



TF056601

December 20, 2012

H.E. Veaceslav Negruta
 Minister of Finance
 Ministry of Finance
 Chisinau, Moldova

**Multi-Donor Trust Fund Grant for Technical Assistance Support to Public
 Administration Reform of Moldova Project (TF056601)
 Amendment to the Grant Agreement**

Excellency:

We refer to the Multi-Donor Trust Fund Grant Agreement (the "Grant Agreement") between the Republic of Moldova (the "Recipient") and the International Development Association (the "Association"), acting as administrator of grant funds ("Contributions") provided by Sweden and the Government of the Netherlands (the "Donors"), dated June 29, 2006, as amended, for the above-referenced Project.

Pursuant to the Recipient's letter dated September 14, 2012 requesting: (a) an extension of the Project's Closing Date; and (b) additional funds from the existing Contributions to finance the implementation of additional activities under the Project, we are pleased to inform you that the Association hereby agrees to establish December 31, 2013 as the later date for purposes of Section 4.3 (c) of the Grant Agreement and amend the terms of said Grant Agreement as follows:

1. The first paragraph of the Grant Agreement is amended to reflect the increased Grant amount not exceeding the equivalent of eleven million four hundred fifty thousand United States dollars (US\$11,450,000).

2. Paragraph 1.1 of the Annex to the Grant Agreement is hereby amended to include a new subparagraph (iv) under Part A (a), and replaced in its entirety to read as follows:

(a) Institutional Reorganization: Provision of technical assistance to: (i) conduct a government-wide functional review of the central public administration entities; (ii) further develop the legal framework on the organization of public administration; (iii) build capacity of the CPAR unit of the Recipient's State Chancellery; and (iv) develop a program for improving the quality, transparency and efficiency of administrative public services delivered at the central and sub-national tiers of the Government.

3. Paragraph 2.1 of the Annex to the Grant Agreement is hereby amended and replaced in its entirety to read as follows:

2.1. The Recipient shall: (a) carry out the Activities with due diligence and efficiency, and in accordance with the provisions of 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 January 2011; (t) promptly provide the funds, facilities, services and other resources required for that purpose; (c) furnish all information covering the Activities and the use of the proceeds of the Grant as the Association shall reasonably request; (d) from time to time exchange views with the Association's representatives on the progress and results of the Activities; (e) take all necessary measures required to enable the Association to visit the territory of the Recipient for purposes related to the Grant; and (f) cause all consulting services, goods, training and incremental operating costs, financed out of the proceeds of the Grant to be used exclusively for the purposes of the Grant. Without limitation on the foregoing, the Recipient shall, if the Association shall so request, prepare and furnish to the Association promptly upon completion of the Activities a report, in form and substance satisfactory to the Association, on the results and impact of the Activities.

4. Paragraph 4.2 of the Annex to the Grant Agreement is hereby amended and replaced in its entirety to read as follows:

4.2. The table below sets forth the Categories of items to be financed out of the proceeds of the Grant, the allocation of the amounts of the Grant to each Category, and the percentage of expenditures for items to be financed in each Category:

Category	Amount of the Grant Allocated (in U.S. dollars)	% of Expenditures to be Financed
(1) Consultants' services, including audit	8,570,000	100 %
(2) Goods	1,500,000	100 %
(3) Training	1,200,000	100%
(4) Incremental Operating Costs	180,000	100%
(5) Unallocated	0	
TOTAL AMOUNT	<u>11,450,000</u>	

For purposes of this paragraph, the terms:

(a) "Incremental Operating Costs" means expenditures incurred by the Recipient on account of management of Grant implementation including office supplies, communication, local transportation, training, and such other expenditures as may be agreed upon by the Association.

(b) "Training" means expenditures incurred by the Recipient in connection with the carrying out of training activities under the Activities, including reasonable costs of transportation, accommodation, per diem and interpretation services and cost of study tours, workshops, and any other training related costs as may be agreed upon by the Association."

Please confirm the Recipient's agreement with the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Amendment Letter, and returning it to the Association. The amendment shall become effective upon receipt by the Association of an original countersigned copy of this Amendment Letter.

Please note that the final restructuring paper dated December 13, 2012, will be disclosed on the Association's external website.

Sincerely,



Paolo Belli
Acting Director
Ukraine, Belarus, Moldova
Europe and Central Asia Region

AGREED:
REPUBLIC OF MOLDOVA

By: 

Name: Veaceslav Doga

Title: Minister of Finance

Date: December 27, 2012