EXECUTION COPY
(Operation Number 52019)

LOAN AGREEMENT

(Balti District Heating Phase 2)

between

REPUBLIC OF MOLDOVA

and

EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

Dated 24 December 2021

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LOAN AGREEMENT

AGREEMENT dated 24 December 2021 between **REPUBLIC OF MOLDOVA** (the "Borrower") and **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT** (the "Bank").

PREAMBLE

(A) WHEREAS, the Bank has been established to provide financing for specific projects to foster the transition towards open market-oriented economies and to promote private and entrepreneurial initiative in certain countries committed to and applying the principles of multiparty democracy, pluralism and market economics;

(B) WHEREAS, the Borrower intends to implement the Project as described in Schedule 1 which is designed to assist in further improvement of the district heating infrastructure of the Project Entity;

(C) WHEREAS, the Project will be carried out by CET-Nord JSC (the "**Project Entity**") with financial assistance from the Borrower and, as part of such assistance, the Borrower will make proceeds of the Loan available to the Project Entity in accordance with the Subsidiary Loan Agreements;

(D) WHEREAS, the Borrower has requested assistance from the Bank in financing part of the Project;

(E) WHEREAS, the Bank is in the process of arranging technical cooperation funds on a grant basis to assist in implementing the Project;

(F) WHEREAS, the Borrower intends to obtain a co-financing grant to be made available by the Bank from the resources of an international donor in the amount of up to EUR 2 million to assist in financing the Project, subject to the terms and condition to be set forth in an agreement (the "**Grant Agreement**") between the Borrower and the Bank;

(G) WHEREAS, the City of Balti (the "**City**") shall enter into a project support agreement (the "**Project Support Agreement**") with the Bank to support the implementation of the Project;

(H) WHEREAS, the Bank is empowered by Article 18 of the Agreement Establishing the European Bank for Reconstruction and Development to establish and administer Special Funds and to carry out special operations financed from such Special Funds;

(I) WHEREAS, the Green Climate Fund ("**GCF**") was established as an operating entity of the financial mechanism under Article 11 of the United Nations Framework Convention on Climate Change to assist developing countries in adaptation and mitigation practices to counter climate change;

(J) WHEREAS, the Bank has established and is administering the EBRD-GCF Special Fund (**"EBRD-GCF Special Fund"**), to enable the Bank to receive and administer GCF funds;

(K) WHEREAS, GCF and the Bank entered into: (i) an accreditation master agreement (**"AMA"**) dated 22 April 2017 for the purpose of establishing the terms and conditions relating to the Bank's overall management, implementation and supervision of projects funded by the GCF whereby the Bank is acting as the accredited entity of GCF, and (ii) a funded activity agreement in relation to the "Funded Activity: FP086: Green Cities Facility" dated 2 July 2019 (**"FAA"**) as part of the EBRD's Green Cities programme (**"Green Cities Programme"**);

(L) WHEREAS, the Borrower intends to participate in the Green Cities Programme and accordingly, the Borrower wishes to borrow, and the Bank wishes to lend subject to the terms and conditions set forth or referred to in this Agreement, the Project Support Agreement and the Project Agreement (each of the Project Support Agreement and the Project Agreement being a **"Project Agreement"** as defined in the Standard Terms and Conditions), up to fifteen million Euro (EUR 15,000,000) on the terms and conditions set forth herein, such amounts to be financed in the amount of up to fourteen million Euro (EUR 14,000,000) with the ordinary capital resources of EBRD (the **"EBRD Resources"**) and in the amount of one million Euro (EUR 1,000,000) with the special fund resources from the EBRD-GCF Special Fund (the **"GCF Special Fund Resources"**).

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I - STANDARD TERMS AND CONDITIONS; DEFINITIONS

Section 1.01. Incorporation of Standard Terms and Conditions

All of the provisions of the Bank's Standard Terms and Conditions dated 5 November 2021 are hereby incorporated into and made applicable to this Agreement with the same force and effect as if they were fully set forth herein, subject, however, to the following modifications (such provisions as so modified are hereinafter called the "Standard Terms and Conditions"):

(a) Section 3.07(c) of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

"(c) In the case of partial prepayment, such prepayment:

(i) shall, unless the Bank otherwise agrees, be in an amount at least equal to the lesser of:

(A) the Minimum Prepayment Amount; and

(B) the principal amount of the Loan drawn down and not repaid; and

(ii) shall be:

(A) first, applied to pay interest and Charges on the Loan; and

(B) second, applied pro-rata between the Tranche 1 EBRD Loan, the GCF Loan and the Tranche 2 Loan in proportion to their respective principal amounts outstanding; and

(C) third, within each tranche, applied pro-rata to the several maturities of the principal amount of the Loan drawn down and not repaid."

