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

LD 1809 Add. 1 (2019)

Amendment Agreement N°2
to the Framework Loan Agreement dated 10 October 2013
and amended on 25 November 2019

This Amendment Agreement is made between:

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

and

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

WHEREAS:

A. Having regard to the Framework Loan Agreement between the Parties dated 10 October 2013, ref. LD 1809 (2013), amended through the Amendment Agreement N°1 dated 25 November 2019, ref. LD 1809 Add.1 (2019), (hereinafter the "**Existing Framework Loan Agreement**");
B. Having regard to the CEB's Environmental and Social Safeguards Policy, as adopted by the CEB's Administrative Council Resolution 1588 (2016) (hereinafter, the "**Environmental and Social Safeguards Policy**");
C. Having regard to the CEB Guidelines for Procurement of Goods, Works and Services, as adopted by the CEB Administrative Council Resolution 1655 (2023) (hereinafter, the "**Procurement Guidelines**");
D. Following the Borrower's request to extend the Project's Closing Date, the Parties have agreed to amend the Existing Framework Loan Agreement in accordance with the terms of this Amendment Agreement,

NOW IT IS HEREBY AGREED:

1. **Definitions**

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

2. **Amendments**

2.1 The Parties hereto agree that with effect from and including the date of entry into force of this Amendment Agreement, the Existing Framework Loan Agreement is modified and amended by the amendments hereunder (hereinafter the "**Amended Framework Loan Agreement**") so that the rights and obligations of the Parties under the Existing Framework Loan Agreement shall be governed by, and construed in accordance with, the terms of the Amended Framework Loan Agreement.

V.M.M. 4/93

2.2 In the *Definitions* section of the Existing Framework Loan Agreement,

a) The following definition is added immediately after the definition of **"Allocation of a Tranche"**:

*""**Amendment Agreement N°2**" means the amendment agreement n°2 to this Agreement, entered into between the Parties hereto.";*

b) The following definition is added immediately after the definition of **"Closing Date"**:

*""**Environmental and Social Safeguards Policy**" has the meaning ascribed to it in the Amendment Agreement N°2."*

c) The following definition is added immediately after the definition of **"Medium Term Budgetary Framework"**:

*""**Procurement Guidelines**" has the meaning ascribed to it in the Amendment Agreement N°2."*

2.3 Article 3.5 (*Closing Date*) of the Existing Framework Loan Agreement is deleted and replaced as follows:

*"**3.5 Closing Date***

The Closing Date is 31 December 2028."

2.4 in Article 4.1.2.4 (*Further undertakings*) of the Existing Framework Loan Agreement, references to the *Environmental Policy* are deleted and replaced with *Environmental and Social Safeguards Policy*.

2.5 The first paragraph of Article 4.1.3 (*Procurement*) of the Existing Framework Loan Agreement is deleted and replaced as follows:

"Procurement of goods, works and services to be financed under the Project shall comply with the Procurement Guidelines. In particular, the thresholds above which the Borrower shall be required to obtain goods, works and services through international procurement procedures are the ones set out in the relevant EU Procurement Directives, as published from time to time in the Official Journal of the European Union (OJEU). The Procurement Plan, to be established by the Borrower in accordance with Appendix 3, and any update thereof, indicating the procurement methods for each contract shall be submitted to the CEB for approval. Upon receipt, the CEB will inform the Borrower of the scope of review that the CEB will carry out for each contract.

In application of article 1.6 of the Procurement Guidelines, the Borrower will entrust some of the procurement activities under the Project to the United Nations Office for Project Services (UNOPS), which will use its own procedures and rules for the procurement of said activities, to the extent that those respect the principles established in the CEB Procurement Guidelines. The Borrower shall ensure that UNOPS will take all necessary measures so that any tender for goods, works or services above the EU threshold is procured through international open procedures and that the procurement notices, modifications of such notices, and award notices are published in the Official Journal of the European Union.

The Borrower will inform promptly the CEB about the different stages of the procurements, in particular the launch of all procurements and award of all contracts. Regarding the procurements under CEB pre-review, any modifications after signature of contracts will also be subject to CEB pre-review."

2.6 The Borrower declares and warrants that it has received a copy of the Environmental and Social Safeguards Policy and of the Procurement Guidelines and has taken note thereof for the purposes of the Amended Framework Loan Agreement.

2.7 Appendix 1 of the Agreement is deleted and replaced as follows:

Project Description

I.

LD:	LD 1809 Add.1 (2013)
Borrower:	Republic of Moldova
Approval by the Administrative Council (AC):	14 June 2013 (initial Loan), 05 July 2019 (Addendum n°1) and 26 January 2024 (Amendment n°2)
Total amount approved:	EUR 49 000 000

II.

