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**CREDIT NUMBER 5000-MD**

# **Financing Agreement**

**(Governance e-Transformation Project)**

**between**

**REPUBLIC OF MOLDOVA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**Dated July 1, 2011**

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**CREDIT NUMBER 5000-MD**

**FINANCING AGREEMENT**

AGREEMENT dated July 1, 2011, entered into 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) constitute an integral 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, on the terms and conditions set forth or referred to in this Agreement, a credit in an amount equivalent to twelve million seven hundred thousand Special Drawing Rights (SDR 12,700,000) (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 IV of Schedule 2 to this Agreement.
- 2.03. 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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.
- 2.05. The Payment Dates are January 15 and July 15 in each year.
- 2.06. The principal amount of the Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 3 to this Agreement.

- 2.07. The Payment Currency is dollars.

### **ARTICLE III - PROJECT**

- 3.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through the State Chancellery in accordance with the provisions of Article IV of the General Conditions.
- 3.02. 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 - EFFECTIVENESS; TERMINATION**

- 4.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The Project's Operational Manual shall have been prepared and adopted by the Recipient.
  - (b) The eTransformation Policy shall have been approved and adopted by the Cabinet of Ministers and published in the "Monitorul Oficial."
- 4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.03. 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 (20) years after the date of this Agreement.

### **ARTICLE V - REPRESENTATIVE; ADDRESSES**

- 5.01. The Recipient's Representative is the Minister of Finance.

5.02. The Recipient's Address is:

Ministry of Finance  
Cosmonautilor Street, 7  
MD 2005 Chisinau  
Republic of Moldova

Facsimile:

(37322) 221307

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  
Washington, D.C.

248423 (MCI)

1-202-477-6391

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

REPUBLIC OF MOLDOVA

By /s/ Veaceslav Negruta

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION

By /s/ Abdoulaye Seck

Authorized Representative

## **SCHEDULE 1**

### **Project Description**

The objective of the Project is to transform delivery of selected public services using ICT.

The Project consists of the following parts:

#### Part 1. e-Leadership Capacity and Enabling Environment

##### A. Support for e-Government Center and e-Leadership Development

1. Provision of technical assistance for institutional and capacity development for e-Government Center (“eGC”) (including for Project management and Project audit).
2. Carrying out of a broad change management training program for e-leaders, civil servants and IT specialists.
3. Development and carrying out of a strategic communications program.

##### B. Development of an Enabling Environment, including Policy, Legal and Technical Frameworks and Programs

1. Development and implementation of the policy and strategic framework for e-Transformation and ICT competitiveness, through:
  - (a) Preparation of an e-Transformation roadmap and policy development program (to define e-Transformation vision, policies, strategies, and programs).
  - (b) Preparation of a Global ICT competitiveness program to provide a vision statement and roadmap, and to identify opportunities to promote the local ICT industry.
2. Development and implementation of the legal, regulatory and technical framework, including through:
  - (a) Improving and developing the existing legal and regulatory framework to enable e-Transformation, including support for drafting legislation changes and regulations for introduction of electronic services.
  - (b) Developing technical standards and open data framework.

Part 2. Shared Infrastructure and e-Services

A. Support for Creation of “M-Cloud”: Shared e-Government Infrastructure

- (a) Development of technical specifications and a business model for the use of the M-Cloud and its regulation
- (b) Acquisition of, and support for, shared cloud computing infrastructure (including core processing, storage, virtualization and service delivery platforms) and associated services (M-Cloud).
- (c) Carrying out of enhancements as needed to connectivity infrastructure and capacity development programs.
- (d) Provision of technical assistance and support for installation of the M-Cloud and its use and maintenance.

B. Support for e-Services Development

Development of: (i) e-services for citizens and businesses, including back-end databases digitization and integration; and (ii) enabling services (e.g. authentication, e-payment).

**SCHEDULE 2****Project Execution****Section I. Implementation Arrangements****A. Institutional Arrangements**

1. The Recipient, through its State Chancellery, shall oversee and provide overall coordination of the Project and of its e-Transformation program, and to this end shall:
  - (a) Ensure coordination among, and linkages with, relevant ministries and agencies as necessary for Project implementation; and ensure linkages at various levels of government, as well as with government systems so as to facilitate Project implementation.
  - (b) Maintain throughout the duration of the Project, within its State Chancellery, the eGC, with sufficient staff possessing skills, qualifications and experience satisfactory to the Association and in adequate number for Project implementation, which staff shall include, without limitation and at all times (and as further provided, and as such positions are more particularly described in the Project Operational Manual), an Executive Director charged with managing the eGC; technical program coordinators, in charge of managing specific Project activities, the Project Implementation Unit (PIU) staff, and such other staff as the Recipient and the Association may consider necessary and desirable for carrying out the Project.
  - (c) Ensure that eGC shall coordinate implementation of various ICT and e-government programs with Ministries and State Enterprises, and shall assist with the service delivery transformation.
  - (d) Maintain, within the eGC, the Project Implementation Unit, which will be responsible for day-to-day Project administration and operation, procurement, disbursement, financial management, contract management, Project monitoring, technical support and overseeing progress of Project activities.
2. The Recipient, through its State Chancellery, shall at all times implement the Project in accordance with the Project Operational Manual. The Project Operational Manual contains procedures for Project implementation, including inter alia: (a) procedures governing administrative, procurement, accounting, financial management, and monitoring and evaluation arrangements; (b) the

targets to be achieved under the Project; (c) the terms of reference for financial and technical audit; and (d) sample formats, such as for Project progress reports.