(b) Section 3.08(a) and (b) of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

"(a) The Borrower may cancel all or part of the Available Amount on any Interest Payment Date on not less than thirty (30) Business Days' prior written notice to the Bank, which notice shall be irrevocable and binding on the Borrower. Such cancellation shall be in an amount at least equal to the lesser of:

(i) the Minimum Cancellation Amount and

(ii) the Available Amount;

and shall be allocated *pro rata* between the Available Amount of the Tranche 1 EBRD Loan, the GCF Loan and the Tranche 2 Loan.

(b) In the event of any cancellation by the Borrower pursuant to subsection (a) of this Section or by the Bank pursuant to Section 7.02:

(i) the Borrower shall pay to the Bank, on the date of cancellation, all Charges due and unpaid as of such date, and a cancellation fee of one-eighth of one per cent (0.125%) of the principal amount of the Loan being cancelled, except: (1) in respect of amounts cancelled pursuant to Section 7.02(a); and (2) that no cancellation fee shall be payable by the Borrower upon a cancellation relating to the GCF Loan pursuant to Section 4.01(d) of the Loan Agreement;"

(c) Section 4.04(a)(ii) of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

"(ii) furnish promptly to the Bank such information as the Bank (or GCF in connection with the GCF Loan) may from time to time reasonably request and enable the Bank's Representatives and representatives of GCF, at the Bank's request:

(A) to visit any facilities and construction sites relating to the Project or any of the other premises where the business of the Borrower or the Project Entity is conducted;

(B) to have access to and examine any and all goods, works and services financed out of the proceeds of the Loan and any plants, installations, sites, works, buildings, property, equipment, assets, books, accounts, records and documents of the Borrower or the Project Entity, and allow such records and accounts to be audited by auditors of the Bank (or GCF in connection with the GCF Loan); and

(C) to meet and hold discussions with such representatives and employees of the Borrower or the Project Entity as the Bank may deem necessary and appropriate,

in each case, including in order to: (1) facilitate the Bank's and GCF's monitoring and evaluation of the Project and enable the Bank to examine and address any Project-related request made to IPAM; and (2) assess whether a Prohibited Practice has occurred in relation to the Project (including any transaction funded or proposed to be funded, in whole or in part, from proceeds of the Loan);

(d) Section 10.06 (Disclosure) of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

"The Bank may disclose the Loan Agreement and each Project Agreement and any information related to such agreements (including documents and records regarding the Borrower, the Project Entity, the City and the Project) (i) in accordance with its policy on access to information, in effect at the time of such disclosure, and in connection with any dispute or proceeding in relation to, or involving, the Project or any of the Loan Agreement or any Project Agreement, for the purpose of defending, preserving or enforcing any of the Bank's rights or interests, and (ii) to GCF."

Section 1.02. Definitions

Wherever used in this Agreement (including the Preamble and Schedules), unless stated otherwise or the context otherwise requires, the terms defined in the Preamble have the respective meanings given to them therein, the terms defined in the Standard Terms and Conditions have the respective meanings given to them therein and the following terms have the following meanings:

"Action Plan"	means a plan, prepared by the Project Entity, setting out the timeline, steps and measures to be taken by the Project Entity to achieve the release of the Project Entity's accounts from seizure and removal of any and all restrictions on such accounts that were imposed in relation to the Historic Gas Debt.
"AMA"	has the meaning given to it in Recital K.
"Balti Court of Appeal Decisions"	shall mean the following judgements of the Balti Court of Appeal: i. Judgement No. 2e-220/2015 from 17 December 2015; and ii. Judgement No. 2c-167/2015from 20 September 2015.
"Balti District Court Decisions"	shall mean the following judgements of the Balti District Court: i. Judgement No. 2e- 67/2015 from 20 August 2015; ii. Judgement No. 2e-95/2016 from 23 June 2016; iii. Judgement No. 2e-413/2013 from 06 November 2013; iv. Judgement No. 2e-160/2014 from 30 June 2014; v. Judgement No. 2c-388/2014 from 10. March 2014; vi. Judgement No. 2c-68/2015 from 10 June 2015; and vii. Judgement No. 2c-94/2016 from 20 April 2016.
"Balti-gaz"	means Balti-gaz SRL, a gas distribution system operator in Balti.
"Borrower's Authorised Representative"	means the Minister of Finance of the Borrower.
"City"	has the meaning given to it in Recital G.
"EBRD Loan Margin"	means, in relation to each of the Tranche 1 EBRD Loan and the Tranche 2 Loan, one percent (1%) per annum.
"EBRD Resources"	has the meaning given to it in Recital L.
"EBRD-GCF Special Fund"	has the meaning given to it in Recital J.
"Enforcement Policy and Procedures"	means the Bank's Enforcement Policy and Procedures dated 4 October 2017.

