Loan Agreement No. MDA-C1

LOAN AGREEMENT

For

Economic Recovery Development Policy Loan

Between

JAPAN INTERNATIONAL COOPERATION AGENCY

And

THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA,
represented by the Ministry of Finance

Dated July 10, 2023

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Loan Agreement No. MDA-C1, dated July 10, 2023 between the JAPAN INTERNATIONAL COOPERATION AGENCY and THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA, represented by the Ministry of Finance

On the basis of the Exchange of Notes between THE GOVERNMENT OF JAPAN and THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA dated July 10, 2023, concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of the Republic of Moldova,

the JAPAN INTERNATIONAL COOPERATION AGENCY (hereinafter referred to as "**JICA**") and THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA, represented by the Ministry of Finance (hereinafter referred to as the "**Borrower**") herewith conclude the following Loan Agreement (hereinafter referred to as the "**Loan Agreement**", which includes all agreements supplemental hereto).

Article I

Loan

Section 1. Amount and Purpose of Loan

JICA agrees to lend the Borrower an amount not exceeding THIRTEEN BILLION FIVE HUNDRED MILLION Japanese Yen (¥13,500,000,000) as the principal for the implementation of the Economic Recovery Development Policy Loan described in Schedule 1 attached hereto (hereinafter referred to as the "**Program**") in the form of co-financing with Moldova Emergency Response, Resilience, and Competitiveness DPO2 extended by the International Bank for Reconstruction and Development (hereinafter referred to as "**The Bank**") on the terms and conditions set forth in the Loan Agreement and in accordance with the relevant laws and regulations of Japan (hereinafter referred to as the "**Loan**"); provided,

however, that when the cumulative total of disbursements under the Loan Agreement reaches the above-mentioned maximum amount of the Loan, JICA shall make no further disbursement.

Section 2. Use of Proceeds of Loan

(1) The Borrower shall use the proceeds of the Loan to cover budget expenditures already made and/or to be made by the competent authorities of the Republic of Moldova in accordance with the provisions described in Schedule 2 attached hereto.

(2) The Borrower shall ensure that upon each transfer of an amount of the proceeds of the Loan from the non-resident Yen account of the Borrower into a current account in Moldova Leu at the National Bank of Moldova as stipulated in Section 2. of Schedule 5 attached hereto, an equivalent amount is accounted for in the Borrower's budget management system, in a manner acceptable to JICA.

(3) The final disbursement under the Loan Agreement shall be made within the period from the Effective Date of the Loan Agreement to the date, which is the same day and month as the Effective Date two(2) years after the Effective Date of the Loan Agreement (inclusive of both dates) unless otherwise agreed upon between JICA and the Borrower (hereinafter referred to as the "**Disbursement Period**"), and no further disbursement shall be made by JICA after the Disbursement Period has expired.

(4) Notwithstanding the stipulation in Section 2. (3) above, if the expiry date of the Disbursement Period is not a banking business day in Japan, the immediately succeeding banking business day in Japan shall be deemed the expiry date of the Disbursement Period.

(5) Notwithstanding Section 1. above, no disbursement shall be made under the Loan Agreement in respect of budget expenditure made prior to January 1, 2023.

Article II

Repayment, Interest and Front-End Fee

Section 1. Repayment of Principal

The Borrower shall repay the principal of the Loan to JICA in accordance with the Amortization Schedule as set forth in Schedule 3 attached hereto.

Section 2. Interest and Method of Payment thereof

(1) The Borrower shall pay the interest to JICA semi-annually on March 20 and September 20 of each year (each such date hereinafter referred to as the "**Payment Date**") in arrears at the applicable Floating Rate (as defined below) on the principal disbursed and outstanding for each Interest Period.

(2) The Floating Rate means the Reference Rate plus one and three-tenths percent (1.3%); provided, however, that if the rate calculated in accordance with the foregoing is lower than one-tenth percent (0.1%), the Floating Rate shall be regarded as one-tenth percent (0.1%).

(3) In the case where any payment required to be made under Section 3.04. of the General Terms and Conditions for Japanese ODA Loans dated April 2021 (hereinafter referred to as the "**General Terms and Conditions**") is delayed, the definition of the "TORF Reset Date" as stipulated in Section 2.01. (u)(b) of the General Terms and Conditions shall be read as follows:

(b) with respect to the Overdue Period, the day two (2) Tokyo Banking Days prior to,

(i) the Payment Date immediately preceding the day on which the overdue amount becomes due and payable (for the period on and after such due date up to but excluding the immediately

succeeding Payment Date; provided, however, that in the case where JICA receives an actual payment from the Borrower, up to but excluding such date of actual receipt); and thereafter,

(ii) each Payment Date (for the period on and after such Payment Date up to but excluding the immediately succeeding Payment Date; provided, however, that in the case where JICA receives an actual payment from the Borrower, up to but excluding such date of actual receipt).

