means 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 July 2014).
21. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 15, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
22. “Procurement Report” means any report referred to in Section III.D.2 of Schedule 2 to this Agreement.
23. “Project Management Team” or “PMT” means the POPs Sustainable Management PMT established within MoE, pursuant to Government Decision No. 888 of 23.10.2014, as referred to in Section I.A.3 of Schedule 2 to this Agreement.
24. “Project Operational Manual” or “POM” means the manual adopted by the Recipient, acceptable to the Association, describing and setting forth, *inter alia*: the procedures, activities and timetable of actions to be carried out under the Project, the respective roles and responsibilities of the agencies/ministries involved in the implementation of the Project (including the entities selected by MAFI to assist in the implementation of Part C of the Project), the Project implementation arrangements, the staff of the PMT, the fiduciary, technical and operational aspects and procedures for implementation of the Project, including the financial management procedures (budgeting, accounting and internal control, disbursement and flow of funds, financial reporting, annual reports, internal and external audit arrangements procedures and including the Project specific chart of accounts), procurement procedures, monitoring and evaluation arrangements, and other fiduciary and administrative arrangements and necessary terms of reference (including for the selection and hiring of the consultant, acceptable to the Bank, in charge of the implementation of Part C of the Project), as the same may be amended from time to time with the prior written agreement of the Association.
25. “State Hydrometeorological Service” or “SHS” means the Recipient’s State Hydrometeorological Service established under the coordination of MoE, through Law No. 1536/XIII dated February 29, 1998.
26. “Steering Committee” means the committee referred to in Section I.A.1 of Schedule 2 to this Agreement.

**Section II. Modifications to the General Conditions**

The modifications to the General Conditions are as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

1. *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
2. *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”

2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.

3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the remaining paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.

* 1. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).