"Fiscal Year"	means the Borrower's fiscal year commencing on 1 January of each year.
"GCF"	has the meaning given to it in the Recital I.
"GCF Loan"	means the maximum principal amount of the loan provided for in Section 2.01(a)(2) or, as the context may require, the principal amount thereof from time to time outstanding.
"GCF Loan Margin"	means, in relation to the GCF Loan, zero percent (0%) per annum.
"GCF Special Fund Resources"	has the meaning given to it in the Recital L.
"GCF Service Charge"	has the meaning given to it in Section 2.02(i).
"Grant Agreement"	has the meaning given to it in Recital F.
"Historic Gas Debt"	means the Project Entity's existing outstanding debt towards Balti-gaz for gas consumed in the period of 2014 and 2015, confirmed by the Balti District Court Decisions and Balti Court of Appeal Decisions , totalling MDL 125.3 million or the equivalent of ca. EUR 6.0 million at the end of December 2021. The expected outstanding balance within 6 months of signing of the Loan Agreement is the MDL equivalent of EUR 5.5 million.
"Loan"	means, collectively, the Tranche 1 Loan and the Tranche 2 Loan or, as the context may require, the principal amount thereof from time to time outstanding.
"Margin"	means, either the EBRD Loan Margin or the GCF Loan Margin, as the context requires.
"MDL"	means the lawful currency of the Republic of Moldova.
"Ministry of Infrastructure and Regional Development"	means the Ministry of Infrastructure and Regional Development of the Borrower or any other ministry that supersedes it in the future.
"PIU"	means the project implementation unit referred to in Section 2.03 of the Project Agreement.
"Project Entity"	has the meaning given to it in the Recital C.
"Project Support Agreement"	has the meaning given to it in Recital G.

"Special Account"	means the special deposit account referred to in Section 2.03 and Schedule 3.
"Subsidiary Loan Agreement"	means the subsidiary loan agreement, in form and substance satisfactory to the Bank, to be entered into between the Project Entity and the Borrower pursuant to Section 3.01(a), as such subsidiary loan agreement may be amended from time to time.
"Tranche 1 EBRD Loan"	means the maximum principal amount of the loan provided for in Section 2.01(a)(1) or, as the context may require, the principal amount thereof from time to time outstanding.
"Tranche 1 Loan"	means, collectively, the Tranche 1 EBRD Loan and the GCF Loan referred to in Section 2.01(a) or, as the context may otherwise require, the principal amount thereof outstanding from time to time, and, individually, as the context requires, either the Tranche 1 EBRD Loan or the GCF Loan or the principal amount of the Tranche 1 EBRD Loan or the GCF Loan from time to time outstanding.
"Tranche 2 Loan"	means the maximum principal amount of the loan provided for in Section 2.01(b) or, as the context may otherwise require, the principal amount thereof outstanding from time to time.

Section 1.03. Interpretation

In this Agreement, a reference to a specified Article, Section, Recital or Schedule shall, except where stated otherwise in this Agreement, be construed as a reference to that specified Article, Section or Recital of, or Schedule to, this Agreement.

ARTICLE II - PRINCIPAL TERMS OF THE LOAN

Section 2.01. Amount and Currency

The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of up to EUR 15,000,000, which consists of:

(a) the Tranche 1 Loan of up to EUR 9,500,000 which consists of:

(1) the Tranche 1 EBRD Loan in the amount of up to EUR 8,500,000, such amount being contributed from the EBRD Resources, and

(2) the GCF Loan in the amount of up to EUR 1,000,000, such amount being contributed from the GCF Special Funds Resources; and

(b) the Tranche 2 Loan in the amount of up to EUR 5,500,000, such amount being contributed from the EBRD Resources.

Section 2.02. Other Financial Terms of the Loan

(a) The Minimum Drawdown Amount shall be EUR 100,000 in aggregate for the Tranche 1 Loan. The Tranche 2 Loan shall be disbursed in a single draw down.

(b) The Minimum Prepayment Amount shall be EUR 1,000,000.

(c) The Minimum Cancellation Amount shall be EUR 1,000,000.

(d) The Interest Payment Dates shall be 20 September and 20 March of each year.

