



ACORDUL
de finanțare (Proiectul Învățămîntului Superior)
dintre Republica Moldova și Asociația Internațională
pentru Dezvoltare

Chișinău, 19 mai 2020



COPIE CERTIFICATĂ
TEXT ÎN LIMBA ENGLEZĂ

CREDIT NUMBER 6542-MD

Financing Agreement

(Higher Education Project)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

CREDIT NUMBER 6542-MD

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MOLDOVA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of assisting in financing the project described in Schedule 1 to this Agreement ("Project"). 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) apply to and form 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 a credit, which is deemed as Concessional Financing for purposes of the General Conditions, in an amount equivalent to thirty five million seven hundred thousand Euro (EUR 35,700,000) (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 III of Schedule 2 to this Agreement.
- 2.03. The Maximum Commitment Charge Rate is one-half of one percent (1/2 of 1%) per annum on the Unwithdrawn Financing Balance.
- 2.04. The Service Charge is the greater of: (a) the sum of three-fourths of one percent (3/4 of 1%) per annum plus the Basis Adjustment to the Service Charge; and (b) three-fourths of one percent (3/4 of 1%) per annum; on the Withdrawn Credit Balance.

- 2.05. The Interest Charge is the greater of: (a) the sum of zero-point forty one percent (0.41%) per annum plus the Basis Adjustment to the Interest Charge; and (b) zero percent (0%) per annum; on the Withdrawn Credit Balance.
- 2.06. The Payment Dates are April 15 and October 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 Euro

ARTICLE III — PROJECT

- 3.01. The Recipient declares its commitment to the objective of the Project. To this end, the Recipient shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV —EFFECTIVENESS; TERMINATION

- 4.01. The Additional Conditions of Effectiveness consist of the following:
 - (a) The Recipient has adopted the Project Operations Manual in a manner satisfactory to the Association.
 - (b) The Recipient has hired a Project coordinator, a procurement specialist, a financial management specialist, and a monitoring and evaluation specialist for Project coordination, implementation, monitoring and evaluation in a manner satisfactory to the Association.
- 4.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the Signature Date.
- 4.03. For purposes of Section 10.05(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 Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Recipient's Representative is its Minister of Finance or any successor thereto.

5.02. For purposes of Section 11.01 of the General Conditions: (a) the Recipient's address is:

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

(b) the Recipient's Electronic Address is:

Facsimile:

(373 22) 262661

Email:

cancelaria@mf.gov.md

5.03. For purposes of Section 11.01 of the General Conditions: (a) The Association's address is:

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

(b) the Association's Electronic Address is:

Telex:

248423 (MCI)

Facsimile:

1-202-477-6391

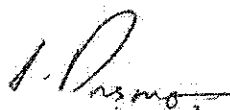
E-mail:

aakhalkatsi@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF MOLDOVA

By



Authorized Representative

Name: Serghei Pușcuța

Title: Minister of Finance

Date: 19 May 2020

INTERNATIONAL DEVELOPMENT ASSOCIATION

By



Authorized Representative

Name: Anna Akhalkatsi

Title: Country Manager

Date: 19-May-2020

SCHEDULE 1

Project Description

The objective of the Project is to improve the labor market orientation of selected higher education institutions and the quality assurance mechanisms.

The Project consists of the following parts:

Part 1. Improving the Quality Assurance Mechanisms

Provide support to the improvement of the quality assurance mechanisms through the following:

- (a) National Qualifications Framework (NQF) and quality assurance including through:
 - (i) Improving the National Qualifications Framework through:
 - (A) development and revision of qualification standards for higher education academic programs;
 - (B) assistance to the implementation of the NQF including through carrying out of Training of university teachers, as well as support to MoECR for the self-certification;
 - (C) technical assistance for the management and maintenance of the national qualifications register; and
 - (D) digitalization of the archive of diplomas that were issued before 2008; and
 - (ii) Improving Quality Assurance through:
 - (A) assistance to the accreditation of academic programs, as well as institutions that offer doctoral programs;
 - (B) enhancement of the capacity of NAQAER and universities including through the carrying out of Training and provision of advice;
 - (C) carrying out of Training of MoECR's and NAQAER's staff in European best practices in higher education quality assurance; and
 - (D) registration of NAQAER in the European Quality Assurance Register for Higher Education including the provision of advice;

