

CREDIT NUMBER 5747-MD

Financing Agreement

(Local Roads Improvement Project)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *April 28*, 2016

CREDIT NUMBER 5747-MD

FINANCING AGREEMENT

AGREEMENT dated *April 28*, 2016, 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 fifty seven million Special Drawing Rights (SDR57,000,000) (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 The Service Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to three-fourths of one percent (3/4 of 1%) per annum.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 The Interest Charge payable by the Recipient on the Withdrawn Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are February 15 and August 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 Dollar.

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient, through the MTRI, shall cause the Project to be carried out by the Project Implementing Entity in accordance with the provisions of Article IV of the General Conditions, the Implementation Agreement and the Project Agreement.
- 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 — REMEDIES OF THE ASSOCIATION

- 4.01. The Additional Event of Suspension consists of the following, namely, that the Project Implementing Entity's Legislation 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 Project Implementing Entity to perform any of its obligations under the Project Agreement.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 60 days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Implementation Agreement has been executed on behalf of the Recipient and the Project Implementing Entity.
 - (b) The Recipient, through MTRI, and the Project Implementing Entity have adopted the Project Operations Manual in form and in a manner satisfactory to the Association.
- 5.02. The Additional Legal Matter consists of the following, namely that the Implementation Agreement has been duly authorized or ratified by the Recipient and the Project Implementing Entity and is legally binding upon the Recipient and the Project Implementing Entity in accordance with its terms.
- 5.03. The Effectiveness Deadline is the date one hundred twenty (120) days after the date of this Agreement.

- 5.04. 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 fifteen years after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Recipient's Representative is its Minister of Finance.

- 6.02. The Recipient's Address is:

Ministry of Finance
Constantin Tanase Street, 7
MD2005 Chisinau
Republic of Moldova

Facsimile:

(37322) 225393

- 6.03. The Association's Address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

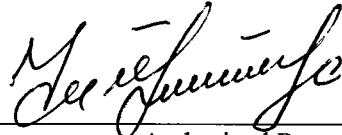
Telex: Facsimile:

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



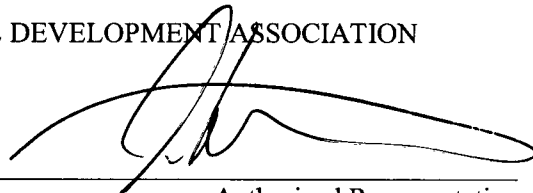
Authorized Representative

Name: Corina Cioc

Title: Ministress

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Alex Kremer

Title: Country Manager

SCHEDULE 1

Project Description

The objective of the Project is to provide safe and sustainable local road accessibility to education, health and market facilities along Selected Corridors.

The Project consists of the following parts:

Part A: Rehabilitation and Maintenance of Local Road Network

1. rehabilitation and upgrading of approximately 300 kilometers of Selected Corridors;
2. supervision of all civil work activities carried out under Part A.1 above, including the carrying out of Technical Audits; and
3. (a) carrying out the feasibility studies and design of the works under Part A.1 above; and (b) design and implementation of routine maintenance works in the Selected Corridors mentioned in Part A.1 above, including access roads to said Selected Corridors.

Part B: Institutional Strengthening

Provision of support for, *inter alia*:

1. building capacity for reform of management of local roads, including through: (a) strengthening the institutional capacity of the SRA; (b) developing a sustainable model for decentralization of road management; and (c) supporting the eventual implementation of the model developed under (b);
2. developing and adopting of local roads planning, design and construction standards, including the preparation of a local roads design manual and the provision of related Training;
3. strengthening of the Road Fund's expenditure monitoring and evaluation system;
4. implementing a framework for local roads maintenance, including through the preparation of the bidding documents for the maintenance works to be carried out under Part A.3 (b) above through, *inter alia*, the provision of technical advice and validation of design and costs for said works;