(e) (1) The Borrower shall repay each of the Tranche 1 EBRD Loan and Tranche 2 Loan in 24 equal (or as nearly equal as possible) semi-annual instalments on 20 March and 20 September of each year, with the first Loan Repayment Date being 20 March 2025 and the last Loan Repayment Date being 20 September 2036.

(2) The Borrower shall repay GCF Loan in 20 equal (or as nearly equal as possible) semi-annual instalments on 20 March and 20 September of each year, with the first Loan Repayment Date being 20 March 2027 and the last Loan Repayment Date being 20 September 2036. Repayments of GCF Loan shall always be made in EUR.

(3) Notwithstanding the foregoing, in the event that (i) the Borrower does not draw down the entire amount of the Tranche 1 EBRD Loan, GCF Loan or Tranche 2 Loan prior to the first Loan Repayment Date specified in this Section 2.02.(e) for such portion of the Loan, and (ii) the Bank extends the Last Availability Date specified in Section 2.02.(f) as applicable to such portion of the Loan to a date which falls after such first applicable Loan Repayment Date, then the amount of each such drawdown made on or after the first applicable Loan Repayment Date shall be allocated for repayment in equal amounts to the several Loan Repayment Dates of the Tranche 1 EBRD Loan, GCF Loan or Tranche 2 Loan (as the case may be) which fall after the date of such drawdown (with the Bank adjusting the amounts so allocated as necessary so as to achieve whole numbers in each case). The Bank shall, from time to time, notify the Borrower of such allocations.

(f) (1) The Last Availability Date for the GCF Loan shall be 18 September 2024, or such later date that the Bank may in its discretion establish and notify to the Borrower.

(2) The Last Availability Date for the Tranche 1 EBRD Loan and the Tranche 2 Loan shall be 3 years from the date of signing of this Agreement, or such later date that the Bank may in its discretion establish and notify to the Borrower.

(g) The rate of the Commitment Charge shall be (i) 0.5% per annum payable on the Available Amount of each of the Tranche 1 EBRD Loan and the Tranche 2 Loan, and 0.15% per annum payable on the Available Amount of the GCF Loan.

(h) The Borrower shall pay to the Bank the Front-end Commission equal to one per cent (1 %) of the maximum principal amount of, respectively, the Tranche 1 EBRD Loan and the Tranche 2 Loan. For the avoidance of doubt, no Front-end Commission is payable on the GCF Loan. Notwithstanding Section 3.05(c) of the Standard Terms and Conditions, the Borrower has opted not to have the Front-end Commission paid out of the Available Amount and shall instead pay the Front-end Commission out of its own resources. The payment of the Front-end Commission by the Borrower shall be made pursuant to Section 3.05(d) of the Standard Terms and Conditions.

(i) The Borrower shall pay to the Bank a service charge at a rate of 0.25% per annum on the principal amount of the GCF Loan from time to time drawn down and not repaid (the **"GCF Service Charge"**). The GCF Service Charge shall accrue from and including the first day of an Interest Period to but excluding the last day of such Interest Period, be calculated on the basis of the actual number of days elapsed and a 360-day year and be due and payable on the Interest Payment Date which is the last day of the relevant Interest Period.

(j) Tranche 1 EBRD Loan and Tranche 2 Loan are subject to a Variable Interest Rate. No interest will be payable on the GCF Loan.

Section 2.03. Drawdowns and Special Account

(a) The Available Amount may be drawn down from time to time in accordance with the provisions of Schedule 2 to finance:

(1) in case of Tranche 1 Loan, expenditures made in respect of the reasonable cost of goods, works and services required for the Project, with specific limitations set out in Schedule 2, including limitations on draw downs and use of proceeds from the GCF Loan; and

(2) in case of Tranche 2 Loan, settlement of the Historic Gas Debt.

(b) Notwithstanding anything in this Agreement to the contrary, the Borrower's right to draw down from the Available Amount shall be subject to the conditions that the Bank shall not in any event be obligated to make any disbursement of the GCF Loan:

(1) except to the extent that corresponding funds in an aggregate amount equal to the amount of such draw down of the GCF Loan are provided to the Bank by GCF; and

(2) unless, after giving effect to the drawdown application, the total disbursed amount of the GCF Loan does not exceed the amount which is proportionate to the total aggregate disbursed amount of the Tranche 1 EBRD Loan and Tranche 2 Loan, in proportion which:

(i) the Available Amount of the GCF Loan prior to the drawdown application, and

(ii) the aggregate Available Amount of the Tranche 1 EBRD Loan and Tranche 2 Loan prior to the drawdown application,

bear to the total Available Amount of the Loan.

