



ACORD DE FINANȚARE
dintre Republica Moldova și Asociația Internațională
pentru Dezvoltare privind finanțarea Proiectului
"Modernizarea sectorului sănătății în Republica
Moldova"

Chișinău, 11 iulie 2014



COPIE CERTIFICATĂ
TEXT ÎN LIMBA ENGLEZĂ

**PROGRAM CREDIT NUMBER 5469-MD
PROJECT CREDIT NUMBER 5470-MD**

Financing Agreement

(Health Transformation Operation)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

Dated *July 11* **, 2014**

**PROGRAM CREDIT NUMBER 5469-MD
PROJECT CREDIT NUMBER 5470-MD**

FINANCING AGREEMENT

AGREEMENT dated *July 11*, 2014, entered into between the REPUBLIC OF MOLDOVA ("Recipient") and the 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 twenty million Special Drawing Rights (SDR 20,000,000), out of which: (a) the amount of eighteen million six hundred thousand Special Drawing Rights (SDR 18,600,000) shall be allocated to the Program which constitutes an integral part of the Operation (variously, "Program Credit" and "Program Financing"); and (b) the amount of one million four hundred thousand Special Drawing Rights (SDR 1,400,000) shall be allocated to the Project which constitutes an integral part of the Operation (variously, the "Project Credit" and "Project Financing"), to assist in financing the operation described in Schedule 1 to this Agreement ("Operation").
- 2.02. The Recipient may withdraw: (a) the proceeds of the Program Financing in accordance with Section IV of Schedule 2 to this Agreement; and (b) the proceeds of the Project Financing in accordance with Section IV of Schedule 3 to this Agreement. All withdrawals from the Program Financing Account and Project Financing Account shall be deposited by the Association into an account specified by the Recipient and acceptable to the Association.

- 2.03. The Maximum Commitment Charge Rate payable by the Recipient on the Unwithdrawn Program Financing Balance and the Unwithdrawn Project 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 Program Credit Balance and Withdrawn Project 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 Program Credit Balance and Withdrawn Project Credit Balance shall be equal to one and a quarter percent (1.25%) per annum.
- 2.06. The Payment Dates are April 1 and October 1 in each year.
- 2.07. The principal amount of the Program Credit and the Project Credit shall be repaid in accordance with the repayment schedule set forth in Schedule 4 to this Agreement.
- 2.08. The Payment Currency is Dollar.

ARTICLE III — OPERATION

- 3.01. The Recipient declares its commitment to the objective of the Operation. To this end, the Recipient shall carry out the Operation through the Ministry of Health (MoH); and shall cause Part I.2, I.3 and I.4 of the Operation to be carried out by the National Health Insurance Company (*Compania Națională de Asigurări în Medicină* or CNAM); all 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 Operation is carried out in accordance with the provisions of Schedule 2 and 3 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.
- 4.02. 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
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



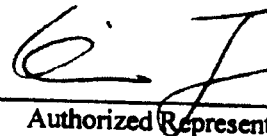
Authorized Representative

Name: Iurie Leanca

Title: Prime Minister

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Qimiao Fan

Title: Country Director

SCHEDULE 1

Operation Description

The objective of the Operation is to contribute to reducing key risks for non-communicable diseases and improving efficiency of health services in the Republic of Moldova.

The Operation consists of the following:

Part I: The Program

The Program consists of the following selected subprograms and activities set forth in the Recipient's MTBF to implement the National Health System Development Strategy:

- 1. Policies and Management in Health Care**
 - (a) formulation of health policy and strategy;
 - (b) coordination, regulation and quality assurance for all health providers;
 - (c) planning of health resources;
 - (d) management of the Recipient's national health programs;
 - (e) development of standards and regulatory framework for the health sector; and
 - (f) coordination of multi-sectoral collaboration in health.

- 2. Administration of CNAM**
 - (a) management of the Health Insurance Fund;
 - (b) development of provider payment mechanisms;

 - (c) contracting by the CNAM of health providers for the provision of services; and

- (d) verification of the provision of services by health providers under contract with the CNAM.

3. Primary Care Services

- (a) Revision and implementation of the revised performance-based incentives scheme in primary care; and
- (b) Revision of the out-patient drug benefit package with regard to anti-hypertensive drugs.

4. In-patient Care

Design, piloting and implementation of a performance-based incentive scheme for all hospitals.

5. National Special Health Programs

Carrying out of activities set forth in the National Tobacco Control Program.

Part II: Project- Technical Assistance

Strengthening the Recipient and the CNAM's capacity to carry out the Program by, *inter alia*:

- (a) carrying out a Diagnostic-Related Groups (DRG) costing exercise using country data;
- (b) designing a performance-based incentive scheme to improve efficiency and quality of care services in hospitals contracted by the CNAM;
- (c) restructuring the business processes and workflows for hospitals under common management;
- (d) carrying out the technical verification of compliance of DLIs/DLRs 1,2, 3,4 and 8 under the Program;
- (e) developing a manual for quality of care management in primary care;
- (f) developing an accountability framework and mechanism for health workers; and

- (g) carrying out household surveys using STEPS methodology to monitor, *inter alia*, (i) smoking prevalence among people aged 18 years and above; and (ii) prevalence of people aged 18 years and above with hypertension whose blood pressure is under control.

