

**The World Bank**

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.  
Washington, D.C. 20433  
U.S.A.

(202) 477-1234  
Cable Address: INTBAFRAD  
Cable Address: INDEVAS

*May 29*, 2014

H.E. Anatol Arapu  
Minister of Finance  
Ministry of Finance  
Cosmonautilor str. 7  
Chisinau  
Republic of Moldova

**Re: Moldova - Multi-donor Programmatic Trust Fund for Europe and Central Asia Region  
Capacity Development for the Preparation of the Tax Administration Modernization Project -  
Grant No. TF017415**

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Moldova ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Multi-donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development, proposes to extend to the Recipient, a grant in an amount not to exceed three hundred thousand United States Dollars (US\$300,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

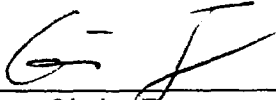
The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall

become effective as of the date specified by the World Bank in accordance with Section 4.02 of the Annex to this Agreement.


Very truly yours,

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By   
Qimiao Fan  
Country Director  
Belarus, Moldova and Ukraine  
Europe and Central Asia

**AGREED:**

**REPUBLIC OF MOLDOVA**

By:   
Authorized Representative

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

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

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

**Enclosures:**

1. Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
2. Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
3. 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
4. Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011
5. Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011

**Article I**  
**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meanings:

(a) "Operating Costs" means reasonable expenditures (none of which would have encountered absent the Project) incurred by the Recipient on account of implementation of the Grant including bank charges, office supplies, vehicle operation and maintenance costs, fuel, rent, utilities, communication, local transportation and study visits, minimum office equipment, printing, interpretation and translation costs, and such other expenditures as may be agreed upon by the World Bank but excluding salaries of civil servants and consultants.

(b) "STI" means the Recipient's State Tax Inspectorate established within the Recipient's Ministry of Finance pursuant to the Government Decision N#1736 (on the regulation of activity of State Tax Service), dated December 31, 2002 and the Tax Code approved by Law N# 1163-XIII dated April 24, 1997 (with the subsequent amendments) or any successor thereto.

**Article II**  
**Project Execution**

2.01. **Project Objectives and Description.** The objective of the Project is to develop the concept design, technical specifications and business process mapping for the implementation of an integrated information system for the Tax Administration Modernization Project. The Project consists of the following parts:

Part I: Concept Design and Technical Specifications

(a) Conducting an assessment of STI's current business processes and gap analysis for developing a concept design for the new integrated tax system, including:

- (i) a review of existing legislation governing the stages of the tax administration processes at the central and local level;
- (ii) institutional, functional, organizational arrangements and information flows, taking into account the functions that will support the implementation of the integrated system;
- (iii) a gap analysis identifying the differences between the existing procedures and the baseline practice, and changes required before the implementation of the integrated tax system;
- (iv) an action plan for implementing the required changes (legislative, organizational, functional, procedural and information flow arrangements); and

- (v) the preparation of the concept design to include the conceptual model of an integrated tax management system including the functional coverage of the system.
- (b) Developing the system design and technical specifications, including:
  - (i) the preparation of detailed functional and technical specifications for the integrated tax management system as well as the necessary central server systems;
  - (ii) the design of the communication infrastructure for a countrywide integrated tax system;
  - (iii) the identification of necessary network equipment for the connectivity of central systems and territorial offices;
  - (iv) the identification of hardware and standard software solutions for effective integration of the central system and territorial offices;
  - (v) the technical specifications of necessary engineering support systems for the establishment of proper physical environment for system users and for operation of technical equipment; and
  - (vi) a plan for the implementation of the integrated tax management system.

**Part 2: Audit of the Project Preparation Grant**

Conducting an audit of the expenditures financed by the Grant.

**2.02. *Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through STI in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

**2.03. *Institutional and Other Arrangements.*** For purposes of carrying out the Project, the Recipient shall maintain at all times during Project implementation, professional staff in adequate numbers and with functions, terms of reference and qualifications acceptable to the World Bank, to perform all Project’s related functions.

