EXECUTION VERSION

(Operation Number 54122)

GRANT AGREEMENT

(RLF - Moldovan Railways Crisis Response)

between

REPUBLIC OF MOLDOVA

and

CALEA FERATA DIN MOLDOVA

and

EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

in respect of an investment grant
from the European Union

Dated 27 June 2023

TABLE OF CONTENTS

ARTICLE I – DEFINITIONS AND INTERPRETATION 2
Section 1.01 Definitions 2
Section 1.02 Interpretation 4

ARTICLE II - GRANT FINANCING 5
Section 2.01 Amount, Currency and Purpose 5
Section 2.02 Disbursements 5
Section 2.03 Conditional and Unconditional Reimbursement Commitments 7
Section 2.04 Reallocation 7
Section 2.05 Cancellation by the Sovereign 8
Section 2.06 Payments 8

ARTICLE III - EXECUTION OF THE PROJECT 8
Section 3.01 Cooperation and Information 8
Section 3.02 Responsibilities Relating to the Execution of the Project 9
Section 3.03 Environmental and Social Compliance 9
Section 3.04 Support Obligations of the Sovereign 9
Section 3.05 Project Implementation Unit 10
Section 3.06 Procurement 10
Section 3.07 Project Records and Reports; Examinations 10

ARTICLE IV - FINANCIAL AND OPERATIONAL COVENANTS 12
Section 4.01 Financial Records and Reports 12
Section 4.02 Conduct of Business and Operations 12
Section 4.03 Taxes 13
Section 4.04 Visibility 13
Section 4.05 Fraud and Corruption 13
Section 4.06 Restrictive Measures 13

ARTICLE V - SUSPENSION AND CANCELLATION; REFUND 14
Section 5.01 Suspension 14
Section 5.02 Cancellation by the Bank 16
Section 5.03 Unconditional Reimbursement Commitments Unaffected by Suspension or Cancellation 17
Section 5.04 Obligations of the Sovereign and the Project Entity 17
Section 5.05 Events of Refund 17

ARTICLE VI - ENFORCEABILITY, DISPUTE RESOLUTION 18
Section 6.01 Enforceability 18
Section 6.02 Failure to Exercise Rights 18
Section 6.03 Dispute Resolution 18

ARTICLE VII - EFFECTIVENESS; TERMINATION 18
Section 7.01 Effective Date 18
Section 7.02 Conditions Precedent to Effectiveness 19
Section 7.03 Legal Opinions 19
Section 7.04 Termination for Failure to Become Effective 19
Section 7.05 Termination on Performance 20

ARTICLE VIII – MISCELLANEOUS 20
Section 8.01 Notices 20
Section 8.02 Authority to Act 22

Section 8.03 Amendment 22
Section 8.04 English language 22
Section 8.05 Indemnification 22
Section 8.06 Assignments 23
Section 8.07 Rights, Remedies and Waivers 23
Section 8.08 Disclosure 24
Section 8.09 Counterparts 24

SCHEDULE 1 - THE GRANT FINANCED ITEMS S1-1

SCHEDULE 2 – EU PASS-THROUGH PROVISIONS S2-1

EXHIBIT 1 - FORM OF DISBURSEMENT REQUEST E1-1

EXHIBIT 2 - FORM OF LETTER DESIGNATING AUTHORISED SIGNATORIES E2-1

GRANT AGREEMENT

AGREEMENT dated 27 June 2023 between **REPUBLIC OF MOLDOVA** (the "Sovereign"), **CALEA FERATA DIN MOLDOVA** (the "Project Entity") and **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT** (the "Bank" or "EBRD").

PREAMBLE

WHEREAS:

(A) EBRD is an international financial institution established under international law pursuant to the Agreement Establishing the European Bank for Reconstruction and Development (the "**Agreement Establishing the Bank**") dated 29 May 1990.

(B) The Sovereign has requested assistance in financing part of the Project (as hereinafter defined), which is designed to assist in financing of the acquisition of goods (materials) and the rehabilitation of the superstructure on the approx. 80km of railway lines on Valcinets – Balti – Ungheni and Chisinau – Cainari rail sections.

(C) The Bank intends to enter into a loan agreement, on or about the date of this Agreement, with the Sovereign in its capacity as Borrower, pursuant to which the Bank as lender would make a loan of up to EUR 23,000,000 (twenty three million Euro) to be provided in two Tranches (as such term is defined in the Loan Agreement), subject to the terms and conditions set forth or referred to in the Loan Agreement, for the financing of part of the Project, as described in Schedule 1 thereto (the "**Project**"), subject to the terms and conditions set forth in the loan agreement dated on or about the date hereof, as may be amended from time to time (the "**Loan Agreement**").

(D) The Bank also intends to enter into a project agreement with the Project Entity on or about the date hereof, as may be amended from time to time (the "**Project Agreement**"), pursuant to which, in consideration for the Bank entering into the Loan Agreement and this Agreement, the Project Entity will agree to carry out the Project in accordance with the terms and conditions of the Project Agreement.

(E) Pursuant to Article 20 of the Agreement Establishing the Bank, the Bank has entered into a contribution agreement No. NDICI FPN/ FPI/2023/442-852 dated 4 May 2023 for the implementation of the action Solidarity Lanes - Resilience and Livelihoods Framework - Moldovan Railways Crisis Response (the "**Action**") as may be amended from time to time (the "**Contribution Agreement**") with the European Union, represented by the European Commission (the "**Donor**" or "**EU**") whereby the Donor agreed to contribute and transfer funds into a bank account established by the Bank to manage and administer such contribution for the purpose of financing of part of the Project (the "**Account**"). The Action is funded by the Donor through the under Neighbourhood, Development and International Cooperation Instrument (NDICI) Global Europe.

(F) Further to the terms and conditions of the Contribution Agreement, the Bank has agreed to extend to the Sovereign a grant in an amount not to exceed EUR 19,590,000 (nineteen million five hundred and ninety thousand Euro) subject to and on the terms and

conditions set forth in this Agreement, for the procurement of certain goods and works and related services in relation to the Project.

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I – DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions

Words and expressions capitalised in this Agreement (including the Preamble, Exhibits and Schedules) but not herein defined shall have the same meaning ascribed thereto in the Loan Agreement, the Project Agreement, and/or in the Standard Terms and Conditions (including where the terms defined in the Standard Terms and Conditions have been amended in the Loan Agreement) when used in this Agreement.

Wherever used in this Agreement (including the Preamble, Exhibits and Schedules), unless the context otherwise requires, the following terms shall have the following meanings:

"Account"	has the meaning ascribed to it in Recital E.
"Action"	has the meaning ascribed to it in Recital E.
"Agreement Establishing the Bank"	has the meaning ascribed to it in Recital A.
"ClientNet"	means the Bank's online portal for the transmission of documents and information between the Bank and its clients, and any replacement website as the Bank may from time to time notify the Sovereign and the Project Entity.
"Contracts"	means the contracts in place or to be entered into between the Project Entity and any Contractors, in form and substance satisfactory to the Bank, in connection with the procurement of goods, works and related services for the Project, including the Grant Financed Items, and to be financed in whole or in part with the Grant Financing.
"Contractors"	means the contractors of good standing and repute to be engaged by the Project Entity in connection with the procurement of goods, works and related services for the Project, including the Grant Financed Items, with each such contractor to be selected in accordance with Section 3.06 (*Procurement*).
"Contribution Agreement"	has the meaning ascribed to it in Recital E.
"Disbursement"	means the disbursement of any portion of the Grant Financing from time to time pursuant to Section 2.02 (*Disbursements*) of this Agreement.

"Donor"	has the meaning ascribed to it in Recital E.
"Effective Date"	means the date upon which this Agreement becomes effective in accordance with Section 7.01 (*Effective Date*) of this Agreement.
"Grant Financed Items"	means the goods, works and related services necessary for the Project and to be financed by the Grant Financing as further described in Schedule 1 (*The Grant Financed Items*) to this Agreement.
"Grant Financing"	has the meaning ascribed to it under Section 2.01(a) (*Amount, Currency and Purpose*) of this Agreement.
"Last Availability Date for Grant Financing"	means the date specified in Section 2.02(a) (*Last Availability Date of Grant Financing*) of this Agreement.
"Loan Agreement"	has the meaning ascribed to it in Recital C.
"Loan Financing"	means financing made or to be made available by the Bank to the Sovereign in its capacity as Borrower under the Loan Agreement.
"Procurement Plan"	means the procurement plan for the Project including the Grant Financed Items set out in Schedule 1 to the Project Agreement.
"Project"	has the meaning ascribed to it in Recital C.
"Project Agreement"	has the meaning ascribed to it in Recital D.
"Project Completion Date"	means the date on which all of the following have occurred: (a) the Project Entity shall have delivered to the Bank and the Project Implementation Consultant a notice, in form and substance satisfactory to the Bank, certifying that the Project has been completed; (b) the Bank shall have received a certificate from the Project Implementation Consultant, in form and substance satisfactory to the Bank, confirming without any material reservations, that the Project has been completed; and (c) the Bank shall have delivered to the Project Entity a notice confirming that the Bank is satisfied that the Project has been completed.