- (b) System management and monitoring through the development and implementation of information systems and a higher education system-wide graduate tracer study;
- (c) Higher education financing, including through:
 - (i) piloting and adjusting the new financial model;
 - (ii) developing guidelines for the implementation of the model mentioned under (i);
 - (iii) carrying out of Training of MoECR's and universities' staff on the model mentioned under (i);
 - (iv) monitoring and assessing the implementation of the model mentioned under (i) for course correction; and
 - (v) developing and implementing a communication strategy to raise awareness on the model mentioned under (i).

Part 2. Improving the Labor Market Orientation through Targeted Interventions

Provide support to the improvement of the labor market orientation of Recipient's Selected Higher Education Institutions and Selected Pedagogical Colleges including through:

- (a) HEIP Preparation
Support to the:
 - (i) preparation of improvement programs by Selected Higher Education Institutions and Selected Pedagogical Colleges, including the development of guidelines for HEIP Beneficiaries;
 - (ii) evaluation of the proposed improvement programs mentioned under (i);
 - (iii) carrying out of the fiduciary tasks (procurement and financial management) related to the HEIP; and
 - (iv) adaptation or development of an online tool for citizens engagement.
- (b) HEIP Implementation
Support for the implementation of HEIP's awarded proposals including through the carrying out of Sub-projects.

Part 3. Project Management

Support to the MoECR for Project management and monitoring including: Operating Costs, consulting and non-consulting services, Trainings, audits, and monitoring and evaluation studies and surveys.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

- A. Institutional Arrangements.**
1. The Recipient shall vest the responsibility for policy making, strategic planning and monitoring in/of higher education in the MoECR.
 2. The Recipient, through the MoECR, shall carry out the Parts 1, 2(a) and 3 of the Project in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in this Agreement and in the Project Operations Manual and the HEIP Operations Manual and shall not amend, suspend, abrogate or waive any provisions of the Project Operation Manual and the HEIP Operations Manual without prior written approval of the Association. In case of any inconsistency between the provisions of the Project Operation Manual and the HEIP Operations Manual and those of this Agreement, those of this Agreement shall prevail.
 3. The implementation of Part 2(b) of the Project shall the responsibility of Selected Higher Education Institutions and Selected Pedagogical Colleges in accordance with the requirements, criteria, organizational arrangements and operational procedures set forth in this Agreement and in the Project Operation Manual and the HEIP Operations Manual. The Recipient shall ensure that the Selected Higher Education Institutions and Selected Pedagogical Colleges shall not amend, suspend, abrogate or waive any provisions of the Project Operation Manual and the HEIP Operations Manual without prior written approval of the Association. In case of any inconsistency between the provisions of the Project Operation Manual and the HEIP Operations Manual and those of this Agreement, those of this Agreement shall prevail.
 4. The Recipient, through MoECR, shall (i) hire and maintain throughout Project implementation a Project coordinator and other key qualified technical and fiduciary specialists to provide support to the coordination, implementation, monitoring and evaluation of the Project, all under terms of reference acceptable to the Association; and (ii) ensure that any additional technical and fiduciary specialists financed out of the proceeds of the Credit is selected and hired in accordance with the Procurement Regulations.
 5. The Recipient shall carry out the Project in accordance with the Project Operations Manual and the Higher Education Improvement Program Operations Manual.

