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MOLDOVA SOLID WASTE FRAMEWORK LOAN - A

Finance Contract

between the

Republic of Moldova

and the

European Investment Bank

Luxembourg, 18 October 2019

Chisinau, 18 October 2019

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THIS CONTRACT IS MADE BETWEEN:

the **Republic of Moldova**, represented by the Ministry of Finance, having its address at 7, Constantin Tanase Street, MD – 2005, Chisinau, Republic of Moldova and, for the signing of this contract, by the Minister of Agriculture, Regional Development and Environment, Ms Georgeta Mincu,	(the "**Borrower**")

of the first part, and

the **European Investment Bank** having its seat at 100 blvd Konrad Adenauer, Luxembourg, L-2950 Luxembourg, represented by Mr. Lionel RAPAILLE, Head of Division and Mr. Jacopo LENSI ORLANDI, Head of Division,	(the "**Bank**")

of the second part.

WHEREAS:

(1) On 1 November 2006 the Republic of Moldova and the Bank signed a Framework Agreement governing the Bank's activities in the Republic of Moldova (the "**Framework Agreement**") which is in full force and effect and shall continue to be in full force and effect during the term of this Contract. Moldova is a state party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards done at New York on 10 June 1958 (the "**New York Convention**").

(2) Article 7 of the Framework Agreement provides, *inter alia*, that the Bank shall enjoy, in respect of its activities in the territory of the Republic of Moldova the treatment accorded to the international institution which is most favoured in respect of any such activity, or, if that is more favourable, the treatment accorded under any international agreement covering such activities. The Bank makes the Credit available to the Borrower on the basis that it is an international financial institution under the Framework Agreement and has a right to equal treatment with other international financial institutions under the Framework Agreement.

(3) The Borrower requested the Bank to provide financing of the Project (as defined below). By entering into this Contract, the Borrower confirms that the Project, as defined below, falls within the scope of the Framework Agreement and as at the date of this Contract, the Bank has not received any notification that the Framework Agreement has ceased to be valid, binding and enforceable.

(4) The Borrower, acting through the Ministry of Finance and the Ministry of Agriculture, Regional Development and Environment of the Republic of Moldova, has stated that it is planning the implementation of a programme to support upgrades and developments in the solid waste sector in Moldova, in line with the Waste Management Strategy for the Republic of Moldova 2013-2027, as more particularly described in the technical description (the "**Technical Description**") set out in Schedule A (the "**Project**"), comprising eight regional sub-projects (each a "**Sub-project**" and together "**Sub-projects**") undertaken by Inter-municipal Entities (as defined below) providing public services or municipalities (each a "**Final Beneficiary**") established or to be established by the relevant local and/or regional authorities. The Borrower shall make available to the Final Beneficiaries the proceeds of the Credit in the form of a loan and/or a grant pursuant to a sub-financing agreements in the form and substance acceptable to the Bank (each a "**Sub-Financing Agreement**" and together "**Sub-Financing Agreements**").

(5) The Borrower, acting through the Ministry of Agriculture, Regional Development and Environment will have general supervision of, and responsibility for, the implementation of the Project, The Borrower will assign the programme management to already existing Public Institution "Environmental Project Implementation Unit" or will establish a new programme management unit (hereinafter referred to as "**PMU**") with conditions acceptable to the Bank. The Borrower, acting through the Ministry of Agriculture, Regional Development and Environment shall implement the Project with due diligence and efficiency, and comply with the relevant Project obligations set out in this Contract (in particular in Articles 6 and 8).

(6) The total cost of the Project, as estimated by the Bank, is EUR 200 000 000.00 (two hundred million euros) and the Borrower has stated that it intends to finance the Project as follows:

Source	**Amount (EUR m)**
Credit from the Bank	100.00
Other (grants, loans and own resources of the Borrower)	100.00
TOTAL	**200.00**

(7) In order to fulfil the financing plan set out in Recital (6), the Borrower and the Bank agreed the Bank will make available to the Borrower a credit in an aggregate amount equivalent to up to EUR 100 000 000.00 (one hundred million euros), to be made available from the Bank's own resources and pursuant to the 2014-2020 external lending mandate for Eastern Europe, Southern Caucasus and Russia of Decision No. 466/2014/EU of the European Council and the European Parliament (the "**Mandate**"). Such credit shall be made available under two or more finance contracts. The Borrower has requested the Bank to provide the first tranche of such credit in an amount equivalent to up to EUR 25 000 000.00 (twenty-five million euros).

(8) The Bank considering that the financing of the Project falls within the scope of its functions and is consistent with the objectives of the Mandate, and having regard to the statements and facts cited in these Recitals, has decided to give effect to the Borrower's request and (i) approved a credit in an aggregate amount equivalent to up to EUR 100 000 000.00 (one hundred million euros), to be made available under two or more finance contracts; and (ii) agreed to provide the first tranche of such credit in an amount equivalent to up to EUR 25 000 000.00 (twenty-five million euros) on the terms and conditions set out in this contract (the "**Contract**") provided that the amount of the Bank loan shall not, in any case, exceed 50% (fifty per cent) of the total cost of the Project set out in Recital (6).

(9) The Government of Moldova has authorised the borrowing of the sum equivalent to EUR 25 000 000.00 (twenty-five million euros) represented by this credit on the terms and conditions set out in this Contract and in the Annexes hereto, and by signing this Contract confirms that the Project falls within the scope of the Framework Agreement. In accordance with the legal opinion to be issued substantially in the form set out in Annex I, and pursuant to the evidence to be provided under Article 1.04A hereof, Ms. Georgeta MINCU, Minister of Agriculture, Regional Development and Environment of the Republic of Moldova is duly authorised to sign this Contract for and on behalf of the Borrower.

(10) The Statute of the Bank provides that the Bank shall ensure that its funds are used as rationally as possible in the interests of the European Union; and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant policies of the European Union ("**EU**").

(11) In accordance with Decision No. 466/2014/EU on granting an EU guarantee to the Bank against losses under financing operations supporting investment projects outside the European Union (the "**Decision**") and the agreement entered into between the European Union represented by the European Commission and the Bank implementing such decision, in the event of non-payment, the European Union, by a guarantee, covers payments not received by the Bank and due to the Bank in relation to the Bank's financing operations entered into with, *inter alios*, the Borrower (the "**EU Guarantee**"). As of the date of this Contract, the Republic of Moldova is an Eligible Country (as defined below).

(12) Pursuant to and subject to the terms of a loan agreement between the European Bank for Reconstruction and Development (the "**EBRD**") and the Borrower (the "**EBRD Loan Agreement**"), it is foreseen that the EBRD will agree to provide a loan for the purpose of financing the Project. In addition, it is foreseen that the EBRD will enter into a project agreement with the Borrower in relation to the implementation of the Project (the "**EBRD Project Agreement**").

(13) The Bank, the EBRD and/or the Commission, as appropriate, have together with other international finance institutions entered into the "Cooperation within the framework of the Neighbourhood Investment Facility (the "**NIF**")" framework arrangement, in force as of 21 December 2009 (the "**NIF Framework Arrangement**"). It is foreseen that the Project may benefit from a NIF grant. As such, the Bank, the EBRD and/or the European Commission (as appropriate) may enter into an agreement setting out the terms and conditions of co-operation within the framework of the NIF for the purposes of implementation of their respective finance agreements (as applicable) concluded with the Borrower (the "**NIF Agreement**", and together with the NIF Framework Arrangement and, if applicable, any financing agreement concluded between the European Commission or the Bank or the EBRD and the Borrower, the "**NIF Documentation**"). It is foreseen that the Bank may act as lead finance institution in connection with the cooperation on the Project pursuant to the NIF Documentation. It is foreseen further that the Project may benefit from a grant from the Eastern Europe Energy Efficiency and Environment Partnership (E5P), which is foreseen to be documented in a grant agreement (the "**E5P Grant Documentation**"). It is foreseen that the Project may benefit from further grant or grants from different bi- or multilateral donors.

(14) By entering into this Contract, the Borrower confirms that the Loan will not breach any debt ceilings agreed upon by the Republic of Moldova in the framework of International Monetary Fund-supported arrangements.

(15) By entering into this Contract the Borrower acknowledges that the Bank is bound to comply with each applicable Sanction List (as defined below) and that it cannot, therefore, make funds available, directly or indirectly, to or for the benefit of a Sanctioned Person.

(16) The Bank considers that access to information plays an essential role in the reduction of environmental and social risks, including human rights violations, linked to the projects it finances. The Bank has therefore established its transparency policy, the purpose of which is to enhance the accountability of the EIB Group towards its stakeholders and the EU citizens in general, by giving access to the information that will enable them to understand its governance, strategy, policies, activities and practices.

(17) The processing of personal data shall be carried out by the Bank in accordance with applicable European Union legislation on the protection of individuals with regard to the processing of personal data by the EU institutions and bodies and on the free movement of such data.

(18) By entering into this Contract, the Borrower confirms its commitment to continue to closely cooperate with the international organisations in the field of governance transparency and anti-corruption.

NOW THEREFORE it is hereby agreed as follows:

INTERPRETATION AND DEFINITIONS

(a) **Interpretation**

In this Contract:

(i) References to Articles, Recitals, Schedules and Annexes are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals, schedules and annexes to this Contract.

(ii) References to a provision of law are references to that provision as amended or re-enacted.

(iii) References to any other agreement or instrument are references to that other agreement or instrument as amended, novated, supplemented, extended or restated.

(iv) A reference to a "person" includes any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium or partnership (whether or not having separate legal personality).

(b) **Definitions**

In this Contract:

"**Acceptance Deadline**" for a notice under this Contract means:

(a) 16h00 Luxembourg time on the day of delivery, if the notice is delivered by 14h00 Luxembourg time on a Business Day; or

(b) 11h00 Luxembourg time on the next following day which is a Business Day, if the notice is delivered after 14h00 Luxembourg time on any such day or is delivered on a day which is not a Business Day.

"**Accepted Tranche**" means a Tranche in respect of a Disbursement Offer which has been duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline.

"**Amortisation Table**" has the meaning given to it in Article 2.03.

"**Authorisation**" means an authorisation, permit, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"**Business Day**" means a day (other than a Saturday or Sunday) on which the Bank and commercial banks are open for general business in Luxembourg.

"**Change-of-Law Event**" has the meaning given to it in Article 4.03A(3).

"**Contract**" has the meaning given to it in Recital (8).

"**Credit**" has the meaning given to it in Article 1.01.

"**Decision**" has the meaning given to it in Recital (11).

"**Date of Effectiveness**" has the meaning given in Article 12.03.

"**Deferment Indemnity**" means an indemnity calculated on the amount of disbursement deferred or suspended at the percentage rate (if higher than zero) by which:

(a) the interest rate that would have been applicable to such amount had it been disbursed to the Borrower on the Scheduled Disbursement Date exceeds,

(b) the Relevant Interbank Rate (one month rate) less 0.125% (12.5 basis points), unless this value is less than zero, in which case it will be set at zero.

Such indemnity shall accrue from the Scheduled Disbursement Date to the Disbursement Date or, as the case may be, until the date of cancellation of the Accepted Tranche in accordance with this Contract.

"**Disbursement Acceptance**" means a copy of the Disbursement Offer duly countersigned by the Borrower.

"**Disbursement Acceptance Deadline**" means the date and time of expiry of a Disbursement Offer as specified therein.

"**Disbursement Date**" means the date on which actual disbursement of a Tranche is made by the Bank

"**Disbursement Offer**" means a letter substantially in the form set out in Schedule C.1.

"**Disruption Event**" means either or both of:

(a) a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with this Contract; or

(b) the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of either the Bank or the Borrower, preventing that party:

(i) from performing its payment obligations under this Contract; or

(ii) from communicating with other parties,

and which disruption (in either such case as per (a) or (b) above) is not caused by, and is beyond the control of, the party whose operations are disrupted.

"**EBRD Loan Agreement**" has the meaning given in Recital (12).

"**EBRD Project Agreement**" has the meaning given in Recital (12).

"**EIB Environmental and Social Handbook**" means the manual published by the Bank from time to time on its website http://www.eib.org/attachments/strategies/environmental_and_social_practices_handbook_en.pdf).

"**EIB Loan Account**" means an account of the Borrower to which disbursements by the Bank shall be made, which account is a separate sub-account of the treasury single account of the Borrower maintained at the Central Bank of the Republic of Moldova, separated from any other assets of the Borrower and from which account payments will only be made for the purpose of implementing the Project, in accordance with this Contract and other relevant agreements, if any.

"**EIB Environmental and Social Standards**" means the standards as contained in Volume 1 of the EIB Environmental and Social Handbook that outlines the standards that the Bank requires of the projects that it finances and the responsibilities of the various parties.

"**Eligible Country**" means any country specified in Annex III to the Decision, as may be amended from time to time by the Commission in accordance with Articles 4(2) and 18 of the Decision, or any other country in respect of which the European Parliament and the Council have adopted a decision pursuant to Article 4(1) of the Decision.

"**Environment**" means the following, in so far as they affect human health and social well-being:

(a) fauna and flora;

(b) soil, water, air, climate and the landscape;

(c) cultural heritage; and

(d) the built environment,

and includes, without limitation, occupational and community health and safety.

"**Environmental and Social Action Plan**" means the plan which forms part of the environmental and social assessment and sets out the measures required to maximise benefits, avoid, minimise, mitigate and offset or remedy adverse environmental and social impacts, together with budget and cost estimates, sources of funding, and adequate institutional, monitoring, reporting and accountability arrangements capable of ensuring proper implementation of, and regular feedback on compliance with the environmental and social management/action plan.

"**Environmental and Social Documents**" means (a) the Environmental and Social Impact Assessment Study; (b) Environmental and Social Action Plan; (c) the Stakeholder Engagement Plan; and (d) the Livelihood Restoration Plan, if applicable.

"**Environmental and Social Impact Assessment Study**" means a study as an outcome of the environmental and social impact assessment identifying and assessing the potential environmental and social impacts associated with the proposed project and recommending measures to avoid, minimise and/or remedy any impacts. This study is subject to public consultation with direct and indirect project stakeholders.

"**Environmental and Social Standards**" means:

(a) Environmental Laws and Social Laws applicable to the Project or the Borrower;

(b) the EIB Environmental and Social Standards; and

(c) Environmental and Social Documents.

"**Environmental Law**" means:

(a) EU laws to the extent implemented by the law of the Republic of Moldova or specified by the Bank prior to the date of this Contract);

(b) Moldovan national laws and regulations; and

(c) international treaties and conventions signed and ratified by or otherwise applicable and binding on the Republic of Moldova,

of which a principal objective is the preservation, protection or improvement of the Environment.