SCHEDULE 2

Program Execution

Section I. Implementation Arrangements

A. Program Fiduciary, Environmental and Social Systems

Without limitation on the provisions of Article IV of the General Conditions, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with financial management, procurement and environmental and social management systems acceptable to the Association ("Program Fiduciary, Environmental and Social Systems") which are designed to ensure that:

1. the Program Financing proceeds are used for their intended purposes, with due attention to the principles of economy, efficiency, effectiveness, transparency, and accountability; and
2. the actual and potential adverse environmental and social impacts of the Program are identified, avoided, minimized, or mitigated, as the case may be, all through an informed decision-making process.

B. Anti-Corruption

Without limitation on the provisions of Part A of this Section, the Recipient shall carry out the Program, or cause the Program to be carried out, in accordance with the provisions of the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Program-for-Results Financing", dated February 1, 2012.

C. Other Program Institutional and Implementation Arrangements

1. Program Institutions

Without limitation on the generality of Part A of this Section I, the Recipient shall maintain or cause to be maintained during the implementation of the Program, its offices, units and subordinated agencies (including, *inter alia*, the NCPH), the CNAM and/or any other relevant ministries, each assigned with technical, environmental and social safeguards, fiduciary and other Program related responsibilities for implementing the Program, all with powers, functions, capacity, staffing and resources satisfactory to the Association to fulfill their respective functions under the Program.

2. Implementation Agreements

- (a) No later than thirty (30) calendar days after Effectiveness, the Recipient, through the MoH, shall:
- (i) issue a ministerial order designating the NCPH (Ministerial Order) for purposes of implementing the activities under Part I.5 of the Operation, under terms and conditions acceptable to the Association which shall include the NCPH's obligation to: (A) assist the MoH in the implementation of said activities; and (B) comply with the pertinent provisions of this Schedule as applicable to the NCPH, including compliance with the provisions of the Anti-Corruption Guidelines referred to in Section I.B of this Schedule; and
 - (ii) enter into an agreement with the CNAM (CNAM Implementation Agreement) for the purposes of implementing the activities under Part I.2, I.3 and I.4 of the Operation, under terms and conditions acceptable to the Association which shall include the CNAM's obligation to: (A) carry out said activities; and (B) comply with the pertinent provisions of this Schedule as applicable to the CNAM, including compliance with the provisions of the Anti-Corruption Guidelines referred to in Section I.B of this Schedule.
- (b) The Recipient shall exercise its rights under the CNAM Implementation Agreement and the Ministerial Order in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Program Financing. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive the CNAM Implementation Agreement and/or the Ministerial Order, or any of their provisions.

3. Additional Program Implementation Arrangements

Without limitation on the generality of Part A of this Section I, the Recipient shall:

- (a) carry out the Action Plan, or cause the Action Plan to be carried out in accordance with the schedule set out in the said Action Plan in a manner satisfactory to the Association.
- (b) no later than thirty (30) calendar days after Effectiveness, establish and thereafter maintain throughout the implementation of the Program, a Steering Committee, with structure, functions

and responsibilities satisfactory to the Association; said functions and responsibilities to include, *inter alia*, the coordination on health policy dialogue and the implementation of the activities under the Program.

Section II. Excluded Activities

The Recipient shall ensure that the Program excludes any activities which:

- A. in the opinion of the Association, are likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people; or
- B. involve the procurement of: (1) works, estimated to cost fifty million Dollars (\$50,000,000) equivalent or more per contract; (2) goods, estimated to cost thirty million Dollars (\$30,000,000) equivalent or more per contract; (3) non-consulting services, estimated to cost twenty million Dollars (\$20,000,000) equivalent or more per contract; or (4) consultants' services, estimated to cost fifteen million Dollars (\$15,000,000) equivalent or more per contract.

Section III. Program Monitoring, Reporting and Evaluation: Audits

A. Program Reports

The Recipient shall monitor and evaluate the progress of the Program and prepare Program Reports in accordance with the provisions of Section 4.08 of the General Conditions. Each Program Report shall cover the period of one calendar semester, and shall be furnished to the Association not later than forty five (45) calendar days after the end of the period covered by such report.

B. Program Financial Audits

Without limitation on the generality of Section I.A of this Schedule 2 and Section 4.09 of the General Conditions, the Recipient:

- (a) through the MoH, shall have the 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 twelve (12) months after the end of such period; and
- (b) shall cause the CNAM to: (i) have its financial statements audited in accordance with the provisions of Section 4.09 (b) of the General Conditions. Each audit of said financial statements shall cover the period

of the CNAM's one fiscal year; and (ii) (A) no later than eleven (11) months after the end of each fiscal year, furnish to the Recipient, through the MoH, the audited financial statements for each such period for its consolidation and delivery to the Association; and (B) make publicly available in a timely fashion in a manner acceptable to the Association, the financial statements for each such period.