"Project Entity's Authorised Representative"	means the General Director of the Project Entity.
"Project Implementation Consultant"	means the consultant(s) engaged or caused to be engaged by the Project Entity in accordance with Section 2.06(a)(3) (*Consultants*) of the Project Agreement to assist with the implementation of the Project.
"Reimbursement Commitment"	means a commitment referred to in Section 2.03 (*Conditional and Unconditional Reimbursement Commitments*) of this Agreement, and may be a "conditional Reimbursement Commitment" or an "unconditional Reimbursement Commitment", as those terms are used in that Section.
"Restrictive Measures"	has the meaning given to it in paragraph (a) of Section 4.06 (*Restrictive Measures*)
"Sovereign's Authorised Representative"	means the Minister of Finance of the Borrower.
"Standard Terms and Conditions"	means the Bank's Standard Terms and Conditions dated 5 November 2021.

Section 1.02 Interpretation

In this Agreement:

(a) words denoting the singular include the plural and vice versa, unless the context otherwise requires;

(b) the headings and the Table of Contents are inserted for convenience of reference only and shall not affect the interpretation of this Agreement;

(c) words denoting persons include corporations, partnerships, and other legal persons and references to a person includes its successors and permitted assigns; and

(d) reference to a specified Article, Section, Schedule or Exhibit shall, except where stated otherwise in this Agreement, be construed as a reference to that specified Article or Section of, or Appendix or Exhibit to, this Agreement.

ARTICLE II - GRANT FINANCING

Section 2.01 Amount, Currency and Purpose

(a) Subject to and in accordance with this Agreement, the Bank agrees to provide to the Sovereign, from the Account, a grant in the amount of up to EUR 19,590,000 (nineteen million five hundred and ninety thousand Euro) (the "**Grant Financing**").

(b) The Grant Financing shall be provided by the Bank, from the Account, used solely for the purposes of financing the Grant Financed Items, which are to be procured in accordance with Section 3.06 (*Procurement*) of this Agreement.

(c) Subject to Section 5.05 (*Events of Refund*) of this Agreement, the Grant Financing is non-refundable.

(d) It is expressly acknowledged and agreed that (i) the Bank will not be obliged to make any Disbursement or any other payment under or pursuant to this Agreement except to the extent that an amount in respect of, and equal to, such Disbursement or such payment is available in the Account for such purpose; (ii) the Grant Financing may be reduced by negative interest applicable to the bank account where the resources of the Account are kept; and (iii) Schedule 2 (*EU Pass-through Provisions*) to this Agreement forms an integral part of the Grant Agreement and the Sovereign and the Project Entity, as applicable, shall comply with the requirements set out therein.

(e) Except as the Bank otherwise agrees, the Grant Financed Items shall be co-financed by the Grant Financing and the Loan Financing in proportions and amounts to be determined in the Procurement Plan.

Section 2.02 Disbursements

Subject to Section 5.01 (*Suspension*), Section 5.02 (*Cancellation by the Bank*) and Section 7.02 (*Conditions Precedent to Effectiveness*) of this Agreement, the Grant Financing shall be disbursed by the Bank from time to time, in one or more Disbursements, subject to the following provisions:

(a) Last Availability Date of Grant Financing

The Sovereign's right to request a Disbursement in accordance with this Agreement shall become effective on the Effective Date and shall terminate on 4th May 2025 (the "**Last Availability Date for Grant Financing**") as further specified in Section 1 (*Last Availability Date of Grant Financing*) of Schedule 2 (*EU Pass-through Provisions*) to this Agreement, unless the Bank agrees to a later termination date and notifies the Sovereign of such extension in writing.

(b) Eligible expenditures

Except as the Bank otherwise agrees, Disbursements shall only be made to finance:

(1) expenditures made (or, if the Bank so agrees, to be made) in respect of the reasonable costs of the Grant Financed Items; and

(2) expenditures incurred after the date of this Agreement.

(c) Conditions to Disbursement

Without limiting the generality of this Section 2.02, any Disbursement under this Agreement in respect of one or more Grant Financed Items shall be subject to the fulfilment, or at the sole discretion of the Bank the waiver, whether in whole or in part and whether subject to conditions or unconditionally of the condition that, on the date of the Sovereign's request for such Disbursement, the Bank has received a concurrent satisfactory Drawdown application in accordance with the Loan Agreement in respect of the same Grant Financed Item(s) for an amount of at least 37.5 percent of the total expenditure to be financed by the Disbursement and the concurrent Drawdown collectively;

(d) Disbursement Request

(1) The Sovereign may request a Disbursement by submitting to the Bank an original request for such Disbursement, signed by the Sovereign's Authorised Representative, or a person designated by the Sovereign's Authorised Representative. Each Disbursement request shall be in the form of Exhibit 1 (*Form of Disbursement Request*) and shall be delivered to the Bank at least fifteen (15) Business Days prior to the proposed value date of such Disbursement. Such request shall, except as the Bank otherwise agrees, be irrevocable and binding on the Sovereign.

(2) Each Disbursement request shall be accompanied by such documents and other evidence sufficient in form and substance to satisfy the Bank that the Sovereign is entitled to the amount of the Disbursement and that the amount of the Disbursement will be used exclusively for the Grant Financed Items. Such documents shall include, but not be limited to the Contractor's invoice(s), certified (if required by the relevant Contract) by or on behalf of the Sovereign, either on the actual invoice or in the form of a separate certificate, indicating the Sovereign's confirmation that the goods, works or services have been satisfactorily delivered or carried out in compliance with the requirements of this Agreement and the relevant Contract.

(e) Currency of Disbursements

Disbursements shall be made in EUR in an amount equal or equivalent to the expenditures to be financed out of the proceeds of the Grant Financing. In the case of expenditures incurred in a currency or currencies other than EUR, the equivalent Disbursement amount shall be determined as follows:

(1) If the Sovereign requests payment in EUR, the Disbursement amount shall be determined by the Bank on the basis of the exchange cost that would have been incurred by the Bank if it had purchased such currency or currencies to meet the request.

(2) If the Sovereign requests payment in the currency or currencies of the expenditures, the Bank will, provided such expenditures are in readily available currencies or currency, purchase such currency or currencies in such a manner as the Bank may deem appropriate. The equivalent Disbursement amount shall be determined by the Bank on the basis of the exchange costs that were or would have been incurred by the Bank in using EUR to meet the request.

(f) Payments in Other Currencies

In exceptional circumstances, the Bank may grant a request by the Sovereign that payment be made in a currency or currencies other than EUR or the currency of expenditures. In that case, the Bank will purchase such currency or currencies in such manner as the Bank may deem appropriate. The equivalent Disbursement amount shall be determined by the Bank on the basis of the exchange costs that were or would have been incurred by the Bank in using EUR to meet the request.

(g) Minimum Disbursement Amount

Except for the last Disbursement or except as the Bank otherwise agrees, Disbursements shall be made in amounts of not less than EUR 500,000 (five hundred thousand).

Section 2.03 Conditional and Unconditional Reimbursement Commitments

(a) Upon the Sovereign's request, in form and substance satisfactory to the Bank, the Bank may, in accordance with the applicable provisions of the EBRD Disbursement Handbook *mutatis mutandis*, issue unconditional or conditional Reimbursement Commitments to reimburse payments made by banks under letters of credit in respect of expenditures to be financed by the Grant Financing. Any such reimbursement shall constitute a Disbursement.

(b) In the case of a conditional Reimbursement Commitment, the obligation of the Bank to pay shall be suspended or terminated immediately upon any suspension or cancellation of the Grant Financing by the Bank pursuant to Section 5.01 (*Suspension*) or Section 5.02 (*Cancellation by the Bank*) of this Agreement.

(c) In the case of an unconditional Reimbursement Commitment, the obligation of the Bank to pay shall not be affected by any subsequent suspension or cancellation of the Grant Financing.

Section 2.04 Reallocation

The Sovereign may request the Bank to reallocate the amounts allocated against each item of the Grant Financed Items listed in Schedule 1 to this Agreement, provided that such reallocation is in accordance with the Contribution Agreement. The Bank may grant the request of reallocation by notice to the Sovereign. Such reallocation shall take effect when notice is given.

Section 2.05 Cancellation by the Sovereign

The Sovereign may cancel at any time, on not less than thirty (30) Business Days prior written notice to the Bank, in whole or in part, any undisbursed portion of the Grant Financing. Any such notice of cancellation by the Sovereign shall be irrevocable and binding on the Sovereign.

Section 2.06 Payments

(a) Except as the Bank otherwise agrees, the sums to be disbursed by the Bank under this Agreement shall be paid directly to the account of the relevant Contractor, as the Sovereign designates in its Disbursement request (with any transfer from any correspondent bank to the Contractor's account being at the Sovereign's risk and expense). The Bank shall make payments only by means of electronic payment into a bank account held in the name of the Contractor and which is located either in the Contractor's country of incorporation or domicile, as applicable, or (with prior consent of the Bank) in the country in which the Contractor provides the goods or works, or where the Contractor performs the services.