Section 3. Front-End Fee and Method of Payment thereof

The Borrower shall pay the Front-End Fee as stipulated in Section 3.05. (1) of the General Terms and Conditions.

Article III

Particular Covenants

Section 1. General Terms and Conditions

Other terms and conditions generally applicable to the Loan Agreement shall be set forth in the General Terms and Conditions with the following supplemental stipulations:

(1) Section 2.01. (k) of the General Terms and Conditions shall be read as follows:

(k) "Front-End Fee" means a fee to be paid by the Borrower to JICA in the amount equivalent to one-tenth percent (0.1%) of the maximum amount of the Loan.

(2) Section 2.01. (t) of the General Terms and Conditions shall be read as follows:

(t) "TORF" means, for any Interest Period, the Tokyo Term Risk Free Rate

(TORF) for six (6)-month deposits, expressed as a percentage per annum, that appears on the Relevant Reference Page as of 5:00 p.m., Tokyo time, on the TORF Reset Date for the Interest Period.

(3) Section 2.01. (u) of the General Terms and Conditions shall be read as follows:

(u) "TORF Reset Date" means the date as set forth below, respectively:

(a) with respect to the Interest Period,

(i) in the case of the initial Interest Period, the day two (2) Tokyo Banking Days prior to the first (1st) or fifteenth (15th) day of the month in which the Loan Agreement is signed, whichever day is prior and nearer to the date of signature of the Loan Agreement (provided, however, that if the date of signature of the Loan Agreement falls on the first (1st) or fifteenth (15th) day of such month, the day two (2) Tokyo Banking Days prior to the date of signature of the Loan Agreement); and

(ii) in the case of each succeeding Interest Period thereafter, the day two (2) Tokyo Banking Days prior to the first day of the relevant Interest Period.

(b) with respect to the Overdue Period, the day two (2) Tokyo Banking Days prior to,

(i) the day on which the overdue amount becomes due and payable (for the period on and after such due date up to but excluding the immediately succeeding Payment Date; provided, however, that in the case where JICA receives an actual payment from the Borrower, up to but excluding such date of actual receipt); and thereafter,

(ii) each Payment Date (for the period on and after such Payment Date up to but excluding the immediately succeeding Payment Date; provided, however, that in the case where JICA receives an actual payment from the Borrower, up to but excluding such date of actual receipt).

(4) Section 2.01. (y) of the General Terms and Conditions shall be read as follows:

(y) "Tokyo Banking Days" means any day on which commercial banks are

open for general business in Tokyo.

(5) Section 2.01. (z) of the General Terms and Conditions shall be read as follows:

(z) "Overdue Charge" means a charge to be paid by the Borrower to JICA calculated at the rate of two percent (2%) per annum over and above the Floating Rate (as specified in the Loan Agreement) as of each TORF Reset Date, on the overdue amount of principal, interest, Refund or Any Other Charges (excluding the Front-End Fee, the Prepayment Premium and the Prepayment Cancellation Fee) required under the Loan Agreement for the Overdue Period.

(6) Section 2.01. (dd) (b) (ii) of the General Terms and Conditions shall be read as follows:

(ii) the amount of the interest which would have accrued on the amount of (i) above, at the interest rate applicable to the principal under the Loan Agreement, on the assumption that such principal amount would have been repaid in accordance with the amortization schedule attached to the Loan Agreement. The interest rate applicable to the principal under the Loan Agreement shall be the fixed interest rate, reasonably determined by JICA, equivalent to the Floating Rate as of the date, which is forty (40) days prior to the Requested Prepayment Date per annum, considering market interest rates, repayment schedule and the remaining maturity period from the Requested Prepayment Date.

(7) Section 2.01. (gg) of the General Terms and Conditions shall be read as follows:

(gg) "Reference Rate" means, for any Interest Period, TORF; provided, however, that if, in the opinion of JICA, (i) TORF is not available at the relevant time for any reason whatsoever or (ii) JICA is no longer able, or it is no longer commercially acceptable for JICA, to continue to use TORF, then "Reference Rate" shall mean any other benchmark interest rate, and, if deemed necessary by JICA, a spread applicable to such other rate, as determined by JICA, for a change of rate.