5. designing and implementing a local roads safety program, which will include: (a) the introduction of the Safe Villages concept for the Selected Corridors; (b) the carrying out of an education campaign relating to road safety; and (c) the carrying out of local road safety audits; and
6. Project implementation, monitoring and evaluation, including the carrying out of the Project audits.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Recipient, through the MTRI, shall ensure that the appropriate departments in the MTRI, with the assistance of the Project Implementing Entity, oversee the overall Project implementation and management with due diligence and efficiency, all in accordance with the Project Operations Manual.
2. The Recipient, through the MTRI, shall cause the Project Implementing Entity to carry out the day-to-day management of the Project, including financial management, procurement, monitoring, evaluation (including supervision and final acceptance of works carried out under the Project) and reporting, all in accordance with the Project Operations Manual; and to this end, shall cause the Project Implementing Entity to:
 - (a) assign responsibility internally for the management, implementation, monitoring and reporting of the Project, all in accordance with the Project Operations Manual;
 - (b) operate and maintain, throughout Project implementation, its technical and administrative units, with qualified staff in sufficient numbers (including as may be needed, specialists in, *inter alia*, financial management and procurement selected and appointed under the Project in accordance with the relevant provisions of Section III of this Schedule), adequate funds, facilities, services and other resources for Project implementation, all acceptable to the Association; and
 - (c) by no later than forty (45) days from the Effective Date, establish and maintain, throughout Project implementation, a steering committee which shall include representatives from within its relevant departments, to ensure that Project activities are coordinated and implemented effectively, all under terms of reference and a composition acceptable to the Association (“Steering Committee”).
3. The Recipient, through the MTRI, shall cause the Project Implementing Entity to, no later than forty five (45) days after the Effective Date, establish and implement, throughout Project implementation, an accessible grievance redress mechanism (Community Monitoring System), acceptable to the Association, to address

grievances relating to the carrying out of the civil works under Part A of the Project.

4. The Recipient shall maintain throughout the implementation of the Project, a high-level Roads Sector Steering Committee which shall act as a body responsible for the strategic coordination and oversight of Project activities implemented by the Project Implementing Entity, all under terms of reference and a composition acceptable to the Association.

B. Project Operations Manual

The Recipient shall cause the Project Implementing Entity to: (a) adopt and immediately thereafter, carry out the Project in accordance with the requirements set forth in the Project Operations Manual; and (b) not assign, amend, abrogate or waive any provision of the Project Operations Manual without prior approval of the Association.

C. Implementation Agreement

1. To facilitate the carrying out of the Project, the Recipient, through MoF and MTRI, shall make the proceeds of the Financing available to the Project Implementing Entity under an implementation agreement between the Recipient, through MoF and MTRI, and the Project Implementing Entity (“Implementation Agreement”), under terms and conditions approved by the Association, which shall include the obligations of the Project Implementing Entity to carry out the Project in accordance with: (a) the relevant sections of this Schedule; (b) the Project Agreement; and (c) the Project Operations Manual.
2. The Recipient shall exercise its rights and carry out its obligations under the Implementation Agreement 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, waive or fail to enforce the Implementation Agreement or any of its provisions.

D. Anti-Corruption

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

E. Safeguards

1. The Recipient, through the MTRI, shall, and shall cause the Project Implementing Entity to implement the Project in accordance with:

- (a) the ESMF, and thereafter implement the pertinent EMPs, in accordance with their terms and in a manner acceptable to the Association, ensuring that civil works will not commence in any road section unless the EMP for the respective section of the road has been prepared by the Recipient, disclosed, consulted and approved by the Association; and
 - (b) the RPF, and if Resettlement is foreseen for specific road sections, thereafter implement the pertinent resettlement action plan or abbreviated plan, as the case may be, all in accordance with their terms and in a manner acceptable to the Association, ensuring that civil works will not commence in a specific road section unless the pertinent resettlement action plan or abbreviated plan for the respective section of the road has been prepared, disclosed, consulted and approved by the Association, and implemented by the Recipient.
- 2. The Recipient, through the MTRI, shall, and shall cause the Project Implementing Entity to ensure that: (i) the terms of reference for any consultancy required under the Project shall be satisfactory to the Association following its review thereof; and (ii) to that end, such terms of reference shall duly incorporate the requirements of the World Bank Safeguards Policies then in force, as applied to the advice conveyed through such technical assistance, including the public disclosure and consultation of the resulting environmental and social impact assessments in accordance with the World Bank Safeguards Policies.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

- 1. The Recipient, through the MTRI: (a) shall, and shall cause the Project Implementing Entity to, monitor and evaluate the progress of the Project; and (b) shall cause the Project implementing Entity to prepare Project Reports in accordance with the provisions of Section 4.08 of the General Conditions and on the basis of the 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.
- 2. (a) By September 30, 2018, or such other date as agreed by the Association, the Recipient, through the MTRI, shall, and shall cause the Project Implementing Entity to, carry out jointly with the Association, a mid-term review of the implementation of the activities under the Project (“Mid-term Review”) which shall cover the progress achieved in the implementation of the Project.