(b) If the due date for any payment under this Agreement would otherwise fall on a day which is not a Business Day, then such payment shall instead be due on the next succeeding Business Day.

(c) Any amounts that may become due to the Bank under this Agreement shall be paid, without set-off or counterclaim in EUR, for value on the due date, to such account in London, England or such other place as the Bank may from time to time designate by notice to the Sovereign.

ARTICLE III - EXECUTION OF THE PROJECT

Section 3.01 Cooperation and Information

(a) The provisions of Sections 4.01 (*Cooperation and Information*) of the Standard Terms and Conditions shall apply as if set out herein in full *mutatis mutandis*, including without prejudice to the generality thereof, as if:

(i) references to the "Borrower" and the "Guarantor" were read as references to the "Sovereign";

(ii) references to the "Loan" were read as references to the "Grant Financing"; and

(iii) references to the "the Loan Agreement" and to the "the Project Agreement" were read as references to "this Agreement".

(b) In receiving information pursuant to the Loan Agreement and the Project Agreement the Bank may use and rely on any such information in its capacity as provider of the Grant Financing under this Agreement.

Section 3.02 Responsibilities Relating to the Execution of the Project

(a) The Project Entity shall, except as the Bank otherwise agrees:

(1) carry out the Project with due diligence and efficiency and in accordance with the Project Agreement and this Agreement;

(2) carry out the Project in accordance with the Procurement Plan, subject to any modification to which the Bank may agree in writing;

(3) carry out the Project in accordance with the Environmental and Social Action Plan and the Designated Performance Requirements;

(4) cause the Project Completion Date to occur no later than 4th May 2025;

(5) take all action necessary to ensure the successful completion of the Project; and

(6) carry out the Project in accordance with the requirements set out in Schedule 2 (*EU Pass-through Provisions*) to this Agreement.

(b) The provisions of Sections 4.02 (*Responsibilities Relating to Project Execution*) of the Standard Terms and Conditions shall apply as if set out herein in full, *mutatis mutandis*, including without prejudice to the generality thereof, as if:

(i) references to the "Borrower" were read as references to the "Sovereign"; and

(ii) references to the "proceeds of the Loan" were read as references to the "proceeds of the Grant Financing".

Section 3.03 Environmental and Social Compliance

Except as the Bank otherwise agrees, the Project Entity shall ensure that the part of the Project financed with the Grant Financing is carried out in accordance with Section 2.05 (*Environmental and Social Compliance Covenants*) of the Project Agreement and in accordance with the requirements set out in Schedule 2 (*EU Pass-through Provisions*) to this Agreement.

Section 3.04 Support Obligations of the Sovereign

(a) The Sovereign shall take no action, nor shall it permit any of its agents or subsidiaries to take any action, that would prevent or interfere with the execution of the Project or with the efficient operation of the Project facilities or the performance of the Project Entity's obligations under this Agreement. The Sovereign shall also ensure that no such action is taken or permitted to be taken by any of its political or administrative subdivisions or any of the entities owned and controlled by, or operating for the account or benefit of, the Sovereign or such subdivisions.

(b) The Sovereign shall, unless the Bank shall agree otherwise:

(1) duly perform all of its obligations under this Agreement and under the Loan Agreement;

(2) support the Project Entity in meeting its obligations under this Agreement, including by taking all legislative, regulatory or other actions necessary or desirable, and by allocating and proving, or causing to be provided, funds and support to the Project Entity as and when needed by the Project Entity to complete the Project;

(3) procure that the proceeds of the Grant Financing are used by the Sovereign and the Project Entity exclusively for the Project, and, to the extent any Disbursement is made directly to the account of the Sovereign for reimbursement of expenditures incurred in respect of the Grant Financed Items, the Sovereign (unless it has made direct payment for the goods, works and services required for the Project) shall make available to the Project Entity, pursuant to a grant or contribution agreement in form and substance satisfactory to the Bank, the relevant portion of the proceeds of the Grant Financing on terms and conditions acceptable to the Bank;

(4) execute any other documents and take any other actions that the Bank determines are necessary or desirable to give effect to this Agreement; and

(5) in performing its obligations under this Agreement comply and procure that the Project Entity complies with the requirements set out in Schedule 2 (*EU Pass-through Provisions*) to this Agreement.

Section 3.05 Project Implementation Unit

The Project Entity shall ensure that the activities and responsibilities of the PIU, referred to in Section 2.03 (*Project Implementation Unit*) of the Project Agreement, include the procurement of the Grant Financed Items and implementation of the Grant Financing.

Section 3.06 Procurement

(a) Except as the Bank otherwise agrees, the procurement of all Grant Financed Items shall be governed by the EBRD Procurement Rules. The Grant Financed Items shall be procured through open tendering as set out in Article 3 of Section III of the EBRD Procurement Rules.

(b) All Contracts shall be subject to the prior review and non-objection procedures set out in the EBRD Procurement Rules.

Section 3.07 Project Records and Reports; Examinations

(a) The Project Entity shall ensure that information furnished to the Bank by it, and records maintained by the Project Entity, in compliance with the Project Entity's obligations pursuant to Section 2.07 (*Reporting Frequency and Submission*

Requirements) of the Project Agreement as well as Section 4.04 (*Project Records and Reports*) and Section 5.02 (*Reporting*) of the Standard Terms and Conditions:

(1) includes detailed information concerning the Contracts, the Contractors, Disbursements, the Grant Financing and its use, the Grant Financed Items, as well as the status of compliance with each of the covenants contained in this Agreement in form and substance satisfactory to the Bank;

(2) contains sufficient information to enable tracking of the Grant Financing distinct from the Loan Financing; and

(3) includes such other information regarding *inter alia* the Project Entity, the Project and the transactions contemplated in this Agreement as the Bank may from time to time reasonably request.

(b) As soon as available but in any event, within thirty (30) days after completion of the last Contract, the Project Entity shall furnish to the Bank (if requested by the Bank, certified by the Project Entity's Authorised Representative) a final report with regard to the use of the Grant Financing, which will specify in detail all Contracts, all Contractors, the Grant Financed Items and the delivery and erection schedules, and comparison against original forecasts.

(c) As soon as available but in any event, within thirty (30) days after the Project Completion Date, the Project Entity shall furnish to the Bank (if requested by the Bank, certified by the Project Entity's Authorised Representative) a final report with regard to the Project, identifying the use of the Grant Financing.

(d) The Project Entity shall enable the Bank, the Donor and their representatives, at the Bank's request:

(1) to visit any facilities and construction sites relating to the Project;

(2) to examine any and all goods, works and services financed out of the proceeds of the Grant Financing and any plants, installations, sites, works, buildings, property, equipment, records and documents relevant to the performance of the obligations of the Sovereign under this Agreement; and

(3) for these purposes, to meet and hold discussions with such representatives and employees of the Project Entity as the Bank may deem necessary and appropriate.

(e) Upon the award of any Contract, the Bank may publish a description thereof, the name and nationality of the Contractor and the contract price.

(f) The Project Entity shall ensure that the Bank, the Donor and their representatives are provided access to the Project Entity's books of account and records related to the Project and the Grant Financing.

(g) The Project Entity shall comply with all other requirements in relation to furnishing of information and inspection and audit as set out in Schedule 2 (*EU Pass-through Provisions*) to this Agreement including, without limitation, the provisions of Sections 10

(*Project Records and Access*), 11 (*Inspection and Audit*), and 12 (*Furnishing of Information*) of Schedule 2 (*EU Pass-through Provisions*) to this Agreement.

ARTICLE IV - FINANCIAL AND OPERATIONAL COVENANTS

Section 4.01 Financial Records and Reports

(a) The Project Entity shall maintain separate records and accounts in respect of the Grant Financing, in accordance with IFRS consistently applied.

(b) The Project Entity shall ensure that the information furnished to the Bank by the Project Entity, and records maintained by the Project Entity, in compliance with the Project Entity's obligations pursuant to Section 3.01 (*Financial Records and Reports*) of the Project Agreement as well as Section 5.02(c)(i) (*Reporting*) of the Standard Terms and Conditions:

(1) includes detailed information concerning the Grant Financing and its use, in form and substance satisfactory to the Bank;

(2) contains sufficient information to enable tracking of the Grant Financing distinct from the Loan Financing; and

(3) includes such other information concerning such records, accounts and financial statements as the Bank may from time to time reasonably request.

(c) The Project Entity shall, until at least five (5) years after the Project Completion Date:

(1) keep financial accounting documents and records concerning the activities financed by the Grant Financing; and

(2) make available to the Bank and/or the Donor, upon request, all relevant financial information, including statements of accounts, in connection with the Project.

(d) The Project Entity shall comply with all other requirements in relation to its financial records and reports as set out in Schedule 2 (*EU Pass-through Provisions*) to this Agreement.

