

Public Disclosure Authorized

CONFORMED COPY

FPCR TF GRANT NUMBER TF092641

Global Food Price Crisis Response Trust Fund Grant Agreement

(Additional Financing for Health Services and Social Assistance Project)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Trustee of the Global Food Price Crisis Response Trust Fund

Dated August 15, 2008

GFPCR TF GRANT NUMBER TF092641

**GLOBAL FOOD PRICE CRISIS RESPONSE TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated August 15, 2008, entered into between: REPUBLIC OF MOLDOVA (“Recipient”); and INTERNATIONAL DEVELOPMENT ASSOCIATION (the “World Bank”), acting as Trustee of the Global Food Price Crisis Response Trust Fund (“GFPCR”).

WHEREAS: (A) Pursuant to a Financing Agreement entered into between the Recipient and the Association for a Health Services and Social Assistance Project – 4320 –MD, dated July 3, 2007 (the Financing Agreement), the Recipient has received a credit in an amount equivalent to eleven million three hundred thousand Special Drawing Rights (SDR 11,300,000) (the IDA Credit) for the purposes of financing the Project described in Schedule 1 of the Financing Agreement (the Original Project).

(B) The Recipient has recognized the necessity of undertaking certain additional activities which are set forth in Schedule 1 of this Agreement and which are to be a new “Part D”(hereinafter, Part D of the Project).

(C) By Resolution No.2008 - 0004 of May 29, 2008, the Executive Directors of the International Bank for Reconstruction and the International Development Association have established the GFPCR to assist in financing programs in member countries of the World Bank aimed at reducing the negative impact of high food prices on the lives of the poor.

(D) The Recipient, having satisfied itself as to the feasibility and priority of the Project, has requested the International Development Association, acting as administrator of the GFPCR, to provide assistance towards the financing of Part D of the Project.

(E) The International Development Association, acting as Trustee of the GFPCR, has determined that the Project falls within the purpose of the GFPCR and wishes to provide financial assistance for the Project on the terms and conditions provided for under this Agreement.

The Recipient and the World Bank hereby agree as follows:

Article I
Standard Conditions; Definitions

- 1.01. The Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated July 20, 2006 (“Standard Conditions”) 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 Standard Conditions or in the Financing Agreement or in the Appendix to this Agreement.

Article II
The Project

- 2.01. The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out Part D.1 of the Project through the MOH and Part D.2 of the Project through the MOSPFC in accordance with the provisions of Article II of the Standard Conditions.
- 2.02. Without limitation upon the provisions of Section 2.01 of this Agreement, and except as the Recipient and the World Bank 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 III
The Grant

- 3.01. The World Bank agrees to extend to the Recipient, on the terms and conditions set forth or referred to in this Agreement, a grant in an amount equal to seven million United States Dollars (\$7,000,000) (“Grant”) to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section IV of Schedule 2 to this Agreement.
- 3.03. The World Bank has received eighty-five million United States Dollars (\$85,000,000) as a contribution to the GFPCR and expects to receive an additional contribution of one hundred fifteen million United States Dollars (\$115,000,000) during October 2008. Until such time as the additional contribution is credited to the GFPCR, no withdrawal shall be made from the Grant Account if, as a result of such withdrawal, the total amount of the Grant withdrawn from the Grant Account

would exceed the amount available to the World Bank from the resources provided to it under the GFPCR for the purposes of the Grant.

Article IV Additional Remedies

- 4.01. The Additional Event of Suspension referred to in Section 4.02 (i) of the Standard Conditions consists of the following: the World Bank has determined after the Effective Date referred to in Section 5.03 of this Agreement that prior to such date but after the date of this Agreement, an event has occurred which would have entitled the World Bank to suspend the Recipient's right to make withdrawals from the Grant Account if this Agreement had been effective on the date such event occurred.

Article V Effectiveness; Termination

- 5.01. This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the following condition has been satisfied: the execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01, there shall be furnished to the World Bank an opinion or opinions satisfactory to the World Bank of counsel acceptable to the World Bank or, if the World Bank so requests, a certificate satisfactory to the World Bank of a competent official of the Recipient, showing: on behalf of the Recipient, that this Agreement has been duly authorized or ratified by, and executed and delivered on its behalf and is legally binding upon it in accordance with its terms.
- 5.03. Except as the Recipient and the World Bank shall otherwise agree, this Agreement shall enter into effect on the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the World Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the World Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date 90 days after the date of this Agreement, unless the World Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The World Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Finance.

