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

Ref: ESP-3-G-MDA

LD 2152 (2023)

GRANT AGREEMENT

BETWEEN

THE COUNCIL OF EUROPE DEVELOPMENT BANK

AND

REPUBLIC OF MOLDOVA

Energy Efficiency in Public Housing

The parties to this Grant Agreement (hereinafter, the "**Agreement**") are the **COUNCIL OF EUROPE DEVELOPMENT BANK**, International Organisation, with its headquarters at 55 avenue Kléber, F-75116 Paris, France (hereinafter, "**CEB**") and the REPUBLIC OF MOLDOVA, represented by the Ministry of Infrastructure and Regional Development (hereinafter, the "**Beneficiary**") (jointly referred to hereinafter as the "**Parties**", each a "**Party**"),

WHEREAS:

(A) Having regard to:

(i) the high-level meeting on 28 April 2009 in Stockholm, between the European Bank for Reconstruction and Development (the **"EBRD"**), the European Commission (the "**EC**"), European Investment Bank, (the **"EIB"**), Nordic Investment Bank (the **"NIB"**), the International Bank for Reconstruction and Development (the "**IBRD**"), and International Finance Corporation (the "**IFC**"), agreement on the establishment of the Eastern Europe Energy Efficiency and Environment Partnership Fund (**the "E5P Fund"**) by the EBRD;

(ii) the Assembly of Contributors of the E5P Fund in London on 5 December 2013 agreement to (i) expand the Partnership to allow financial support in additional countries within the EU "Eastern Partnership" region;[1] (ii) establish a new E5P regional fund (the "**Fund**") by the EBRD for the financing of activities in countries of the EU Eastern Partnership region; and (iii) the EBRD to act as fund manager (the "**Fund Manager**") on behalf of the contributors to the Fund (the "**Contributors**"), in cooperation with the international financial institutions participating in the Partnership, which may act as Implementing Agencies for projects supported by the Partnership;

(iii) the EBRD Board of Directors on 23 July 2014 approval of the establishment of the Fund;

(iv) the Assembly of Contributors of the E5P Fund on 8 December 2014 approval of the CEB as a new Implementing Agency in relation to the E5P;

(v) the CEB Governing Board authorization on 9 April 2015 for the CEB to participate in the E5P and to establish a trust account (the "**CEB Account**") for receiving contributions from the Fund; for the benefit of projects in CEB's Member States[1].

(B) Having regard to the E5P Fund's Assembly of Contributors approval through written procedure dated 31 May 2023, authorising the financing of energy efficiency measures in public housing buildings (the "**Action**"), and assigning its implementation to the CEB as Implementing Agency;

(C) Having regard to the Funding Agreement, as amended from time to time, entered into on [date] between the EBRD as Fund Manager, and the CEB as Implementation Agency (the "Funding Agreement"), whereby the EBRD entrusts the CEB with funds for an amount of up to six million Euros (EUR 6 000 000) for the implementation of the Action.

(D) Whereas pursuant to the Funding Agreement, a financial assistance in the form of a grant (the "**Grant**") in an amount of up to six million Euros (EUR 6 000 000) is to be provided by the CEB to the Beneficiary in order to finance the Action, as further described under Article 2 and Appendices A-1 and A-2 hereunder, to support the implementation of the *"Public Housing III project"* (the "**Project**").

(E) Having regard to the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe dated 6 March 1959, the CEB's Articles of Agreement, and the CEB's Loan and Project Financing Policy adopted by CEB's Administrative Council Resolution 1617 (2020);

(F) Having regard to the "**CEB's Environmental and Social Safeguards Policy**" adopted by the CEB's Administrative Council Resolution 1588 (2016);

(G) Having regard to the "**CEB's Procurement Guidelines**" adopted by the CEB's Administrative Council in September 2023;

(H) Having regard to the CEB's Public Information Policy adopted by the CEB's Administrative Council in July 2020 (hereinafter, the "**Public Information Policy**");

[1] Armenia, Azerbaijan, Belarus, Georgia, Republic of Moldova and Ukraine.