Section 4.02 Conduct of Business and Operations

The Project Entity shall, except as the Bank otherwise agrees:

(a) duly perform all of its obligations under this Agreement and the Project Agreement;

(b) not sell, lease or otherwise dispose of any of its core assets that are required for the efficient carrying on of its operations or the disposal of which may prejudice it ability to perform satisfactorily any of its obligations under this Agreement;

(c) not make changes or permit changes to be made to its Statutes if such changes are inconsistent with any provision of this Agreement or could impair the ability of the Project Entity to comply with the terms of this Agreement;

(d) execute any other documents and take any other actions that the Bank determines are necessary or desirable to give effect to this Agreement; and

(e) in performing its obligations under this Agreement comply with the requirements set out in Schedule 2 (*EU Pass-through Provisions*) to this Agreement.

Section 4.03 Taxes

(a) The Project Entity shall pay, when due, all Taxes levied on it and payable on, or in connection with, the execution, issue, delivery, registration or notarisation of this Agreement (including the provision of the Grant Financing) or any other document related to this Agreement.

(b) No part of the proceeds of the Grant Financing shall be used, directly or indirectly, for the payment of any Taxes, be they direct or indirect, in the territory of the Sovereign or elsewhere.

Section 4.04 Visibility

The Project Entity shall take appropriate measures to publicise in relevant publications, communications, as well as media, the fact that the Project has received funding from inter alia the European Union as further specified in Section 8 (Donor Visibility) of Schedule 2 (*EU Pass-through Provisions*) to this Agreement.

Section 4.05 Fraud and Corruption

The Project Entity shall not, and shall not authorise or permit any of its officers, directors, authorised employees, agents or representatives to, engage in with respect to the Project, the Grant Financing or any transactions contemplated by this Agreement, any Prohibited Practice.

Section 4.06 Restrictive Measures

(a) Each of the Sovereign and Project Entity represents, warrants and covenants as follows:

(i) it is not a person or entity which is designated as a target of (or is otherwise subject to) the economic or financial sanctions or restrictive measures adopted by (A) the United Nations under Chapter VII of the UN Charter, including those made available on the official UN website https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list, as amended and supplemented from time to time or on any successor page or (B) the European Union pursuant to the Treaty on European Union (TEU) or to the Treaty on the Functioning of the European Union (TFEU) including those made available on the official EU websites https://data.europa.eu/data/datasets/consolidated-list-of-persons-groups-and-entities-subject-to-eu-financial-sanctions?locale=en, as amended and supplemented

from time to time or on any successor page (measures specified under (i)(A) and (i)(B) above are "**Restrictive Measures**");

(ii) it is not owned (directly or indirectly) or controlled by, or acting on behalf or at the direction of, any person or entity that is designated as a target of (or is otherwise subject to) any Restrictive Measures;

(iii) unless EBRD otherwise agrees in writing, no part of the proceeds of the Grant Financing shall be used, directly or indirectly, to make payments to or for the benefit of (A) any person or entity which is designated as a target of (or is otherwise subject to) any Restrictive Measures, or (B) an entity which is owned (directly or indirectly) or controlled by, or acting on behalf or at the direction of, any such person or entity; and

(iv) it has no knowledge of any additional facts or matters the omission of which makes any representation or warranty set out in this Section misleading.

(b) The representations, warranties and covenants given under this Section shall be deemed to be repeated on submission of each Disbursement request and on each Disbursement date by reference to the facts and circumstances then existing.

(c) Each of the Sovereign and the Project Entity shall (i) promptly notify EBRD if it obtains any information regarding a breach of any representation or covenant set out in this Section and (ii) cooperate in good faith with EBRD and its representatives in assessing whether such breach has occurred and shall respond promptly and in reasonable detail to any request from EBRD regarding any such alleged breach and shall furnish documentary support for such response upon EBRD's request.

ARTICLE V - SUSPENSION AND CANCELLATION; REFUND

Section 5.01 Suspension

(a) If any of the following events shall have occurred and be continuing, the Bank may, by notice to the Sovereign and the Project Entity, suspend in whole or in part, the right of the Sovereign to any further Disbursement under this Agreement:

(1) any of the Loan Agreement or the Project Agreement ceases to be in full force and effect or is terminated;

(2) the Sovereign or the Project Entity has failed or fails to perform any of its obligations under this Agreement, the Loan Agreement or the Project Agreement.

(3) alternative funding proves to have been acquired for the financing of the Project, thus giving rise to double-financing (either in whole or in part);

(4) the Bank has suspended, or an event has occurred which gives the Bank the right to suspend, in whole or in part, the right of the Sovereign in its capacity as Borrower under the Loan Agreement to make applications for Drawdowns, pursuant to Section 7.01 (*Suspension*) of the Standard Terms and Conditions or Section 4.01 (*Suspension*) of the Loan Agreement;

(5) the Bank has cancelled, or an event has occurred which gives the Bank the right to cancel, in whole or in part, the Loan Financing pursuant to Section 7.02 (*Cancellation by the Bank*) of the Standard Terms and Conditions;

(6) any event specified in Section 7.06 (*Events of Acceleration*) of the Standard Terms and Conditions has occurred or is continuing and the Bank has declared all or any portion of the Loan Financing to be due and payable pursuant to Section 7.06 (*Events of Acceleration*) of the Standard Terms and Conditions;

(7) an extraordinary situation has arisen as a result of events which have occurred which shall make it improbable that the Project can be carried out or the Project Entity or the Sovereign will be able to perform their obligations under this Agreement;

(8) without prejudice to paragraph (14) of this Section 5.01, a representation made by the Project Entity or the Sovereign in connection with this Agreement shall have been incorrect or misleading in any material respect;

(9) the Statutes of the Project Entity shall have been amended, suspended, abrogated, repealed or waived in such a way as to affect materially and adversely the operations or the financial condition of the Project Entity or its ability to carry out the Project or to perform any of its obligations under this Agreement;

(10) the Sovereign in its capacity as Borrower under the Loan Agreement has cancelled in whole or in part any undisbursed portion of the Loan Financing pursuant to Section 3.08 (*Cancellation*) of the Standard Terms and Conditions, in which case the amount of any Disbursement to be suspended under this Agreement shall be pro rata to the relevant cancelled amount of the Loan Financing;

(11) the Account has terminated pursuant to the Contribution Agreement, or notice of termination has been given in accordance with the Contribution Agreement;

(12) in accordance with the Enforcement Policy and Procedures, the Bank has determined that the Sovereign, the Project Entity, a Contractor, an Affiliate of such entities, or any of their officers, employees, agents or representatives, has been included on the Bank's list of persons or entities ineligible to be awarded a Bank-financed contract or for Bank funding, as such list may be found on the Bank's website;

(13) the legislative and regulatory framework applicable to the railway sector in the territory of the Sovereign shall have been amended, suspended, abrogated, repealed or waived in a manner so as to affect materially and adversely the operations or the financial condition of the Project Entity to perform any of its obligations under this Agreement;

(14) any representation, warranty or covenant made by the Sovereign and the Project Entity (i) under Section 4.06 (*Restrictive Measures*) or (ii) in respect of Restrictive Measures in a request for Disbursement, shall have been incorrect or misleading or breached; or

(15) any representation, warranty or covenant made by the Sovereign or the Project Entity in paragraph (b) of Section 6 (*Compliance with Standards*) of Schedule 2 (*EU Pass-through Provisions*) to this Agreement shall have been incorrect or misleading or breached.

(b) The right of the Sovereign to any further Disbursement shall continue to be suspended in whole or in part, as the case may be, until the event or events which gave rise to suspension shall have ceased to exist, unless the Bank shall have notified the Sovereign that the right to further Disbursements has been restored; provided, however, that the right to further Disbursements shall be restored only to the extent and subject to the conditions specified in such notice, and no such notice shall affect or impair any right, power or remedy of the Bank in respect of any other subsequent event described in this Section.

Section 5.02 Cancellation by the Bank

(a) If at any time the Bank determines, after consultation with the Sovereign and the Project Entity, that an amount of the Grant Financing will not be required to finance costs of the Project to be financed out of the Grant Financing, the Bank may, by notice to the Sovereign and the Project Entity, cancel such amount of the Grant Financing. On the Last Availability Date of the Grant Financing, any undisbursed portion of the Grant Financing shall be cancelled automatically, except as the Bank otherwise agrees.

(b) If the right of the Sovereign to Disbursement of any portion of the Grant Financing under this Agreement shall have been suspended pursuant to Section 5.01 (*Suspension*) of this Agreement for a continuous period of thirty (30) days, the Bank may, by notice to the Sovereign and the Project Entity, cancel the Grant Financing, in whole or in part.

(c) If the Bank has cancelled, or an event has occurred which gives the Bank the right to cancel, in whole or in part, the Loan Financing pursuant to Section 7.02 (*Cancellation by the Bank*) of the Standard Terms and Conditions, the Bank may, by notice to the Sovereign and the Project Entity, cancel the Grant Financing, in whole or in part.