C. Technical Verification

The Recipient shall: (a) not later than six (6) months after the Effective Date, appoint independent verification agencies under terms of reference acceptable to the Association to carry out the verification of compliance of DLIs/DLRs 1, 2, 3, 4 and 8 which are set forth in the table in Section IV.A.2 of this Schedule; and (b) cause said independent verification agencies to, not later than thirty (30) calendar days after the verification of compliance of said DLIs/DLRs has been completed, prepare and furnish to the Recipient and the Bank, a report on the results of said verification of compliance process of such scope and in such detail as the Association shall reasonably request.

Section IV. Withdrawal of Program Financing Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Program Financing in accordance with the provisions of Article II of the General Conditions applicable to the Program, this Section, and such additional instructions as the Association may specify from time to time by notice to the Recipient to finance the Program Expenditures, on the basis of the results ("Disbursement Linked Results" or "DLRs") achieved by the Recipient and the CNAM, as measured against specific indicators ("Disbursement Linked Indicators" or "DLIs"); all as set forth in the table in paragraph 2 of this Part A.
2. The following table specifies each category of withdrawal of the proceeds of the Program Financing (including the Disbursement Linked Indicators as applicable) ("Category for the Program"), the Disbursement Linked Results for each Category for the Program (as applicable), and the allocation of the amounts of the Program Financing to each Category for the Program:

Category for the Program (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Program Financing Allocated (expressed in SDR)
(1) DLI #1: Adult Smoking Prevalence, from the Baseline Tobacco	DLR#1.1: Baseline Tobacco minus 1 percent point in Year 2 DLR#1.2: Baseline Tobacco minus 2 percent points in Year 4	DLR#1.1: 1,165,000 DLR#1.2: 1,423,000 DLI allocation is 129,400 for every 0.1 percent point reduction of Smoking Prevalence from the previous survey, up to a maximum of 2,588,000.
(2) DLI #2: Adults With Hypertension Under Control, from the Baseline Hypertension	DLR#2.1: Baseline Hypertension plus 2 percent points in Year 2 DLR#2.2: Baseline Hypertension plus 5 percent points in Year 4	DLR#2.1: 1,035,000 DLR#2.2: 1,553,000 DLI allocation is 518,000 for every 0.1 percent point increase Hypertension Under Control from the previous survey, up to a maximum of 2,588,000.
(3) DLI #3 Number of annual acute care hospital discharges per 100 persons, from a baseline of 17.6	DLR#3.1: 17 in Year 1 DLR#3.2: 16.5 in Year 2 DLR#3.3: 16 in Year 3 DLR#3.4: 15.6 in Year 4	DLR#3.1: 582,000 DLR#3.2: 485,500 DLR#3.3: 485,500 DLR#3.4: 388,000

Category for the Program (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Program Financing Allocated (expressed in SDR)
		DLI allocation is 97,000 per a reduction of every 0.1 annual admission for acute care per 100 persons compared to the previous year, up to a maximum of 1,941,000.
(4) DLI #4 Number of acute care hospital beds, from a baseline of 17,586	DLR#4.1: 17,000 in Year 1 DLR#4.2: 16,500 in Year 2 DLR#4.3: 16,000 in Year 3 DLR#4.4: 15,000 in Year 4	DLR#4.1: 689,000 DLR#4.2: 588,000 DLR#4.3: 588,000 DLR#4.4: 1,176,000 DLI allocation is 1,200 for every reduction of one acute hospital bed compared to the previous year, up to a maximum of 3,041,000.
(5) DLI #5 Adoption of a revised outpatient drug benefit package for anti-hypertensive drugs	DLR#5.1: Issuance of a joint order of the MoH and the CNAM adopting a revised drug benefit package in which the average reimbursement rate for generic, first line medications in the three main categories of anti-hypertensive is at least 70%	DLR#5.1: 1,294,000
(6) DLI #6 Revision and implementation of the Performance-Based	DLR#6.1: Revision and adoption of the revised Performance-Based Incentive	DLR#6.1: 323,500