- (b) Following such Mid-term Review, the Recipient, through the MTRI, shall act promptly and diligently to take, or cause to be taken, any corrective action as shall have been agreed with the Association.

B. Financial Management, Financial Reports and Audits

1. The Recipient, through the MTRI, 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, through the MTRI, shall prepare and furnish to the Association not later than 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, through the MTRI, shall have its 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. The audited Financial Statements for each such period shall be furnished to the Association not later than six (6) months after the end of such period.
4. The Recipient, through the MTRI, shall cause the Project Implementing Entity to comply with its audit obligations referred to in Section II.B of the Schedule to the Project Agreement.

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 (including Annex A to this Schedule).
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 Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the 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 methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding subject to the additional provisions specified in Annex A to this Schedule; (b) Shopping; and (c) Direct Contracting.

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 methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts 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) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Association of Procurement Decisions

1. 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.
2. The Recipient, through the MTRI shall: (a) no later than June 30 of every year during the implementation of the Project, beginning on June 30, 2016: (i) prepare and furnish to the Association, a procurement progress report (Procurement Report) in form and substance acceptable to the Association, which shall include, *inter alia*: (A) a description of the issues which arose during the full procurement cycle under the Project during the twelve months preceding the date of presentation of each Procurement Report, from design through planning, bidding, contract implementation and completion; (B) a list of proposed measures and actions to be taken to resolve the issues identified under (A) above; and (C) a proposed timeline

for the implementation of the said measures and actions; and (b) thereafter implement, or cause to be implemented, the proposed measures and actions under each Procurement Report in accordance with its terms and in a manner acceptable to 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:

Category	Amount of the Financing Allocated (expressed in SDR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, works, non-consulting services, Training and consultants’ services for Parts A.1, A.2 and A.3 (a) of the Project	53,400,000	100%
(2) Goods, consultants’ services, non-consulting services, Training and Operating Costs for Part B of the Project	3,600,000	100%
TOTAL AMOUNT	<u>57,000,000</u>	

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, except that withdrawals up to an aggregate amount not to exceed SDR 2,500,000 may be made for payments made prior to this date but on or after the date twelve (12) months prior to the date of this Agreement, for Eligible Expenditures under Categories 1 and 2.
2. The Closing Date is March 31, 2021.

**ANNEX A
to
SCHEDULE 2**

Additional Provisions Relating to Procurement of Goods, Works and Non-consulting Services under Association-Financed Contracts Subject to National Competitive Bidding

Without limitation upon the provisions of Section III of Schedule 2 to this Agreement and Section I and paragraphs 3.3 and 3.4 of the Procurement Guidelines, the procurement procedure to be followed for National Competitive Bidding shall be the Open Bidding Procedure set forth in the Law on Procurement No. 96-XVI, dated April 13, 2007, as further amended on September 17, 2010, December 23, 2011, March 30, 2012, April 12, 2012, June 15, 2012, and June 14, 2013, and to be superseded by the Law On Procurement No. 131, dated July 3, 2015, when it is made effective (the "PPL"), provided, however, that such procedure shall be subject to the following additional provisions:

1. Eligibility: Eligibility to participate in a procurement process and to be awarded a Association-financed contract shall be as defined under Section I of the Procurement 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 Procurement Guidelines.
2. Registration of Contractors and Suppliers: 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 a foreign bidder recommended for contract award shall be given a reasonable opportunity to register, with the reasonable cooperation of the Recipient, prior to contract signing.
3. Participation of Joint Ventures: Participation of Joint Ventures shall be allowed and all its members shall be jointly and severally liable for the entire contract.
4. Bidding Documents: Bidding documents acceptable to the Association shall be used, and shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.
5. Qualification: Qualification criteria shall be clearly specified in the bidding documents. 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 merit points shall not be used. Such assessment shall be based entirely upon the bidder's or prospective bidder's capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant; and (iii) capability of

construction and/or manufacturing facilities. Prequalification procedures and documents acceptable to the Association shall be used for large, complex and/or specialized works. The verification of the information upon which a bidder was prequalified, including current commitments, shall be carried out at the time of contract award, along with the bidder's capability with respect to personnel and equipment. In the procurement of goods and works where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