(8) Section 2.01. (ii) of the General Terms and Conditions shall be read as follows:

(ii) "Relevant Reference Page" means page JPYTRR=QCKJ of the Refinitiv screen (or such other page as may replace such page on such screen) published by QUICK Benchmarks Inc. (or other successor of the management of such page).

(9) Section 3.05. (3) of the General Terms and Conditions shall be disregarded.

(10) With regard to Section 3.08. (1) of the General Terms and Conditions, the Borrower shall have all repayment and/or prepayment of principal and payment of Refund, interest and Any Other Charges under the Loan Agreement credited to the "JICA-Loan" account, account No. 0207787, at the Head Office of MUFG Bank, Ltd., located in Tokyo, Japan.

(11) The following shall be substituted for Section 5.07. (1)(c) of the General Terms and Conditions:

(c) The Borrower has fully paid the Front-End Fee as stipulated in Section 3.05. (1) of the General Terms and Conditions.

(12) The following subclause (i) shall be added to Section 6.01. of the General Terms and Conditions:

(i) Any event that shall make it improbable that the Program, or, significant part thereof, will be carried out.

Section 2. Procurement Procedure

The guidelines for procurement mentioned in Section 4.01. of the General Terms and Conditions shall be as stipulated in the Procurement Procedure attached hereto as Schedule 4.

Section 3. Disbursement Procedure

The disbursement procedure mentioned in Section 5.01. of the General

Terms and Conditions shall be as follows:

(1) The Disbursement Procedure attached hereto as Schedule 5 shall apply for disbursement of the proceeds of the Loan for the payment made and/or to be made for budget expenditures on or after January 1, 2023.

(2) Disbursement of the proceeds of the Loan shall be made within the limit of the Japanese Government's budgetary appropriations for JICA.

Section 4. Administration of Loan

(1) The Borrower and JICA shall from time to time, at the request of either party, exchange views on the progress achieved in carrying out the Program.

(2) Prior to each exchange of views described in Section 4. (1) above, the Borrower shall furnish JICA, for its review and comment, with a report on the progress achieved in carrying out the Program, in such detail as JICA shall reasonably request.

(3) Promptly, but in any event not later than one (1) year after the completion of the Program, the Borrower shall furnish JICA with a program completion report in such form and in such detail as JICA may reasonably request.

(4) The Borrower shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing budget expenditures made under the Loan Agreement until five (5) years after the date of completion of disbursement. The Borrower shall ensure that the Borrower has not previously obtained, and will not obtain, funds from the Loan Agreement, any other loan, credit or grant available to the Borrower for the same budget expenditures for which such records are retained under the Loan Agreement. The Borrower shall also enable JICA to inspect these records and other documents as JICA shall reasonably request.

(5) Upon JICA's request, the Borrower shall:

(a) have the Foreign Currency Deposit Account stipulated in Schedule 5 attached hereto audited by independent auditors acceptable to JICA, in accordance with consistently applied auditing standards acceptable to JICA;

(b) furnish to JICA as soon as available, but in any case not later than four (4) months after the date of JICA's request for such audit, a certified copy of the report of such audit, of such scope and in such detail as JICA shall reasonably request; and

(c) furnish to JICA such other information concerning the Foreign Currency Deposit Account and the audit thereof as JICA shall reasonably request.

Section 5. Table of Contents and Headings

The table of contents and the headings of Articles or Sections herein are inserted for convenience of reference only, do not constitute part of the Loan Agreement and are not to be considered in construing or interpreting the Loan Agreement.

Section 6. Representations and Warranties

The Borrower hereby represents and warrants that the Loan Agreement concluded with JICA under the name of "THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA, represented by the Ministry of Finance" constitutes the same legal, valid and binding obligations upon THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA in accordance with its respective terms, as those concluded under the name of "THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA".

Section 7. Notices and Requests

The following addresses are specified for the purpose of Section 9.03. of

the General Terms and Conditions:

For JICA

Postal address:

JAPAN INTERNATIONAL COOPERATION AGENCY
MIDDLE EAST AND EUROPE DEPARTMENT
1-6th floor, Nibancho Center Building, 5-25 Niban-cho, Chiyoda-ku, Tokyo 102-8012, Japan

Attention: Director General

For the Borrower

Postal address:

MINISTRY OF FINANCE
7, Constantin Tanase Street, MD-2005, Chisinau, Republic of Moldova

Attention: Minister of Finance

If the above addresses and/or names are changed, the party concerned shall immediately notify the other party hereto in writing of the new addresses and/or names.