6.02. The Recipient's Address referred to in Section 7.01 of the Standard Conditions is:

Ministry of Finance
Cosmonaut Street 7,
MD - 2005 Chisinau
Republic of Moldova

Facsimile:

(373-22) 24-0055

6.03. The World Bank's Address referred to in Section 7.01 of the Standard Conditions 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) or
64145 (MCI)

1-202-477-6391

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

REPUBLIC OF MOLDOVA

By: /s/ Igor Dodon

Authorized Representative

INTERNATIONAL DEVELOPMENT ASSOCIATION
acting as Trustee of the Global Food Prices Crisis Trust Fund

By: /s/ Melanie Marlett

Authorized Representative

SCHEDULE 1

Project Description

The objectives of the Project are those of the Original Project.

The Project consists of the Original Project and the following additional activities:

Part D: Protecting Health and Nutritional Status

1. Provision of food, nutritional supplements and nutritional interventions to pregnant and lactating women, infants and young children.
2. Provision of financial assistance to institutions providing assistance to poor and vulnerable groups through cash transfers for the purposes of acquisition of food and nutritional supplements.

SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

1. The provisions of Sections 3.01 and 3.02 of the Financing Agreement shall apply to this Agreement, *mutatis mutandis*.
2. The Recipient, for the purposes of Part D.2 of the Project,
 - (a) shall prepare a manual (the Operational Manual) setting out the policies, procedures and guidelines, including eligibility criteria, approval/certification process, cash transfer scheme operational process and requirements in relation to institutions receiving cash transfers in accordance with Part D.2 of the Project;
 - (b) shall at all times observe the requirements and procedures set forth in the Operational Manual for the purposes of carrying out Part D.2 of the Project; and
 - (c) shall not amend, abrogate, vary, alter or disregard and requirement or procedure or provision of the Operational Manual when carrying out Part D.2 of the Project, without the prior approval of the World Bank.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports; Completion Report

1. The Recipient shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of indicators agreed with the World Bank. Each Project Report shall cover the period of one calendar six month period, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.
2. The Recipient shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

B. Financial Management; Financial Reports; Audits

1. The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.
2. The Recipient shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days

after the end of each calendar six month period covering the six month period, in form and substance satisfactory to the World Bank.

3. The Recipient shall have its Financial Statements for the Project audited in accordance with the provisions of Section 2.07 (b) of the Standard 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 World Bank not later than six months after the end of such period.

Section III. Procurement

- A. The provisions of Schedule 3 of the Financing Agreement shall apply to this Agreement, *mutatis mutandis*.
- B. Acquisition of nutritional supplement for distribution under Part D.1 of the Project may be carried out by direct contracting from UNICEF in accordance with paragraph 3.9 of the Procurement Guidelines.

Section IV. Withdrawal of Grant Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions, (b) this Section, and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance 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 Grant (“Category”), the allocations of the amounts of the Grant to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category:

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods under Part D (1) of the Project	2,000,000	100%
(2) Cash transfers under Part D (2) of the Project	4,500,000	100%
(3) Consultants services and Incremental Operational Costs	500,000	100%
TOTAL	<u>7,000,000</u>	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made
 - (a) for payments made prior to the date of this Agreement; and
 - (b) in respect of payments under Part D.2 until a satisfactory copy of the Operational Manual has been provided to the World Bank.
2. The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is August 31, 2011.

APPENDIX

Definitions

1. “Incremental Operating Costs” means expenditures incurred to finance the reasonable and necessary incremental expenses incurred on account of Project implementation, management and monitoring, including travel costs of the staff and consultants; cost of communications (internet and telephone), transportation, supplies, stationery, office equipment and maintenance, bank charges, and such other expenditure as may be agreed with the Association."
2. “Operational Manual “ means the manual to be prepared by the Recipient in accordance with its obligation under paragraph 2 (a) of Section 1 of Schedule 2 to this Agreement and which shall set forth the operational procedures, processes and guidelines, including a list of eligible institutions from time to time for Part D.2 of the Project.
3. “UNICEF” means the United Nations Children’s Fund an institution of the United Nations with its headquarters at 3 United Nations Plaza. New York, NY 10017, New York, USA.