(d) If at any time, the Bank determines that :

(1) the procurement of any of the Grant Financed Items is inconsistent with this Agreement;

(2) funds disbursed under this Agreement have been used for purposes other than those provided for under this Agreement; or

(3) with respect to any Contract, any representative of the Sovereign, the Project Entity or any Contractor has engaged in any Prohibited Practice during the procurement or execution of such Contract, without the Sovereign, the Project Entity having taken timely and appropriate action satisfactory to the Bank to remedy the situation;

the Bank may, by notice to the Sovereign, cancel the Grant Financing in whole or in part. Such cancellation shall take effect when notice is given.

(e) If at any time, in accordance with the Enforcement Policy and Procedures, the Bank determines that any representative of the Sovereign, the Project Entity, any Contractor, an Affiliate of such entities, or any of their officers, employees, agents or representatives, has been included on the Bank's list of persons or entities ineligible to be awarded a Bank-financed contract or for Bank funding, as such list may be found on the Bank's website, cancel the Grant Financing in whole or in part. Such cancellation shall take effect when notice is given.

Section 5.03 Unconditional Reimbursement Commitments Unaffected by Suspension or Cancellation

No cancellation or suspension shall apply to amounts subject to an unconditional Reimbursement Commitment entered into by the Bank pursuant to Section 2.03 (*Conditional and Unconditional Reimbursement Commitments*) of this Agreement except as expressly provided in such commitment.

Section 5.04 Obligations of the Sovereign and the Project Entity

Notwithstanding any cancellation or suspension, all the provisions of this Agreement shall continue in full force and effect, except as specifically provided herein.

Section 5.05 Events of Refund

If any of the following events shall have occurred and, if applicable, shall be continuing for the period specified below, then at any time during the continuance of that event the Bank may, by notice to the Sovereign and the Project Entity, demand that the Sovereign and the Project Entity refund all or any portion of the Grant Financing (and pays any other amounts payable under this Agreement) and the same shall thereupon become (anything in this Agreement to the contrary notwithstanding), due and payable immediately:

(a) Any event specified in Section 5.01(a)(1) (*Suspension*) of this Agreement has occurred.

(b) Any event specified in Section 5.01(a)(2) (*Suspension*) of this Agreement has occurred and, if capable of remedy, has continued for a period of thirty (30) days after notice thereof has been given by the Bank.

(c) Any Event of Acceleration specified in the Standard Terms and Conditions and the Loan Agreement has occurred or is continuing and the Bank, has declared all or any portion of the Loan Financing to be due and payable pursuant to Section 7.06 (*Events of Acceleration*) of the Standard Terms and Conditions.

(d) At any time, in accordance with the Enforcement Policy and Procedures, the Bank determines that the Sovereign, the Project Entity, any Contractor, an Affiliate of such entities, or any of their officers, employees, agents or representatives, has been included on the Bank's list of persons or entities ineligible to be awarded a Bank-financed contract or for Bank funding, as such list may be found on the Bank's website.

(e) The Sovereign in its capacity as Borrower under the Loan Agreement has cancelled in whole or in part any undisbursed portion of the Loan Financing pursuant to Section 3.08 (*Cancellation*) of the Standard Terms and Conditions.

(f) Any part of the proceeds of the Grant Financing has been used, directly or indirectly, to make payments to, or for the benefit of (i) any person or entity which is designated as a target of (or is otherwise subject to) any Restrictive Measures, or (ii) an entity which is owned or controlled by, or acting on behalf or at the direction of, any such person or entity.

(g) Any amounts of the Grant Financing have been misused by the Sovereign or the Project Entity in accordance with paragraph (b) of Section 3 (*Misuse of EU Contribution*) of Schedule 2 (*EU Pass-through Provisions*) to this Agreement.

ARTICLE VI - ENFORCEABILITY, DISPUTE RESOLUTION

Section 6.01 Enforceability

The rights and obligations of the Sovereign and the Project Entity shall be valid and enforceable in accordance with their terms, notwithstanding any local law to the contrary. The Sovereign and the Project Entity shall not be entitled under any circumstances to assert any claim that any provision of this Agreement is invalid or unenforceable for any reason.

Section 6.02 Failure to Exercise Rights

No delay in exercising, or omission to exercise, any right, power or remedy, accruing to either party under this Agreement upon any default shall impair any such right, power or remedy or be construed to be a waiver thereof or an acquiescence in such default; nor shall the action of such party in respect of any default, or any acquiescence in any default, affect or impair any right, power or remedy of such party in respect of any other subsequent default.

Section 6.03 Dispute Resolution

The provisions of Section 8.04 (*Dispute Resolution*) of the Standard Terms and Conditions shall apply as if set out herein in full mutatis mutandis save that:

(i) references to "the Loan Agreement" or "Project Agreement" were read as references to "this Agreement"; and

(ii) references to "the Borrower" were read as references to "the Sovereign".

ARTICLE VII - EFFECTIVENESS; TERMINATION

Section 7.01 Effective Date

Except as the Bank, the Sovereign and the Project Entity shall otherwise agree, this Agreement shall become effective on the date upon which the Bank dispatches to the Sovereign and the Project Entity notice of the Bank's acceptance of the evidence required

by Section 7.02 (*Conditions Precedent to Effectiveness*) and Section 7.03 (*Legal Opinions*) of this Agreement.

Section 7.02 Conditions Precedent to Effectiveness

This Agreement shall not become effective unless the Bank is satisfied that no event referred to in Section 5.01(a) (*Suspension*) or Section 5.05 (*Events of Refund*) of this Agreement has occurred and is continuing; and until the following conditions precedent have been fulfilled, in form and substance satisfactory to the Bank, or at the sole discretion of the Bank waived, whether in whole or in part and whether subject to conditions or unconditionally:

(a) the Bank shall have received two duly executed originals of this Agreement;

(b) all conditions precedent to the effectiveness of the Loan Agreement under Section 9.02 (*Conditions Precedent to Effectiveness*) of the Standard Terms and Conditions and Section 5.01 (*Conditions Precedent to Effectiveness*) of the Loan Agreement, except only the effectiveness of this Agreement, have been fulfilled, in form and substance satisfactory to the Bank;

(c) the Bank shall have received evidence, in form and substance satisfactory to the Bank, that the execution and delivery of this Agreement on behalf of the Sovereign and the Project Entity have been duly authorised or ratified by all necessary governmental, administrative and corporate action;

(d) the Contribution Agreement has entered into force in accordance with its terms;

(e) the Project Agreement has been executed and delivered and all conditions precedent to its effectiveness, have been fulfilled; and

(f) the Bank has been provided with such other documents it may have reasonably requested.

Section 7.03 Legal Opinions

As part of the evidence to be furnished pursuant to Section 7.02 (*Conditions Precedent to Effectiveness*) of this Agreement, the Sovereign shall furnish to the Bank an opinion on behalf of the Sovereign and the Project Entity by the Minister of Justice, in form and substance satisfactory to the Bank, in respect of this Agreement, and showing that this Agreement has been duly authorised or ratified by, and executed and delivered on behalf of the Sovereign and the Project Entity, and constitutes a valid and legally binding obligation of the Sovereign and the Project Entity, enforceable in accordance with its terms.

Section 7.04 Termination for Failure to Become Effective

If:

(a) this Agreement shall not have become effective by the date which is one hundred and eighty (180) calendar days from the date of this Agreement; or

(b) the Loan Agreement shall not have become effective by the date specified in Section 5.03 (*Termination for Failure to Become Effective*) of the Loan Agreement or any further date notified by the Bank to the Sovereign in its capacity as Borrower pursuant to Section 9.04 (*Termination for Failure to Become Effective*) of the Standard Terms and Conditions;

all obligations of the Bank under this Agreement shall terminate unless the Bank, after consideration of the reasons for the delay, shall establish a later date for the purposes of this Section. The Bank shall promptly notify the Sovereign and the Project Entity of such later date.

Section 7.05 Termination on Performance

(a) This Agreement shall continue in force until the Sovereign and the Project Entity have performed all of their respective obligations in accordance with the provisions hereof, unless earlier terminated in accordance with its terms; provided that the provisions of Section 6.03 *(Dispute Resolution)* shall survive the termination of this Agreement.

(b) Notwithstanding anything to the contrary in this Agreement, the provisions of Section 5.05(d) (*Events of Refund*) shall survive the termination of this Agreement for five (5) years after the Project Completion Date.

ARTICLE VIII – MISCELLANEOUS

Section 8.01 Notices

(a) Any notice or request required or permitted to be given or made under this Agreement shall be in writing. Except as otherwise provided in Section 7.01 (*Effective Date*) of this Agreement, such notice or request shall be deemed to have been duly given or made when it has been delivered to the party to which it is required to be given or made at the party's address specified below or at such other address as such party shall have specified in writing to the other party giving the notice or making the request. Except as otherwise provided in this Agreement or the EBRD Disbursement Handbook, such delivery may be made by hand, mail or facsimile transmission. Deliveries made by facsimile transmission shall also be confirmed by mail.