(c) Notwithstanding anything in this Agreement to the contrary, the obligation of the Bank to proceed with the first Drawdown under the Tranche 1 EBRD Loan shall also be subject to the fulfilment, in form and substance satisfactory to the Bank, or at the sole discretion of the Bank the waiver, whether in whole or part and whether subject to conditions or unconditional, on the date of the Borrower's drawdown application and on the date of such Drawdown, of the following conditions precedents:

(1) the Grant Agreement has been executed and delivered and all conditions precedent to the right of the Borrower to make drawings thereunder have been satisfied (except for any condition precedent to disbursements under the Loan Agreement); and

(2) PIU has been established, on the terms and in a manner acceptable to the Bank.

(d) Notwithstanding anything in this Agreement to the contrary, the obligation of the Bank to proceed with the first Drawdown under the GCF Loan shall also be subject to the fulfilment, in form and substance satisfactory to the Bank, or at the sole discretion of the Bank the waiver, whether in whole or part and whether subject to conditions or unconditional, on the date of the Borrower's drawdown application and on the date of such Drawdown, of the following conditions precedents:

(1) all conditions for disbursement of the Tranche 1 EBRD Loan as required by Section 2.03(c) have been fulfilled; and

(2) copies of the legal opinions referred to in Section 9.03 of the Standard Terms and Conditions as supplemented by this Agreement shall have been delivered by EBRD to GCF.

(e) The obligation of the Bank to proceed with the first Drawdown under the Tranche 2 Loan shall also be subject to the fulfilment, in form and substance satisfactory to the Bank, or at the sole discretion of the Bank the waiver, whether in whole or part and whether subject to conditions or unconditional, on the date of the Borrower's drawdown application and on the date of such Drawdown, of the following conditions precedents:

(1) the Project Entity has issued a confirmation to the Bank on the outstanding balance of the Historic Gas Debt at the time of the drawdown application, confirming the balance in an amount not exceeding the proposed disbursement amount, based on a corresponding confirmation from Balti-gaz or other entity able to issue such confirmation on behalf of Balti-gaz;

(2) the Project Entity has submitted to the Bank an Action Plan acceptable to the Bank; and

(3) the Bank has received a legal opinion issued by the Moldovan counsel engaged by the Project Entity and acceptable to the Bank, confirming that the Action Plan encompasses all steps legally required to achieve release of Project Entity's accounts from seizure and removal of any and all restrictions on such accounts that were imposed in relation to the Historic Gas Debt, as well as any other matters as the Bank may reasonably request.

(f) The Borrower shall cause the Project Entity, for purposes of the Project, open and maintain a special deposit account denominated in the Loan Currency, as a sub-account of the treasury single account of the Borrower at the National Bank of the Republic of Moldova, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure and attachment.. The Drawdowns of Tranche 2 Loan shall be made into, and direct payments shall be made out of, the Special Account (instead of Drawdowns of the Tranche 2 Loan pursuant to Section 2.03(a)) in accordance with the provisions of Schedule 3.

ARTICLE III - EXECUTION OF THE PROJECT

Section 3.01. Other Project Covenants

In addition to the general undertakings set forth in Articles IV and V of the Standard Terms and Conditions, the Borrower shall, unless the Bank otherwise agrees:

(a) Make available to the Project Entity, pursuant to a Subsidiary Loan Agreement in form and substance satisfactory to the Bank, the proceeds of the Loan on terms and conditions acceptable to the Bank;

(b) Exercise its rights under the Subsidiary Loan Agreement in such manner as to protect the interests of the Borrower and the Bank, to comply with the provisions of this Agreement and to accomplish the purposes for which the Loan is made;

(c) Not, except as the Bank otherwise agrees, assign, amend, abrogate or waive any provision of the Subsidiary Loan Agreement;

(d) Cause the Project Entity, including by acting through the Ministry of Infrastructure and Regional Development, to perform all of its obligations under the Project Agreement, including without limitation its obligations relating to:

(1) establishment and operation of a project implementation unit as provided for in Section 2.03 of the Project Agreement;

(2) procurement of goods, works and services from the Project as provided for in Section 2.04 of the Project Agreement;

(3) environmental and social matters as provided for in Section 2.05 of the Project Agreement;

(4) employment and use of consultants to assist in the implementation of the Project as provided for in Section 2.06 of the Project Agreement;

(5) preparation and submission of reports on matters relating to the Project and to the Project Entity's operations as provided for in Section 2.07 of the Project Agreement;

(6) maintenance of procedures, records and accounts, preparation, auditing and submission to the Bank of financial statements and furnishing to the Bank any other relevant information relating to the Project or the Project Entity's operations as provided for in Section 3.01 of the Project Agreement; and