Category for the Program (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Program Financing Allocated (expressed in SDR)
Incentive Scheme in primary care	<p>Scheme in primary care in a manner acceptable to the Association</p> <p>DLR#6.2: All primary care centers contracted by the CNAM in the Recipient's territory have signed an agreement with the CNAM to implement the revised Performance-Based Incentive Scheme in Year 2</p> <p>DLR#6.3: All primary care centers contracted by the CNAM in the Recipient's territory have signed an agreement with the CNAM to implement the revised Performance-Based Incentive Scheme in Year 3</p> <p>DLR#6.4: All primary care centers contracted by the CNAM in the Recipient's territory have signed an agreement with the CNAM to implement the revised Performance-Based Incentive in Year 4</p>	<p>DLR#6.2: 323,500</p> <p>DLR#6.3: 323,500</p> <p>DLR#6.4: 323,500</p>
(7) DLI #7 Design, piloting, adoption, and implementation of the Performance-Based Incentive Scheme in hospitals	<p>DLR#7.1: Design of the Performance-Based Incentive Scheme in hospitals</p> <p>DLR#7.2: At least 3 hospitals in the Recipient's territory have signed an agreement with the CNAM for the piloting of the Performance-Based Incentive</p>	<p>DLR#7.1: 323,500</p> <p>DLR#7.2: 323,500</p>

Category for the Program (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Program Financing Allocated (expressed in SDR)
	<p>Scheme in Year 2</p> <p>DLR#7.3: Report acceptable to the Association which shall include: (a) an evaluation of the piloting of the Performance-Based Incentive Scheme in the hospitals contracted with the CNAM in Year 2; and (b) an updated design of the Performance-Based Incentive Scheme based on the evaluation carried out; in Year 2.</p> <p>DLR#7.4: Adoption of the revised Performance-Based Incentive and implementation in all multi-profile hospitals contracted by the CNAM in the Recipient' territory through the execution of an agreement between each multi-profile hospital and the CNAM, all in Year 4</p>	<p>DLR#7.3: 323,500</p> <p>DLR#7.4: 323,500</p>
(8) DLI #8 Implementation and update of DRG prices for public acute care hospital payments	<p>DLR#8.1: DRG prices account for at least 40% of total payment by the CNAM to public acute care hospitals in Year 1</p> <p>DLR#8.2: DRG prices account for at least 50% of total payment by the CNAM to public acute care hospitals in Year 2</p> <p>DLR#8.3: DRG process account for at least 60% of</p>	<p>DLR#8.1: 323,500</p> <p>DLR#8.2: 323,500</p> <p>DLR# 8.3: 323,500</p>

Category for the Program (including Disbursement Linked Indicator as applicable)	Disbursement Linked Result (as applicable)	Amount of the Program Financing Allocated (expressed in SDR)
	total payment by the CNAM to public acute care hospitals in Year 3 DLR#8.4: Preparation of updated DRG prices costing report using country data for hospitals payments in Year 4	DLR#8.4: 323,500
(9) DLI #9 Percentage of public hospitals in Chisinau which are under common management, from a baseline of 0%	DLR#9.1: 10% in Year 1 DLR#9.2: 20% in Year 2 DLR#9.3: 30% in Year 3 DLR#9.4: 50% in Year 4	DLR#10.1: 517,500 DLR#10.2: 517,500 DLR#10.3: 517,500 DLR#3.4: 1,035,500 DLI allocation is 51,800 for every 1 percent point increase compared to the previous year, up to a maximum of 2,588,000.
(10) DLI #10 Adoption of the revised National Health System Development Strategy, including hospital rationalization measures	DLR#10: Adoption of the revised National Health System Development Strategy which shall include hospital rationalization measures	DLR#10: 678,000
TOTAL AMOUNT		<u>18,600,000</u>

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:

- (a) for purposes of Section 2.05 of the General Conditions, for payments for Program Expenditures made prior to the date of this Agreement; and
- (b) for any DLR referred to in the table in Part A.2 of this Section, until and unless the Recipient has furnished evidence satisfactory to the Association that said DLR has been achieved in accordance with the provisions of the Verification Protocol.

2. Notwithstanding the provisions of Part B.1 (b) of this Section:

- (a) the Recipient may withdraw an amount not to exceed the equivalent of five million Special Drawing Rights (SDR 5,000,000) as an advance; provided, however, that if any amount of the advance remains outstanding by the Closing Date, the Recipient shall refund said amount to the Bank promptly upon notice thereof by the Association. Except as otherwise agreed with the Recipient, the Association shall cancel the amount so refunded. Any further withdrawals requested as an advance under any Category shall be permitted only on such terms and conditions as the Association shall specify by notice to the Recipient;
- (b) if the Association is satisfied that any of the DLRs under Category for the Program (1), (2), (3), (4) and (9) has been exceeded by the date by which said DLR is set to be achieved, in a manner that it fully or partially achieves a subsequent and respective DLR, the Association may decide, at its sole discretion and at any time, by notice to the Recipient, to authorize the withdrawal of such amount of the unwithdrawn proceeds of the Program Financing then allocated to said subsequent and respective DLR to be calculated in accordance with the established formula for each DLR under Category for the Program (1), (2), (3), (4), and (9); and
- (c) if the Association is not satisfied that any of the DLRs under Category for the Program (1), (2), (3), (4) and (9) have been achieved by the date by which the said DLR is set to be achieved, the Association may, at any time, by notice to the Recipient, decide, in its sole discretion, to: (a) authorize the withdrawal of such lesser amount of the unwithdrawn proceeds of the Program Financing then allocated to said Category for the Program which, in the opinion of the Association, corresponds to the extent of achievement of said DLR, said lesser amount to be calculated in accordance with the established formula for each DLR under Category for the Program (1), (2), (3), (4) and (9); (b) reallocate all or a portion of

the proceeds of the Program Financing then allocated to said DLR to the subsequent DLR in accordance with the Formula, or to any other DLR ; and/or (c) cancel all or a portion of the proceeds of the Program Financing then allocated to said DLR.