For the Sovereign:

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

Attention: Minister of Finance
Email: cancelaria@mf.gov.md

For the Project Entity:

Calea Ferata din Moldova
48 Vlaicu Pircalab Street
Chisinau MD-2012
Republic of Moldova

Attention: General Director
Email: cfm@railway.md

For the Bank:

European Bank for Reconstruction and Development
5 Bank St
London E14 4BG
United Kingdom

Attention: Operation Administration Department / Operation No. 54122
Email: oad@ebrd.com

(b) The Bank may invite the Sovereign and the Project Entity to register to use ClientNet or another form of electronic communication and, if the Sovereign and the Project Entity and the Bank agree to use ClientNet or such other form of electronic communication, any notice, application or other communication from the Sovereign and the Project Entity to the Bank or from the Bank to the Sovereign and the Project Entity (other than any notice, application or other communication that is required by this Agreement or any other Financing Agreement to be in an original, certified or hard copy), may, subject to the terms and conditions of ClientNet or such other form of electronic communication, be given or made by posting such notice, application or other communication on ClientNet or sent in accordance with the terms agreed concerning such other form of electronic communication.

(c) Any notice, application or other communication delivered by hand, airmail or facsimile transmission or via ClientNet or another agreed form of electronic communication will only be effective when actually received (or made available) in readable form, provided that any notice, application or other communication that is received (or made available) after 5:00 p.m. in the place in which the party to whom the relevant notice, application or communication is sent has its address for the purpose of this Agreement shall be deemed only to become effective on the following day.

(d) The following are the names, titles and email addresses of the persons designated as the initial contacts of the Sovereign for purposes of any invitation the Bank may send to the Sovereign and the Project Entity regarding ClientNet:

Name	***Title***	***E-mail address***	***Language - English, Russian, French***
Elena Matveeva	Head of the Public Debt Department	elena.matveeva@mf.gov.md	English, Russian

Alexandru Rodideal	Head of the External Debt and On-Lending Division, Public Debt Department	alexandru.rodideal@mf.gov.md	English, Russian
Alexandrina Sorbală	Consultant of the External Debt and On-Lending Division, Public Debt Department	alexandrina.sorbala@mf.gov.md	English, Russian
Eduard Calancea	Deputy General Director	eduard.calancea@railway.md	English
Vasile Codreanu	Deputy Head, Rail track maintenance department	vasile.codreanu@railway.md	English
Filipp Ivanov	Adviser to the General Director	filipp.ivanov@railway.md	English

Section 8.02 Authority to Act

Any action required or permitted to be taken and any documents required or permitted to be executed under this Agreement by the Sovereign or the Project Entity shall be taken or executed by the Sovereign's Authorised Representative and the Project Entity's Authorised Representative, as the case may be, or such other officers of the Sovereign and the Project Entity as any such Authorised Representatives shall designate in writing. Each of the Sovereign and the Project Entity shall furnish to the Bank evidence of the authority and the authorised specimen signature of such officer substantially in the form of Exhibit 2 (*Form of Letter Designating Authorised Signatories*).

Section 8.03 Amendment

This Agreement may be amended by a written instrument signed by the Sovereign's Authorised Representative, the Project Entity's Authorised Representative and by a duly authorised officer of the Bank.

Section 8.04 English language

This Agreement has been prepared and executed in English. Any document delivered pursuant to this Agreement shall be in the English language. Documents in any other language shall be accompanied by an English translation thereof certified as being an approved translation and such approved translation shall be conclusive.

Section 8.05 Indemnification

(a) The Sovereign and the Project Entity assume full liability for, and agree to and shall indemnify and hold harmless the Bank and its officers, directors, employees, agents and servants against and from, any and all liabilities, obligations, losses, damages (compensatory, punitive or otherwise), penalties, claims, actions, Taxes, suits, costs and expenses (including, reasonable legal counsel's fees and expenses and costs of investigation) of whatsoever kind and nature, including, without prejudice to the generality of the foregoing, those arising in contract or tort (including negligence) or by strict liability or otherwise, which are imposed on, incurred by or asserted against the Bank or any of its officers, directors, employees, agents or servants (whether or not also indemnified by any other person under any other document) and which in any way relate to or arise out of, whether directly or indirectly:

(1) any of the transactions contemplated by this Agreement or the execution, delivery or performance thereof;

(2) the operation or maintenance of the Project Entity's facilities or the ownership, control or possession thereof by the Project Entity; or

(3) the exercise by the Bank of any of its rights and remedies under this Agreement; and

provided that the Bank shall not have any right to be indemnified hereunder for its own gross negligence or wilful misconduct.

(b) The Sovereign and the Project Entity acknowledge that the Bank is entering into this Agreement, and has acted, solely as a grant provider, and not as an advisor, to the Sovereign or the Project Entity. The Sovereign and the Project Entity represent and warrant that, in entering into this Agreement, they have engaged, and relied upon advice given to them by, their own legal, financial and other professional advisors and they have not relied on and will not hereafter rely on any advice given to them by the Bank.

Section 8.06 Assignments

(a) The Sovereign and the Project Entity may not assign or otherwise transfer all or any part of their respective rights or obligations under this Agreement without the prior written consent of the Bank.

(b) The Bank may assign to the Donor any claim it may have against the Sovereign or the Project Entity as further specified in Schedule 2 (*EU Pass-through Provisions*) of this Agreement.

Section 8.07 Rights, Remedies and Waivers

The rights and remedies of the Bank under this Agreement shall not be prejudiced by any act or thing which might, apart from this Section, prejudice such rights or remedies. No course of dealing and no delay in exercising, or failure to exercise, any right, power or remedy of the Bank shall impair any such right, power or remedy or be construed to be a waiver thereof. Any waiver of any of the terms or conditions of this Agreement shall be in writing and signed by the Bank. In the event that the Bank waives a condition to any Disbursement of the Grant Financing, the Sovereign shall, by receiving

such Disbursement, be deemed to have agreed to the terms of such waiver and the right of the Bank to require compliance with such condition shall be expressly preserved for the purposes of any subsequent Disbursement. The rights and remedies provided in this Agreement and the other agreements contemplated hereby are cumulative and shall not preclude any other or further exercise thereof or the exercise of any other right or remedy.

Section 8.08 Disclosure

The Bank may disclose such documents, information and records regarding the Sovereign and the Project Entity and this transaction (including copies of this Agreement and any other agreement contemplated hereby) as the Bank deems appropriate for any purposes in connection with any dispute involving the Sovereign and the Project Entity, for the purpose of preserving or enforcing any of the Bank's rights under this Agreement or any other agreement contemplated hereby or collecting any amount owing to the Bank, for the purpose of reporting pursuant to the Contribution Agreement and for other purposes set out in Section 9 (*Disclosure*) of Schedule 2 (*EU Pass-through Provisions*) to this Agreement.

Section 8.09 Counterparts

This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.

IN WITNESS WHEREOF, the parties hereto, acting their duly authorised representatives, have caused this Agreement to be signed in six copies as of the date first above written.

REPUBLIC OF MOLDOVA

By: _____
Name: Mrs Lilia Dabija
Title: Minister of Infrastructure and Regional Development

CALEA FERATA DIN MOLDOVA

By: _____
Name: Mr. Oleg Tofilat
Title: General Director

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: _____
Name: Mrs. Angela Sax
Title: Head of EBRD Moldova

SCHEDULE 1 - THE GRANT FINANCED ITEMS

The table shown in this Schedule sets forth the Grant Financed Items and the amount of the Grant Financing allocated to each Grant Financed Item

	Grant Financed Items	Amount of the Grant Financing Allocated in EUR
1	Goods (i.e. rails, sleepers, ballast, fastenings, etc.) (as described in Part A of Schedule 1 of the Loan Agreement)	19,590,000

SCHEDULE 2 – EU PASS-THROUGH PROVISIONS

1. Last Availability Date of Grant Financing

All costs to be financed by the Grant Financing must be incurred and the Grant Financing must be disbursed before the end of the implementation period set out in Article 2 of the Contribution Agreement.

2. Payment

It is expressly acknowledged and agreed that the Bank will not be obliged to make any Disbursement or any other payment pursuant to this Agreement except to the extent that sufficient funds have been made available by the Donor for such purpose.

3. Misuse of EU Contribution

(a) If any amount of the Grant Financing has been paid to or received by the Sovereign or the Project Entity in a manner that is inconsistent with this Agreement, the Sovereign shall repay any such amount to EBRD on demand.

(b) EBRD may assign to the European Commission any claim it may have against the Sovereign or the Project Entity in respect of a breach of the preceding paragraph.

4. Personal Data Protection

The Sovereign and the Project Entity shall ensure appropriate protection of personal data in accordance with all applicable laws and regulations and all laws concerning the use and protection of personal data.

5. EU Liability

The European Union or the European Commission shall have no further exposure or liability of any kind beyond the amount of the Grant Financing. The Sovereign and the Project Entity shall transpose the limitation of EU liability set forth in this paragraph into any Contract that is funded with the proceeds of the Grant Financing.