[1] CEB's Member States participating in the E5P, as at the date of this Agreement: Georgia and Republic of Moldova.

(I) Having regard to the CEB's Data Protection Regulations as adopted by the CEB's Administrative Council Resolution 1639 (2022) (hereinafter, the "**Data Protection Regulations**");

(J) Having regard to the CEB's Anti-corruption Charter, as adopted by the CEB's Administrative Council Resolution 1628 (2021) (hereinafter, the "**Anti-corruption Charter**"); and

(K) Having regard to the CEB's Policy on Non-compliant/Uncooperative Jurisdictions, as adopted by the CEB's Administrative Council Resolution 1630 (2021) (hereinafter, the "**Policy on Non-compliant/Uncooperative Jurisdictions**");

(L) The purpose of this Agreement is to set out the terms and conditions of (i) the transfer and use of the Grant; (ii) the implementation of the Project and (iii) the reporting and auditing on the use of the Grant.

NOW THEREFORE the Parties hereby agree as follows:

Article 1
Interpretation

1.1 Definitions

"**Action**" has the meaning ascribed to it in Recital (B) hereinabove.

"**Agreement**" means this grant agreement, including its appendices A through E.

"**Allocation**" means the commitment of a Tranche by the Borrower to the eligible Sub-projects even if such Tranche has not yet been paid out under the Project.

"**CEB Account**" has the meaning ascribed to it in Recital (A) hereinabove.

"**Completion Date**" means the date defined in Article 3.2 marking the end of the Implementation Period and beyond which no further costs can be incurred.

"**Completion Report**" has the meaning ascribed to it in Article 8.1 hereinafter.

"**Contracting**" means signature of contracts between the Project Implementation Unit and a third party for works, supplies and/or services to be financed with the Grant for the implementation of the Project.

"**Contractor**" refers to any third party with which the Project Implementation Unit enters into a contract for works, supplies, and/or services to be financed with the Grant for the implementation of the Project.

"**Cost(s) Incurred**" means the costs for activities implemented (services are rendered, supplies are delivered and works are carried out) under this Agreement before the Completion Date, and which are accepted by the CEB as Eligible Costs according to the provisions of this Agreement. For the avoidance of doubt (i) advance payments/pre-financing shall not be considered as Costs Incurred.

"**Disbursement Request**" has the meaning ascribed to it in Article 2.3 hereinafter.

"**Early Detection and Exclusion System**" has the meaning ascribed to it in Article 6.3 hereinafter.

"**End Date**" has the meaning ascribed to it in Article 3.3 hereinafter.

"**Euro**" or its abbreviation "**EUR**" shall hereinafter refer to the lawful currency of the Member States of the European Union (EU) which from time to time adopt it as their currency in accordance with the relevant provisions of the Treaty of the EU and the Treaty on the Functioning of the EU or their succeeding treaties.

"**Eligible Costs**" has the meaning ascribed to it in Article 3.1 hereinafter.

"**Forecasted Costs**" means the Eligible Costs planned to be incurred under the Project over the period of one (1) year.

"**Final Beneficiaries**" refer to groups which will most directly benefit from the Project.

"**Funding Agreement**" has the meaning ascribed to it in Recital (D) hereinabove.

"**Grant**" has the meaning ascribed to it in Recital (D) hereinabove.

"Implementation Period" means the period from the date of effectiveness of this Agreement to the Completion Date.

"Project Implementing Entity" has the meaning ascribed to it in Article 4 hereinafter.

"Progress Report" has the meaning ascribed to it in Article 8.1 hereinafter.

"Prohibited Practices" has the meaning ascribed to it in Article 6 hereinafter.

"Project" has the meaning ascribed to it in Recital (D) hereinabove.

"Project Implementation Unit" has the meaning of the team appointed by the Project Implementing Entity in charge of the day-to-day management of the Project.

"Sanctioned Person" means any individual or entity listed in and/or otherwise subject to one or more Sanction Lists.