"**Environmental or Social Approval**" means any permit, licence, authorisation, consent or other approval required by an Environmental Law or a Social Law in connection with the construction or operation of the Project.

"**Environmental or Social Claim**" means any claim, proceeding, formal notice or investigation by any person in respect of the Environment or Social Matters affecting the Project including any breach or alleged breach of any Environmental and Social Standard.

"**EU Guarantee**" has the meaning given to it in Recital (11).

"**EURIBOR**" has the meaning given to it in Schedule B.

"**EUR**" and "**euro**" mean the lawful currency of the Member States of the European Union which adopt or have adopted it as their currency in accordance with the relevant provisions of the Treaty on European Union and the Treaty on the Functioning of the European Union or their succeeding treaties.

"**Event of Default**" means any of the circumstances, events or occurrences specified in Article 10.01.

"**E5P Grant Documentation**" has the meaning given in Recital (13).

"**Final Availability Date**" means 60 (sixty) months from the date of this Contract.

"**Final Beneficiary**" has the meaning given to it in Recital (4).

"**Financing of Terrorism**" means the provision or collection of funds, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out any of the offences within the meaning of Articles 1 to 4 of the EU Council Framework Decision 2002/475/JHA of 13 June 2002 on combating terrorism.

"**Fixed Rate**" means an annual interest rate determined by the Bank in accordance with the applicable principles from time to time laid down by the governing bodies of the Bank for loans made at a fixed rate of interest, denominated in the currency of the Tranche and bearing equivalent terms for the repayment of capital and the payment of interest.

"**Fixed Rate Tranche**" means a Tranche on which Fixed Rate is applied.

"**Floating Rate**" means a fixed-spread floating interest rate, that is to say an annual interest rate determined by the Bank for each successive Floating Rate Reference Period equal to the Relevant Interbank Rate plus the Spread.

"**Floating Rate Reference Period**" means each period from one Payment Date to the next relevant Payment Date; the first Floating Rate Reference Period shall commence on the Disbursement Date.

"**Floating Rate Tranche**" means a Tranche on which Floating Rate is applied.

"**Framework Agreement**" has the meaning given in Recital (1).

"**GBP**" means the lawful currency of the United Kingdom

"**Guide to Procurement**" means the Guide to Procurement published on the Bank's website that informs the promoters of projects financed in whole or in part by the Bank of the arrangements to be made for procuring works, goods and services required for the Project.

"**ILO**" means the International Labour Organisation.

"**ILO Standards**" means any treaty, convention or covenant of the ILO signed and ratified by or otherwise applicable and binding on the Republic of Moldova, and the Core Labour Standards (as defined in the ILO Declaration on Fundamental Principles and Rights at Work).

"**Indemnifiable Prepayment Event**" means a Prepayment Event other than those specified in paragraphs 4.03A(2) (*Pari Passu to Non-EIB Financing*) or 4.03A(4) (*Illegality*).

"**Inter-municipal Entity**" means the legal inter-municipal cooperation entities that will be established for the implementation of a sub-project and later management of the sub-project assets.

"**LIBOR**" has the meaning given to it in Schedule B.

"**Loan**" means the aggregate amount of Tranches disbursed from time to time by the Bank under this Contract.

"**Livelihood Restoration Plan**" means the plan for the restoration of livelihoods of persons adversely affected by the Project, prepared in connection with the proposed Project, as approved by the Bank.

"**Mandate**" has the meaning given to it in Recital (7).

"**Market Disruption Event**" means any of the following circumstances:

(a) there are, in the reasonable opinion of the Bank, events or circumstances adversely affecting the Bank's access to its sources of funding;

(b) in the opinion of the Bank, funds are not available from its ordinary sources of funding in order to adequately fund a Tranche in the relevant currency and/or for the relevant maturity and/or in relation to the reimbursement profile of such Tranche;

(c) in relation to a Tranche in respect of which interest is or would be payable at Floating Rate:

  (A) the cost to the Bank of obtaining funds from its sources of funding, as determined by the Bank, for a period equal to the Floating Rate Reference Period of such Tranche (i.e. in the money market) would be in excess of the applicable Relevant Interbank Rate; or

  (B) the Bank determines that adequate and fair means do not exist for ascertaining the applicable Relevant Interbank Rate for the relevant currency of such Tranche or it is not possible to determine the Relevant Interbank Rate in accordance with the definition contained in Schedule B.

"**Material Adverse Change**" means, in relation to the Borrower, any event or change of condition affecting the Borrower, which, in the opinion of the Bank:

(a) materially impairs the ability of the Borrower to perform any of its obligations under this Contract;

(b) materially impairs the business, prospects or financial condition of the Borrower; or

(c) adversely affects any security provided by the Borrower.

"**Maturity Date**" means the last repayment date of a Tranche specified pursuant to Article 4.01(b)(iv).

"**Money Laundering**" means:

(i) the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such activity to evade the legal consequences of his action;

(ii) the concealment or disguising of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity or from an act of participation in such activity;

(iii) the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such activity; or

(iv) participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions mentioned in the foregoing points.

"**New York Convention**" has the meaning given to it in Recital (1).

"**NIF**" has the meaning given in Recital (13).

"**NIF Agreement**" has the meaning given in Recital (13).

"**NIF Documentation**" has the meaning given in Recital (13).

"**NIF Framework Arrangement**" has the meaning given in Recital (13).

"**Payment Date**" means the annual, semi-annual or quarterly dates specified in the Disbursement Offer until the Maturity Date, save that, in case any such date is not a Relevant Business Day, it means:

(a) for a Fixed Rate Tranche, the following Relevant Business Day, without adjustment to the interest due under Article 3.01; and

(b) for a Floating Rate Tranche, the next day, if any, of that calendar month that is a Relevant Business Day or, failing that, the nearest preceding day that is a Relevant Business Day, in all cases with corresponding adjustment to the interest due under Article 3.01.

"**PIU**" means a project implementation unit established by one of the Final Beneficiaries and mandated to manage the implementation of the relevant Sub-project, together the "**PIUs**".

"**PMU**" means a national programme management unit established at the Ministry of Agriculture, Regional Development and Environment to provide programme implementation and monitoring support.

"**PPM**" means a programme procedures manual, which, *inter alia,* defines the eligibility of Sub-projects for financing under this Contract and procedures for managing and implementing both the Project and the Sub-projects.

"**Prepayment Amount**" means the amount of a Tranche to be prepaid by the Borrower in accordance with Article 4.02A.

"**Prepayment Date**" means the date, which shall be a Payment Date, on which the Borrower proposes to effect prepayment of a Prepayment Amount.

"**Prepayment Event**" means any of the events described in Article 4.03A.

"**Prepayment Indemnity**" means in respect of any principal amount to be prepaid or cancelled, the amount communicated by the Bank to the Borrower as the present value (as of the Prepayment Date) of the excess, if any, of:

(a) the interest that would accrue thereafter on the Prepayment Amount over the period from the Prepayment Date to the Maturity Date, if it were not prepaid; over

(b) the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.15% (fifteen basis points).

The said present value shall be calculated at a discount rate equal to the Redeployment Rate, applied as of each relevant Payment Date.

"**Prepayment Notice**" means a written notice from the Bank to the Borrower in accordance with Article 4.02C.

"**Prepayment Request**" means a written request from the Borrower to the Bank to prepay all or part of the Loan in accordance with Article 4.02A.

"**Prohibited Conduct**" means any Financing of Terrorism, Money Laundering or Prohibited Practice.

"**Prohibited Practice**" means any:

(i) **Coercive Practice**, meaning the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of a party to influence improperly the actions of a party;

(ii) **Collusive Practice**, meaning an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;

(iii) **Corrupt Practice**, meaning the offering, giving, receiving or soliciting, directly or indirectly, of anything of value by a party to influence improperly the actions of another party;

(iv) **Fraudulent Practice**, meaning any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial or other benefit or to avoid an obligation; or

(v) **Obstructive Practice**, meaning in relation to an investigation into a Coercive, Collusive, Corrupt or Fraudulent Practice in connection with this Loan or the Project:

(a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or

(b) acts intending to materially impede the exercise of the contractual rights of audit or access to information.

"**Project**" has the meaning given to it in Recital (4).

"**Redeployment Rate**" means the Fixed Rate in effect on the day of the indemnity calculation for fixed-rate loans denominated in the same currency and which shall have the same terms for the payment of interest and the same repayment profile to the Maturity Date as the Tranche in respect of which a prepayment is proposed or requested to be made.

"**Relevant Business Day**" means:

(a) for EUR, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (TARGET2) is open for the settlement of payments in EUR; and

(b) for any other currency, a day on which banks are open for general business in the principal domestic financial centre of the relevant currency.

"**Relevant Interbank Rate**" means:

(a) EURIBOR for a Tranche denominated in EUR; and

(b) LIBOR for a Tranche denominated in GBP or USD.

"**Sanctioned Person**" means any individual or entity listed in one or more Sanction Lists.

"**Sanction Lists**" means:

(i) any economic, financial and trade restrictive measures and arms embargoes issued by the European Union pursuant to Chapter 2 of Title V of the Treaty on European Union as well as Article 215 of the Treaty on the Functioning of the European Union, as available in the official EU websites http://ec.europa.eu/external_relations/cfsp/sanctions/consol-list_en.htm and http://eeas.europa.eu/cfsp/sanctions/docs/measures_en.pdf, as amended and supplemented from time to time or on any successor page; or

(ii) any economic, financial and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to Article 41 of the UN Charter as available in the official UN website http://www.un.org/Docs/sc/committees/INTRO.htm, as amended and supplemented from time to time or on any successor page.

"**Scheduled Disbursement Date**" means the date on which a Tranche is scheduled to be disbursed in accordance with Article 1.02B.

"**Security**" means any mortgage, pledge, lien, charge, assignment, hypothecation, or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

"**Social Law**" means each of:

(a) any law, rule or regulation applicable in the Republic of Moldova relating to Social Matters;

(b) any ILO Standards; and

(c) any United Nations treaty, convention or covenant on human rights signed and ratified by or otherwise applicable and binding on the Republic of Moldova.

"**Social Matters**" means all, or any of, the following: (i) labour and employment conditions, (ii) occupational health and safety, (iii) protection and empowerment of rights and interests of indigenous peoples, ethnic minorities and vulnerable groups, (iv) cultural heritage (tangible and intangible), (v) public health, safety and security, (vi) involuntary physical resettlement and/or economic displacement and loss of livelihood of persons, and (vii) public participation and stakeholder engagement.

"**Spread**" means the fixed spread to the Relevant Interbank Rate (being either plus or minus) determined by the Bank and notified to the Borrower in the relevant Disbursement Offer.

"**Stakeholder Engagement Plan**" means a plan that comprises stakeholder analysis and engagement planning, including disclosure and dissemination of/access to information, public consultations and stakeholder participation, and a provision of a mechanism ensuring access to grievance and remedy.

"**Steering Committee**" has the meaning given to it in Article 1.04C.

"**Sub-Financing Agreement(s)**" has the meaning given to it in Recital (4).

"**Sub-project(s)**" has the meaning given to it in Recital (4).

"**Tax**" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"**Technical Description**" has the meaning given to it in Recital (4).

"**Tranche**" means each disbursement made or to be made under this Contract. In case no Disbursement Acceptance has been received, Tranche shall mean a Tranche as offered under Article 1.02B.

"**USD**" means the lawful currency of the United States of America.

ARTICLE 1

Credit and Disbursements

1.01 Amount of Credit

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, a credit in an amount equivalent to EUR 25 000 000.00 (twenty-five million euros) for the financing of the Project (the "**Credit**").

1.02 Disbursement procedure

1.02A **Tranches**

The Bank shall disburse the Credit in up to 10 (ten) Tranches. The amount of each Tranche, if not being the undrawn balance of the Credit, shall be in a minimum amount of EUR 1 000 000 (one million euros). The Bank shall not send the Borrower more than one Disbursement Offer per calendar month and there shall not be more than one disbursement of a Tranche per calendar month under this Finance Contract.

1.02B **Disbursement Offer**

Upon request by the Borrower, provided that no event mentioned in Article 1.06B has occurred and is continuing, the Bank shall send to the Borrower a Disbursement Offer for the disbursement of a Tranche. The latest time for receipt by the Borrower of a Disbursement Offer is 10 (ten) days before the Final Availability Date. The Disbursement Offer shall specify:

(a) the amount currency and EUR equivalent of the Tranche;

(b) the Scheduled Disbursement Date, which shall be a Relevant Business Day, falling at least 10 (ten) days after the date of the Disbursement Offer and on or before the Final Availability Date;

(c) the interest rate basis of the Tranche, being: (i) a Fixed Rate Tranche; or (ii) a Floating Rate Tranche, in each case, pursuant to the relevant provisions of Article 3.01;

(d) the interest payment periodicity for the Tranche, in accordance with the provisions of Article 3.01;

(e) the first Payment Date for the Tranche;

(f) the terms for repayment of principal for the Tranche, in accordance with the provisions of Article 4.01;

(g) the first and last repayment dates of principal for the Tranche;

(h) for a Fixed Rate Tranche, the Fixed Rate and for a Floating Rate Tranche the Spread, applicable until the Maturity Date; and

(i) the Disbursement Acceptance Deadline.

1.02C **Disbursement Acceptance**

The Borrower may accept a Disbursement Offer by delivering a Disbursement Acceptance to the Bank no later than the Disbursement Acceptance Deadline. The Disbursement Acceptance shall be accompanied:

(a) by the IBAN code (or appropriate format in line with local banking practice) and SWIFT BIC of the EIB Loan Account to which disbursement of the Tranche should be made in accordance with Article 1.02D, including references to any correspondent bank account of the Central Bank of Moldova which needs to be used for the purposes of the disbursement; and

(b) if not previously provided, by evidence of the authority of the person or persons authorized to sign the Disbursement Acceptance and the specimen signature of such person or persons.

If a Disbursement Offer is duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline, the Bank shall make the Accepted Tranche available to the Borrower in accordance with such Disbursement Offer and subject to the terms and conditions of this Contract

The Borrower shall be deemed to have refused any Disbursement Offer which has not been duly accepted in accordance with its terms on or before the Disbursement Acceptance Deadline.

1.02D **Disbursement Account**

Disbursement shall be made to the EIB Loan Account. The EIB Loan Account shall be the own bank account of the Borrower.

Only one account may be specified as EIB Loan Account.

1.03 Currency of disbursement

Subject to availability, disbursement of each Tranche shall be made in EUR, GBP or USD.

For the calculation of the sums available to be disbursed in currencies other than EUR, and to determine their equivalent in EUR, the Bank shall apply the rate published by the European Central Bank in Frankfurt, available on or shortly before submission of the Disbursement Offer as the Bank shall decide.