IN WITNESS WHEREOF, JICA and the Borrower, acting through their duly authorized representatives, have caused the Loan Agreement to be duly executed in their respective names and delivered at Chisinau, Moldova, as of the day and year first above written.

For

JAPAN INTERNATIONAL COOPERATION AGENCY

ANDO Naoki
Senior Vice President

For

THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA, represented by the Ministry of Finance

Veronica SIRETEANU
Minister of Finance

Schedule 1

Description of Program

Section 1. Objective of the Program

The objective of the Program is to support unanticipated financing gap and policy and institutional reforms of Moldova by mitigating the impact of war in Ukraine on refugees and households, building resilience and enhancing competitiveness to reduce vulnerabilities to future shocks, thereby contributing to promoting the economic stabilization and development efforts of Moldova.

Section 2. Scope of the Program

The scope of the Program is identical with the agreed policy matrix which is attached to the Minutes of Discussion between JICA and the Government of the Republic of Moldova dated June 5, 2023.

Schedule 2

Use of Proceeds of Loan

Section 1. Subject to the provisions set forth or referred to in this Schedule, the proceeds of the Loan may be disbursed for budget expenditures made and/or to be made at reasonable cost.

Section 2. Notwithstanding the provisions of Section 1. above, no disbursement shall be made in respect of :

(1) budget expenditures for goods included in the following SITC* groups or sub-groups, or any successor groups or sub-groups thereof under any future revision to the SITC, as designated by JICA by notice to the Borrower;

SITC Code No.

Group	Description of Item
112	Alcoholic beverages
121	Tobacco, un-manufactured, tobacco refuse
122	Tobacco, manufactured (whether or not containing tobacco substitutes)
525	Radioactive and associated materials
667	Pearls, precious and semiprecious stones, unworked or worked
718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728.43	Tobacco processing machinery
897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971	Gold, non-monetary (excluding gold ores and concentrates)

* Note "SITC" means the Standard International Trade Classification, Revision 4 (SITC Rev. 4), published by the United Nations in Statistical Papers, Series M No. 34/Rev. 4 (2006).

(2) any type of arms;

(3) any environmentally hazardous goods (for purposes of this paragraph the term "environmentally hazardous goods" means goods, the manufacture, use or import of which is prohibited under the laws of the Republic of Moldova or international agreements to which the Republic of Moldova is a party);

(4) payments made for budget expenditures prior to 1 January, 2023;

(5) payments for taxes levied by, or in the territory of the Republic of Moldova on commodities, or in the importation, manufacture, procurement or supply thereof ; and

(6) budget expenditures for commodities supplied under a contract which have been financed or to be financed with sources of official assistance other than the Loan.

Schedule 3

Amortization Schedule

Due Date	Amount (in Japanese Yen)
On March 20, 2033	221,340,000
On each March 20 and September 20 beginning September 20, 2033 through March 20, 2063	221,311,000

Schedule 4

Procurement Procedure

Section 1. Guidelines to be used for procurement under the Loan

Procurement of all goods and services to be financed out of the proceeds of the Loan shall be in accordance with the Guidelines for Procurement under Japanese ODA Loans dated April 2012 (hereinafter referred to as the "**Procurement Guidelines**").

Section 2. JICA's review of decisions relating to procurement of goods and services

(1) With reference to the Section 1.03. (1) of the Procurement Guidelines, JICA may consider procedures other than International Competitive Bidding acceptable in any of the following cases:
   (a) When the amount of a contract does not exceed FIVE HUNDRED MILLION Japanese Yen (¥500,000,000) or equivalent in other currency accepted for international transactions in terms of the currency of a contract;
   (b) When the number of qualified supplier(s) is limited;
   (c) When the purchase of a commodity with a particular specification, brand name or designation is necessary in order to assure the interchangeability or standardization of equipment, or because of special design requirements; and
   (d) When JICA finds International Competitive Bidding to be inappropriate for the reasons other than the case (a), (b) and (c) above (e.g. in case of emergency procurement).

(2) Notwithstanding the provisions of Section 2. (1) above, the Procurement Guidelines will not apply in case of procurement of goods and services which are, by nature or scope, unlikely to attract foreign firms and, thus, to be domestically procured. Procurement of such goods and services

shall, however, be effected with due attention to the considerations of economy, efficiency, transparency in the procurement process and non-discrimination among bidders eligible for procurement contracts.