"Sanction List" means (i) any economic, financial and trade restrictive measures and arms embargoes issued by the EU pursuant to Chapter 2 of Title V of the Treaty on European Union as well as Article 215 of the Treaty on the Functioning of the European Union, as available in the official EU website www.sanctionsmap.eu[2]or on any successor page, as amended and supplemented from time to time; or, (ii) any economic, financial and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to Article 41 of the UN Charter as available in the official UN website or on any successor page, as amended and supplemented from time to time.

"Special Account(s)" refers to the Euro and, Moldovan Lei denominated account(s) to be opened and held by the Beneficiary at a given bank as further described in Article 2.3 hereinafter, for receiving and managing the funds disbursed by the CEB for the purpose of the Action.

"Sound Financial Management" refers to the principle overarching the implementation of this Agreement, namely economy, effectiveness and efficiency (including regarding internal control). The principle of economy requires that resources used in the pursuit of the implementation of the Project shall be made available in due time, in appropriate quantity and quality and at the best price. The principle of effectiveness concerns the attainment of the specific objectives and the achievement of the intended results. The principle of efficiency concerns the best relationship between resources employed and results achieved.

"Tranche" means an amount disbursed or to be disbursed by the CEB from the Grant.

1.2 Construction

Unless the context otherwise requires, references to:

(a) this Agreement shall be construed as references to this Agreement as supplemented, amended or restated from time to time;

(b) this Agreement consists of the following parts:

(i) Articles in main body of this Agreement;
(ii) Appendix A-1: Description of the Project;
(iii) Appendix A-2: Project budget;
(iv) Appendix B: Disbursement Request (Template);
(v) Appendix C: Progress Report/Completion Report (Template);
(vi) Appendix D: Dispute Settlement;
(vii) Appendix E: Form of Legal Opinion;

(c) the appendices, as listed herein above, form an integral part of the Agreement. In the event of discrepancies, inconsistencies and/or conflicts between the terms of the provisions of any part forming this Agreement, the parts of the Agreement shall take the following order of precedence:

(i) Articles in main body of this Agreement;
(ii) Appendix D: Dispute Settlement;

[2] The EU Sanctions Map is an IT tool for identifying the sanctions regimes. Note that the EU Official Journal is the official source of EU law and, in case of conflict, its content prevails over that of the relevant websites.

(iii) Appendix E: Form of Legal Opinion;
(iv) Appendix A-1: Description of the Project;
(v) Appendix A-2: Project budget;
(vi) Appendix B: Disbursement Request;
(vii) Appendix C: Progress Report/ Completion Report;

(d) in case of contradiction or inconsistency between the provisions of this Agreement and any plan, specification, investment schedule, budget, regulations, or other relevant document of the Project approved by the CEB, the provisions of this Agreement shall prevail over those documents.

(e) references herein to Articles, Recitals and Appendices are references respectively to articles, recitals and appendices of this Agreement, unless indicated otherwise; and

(f) words importing the singular shall include the plural and vice-versa.

1.3 Headings

Headings in this Agreement have no legal significance and do not affect its interpretation.

1.4 Rounding

For the purposes of any calculations referred to in this Agreement, all currency amounts used in or resulting from the above calculations will be rounded, unless otherwise specified in the relevant currency definition, to the nearest two decimal places in the relevant currency (with .005 being rounded upwards (*e.g.*, .674 being rounded down to .67 and .675 being rounded up to .68).

Article 2
The Grant

2.1 Amount

(a) Under the terms and conditions set out hereinafter in this Agreement, the CEB is willing to make available to the Beneficiary, and the Beneficiary so accepts, the Grant in an aggregate amount of up to six million Euros (EUR 6 000 000).

(b) The Grant is funded out of the CEB Account into which the CEB receives contributions from the EBRD in connection with the Action. The CEB payment obligations under the Grant are limited to the amount of funds allocated to the Action and made available by the EBRD for that purpose in the CEB Account. The Beneficiary's right to request disbursements under the Grant is subject to the availability of such funds allocated to the Action in the CEB Account. The Beneficiary shall bear the risk of any funding shortfall. The CEB shall not have any liability whatsoever to the Beneficiary or to any third parties in respect of any expenditures or liabilities incurred in connection with this Agreement which exceed the amount made available to the CEB or under the Grant for the purpose of the Action.