1.04 Conditions of disbursement

1.04A **First Tranche**

The disbursement of the first Tranche under Article 1.02 is conditional upon receipt by the Bank in form and substance satisfactory to it, on or before the date falling 7 (seven) Business Days prior to the date of presentation of the Disbursement Offer for the proposed Tranche, of the following documents or evidence:

(a) a legal opinion issued by the Minister of Justice of the Republic of Moldova:

(i) in the English language, substantially in the form set out in Annex I, such opinion to be supported by a resolution authorising the entry into the Contract by the Borrower; and

(ii) confirming due ratification of this Contract by the Parliament of the Republic of Moldova in accordance with the applicable laws of the Republic of Moldova;

(b) evidence satisfactory to the Bank of due ratification of this Contract by the Parliament of the Republic of Moldova in accordance with the applicable laws of the Republic of Moldova;

(c) evidence that the execution of this Contract by the Borrower has been duly authorised and that the person or persons signing the Contract on behalf of the Borrower is/are duly authorised to do so together with the specimen signature of each such person or persons;

(d) evidence that the Borrower has obtained all necessary Authorisations required in connection with this Contract or, if none is required, a declaration from the Borrower, signed by a person or persons duly authorised to act on behalf of the Borrower, that no Authorisation is required in connection with the entry into and performance of this Contract by the Borrower;

(e) evidence to the satisfaction of the Bank that the PMU:

(i) is fully functional within the Ministry of Agriculture, Regional Development and Environment, and has sufficient human resources with adequate skills, including a Project manager responsible for the overall management and coordination of the Project; and

(ii) has assumed responsibility for the allocation requests, monitoring, implementation and progress reporting relating to funding under this Contract;

(f) evidence that all exchange control consents specified by the Bank or indicated in the legal opinion given under paragraph (a) above as being necessary have been obtained to permit the Borrower to receive disbursements as provided in this Contract, to repay the Loan and to pay interest and all other amounts due hereunder; and

(g) evidence of the payment of any fees due to the Bank under this Contract.

1.04B **Second and subsequent Tranches**

The disbursement of each Tranche under Article 1.02 following the first, is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date falling 7 (seven) Business Days prior to the date of presentation of the Disbursement Offer for the proposed Tranche, evidence demonstrating that (i) at least 80% (eighty per cent.) of the proceeds of the immediately preceding Tranche; and (ii) 100% of the proceeds of each previously disbursed Tranche except for the immediately preceding Tranche have been paid to Final Beneficiaries.

1.04C **All Tranches**

The disbursement of each Tranche under Article 1.02, including the first, is conditional upon:

(a) receipt by the Bank in form and substance satisfactory to it, on or before the date falling 7 (seven) Business Days prior to the date of presentation of the Disbursement Offer for the proposed Tranche, of the following documents or evidence:

(i) a certificate from the Borrower in the form of Schedule C.2;

(ii) evidence of the authority of the person or persons authorised to sign Disbursement Acceptance and the authenticated specimen signature of such person or persons, unless it has been previously provided;

(iii) a copy of any other Authorisation or other document, opinion or assurance which the Bank has notified the Borrower is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, the Contract or the validity and enforceability of the same;

(iv) evidence demonstrating that the amount allocated to Sub-project(s) and confirmed or approved by the Bank according to Article 1.10 is an amount equal to 100% (one hundred percent) of the aggregate amount of the Loan already disbursed and requested to be disbursed to the Borrower;

(v) evidence satisfactory to the Bank demonstrating that, following drawdown of the relevant Tranche, the Loan will not exceed the aggregate expenditure incurred or forecasted to be paid by the Borrower and/or a Final Beneficiary in respect of the Project within six months of the relevant Disbursement Offer, such evidence to include (without limitation and to the extent not previously provided to the Bank) certified executed copies of the relevant contract(s), including a summary of the main contract elements in English for the supply of works, goods or services in a form satisfactory to the Bank;

(vi) in respect of each Sub-project to be financed from the proceeds of the relevant Tranche to be disbursed, evidence demonstrating that (1) the relevant Final Beneficiary has been duly established and registered in accordance with the laws of the Republic of Moldova as an Inter-Municipal entity by the relevant local and/or regional authorities or as a municipality, and it is legally entitled to own the assets financed under the relevant Sub-project; and (2) a Sub-Financing Agreement between the Borrower and the relevant Final Beneficiary has been signed with conditions acceptable to the Bank (including, but not limited to, the type of the financing (grant or loan), interest rate (if applicable), maturity and grace period (if applicable) and conditions of repayment);

(vii) to the extent required by the Bank, appropriate consultancy agreement(s) to ensure adequate technical assistance to support the PMU and the relevant Final Beneficiaries and their PIUs in the implementation of the Project, tendered in accordance with the terms of reference approved by the Bank, have been entered into or will be entered into to be financed from the proceeds of the Tranche to which the disbursement relates or other committed funding sources;

(viii) if the relevant Tranche is forecasted to finance Sub-projects which are also forecasted to be financed by the EBRD, evidence that the EBRD Loan Agreement has been duly executed and delivered and all conditions precedent to the disbursement of the first tranche thereunder have been fulfilled or waived and that the Borrower has the right to make drawings under the first tranche thereunder;

(ix) to the extent required by the Bank or voluntarily set up by the Borrower, evidence that a steering committee (the "**Steering Committee**") has been established to the satisfaction of the Bank.

(i) with the role of:

(A) making strategic recommendations in connection with the Project;

(B) endorsing Sub-project proposals during the screening phase;

(C) endorsing (i) Sub-projects for allocation under the Loan; and (b) the signature of Sub-Financing Agreements between the Borrower and the relevant Final Beneficiary; and

(D) facilitating and reviewing the functioning of the PMU and the progress of works under the Project; and

(ii) comprising of the representatives of, *inter alia*, the Ministry of Agriculture, Regional Development and Environment and the Ministry of Finance and others as agreed by the Parties;

(x) to the extent required by the Bank or voluntarily set up by the Borrower, evidence that the Steering Committee has reviewed and endorsed, and the Ministry of Agriculture, Regional Development and Environment has approved the PPM in form and substance satisfactory to the Bank; and

(xi) evidence that the E5P Grant Documentation, and, if applicable, the NIF Documentation have been duly executed and delivered and all conditions precedent to their effectiveness have been fulfilled or waived and that the Borrower has the right to make drawings thereunder.

(b) that on the Scheduled Disbursement Date for the proposed Tranche:

(i) the representations and warranties which are repeated pursuant to Article 6.10 are correct in all respects; and

(ii) no event or circumstance which constitutes or would with the passage of time or giving of notice under this Contract constitute an Event of Default, or Prepayment Event has occurred and is continuing unremedied or unwaived or would result from a disbursement of the proposed Tranche,

(c) the Bank being satisfied by the Scheduled Disbursement Date for the proposed Tranche that:

(i) all facts and information contained in the Recitals continue to be true, correct and applicable in all material respects;

(ii) the EU Guarantee is valid, binding and enforceable and that no events or circumstances have occurred which could, in the opinion of the Bank, adversely affect the legal, valid, binding and enforceable nature of the EU Guarantee or the Bank's right to make a demand thereunder;

(iii) the Republic of Moldova continues to be an Eligible Country; and

(iv) the Framework Agreement is valid, binding and enforceable and that no events or circumstances have occurred which could, in the opinion of the Bank, adversely affect the legal, valid, binding and enforceable nature of the Framework Agreement.

1.05 Deferment of disbursement

1.05A **Grounds for deferment**

Upon the written request of the Borrower, the Bank shall defer the disbursement of any Accepted Tranche in whole or in part to a date specified by the Borrower being a date falling not later than 6 (six) months from its Scheduled Disbursement Date and not later than 60 (sixty) days prior to the first repayment date of the Tranche indicated in the Disbursement Offer. In such case, the Borrower shall pay the Deferment Indemnity calculated on the amount of disbursement deferred.

Any request for deferment shall have effect in respect of a Tranche only if it is made at least 5 (five) Business Days before its Scheduled Disbursement Date.

If for an Accepted Tranche any condition referred to in Article 1.04 is not fulfilled as at the specified date and at the Scheduled Disbursement Date (or the date expected for disbursement in case of a previous deferment), disbursement will be deferred to a date agreed between the Bank and the Borrower falling not earlier than 5 (five) Business Days following the fulfilment of all conditions of disbursement (without prejudice to the right of the Bank to suspend and/or cancel the undisbursed portion of the Credit in whole or in part pursuant to Article 1.06B). In such case, the Borrower shall pay the Deferment Indemnity calculated on the amount of disbursement deferred.

1.05B **Cancellation of a disbursement deferred by 6 (six) months**

The Bank may, by notice in writing to the Borrower, cancel a disbursement which has been deferred under Article 1.05A by more than 6 (six) months in aggregate. The cancelled amount shall remain available for disbursement under Article 1.02.

1.06 Cancellation and suspension

1.06A **Borrower's right to cancel**

The Borrower may at any time by notice in writing to the Bank cancel, in whole or in part and with immediate effect, the undisbursed portion of the Credit. However, the notice shall have no effect in respect of an Accepted Tranche which has a Scheduled Disbursement Date falling within 5 (five) Business Days of the date of the notice.

1.06B **Bank's right to suspend and cancel**

(a) The Bank may, by notice in writing to the Borrower, suspend and/or cancel the undisbursed portion of the Credit in whole or in part at any time and with immediate effect:

(i) upon the occurrence of a Prepayment Event or an Event of Default or an event or circumstance which would with the passage of time or giving of notice under this Contract constitute a Prepayment Event or an Event of Default; or

(ii) if the Republic of Moldova is no longer an Eligible Country.

(b) The Bank may also suspend the portion of the Credit in respect of which it has not received a Disbursement Acceptance with immediate effect in the case that a Market Disruption Event occurs; or

(c) Any suspension shall continue until the Bank ends the suspension or cancels the suspended amount.

1.06C **Indemnity for suspension and cancellation of a Tranche**

1.06C(1) SUSPENSION

If the Bank suspends an Accepted Tranche, whether upon an Indemnifiable Prepayment Event or an Event of Default, the Borrower shall pay to the Bank the Deferment Indemnity calculated on the amount of disbursement suspended.

1.06C(2) CANCELLATION

If, pursuant to Article 1.06A, the Borrower cancels:

(a) a Fixed Rate Tranche which is an Accepted Tranche, it shall indemnify the Bank under Article 4.02B; or

(b) a Floating Rate Tranche which is an Accepted Tranche or any part of the Credit other than an Accepted Tranche, no indemnity is payable.

If the Bank cancels:

(i) a Fixed Rate Tranche which is an Accepted Tranche upon an Indemnifiable Prepayment Event or pursuant to Article 1.05B, the Borrower shall pay to the Bank the Prepayment Indemnity; or

(ii) an Accepted Tranche upon an Event of Default, the Borrower shall indemnify the Bank under Article 10.03.

Other than in these cases, no indemnity is payable upon cancellation of a Tranche by the Bank.

The Indemnity shall be calculated as if the cancelled amount had been disbursed and repaid on the Scheduled Disbursement Date or, to the extent that the disbursement of the Tranche is currently deferred or suspended, on the date of the cancellation notice.

1.07 Cancellation after expiry of the Credit

On the day following the Final Availability Date, and unless otherwise specifically agreed to in writing by the Bank, the part of the Credit in respect of which no Disbursement Acceptance has been received in accordance with Article 1.02C shall be automatically cancelled, without any notice being served by the Bank to the Borrower and without liability arising on the part of either party.

1.08 Appraisal fee

The Borrower shall pay or cause to be paid to the Bank within fifteen (15) days of the Date of Effectiveness an appraisal fee in respect of the appraisal conducted by the Bank in relation to the Project. The amount of the appraisal fee is EUR 50 000 (fifty thousand euros).

1.09 Sums due under Article 1

Sums due under Articles 1.05, 1.06 and 1.08 shall be payable in the currency of the Tranche concerned. They shall be payable within 7 (seven) days of the Borrower's receipt of the Bank's demand or within any longer period specified in the Bank's demand.

1.10 Allocation procedures

Between the date hereof and the date falling twelve (12) months before the Final Availability Date, the Borrower may submit to the Bank a request for allocation (the "**Allocation Request**", the form of which Allocation Requests is set out in Schedule A).

The Loan may solely be allocated to finance Sub-projects which are identified as eligible for financing under the Bank's Loan, as set out in the Technical Description and the PPM, and are approved for allocation by (1) the Steering Committee (to the extent such Steering Committee exists) or the Borrower, acting through the Ministry of Finance and the Ministry of Agriculture, Regional Development and Environment of the Republic of Moldova; and (2) the Bank. In order to qualify for financing hereunder, each Sub-project must meet the relevant criteria and parameters applied by the Bank to the type of Sub-project concerned and with the allocation procedure
(the "**Allocation Procedures**") and allocation undertakings under Article 1.10.

All eligible Sub-projects have to be submitted *ex-ante* to the Bank for approval before funding from the EIB Loan, with reporting requirements outlined in Schedule A2.2. The Bank keeps the right to ask for additional information; partial or in-depth appraisal of the Sub-project will be undertaken, if judged necessary.

The Bank shall have full discretion to approve the Allocation Request and the amount in euro of the Loan to be allocated to it, following such examination of the Sub-project as it deems necessary.

The Borrower shall provide the Bank with any additional information regarding the Sub-projects as the Bank, at its own discretion, may request. The Bank reserves the right to review the Allocation Procedure with a view of any change required by *inter alia* the European Commission or the development of the Project. The Bank may, by notice to the Borrower, amend the Allocation Procedure, to bring it into line with the Bank's policy on framework loans or reflect the results of the review of the implementation capacity and performance. In such case, the Bank shall inform the Borrower thereof and the Borrower shall promptly adapt its internal allocation procedures accordingly.

1.11 Reallocation procedures

1.11A **Reallocation at the request of the Borrower**

The Borrower, acting through the Ministry of Finance, may, by request in writing to the Bank, which shall include reasons thereof, and not be received later than the date falling six (6) months before the Final Availability Date, propose to reallocate until any part of the Loan, which, in accordance with the procedures described in Article 1.10, has been allocated to, but not spent on a Sub-project. The Borrower shall specify reallocations to the Bank as part of its regular reporting.

The Bank may, in its discretion, accept the Borrower's proposal for reallocation and reallocate any portion of the Loan in accordance with the provisions of Article 1.10.

1.11B **Reallocation at the request of the Bank**

The Borrower shall propose to reallocate any part of the Loan which has been allocated, in accordance with the procedures described in Article 1.10, in relation to a Sub-project, if such Sub-project, in the reasonable opinion of the Bank, becomes ineligible for financing by the Bank under the Bank's Statute, policies or guidelines or under Article 309 of the Treaty on the Functioning of the European Union.