- (d) The Closing Date is March 30, 2019.
- (e) Notwithstanding the foregoing provisions of this Section IV, if at any time after the Closing Date the Recipient has failed to provide evidence satisfactory to the Association that the Withdrawn Program Financing Balance does not exceed the total amount of Program Expenditures paid by the Recipient, exclusive of any such expenditures financed by any other financier, or by the Association or the Bank under any other loan, credit or grant, the Recipient shall, promptly upon notice from the Association, refund to the Association such excess amount of the Withdrawn Program Credit Balance. The Association shall cancel the refunded amount of the Withdrawn Program Credit Balance.

SCHEDULE 3

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

The Recipient shall carry out the Project (including the procurement and financial management aspects), through the MoH and to this end shall, through the MoH: (a) maintain a unit staffed with adequate professional, fiduciary, administrative and technical personnel (including a Project coordinator and procurement and financial specialists), with qualifications, experience and terms of employment acceptable to the Association; and (b) ensure that any additional staff of said unit to be financed out of the proceeds of the Project Financing is selected and hired in accordance with Section III of this Schedule.

B. Anti-Corruption

The Recipient shall ensure that the Project is carried out in accordance with the provisions of the Association's "Guidelines on Preventing and Combating Fraud and Corruption in Project Financed by IBRD Loans and IDA Credits and Grants" dated October 15, 2006 and revised in January 2011.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall, through the MoH, 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 for the Project 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 forty five (45) calendar days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Recipient shall maintain a financial management system in accordance with the provisions of Section 4.09 of the General Conditions for the Project.
2. Without limitation on the provisions of Part A of this Section, the Recipient shall, through the MoH, prepare and furnish to the Bank not later than forty five (45) calendar days after the end of each calendar semester, interim unaudited financial reports for the Project covering the semester, in form and substance satisfactory to the Association.

3. The Recipient shall, through the MoH, have the Financial Statements for the Project audited in accordance with the provisions of Section 4.09 (b) of the General Conditions for the Project. 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 Bank not later than twelve (12) months after the end of such period.

Section III. Procurement

A. General

1. **Goods and Non-consulting Services.** All goods and non-consulting services required for the Project and to be financed out of the proceeds of the Project Credit 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 Project Credit 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 and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods 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) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (f) Single-source Selection of consulting firms; (g) Single-source procedures for the Selection of Individual Consultants; and (h) Selection of Particular Types of Consultants.

D. Review by the Bank of Procurement Decisions

1. The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.
2. The Recipient shall:
 - (a) No later than September 30 of every year during the implementation of the Project, beginning on September 30, 2015, 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*: (i) a description of issues arising during the full procurement cycle under the Project, from design through planning, bidding, contract implementation and completion; (ii) a list of proposed measures and actions to be taken to resolve the issues identified under (i) above; and (iii) a proposed timeline for the implementation of the said measures and actions.
 - (b) No later than October 31 of every year during the implementation of the Project, beginning on October 31, 2015, exchange views with the Association on the results of the Procurement Report completed for the Recipient's previous calendar year and thereafter, implement such recommended measures, as agreed with the Association.

Section IV. Withdrawal of Project Financing Proceeds

A. General

1. The Recipient may withdraw the proceeds of the Project Financing in accordance with the provisions of Article II of the General Conditions applicable to the Project, 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 the Project Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Project Eligible Expenditures that may be financed out of the proceeds of the Project Financing ("Category for the Project"), the allocation of the amounts of the Project Financing to each Category for the Project, and the percentage of expenditures to be financed for Project Eligible Expenditures in each Category for the Project.

Category for the Project	Amount of the Project Financing Allocated (expressed in SDR)	Percentage of Expenditures to be financed (inclusive of Taxes)
Goods, non-consulting services, consultants' services (including audits), Training and Operating Costs	1,400,000	100%
TOTAL AMOUNT	1,400,000	

3. For the purpose of this schedule:
 - (a) "Training" means expenditures (other than those for consultants' services) incurred by the Recipient 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 activities described in the Project; and
 - (b) the term "Operating Costs" means reasonable expenditures (none of which would have been incurred by the Recipient absent the Project), for the implementation, coordination and supervision of the Project,

including, *inter alia*, travel costs (i.e. accommodation, transportation, travel insurance, and *per diem*); operation and maintenance of office equipment; rental of offices; office supplies; communication costs; bank charges; utilities; car fuel; printing and publications (electronic and/or paper); translation services; insurance for goods; and salaries (including social charges) of staff working for the Project; but excluding the salaries of Recipient's civil servants and/or permanent employees; and such other expenditures as may be agreed upon by the Association.