6. Cost Estimate: The detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. The cost estimate will include all taxes including Value Added Tax. No bids shall be rejected on the basis of comparison with the cost estimates without the Association's prior written concurrence.
7. Bid Submission and Bid Opening: Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. 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 bidders unopened. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Association with respect to contracts subject to the Association's prior review.
8. Bid Evaluation: Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation. Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents; and (ii) to offer the lowest-evaluated cost. 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.
9. Rejection of All Bids and Re-bidding: All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Association's prior written concurrence.
10. Bid Validity: The bid validity period required by the bidding documents shall be sufficient to account for any period that may be required for the approval and registration of the contract as contemplated in the PPL. If justified by exceptional circumstances, an extension of bid validity may be requested in writing from all bidders before the original bid validity expiration date, provided that such

extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the registration process, but not more than thirty (30) days; a corresponding extension of any bid guarantee also shall be required in such cases. A Bidder may refuse the request for extension of bid validity without forfeiting its bid guarantee. No further extensions shall be requested without the prior written concurrence of the Association.

11. Guarantees: Guarantees shall be in the format included in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made without a suitable advance payment guarantee. Performance security shall not exceed ten percent (10%) of the contract amount.
12. Fraud and Corruption: The bidding documents and contract as deemed acceptable by the Association shall include provisions stating the Association's policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.
13. Inspection and Audit Rights: Each bidding document and contract financed out the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Association to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Association. Acts intended to materially impede the exercise of the Association's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.
14. Contract Modifications: With respect to contracts subject to the Association's prior review, the Recipient shall obtain the Association's no objection before agreeing to: (i) a material extension of the stipulated time for performance of a contract; (ii) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (iii) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (iv) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each February 15 and August 15:	
commencing February 15, 2021 to and including August 15, 2030	1.65%
commencing February 15, 2031 to and including August 15, 2040	3.35%

* 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

Section I. 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. “Community Monitoring System” means the feedback and grievance redress mechanism referred to in Section I. A.3 of Schedule 2 to this Agreement.
4. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (revised July 2014).
5. “Environmental and Social Management Framework” or “ESMF” means the Recipient’s framework acceptable to the Association, as published and available to the public on June 18, 2015, which contains guidelines for undertaking site-specific environmental and social measures for individual investments under the Project, including: (i) guidelines for the identification of existing environmental and social conditions and potential direct and indirect environmental and social impacts and risks resulting from the carrying out of the Project; (ii) guidelines for the carrying out of environmental assessments and the preparation of environmental management plans, when applicable; (iii) recommendation of mitigation measures for each negative impact identified; (iv) measures for enhancing each identified positive impact; and (v) guidelines for the preparation of environmental and social monitoring plans for tracking the application of the mitigation measures, as said framework may be amended from time to time with the Association’s prior approval.
6. “Environmental Management Plan” or “EMP” means any of the Recipient’s site-specific plans derived from the ESMF that have been prepared and will be prepared during the implementation of the Project, previous to the commencement of any civil works under the Project, all in a manner acceptable to the Association.
7. “General Conditions” means the “International Development Association General Conditions for Credits and Grants”, dated July 31, 2010, with the modifications set forth in Section II of this Appendix.
8. “Implementation Agreement” means the agreement referred to in Section I.C.1 of Schedule 2 to this Agreement, pursuant to which the Recipient shall make the

proceeds of the Credit available to the Project Implementing Entity, as the same may be amended from time to time with the agreement of the Association.

9. “Mid-term Review” means the review of the implementation of activities under the Project, referred to in Section II.A.2 of Schedule 2 to this Agreement.
10. “MoF” means Ministry of Finance, the Recipient’s ministry of finance, or any legal successor thereto.
11. “Ministry of Transport and Road Industry” or “MTRI” means the Recipient’s transport and road industry ministry, or any legal successor thereto.
12. “Operating Costs” means the reasonable operational costs (which would not have been incurred absent the Project), incurred by the Project Implementing Entity related to Project implementation, including *inter alia*, the costs of communication, supplies, printing and publications, vehicle operation and maintenance, office refurbishment, maintenance and utilities, purchase and maintenance of minor office equipment and furniture and facilities, local and international travel (including accommodations, transportation costs and *per diem*), bank charges, salaries of staff working for the Project (including associated taxes and charges for insurance, as determined by the Association, but excluding salaries of the Recipient’s civil servants), logistics services (other than those related to Training), and such other expenditures as may be agreed upon by the Association, all based on semi-annual budgets acceptable to the Association.
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” dated January 2011 (revised July 2014).
14. “Procurement Plan” means the Recipient’s procurement plan for the Project, dated September 16, 2015 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 Implementing Entity” or “SRA” means the State Roads Administration, a public enterprise established pursuant to the Project Implementing Entity’s Legislation and functioning on the basis of Statutes registered with the State Registration Chamber as of April 15, 2002, or any legal successor thereto acceptable to the Association.
16. “Project Implementing Entity’s Legislation” means the Government Decision No.695, dated November 18, 2009 “On Approving the Regulation, Structure and Staffing of the Ministry of Transport and Road Industry”, the Order of the Minister of Transportation and Communications No.16, dated February 7, 2002, and the