ARTICLE 2

The Loan

2.01 Amount of Loan

The Loan shall comprise the aggregate amount of Tranches disbursed by the Bank under the Credit, as confirmed by the Bank pursuant to Article 2.03.

2.02 Currency of repayment, interest and other charges

Interest, repayments and other charges payable in respect of each Tranche shall be made by the Borrower in the currency in which the Tranche is disbursed.

Any other payment shall be made in the currency specified by the Bank having regard to the currency of the expenditure to be reimbursed by means of that payment.

2.03 Confirmation by the Bank

Within 10 (ten) days after disbursement of each Tranche, the Bank shall deliver to the Borrower the amortisation table referred to in Article 4.01 showing the Disbursement Date, currency, the amount disbursed, the repayment terms and the interest rate of and for that Tranche (with respect to each Tranche, an "**Amortisation Table**").

ARTICLE 3

Interest

3.01 Rate of interest

3.01A **Fixed Rate Tranches**

The Borrower shall pay interest on the outstanding balance of each Fixed Rate Tranche at the Fixed Rate quarterly, semi-annually or annually in arrears on the relevant Payment Dates as specified in the Disbursement Offer, commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 30 (thirty) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

Interest shall be calculated on the basis of Article 5.01(a).

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3.01B **Floating Rate Tranches**

The Borrower shall pay interest on the outstanding balance of each Floating Rate Tranche at the Floating Rate quarterly, semi-annually or annually in arrears on the relevant Payment Dates, as specified in the Disbursement Offer commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 30 (thirty) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

The Bank shall notify the Floating Rate to the Borrower within 10 (ten) days following the commencement of each Floating Rate Reference Period.

If pursuant to Articles 1.05 and 1.06 disbursement of any Floating Rate Tranche takes place after the Scheduled Disbursement Date the Relevant Interbank Rate applicable to the first Floating Rate Reference Period shall apply as though the disbursement had been made on the Scheduled Disbursement Date.

Interest shall be calculated in respect of each Floating Rate Reference Period on the basis of Article 5.01(b). If the Floating Rate for any Floating Rate Reference Period is below zero, it will be set at zero.

3.02 Interest on overdue sums

Without prejudice to Article 10 and by way of exception to Article 3.01, if the Borrower fails to pay any amount payable by it under the Contract on its due date, interest shall accrue (subject to mandatory provisions of the applicable laws, including Article 1154 of the Luxembourg Civil Code) on any overdue amount payable under the terms of this Contract from the due date to the date of actual payment at an annual rate equal to:

(i) for overdue sums related to Floating Rate Tranches, the applicable Floating Rate plus 2% (200 basis points);

(ii) for overdue sums related to Fixed Rate Tranches, the higher of (a) the applicable Fixed Rate plus 2% (200 basis points) or (b) the Relevant Interbank Rate plus 2% (200 basis points);

(iii) for overdue sums other than under (i) or (ii) above, the Relevant Interbank Rate plus 2% (200 basis points)

and shall be payable in accordance with the demand of the Bank. For the purpose of determining the Relevant Interbank Rate in relation to this Article 3.02, the relevant periods within the meaning of Schedule B shall be successive periods of one month commencing on the due date.

If the overdue sum is in a currency other than the currency of the Loan, the following rate *per annum* shall apply, namely the relevant interbank rate that is generally retained by the Bank for transactions in that currency plus 2% (200 basis points), calculated in accordance with the market practice for such rate.

3.03 Market Disruption Event

If at any time from the receipt by the Bank of a Disbursement Acceptance in respect of a Tranche until the date falling two (2) Business Days prior to the Scheduled Disbursement Date, a Market Disruption Event occurs, the Bank may notify to the Borrower that this clause has come into effect. In such case, the following rules shall apply:

(a) the rate of interest applicable to such Accepted Tranche until the Maturity Date shall be the rate (expressed as a percentage rate *per annum*) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank. The Borrower shall have the right to refuse in writing such disbursement within the deadline specified in the notification and shall bear charges incurred as a result, if any, in which case the Bank shall not effect the disbursement and the corresponding portion of the Credit shall remain available for disbursement under Article 1.02B. If the Borrower does not refuse the disbursement in time, the parties agree that the disbursement and the conditions thereof shall be fully binding for both parties; and

(b) the Spread or Fixed Rate previously notified by the Bank in the Disbursement Offer shall no longer be applicable.

ARTICLE 4

Repayment

4.01 Normal repayment

(a) The Borrower shall repay each Tranche by instalments on the Payment Dates specified in the relevant Disbursement Offer in accordance with the terms of the Amortisation Table delivered pursuant to Article 2.03.

(b) Each Amortisation Table shall be drawn up on the basis that:

(i) in the case of a Fixed Rate Tranche, repayment shall be made annually, semi-annually or quarterly by equal instalments of principal or constant instalments of principal and interest;

(ii) in the case of a Floating Rate Tranche, repayment shall be made by equal annual, semi-annual or quarterly instalments of principal;

(iii) the first repayment date of each Tranche shall be a Payment Date falling not earlier than 60 days from the Scheduled Disbursement Date and not later than the first Payment Date immediately following the 5th (fifth) anniversary of the Scheduled Disbursement Date of the Tranche; and

(iv) the last repayment date of each Tranche shall be a Payment Date falling not earlier than four years and not later than 20 (twenty) years from the Scheduled Disbursement Date.

4.02 Voluntary prepayment

4.02A Prepayment option

Subject to Articles 4.02B, 4.02C and 4.04, the Borrower may prepay all or part of any Tranche, together with accrued interest and indemnities if any, upon giving a Prepayment Request with at least one month's prior notice specifying:

(a) the Prepayment Amount;

(b) the Prepayment Date;

(c) if applicable, the choice of application method of the Prepayment amount in line with Article 5.05(c)(i); and

(d) the contract number ("**FI nr**") mentioned on the cover page of this Contract.

Subject to Article 4.02C the Prepayment Request shall be binding and irrevocable.

4.02B Prepayment indemnity

4.02B(1) FIXED RATE TRANCHE

If the Borrower prepays a Fixed Rate Tranche, the Borrower shall pay to the Bank on the Prepayment Date the Prepayment Indemnity in respect of the Fixed Rate Tranche which is being prepaid.

4.02B(2) FLOATING RATE TRANCHE

The Borrower may prepay a Floating Rate Tranche without indemnity on any relevant Payment Date.

4.02C **Prepayment mechanics**

Upon presentation by the Borrower to the Bank of a Prepayment Request, the Bank shall issue a Prepayment Notice to the Borrower, not later than 15 (fifteen) days prior to the Prepayment Date. The Prepayment Notice shall specify the Prepayment Amount, the accrued interest due thereon, the Prepayment Indemnity payable under Article 4.02B or, as the case may be, that no indemnity is due, the method of application of the Prepayment Amount and the Acceptance Deadline.

If the Borrower accepts the Prepayment Notice no later than by the Acceptance Deadline, it shall effect the prepayment. In any other case, the Borrower may not effect the prepayment.

The Borrower shall accompany the prepayment by the payment of accrued interest and indemnity, if any, due on the Prepayment Amount, as specified in the Prepayment Notice.

4.03 Compulsory prepayment

4.03A **Prepayment Events**

4.03A(1) PROJECT COST REDUCTION

If the total cost of the Project should be reduced from the figure stated in Recital (6) to a level at which the amount of the Credit exceeds 50% (fifty *per cent*) of such cost, the Bank may in proportion to the reduction forthwith, by notice to the Borrower, cancel the Credit and/or demand prepayment of the Loan. The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

4.03A(2) *PARI PASSU* TO NON-EIB FINANCING

If the Borrower or any Final Beneficiary voluntarily prepays (for the avoidance of doubt, prepayment shall include a repurchase or cancellation where applicable) a part or the whole of any Non-EIB Financing and:

(a) such prepayment is not made within a revolving credit facility (save for the cancellation of the revolving credit facility); or

(b) such prepayment is not made out of the proceeds of a loan or other indebtedness having a term at least equal to the unexpired term of the Non-EIB Financing prepaid,

the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan. The proportion of the Loan that the Bank may require to be prepaid shall be the same as the proportion that the prepaid amount of the Non-EIB Financing bears to the aggregate outstanding amount of all Non-EIB Financing.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article, "**Non-EIB Financing**" includes any loan, (save for the Loan and any other direct loans from the Bank to the Borrower or any Final Beneficiary), credit bond or other form of financial indebtedness or any obligation for the payment or repayment of money originally granted to the Borrower or any Final Beneficiary for a term of more than 3 (three) years.

4.03A(3) CHANGE OF LAW

The Borrower shall promptly inform the Bank if a Change-of-Law Event has occurred or is likely to occur in respect to the Borrower. In such case, or if the Bank has reasonable cause to believe that a Change-of-Law Event has occurred or is about to occur, the Bank may request that the Borrower consult with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank's request. After the earlier of (a) the lapse of 30 (thirty) days from the date of such request for consultation and (b) the occurrence of the anticipated Change-of-Law Event, the Bank may, by notice to the Borrower, cancel the Credit and demand prepayment of the Loan, together with accrued interest and all other amounts accrued and outstanding under this Contract.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article "**Change-of-Law Event**" means the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) that occurs after the date of this Contract and which, in the opinion of the Bank, would materially impair the Borrower's ability to perform its obligations under this Contract.

4.03A(4) ILLEGALITY

If

(a) it becomes unlawful in any EU jurisdiction or in the Republic of Moldova for the Bank to perform any of its obligations as contemplated in this Contract or to fund or maintain the Loan; or

(b) the Framework Agreement is or is likely to be

(i) repudiated by the Republic of Moldova or not binding on the Republic of Moldova in any respect; or

(ii) not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms; or

(iii) breached, in that any obligation assumed by the Republic of Moldova under the Framework Agreement ceases to be fulfilled as regards any loan made to any borrower in the territory of the Republic of Moldova from the resources of the Bank, or the EU,

(c) in relation to the EU Guarantee:

(i) it is no longer valid or in full force and effect;

(ii) the conditions for cover thereunder are not fulfilled; or

(iii) it is not effective in accordance with its terms or is alleged to be ineffective in accordance with its terms,

the Bank may by notice to the Borrower, immediately (i) suspend or cancel the undisbursed portion of the Credit and/or (ii) demand prepayment of the Loan, together with accrued interest and all other amounts accrued or outstanding under this Contract on the date indicated by the Bank in its notice to the Borrower.

4.03A(5) FAILURE TO ALLOCATE

If the Borrower fails to reallocate the Sub-projects on the due date in accordance with Article 1.11, the Bank may, by notice to the Borrower, cancel the Credit in proportion to the amount not reallocated or demand prepayment of the Loan in an amount equal to the amount not reallocated, together with accrued interest and all other amounts accrued and outstanding under this Contract.

4.03A(6) NON-PERFORMANCE BY FINAL BENEFICIARY

If the Bank determines that a Final Beneficiary has failed to comply with any obligation envisaged under this Contract in respect of a Sub-project, it may give notice thereof to the Borrower. Within a period of 30 (thirty) days following the giving of that notice, the Borrower shall, at its option, either:

(a) reallocate the relevant portion of the Loan to another Sub-project; or

(b) prepay the amount made available to the relevant Final Beneficiary.

4.03B **Prepayment mechanics**

Any sum demanded by the Bank pursuant to Article 4.03A, together with any interest or other amounts accrued or outstanding under this Contract including, without limitation, any indemnity due under Article 4.03C and Article 4.04, shall be paid on the date indicated by the Bank in its notice of demand.

4.03C **Prepayment indemnity**

In the case of an Indemnifiable Prepayment Event, the indemnity, if any, shall be determined in accordance with Article 4.02B.

4.04 General

A repaid or prepaid amount may not be reborrowed. This Article 4 shall not prejudice Article 10. If the Borrower prepays a Tranche on a date other than a relevant Payment Date, the Borrower shall indemnify the Bank in such amount as the Bank shall certify is required to compensate it for receipt of funds otherwise than on a relevant Payment Date.

ARTICLE 5

Payments

5.01 Day count convention

Any amount due by way of interest, indemnity or fee from the Borrower under this Contract, and calculated in respect of a fraction of a year, shall be determined in accordance with the following conventions:

(a) in respect of interest and indemnities due under a Fixed Rate Tranche, a year of 360 (three hundred and sixty) days and a month of 30 (thirty) days; and

(b) in respect of interest and indemnities due under a Floating Rate Tranche, a year of 360 (three hundred and sixty) days (but 365 (three hundred and sixty-five) days (invariable) for GBP) and the number of days elapsed.

5.02 Time and place of payment

Unless otherwise specified in this Contract or in the Bank's demand, all sums other than sums of interest, indemnity and principal are payable within 7 (seven) days of the Borrower's receipt of the Bank's demand.

Each sum payable by the Borrower under this Contract shall be paid to the relevant account notified by the Bank to the Borrower. The Bank shall notify the account not less than 15 (fifteen) days before the due date for the first payment by the Borrower and shall notify any change of account not less than 15 (fifteen) days before the date of the first payment to which the change applies. This period of notice does not apply in the case of payment under Article 10.

The Borrower shall indicate in each payment made hereunder the contract number ("FI nr") found on the cover page of this Contract.

A sum due from the Borrower shall be deemed paid when the Bank receives it.

Any disbursements by and payments to the Bank under this Contract shall be made using account(s) acceptable to the Bank.

5.03 No set-off by the Borrower

All payments to be made by the Borrower under this Contract shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim

5.04 Disruption to Payment Systems

If either the Bank determines (in its discretion) that a Disruption Event has occurred or the Bank is notified by the Borrower that a Disruption Event has occurred:

(a) the Bank may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of the Contract as the Bank may deem necessary in the circumstances;

(b) the Bank shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes; and

(c) the Bank shall not be liable for any damages, costs or losses whatsoever arising as a result of a Disruption Event or for taking or not taking any action pursuant to or in connection with this Article 5.04.

5.05 Application of sums received

(a) **General**

Sums received from the Borrower shall only discharge its payment obligations if received in accordance with the terms of this Contract.

(b) **Partial payments**

If the Bank receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Contract, the Bank shall apply that payment:

(i) first, in or towards payment *pro rata* of any unpaid fees, costs, indemnities and expenses due under this Contract;

(ii) secondly, in or towards payment of any accrued interest due but unpaid under this Contract;

(iii) thirdly, in or towards payment of any principal due but unpaid under this Contract; and

(iv) fourthly, in or towards payment of any other sum due but unpaid under this Contract.

(c) **Allocation of sums related to Tranches**

(i) In case of:

(A) a partial voluntary prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied *pro rata* to each outstanding instalment, or, at the request of the Borrower, in inverse order of maturity; and

(B) a partial compulsory prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied in reduction of the outstanding instalments in inverse order of maturity.