(7) compliance with all covenants regarding financial and operational aspects of the Project and the Project Entity as provided for in Sections 3.02 and 3.03 of the Project Agreement;

(e) Take, or cause to be taken, including by acting through the Ministry of Infrastructure and Regional Development and causing the Project Entity to take, all additional action necessary to provide adequate funds and other resources, including human resources, for the completion of the Project;

(f) Procure that the Project Entity shall carry out the Project with due diligence and efficiency and cause the Project Entity to apply the funds received from the Borrower under the Subsidiary Loan Agreement exclusively for the completion of the Project and in accordance with the Schedule 2;

(g) Through its authorised bodies, maintain district heating tariffs that allow full cost recovery, covering among other things the expenditures envisaged in the Schedule 2, to ensure the costs for servicing the obligations of the Project Entity under the Subsidiary Loan Agreement;

(h) Cause the Project Entity, including by acting through the Ministry of Infrastructure and Regional Development, to take all actions necessary to open a Special Account to be used for the disbursement of the Tranche 2 Loan in accordance with Section 2.03(f) and Schedule 3 and contract an independent special account auditor acceptable to the Bank to confirm that use of proceeds from the Tranche 2 Loan was in accordance with the Schedule 2;

(i) Not amend, suspend, abrogate, repeal or waive any legislation so as to affect materially and adversely the ability of the Project Entity to perform any of its obligations under the Project Agreement;

(j) Not instruct or otherwise direct the Project Entity to use its profits, or any significant portion thereof, or any available cash balances of the Project Entity, for the making of investments that could jeopardise in any way the successful implementation of the Project and the successful and punctual repayment of the indebtedness under the Subsidiary Loan Agreement;

(k) Not, without the prior written consent of the Bank, claim, make, recover, receive or retain (or seek to claim, make, recover, receive or retain) any dividend or other form

of distribution (including by means of any charge, fee, the repayment of any loan or otherwise and whether in cash or in kind) from the Project Entity;

(l) Cause the Project Entity, including by acting through the Ministry of Infrastructure and Regional Development, or any other relevant party, to take all additional actions necessary to settle the Historic Gas Debt, including the payment of any amounts that may become due or outstanding and which may be required in excess of the Tranche 2 Loan;

(m) Cause the Project Entity, including by acting through the Ministry of Infrastructure and Regional Development, to promptly notify the Bank of any additional claims which may arise in relation to the Historic Gas Debt;

(n) Cause the Project Entity, including by acting through the Ministry of Infrastructure and Regional Development, to take the steps set out in the Action Plan immediately after Drawdown of the Tranche 2 Loan and take all additional actions necessary to achieve the release of the Project Entity's accounts from seizure and removal of any and all restrictions on such accounts that were imposed in relation to the Historic Gas Debt;

(o) Cause the Project Entity to adopt inclusive Human Resources Policies in accordance with Section 3,03(g) of the Project Agreement;

(p) Cause the Project Entity to issue timely reports on implementation of the Action Plan in accordance with Section 2.07(b)(3), 2.07(g) and 2.07(h) of the Project Agreement; and

(r) Take all action necessary to achieve that the Grant Agreement becomes effective no later than 180 days from the date of execution of the Grant Agreement or such other date as the Bank has established in writing (the "**Co-financing Deadline**").

ARTICLE IV - SUSPENSION; ACCELERATION; CANCELLATION

Section 4.01. Suspension

The following are specified for purposes of Section 7.01(a)(xvii) of the Standard Terms and Conditions:

(a) The legislative and regulatory framework applicable to the district heating sector in the territory of the Borrower shall have been amended, suspended, abrogated, repealed or waived in a manner other than as approved by the Bank in writing;

(b) Control of the Project Entity shall have been transferred to a party other than the Borrower;

(c) The Project Entity shall have failed to perform any of its obligations under the Subsidiary Loan Agreement; or

(d) In relation to the GCF Loan only:

(1) the AMA has been terminated, or notice of termination has been given under the AMA;

(2) The FAA has been terminated, or notice of termination has been given under the FAA; or

(3) GCF has requested the suspension of the GCF Loan.

Section 4.02. Acceleration of Maturity

The following are specified for purposes of Section 7.06(f) of the Standard Terms and Conditions: any of the events specified under Section 4.01(a)-(c) shall have occurred and continued without remedy for thirty (30) days after notice thereof shall have been given by the Bank to the Borrower.