**2.04. *Project Monitoring, Reporting and Evaluation.*** (a) 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 acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) 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.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) 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 quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

## 2.06. **Procurement**

(a) General. All consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

- (i) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants' services; and
- (ii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

### (c) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan : (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(d) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### **Article III**

#### **Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** 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 100% of Eligible Expenditures consisting of consultants' services and Operating Costs inclusive of Taxes.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is April 30, 2015.

### **Article IV**

#### **Effectiveness; Termination**

4.01. **Effectiveness.** This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate actions.

4.02. **Effectiveness Date.** Except as the Recipient and the World Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of the Annex to this Agreement ("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.

4.03. **Termination.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred twenty (120) 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 V**

#### **Recipient's Representative; Addresses**

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

*Mary 29*, 2014

H.E. Anatol Arapu  
Minister of Finance  
Ministry of Finance  
Cosmonautilor str. 7  
Chisinau  
Republic of Moldova

**Re: Moldova - Multi-donor Programmatic Trust Fund for Europe and Central Asia Region  
Capacity Development for the Preparation of the Tax Administration Modernization Project -  
Grant No. TF017415**

Excellency:

In response to the request for financial assistance made on behalf of the Republic of Moldova ("Recipient"), I am pleased to inform you that the International Development Association ("World Bank"), acting as administrator of grant funds provided by various donors ("Donors") under the Multi-donor Programmatic Trust Fund for Europe and Central Asia Region Capacity Development, proposes to extend to the Recipient, a grant in an amount not to exceed three hundred thousand United States Dollars (US\$300,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project").

This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions from the Donors. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the World Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the Donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.


The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient's agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and return it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall

become effective as of the date specified by the World Bank in accordance with Section 4.02 of the Annex to this Agreement.

Very truly yours,

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

By   
Qimiao Fan

Country Director  
Belarus, Moldova and Ukraine  
Europe and Central Asia

**AGREED:**

**REPUBLIC OF MOLDOVA**

By:   
Authorized Representative

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

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

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

**Enclosures:**

1. Standard Conditions for Grants Made by the World Bank Out of Various Funds, dated February 15, 2012
2. Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006
3. 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
4. Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011
5. Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers, dated January 2011



**Article I**  
**Standard Conditions; Definitions**

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated February 15, 2012 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement, and the following additional terms have the following meanings:

(a) "Operating Costs" means reasonable expenditures (none of which would have encountered absent the Project) incurred by the Recipient on account of implementation of the Grant including bank charges, office supplies, vehicle operation and maintenance costs, fuel, rent, utilities, communication, local transportation and study visits, minimum office equipment, printing, interpretation and translation costs, and such other expenditures as may be agreed upon by the World Bank but excluding salaries of civil servants and consultants.

(b) "STI" means the Recipient's State Tax Inspectorate established within the Recipient's Ministry of Finance pursuant to the Government Decision N#1736 (on the regulation of activity of State Tax Service), dated December 31, 2002 and the Tax Code approved by Law N# 1163-XIII dated April 24, 1997 (with the subsequent amendments) or any successor thereto.

**Article II**  
**Project Execution**

2.01. **Project Objectives and Description.** The objective of the Project is to develop the concept design, technical specifications and business process mapping for the implementation of an integrated information system for the Tax Administration Modernization Project. The Project consists of the following parts:

**Part 1: Concept Design and Technical Specifications**

(a) Conducting an assessment of STI's current business processes and gap analysis for developing a concept design for the new integrated tax system, including:

- (i) a review of existing legislation governing the stages of the tax administration processes at the central and local level;
- (ii) institutional, functional, organizational arrangements and information flows, taking into account the functions that will support the implementation of the integrated system;
- (iii) a gap analysis identifying the differences between the existing procedures and the baseline practice, and changes required before the implementation of the integrated tax system;
- (iv) an action plan for implementing the required changes (legislative, organizational, functional, procedural and information flow arrangements); and