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. The Closing Date is March 30, 2019.

SCHEDULE 4

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage)*
On each April 1 and October 1:	
commencing October 1, 2019 to and including April 1, 2029	1.65%
Commencing October 1, 2029 to and including April 1, 2039	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.

ANNEX A
to
SCHEDULE 3

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

Without limitation upon the provisions of Section III of Schedule 3 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 (the "PPL"), provided, however, that such procedure shall be subject to the following additional provisions:

Eligibility: Eligibility to participate in a procurement process and to be awarded an 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.

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.

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.

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.

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 (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.

Cost Estimate: The detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the Association's prior written concurrence.

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.

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.

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.

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.

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.

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.

Inspection and Audit Rights: Each bidding document and contract financed out the proceeds of the Project 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.

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: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) 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 (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Association.

APPENDIX

Section I. Definitions

1. "Action Plan" means the Recipient's plan attached to the Project Appraisal Document (PAD) and referred to in Section I.C.3 (a) of Schedule 2 to this Agreement, as may be amended from time to time with the agreement of the Association.
2. "Adult Smoking Prevalence" means the percentage of people aged 18 and above who are current smokers as measured by the STEPS methodology.
3. "Adults With Hypertension Under Control" means the percentage of people aged 18 and above identified as having blood pressure under control as measured by the STEPS methodology.
4. "Baseline Tobacco" means the percentage of people aged 18 and above who are current smokers as measured by the 2013 Moldova STEPS survey.
5. "Baseline Hypertension" means the percentage of hypertensive people aged 18 years old and above identified as having blood pressure under control as measured by the 2013 Moldova STEPS survey.
6. "Category for the Program" means a category set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
7. "Category for the Project" means a category set forth in the table in Section IV.A.2 of Schedule 3 to this Agreement.
8. "CNAM" means *Compania Națională de Asigurări în Medicină*, the Recipient's National Health Insurance Company established pursuant to Government Decision No. 950 dated September 7, 2001.
9. "CNAM Implementation Agreement" means the agreement to be entered into between the Recipient and the CNAM pursuant to Section I.C.2 of Schedule 2 to this Agreement.
10. "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.

11. "Disbursement Linked Indicator" or "DLI" means in respect of a given Category for the Program, the indicator related to said Category for the Program as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement.
12. "Disbursement Linked Result" or "DLR" means in respect of a given Category for the Program, the result under said Category for the Program as set forth in the table in Section IV.A.2 of Schedule 2 to this Agreement, on the basis of the achievement of which, the amount of the Financing allocated to said result may be withdrawn in accordance with the provisions of said Section IV.
13. "DRG Prices" means the unified tariffs used by the CNAM for the payment for hospital services by Diagnostic-Related Groups, acceptable to the Association.
14. "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.
15. "Hospital Rationalization Strategy" means a strategy designed by the Recipient, which shall address: (i) the regionalization of hospitals (ii) common management for public hospitals in Chisinau; and (iii) the establishment of a university hospital in the Recipient's territory, all acceptable to the Bank.
16. "Ministerial Order" means the Recipient's Ministerial Order designating responsibility to the NCPH for the implementation of certain activities under the Program, referred to in Section I.C.2 of Schedule 2 to this Agreement.
17. "Ministry of Health" or "MoH" means the Recipient's Ministry of Health, and any successor thereto.
18. "MTBF" means the Recipient's Medium-Term Budgetary Framework.
19. "National Health System Development Strategy" means the National Health System Strategy 2008-2017 adopted by the Recipient pursuant to Government Decision No. 1471, dated December 24, 2007.
20. "National Tobacco Control Program" means the Recipient's program to control tobacco use adopted pursuant to the Government's Decision No. 100, dated February 16, 2012.
21. "NCPH" means the National Center for Public Health, a subordinated agency of the MoH, and any successor thereto.

22. "Operation" means the activities financed under the Program and the Project, as defined in Schedule I to this Agreement.
23. "Performance-Based Incentive Scheme" means a mechanism of financial and non-financial incentives adopted jointly by the MoH and the CNAM and subsequently managed by the CNAM, to provide performance-based incentives to primary care providers and/or hospitals, acceptable to the Association.
24. "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.
25. "Procurement Plan" means the Recipient's procurement plan for the Project, dated April 17, 2014, 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 and on a need basis in accordance with the provisions of said paragraphs.
26. "Program" means the activities described in Part I of Schedule 1 to this Agreement.
27. "Program Fiduciary and Environmental and Social Systems" means the Recipient's systems for the Program referred to in Section I.A of Schedule 2 to this Agreement.
28. "Project" means the activities described in Part II of Schedule 1 to this Agreement.
29. "Steering Committee" means the committee referred to in Section I.C.3 (b) of Schedule 2 to this Agreement.
30. "STEPS" means Stepwise Approach to Surveillance of Non-communicable Diseases.
31. "Verification Protocol" means the protocol setting forth the actions and mechanism required for verification of DLIs, agreed with the Association, attached to the Program Appraisal Document and referred to in Section IV.B. 1 (b) of Schedule 2 to this Agreement.
32. "Year 1" means the period of twelve calendar months starting on the Effective Date.
33. "Year 2" means the period of twelve calendar months starting after the last day of Year 1.