2.2 Payment Procedures

(a) The CEB shall disburse the Grant in at least two (2) Tranches. The first disbursement shall take place within twelve (12) months following the signature of this Agreement and the last disbursement no later than 30 June 2029, unless otherwise approved by the CEB. The amount of the first Tranche shall not exceed *twenty-five* percent (25%) of the Grant, unless otherwise agreed by the CEB based on a duly justified request by the Beneficiary.

(b) The amount of each Tranche shall be determined by the CEB according to the Costs Incurred and/or the Forecasted Costs.

(c) The Grant shall be disbursed to the Beneficiary upon request and subject to the conditions of Article 2.4 (*Disbursement Conditions*).

(d) Prior to each disbursement, the Beneficiary shall submit to the CEB a disbursement request by letter, substantially in the form set out in Appendix B hereto (hereinafter, a **"Disbursement Request"**).

(e) The Beneficiary must provide each Disbursement Request, together with any evidence required under Article 2.4 (*Disbursement Conditions*) to the CEB. The Beneficiary acknowledges that payment made to the Beneficiary following such request shall constitute disbursement hereunder.

(f) The CEB shall deposit each Tranche to the dedicated Special Account denominated in Euros held by the Beneficiary and identified with the following account details:

Beneficiary name:
Beneficiary address:
IBAN account number:
Swift Code:
Bank name/address:

Any change to the Special Account details hereinabove shall be immediately notified to CEB by letter signed by a duly authorised signatory of the Beneficiary.

2.3 Currency

The Grant shall be disbursed in Euros. Any amount due by the Beneficiary to the CEB under this Agreement shall be paid in Euros. All financial statements related to the Special Account(s) shall be expressed in Euro. When applicable, the exchange rate applied between the Euro (EUR) and Moldovan Lei (MDL) shall be the *official exchange rate* on the date of the payment made by the Beneficiary, as published by *the National Bank of Moldova*.

2.4 Disbursement Conditions

(a) The first disbursement pursuant to Article 2.2 (*Payment Procedures*) is conditional upon prior receipt by the CEB in form and substance satisfactory to it, of:

(i) receipt of a completed Disbursement Request from the Beneficiary;

(ii) evidence in English of the person(s) authorised to execute the Agreement and the Disbursement Requests on behalf of the Beneficiary together with the authenticated specimen of the signature(s) of such person(s); and

(iii) a legal opinion in English issued by the Beneficiary's Ministry of Justice confirming to the CEB's satisfaction, substantially in the form set out under Appendix E hereto, that the Agreement has been duly executed by authorised representatives of the Beneficiary and that the Agreement is valid, binding and enforceable in accordance with its terms in the Beneficiary's jurisdiction.

(b) Each subsequent disbursement pursuant to Article 2.2 (*Payment Procedure*) is conditional upon receipt by the CEB in form and substance satisfactory to it, of:

(i) receipt of a completed Disbursement Request from the Beneficiary;

(ii) a Progress Report confirming to the CEB's satisfaction the full Allocation of the previous Tranche and Forecasted Expenditure for the Action; and

(i) evidence in English of the person(s) authorised to execute the Disbursement Requests on behalf of the Beneficiary together with the authenticated specimen of the signature(s) of such person(s).

Article 3
Conditions for use

3.1 Use of Proceeds

(a) The Grant made available by CEB shall be used exclusively for financing of the elements described in section "Grant Eligible Costs" of the Description of the Project (as provided in Appendices A-1 and A-2 hereto).