- (v) the preparation of the concept design to include the conceptual model of an integrated tax management system including the functional coverage of the system.
- (b) Developing the system design and technical specifications, including:
  - (i) the preparation of detailed functional and technical specifications for the integrated tax management system as well as the necessary central server systems;
  - (ii) the design of the communication infrastructure for a countrywide integrated tax system;
  - (iii) the identification of necessary network equipment for the connectivity of central systems and territorial offices;
  - (iv) the identification of hardware and standard software solutions for effective integration of the central system and territorial offices;
  - (v) the technical specifications of necessary engineering support systems for the establishment of proper physical environment for system users and for operation of technical equipment; and
  - (vi) a plan for the implementation of the integrated tax management system.

**Part 2: Audit of the Project Preparation Grant**

Conducting an audit of the expenditures financed by the Grant.

**2.02. *Project Execution Generally.*** The Recipient declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through STI in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) 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 (“Anti-Corruption Guidelines”); and (c) this Article II.

**2.03. *Institutional and Other Arrangements.*** For purposes of carrying out the Project, the Recipient shall maintain at all times during Project implementation, professional staff in adequate numbers and with functions, terms of reference and qualifications acceptable to the World Bank, to perform all Project’s related functions.

**2.04. *Project Monitoring, Reporting and Evaluation.*** (a) 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 acceptable to the World Bank. Each Project Report shall cover the period of one calendar semester, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) 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.

2.05. **Financial Management.** (a) The Recipient shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) 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 quarter, covering the quarter, in form and substance satisfactory to the World Bank.

(c) The Recipient shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Such audit of the Financial Statements shall cover the entire period during which withdrawals from the Grant Account were made. The audited Financial Statements for such period shall be furnished to the World Bank not later than six months after the end of such period.

## 2.06. **Procurement**

(a) General. All consultants' services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the requirements set forth or referred to in:

- (i) Sections I and IV of the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 ("Consultant Guidelines") in the case of consultants' services; and
- (ii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.25 of the Consultant Guidelines ("Procurement Plan").

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

### (c) Particular Methods of Procurement of Consultants' Services

(i) Except as otherwise provided in item (ii) below, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods, other than Quality- and Cost-based Selection, may be used for the procurement of consultants' services for those assignments which are specified in the Procurement Plan : (A) Quality-based Selection; (B) Selection under a Fixed Budget; (C) Least Cost Selection; (D) Selection based on Consultants' Qualifications; (E) Single-source Selection of consulting firms; (F) Selection of Individual Consultants; and (G) Single-source procedures for the Selection of Individual Consultants.

(d) Review by the World Bank of Procurement Decisions. The Procurement Plan shall set forth those contracts which shall be subject to the World Bank's Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### **Article III**

#### **Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** 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 100% of Eligible Expenditures consisting of consultants' services and Operating Costs inclusive of Taxes.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is April 30, 2015.

### **Article IV**

#### **Effectiveness; Termination**

4.01. **Effectiveness.** This Agreement shall not become effective until evidence satisfactory to the World Bank has been furnished to the World Bank that the execution and delivery of this Agreement on behalf of the Recipient has been duly authorized or ratified by all necessary governmental and corporate actions.

4.02. **Effectiveness Date.** Except as the Recipient and the World Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the World Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 4.01 of the Annex to this Agreement ("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.

4.03. **Termination.** This Agreement and all obligations of the parties under it shall terminate if it has not entered into effect by the date one hundred twenty (120) 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 V**

#### **Recipient's Representative; Addresses**

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

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

Ministry of Finance  
Cosmonautilor str. 7  
Chisinau  
Republic of Moldova

Facsimile:

(373) 22 225393

5.03. ***World Bank's Address.*** 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