(ii) Sums received by the Bank following a demand under Article 10.01 and applied to a Tranche, shall reduce the outstanding instalments in inverse order of maturity. The Bank may apply sums received between Tranches at its discretion.

(iii) In case of receipt of sums which cannot be identified as applicable to a specific Tranche, and on which there is no agreement between the Bank and the Borrower on their application, the Bank may apply these between Tranches at its discretion.

ARTICLE 6

Borrower undertakings and representations

The undertakings in this Article 6 remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.

A. Project undertakings

6.01 Use of Loan and availability of other funds

(a) The Borrower shall use all amounts borrowed by it under the Loan exclusively for the financing of Sub-projects to which allocation have been made pursuant to Article 1.10.

(b) The Borrower shall ensure that it has the other funds necessary for the completion of the part of the Project financed by the Bank under this Contract, and that such funds are expended, to the extent required, on the financing of the part of the Project financed by the Bank under this Contract.

(c) The Borrower shall enter into Sub-Financing Agreements with the Final Beneficiaries in order to channel the proceeds of the Loan to the relevant Final Beneficiary, in the form and substance satisfactory to the Bank.

6.02 Completion of Project

The Borrower shall, and shall procure that the Final Beneficiaries will, carry out the Project in accordance with the Technical Description as may be modified from time to time with the approval of the Bank, and complete it by the final date specified therein.

6.03 Increased cost of Project

If the total cost of the Project exceeds the estimated figure set out in Recital (6), the Borrower shall obtain the finance to fund the excess cost without recourse to the Bank, so as to enable the Project to be completed. The plans for funding the excess cost shall be communicated to the Bank without delay.

6.04 Continuing Project undertakings

The Borrower shall, and shall procure that the PMU, the PIUs and each Final Beneficiary will (as applicable):

(a) **Maintenance**: maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order;

(b) **Project assets**: unless the Bank has given its prior consent in writing, retain title to and possession of all or substantially all the assets comprising the Project or, as appropriate, replace and renew such assets and maintain the Project in substantially continuous operation in accordance with its original purpose; provided that the Bank may withhold its consent only where the proposed action would prejudice the Bank's interests as lender to the Borrower or would render the Project ineligible for financing by the Bank under its Statute or under Article 309 of the Treaty on the Functioning of the European Union.

(c) **Insurance:** insure all works and property forming part of the Project with first class insurance companies in accordance with the most comprehensive relevant industry practice;

(d) **Rights and Permits**: maintain in force all rights of way or use and all Authorisations necessary for the execution and operation of the Project;

(e) **Environment and Social**:

(i) implement and operate the Project in compliance with Environmental and Social Standards and procure that each contract signed with contractors for implementing the individual Sub-projects contained provisions that require compliance with ILO standards and occupational health and safety standards;

(ii) obtain, maintain and comply with requisite Environmental or Social Approvals for the Project;

(iii) implement, to the satisfaction of the Bank, the Environmental and Social Action Plan and the Stakeholder Engagement Plan for each Sub-project;

(iv) not commit any Bank fund against Sub-projects that require an Environmental and Social Impact Assessment Study or biodiversity assessment according to applicable laws without, prior to commitment, receiving the consent from the competent authority, and the Non-Technical Summary of the Environmental and Social Impact Assessment Study having been made available to the public and provided to the Bank as per Article 1.08A(a). For Sub-projects for which the competent authority does not require an EIA, the Bank shall receive a copy of the decision by the competent authority indicating the basis for it, as well as evidence of public disclosure of this decision. Should the Bank determine that a full Environmental and Social Impact Assessment Study would be required in line with its Environmental and Social Standards, the completion of the full Environmental and Social Impact Assessment Study or the remaining steps to complete Environmental and Social Impact Assessment Study will be required; and

(v) ensure that Final Beneficiaries of individual Sub-projects implement, to the satisfaction of the Bank, the Environmental and Social Action Plan, the Stakeholder Engagement Plan, and the Livelihood Restoration Plan, where applicable.

(f) **EU law**: execute and operate the Project and each particular Sub-project in accordance with the relevant standards of EU law to the extent implemented by the laws of the Republic of Moldova or specified by the Bank prior to the date of this Contract.

(g) **Financial viability of the Sub-projects**: ensure financial viability of the Sub-projects after implementation.

(h) **Affordability of solid waste services:** ensure the affordability of solid waste services for users of the new solid waste management systems financed from the Loan to the Bank's satisfaction.

(i) **PIU**: ensure that for each allocated Sub-project, the relevant Inter-municipal entity is adequately staffed and that the PIUs are maintained until the completion of the relevant allocated Sub-projects to the Bank's satisfaction.

(j) **Other undertakings**:

(i) store, maintain and update the relevant documentation including:

(1) for Sub-projects requiring an Environmental and Social Impact Assessment Study, environmental studies related to Environmental and Social Impact Assessment Study, the Non-Technical Summaries of Environmental and Social Impact Assessment Studies, and Nature/Biodiversity Assessments or equivalent documents supporting the compliance Environmental and Social Standards;

(2) for Sub-projects not requiring an Environmental and Social Impact Assessment Study, a reasoned statement from the competent authority as to why an EIA is not necessary.

(ii) ensure that there is no double-financing of the Sub-projects with other Bank's loans with the same Borrower or with the same Final Beneficiary;

(iii) ensure that an Environmental and Social Impact Assessment Study for all Sub-projects that are expected to have a significant impact on the environment, according to the definitions and criteria contained in the relevant Environmental and Social Standards is carried out;

(iv) suspend the authorisation of any payment of any part of a Tranche to a Final Beneficiary which, or whose management, is being investigated by a relevant authority for any Prohibited Conduct;

(v) procure that the Bank is promptly notified of the suspension or cancellation of the implementation of any Sub-project;

(vi) ensure that the Project and each Sub-project is implemented in accordance with the PPM; and

(vii) ensure that the PMU, the PIU and the Final Beneficiaries (as applicable) will receive any payment from the Borrower to, and make any payments to the Borrower from, a bank account in the name of a Final Beneficiary held with a duly authorised financial institution in the Republic of Moldova.

(k) **Information by the Final Beneficiaries**: ensure that the PMU, PIUs and the Final Beneficiaries promptly inform the Borrower:

(i) of a genuine allegation, complaint or information with regard to Prohibited Conduct related to any funds made available under the Project and/or Sub-projects;

(ii) of any measure taken by the Final Beneficiaries pursuant to Article 6.09 (*Integrity commitment*) of this Contract (including measures taken to seek damages from the persons responsible for any loss resulting from any act of the nature described in Article 6.09);

(iii) to the extent permitted by law, of any material litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which to the best of their knowledge and belief, is current, imminent or pending against any Final Beneficiary or its duly authorised agents or representatives having direct decision and control powers in relation to the Loan, to the Project and/or the Sub-projects in connection with Prohibited Conduct related to the Loan or the Project or the Sub-projects; and

(iv) if at any time it becomes aware of the illicit origin of any funds invested in the Project by it, including products of Money Laundering or linked to the Financing of Terrorism.

(l) **Books and records**: ensure that (i) the Borrower keeps proper books and records of account, in which full and correct entries shall be made of all financial transactions, including expenditures in connection with the Project; (ii) the PMU, the PIU and the Final Beneficiaries will keep books and records of all financial transactions and expenditures in connection with the Sub-projects; and (iii) the PMU, the PIU and the Final Beneficiaries will keep true copies of contracts financed with the proceeds of the Loan and evidence of expenditures relating to disbursements for at least six (6) years from the substantial performance of the relevant contract.

6.05 Programme Management Unit

In order to support, monitor, and report on all aspects of Project implementation, including the procurement of goods, works and services for the Project, the Borrower shall, unless otherwise agreed with the Bank, establish or assign to already existing Unit under the direct supervision of the Ministry of Agriculture, Regional Development and Environment, with conditions acceptable to the Bank and at all times during execution of the Project operate a PMU at the Ministry of Agriculture, Regional Development and Environment with adequate resources and suitably qualified personnel as referred to in Article 1.04, under terms of reference acceptable to the Bank. The Borrower shall procure that the Ministry of Agriculture, Regional Development and Environment entrusts the PMU with the overall co-ordination of the Project and the responsibility for the implementation of the Project. The PMU shall act as the Bank's counterpart in all technical, financial, investment selection, disbursement facilitation, accounting/auditing, reporting, procurement and administration matters.

The Borrower, acting through the Ministry of Agriculture, Regional Development and Environment undertakes to ensure that the Bank can, at the sole discretion of the Bank, directly access any international consultant working on the Project at any time.

6.06 Procurement procedure

The Borrower, acting through the Ministry of Agriculture, Regional Development and Environment, shall, and shall procure that the PIUs and each Final Beneficiary will (as applicable):

(a) purchase equipment, secure services and order works for each Sub-project financed by EIB by acceptable procurement procedures complying, to the Bank's satisfaction, with its policy and standards as described in its Guide to Procurement and as set out in the PPM;

(b) permit independent observers to visit its premises during all stages of tendering;

(c) grant the right of the Bank in connection with the tendering of each Sub-project,

to:

(A) review the evaluation reports prior to their approval by the relevant evaluation committees; and

(B) prescribe the venue of the tender evaluations and the manner of the receipt and storage of the bids; and

(C) access to all procurement and tender documents at all procurement stages and for all types of procurement procedures,

(d) ensure that all contracts under a Sub-project to be procured after the date of this Contract which would fall within the scope and threshold fixed by EU Directives on procurement, even if the latter are not as such applicable to the Borrower or any Final Beneficiary, provide for:

(i) the requirement that the relevant contractor promptly informs the Bank and the Borrower of a genuine allegation, complaint or information with regard to Prohibited Conducts related to the relevant Sub-project;

(ii) the requirement that the relevant contractor keeps books and records of all financial transactions and expenditures in connection with the relevant Sub-project; and

(iii) the Bank's right, in relation to an alleged Prohibited Conduct, to review the books and records of the relevant contractor in relation to the relevant Sub-project and to take copies of documents to the extent permitted by law.

The Borrower shall, and shall procure that the Final Beneficiaries will, ensure that review procedures for effective remedies are available to any party having, or having had, an interest in obtaining a particular contract and who has been or might be harmed by an alleged infringement of the Guide to Procurement of the Bank.

B. General undertakings

6.07 Compliance with laws

The Borrower shall, and shall procure that each Final Beneficiary will comply in all respects with all laws to which it, or the Project is subject.

6.08 General Representations and Warranties

The Borrower represents and warrants to the Bank that:

(a) it has the power to execute, deliver and perform its obligations under this Contract and all necessary action has been taken to authorise the execution, delivery and performance of the same by it;

(b) this Contract constitutes its legally valid, binding and enforceable obligations;

(c) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Contract do not and will not:

(i) contravene or conflict with any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject; or

(ii) contravene or conflict with any agreement or other instrument binding upon it which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Contract;

(d) there has been no Material Adverse Change since 25 August 2015;

(e) no event or circumstance which constitutes an Event of Default has occurred and is continuing unremedied or unwaived;

(f) no litigation, arbitration, administrative proceedings or investigation is current or to its knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against it or any of its subsidiaries or the PMU, or any PIU or any Final Beneficiary any unsatisfied judgement or award;

(g) it has and the PMU, the PIUs and the Final Beneficiaries have obtained all necessary Authorisations in connection with this Contract and the Project and/or Sub-projects in order to lawfully comply with their obligations hereunder, and the Project, the Sub-projects and all such Authorisations are in full force and effect and admissible in evidence;

(h) its payment obligations under this Contract rank not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to companies generally;

(i) it is in compliance with Article 6.04(e) and to the best of its knowledge and belief (having made due and careful enquiry) no Environmental or Social Claim has been commenced or is threatened against it;

(j) the Project (including without limitation, the negotiation, award and performance of contracts financed or to be financed by the Loan) has not involved or given rise to, any Prohibited Conduct;

(k) to the best of its knowledge, having made all reasonable enquiries, no funds invested in the Project by the Borrower, the PMU, by any PIU or by any Final Beneficiary are of illicit origin, including products of Money Laundering or linked to the Financing of Terrorism;

(l) neither the Borrower, the PMU, any PIU, any Final Beneficiary, their officers and directors nor any other person acting on their behalf or under their control has committed nor will commit (i) any Prohibited Conduct in connection with the Project, any Sub-project or any transaction contemplated by the Contract; or (ii) any illegal activity related to the Financing of Terrorism or Money Laundering;

(m) the Borrower is a state party to the New York Convention and any arbitral award or judgment obtained in accordance with the terms of this Contract will be recognised and enforced under the laws of the Republic of Moldova; and

(n) it is in compliance with all undertakings under this Article 6.

The representations and warranties set out above shall survive the execution of this Contract and are deemed repeated on each Scheduled Disbursement Date and each Payment Date.

6.09 Integrity Commitment

(a) **Prohibited Conduct**:

(i) The Borrower shall not (and shall ensure that no PMU, no PIU and no Final Beneficiary will) engage in any Prohibited Conduct in connection with the Project, any
Sub-projects, any tendering procedure for the Project and/or Sub-projects, or any transaction contemplated by the Contract or any documents associated with the Project and/or the Sub-projects.

(ii) The Borrower undertakes (and shall ensure that the PMU, each PIU and each Final Beneficiary will undertake) to take such action as the Bank shall reasonably request to investigate or terminate any alleged or suspected occurrence of any Prohibited Conduct.

(iii) The Borrower undertakes (and shall ensure that the PMU, each PIU and each Final Beneficiary will undertake) to ensure that contracts financed by this Loan include the necessary provisions to enable the Borrower to investigate or terminate any alleged or suspected occurrence of any Prohibited Conduct in connection with the Project and/or the Sub-projects.

(b) **Sanctions**:

The Borrower shall not (and shall ensure that no PMU, PIU or Final Beneficiary will):

(i) enter into a business relationship with any Sanctioned Person; or

(ii) make any funds available to or for the benefit of, directly or indirectly, any Sanctioned Person.

(c) **Management**:

The Borrower undertakes (and shall ensure that the PMU, each PIU and each Final Beneficiary undertakes) to take within a reasonable timeframe appropriate measures in respect of any duly authorised agents, representatives of the Borrower, PMU, PIUs and Final Beneficiaries (as applicable) having direct decision and control powers in relation to the Loan and to the Project and/or Sub-projects who:

(i) becomes a Sanctioned Person; or

(ii) is the subject of a final and irrevocable court ruling in connection with the Prohibited Conduct perpetrated in the course of the exercise of their professional duties,

in order to ensure that such person is suspended, dismissed or in any case excluded from the activities of the relevant Borrower and/or PMU and/or PIU and/or Final Beneficiary (as applicable) in relation to the Loan and to the Sub-projects (as applicable).

