COUNCIL OF EUROPE DEVELOPMENT BANK
BANQUE DE DEVELOPPEMENT DU CONSEIL DE L'EUROPE

LD 1809 Add. 1 (2013)

Amendment Agreement N°1
to the Framework Loan Agreement dated 10.10.2013, ref. LD 1809 (2013)

This Amendment Agreement is made between:

COUNCIL OF EUROPE DEVELOPMENT BANK, international organisation with its headquarters at 55, avenue Kléber – 75116 Paris, France (hereinafter, the "**CEB**"), on the one hand,

and

THE REPUBLIC OF MOLDOVA (hereinafter, the "**Borrower**"), on the other hand, and together with the CEB, the "**Parties**" and each a "**Party**"),

WHEREAS:

A. Having regard to the Framework Loan Agreement between the Parties dated 10.10.2013, ref. LD 1809 (2013),

B. Having regard to the approval by the CEB's Administrative Council on 05.07.2019 of an increase of the Loan Amount by ten million euros (EUR 10 000 000),

NOW IT IS HEREBY AGREED:

1. **Definitions**

   Terms defined in the Agreement shall have the same meaning when used in this Amendment Agreement, unless otherwise specified herein.

2. **Amendments**

   The Parties hereto agree that, with effect from and including the date of entry into force of this Amendment Agreement:

   Article 3.1 of the Agreement shall read as follows:

   "*The Loan Amount is:*

   Forty nine million euros
   EUR 49 000 000"

   - Appendix 1 of the Agreement shall be modified, for the purposes of the additional Loan Amount to be disbursed as of this Amendment Agreement, as follows:

MG

Appendix 1

Project Description

I.

LD :	LD 1809 (2013)
Borrower:	Republic of Moldova
Approval by the Administrative Council (AC):	14 June 2013
Approval of additional loan amount by AC:	05 July 2019
Total amount approved:	EUR 49 000 000

II.

Intervention area(s):	Partial financing of the construction of a new penitentiary facility in Chisinau to provide adequate detention conditions for pre-trial detainees.	
Planned works and Final Beneficiaries:	Planned works target the construction of a new penitentiary facility that will comply with European Prison Rules (EPR), to enhance the physical conditions of detention for inmates. The final beneficiaries of the Project will be detainees and staff of the future penitentiary. The following categories of detainees are envisaged to be placed in the new facility: pre-trial detainees awaiting sentence; condemned with appeal, condemned awaiting other sentences, in transit to other facilities, condemned for the first time with a sentence under 5 years, and arrested persons from police stations (over 72 hours arrest) to be transferred from Ministry of Interior (MoI) to Ministry of Justice (MoJ). The facility will have a capacity of approximately 1 600 detainees to accommodate 1 200 inmates from the current Chisinau Penitentiary 13 and 400 arrested from police stations.	
Location:	This new facility will be built on a land plot under the ownership of the MoJ in a peripheral zone of Chisinau.	
Estimated total cost of the Project:	EUR 56 800 000 (net of VAT)	
Indicative cost breakdown: (in EUR million)	Design and Design Supervision Construction and Equipment Construction Supervision PIU and Operational Costs Project Implementation Support Contingencies **Total**	EUR 1.02 million EUR 51.94 million EUR 0.70 million EUR 0.72 million EUR 0.42 million EUR 2.00 million **EUR 56.80** million
Financing plan: (in EUR million)	CEB Loan CEB Social Dividend Account Grant Government Counterpart Funding **TOTAL**	EUR 49.00 million EUR 1.00 million EUR 6.80 million **EUR 56.80** million
Progress of works at the time of Loan application:	0%	
Schedule of works:	01 January 2014 – 31 December 2022	
Closing Date:	31 December 2022	
Specific conditions:	As a condition precedent for entering into the Disbursement Agreement for the first Tranche, the Borrower shall send to CEB's satisfaction information or evidence of the following: - A PIU is set up within the Department of Penitentiary Institutions of the Ministry of Justice and fully dedicated to the Project's management with the following staff: project manager/coordinator, procurement/legal officer, financial officer, security systems specialist,	

MG

	mechanical/electrical and plumbing engineer, civil engineer and human resources specialist; - Counterpart financing is planned in the Medium-Term Budgetary Framework; - Institutional arrangements for project implementation are in place and the mechanism of cooperation between implementing structures is established; - Action plan for the reform of healthcare in the penitentiary system is elaborated, including financial coverage; - Action plan for tuberculosis financing in the penitentiary system is elaborated, including financial coverage. In the process of Project implementation, the Borrower shall: - comply with CEB Environmental Policy; - elaborate a waste management strategy, including medical waste disposal; - with the support of a healthcare/tuberculosis expert, develop the design of the Healthcare Unit including the tuberculosis section; - elaborate a new management and operation scheme for the new penitentiary 13; - determine staff needs for the new facility; - elaborate an operation and maintenance plan; and - elaborate a transfer plan of inmates.