3. The Recipient, through its State Chancellery, shall at all times implement the Project in accordance with the eTransformation Policy.
4. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate, waive or vary the Project Operational Manual or any of its provisions, without the prior agreement of the Association.
5. The Recipient:
  - (a) by no later than October 31 of each year, commencing in 2011, shall prepare an annual plan and budget for implementing the Project and in particular for maintaining the eGovernment Center (the Annual Plan) for the next financial year and in each year shall finalize the Annual Plan not later than December 31 of that year, taking into account the Association's comments; and
  - (b) shall ensure, without limitation on its obligation under Section 4.03 of the General Conditions, in each year of Project implementation, that adequate financial provision and allocations of resources are made, sufficient to meet the funding requirements for the Project and for the eGovernment Center operation for that year as shown in the Annual Plan.
6. The Recipient shall ensure that detailed designs for Project activities are prepared in a timely manner and taking into account any feasibility or other studies that have been carried out for the purposes of Project implementation, all in accordance with the specifications set forth in the Project Operations Manual.
7. By no later than September 20, 2011, the State Chancellery shall have adopted internal procedure by order of the Secretary General, designating CTS as the operational partner for the Project in accordance with the eTransformation Policy and specifying its responsibilities, including the need to take into account the views and decisions of eGC.

**B. Anti-Corruption**

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



## **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 one month 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 within 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 the Project's 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, commencing with the fiscal year in which the first withdrawal was made under the Preparation Advance for the Project. The audited Financial Statements for each such period shall be: (i) furnished to the Association not later than six (6) months after the end of such period; and (ii) made publicly available in a timely fashion and in a manner acceptable to the Association.

## **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.
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:

<b>Procurement Method</b>
(a) National Competitive Bidding
(b) Shopping
(c) Limited International Bidding
(d) Direct Contracting

Procurement under National Competitive Bidding is subject to the following additional procedures:

(a) Eligibility: The eligibility of bidders shall be as defined under Section I of the 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 Guidelines. Foreign bidders shall be eligible to participate in bidding under the same conditions as national bidders. In particular, no domestic preference over foreign bidders shall be granted to national bidders in bid evaluation. The bidding shall not be limited to domestic goods or services. Government-owned enterprises are eligible to bid only if they (i) are legally and financially autonomous, (ii) operate under commercial law, and (iii) are independent from Recipient and its purchasing/contracting authority.

- (b) Registration: 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, if determined to be the lowest evaluated responsive bidder, shall be given reasonable opportunity of registering, without any hindrance. Bidding shall not be restricted to any particular class of contractors, and non-classified contractors shall also be eligible to bid.
- (c) Standard Bidding Documents: Bidding Documents, acceptable to the Association, shall be used.
- (d) Qualification Criteria: Qualification criteria shall be clearly specified in the bidding documents, and 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 merits points shall not be used. Such assessment shall only take into account the bidder's capacity and resources to perform the contract, specifically its experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction and manufacturing facilities, and financial capacity.
- (e) Bid Submission: A minimum of 30 days shall be given for preparation and submission of bids after the publication of invitation to bid or the availability of bidding documents whichever is later.
- (f) Bid Opening: 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 the bidders unopened. A copy of the minutes of the public bid opening shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to prior review.
- (g) Bid Evaluation: Evaluation of bids shall be made in strict adherence to the criteria that shall be clearly specified in the bidding documents and quantified in monetary terms for evaluation criteria other than price; merit points shall not be used in bid evaluation. Contract shall be awarded to the technically responsive bid that offers the lowest evaluated price and 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. No bidder shall be rejected on the basis of a comparison with the employer's estimate or budget allocation ceiling without the Association's prior concurrence.

- (h) Rejection of All Bids and Re-bidding: All bids shall not be rejected or new bids solicited without the Association’s prior written concurrence.
- (i) Complaints by Bidders and Handling of Complaints: The Recipient shall implement an effective and independent protest mechanism allowing bidders to protest and to have their protests handled in a timely manner.
- (j) Fraud and Corruption: The Association shall declare a firm or individual ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Association, if it at any time determines that the firm or individual has, directly or through an agent, engaged in corrupt, fraudulent, collusive, coercive or obstructive practices in competing for, or in executing, a contract financed by the Association.
- (k) Right to Inspect/Audit: Each bidding document and contract financed from the proceeds of the Association funds shall include a provision requiring bidders, suppliers, contractors and subcontractors to permit the Association, at its request, to inspect their accounts and records relating to the bid submission and performance of the contract and to have said accounts and records audited by auditors appointed by the Association. The deliberate and material violation by the bidder, supplier, contractor or subcontractor of such provision may amount to obstructive practice.