34. "Year 3" means the period of twelve calendar months starting after the last day of Year 2.
35. "Year 4" means the period of twelve calendar months starting after the last day of Year 3.

Section II. Modifications to the General Conditions applicable to the Program

The modifications to the General Conditions for the Program are as follows:

1. Wherever used throughout the General Conditions, the term "the Credit" is modified to read "the Program Credit", the term "the Credit Account" is modified to read "the Program Credit Account", the term "the Financing" is modified to read "the Program Financing", the term "the Financing Account" is modified to read "the Program Financing Account", the term "the Financing Payment" is modified to read "the Program Financing Payment", the term "the Project" is modified to read "the Program", the term "the Project Agreement" is modified to read "the Program Agreement", the term "Project Implementing Entity" is modified to read "the Program Implementing Entity", the term "Project Report" is modified to read "Program Report"; the term "Eligible Expenditures" is modified to read "Program Expenditures", the term "the Unwithdrawn Credit Balance" is modified to read "the Unwithdrawn Program Credit Balance", the term "the Unwithdrawn Financing Balance" is modified to read "the Unwithdrawn Program Financing Balance"; and the term "the Withdrawn Credit Balance" is modified to read "the Withdrawn Program Credit Balance".
2. The terms "Program Financing Account", "Withdrawn Program Credit Balance", and "Program Financing Payments" have the meanings ascribed to them in the General Conditions applicable to the Program. The terms "Withdrawn Project Credit Balance", "Project Financing Payments", and "Project Financing Account" have the meanings ascribed in the General Conditions applicable to the Project.
3. In the Table of Contents, the references to Sections, Section names and Section numbers are modified to reflect the amendments set out below.
4. Section 2.02, *Special Commitment by the Association*, is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
5. In Section 2.02 (originally numbered as Section 2.03), the heading "*Applications for Withdrawal or for Special Commitment*" is replaced with "*Applications for Withdrawal*", and the phrase "or to request the Association to enter into a Special Commitment" is deleted.

6. The section 2.03 (originally numbered as Section 2.04), *Designated Accounts* is deleted in its entirety, and the subsequent Sections in Article II are renumbered accordingly.
7. Paragraph (a) of Section 2.03 (originally numbered as Section 2.05), *Eligible Expenditures* (renamed "Program Expenditures" in accordance with paragraph 1 of this Section II), is modified to read: "(a) the payment is for the financing of the reasonable cost of expenditures required for the Program and to be financed out of the proceeds of the Program Financing in accordance with the provisions of the Legal Agreements;"
8. The last sentence of Section 2.04 (originally numbered as Section 2.06), *Financing Taxes*, is modified to read: "To that end, if the Association at any time determines that the amount of any such Tax is excessive, or that such Tax is discriminatory or otherwise unreasonable, the Association may, by notice to the Recipient, exclude such amount or such Tax from the Program Expenditures to be financed out of the proceeds of the Financing, as required to ensure consistency with such policy of the Association."
9. Section 2.06 (originally numbered as Section 2.08), *Reallocation*, is modified to read: "Notwithstanding any allocation of an amount of the Program Financing to a withdrawal category under the Financing Agreement, the Association may, by notice to the Recipient, reallocate any other amount of the Program Financing to such category if the Association reasonably determines at any time that such reallocation is appropriate for the purposes of the Program.
10. 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 Program Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Program 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 Program Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Program 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.”