6. Compliance with Standards

(a) The Sovereign and the Project Entity shall ensure that the Project at all times promotes the respect of human rights and respect applicable environmental legislation including multilateral environmental agreements, as well as internationally agreed core labour standards, and complies with the requirements in respect of child labour or trafficking in human beings as laid down in EBRD's Environmental and Social Policy, in particular in its Performance Requirement 2: Labour and Working Conditions.

(b) The Project Entity represents, warrants and covenants that it has not been, in the last five years, the subject of a final judgement (judgment which has the force of *res judicata*) or of a final administrative decision (a decision of an administrative authority having final and binding effect in accordance with the applicable law) establishing that: (i) it has created an entity under a different jurisdiction with the intention to circumvent fiscal,

social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business; or (ii) it has been created with the intention described in (i).

(c) If requested by EBRD, the Project Entity shall promptly provide documentary evidence supporting the representation under paragraph (b) above.

7. Conflict of Interests

The Sovereign and the Project Entity shall refrain from any activity which may compromise the impartial and objective exercise of functions of any person carrying out its obligations under this Agreement.

8. Donor Visibility

(a) The financing provided to the Sovereign has benefitted from the support of the European Union. As such, the Sovereign and the Project Entity shall take appropriate measures to publicise the fact that the Project has received support from the European Union and in particular shall ensure that:

(i) information given to the press, as well as all publicity material, official notices, reports and publications, acknowledge that the Project is carried out "with funding by the European Union" and displays the EU logo (twelve yellow stars on a blue background) in an appropriate way;

(ii) publications relating to the Project (including electronic publications) carry the following disclaimer: *This document was produced with the financial assistance of the European Union. The views expressed herein can in no way be taken to reflect the official opinion of the European Union*; and

(iii) if equipment, vehicles or major supplies are purchased using the Grant Financing, appropriate acknowledgement (including the EU logo) is displayed on such vehicles, equipment and major supplies, unless an alternative arrangement has been agreed by EBRD in order to avoid jeopardising the safety of the Project Entity's staff.

(b) The acknowledgement and the European Union emblem shall be of such a size and prominence as to be clearly visible in a manner that shall not create any confusion regarding the identification of the Project as an activity of the Sovereign or the Project Entity, nor the ownership of the equipment, vehicles or major supplies by the Sovereign or the Project Entity.

9. Disclosure

The Sovereign and the Project Entity acknowledge and agree that EBRD may disclose to the European Union any such documents, information and records (including a copy of this Agreement) relating to the Project or the Grant Financing as EBRD deems appropriate and EBRD and/or the European Union may publish in any form and medium, including on its internet sites, the name and address of the Sovereign and the Project Entity and the purpose and amount of the Grant Financing.

10. Project Records and Access

The Project Entity shall maintain all relevant financial information, records and accounts relating to the Grant Financing to identify any and all goods, works and services financed out of the proceeds of the Grant Financing and to identify their use in the Project, for not less than five years after the latter of:

(i) the Project Completion Date; and

(ii) if an audit or investigation has been initiated by the European Anti-Fraud Office (OLAF) or EBRD with respect to the Project, the date such audit or investigation is completed,

and make such records available to EBRD's representatives on request of EBRD.

11. Inspection and audit

(a) The Sovereign and the Project Entity shall allow EBRD and/or the European Commission, the European Court of Auditors or any of their authorised representatives to conduct desk reviews and on-the-spot checks of the use made of the Grant Financing. To that end, the Sovereign and the Project Entity shall enable EBRD and/or the European Commission, OLAF, the European Court of Auditors or any of their authorised representative, upon request:

(i) to visit any premises where the business of the Project Entity is conducted; and

(ii) to have access to and examine any and all accounts, records, documents and computerised data of the Sovereign or the Project Entity that relate to the Grant Financing and allow such records and accounts to be audited by EBRD or its representatives.

(b) The Sovereign and the Project Entity shall ensure that all accounts, records, documents and computerised data that relates to the Grant Financing are accessible and filed in a manner that reasonably enables the arrangements permitted in paragraph (a) above.

12. Furnishing of Information

The Sovereign and the Project Entity shall furnish promptly to EBRD such information as EBRD or the European Union may from time to time reasonably request.

13. Early Detection and Exclusion System

The Sovereign and the Project Entity acknowledge and agree that EBRD is required to inform the European Commission if it, in relation to the implementation of the Project, detects (A) that the Project Entity has been the subject of a final judgement (judgment which has the force of *res judicata*) or of a final administrative decision (a decision of an administrative authority having final and binding effect in accordance with the applicable law) establishing that: (i) it has created an entity under a different jurisdiction with the intention to circumvent fiscal, social or any other legal obligations of mandatory application in the jurisdiction of its registered office, central administration or principal place of business; or (ii) it has been created with the intention described in (i) or (B) any fraud and/or irregularity in the payment and/or use of the EU Contribution. Such

information may be included in the Early Detection and Exclusion System and be published on the website of the European Commission.
In this paragraph, "**Early Detection and Exclusion System**" means a system set up by Regulation (EU, Euratom) No 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the European Union, amending Regulations (EU) No 1296/2013, (EU) No 1301/2013, (EU) No 1303/2013, (EU) No 1304/2013, (EU) No 1309/2013, (EU) No 1316/2013, (EU) NO 223/2014, (EU) No 283/2014, and Decision No 541/2014/EU and repealing Regulation (EU, Euratom) No 966/2012 , which includes information on the early detection of risks threatening the European Union financial interests, on the cases of exclusion from European Union funding of legal and natural persons and on the cases of imposition of financial penalties.

EXHIBIT 1 - FORM OF DISBURSEMENT REQUEST

[To Be Typed on Letterhead of the Sovereign]

[Date]

European Bank for Reconstruction and Development
5 Bank St
London E14 4BG
United Kingdom

Attention Operation Administration Department

Operation No. 54122 (Grant Component)
Disbursement request No. [1]

Re: Grant Agreement dated _____ between Republic of Moldova, Calea Ferata Din Moldova and the European Bank for Reconstruction and Development (the "Bank").

We hereby request the following Disbursement in accordance with the provisions of the above mentioned Grant Agreement:

Grant Currency:	[EUR]
Currency of payment required:	[2]
Financed Amount(s) / currency:	[3]
Value Date:	[4]
Payable to (Payee):	[5]
Payee's Account Name:	[6]
Payee's Account Number:	[7]
Payee's Bank Name:	[8]
Payee's Bank Address:	[9]

Payee's Bank's Correspondent details:

Correspondent Bank Name:	[10]
Address:	[11]
Account Name:	[12]
Account Number:	[13]
Payment Reference:	[14]
Payee's email address:	[15]

We hereby certify that we have not previously requested disbursement from the Grant Financing to meet these expenditures. We have not obtained and do not intend to obtain funds for this purpose out of the proceeds of any other grant, credit or loan.

The goods and services covered by this request have been or are being purchased in accordance with the terms of the Grant Agreement.

[*Warranty compliance with the requirements of Section 2.02(c) (Conditions Precedent to Disbursement) by using the wording of that Section.*]

We hereby confirm to the EBRD that:

(i) neither the Sovereign, nor the Project Entity is (1) a person or entity which is designated as a target of (or is otherwise subject to) Restrictive Measures; or (2) owned (directly or indirectly) or controlled by, or acting on behalf or at the direction of, any person or entity that is designated as a target of (or is otherwise subject to) any Restrictive Measures;

(ii) no part of the proceeds of the Disbursement shall be used, directly or indirectly, to make payments to or for the benefit of (i) any person or entity which is designated as a target of (or is otherwise subject to) any Restrictive Measures, or (ii) an entity which is owned (directly or indirectly) or controlled by, or acting on behalf or at the direction of, any such person or entity; for the avoidance of doubt, we acknowledge and agree that this representation also covers each Contractor designated as a payee under this Disbursement Request;

(iii) we are in compliance with our obligations as set out in the Grant Agreement and the Loan Agreement; and

(iv) that no event has occurred which is liable to affect materially and adversely our operations or financial condition or our ability to carry out the Project or to perform any of our obligations under the Grant Agreement.

Yours faithfully,

[16]

By: _____

Name:
Title:

Enclosures: - Total number of Summary Sheets: [17]
- Total number of document items: [18]

Notes for completion of the form of Disbursement request

[1] The Sovereign should number each request form. The first request for a grant disbursement will be number 1, the following requests will be numbers 2, 3, etc. It is up to the Sovereign to keep track of the number of all grant disbursement requests that it has made under the given grant agreement. The request forms should follow the same sequential numbering system, whether they are for a direct payment disbursement, or for the issue of a reimbursement commitment. The use

of this numbering system avoids confusion in case forms are held up in the post, are faxed more than once, etc.

[2] Please state currency of actual payment required. This will be either the grant currency, or the currency of the expenditures (see [3] below). Alternatively, in some circumstances the Bank may agree to pay in a third currency, in which case it would act as the Sovereign's agent in order to obtain this currency.