6.10 EIB Loan Account

The Borrower undertakes to designate the EIB Loan Account for the purposes or receiving disbursements of the Loan from the Bank. The Borrower undertakes to separate the EIB Loan Account from any other of its assets and ensure that payments from such account will only be made for the purposes of implementing the Project in accordance with this Contract, the NIF Documentation (if applicable) and other relevant agreements, if any. The Borrower also undertakes to ensure that the EIB Loan Account shall at all times be insolvency remote and that no other creditor of the Borrower shall have any access to or rights to receive monies from such account.

ARTICLE 7

Security

The undertakings in this Article 7 remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.

7.01 *Pari Passu* ranking

The Borrower shall ensure that its payment obligations under this Contract rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its External Debt Instruments except for obligations mandatorily preferred by laws of general application.

In particular, if the Bank makes a demand under Article 10.01 or if an event or potential event of default under any unsecured and unsubordinated External Debt Instrument of the Borrower or of any of its agencies or instrumentalities has occurred and is continuing, the Borrower shall not make (or authorise) any payment in respect of any other such External Debt Instrument (whether regularly scheduled or otherwise) without simultaneously paying, or setting aside in a designated account for payment on the next Payment Date a sum equal to, the same proportion of the debt outstanding under this Contract as the proportion that the payment under such External Debt Instrument bears to the total debt outstanding under that Instrument. For this purpose, any payment of an External Debt Instrument that is made out of the proceeds of the issue of another instrument, to which substantially the same persons as hold claims under the External Debt Instrument have subscribed, shall be disregarded.

In this Contract, "**External Debt Instrument**" means:

(a) an instrument, including any receipt or statement of account, evidencing or constituting an obligation to repay a loan, deposit, advance or similar extension of credit (including without limitation any extension of credit under a refinancing or rescheduling agreement);

(b) an obligation evidenced by a bond, debenture or similar written evidence of indebtedness; or

(c) a guarantee granted by the Borrower for an obligation of a third party; provided in each case that such obligation is:

  (i) governed by a system of law other than the law of the Borrower;

  (ii) payable in a currency other than the currency of the Borrower's country; or

  (iii) payable to a person incorporated, domiciled, resident or with its head office or principal place of business outside the Borrower's country.

7.02 Additional security

Should the Borrower grant to a third party any security for the performance of any External Debt Instrument or any preference or priority in respect thereof, the Borrower shall, if so required by the Bank, provide to the Bank equivalent security for the performance of its obligations under this Contract or grant to the Bank equivalent preference or priority.

7.03 Clauses by inclusion

If the Borrower or concludes with any other medium or long term financial creditor a financing agreement that includes a loss-of-rating clause, and/or a cross default clause and/or a *pari passu* clause, if applicable, that is stricter than any equivalent provision of this Contract, the Borrower shall so inform the Bank and shall, at the request of the Bank, execute an agreement to amend this Contract so as to provide for an equivalent provision in favour of the Bank.

ARTICLE 8

Information and Visits

8.01 Information concerning the Project

The Borrower shall:

(a) deliver to the Bank:

(i) the information in content and in form, and at the times, specified in Schedule A.2 or otherwise as agreed from time to time by the parties to this Contract; and

(ii) any such information or further document concerning the financing, procurement, implementation, operation of the Project and related environmental or social matters as the Bank may reasonably require within a reasonable time;

provided always that if such information or document is not delivered to the Bank on time, and the Borrower does not rectify the omission within a reasonable time set by the Bank in writing, the Bank may remedy the deficiency, to the extent feasible, by employing its own staff or a consultant or any other third party, at the Borrower's expense and the Borrower shall provide such persons with all assistance necessary for the purpose;

(b) submit for the approval of the Bank without delay any material change to the Project, also taking into account the disclosures made to the Bank in connection with the Project prior to the signing of this Contract, in respect of, *inter alia*, the price, design, plans, timetable or to the expenditure programme or financing plan for the Project;

(c) immediately inform the Bank in writing of the occurrence of the due ratification of this Contract in accordance with the applicable laws of the Republic of Moldova;

(d) generally inform the Bank of any fact or event known to it which, in its reasonable opinion, might materially prejudice or affect the conditions of execution or operation of the Project;

(e) as soon as it becomes aware thereof (including, for the avoidance of doubt, when it is informed thereof by the PMU, PIU or a Final Beneficiary) promptly inform the Bank of a genuine allegation, complaint or information with regard to Prohibited Conduct related to any funds made available under the Project;

(f) shall ensure that the PMU, by any PIU or by any Final Beneficiary, as soon as it becomes aware thereof promptly inform the Bank of a genuine allegation, complaint or information with regard to Prohibited Conduct related to any funds made available under the Project;

(g) promptly inform the Bank of:

(i) any action or protest initiated or any objection raised by any third party or any genuine complaint received by it or any Environmental or Social Claim that is to its knowledge commenced, pending or threatened against it; and

(ii) any fact or event known to it, which may substantially prejudice or affect the conditions of execution or operation of the Project;

(iii) any non-compliance by it with any Environmental and Social Standard;

(iv) should it become aware of any fact or information confirming or reasonably suggesting that (a) any Prohibited Conduct has occurred in connection with the Project, or (b) any of the funds invested in the Project was derived from illicit origin, or (c) any measure has been taken by any Final Beneficiary pursuant to Article 6.09 (*Integrity Commitment*);

(v) any suspension, revocation or modification of any Environmental Approval,

and set out the action to be taken with respect to such matters.

(h) provide to the Bank, if so requested:

(i) a certificate of its insurers showing fulfilment of the requirements of Article 6.04(c);

(ii) annually, a list of policies in force covering the insured property forming part of the Project, together with confirmation of payment of the current premiums; and

(iii) true copies of contracts financed with the proceeds of the Loan and evidence of expenditures relating to disbursements.

8.02 Information concerning the Borrower

The Borrower shall, and shall procure that the PMU will (as applicable):

(a) deliver to the Bank:

(i) each year, within one month after the approval of the State Budget, acting through its Ministry of Finance, a summary of the State Budget in tabular form;

(ii) if available, financial reports and/or forecasts related to the Project and/or any individual Sub-Project;

(iii) from time to time, such further information on the Borrower's general financial situation as the Bank may reasonably require; and

(iv) any such information or further document concerning customer due diligence matters of or for the Borrower and/or any Final Beneficiary as the Bank may reasonable require within a reasonable time;

(b) ensure that its accounting records fully reflect the operations relating to the financing, execution and operation of the Project; and

(c) inform the Bank immediately of:

(i) any fact which obliges the Borrower to prepay any financial indebtedness or any EU funding;

(ii) any event or decision that constitutes or may result in a Prepayment Event;

(iii) any intention on the Borrower's part to grant any security over any of its assets in favour of a third party;

(iv) any intention on the Borrower's or the PMU's or the PIUs' or the Final Beneficiaries' part to relinquish ownership of any material part of the Project and/or the Sub-projects;

(v) any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower or of the PMU or of the PIUs or of the Final Beneficiaries under this Contract;

(vi) any Event of Default having occurred or being threatened or anticipated;

(vii) any fact or event which results in any of its duly authorised agents, representatives of the Borrower or the PMU or the PIUs or the Final Beneficiaries (as applicable) having direct decision and control powers in relation to the Loan and to the Project and/or the Sub-projects being a Sanctioned Person;

(viii) to the extent permitted by law, any material litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which, to the best of its knowledge and belief, is current, imminent or pending against the Borrower or the PMU or the PIUs or the Final Beneficiaries or their duly authorised agents, representatives of the Borrower or the PMU or the PIUs or the Final Beneficiaries (as applicable) having direct decision and control powers in relation to the Loan and to the Project and/or the Sub-projects in connection with Prohibited Conduct related to the Loan or the Project and/or the Sub-projects;

(ix) any measure taken by the Borrower pursuant to Article 6.09 (*Integrity commitment*) of this Contract (including measures taken to seek damages from the persons responsible for any loss resulting from any act of the nature described in Article 6.09); and

(x) any litigation, arbitration or administrative proceedings or investigation which is current, threatened or pending and which might if adversely determined result in a Material Adverse Change.

8.03 Visits, Rights of Access and Investigation

(a) The Borrower shall, and shall procure that the PMU, the PIUs and the Final Beneficiaries shall, allow persons designated by the Bank, as well as persons designated by competent EU institutions including (without limitation) the Court of Auditors of the European Union, the European Commission and the European Anti-Fraud Office to

(i) visit the sites, installations and works comprising the Project and the Sub-projects and to conduct such checks as they may wish for purposes connected with this Contract and the financing of the Project and/or Sub-projects,

(ii) interview representatives of the Borrower, the PMU, any PIU and/or any Final Beneficiary and not obstruct contacts with any other person involved in or affected by the Project and/or Sub-projects; and

(iii) review the Borrower's, the PMU's and/or any PIU's and/or any Final Beneficiary's books and records in relation to the execution of the Project and/or Sub-projects and to be able to take copies of related documents to the extent permitted by the law.

(b) The Borrower shall, and shall procure that the PMU, the PIUs and the Final Beneficiaries shall, facilitate investigations by the Bank and by other competent European Union institutions or bodies in connection with any alleged or suspected occurrence of a Prohibited Conduct and shall provide the Bank, or ensure that the Bank is provided, with all necessary assistance for the purposes described in this Article.

(c) The Borrower shall acknowledge, and shall procure that the PMU, the PIUs and the Final Beneficiaries acknowledge, that the Bank may be obliged to communicate information relating to the Borrower, the PMU, the PIUs, the Final Beneficiaries and the Project and/or Sub-projects to any competent institution or body of the European Union including the Court of Auditors of the European Union, the European Commission and the European Anti-Fraud Office as are necessary for the performance of their task in accordance with the laws of the European Union and also in accordance with the relevant mandatory provisions of European Union law.

8.04 Language

Documents (other than constitutional documents, statutory and other official documents, or internal regulations of the Borrower), evidence, notices and communications provided or made by the Borrower pursuant to this Contract shall be provided in the English language. Where documents are not provided in the English language, the Borrower shall simultaneously provide a certified translation thereof into the English language.

ARTICLE 9

Charges and expenses

9.01 Taxes, duties and fees

The Borrower shall pay all Taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution or implementation of this Contract or any related document and in the creation, perfection, registration or enforcement of any security for the Loan to the extent applicable.

The Borrower shall pay all principal, interest, indemnities and other amounts due under this Contract gross without deduction of any national or local impositions whatsoever; provided that, if the Borrower is obliged to make any such deduction, it will gross up the payment to the Bank so that after deduction, the net amount received by the Bank is equivalent to the sum due.

9.02 Other charges

The Borrower shall bear all charges and expenses, including professional, banking or exchange charges incurred in connection with the preparation, execution, implementation, enforcement and termination of this Contract or any related document, any amendment, supplement or waiver in respect of this Contract or any related document, and in the amendment, creation, management, enforcement and realisation of any security for the Loan.

9.03 Increased costs, indemnity and set-off

(a) The Borrower shall pay to the Bank any sums or expenses incurred or suffered by the Bank as a consequence of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation made after the date of signature of this Contract, in accordance with or as a result of which:

(i) the Bank is obliged to incur additional costs in order to fund or perform its obligations under this Contract; or

(ii) any amount owed to the Bank under this Contract or the financial income resulting from the granting of the Credit or the Loan by the Bank to the Borrower is reduced or eliminated.

(b) Without prejudice to any other rights of the Bank under this Contract or under any applicable law, the Borrower shall indemnify and hold the Bank harmless from and against any loss incurred as a result of any payment or partial discharge that takes place in a manner other than as expressly set out in this Contract.

(c) The Bank may set off any matured obligation due from the Borrower under this Contract (to the extent beneficially owned by the Bank) against any obligation owed by the Bank to the Borrower regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Bank may set off in an amount estimated by it in good faith to be the amount of that obligation.

ARTICLE 10

Events of Default

10.01 Right to demand repayment

The Borrower shall repay all or part of the Loan (as requested by the Bank) forthwith, together with accrued interest and all other accrued or outstanding amounts under this Contract, upon written demand being made by the Bank in accordance with the following provisions.

10.01A **Immediate demand**

The Bank may make such demand immediately:

(a) if the Borrower does not pay on the due date any amount payable pursuant to this Contract at the place and in the currency in which it is expressed to be payable, unless (i) its failure to pay is caused by an administrative or technical error or a Disruption Event and (ii) payment is made within 3 Business Days of its due date;

(b) if any information or document given to the Bank by or on behalf of the Borrower or any representation or statement made or deemed to be made by the Borrower in this Contract or in connection with the negotiation of this Contract is or proves to have been incorrect, incomplete or misleading in any material respect;

(c) if, following any default of the Borrower in relation to any loan, or any obligation arising out of any financial transaction, other than this Loan granted by the Bank:

(i) the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, discharge, close out or terminate ahead of maturity such other loan or obligation; or

(ii) any financial commitment for such other loan or obligation is cancelled or suspended.

(d) if the Borrower is unable to pay its debts as they fall due, or suspends its debts, or makes or, seeks to make a composition with its creditors;

(e) if the Borrower defaults in the performance of any obligation in respect of any other loan made to it from the resources of the Bank or the European Union;

(f) if any distress, execution, sequestration or other process is levied or enforced upon the property of the Borrower or any property forming part of the Project and is not discharged or stayed within 14 (fourteen) days;

(g) if a Material Adverse Change occurs, as compared with the Borrower's condition at the date of this Contract;

(h) if it is or becomes unlawful for the Borrower to perform any of its obligations under this Contract or this Contract is not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms;

(i) if any obligation assumed by the Borrower as stated in the Framework Agreement ceases to be fulfilled as regards any loan made to any borrower in the Borrower's territory from the resources of the Bank, or the European Union;

(j) if the conditions for cover under the EU Guarantee are not fulfilled or if the EU Guarantee ceases to be valid, effective or enforceable in accordance with its terms;

(k) if the Borrower defaults in the performance of any obligation in respect of any other loan or financial instrument granted by the Bank or the EU or to the Bank or any other obligation to be fulfilled in connection with the receipt of any funds by the Borrower from the EU; or

(l) if the Borrower defaults in the performance of any of its obligations under the EBRD Loan Documentation, or the NIF Documentation or the E5P Grant Documentation.

10.01B **Demand after notice to remedy**

The Bank may also make such demand:

(a) if the Borrower fails to comply with any obligation under this Contract not being an obligation mentioned in Article 10.01A; or

(b) if any fact stated in the Recitals materially alters and is not materially restored and if the alteration either prejudices the interests of the Bank as lender to the Borrower or adversely affects the implementation or operation of the Project,

unless the non-compliance or circumstance giving rise to the non-compliance is capable of remedy and is remedied within a reasonable period of time specified in a notice served by the Bank on the Borrower.

