

# **Financing Agreement**

(Land Registration and Property Valuation Project)

between

**REPUBLIC OF MOLDOVA**

and

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

September 17, 2018

**FINANCING AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF MOLDOVA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”). The Recipient and the Association hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. 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**

- 2.01. The Association agrees to extend to the Recipient a credit, deemed by the Association to be on concessional terms, as set forth or referred to in this Agreement, in an amount of thirty million one hundred thousand Euro (€ 30,100,000) (variously, “Credit” and “Financing”), to assist in financing the project described in Schedule 1 to this Agreement (“Project”).
- 2.02. The Recipient may withdraw the proceeds of the Financing in accordance with Section III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.
- 2.05. The Interest Charge is the greater of: (a) the sum of one and a quarter percent (1.25%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum; on the Withdrawn Credit Balance.

2.06. The Payment Dates are January 15 and July 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 Euro.

### **ARTICLE III — PROJECT**

3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project through the PSA's Cadastru with the assistance of:

- (a) the Part A.2 Supporting Agency for Part A.2 of the Project;
- (b) the Parts B.1 and B.2 Supporting Agency for Part B.1 and B.2 of the Project; and
- (c) the Part C.3 Supporting Agency for Part C.3 of the Project.

all in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE ASSOCIATION**

4.01. The Additional Event of Suspension consists of the following, namely that any of the Project Enabling Laws has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Association, the ability of the Recipient to carry out the Project or to perform any of its obligations under this Agreement.

4.02. The Additional Event of Acceleration consists of the following, namely that any of the specified in Section 4.01 of this Agreement occurs.

## **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that the Project Operational Manual has been adopted by the PSA's Cadastru in form and substance satisfactory to the Association.
- 5.02. The Effectiveness Deadline is the date one hundred and twenty days (120) days after the Signature Date.
- 5.03. For purposes of Section 10.05 (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 ten years after the Signature Date.

## **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Recipient's Representatives is its Minister of Finance.
- 6.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:  
  
Ministry of Finance  
Constantin Tanase Street, 7  
MD-2005 Chisinau  
Republic of Moldova  
  
Facsimile: (373 22) 262661      Email: cancelaria@mf.gov.md
- 6.03. For purposes of Section 11.01 of the General Conditions: (a) The Association's address is:  
  
International Development Association  
1818 H Street, N.W.  
Washington, D.C. 20433  
United States of America; and

(b) the Association's Electronic Address is:

Telex:

248423 (MCI)

Facsimile:

1-202-477-6391

Email:

[aakhalkatsi@worldbank.org](mailto:aakhalkatsi@worldbank.org)

AGREED as of the Signature Date.

REPUBLIC OF MOLDOVA

By

\_\_\_\_\_  
Authorized Representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

INTERNATIONAL DEVELOPMENT ASSOCIATION

By

\_\_\_\_\_  
Authorized Representative

Name: \_\_\_\_\_

Title: \_\_\_\_\_

Date: \_\_\_\_\_

## SCHEDULE 1

### Project Description

The objective of the Project is to improve the quality and transparency of the Recipient's land administration and property valuation systems.

The Project consists of the following parts:

#### **Part A. First Property Registration**

Support First Property Registration of public and private lands in the Recipient's territory and strengthening of the data quality of records already in the land register through inter alia:

1. systematic registration of private lands, and implementation of public displays and public awareness campaigns to ensure citizens are engaged and aware of the procedures, activities, and benefits during First Property Registration and operation of a grievance redress mechanism in Cadastru;
2. systematic registration of public lands; and
3. improvement of the quality and reliability of the Recipient's cadaster data.

#### **Part B. Property Valuation**

Support for extending mass valuation and selected revaluations of properties in the Recipient's territory to help improve the transparency of the property market and keep the property valuation system current and usable through inter alia:

1. initial valuation of properties;
2. revaluation of properties which have not been revaluated since 2008; and
3. setting up of a property valuation infrastructure and an independent appeals system to challenge valuations.