Section 4.03. Cancellation

If at any time the Bank determines that a payment from, or any use of, the Special Account has been made inconsistently with the requirements of Schedule 3 and establishes the amount of the Loan as to which such misuse applies, the Bank may, by notice to the Borrower, terminate the right of the Borrower to make Drawdowns with respect to such amount. Upon the giving of such notice, such amount of the Loan shall be cancelled.

ARTICLE V - EFFECTIVENESS

Section 5.01. Conditions Precedent to Effectiveness

The following are specified for purposes of Section 9.02(c) of the Standard Terms and Conditions as additional conditions to the effectiveness of this Agreement and the Project Agreement:

(a) the Subsidiary Loan Agreement, in form and substance satisfactory to the Bank, has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Project Entity to make drawings thereunder, except only the effectiveness of this Agreement, have been fulfilled;

(b) the Project Agreement has been executed and delivered and all conditions precedent to its effectiveness, except only the effectiveness of this Agreement, have been fulfilled; and

(c) the Project Support Agreement has been executed and delivered and all conditions precedent to its effectiveness, except only the effectiveness of this Agreement, have been fulfilled; and

(d) this Agreement has been ratified by the Parliament of the Republic of Moldova.

Section 5.02. Legal Opinions

(a) For purposes of Section 9.03(a) of the Standard Terms and Conditions, the opinion of counsel shall be given on behalf of the Borrower by the Minister of Justice and the following are specified as additional matters to be included in the opinion or opinions to be furnished to the Bank:

(1) the Subsidiary Loan Agreement has been duly authorised or ratified by, and delivered on behalf of, the Borrower and constitutes a valid and legally binding obligation of the Borrower, enforceable in accordance with its terms.

(b) For purposes of Section 9.03(c) of the Standard Terms and Conditions, the opinion of counsel in relation to the Project Agreement shall be given on behalf of the Project Entity by the chief legal officer of the Project Entity and the following are specified as additional matters to be included in the opinion or opinions to be furnished to the Bank:

(1) the Subsidiary Loan Agreement has been duly authorised or ratified by, and executed and delivered on behalf of, the Project Entity and constitutes a valid and legally binding obligation of the Project Entity, enforceable in accordance with its terms.

(c) For purposes of Section 9.03(c) of the Standard Terms and Conditions, the opinion of counsel in relation to the Project Support Agreement shall be given on behalf of the City by the head of the City's legal department.

Section 5.03. Termination for Failure to Become Effective

The date 180 days after the date of this Agreement is specified for purposes of Section 9.04 of the Standard Terms and Conditions.

ARTICLE VI - MISCELLANEOUS

Section 6.01. Notices

(a) The following addresses are specified for purposes of Section 10.01 of the Standard Terms and Conditions, except that any notice shall be deemed to be delivered if by hand, mail, or in pdf or similar format by electronic mail:

For the Borrower:

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

Attention: Public Debt Department

Email: cancelaria@mf.gov.md

For EBRD:

European Bank for Reconstruction and Development
One Exchange Square
London EC2A 2JN
United Kingdom

Attention: Operation Administration Department / Operation No. 52019

Telephone: +44 20 7338 6000
Email: oad@ebrd.com

IN WITNESS WHEREOF, the parties hereto, acting through their duly authorised representatives, have caused this Agreement to be signed in three copies and delivered at Chisinau, Moldova as of the day and year first above written.

REPUBLIC OF MOLDOVA

By: _____
Name: Andrei Spinu
Title: Deputy Prime-Minister, Minister of Infrastructure and Regional Development

EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

By: _____
Name: Octavian Costas
Title: Associate Director, Senior Banker, EBRD

SCHEDULE 1 - DESCRIPTION OF THE PROJECT

1. The purpose of the Project is to assist the Project Entity in implementing its priority investment programme with the aim to increase overall energy efficiency, reduce gas consumption for space heating through better energy regulation in buildings and also to reinstate the supply of affordable sanitary hot water to consumers in the City of Balti.

2. The Project consists of the following Parts, subject to such modifications thereof as the Bank and the Borrower may agree upon from time to time:

Part A: Upgrades of central DH infrastructure in Balti, consisting of:

i) Supply and Installation of Individual Heating Substations;

(ii) Construction of Horizontal Networks in Buildings;

(iii) Construction of a Thermal Energy Storage;

(iv) Upgrading of the Water Treatment Facilities at the Central Production Plant;

(v) Implementation of SCADA for Heat Distribution; and

(vi) Supply of Thermo- Hydraulic Model

Part B: Balance sheet restructuring for settlement of the Historic Gas Debt.

3. The Project is expected to be completed by 31 December 2024.

SCHEDULE 2 - CATEGORIES AND DRAWDOWNS

1. The table attached to this Schedule sets forth the Categories, the amount of the Loan allocated to each Category and the percentage of expenditures to be financed in each Category.