Schedule 5

Disbursement Procedure

Disbursement Procedure set forth herein shall be applied for disbursement of the proceeds of the Loan:

The designated foreign exchange bank in Tokyo (hereinafter referred to as the "**Paying Bank**") wherever mentioned in this Schedule shall be MUFG Bank, Ltd., Tokyo.

The designated foreign exchange bank in the territories of the Borrower (hereinafter referred to as the "**Agent Bank**") wherever mentioned in this Schedule shall be the National Bank of Moldova.

Section 1. Request for Disbursement

(1) The Borrower shall request JICA to make disbursement by sending to JICA a Request for Disbursement in accordance with the Form JICA-RFD(P) attached hereto.

(2) The amount stated in the Request for Disbursement shall be in Japanese Yen.

(3) The Borrower shall make the request mentioned in the paragraph (1) above so that JICA can receive the necessary documents, in principle, not less than fifteen (15) business days prior to (i) the expiration date of the Disbursement Period and (ii) the date that the Borrower requests JICA to make disbursement, provided that item (ii) shall apply only in the case where such request is made.

Section 2. Disbursement

(1) When JICA finds the Request for Disbursement in order and in conformity with the relevant provisions of the Loan Agreement, JICA shall make disbursement in Japanese Yen, in principle, within fifteen (15) business days from the date of receipt of such Request for Disbursement by paying into the non-resident Yen account (hereinafter referred to as the "**Loan Account**"), which shall be opened in accordance with the relevant laws and regulations of Japan in advance with the Paying Bank. All disbursement made by JICA under this Section 2.(1) shall be received by the Borrower, and the Borrower will be noticed by cable advice from the Paying Bank through the Agent Bank.

(2) The Borrower shall (i) open prior to presenting to JICA the first request for disbursement, and thereafter maintain a deposit account in Japanese yen exclusively for the Program (hereinafter referred to as the "**Foreign Currency Deposit Account**") on the terms and conditions satisfactory to JICA and (ii) submit to JICA the evidence of opening of such account before or together with the first request for disbursement. Under this Program, the Loan Account shall be regarded as the Foreign Currency Deposit Account.

(3) Upon the transfer of the proceeds of the Loan into the Foreign Currency Deposit Account, the Borrower, through the Agent Bank, shall immediately convert the Japanese yen amount of the Loan into Moldova Leu and transfer an equivalent amount to the local currency account of the Treasury available to finance budget expenditures. The Borrower shall provide to JICA a written confirmation within thirty (30) days of the disbursement of the Loan that this transfer has been completed as well as a copy of written instructions issued by the Borrower to the Agent Bank evidencing such conversion and transfer.

Section 3. Banking Arrangement

(1) The Borrower shall take any action or entering into any arrangement or

agreement with the Paying Bank, including, but not limited to, the following required or permitted under this Disbursement Procedure:

(a) to open the Loan Account with the Paying Bank; and

(b) to confirm necessary arrangements for transaction of funds after the proceeds of the Loan is credited to the Loan Account.

(2) Any action taken or arrangement or agreement entered into by the Agent Bank pursuant to the authority conferred on the Agent Bank shall be fully binding on the Borrower and shall have the same force and effect as if such action was taken or such agreement was entered into by the Borrower. The Borrower may revoke or modify the authority conferred on the Agent Bank if consent of JICA is obtained.

Section 4. Foreign Exchange Risk

The Borrower shall bear all risks associated with foreign exchange fluctuations arising from disbursement and JICA shall not be liable therefor.

Form JICA-RFD(P)

Request for Disbursement

Date:
Loan No.: MDA-C1
App. Serial No.:

To: JAPAN INTERNATIONAL COOPERATION AGENCY
The Department of Middle East and Europe
Attention: Director General

Ladies and Gentlemen:

1. Pursuant to the Loan Agreement No. MDA-C1 dated July 10, 2023 between the JAPAN INTERNATIONAL COOPERATION AGENCY and THE GOVERNMENT OF MOLDOVA, represented by the Ministry of Finance, the undersigned hereby requests for disbursement under the said Loan Agreement, of the sum of Japanese Yen 13,500,000,000 (say THIRTEEN BILLION FIVE HUNDRED MILLION).

2. The undersigned certifies that the above requested disbursement will not be used for ineligible budget expenditures under the said Loan Agreement.

3. Please make the disbursement of the amount requested herein by paying into the Loan Account of the (Borrower) with MUFG Bank, Ltd, Tokyo, Japan.

Very truly yours,

For: THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA, represented by the Ministry of Finance

By:
(Authorized Person's
Signature, Name & Title)