Intervention area(s):	Partial financing of the construction of a new penitentiary facility in Chisinau to provide adequate detention conditions for pre-trial detainees.
Planned works and Final Beneficiaries:	Planned works target the construction of a new penitentiary facility that will comply with European Prison Rules (EPR), to enhance the physical conditions of detention for inmates. The final beneficiaries of the Project will be detainees and staff of the future penitentiary. The following categories of detainees are envisaged to be placed in the new facility: pre-trial detainees awaiting sentence; condemned with appeal, condemned awaiting other sentences, in transit to other facilities, condemned for the first time with a sentence under 5 years, and arrested persons from police stations (over 72 hours arrest) to be transferred from Ministry of Interior (MoI) to Ministry of Justice (MoJ). The facility will have a capacity of approximately 1 050 detainees to accommodate the final beneficiaries.
Location:	This new facility will be built on a land plot under the ownership of the MoJ in a peripheral zone of Chisinau.
Estimated total cost of the Project:	EUR 75 900 000 (net of VAT)
Indicative cost breakdown: (in EUR million)	Construction and equipment EUR 64.70 million Energy efficiency incl. photovoltaic park, solar collectors, heat pumps EUR 3.30 million Contingencies EUR 1.40 million Design supervision EUR 0.20 million PIU 2024-2028 EUR 0.70 million UNOPS human resources 2024-2028, incl. Construction Supervision EUR 2.08 million UNOPS design review EUR 0.18 million UNOPS operational costs EUR 0.20 million

	UNOPS management fee	EUR 1.02 million
	Design and redesign costs (incurred)	EUR 1.04 million
	Past PIU and operational costs (incurred)	EUR 1.06 million
	Total	**EUR 75.90** million
Financing plan: (in EUR million)	CEB loan	EUR 49.00 million
	CEB Social Dividend Account grant	EUR 1.00 million
	Government funding	EUR 25.90 million
	TOTAL	**EUR 75.90** million
Progress of works:	0%	
Schedule of works:	01 January 2014 – 31 December 2028	
Closing Date:	31 December 2028	
Specific conditions:	As a condition precedent for entering into the Disbursement Agreement for the first Tranche, the Borrower shall send to CEB's satisfaction information or evidence of the following: - A PIU is set up within the Department of Penitentiary Institutions of the Ministry of Justice and fully dedicated to the Project's management with the following staff: project manager/coordinator, procurement/legal officer, financial officer, security systems specialist, mechanical/electrical and plumbing engineer, civil engineer and human resources specialist; - Counterpart financing is planned in the Medium-Term Budgetary Framework; - Institutional arrangements for project implementation are in place and the mechanism of cooperation between implementing structures is established; - Action plan for the reform of healthcare in the penitentiary system is elaborated, including financial coverage; - Action plan for tuberculosis financing in the penitentiary system is elaborated, including financial coverage. In the process of Project implementation, the Borrower shall: - Maintain an adequately staffed PIU, which will share certain Project implementation tasks with UNOPS; - comply with CEB Environmental and Social Safeguards Policy; - elaborate a waste management strategy, including medical waste disposal; - with the support of a healthcare/tuberculosis expert, develop the design of the Healthcare Unit including the tuberculosis section; - elaborate a new management and operation scheme for the new penitentiary 13; - determine staff needs for the new facility; - elaborate an operation and maintenance plan; and - elaborate a transfer plan of inmates.	
Project Management:	The MoJ, as PIA, has the overall responsibility for the Project implementation and chairs the Project Steering Committee. The Project will be implemented by the existing PIU in cooperation with UNOPS. The core PIU will comprise a PIU Manager, Accountant, Civil Engineer; other positions may be contracted according to needs, within the approved limit included in the budget law for this purpose. The PIU will coordinate the Project implementation activities with relevant public and private entities.	

	The PIU will be a local focal point for the interaction between UNOPS, the national authorities and the CEB. The PIU will obtain all necessary authorisations, permits, technical approvals and coordinates from the national public authorities. The PIU will organise the final reception of the works according to Government Decision No. 285/1996. The PIU will be responsible for the mid-term and annual budget planning cycle in coordination with the MoJ, the Ministry of Finance and the CEB. UNOPS will undertake procurements and will manage all aspects of the construction contract, design and works supervision, quality assurance and control, implementation of health and safety measures as well as compliance with environmental and social safeguards. UNOPS will report to the PIA and PIU. The PIU will subsequently consolidate UNOPS' progress and financial reports into its own reports to all funding sources.

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

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

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

	penitentiary facility will also benefit from capacity building and from a better working environment.

3. No novation – Reservation of rights

3.1. As of the date hereof, references in the Existing Framework Loan Agreement to "the Agreement", "hereunder", "herein" and like terms or to any provision of the Existing Framework Loan Agreement shall be construed as a reference to the Amended Framework Loan Agreement. This Amendment Agreement shall in no way be deemed to be a novation of the Existing Framework Loan Agreement.

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

4. Incorporation of terms

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

5. Entry into force

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

As a condition precedent for the next disbursement under the Loan, the Borrower shall provide to the CEB, in form and substance satisfactory for the CEB: (A) a legal opinion in English issued by the Borrower's Ministry of Justice confirming to the CEB's satisfaction that this Amendment Agreement has been duly executed by authorised representatives of the Borrower and that the Agreement, as amended by this Amendment Agreement remains valid, binding and enforceable in accordance with its terms in the Borrower's jurisdiction; and (B) Evidence in English that the person(s) signing this Amendment Agreement on behalf of the Borrower is/are duly authorized to do so, together with the authenticated specimen of the signature(s) of such person(s).

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

Chisinau, on 30.04.24

For the **Republic of Moldova**

Name:
Title:

Paris, on 15 April 2024

For the **Council of Europe Development Bank**

Name: **Cristian TABACARU**
Title: L&D Director

Name:
Title: **Jan DE BEL**
General Counsel