2. Notwithstanding the provisions of paragraph 1 above,

(a) no Drawdown of Tranche 1 EBRD Loan shall be made in respect of the expenditures incurred prior to the date of the Loan Agreement; and

(b) no Drawdown of the GCF Loan shall be made in respect of expenditures that were incurred prior to 18 September 2019, and proceeds of the GCF Loan shall be used exclusively to finance expenditures related to the Part A(ii) of the Project to the extent they are incurred prior to 18 September 2034.

Category, excluding any applicable tax	Amount of the Loan Allocated in the Loan Currency	Percentage of Expenditures to be Financed
(1) Goods, works and services for Part A of the Project: - Tranche 1 EBRD Loan	8,500,000	100%
(2) Goods, works and services only for Part A(ii) of the Project: - GCF Loan	1,000,000	100%
(3) Part B of the Project - Tranche 2 Loan	5,500,000	100%
Total	**15,000,000**	100%

SCHEDULE 3 - SPECIAL ACCOUNT

1. For purposes of this Schedule, the following terms shall have the following meanings:

"Eligible Category"	means Part B.
"Eligible Expenditures"	means expenditures required for the Project which are to be financed out of the proceeds of the Tranche 2 Loan and which are allocated from time to time to an Eligible Category in accordance with the provisions of Schedule 2.

2. Payments out of the Special Account shall be made exclusively for Eligible Expenditures in accordance with the provisions of this Schedule.

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened in accordance with terms and conditions acceptable to the Bank, the Borrower may draw down from the Available Amount and deposit into the Special Account.

4. The Borrower shall furnish, at any time the Bank may reasonably request, a report on the balance and other details of the Special Account, including account statements and such other documents and evidence as the Bank may request to show that payments made from the Special Account have been made in accordance with the requirements set forth in this Schedule.

5. The Borrower shall not, unless the Bank otherwise agrees, draw down funds from the Available Amount for deposit into the Special Account if, at any time, the Bank has determined that all further Drawdowns should be made in accordance with the provisions of Section 2.03(a).

Thereafter, Drawdowns allocated to the Eligible Categories shall follow such procedures as the Bank may specify by notice to the Borrower. Such further Drawdowns shall be made only after and to the extent that the Bank has been satisfied that all amounts remaining on deposit in the Special Account as of the date of such notice will be utilised in making payments for Eligible Expenditures.

6. If the Bank determines at any time that any payment out of, or any use of, the Special Account:

(a) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Schedule; or

(b) was not justified by the evidence furnished to the Bank;

then the Bank may require the Borrower to:

(1) provide such additional evidence as the Bank may request; and/or

(2) deposit into the Special Account (or, if the Bank so requests, repay to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified.

In the event the Bank makes such a determination under (a) or (b) above, no further Drawdowns shall, unless the Bank otherwise agrees, be made for deposit into the Special Account until such time as the Borrower has either (A) deposited into the Special Account or repaid to the Bank an amount equal to the amount of such payment (or portion thereof) determined not to be eligible or justified, or (B) provided additional evidence satisfactory to the Bank that the amounts previously disbursed from the Special Account were applied properly.

7. If:

(a) the Bank determines at any time that any amount outstanding in the Special Account will not be required to cover further payments for Eligible Expenditures; or

(b) the Bank directs the Borrower to repay to the Bank an amount pursuant to paragraph 6(2);

then the Borrower shall, promptly upon notice from the Bank, prepay to the Bank a portion of the Loan equal to such amount. For this purpose, the requirement that prepayments of the Loan must occur on Interest Payment Dates shall, subject to paragraph 9 below, be waived.

8. The Borrower may, upon prior notice to the Bank given in accordance with Section 3.07(a) of the Standard Terms and Conditions, prepay on any Interest Payment Date all or any portion of the funds deposited into the Special Account.

9. Any prepayment pursuant to paragraph 8 or 9 above shall be made in accordance with Section 3.07 of the Standard Terms and Conditions; provided, however, that (a) notwithstanding Section 3.07(c)(i)(A) of the Standard Terms and Conditions, such prepayment shall not be subject to the Minimum Prepayment Amount, and (b) any prepayment that is made on a date other than an Interest Payment Date shall be subject to payment of Unwinding Costs in accordance with Section 3.10 of the Standard Terms and Conditions. Any prepayment pursuant to paragraph 7 or 8 above shall be applied by the Bank in accordance with Section 3.07(c)(ii) of the Standard Terms and Conditions, as amended by this Agreement.