11. Section 6.01, *Cancellation by the Recipient*, is modified to read: “The Recipient may, by notice to the Association, cancel any amount of the Unwithdrawn Program Financing Balance.”
12. The first paragraph of Section 6.02, *Suspension by the Association*, is modified to read: “If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Association may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Program Financing Account and the Project Financing Account. Such suspension shall continue until the event (or events) which gave rise to suspension has (or have) ceased to exist, unless the Association has notified the Recipient that such right to make withdrawals has been restored.”
13. Paragraph (d) of Section 6.03, *Cancellation by the Association*, entitled “*Misprocurement*”, is deleted, and subsequent paragraphs are relettered accordingly.
14. Section 6.04, *Amounts Subject to Special Commitment not Affected by Cancellation or Suspension by the Association*, is deleted in its entirety, and subsequent Sections in Article VI and references to such Sections are renumbered accordingly.
15. The first paragraph of Section 6.05, (originally numbered as Section 6.06), *Events of Acceleration*, is modified to read: “If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Association may, by notice to the Recipient, declare all or part of the Withdrawn Program Credit Balance and Withdrawn Project Credit Balance as at the date of such notice to be due and payable immediately together with any other Program Financing Payments and Project Financing Payments due under the Financing Agreement or these General Conditions. Upon any such declaration, such Withdrawn Program Credit Balance, Withdrawn Project Credit Balance, Program Financing Payments and Project Financing Payments shall become immediately due and payable.”
16. Section 8.05(a), *Termination of Legal Agreements on Full Payment*, is modified to read: Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements shall forthwith terminate upon full payment of the Withdrawn Program Credit Balance, the Withdrawn Project Credit Balance and all other Program Financing Payments and Project Financing Payments due.”

17. 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".
18. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

"32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."
19. 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".
20. 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).
21. Paragraph 50 of the Appendix ("Special Commitment") is deleted in its entirety, and all subsequent paragraphs are renumbered accordingly.

Section III. Modifications to the General Conditions applicable to the Project

The modifications to the General Conditions for the Project are as follows:

1. Wherever used throughout the General Conditions, the term "the Credit" is modified to read "the Project Credit", the term "the Credit Account" is modified to read "the Project Credit Account", the term "the Financing" is modified to read "the Project Financing", the term "the Financing Account" is modified to read "the Project Financing Account", the term "the Financing Payment" is modified to read "the Project Financing Payment", the term "the Unwithdrawn Credit Balance" is modified to read "the Unwithdrawn Project Credit Balance", the term "the Unwithdrawn Financing Balance" is modified to read "the Unwithdrawn Project Financing Balance"; and the term "the Withdrawn Credit Balance" is modified to read "the Withdrawn Project Credit Balance".
2. The terms "Program Financing Account", "Withdrawn Program Credit Balance", and "Program Financing Payments" have the meanings ascribed to them in the General Conditions applicable to the Program. The terms "Withdrawn Project Credit Balance", "Project Financing Payments", and "Project Financing Account" have the meanings ascribed in the General Conditions applicable to the Project.

3. 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 Project Credit Balance at the rate specified in the Financing Agreement. The Service Charge shall accrue from the respective dates on which amounts of the Project 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 Project Credit Balance at the rate specified in the Financing Agreement. Interest shall accrue from the respective dates on which amounts of the Project 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.”
4. The first paragraph of Section 6.02, *Suspension by the Association*, is modified to read: “If any of the events specified in paragraphs (a) through (m) of this Section occurs and is continuing, the Association may, by notice to the Recipient, suspend in whole or in part the right of the Recipient to make withdrawals from the Program Financing Account and the Project Financing Account. Such suspension shall continue until the event (or events) which gave rise to suspension has (or have) ceased to exist, unless the Association has notified the Recipient that such right to make withdrawals has been restored.”
5. The first paragraph of Section 6.06, *Events of Acceleration*, is modified to read: “If any of the events specified in paragraphs (a) through (f) of this Section occurs and continues for the period specified (if any), then at any subsequent time during the continuance of the event, the Association may, by notice to the Recipient, declare all or part of the Withdrawn Program Credit Balance and Withdrawn Project Credit Balance as at the date of such notice to be due and payable immediately together with any other Program Financing Payments and Project Financing Payments due under the Financing Agreement or these General Conditions. Upon any such declaration, such Withdrawn Program Credit Balance, Withdrawn Project Credit Balance, Program Financing Payments and Project Financing Payments shall become immediately due and payable.”
6. Section 8.05(a), *Termination of Legal Agreements on Full Payment*, is modified to read: Subject to the provisions of paragraphs (b) and (c) of this Section, the Legal Agreements and all obligations of the parties under the Legal Agreements

shall forthwith terminate upon full payment of the Withdrawn Program Credit Balance, the Withdrawn Project Credit Balance and all other Program Financing Payments and Project Financing Payments due."

7. 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".
8. The Appendix is modified by inserting a new paragraph 32 with the following definition of "Interest Charge", and renumbering the remaining paragraphs accordingly:

"32. "Interest Charge" means the interest charge specified in the Financing Agreement for the purpose of Section 3.02(b)."
9. 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".
10. 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).

Prin prezenta confirm că textul alăturat este o copie certificată de pe Acordul de finanțare dintre Republica Moldova și Asociația Internațională pentru Dezvoltare privind finanțarea Proiectului "Modernizarea sectorului sănătății în Republica Moldova" (Chișinău, 11 iulie 2014), originalul căruia este depozitat la Arhiva Tratatelor a Ministerului Afacerilor Externe și Integrării Europene.




Dumitru SOCOLAN,

Șef al Direcției Generale Drept
Internațional a Ministerului Afacerilor
Externe și Integrării Europene al
Republicii Moldova