If payment is required in more than one currency, then a different application form should be used per currency.

[3] The financed amount(s) are the original expenditures, in their original currency as detailed on the summary sheet, calculated at the appropriate percentage specified in the grant agreement for the applicable eligible Grant Financed Item. The amount(s) given here should correspond with the total amount(s) in section [15] of the summary sheet.

[4] The value date is the date that the EBRD's account is debited with the payment amount of the disbursement. The EBRD cannot guarantee that the payee's account will be credited on the same date, as this depends on the procedures adopted by the clearing system or the recipient bank in the country of the payee. There should be 15 business days minimum between the date that the EBRD receives the application and the requested value date. If in fact the payment is needed as soon as possible, instead of on that specific value date, it may be better not to give a specific date, but to put "as soon as possible" in this field [4]. In that case the EBRD will make the payment in any case within 15 business days, but earlier if possible. (Please note payment can only be guaranteed within 15 business days if the disbursement request is correct and complete.)

[5] The Disbursement is paid out to the payee. Normally the payee will be the Contractor, but provided that the Bank has agreed otherwise in writing and the enclosed documentation (see the summary sheet) provides evidence that the borrower has already paid the Contractor, then payment may be made to the Sovereign.

[6] The payee's account name in most cases will simply be the name of the payee.

[7] The payee's account number is required to avoid delays. In a growing number of countries, banks will refuse to make payment if the payee's account number is not given in the payment instructions.

[8] The payee's bank is the bank where the payee's account is held. Please indicate bank name and town.

[9] Instead of the address, the sorting code or SWIFT code can be given.

[10] The correspondent bank of the payee's bank is only required if payment is not to be made in the currency of the country where the payee's bank is located. In that case, the correspondent bank is the bank, located in the country of the payment currency, with which the payee's bank holds an account.

[11] Instead of an address, the sort code or SWIFT code of the correspondent bank can be given.

[12] The payee's bank's account name in most cases will simply be the name of the payee's bank.

[13] The payee's bank's account number is essential if the payee bank holds more than one account with the correspondent bank, or if it is not a member of SWIFT (the international electronic payment settlement system). Otherwise this number is useful but not mandatory. Where applicable the IBAN No. (International Bank Account Number) should be quoted.

[14] The payment reference which the EBRD will send with the payment helps the payee to identify the payment. If no specific reference is requested, the EBRD will mention the Sovereign's name and the agreement number.

[15] Payee's email address is required for the Bank to send notifications of upcoming payments to the payee prior to the Bank making such payments. It should be an email account that the payee is checking regularly.

[16] Signature. The request summary sheet should be signed off by or on behalf of the Sovereign.

[17] The summary sheets list all the items of documentation enclosed to support the Disbursement request application. If there are many items, it is advisable to use a separate summary sheet per category.

[18] The documentation items (contracts, invoices, receipts, etc.) are to be numbered and presented in the same order as they appear on the summary sheets. Their total number should be indicated here to facilitate the EBRD's review.

EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT

Sovereign Name : [1] ..... **Operation No : [3]**..... **Request No: [4]** .....

Date: [2] ..... **Summary Sheet No : [5]** ..... **Disbursement Grant Financed Item: [6]** (ref.no./ name/ %) ...../...../.....

Item No	Description of Item	Contract No. and Date	Name and Address of Contractor	Brief Description of Goods , Works or Services	Currency and Total Amount of Contract	Currency & Amount of Eligible Expenditure	Amount of Financing in currency of expenditure
[7]	[8]	[9]	[10]	[11]	[12]	[13]	[14]

Signature

[16].....

TOTAL (per currency)

[15]

NOTES FOR COMPLETION OF DISBURSEMENT REQUEST SUMMARY SHEET

[1] Name. Sovereign's name. This should be the same as on the Disbursement request form to which this summary sheet belongs.

[2] Date. Date of request. This should be the same as on the Disbursement request form to which this summary sheet belongs.

[3] Operation number. This number is the same as on the Disbursement request form to which this summary sheet belongs.

[4] Request number. This is the number of the Disbursement request form to which this summary sheet belongs.

[5] Summary sheet number. For each Disbursement request, the summary sheets should be numbered starting from 1, and their total number noted on the Disbursement request form to which they belong.

[6] Disbursement Grant Financed Item. This is the Grant Financed Item for the project, to be financed out of the proceeds of the requested Disbursement. Please consult the grant agreement to find the name and reference number of the Grant Financed Item, and the percentage of expenditures to be financed (for example, " Grant Financed Item no. (3b), equipment, 60%").

If one Disbursement request covers expenditures from more than one Grant Financed Item, then a separate summary sheet is to be used for each Grant Financed Item.

[7] Item number. All document items (invoices, contracts, receipts, etc.) should be presented in the same order as they appear on the summary sheet(s). To facilitate identification, the documents should be numbered, starting with 1, 2, 3, etc., for each new Disbursement request, and this number should be clearly marked on the document itself. The total number of items for the total of all summary sheets is noted on the Disbursement request form.

[8] Description of item. Please describe each item, e.g. "invoice", "receipt", "engineer's certificate", "translation of [...]", etc.

[9] Contract order number and date. It is recommended that the contract is given an original number when it is drawn up between the Project Entity and the Contractor. The EBRD will adopt this number for its own record keeping. If the contract has not been given an original number, the EBRD will allocate it a number and advise the Sovereign at the time of approval. If the Sovereign does not know the number at the time of completing the summary sheet, this part can be left for the EBRD to complete.

The date of the contract/purchase order should also be given in this column.

Note: the same contract may appear in more than one Disbursement request, if delivery of the goods, works or services (see [11]), and therefore payment for these goods, etc., is made in stages.

[10] Name and address of Contractor. Name and address of the counterparty (Contractor) in the contract/purchase order as described in [9].

[11] Brief description of goods, works or services. These goods, works or services should correspond to the details provided in the Contract or other documents presented, and should fall within the Grant Financed Item indicated in [6].

[12] Currency and total amount of Contract. Total amount, in original currency, of the Contract listed in [9].

[13] Currency and amount of eligible expenditure. Per expenditure: total amount due or paid, in original currency, as covered by the invoices or other documents listed in [7] and [8]. When there is more than one "item" for each expenditure, (e.g. an invoice, certificate and receipt, all for the same expenditure), those items should be bracketed and only one amount should be shown in this column.

[14] Amount of financing. For each amount listed in column [13], there should be a corresponding amount in this column [14], calculated at the percentage stated in [6], corresponding to the category of this summary sheet. The amount of financing should be in the original currency of the contract and expenditure (columns 12 and 13). This may or may not be the same as the loan currency or the payment currency.

[15] Total. The amounts of financing, as listed in [14], should be added up into one total amount per currency. For direct Disbursement requests, amount(s) given here should correspond with the amount(s) given in [9] of the direct Disbursement request form.

[16] Signature. The request summary sheet should be signed off by or on behalf of the Sovereign. See request for Disbursement form for signature requirements.

EXHIBIT 2 - FORM OF LETTER DESIGNATING AUTHORISED SIGNATORIES

[To Be Typed on Letterhead of the Sovereign/Project Entity]

[Date]

European Bank for Reconstruction and Development
5 Bank St
London E14 4BG
United Kingdom

Attention: Operation Administration Department

Subject: Operation No. 54122 (Grant Component)
Letter Designating Authorised Signatories[7]

Dear Sir/Madam,

With reference to the grant agreement dated [date] (the "Grant Agreement") among [Sovereign,] [Project Entity] and the European Bank for Reconstruction and Development (the "Bank"), please be advised that any one of the persons whose authenticated specimen signatures appear below, is authorised on behalf of the Sovereign/Project Entity to sign [Disbursement Requests and [any [other] notices or documents]] required or permitted to be executed under the above mentioned Grant Agreement.

NAME	POSITION	SPECIMEN SIGNATURE
_____	_____	_____
_____	_____	_____
_____	_____	_____
_____	_____	_____

All previous notices providing signatures of officials authorised to sign on behalf of the Sovereign/Project Entity under the above Grant Agreement are hereby revoked.

Designation may be changed by the Sovereign/Project Entity at any time by providing a new Letter Designated Authorised Signatories to the Bank.

Yours faithfully,

For and on Behalf of:

[NAME OF SOVEREIGN/PROJECT ENTITY]

By: _____

Name:

Title:

NOTES FOR COMPLETION OF THE LETTER DESIGNATING AUTHORISED SIGNATORIES

- The above authorisation letter is to be signed on behalf of the Sovereign/Project Entity by its respective Authorised Representative. [Please note that, in respect of any action required or permitted to be taken under the provisions of Section 2.02 or Section 2.03 of the Grant Agreement, the above authorisation letter is to be signed on behalf of the Sovereign by the Sovereign's Authorised Signatory.]

- In the event that each document is to be signed by more than one official, the authorisation letter must state this clearly, and the first sentence must be adjusted accordingly.
If authorised signatories are divided into two groups, and the signature of an official from each group is required, this must also be clearly stated.