10.02 Other rights at law

Article 10.01 shall not restrict any other right of the Bank at law to require prepayment of the Loan.

10.03 Indemnity

10.03A **Fixed Rate Tranches**

In case of demand under Article 10.01 in respect of any Fixed Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with the Prepayment Indemnity on any amount of principal due to be prepaid. Such Prepayment Indemnity shall accrue from the due date for payment specified in the Bank's notice of demand and be calculated on the basis that prepayment is effected on the date so specified.

10.03B **Floating Rate Tranches**

In case of demand under Article 10.01 (*Right to demand repayment*) in respect of any Floating Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with a sum equal to the present value of 0.15% (fifteen basis points) *per annum* calculated and accruing on the amount of principal due to be prepaid in the same manner as interest would have been calculated and would have accrued, if that amount had remained outstanding according to the original amortisation schedule of the Tranche, until the Maturity Date.

The value shall be calculated at a discount rate equal to the Redeployment Rate applied as of each relevant Payment Date.

10.03C **General**

Amounts due by the Borrower pursuant to this Article 10.03 shall be payable on the date of prepayment specified in the Bank's demand.

10.04 Non-Waiver

No failure or delay or single or partial exercise by the Bank in exercising any of its rights or remedies under this Contract shall be construed as a waiver of such right or remedy. The rights and remedies provided in this Contract are cumulative and not exclusive of any rights or remedies provided by law.

10.05 Application of sums received

Sums received by the Bank following a demand under Article 10.01 shall be applied first in payment of expenses, interest and indemnities and secondly in reduction of the outstanding instalments in inverse order of maturity. The Bank may apply sums received between Tranches at its discretion.

ARTICLE 11

Law and dispute resolution

11.01 Governing Law

This Contract, and any non-contractual obligations arising out of or in connection with it, shall be governed by Luxembourg law.

11.02 Arbitration

(a) This Article 11.02 shall be governed by Dutch law.

(b) Any dispute, claim, difference or controversy arising out of, relating to or having any connection with this Contract, including any dispute as to its existence, validity, interpretation, performance, breach or termination or the consequences of its nullity and any dispute relating to any non-contractual obligations arising out of or in connection with it (for the purpose of this Article, a Dispute), shall be referred to and finally resolved by arbitration under the Rules of Arbitration of the International Chamber of Commerce (for the purpose of this Article, the "**Rules**").

(c) The Rules are incorporated by reference into this Article and capitalised terms used in this Article which are not otherwise defined in this Contract have the meaning given to them in the Rules.

(d) The number of arbitrators shall be three. The arbitrators nominated by the parties shall jointly nominate the third arbitrator who, subject to confirmation by the ICC Court, will act as president of the arbitral tribunal.

(e) The seat or legal place of arbitration shall be Amsterdam.

(f) The language used in the arbitral proceedings shall be English. All documents submitted in connection with the proceedings shall be in the English language, or, if in another language, accompanied by an English translation. Each arbitrator shall be English law qualified and have 10 years practicing experience.

(g) Service by the Secretariat of any Request for Arbitration made pursuant to this Article shall be at the address given for the sending of notices under this Contract at Article 12 and in a manner provided for in that Article.

(h) If, at the case management conference, it appears to the Arbitral Tribunal that there is or may be no real prospect of succeeding on any or all of the claims made in the arbitration or of successfully defending any or all of the claims made in the arbitration, the Arbitral Tribunal may determine such claim(s) by a summary procedure if it considers that it is in the interests of justice to do so. The parties may make submissions about whether this is an appropriate procedure. In the event that a summary procedure is adopted, the Arbitral Tribunal shall proceed to determine such claim(s) as soon as reasonably practicable. The Arbitral Tribunal may call for further short written submissions in relation to such claim(s) and shall only hold an oral hearing to determine by way of award such claim(s) if it feels that it is necessary to do so. The Arbitral Tribunal may decide to determine in its award only certain claims advanced in the arbitration by the summary procedure.

(i) Nothing in this Article 11 shall interfere with, override or otherwise erode Bank's privileges and immunities as set out in the EU treaties including, without limitation, the inviolability of its archives and the Bank expressly reserved its rights in this regard.

11.03 Evidence of sums due

In any legal action arising out of this Contract the certificate of the Bank as to any amount or rate due to the Bank under this Contract shall in the absence of manifest error be *prima facie* evidence of such amount or rate.

11.04 Waiver of immunity

To the extent that the Borrower may in any jurisdiction claim for itself or its assets immunity from suit, enforcement, attachment or other legal process, the Borrower hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction.

11.05 Place of performance

Unless otherwise specifically agreed by the Bank in writing, the place of performance under this Contract shall be the seat of the Bank.

11.06 Entire Agreement

(a) This Contract entered into in connection therewith:

(i) represents the entire understanding and constitutes the entire agreement between the Parties in relation to its subject matter; and

(ii) supersedes any and all previous discussions, correspondence, representations (of whatever nature) and agreements between the Parties with respect thereto, notwithstanding the existence of any provision of any such prior agreement that any rights or provisions of such prior agreement shall survive its termination.

(b) Each party hereby acknowledges that it has not relied upon any statement or representation made by any Party other than those contained herein in agreeing to enter into this Contract.

11.07 Changes to Parties

The Borrower may not assign or transfer any of its rights or obligations under this Contract without the prior written consent of the Bank.

The Bank may assign all or part of its rights and benefits or transfer (by way of novation, sub-participation or otherwise) all or part of its rights, benefits and obligations under this Contract.

11.08 Invalidity

If at any time any term of this Contract is or becomes illegal, invalid or unenforceable in any respect, or this Contract is or becomes ineffective in any respect, under the laws of any jurisdiction, such illegality, invalidity, unenforceability or ineffectiveness shall not affect:

(a) the legality, validity or enforceability in that jurisdiction of any other term of this Contract or the effectiveness in any other respect of this Contract in that jurisdiction; or

(b) the legality, validity or enforceability in other jurisdictions of that or any other term of this Contract or the effectiveness of this Contract under the laws of such other jurisdictions.

11.09 Amendments

This Contract may be amended by written agreement between the Bank and the Borrower. Such amendments shall become effective to amend this Contract in accordance with the terms set out in the relevant amendment agreement without the need for such amendment to be formalised by, without limitation, approval or ratification by the Parliament of the Republic of Moldova.

11.10 Counterparts

This Contract may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

ARTICLE 12

Final clauses

12.01 Notices to either party

Notices and other communications given under this Contract addressed to either party to this Contract shall be made to the address, e-mail address, or facsimile number as set out below, or to such other address, e-mail address, or facsimile number as a party previously notifies to the other in writing:

For the Bank	Attention: Ops 98-100 boulevard Konrad Adenauer L-2950 Luxembourg Facsimile no.: +352 4379 67495 *E-mail address: ops-nc2-projects@eib.org*
For the Borrower	Attention: Ministry of Agriculture, Regional Development and Environment 9, Constantin Tanase Street MD-2005 Chisinau Republic of Moldova Facsimile no.: +373 2222 0748 *E-mail address: madrm@madrm.gov.md*

12.02 Form of notice

Any notice or other communication given under this Contract must be in writing and, unless otherwise stated, may be made by letter, electronic mail or facsimile.

Notices and other communications, for which fixed periods are laid down in this Contract or which themselves fix periods binding on the addressee, may be made by hand delivery, registered letter, electronic mail or facsimile. Such notices and communications shall be deemed to have been received by the other party on the date of (i) delivery in relation to a hand-delivered or registered letter or (ii)receipt of transmission in relation to a facsimile, or (iii) in the case of any electronic mail sent by the Borrower to the Bank, only when actually received in readable form and only if it is addressed in such a manner as the Bank shall specify for this purpose, or (iv) in the case of any electronic mail sent by the Bank to the Borrower, when the electronic mail is sent

Other notices and communications may be made by hand delivery, registered letter or facsimile and by email or other electronic communication.

Without affecting the validity of any notice delivered by electronic mail or facsimile according to the paragraphs above, a copy of each notice delivered by electronic mail or facsimile shall also be sent by letter to the relevant party on the next following Business Day at the latest.Notices issued by the Borrower pursuant to any provision of this Contract shall, where required by the Bank, be delivered to the Bank together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.

Any notice provided by the Borrower to the Bank by electronic mail shall: (i) mention the Contract Number in the subject line; and (ii) be in the form of a non-editable electronic image (pdf, tif or other common non editable file format agreed between the parties) of the notice signed by an authorised signatory with individual representation right or by two or more authorised signatories with joint representation right of the Borrower as appropriate, attached to the electronic mail.

12.03 Effectiveness of this Contract

This Contract is conditional upon and shall become effective only after receipt by the Bank, in a form and substance acceptable to the Bank, of the legal opinion of the Minister of Justice of the Borrower pursuant to Article 1.04A(a).

This Contract shall not become effective until the Bank sends to the Borrower a letter confirming fulfilment of the above mentioned conditions and providing the date that this Contract becomes effective (the "**Date of Effectiveness**"), and such letter shall be conclusive evidence that this Contract has become effective.

For the avoidance of doubt, until such time as such letter has been issued by the Bank, neither the Borrower nor the Bank shall have any claims against each other or have any liability whatsoever under or in connection with this Contract.

In case the above mentioned conditions are not fulfilled within 24 (twenty-four) months from the date of signature of this Contract, this Contract shall not enter into force without any further action being necessary or required.

12.04 Recitals, Schedules and Annex

The Recitals and following Schedules form part of this Contract:

Schedule A	Technical Description and Reporting
Schedule B	Definition of EURIBOR and LIBOR
Schedule C	Forms for the Bank and the Borrower

The following Annexes are attached hereto:

Annex I	Form of Legal Opinion from the Ministry of Justice

IN WITNESS WHEREOF the parties hereto have caused this Contract to be executed in four originals in the English language and have caused Ms. Georgeta Mincu, Minister and Ms. Eugenia Paliy, Legal Counsel to initial each page of this Contract on their behalf.

At **CHISINAU**, this 18 day of October 2019

At **LUXEMBOURG**, this 18 day of **October** 2019

Signed for and on behalf of the
REPUBLIC OF MOLDOVA

Georgeta MINCU
Minister of Agriculture, Regional Development and Environment of the Republic of Moldova

Signed for and on behalf of the
EUROPEAN INVESTMENT BANK

Lionel RAPAILLE
Head of Division

Jacopo LENSI ORLANDI
Head of Division

Schedule A

TECHNICAL DESCRIPTION AND REPORTING

A.1. TECHNICAL DESCRIPTION

Purpose, Location

The project will comprise upgrades and developments of regional solid waste management systems and facilities in the Republic of Moldova, in line with the Waste Management Strategy for the Republic of Moldova 2013-2027. This strategy proposes establishment of eight solid waste regions delineated according to waste generation, geographical situation and infrastructure constraints.

Description

The Bank will finance all elements of a permanent nature forming part of regional sustainable integrated solid waste management projects. An indicative list of eligible investments is given below.

- Waste collection containers and vehicles for both mixed and separate collection
- Transfer stations (ca. 1-3 per region)
- Closure and rehabilitation of dumpsites
- Construction of new sanitary landfills (probably one per solid waste region)
- Material recovery facilities (probably one per solid waste region)
- Composting facilities (probably one per solid waste region)
- Anaerobic digestion facilities (probably in Chisinau and possibly in Balti)
- Mechanical biological treatment facilities (probably in Chisinau and Balti)

The Bank may also accept to finance other solid waste management investments in the above mentioned sectors following a separate appraisal.

The loan amount will not exceed 50% of the overall investment costs and 100% of the eligible investment costs in the eight regions. The EIB loan can however exceed 50% of the overall investment cost on individual sub-projects.

The following costs are not eligible for the Bank: VAT and other taxes and duties, land acquisition, purchase of buildings, maintenance and other operating costs, acquisition of second-hand assets, interest during construction, purchase of licences for the use of non-generated public resources (e.g. telecom licences), patents, brands and trademarks. Purely financial transactions are also not eligible.

Calendar

The sub-projects to be implemented under this finance agreement will be implemented in the period 2020 to 2024.

A.2. PROJECT INFORMATION TO BE SENT TO THE BANK AND METHOD OF TRANSMISSION

1. Dispatch of information: designation of the person responsible

The information below has to be sent to the Bank under the responsibility of:

	Financial Contact	**Technical Contact**
Company	*Ministry of Finance*	*Ministry of Agriculture, Regional Development and Environment*
Contact person	*Elena Matveeva*	*Iuliana Cantaragiu*
Title		
Function / Department financial and technical	*Head of Public Debt Department*	*Secretary of State*
Address	*Constantin Tanase Street, 7, Chişinău, MD-2005, Republic of Moldova*	*Constantin Tanase Street 9, Chișinău, Republic of Moldova*
Phone	+373 22 21 20 77	*+373 22 204 503*
Fax	+373 22 26 25 17	*+373 22 220 748*
Email	*elena.matveeva@mf.gov.md*	*iuliana.cantaragiu@madrm.gov.md*

The above-mentioned contact person(s) is (are) the responsible contact(s) for the time being. The Borrower shall inform the EIB immediately in case of any change.

2. Information on specific subjects

The Borrower shall deliver to the Bank the following information at the latest by the deadline indicated below.

Document / information	**Deadline**
Before any funds are allocated by the Bank to a Sub-project, the Borrower shall provide: - *Evidence of formation of an Inter-Municipal entity (if applicable);* - *Evidence that a fully operational Project Implementation Unit (PIU) has been established and staffed, to the satisfaction of the Bank;* - *A feasibility study of the project, including the* ***description of the tariff system and planned schedule of tariffs adjustments, with affordability analysis, as well as the*** *analysis of the future financial viability of the system;* - *A Financing Plan* - *Procurement plan and all relevant documents required by the EIB Guide to Procurement, to the satisfaction of the Bank;* - *A copy of an environmental and social impact assessment, if required, together with a copy of the relevant consent from the competent authority, which should show that public consultation has been performed and its results taken into consideration including (if relevant) the conclusions that the project will not have a significant negative impact on bird, habitat or other protected sites;* - *A copy of the livelihood restoration plan for waste pickers, where relevant* - *A copy of the stakeholder engagement plan* - *Evidence that the environmental and social management plan has been prepared to the satisfaction to the Bank;* - *A copy of any authorisations/permits/consents required at the actual stage of the sub-project to proceed with the implementation* - *Other documentation requested by the Bank, at its discretion, as individually indicated by the Bank.*	Prior to allocation

3. Information on the project's implementation

The Borrower shall deliver to the Bank the following information on project progress during implementation at the latest by the deadline indicated below.