(b) The Grant may only finance the costs that meet all the criteria described below in order to be eligible for financing under the Grant (hereinafter, **"Eligible Costs"**):

(i) they are incurred in accordance with the provisions of this Agreement;
(ii) they are necessary for carrying out the Action, directly attributable to the Project, arising as a direct consequence of its implementation and charged in proportion to the actual use;
(iii) they are actually incurred by the Beneficiary, *i.e.* they represent real expenditure definitely and genuinely borne by them;
(iv) they are reasonable, justified, comply with the principle of Sound Financial Management and are in line with the usual practices of the Beneficiary regardless of their source of funding;
(v) they are incurred during the Implementation Period;
(vi) they are identifiable and backed by supporting documents, in particular determined and recorded in accordance with the accounting practices of the Beneficiary;
(vii) they are covered by "Energy efficiency measures" budget item indicated in the budget included under Appendix A-2; and
(viii) they comply with the applicable tax and social legislation.

(c) The following costs are ineligible and cannot be financed with the Grant:

(i) bonuses, provisions, reserves or non-remuneration related costs. Employers' contributions to pension or other insurance funds run by the Beneficiary may only be eligible to the extent they do not exceed the actual payments made by these schemes and that the amount provisioned does not exceed the contribution that could have been made to an external fund;
(ii) full-purchase cost of equipment and assets unless the asset or equipment is specifically purchased for the Action and ownership is transferred to the Beneficiary, at the latest when submitting the Completion Report;
(iii) customs, duties, taxes including VAT (whether or not deductible), or any other similar fees of charges whether within the territory of the Beneficiary or elsewhere;
(iv) return of capital;
(v) debts and debt service charges;
(vi) provision for losses, debts or potential future liabilities;
(vii) banking and financial charges;
(viii) costs Incurred during the suspension of the implementation of the Agreement;
(ix) costs declared by the Beneficiary under another agreement financed by the European Union budget (including through the European Development Fund);
(x) contributions in kind. The cost of staff assigned to the Project and actually incurred by the Beneficiary is not a contribution in kind and may be declared as a direct eligible cost if it complies with the eligible costs conditions set out above;
(xi) costs of purchase of land or buildings.

(d) All taxes, duties, levies, and other charges or exemptions on goods, works and/or services to be undertaken in the framework of the Project will be governed by the legislation of the Beneficiary.

(e) The Special Account(s) credit balance cannot accrue negative interest and any positive interest earned shall be used exclusively to fund the Action.

(f) The funds made available to the Beneficiary shall be used in a timely manner. In particular, the invoices for the Costs Incurred before the Completion Date shall be paid by the Beneficiary no later than one (1) month after the Completion Date.

3.2 Completion Date

(a) The Completion Date shall be 30 June 2029.

3.3 End Date

(a) For the purpose of this Agreement the end date (the "**End Date**") shall fall on the earlier of: (1) a day by which, cumulatively: (i) all the payments by the Beneficiary to third parties for Costs Incurred during the Implementation Period have been completed; (ii) the Completion Report has been accepted as satisfactory by the CEB; and (iii) the CEB has paid any balance of funds or the Beneficiary has returned to the CEB any balance of funds by the Beneficiary, as applicable, or (ii) 31 December 2029.

(b) If any of the Parties invokes a dispute settlement procedure in accordance with Article 18 (Dispute Settlement), the End Date shall be postponed until the completion of such procedure and in any case until any on-going audit, verification, appeal, litigation or pursuit of claim has been disposed of.

3.4 Balance

Any outstanding funds which have not been used to pay third parties for Costs Incurred before the Completion Date in accordance with article 3.1(f) above and any payment due by the Beneficiary under the Agreement shall be deposited in Euro in the following CEB account:

Holder name: Council of Europe Development Bank
Holder address: 55 Avenue Kléber, F- 75116 Paris, France
Holder swift code: Council of Europe Development Bank, Paris (SWIFT: CEFP FR PP)
Bank name: DEUTSCHE BANK AG, Frankfurt
Bank address: Taunusanlage 12 D - 60325 Frankfurt am Main
Bank swift code: DEUT DE FF
IBAN: DE44500700100928738400
Reference: E5P-3-G-MDA, LD 2152, EE Measures in PH III, Unused funds

The funds shall be deposited thereto as soon as they are available and, in any case, before the deadline for payment mentioned in Article 3.1(f) above, or if no such deadline is provided, before the End Date or, if payment requested by the CEB in accordance with Article 10, within thirty (30) days of notice from the CEB requesting such repayment, as applicable.