By-Laws of the State-owned Enterprise “State Road Administration”, dated September 12, 2007.

17. “Project Operations Manual” means the Recipient and the Project Implementing Entity’s manual referred to in Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the agreement of the Association.
18. “Resettlement” means the impact of an involuntary taking of land under the Project, which taking causes affected persons to have their: (i) standard of living adversely affected; or (ii) 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 (iii) access to productive assets adversely affected, temporarily or permanently; or (iv) business, occupation, work or place of residence or habitat adversely affected, temporarily or permanently.
19. “Resettlement Policy Framework” or “RPF” means the framework, acceptable to the Association, prepared by the Recipient and published and available to the public on July 21, 2015, outlining general implementation procedures, mitigation measures and monitoring procedures for Resettlement under the Project, including the procedures for the preparation and implementation of resettlement action plans, as said framework may be amended from time to time with the Association’s prior approval.
20. “Road Fund” means the fund established by the Recipient pursuant to the Recipient’s Law 720/1996, dated February 2, 1996, as further amended, or any legal successor thereto.
21. “Roads Sector Steering Committee” means the committee established by the Recipient, pursuant to the Order of the Prime Minister No. 20, dated March 14, 2008, and as referred to in Section I.A.4 of Schedule 2 of this Agreement.
22. “Safe Villages” means the program that combines traffic calming measures, footway construction and an education program in schools located in villages near new improved roads, in order to prevent road accidents, especially those involving vulnerable road users such as pedestrians, children and the elderly.
23. “Selected Corridors” means the priority regional and local roads in the Recipient’s national road network, selected in accordance with the Project Operations Manual.
24. “Technical Audit” means each independent technical review of the planning, design, implementation and management of the civil works to be carried out under Part A of the Project.

25. “Training” means the expenses (other than those for consultants’ services) incurred by the Project Implementing Entity to finance the reasonable travel costs (i.e. accommodation, transportation, travel insurance and *per diem, inter alia*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials, all for the purposes of, and directly related to, the training activities (including study tours) described in the Project, all based on semi-annual budgets acceptable to the Association.
26. “World Bank Safeguards Policies” means the World Bank’s operational policies and procedures then in force, and which currently are set forth in the World Bank’s Operational Manual under OP/BPs 4.01, 4.04, 4.09, 4.10, 4.11, 4.12, 4.36, 4.37, 7.50 and 7.60 as said manual is published under www.WorldBank.org/opmanual.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. Section 3.02 is modified to read as follows:

“Section 3.02. *Service Charge and Interest Charge*

- (a) *Service Charge.* The Recipient shall pay the Association a service charge on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Service Charges shall be computed on the basis of a 360-day year of twelve 30-day months.
 - (b) *Interest Charge.* The Recipient shall pay the Association interest on the Withdrawn Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Credit are withdrawn and shall be payable semi-annually in arrears on each Payment Date. Interest shall be computed on the basis of a 360-day year of twelve 30-day months.”
2. Paragraph 28 of the Appendix (“Financing Payment”) is modified by inserting the words “the Interest Charge” between the words “the Service Charge” and “the Commitment Charge”.
 3. The Appendix is modified by inserting a new paragraph 32 with the following definition of “Interest Charge”, and renumbering the subsequent paragraphs accordingly:

“32. “Interest Charge” means the interest charge specified in the Financing Agreement for the purpose of Section 3.02 (b).”

4. Renumbered paragraph 37 (originally paragraph 36) of the Appendix (“Payment Date”) is modified by inserting the words “Interest Charges” between the words “Service Charges” and “Commitment Charges”.
5. Renumbered paragraph 50 (originally paragraph 49) of the Appendix (“Service Charge”) is modified by replacing the reference to Section 3.02 with Section 3.02 (a).