Document / information	**Deadline**	**Frequency of reporting**
Progress Report for the Project, with details provided for each Sub-project, including: - *A brief update on the Technical Description, explaining the reasons for significant changes vs. initial scope;* - *Update on the date of completion of the Project, explaining reasons for any possible delay;* - *Update on the cost of the Project, explaining reasons for any possible cost variations vs. initial budgeted cost;* - *A description of any major issue with impact on the environment;* - *Update on procurement procedures;* - *Update on the implementation of the livelihood restoration plan for waste pickers, where relevant* - *Update on the implementation of the stakeholder engagement plan* - *Update on the project's demand or usage and comments;* - *Any significant issue that has occurred and any significant risk that may affect the Project's operation;* - *Any legal action concerning the Project that may be on-going.*	*31 January* *31 July*	*Every 6 months*
Annual audited consolidated Programme financial statements	*30 June*	*Annually*

4. Information on the end of works and first year of operation

The Borrower shall deliver to the Bank the following information on project completion and initial operation at the latest by the deadline indicated below.

Document / information	**Date of delivery to the Bank**
Completion Report for the Project, with details provided for each Sub-project, including: - *A final Technical Description of the Project as completed, explaining the reasons for any significant change compared to the Technical Description in A.1.;* - *The date of completion of the Project, explaining reasons for any possible delay;* - *The final cost of the Project, explaining reasons for any possible cost variations vs. initial budgeted cost;* - *Employment effects of the Project: person-days required during implementation as well as permanent new jobs created;* - *A description of any major issue with impact on the environment or social impacts;* - *Update on procurement procedures;* - *Update on the Project's demand or usage and comments;* - *Any significant issue that has occurred and any significant risk that may affect the Project's operation;* - *Any legal action concerning the Project that may be on-going;* - *An update on the Monitoring Indicators listed below.*	*31.03.2026*

5. Information required 3 years after the Project Completion Report

The Borrower shall deliver to the Bank the following information 3 years after the project completion report at the latest by the deadline indicated below.

Document / information	**Date of delivery to the Bank**
Update on the Monitoring Indicators listed in the table above.	*31.03.2028*

Language of reports	*English*

Monitoring indicators to be reported to the Bank in the reporting after completion are listed in the table below.

Outputs	**Units**
New collection containers	nr
New collection vehicles	nr
New or rehabilitated treatment facility capacity	t/yr
New sanitary landfill capacity	m3
Existing landfills/dumpsites closed/rehabilitated	m3

Outcomes	
Amount of recyclables/bio-waste collected separately	t/yr
Population benefitting from new waste collection system	Persons and Households
Amount of waste treated in new or rehabilitated waste treatment facility	t/yr
Population served by new or rehabilitated waste treatment facility	Persons and Households
Amount of waste disposed on new sanitary landfill	t/yr
Population served by new sanitary landfill	Persons and households

Core result indicators	
Employment during construction	Person Years
Employment – additional direct jobs during operation	FTE
Carbon footprint – relative	CO2 tonnes equiv.

Schedule B

Definitions of EURIBOR and LIBOR

A. EURIBOR

"**EURIBOR**" means:

(a) in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month;

(b) in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and

(c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "**Representative Period**").

For the purposes of paragraphs (b) and (c) above, "available" means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), under the sponsorship of EMMI and EURIBOR ACI, or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank.

""**Screen Rate**" means the rate of interest for deposits in EUR for the relevant period as published at 11h00, Brussels time, or at a later time acceptable to the Bank on the day (the "**Reset Date**") which falls 2 (two) Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal euro-zone offices of four major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them as at approximately 11h00, Brussels time, on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations.

If fewer than 2 (two) quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by the Bank, at approximately 11h00, Brussels time, on the day which falls 2 (two) Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European banks for a period equal to the Representative Period.

If no rate is available as provided above, EURIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

B. LIBOR USD

"**LIBOR**" means, in respect of USD:

(a) in respect of a relevant period of less than one month, the Screen Rate for a term of one month;

(b) in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and

(c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "**Representative Period**").

For the purposes of paragraphs (b) and (c) above, "available" means "calculated and published" under the aegis of ICE Benchmark Administration Limited (or any successor to that function of ICE Benchmark Administration Limited as determined by the Bank) for given maturities. "**Screen Rate**" means the rate of interest for deposits in USD for the relevant period as set by ICE Benchmark Administration Limited (or any successor to that function of ICE Benchmark Administration Limited as determined by the Bank) and released by financial news providers at 11h00, London time, or at a later time acceptable to the Bank on the day (the "**Reset Date**") which falls 2 (two) London Business Days prior to the first day of the relevant period.

If such Screen Rate is not so released by any financial news provider acceptable to the Bank, the Bank shall request the principal London offices of 4 (four) major banks in the London interbank market selected by the Bank to quote the rate at which USD deposits in a comparable amount are offered by each of them at approximately 11h00, London time, on the Reset Date, to prime banks in the London interbank market for a period equal to the Representative Period. If at least 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If fewer than 2 (two) quotations are provided as requested, the Bank shall request the principal New York City offices of 4 (four) major banks in the New York City interbank market, selected by the Bank, to quote the rate at which USD deposits in a comparable amount are offered by each of them at approximately 11h00, New York City time, on the day falling 2 (two) New York Business Days after the Reset Date, to prime banks in the European market for a period equal to the Representative Period. If at least 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If no rate is available as provided above, LIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

C. LIBOR GBP

"**LIBOR**" means, in respect of GBP:

(a) in respect of a relevant period of less than one month, the Screen Rate for a term of one month;

(b) in respect of a relevant period or of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and

(c) in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "**Representative Period**")

For the purposes of paragraphs (b) and (c) above, "available" means "calculated and published" under the aegis of ICE Benchmark Administration Limited (or any successor to that function of ICE Benchmark Administration Limited as determined by the Bank) for given maturities.

"**Screen Rate**" means the rate of interest for deposits in GBP for the relevant period as set by ICE Benchmark Administration Limited (or any successor to that function of ICE Benchmark Administration Limited as determined by the Bank) and released by financial news providers at 11h00, London time, or at a later time acceptable to the Bank on the day (the "**Reset Date**") on which the relevant period starts or, if that day is not a Business Day in London, on the next following day which is such a Business Day.

If such Screen Rate is not so released by any financial news provider acceptable to the Bank, the Bank shall request the principal London offices of 4 (four) major banks in the London interbank market, selected by the Bank, to quote the rate at which GBP deposits in a comparable amount are offered by each of them at approximately 11h00, London time, on the Reset Date, to prime banks in the London interbank market for a period equal to the Representative Period. If at least 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If fewer than 2 (two) quotations are provided as requested, the rate will be the arithmetic mean of the rates quoted at approximately 11h00, London time, on the Reset Date by major banks in London (selected by the Bank) for loans in GBP in a comparable amount to leading European banks for a period equal to the Representative Period.

If no rate is available as provided above, LIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

D. GENERAL

For the purposes of the foregoing definitions:

(a) "**London Business Day**" means a day on which banks are open for normal business in London and "**New York Business Day**" means a day on which banks are open for normal business in New York.

(b) All percentages resulting from any calculations referred to in this Schedule will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with halves being rounded up.

(c) The Bank shall inform the Borrower without delay of the quotations received by the Bank.

(d) If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of EMMI and EURIBOR ACI (or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank) in relation to EURIBOR or of the ICE Benchmark Administration Limited (or any successor to that function of the ICE Benchmark Administration Limited as determined by the Bank) in respect of LIBOR, the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

Schedule C[1]

Forms for the Bank and the Borrower

C.1 Form of Disbursement Offer/Acceptance (Articles 1.02B and 1.02C)

To: Republic of Moldova

From: European Investment Bank

Date:

Subject: MOLDOVA SOLID WASTE FRAMEWORK LOAN - A Finance Contract between the Republic of Moldova and the European Investment Bank dated 18 October 2019 (the "**Finance Contract**")

FI number: 84.943 Serapis number: 2014 0483

Dear Sirs,

We refer to the Finance Contract. Terms defined in the Finance Contract have the same meaning when used in this letter.

Following your request for a Disbursement Offer from the Bank, in accordance with Article 1.02B of the Finance Contract, we hereby offer to make available to you the following Tranche:

(a) Currency and amount to be disbursed and its EUR equivalent:

(b) Scheduled Disbursement Date:

(c) Interest rate basis:

(d) Interest payment periodicity:

(e) Payment Dates:

(f) Terms for repayment of principal:

(g) The first and last principal repayment dates:

(h) The Fixed Rate or Spread, applicable until the Maturity Date.

To make the Tranche available subject to the terms and conditions of the Finance Contract, the Bank must receive a Disbursement Acceptance in the form of a copy of this Disbursement Offer duly signed on your behalf, to the following fax number [__] no later than the Disbursement Acceptance Deadline of [time] Luxembourg time on [date].

The Disbursement Acceptance must be accompanied (if it has not been previously supplied) by:

(i) the indication of the bank account (with IBAN code in case of disbursements in EUR or the appropriate format for the relevant currency) where disbursement of the Tranche should be made; and

(ii) evidence of the authority of the person or persons authorised to sign it on behalf of the Borrower and the specimen signature of such person or persons.

If not accepted by the above stated time, the offer contained in this document shall be deemed to have been refused and shall automatically lapse.

If you do accept the Tranche as described in this Disbursement Offer, all the related terms and conditions of the Finance Contract shall apply, in particular, the provisions of Article 1.04.

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[1] *To be provided on paper bearing the Borrower's letterhead.*

Yours faithfully,

EUROPEAN INVESTMENT BANK

We hereby accept the above Disbursement Offer:

_____

For and behalf of [Borrower]

Date:

C.2 Form of Certificate from Borrower (Article 1.04B)

To: European Investment Bank

From: Republic of Moldova

Date: [***Insert date***]

Subject: MOLDOVA SOLID WASTE FRAMEWORK LOAN - A Finance Contract between the Republic of Moldova and the European Investment Bank dated 18 October 2019 (the "**Finance Contract**")

FI number: 84.943 Serapis number: 2014 0483

Dear Sirs,

Terms defined in the Finance Contract have the same meaning when used in this letter.

For the purposes of Article 1.04 of the Finance Contract we hereby certify to you as follows:

(a) no event described in Article 4.03 (*Compulsory prepayment*) has occurred and is continuing unremedied;

(b) there has been no material change to any aspect of the Project or in respect of which we are obliged to report under Article 8.01, save as previously communicated by us;

(c) we have sufficient funds available to ensure the timely completion and implementation of the Project in accordance with Schedule A.1;

(d) no event or circumstance which constitutes or would with the passage of time or giving of notice under the Finance Contract constitute an event of default under Article 10.01 or a Prepayment Event has occurred and is continuing unremedied or unwaived;

(e) no litigation, arbitration administrative proceedings or investigation is current or to our knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against us or any of our subsidiaries any unsatisfied judgement or award;

(f) the representations and warranties to be made or repeated by us under Article 6.10 are true in all respects; and

(g) no Material Adverse Change has occurred, as compared with our condition at the date of the Finance Contract.

Yours faithfully,

For and on behalf of Republic of Moldova

Date:

ANNEX I

Form of Legal Opinion on the Finance Contract

European Investment Bank

98-100 Bd. Konrad Adenauer

L-2950 Luxembourg

Luxembourg

To the attention of the Legal Directorate

[date]

Re: MOLDOVA SOLID WASTE FRAMEWORK LOAN - A Finance Contract between the Republic of Moldova and the European Investment Bank dated 18 October 2019 (FI number: 84.943; Serapis number: 2014 0483)

Dear Sirs,

I, the undersigned, Minister of Justice of the Republic of Moldova, am giving this opinion pursuant to Article 1.04 A (i) of the Finance Contract (the "Finance Contract") for the Moldova Solid Waste FL Project in an amount equivalent to EUR 25 000 000, made on [to be confirmed] between the Republic of Moldova (the "Borrower") and the European Investment Bank (the "Bank"). All terms used herein and not otherwise defined shall have the same meaning as in the Finance Contract.

I have examined an original of the Finance Contract and I have examined such laws, documents and other matters, as I have deemed necessary or appropriate for the purpose of giving this opinion.

1. Subject to the foregoing, I am of the opinion that:

   (a) the Finance Contract has been duly executed and delivered on behalf of the Borrower by Ms. Georgeta MINCU, Minister of Agriculture, Regional Development and Environment of the Republic of Moldova as lawful representative of the Borrower; and

   (b) the execution of the Finance Contract by Ms. Georgeta MINCU, Minister of Agriculture, Regional Development and Environment of the Republic of Moldova as lawful representative of the Borrower has been made upon the provisions of [INSERT DETAILS OF RELEVANT LAW].

2. No provision exists in the Republic of Moldova, which would make it necessary that the Finance Contract be filed, recorded or enrolled with any court or authority in order to ensure its legality, validity or enforceability.

3. The choice of Luxembourg law as the law governing the Finance Contract is valid and enforceable.

4. None of the entry into and performance by the Borrower of, and the transactions contemplated by, the Finance Contract, the acceptance of the Credit, the signing of a Disbursement Offer, the submission of a Disbursement Request or the acceptance of a disbursement of a Tranche under the Finance Contract in any way conflicts with or breaches any restrictions on the incurring of financial indebtedness by the Borrower imposed by any international financial institution or international bank.

5. By virtue of the provisions of the Finance Contract, any dispute between the parties shall be settled by final and binding arbitration in accordance with the UNCITRAL Arbitration Rules. Any award of such tribunal of arbitration against the Borrower in relation to the Finance Contract may be enforced in the Republic of Moldova.

6. No taxes, duties, fees or other charges, including, without limitation, any registration or transfer tax, stamp duty or similar levy, imposed by the Republic of Moldova, the [*] or any political subdivision or taxing authority thereof or therein are payable in connection with the execution and delivery of the Finance Contract, nor in connection with any payment to be made by the Borrower to the Bank pursuant to the same Finance Contract.

7. All necessary exchange control consents, which may be necessary to receive disbursements, to repay the same and to pay interest and all other amounts due under the Finance Contract are in effect.

8. The waiver of immunity under Article 11.05 of the Finance Contract is a legally valid and binding obligation of the Borrower.

9. The Finance Contract has been duly ratified by the Parliament of the Republic of Moldova in accordance with the laws of the Republic of Moldova.

Based on the foregoing, I am of the opinion that all requirements currently applicable to the Borrower and/or governing the Finance Contract in relation to the laws of the Republic of Moldova have been complied with, and that the Finance Contract constitutes valid and binding obligations of the Borrower, enforceable in accordance with their terms.

Yours faithfully,

_____

[Name]

Minister of Justice of the Republic of Moldova