#### **Part C. Land Administration System Strengthening**

Support the strengthening of the Recipient land sector through inter alia:

1. development of land sector and land sector sustainability policies covering governance, organizational systems, the roles of different process participants,

2. notaries and private sector and registration and valuation processes and including, if applicable, the preparation of legal or regulatory reforms; strengthening information and communications technology capacities; and
3. strengthening of the NSDI including preparation of a business plan, expansion of the geoportals and capacity building activities for agencies responsible for the provision of core reference datasets on data standards, maintenance of metadata and creation of interoperable datasets.

#### **Part D. Capacity Building and Project Management**

Support capacity building of the Recipient's agencies and institutions related to Project implementation including inter alia;

1. training and capacity building and equipping for LPAs' staff as needed to support the systematic registration and valuation at the local level;
2. training and capacity building at PSA's Cadastru and other selected agencies to improve their client orientation and servicing skills;
3. design and implementation of a comprehensive social assessment (including a social management plan) and three customer satisfaction surveys;
4. monitoring and evaluation of the Project; and
5. operation of the PIU.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements

1. The Recipient shall not later than one month after the Effective Date, through PSA's Cadastru, establish and thereafter maintain, throughout Project implementation, a Project Implementation Unit under terms and conditions acceptable to the Association, with a project director, a financial management specialist, a procurement specialist, a monitoring and evaluation specialist, an environmental specialist and social safeguard specialist and other technical and fiduciary staff, as needed, with terms of reference, qualifications and experience satisfactory to the Association, all as set forth in the POM.
2. The Recipient shall not later than one month after the Effective Date establish and thereafter maintain throughout Project implementation, a council with composition, terms of reference and resources satisfactory to the Association to advise on policy decisions concerning Project implementation and overall Project supervision, and powers to approve the annual work plans, training plans and Project Reports; all as set forth in the POM.
3. The Recipient shall not later than one month after the Effective Date, enter into a implementation agreement each with:
  - (a) the Part A.2 Supporting Agency;
  - (b) the Parts B.1 and B.2 Supporting Agency; and
  - (c) the Part C.3 Supporting Agency.to set forth, under terms and conditions acceptable to the Association, their respective responsibilities in the implementation of the respective Parts of the Project (the Implementation Agreements).
4. The Recipient shall exercise its rights under each of the Implementation Agreements in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, terminate or waive any Implementation Agreement or any of their provisions.



5. The Recipient shall, not later than 90 days after the Effective Date, install and maintain operational accounting software for Project accounting and financial reporting acceptable to the Association.

## **B. Project Operational Manual**

1. The Recipient shall carry out the Project, in accordance with the Project Operational Manual which shall consist of different schedules setting forth, respectively, rules, methods, guidelines, specific development plans, standard documents, and procedures for the carrying out of the Project, including the following:

- (a) the detailed description of Project implementation activities, their sequencing and the prospective timetable and benchmarks in relation thereto;
- (b) the Project administrative, accounting, auditing, reporting, financial, and disbursement procedures, including all pertinent standard documents and model contracts;
- (c) the role of the PIU, Project Council and working groups that might be established as needed to facilitate Project implementation;
- (d) the plan for capacity building and training activities under the Project;
- (e) the plan for the monitoring, evaluation and supervision of the Project;
- (f) the ESMF; and
- (g) the performance indicators for the Project.

2. In the event that any provision of the Project Operational Manual shall conflict with any of the provisions under this Agreement, the terms of this Agreement shall prevail.

3. The Project Operational Manual may only be amended from time to time in consultation with, and prior approval of, the Association.