**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.
- 2. **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.

<b>Procurement Method</b>
<ul style="list-style-type: none"> <li>(a) Selection based on Consultants Qualifications (CQ)</li> <li>(b) Fixed Budget Selection (FBS)</li> <li>(c) Least Cost Selection (LCS)</li> <li>(d) Individual Consultants</li> <li>(e) Single Source Selection</li> </ul>

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

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.

**Section IV. Withdrawal of the Proceeds of the Financing****A. 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 Financing to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

<b>Category</b>	<b>Amount of the Credit Allocated (expressed in SDR)</b>	<b>Percentage of Expenditures to be Financed</b>
(1) (a) Goods, Civil Works, Training, Consultants' Services (other than eGC Technical Consultants) and Incremental Operating Costs	9,900,000	100%
(b) eGC Technical Consultants	1,500,000	100% until December 31, 2013; 80% until December 31, 2014; 60% until December 31, 2015; and 40% thereafter
(2) Refund of Preparation Advance	1,300,000	Amount payable pursuant to Section 2.07 of the General Conditions
<b>TOTAL AMOUNT</b>	<u>12,700,000</u>	

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**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. For the purposes of this paragraph the term “eGC Technical Consultants” means technical consultants engaged by eGC for the positions of chief technology officer, an e-services coordinator, a training coordinator, a communications coordinator, a strategy and partnership coordinator and a lawyer, and such other consultants as agreed between the Recipient and the Association in each year and reflected in the Procurement Plan.
3. The Closing Date is December 31, 2016.

**Section V. Other Undertakings**

**A. Sufficiency of Funds**

Without prejudice to its obligations under Section 4.03 of the General Conditions, the Recipient shall ensure, through its State Chancellery, that necessary allocation of adequate resources (physical, financial and staffing) are provided to CTS in each year of Project implementation, for the successful deployment, operation and management of the M-Cloud.

**B. eGC Directives for e-Transformation**

The Recipient shall institute adequate policies and procedures, to ensure mandatory compliance by all ministries and government agencies with eGC directives issued under the Project and under the eTransformation Policy.

**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 July 15, 2021 to and including January 15, 2031.	5%

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\* 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.

**APPENDIX****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. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” published by the Bank in January 2011.
4. “CTS” means *Centrul de Telecomunicatii Speciale*, the center for special telecommunications, within the Recipient’s State Chancellery.
5. “eGovernment Center” and “eGC” mean the eGovernment Center established by Government Decision No. 760 on August 18, 2010, charged with overseeing and handling the day-to-day running of eGovernment and its activities.
6. “eGovernment” means the digital interaction between a government and citizens (G2C), government and businesses/commerce/eCommerce (G2B), and between government agencies (G2G). This digital interaction consists of governance, information and communication technology (ICT), business process re-engineering (BPR), and e-citizen at all levels of government (city, state/province, national, and international).
7. “eTransformation Policy” means the Recipient’s ICT-enabled government transformation policy which establishes its “Cloud-first” policy and indicates and outlines the roles, obligations and responsibilities of the various agencies and ministries, including CTS, for carrying out implementation of the eTransformation agenda; and provides for the sustainability of the e-Government Center.
8. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010.
9. “ICT” means information and communication technology.
10. “Incremental Operating Costs” means expenditures incurred by the Project Implementation Unit, including transportation costs, costs of office rental and maintenance, equipment maintenance and repair, translation, utility and



communication costs, bank charges, office supplies, advertisement cost, mail, printing and publications.

11. “*Monitorul Oficial*” means the official gazette of the Recipient.
12. “Preparation Advance” means the advance referred to in Section 2.07 of the General Conditions, granted by the Association to the Recipient pursuant to the letter agreement signed on behalf of the Association on July 20, 2010 and on behalf of the Recipient on August 9, 2010.
13. “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” published by the Bank in January 2011.
14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated April 18, 2011 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.
15. “Project Implementation Unit” means the unit created within the eGovernment Center for day-to-day Project implementation.
16. “Project Operational Manual” means the manual prepared by the Recipient and approved by the Association, for use in Project implementation and which contains all policies and procedures to be followed during Project implementation.
17. “M-Cloud” means the Recipient’s “cloud computing” technology platform, being a multitenant, dynamically provisioned and optimized infrastructure with self-service developer deployment.
18. “State Chancellery” means the Recipient’s state institution, established by Law No. 64, dated May 31, 1990.