III.	**Criteria of eligibility (by intervention area):**	The Borrower will comply with the eligibility criteria set out in the Loan Policy under the relevant sector of action. Project is eligible under the sector of action *"Supporting public infrastructure with a social vocation,"* line of action *"1.3 Infrastructure of administrative and judicial public services"*.

IV.	**Technical indicators**	Technical indicators will measure results in the penitentiary sector generally, and in the Chisinau penitentiary in particular, as set forth in Appendix 4.

V.	**Social effects (by intervention area):**	The realisation of the Project will lead to the upgrading of the main pre-trial facility in the country, introducing a new managerial approach conducive to improving the treatment of detainees, and advancing the judicial reform in the country. The Project will replace the existing Chisinau Penitentiary 13, currently housing 1165 pre-trial detainees. The Project will bring a considerable improvement to the living conditions of the inmates detained in the Chisinau Penitentiary 13. A different scope for detention facilities will be introduced in the Republic of Moldova, in compliance with EPR recommendations. The staff working within the planned Chisinau Penitentiary will be trained to run the infrastructure in conformity with a new approach. This will serve as a pilot for reforming the rest of detention facilities in the future. In addition, the transfer of the application of preventive measures (arrest) currently under the jurisdiction of the MoI to the jurisdiction of the MoJ is underway. The Project will support these actions through the provision of physical space for the arrested. Approximately 75% of the country's pre-trial detainees will benefit from this facility directly, while the others will benefit indirectly, as the Project will establish new standards in penitentiary construction and will pilot improvements to the pre-trial detention. The staff working in the new penitentiary facility will also benefit from capacity building and from a better working environment.

3. No novation – Reservation of rights

3.1. As of the date hereof, references to the "Agreement" or to any provision of the "Agreement" shall be construed as a reference to the Agreement as modified by the present Amendment Agreement. This Amendment Agreement shall in no way be deemed to be a novation of the Agreement.

3.2. All other terms and conditions of the Agreement that are not hereby amended shall remain in full force and effect. Nothing in this Amendment Agreement shall adversely affect, jeopardize, or otherwise limit or impair any right, power or remedy of CEB against the Borrower or in respect of any past, present or future infringement of the Borrower's undertakings under the Agreement, unless such infringements were explicitly waived by the CEB, nor may the Amendment Agreement be construed to be a waiver thereof or an acquiescence therein under any applicable law and all of CEB's rights howsoever arising remain fully reserved.

4. Incorporation of terms

The provisions of Article 7 (*Associated costs*), 9 (*Representations and warranties*), 10 (*Relations with third parties*), 11 (*Interpretation of the Agreement*), 12 (*Applicable Law*), 13 (*Execution of an arbitration award*), and 14 (*Notices*) of the Agreement shall be incorporated into this Amendment Agreement as if set out in full herein and as if references therein to the "Agreement" and like terms are references to this Amendment Agreement.

This Amendment Agreement shall enter into force on the date of its signature by the CEB and the Borrower and after approval by the country authorities, upon written confirmation to that effect received by CEB from the Borrower.

As a condition precedent for the next disbursement under the Loan, the Borrower shall provide a legal opinion in English issued by the Borrower's Ministry of Justice confirming to the CEB's satisfaction that this Amendment Agreement has been duly executed by authorised representatives of the Borrower and that the Agreement, as amended by this Amendment Agreement remains valid, binding and enforceable in accordance with its terms in the Borrower's jurisdiction.

This Amendment Agreement is made in two (2) original copies, each of which is equally valid. One original is kept by each of the Parties.

Chisinau, on 11 of November 2019
For the **Republic of Moldova**

N. Gavrilița

Name: Natalia GAVRILIȚA
Title: Minister of Finance

Paris, on 25 November 2019
For the **Council of Europe Development Bank**

Name: **Tomáš Boček**
Title: **Vice-Governor**