## **C. Safeguards**

1. The Recipient shall ensure, and cause PSA' Cadastru and the Supporting Agencies to ensure, that:

- (a) the Project is carried out with due regard to appropriate health, safety, social, and environmental practices and standards, and in accordance with the Safeguards Instruments;
- (b) for each activity under the Project for which the ESMF provides for the preparation of an ESMP:
  - (i) proceed to have such ESMP: (A) prepared and disclosed in accordance with the ESMF; (B) consulted upon adequately with people affected by the Project as per the ESMF, and submitted to the Association for review and approval; and (C) thereafter adopted, prior to implementation of the activity; and
  - (ii) take such measures as shall be necessary or appropriate to ensure compliance with the requirements of such ESMP in a manner satisfactory to the Association;-;

2. Except as the Bank shall otherwise agree in writing, the Borrower shall ensure, and cause to ensure, that none of the provisions of the Safeguard Instruments be abrogated, amended, repeated, suspended or waived. In case of any inconsistencies between the provisions of any of the Safeguard Instruments and the provisions of this Agreement, the provisions of this Agreement shall prevail.

3. The Recipient shall ensure that the obligation to comply with the relevant Safeguard Instruments is incorporated: (a) in the contracts between the Recipient and the relevant contractors and any entity (including any engineer) supervising the Project's civil works; and (b) in the contracts between the relevant contractors and the contractors' subcontractors.

4. The Recipient shall maintain, throughout Project implementation, and publicize the availability of a grievance redress mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project, and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

5. The Recipient shall ensure that no activities to be carried out under the Project involve Involuntary Resettlement.

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

The Recipient shall furnish to the Association each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

### **Section III. Withdrawal of the Proceeds of the Financing**

#### **A. General**

1. Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Financing Allocated (expressed in EUR)</b>	<b>Percentage of Expenditures to be Financed (inclusive of Taxes)</b>
Consultants' services (including Project audits), non-consulting services, goods, works, Training and Operating Costs under the Project	<b>30,100,000</b>	100%
<b>TOTAL AMOUNT</b>	<b>30,100,000</b>	

#### **B. Withdrawal Conditions; Withdrawal Period**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made for payments made prior to the Signature Date.
2. The Closing Date is June 30, 2024.

# SCHEDULE 3

## Repayment Schedule

<b>Date Payment Due</b>	<b>Principal Amount of the Credit repayable (expressed as a percentage)*</b>
On each January 15 and July 15	
commencing January 15, 2024 to and including July 15, 2043	1.65%
commencing January 15, 2044 to and including July 15, 2048	3.4%

\* 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 3.05 (b) of the General Conditions.

## APPENDIX

### Definitions

1. “Anti-Corruption Guidelines” means for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
2. “Basis Adjustment to the Interest Charge” means the Association’s standard basis adjustment to the Interest Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
3. “Basis Adjustment to the Service Charge” means the Association’s standard basis adjustment to the Service Charge for credits in the currency of denomination of the Credit, in effect at 12:01 a.m. Washington, D.C. time, on the date on which the Credit is approved by the Executive Directors of the Association, and expressed either as a positive or negative percentage per annum.
4. “Cadastru” or “PSA’ Cadastru” means the cadaster department of PSA in charge of land registration and cadaster.
5. “Category” means the category set forth in the table in Section III.A.1 of Schedule 2 to this Agreement.
6. “Environmental and Social Management Framework” or “ESMF” means the instrument, prepared by the PSA’s Cadastru, satisfactory to the Association, and disclosed on the Association’s website on May 22, 2018, setting out the principles, rules, guidelines and procedures to screen and assess the environmental and social impacts (including health and safety issues) of the activities which will be identified and appraised during Project implementation, and containing measures and plans to avoid, minimize, mitigate and/or offset adverse impacts and/or reduce said adverse impacts to acceptable levels, and enhance positive impacts, provisions for estimating and budgeting the costs of such measures, and information on the agency or agencies responsible for addressing project impacts, as said instrument may be amended from time to time with the Association’s prior written agreement.
7. “Environmental and Social Management Plan” or “ESMP” means instrument to be prepared by the PSA’s Cadastru, satisfactory to the Association, in accordance with the procedures and requirements of the ESMF and identifying the mitigation measures for minor rehabilitation and or small scale works to be carried out under the Project; as said instrument may be amended from time to time with the Association’s prior written agreement.