B. Sub-projects.

1. The Recipient shall make Sub-grants to HEIP Beneficiaries in accordance with the eligibility criteria and procedures acceptable to the Association, included in the HEIPOM.
2. The Recipient shall make each Sub-grant under a Sub-financing Agreement with the respective Beneficiary on terms and conditions approved by the Association.
 - (a) The Recipient shall obtain rights adequate to protect its interests and those of the Association, including the right to: (i) suspend or terminate the right of the HEIP Beneficiary to use the proceeds of the Sub-grant, or obtain a refund of all or any part of the amount of the Sub-grant then withdrawn, upon the HEIP Beneficiary's failure to perform any of its obligations under the Sub-financing Agreement; and (ii) require each HEIP Beneficiary to: (A) carry out its Sub-project with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Association, including in accordance with the provisions of the Anti-Corruption Guidelines; (B) provide, promptly as needed, the resources required for the purpose; (C) procure the goods, works and services to be financed out of the Sub-grant in accordance with the provisions of this Agreement; (D) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Association, the progress of the Sub-project and the achievement of its objectives; (E) (1) maintain a financial management system and prepare Sub-project financial information acceptable to the Association, both in a manner adequate to reflect the operations, resources and expenditures related to the Sub-project; and (2) at the Association's or the Recipient's request, furnish to the Recipient relevant Sub-project financial information, to consolidate it in Project financial statements, to be audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association; (F) enable the Recipient and the Association to inspect the Sub-project, its operation and any relevant records and documents; and (G) prepare and furnish to the Recipient and the Association all such information as the Recipient or the Association shall reasonably request relating to the foregoing.
 - (b) The Recipient shall exercise its rights in such manner as to protect the interests of the Recipient and the Association and to accomplish the purposes of the Credit. Except as the Association shall otherwise agree, the Recipient shall not assign, amend, abrogate or waive any Sub-financing Agreement or any of its provisions.

C. Environmental and Social Standards.

1. The Recipient shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Association.
2. Without limitation upon paragraph 1 above, the Recipient shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Association. To this end, the Recipient shall ensure that:
 - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, and as further specified in the ESCP;
 - (b) sufficient funds are available to cover the costs of implementing the ESCP;
 - (c) policies, procedures and qualified staff are maintained to enable it to implement the ESCP, as further specified in the ESCP; and
 - (d) the ESCP or any provision thereof, is not amended, revised or waived, except as the Association shall otherwise agree in writing and the Recipient has, thereafter, disclosed the revised ESCP.
3. In case of any inconsistency between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Recipient shall:
 - (a) take all measures necessary on its part to collect, compile, and furnish to the Association through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Association, information on the status of compliance with the ESCP and the management tools and instruments referred to therein, all such reports in form and substance acceptable to the Association, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and
 - (b) promptly notify the Association of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, including, in accordance with the ESCP, the instruments referenced therein and the Environmental and Social Standards.

5. The Recipient shall maintain and publicize the availability of a grievance mechanism, in form and substance satisfactory to the Association, to hear and determine fairly and in good faith all complaints raised in relation to the Project and take all measures necessary to implement the determinations made by such mechanism in a manner satisfactory to the Association.

Section II. Project Monitoring, Reporting and Evaluation

The Recipient, through the MoECR, shall furnish to the Association each report on the Project (Project Report) not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of the Proceeds of the Financing

A. General

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Recipient may withdraw the proceeds of the Financing to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Credit Allocated (expressed in EUR)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, non-consulting services, consulting services, Training, and Operating Costs under Parts 1, 2(a) and 3 of the Project	10,994,000	100%
(2) Goods, works, non-consulting services, consulting services, Training, and Operating Costs for Sub-projects under Part 2(b) of the Project	24,706,000	100%
TOTAL AMOUNT	35,700,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
 - (a) for payments made prior to the Signature Date; or
 - (b) under Category (2) unless the Recipient, through the MoECR, has:
 - (i) adopted the HEIPOM in a manner acceptable to the Association; and
 - (ii) hired the HEIP officer under terms of reference acceptable to the Association.
2. The Closing Date is December 31, 2025.

Section IV. Other Undertakings

- A. The Recipient, through the MoECR, shall upgrade the existing Project accounting system, or install a new one, by no later than ninety (90) days after the Effective Date, in a manner satisfactory to the Association.
- B. The Recipient, through MoECR, shall hire an environmental and social specialist, no later than ninety (90) days after the Effectiveness Date, in a manner satisfactory to the Association.

SCHEDULE 3

Repayment Schedule

Date Payment Due	Principal Amount of the Credit repayable (expressed as a percentage) *
On each April 15 and October 15:	
commencing on April 15, 2025 to and including October 15, 2044	3.3%
commencing on April 15, 2045 to and including October 15, 2049	6.8%

* 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 3.05 (b) of the General Conditions.

APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means, for purposes of paragraph 5 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
2. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
3. "Environmental and Social Commitment Plan" or the acronym "ESCP" means the Recipient's environmental and social commitment plan, acceptable to the Association, dated February 4, 2020, which sets out a summary of the material measures and actions to address the potential environmental and social risks and impacts of the Project, including the timing of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any instruments to be prepared thereunder; as the ESCP may be revised from time to time, with prior written agreement of the Association, and such term includes any annexes or schedules to such plan.
4. "Environmental and Social Standards" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Association at <https://www.worldbank.org/en/projects-operations/environmental-and-social-framework>
5. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Investment Project Financing", dated December 14, 2018.

6. "HEIP Beneficiary" means a Selected Higher Education Institutions or a Selected Pedagogical College.
7. "HEIPOM" means the HEIP Operations Manual acceptable to the Association and adopted by the Recipient, through the MoECR, referred to in Section I.A.2,3 and 5 of Schedule 2 to this Agreement, setting forth inter alia: (i) HEIP Beneficiary selection criteria; (ii) disbursement, procurement and financial management arrangements of the HEIP, including flow of funds, controls and reporting; and (iii) a template for a Sub-Financing Agreement, as said manual may be amended from time to time with prior written approval of the Association.
8. "MoECR" means the Recipient's Ministry of Education, Culture and Research, or any successor thereto.
9. "NAQAER" means the Recipient's national agency for quality assurance in education and research established further to Government Decision No. 201 dated February 28, 2018, published in the Recipient's Official Gazette No. 68-76 dated March 2, 2018 or any successor thereto.
10. "NQF" means national qualification framework, the Recipient's self-certification system approved under the Recipient's Decision No. 1016 dated November 23, 2017 published in the Recipient's Official Gazette No. 421-427 dated December 1, 2017.
11. "Operating Costs" means incremental expenditures incurred by the Recipient on account of Project implementation, which would not exist absent the Project, for travel, lodging and per diem, rent of premises and utilities, office supplies, communication and information, office equipment and furniture, bank charges, printing and publications (electronic and/or paper), translation and interpretation, consumables, and salaries including the relevant social charges, but excluding salaries for civil servants, and other expenditures to be agreed upon between the Recipient and the Association.
12. "Project Operational Manual" or "POM" means the Project manual acceptable to the Association and adopted by the Recipient referred to in Section I.A.2, 3 and 5 of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Association.
13. "Procurement Regulations" means, for purposes of paragraph 87 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated July 2016, revised November 2017 and August 2018.
14. "Selected Pedagogical College" means a Recipient's public pedagogical college that meets the HEIP eligible beneficiary criteria acceptable to the Association to

receive proceeds from a Sub-grant under Part 2(b) of the Project, as set forth in the HEIPOM and, Selected Pedagogical Colleges means more than one such colleges.

15. "Selected Higher Education Institution" means a Recipient's public university, institute or academy that provide bachelor, masters and/or doctoral degrees that meets the HEIP eligible beneficiary criteria acceptable to the Association to receive proceeds from a Sub-grant under Part 2(b) of the Project , as set forth in the HEIPOM and, Selected Higher Education Institutions means more than one such Higher Education Institution.
16. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.
17. "Sub-grant" means a portion of the Credit resources to finance a Sub-project.
18. "Sub-project" means an activity under Part 2(b) of the Project financed by a Sub-grant under a Sub-financing Agreement; and Sub-projects means more than one such sub-project.
19. "Sub-financing Agreement" means any of the agreements referred to in Section I.B.2 of Schedule 2 to this Agreement.
20. "Training" means expenditures (other than those for consultants' services) incurred for training and training-related activities under the Project, including seminars, workshops and study tours, travel, lodging and subsistence allowances for training participants, trainers' fees, rental of training facilities, preparation and reproduction of training materials and other activities incidental to the preparation and implementation of training activities.

Prin prezenta confirm că textul alăturat este o copie autentică a Acordului de finanțare (Proiectul Învățământului Superior) dintre Republica Moldova și Asociația Internațională pentru Dezvoltare, semnat la Chișinău, la 19 mai 2020, originalul fiind depozitat la Arhiva Tratatelor a Ministerului Afacerilor Externe și Integrării Europene.



Anatol CEBUC,
Șef al Direcției Drept Internațional a
Ministerului Afacerilor Externe și
Integrării Europene