8. "First Registration" means the registration of public and private lands undertaken by the Recipient pursuant to the provisions of article 55 of the Recipient's Law of Real Estate Cadastre No 1543 -XIII of February 25, 1998.
9. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated July 14, 2017.
10. "Implementation Agreements" means collectively the agreements to be entered into pursuant to the provisions of Section 1.A. 3 of Schedule 2 to this Agreement with the Part A.2 Supporting Agency, the Part B1 and B2 Supporting Agency and the Part C.3 Supporting Agency.
11. "Involuntary Resettlement" means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (a) standard of living adversely affected; or (b) right, title or interest in any house, land (including premises, agricultural and grazing land) or any other fixed or movable asset acquired or possessed, temporarily or permanently; or (c) access to productive assets adversely affected, temporarily or permanently; or (d) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently; or (d) the involuntary restriction of access to legally designated parks and protected areas, resulting in adverse impacts on the livelihood of affected persons."
12. "LPA" means any local public authorities organized and operating pursuant to the Recipient's Law No 436 dated December 28, 2006 on local public administration, which establishes and regulates the organization and functioning of the Recipient's public administration authorities in the administrative-territorial units.
13. "NSDI" means the national spatial data infrastructure system defined in the Recipient's Law No. 254 of November 17, 2016, published in the Recipient's official gazette No. 441-451 article 887, and which entered into force on March 16, 2017.
14. "Operating Costs" means expenditures incurred by the Recipient on account of Project implementation for travel, rent of premises, office supplies, communication and information costs (such as telephone, internet, and other reasonable expenses related to organization of workshops and visibility events under the Project), bank charges, printing and publications (electronic and/or paper), translation and interpretation, consumables, and salaries, including the relevant social charges, but excluding salaries for civil servants, and other expenditures to be agreed upon between the Recipient and the Association.
15. "Part A.2 Supporting Agency" means the Recipient's Public Property Agency established pursuant to the Recipient's Law No 902 dated November 6, 2017, or

- such other agency as the Recipient's may designate with the prior agreement of the Association.
16. "Parts B.1 and B.2 Supporting Agency" means the Recipient's Agency of Land Relations and Cadastre established pursuant to the Recipient's Law No. 383 dated May 12, 2010 as amended in November 2017, or such other agency as the Recipient's may designate with the prior agreement of the Association.
  17. "Part C.3 Supporting Agency" means the Recipient's Agency of Land Relations and Cadastre established pursuant to the Recipient's Law No. 383 dated May 12, 2010 as amended in November 2017, or such other agency as the Recipient's may designate with the prior agreement of the Association.
  18. "PIU" means the Project unit referred to in Section I.A.1 of Schedule 2 to the Financing Agreement.
  19. "POM" means the Project manual referred to in Section I.B of Schedule 2 to the Financing Agreement, as the same may be amended from time to time with the prior written approval of the Association.
  20. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017.
  21. "Project Council" means the council referred to in Section I.A.2 of Schedule 2 to the Financing Agreement.
  22. "Project Enabling Laws" means the Recipient's Law of Real Estate Cadastre No 1543 -XIII of February 25, 1998 and the Recipient's Land Code, Law number 828- XII of December 25, 1991.
  23. "PSA" means Public Services Agency, the agency established pursuant to the Recipient's Decision Number 314 dated May 22, 2017 regulating the merger of the then existing registries and Law number 80 dated May 5, 2017 implementing such merger with amendments to the laws that provided for such registries.
  24. "Safeguard Instruments" means collectively, the ESMF and the ESMFs, and "Safeguard Instrument" means any of such Safeguards Instruments.
  25. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

26. “Supporting Agencies” means collectively the Part A.2 Supporting Agency, the Parts B.1 and B.2 Supporting Agency and the Part C.3 Supporting Agency.
27. “Training” means expenditures incurred by the Recipient for costs associated with training and/or study tours agreed upon between the Recipient and the Association.