3.5 Visibility

(a) The Beneficiary shall take all appropriate measures to always acknowledge and make public that the Project received funding from the E5P Fund and its Contributors, including the EU through the CEB.

(b) In particular, information given to the Final Beneficiaries, to the media, as well as any promotional materials, shall include a reference to the fact that the Project is supported by the E5P Fund and identify its Contributors including the EU as the largest Contributor and acknowledge that the Project was implemented "with funding from the E5P Fund received through the Council of Europe Development Bank (CEB)". The acknowledgement of the CEB and the E5P Fund, including the corresponding logos, shall be given clear visibility in terms of size and prominence. In addition, when the logo of the Beneficiary is displayed in publications, the logos of CEB and the E5P shall be displayed at least as prominently.

(c) The Progress Reports and the Completion Report defined in Article 8 (Reporting and Monitoring) of the Agreement shall include the measures taken by the Beneficiary to ensure the visibility provisions included

herein and shall include the following provision: "This document has been produced with the financial assistance of the Eastern Europe Energy Efficiency and Environment Partnership Regional Fund (E5P Fund), to which the European Union is the largest contributor. The views expressed herein are those of (name of author) and can therefore in no way be taken to reflect the official opinion of the EBRD, the E5P Fund or any contributor thereof".

3.6 Deadlines

Any deadline stipulated in this Agreement may be extended only when duly justified by the Beneficiary, and with the written consent of the CEB.

Article 4
Project implementation

(a) The Action financed by the Grant, as further described under Appendices A-1 and A-2 hereto, shall be implemented by the Beneficiary during the Implementation Period and in accordance with the Agreement.

(b) The Beneficiary designates The Ministry of Infrastructure and Regional Development as the Project Implementing Entity. For the avoidance of doubt, any obligation of the Beneficiary under this Agreement shall be fulfilled by the Beneficiary itself or acting through the Project Implementing Entity, as the case may be. In any event, the responsibility that arises in case the Project Implementing Entity does not fulfil the Beneficiary's obligations under the Agreement remains with the Beneficiary.

Article 5
Project undertakings

5.1 Care and diligence

(a) The Beneficiary shall apply all care and diligence, and shall exercise all typically used means (including, but not limited to, legal, financial, managerial and technical means) required for the proper implementation of the Project.

(b) The Beneficiary shall ensure that all the land, real property rights and permits required for the implementation of the Project are timely available.

(c) The Beneficiary shall ensure that all assets and plants under the Project are insured, operated and maintained in accordance with international best practices.

5.2 Increased Costs

Without prejudice to Article 2.1 above, should the total Eligible Costs of the Project increase or be revised for whatever reason, the Beneficiary shall ensure that the additional financial resources for the completion of the Project are available without recourse to the CEB. The plans to finance the increased costs shall be communicated to the CEB without delay. In any event, the CEB does not undertake to cover any expenses in excess of the Grant amount defined under Article 2.1 of the Agreement.

5.3 Budget modification

Before making modifications to the budget included under Appendix A-2 hereunder, the Beneficiary shall obtain CEB's prior written consent.

5.4 Procurement

(a) Procurement of works, supplies and/or services under the Project shall comply with the CEB's Procurement Guidelines and Article 6 *(Integrity)* hereunder. The Beneficiary shall ensure that local contractors are made aware of procurement processes conducted in connection with the Project in a timely and accessible manner, so as to facilitate their participation in the tendering process.

(b) The Beneficiary shall submit to CEB's approval a Procurement Plan (as such term is defined under the CEB's Procurement Guidelines) indicating (following the template included under Appendix C):

(i) all contracts for works, supplies and/or services to be procured under the Project;

(ii) the estimated cost of each contract;

(iii) the proposed procurement method for each contract;

(iv) the estimated dates for bid launching, bid opening, bid evaluation, contract award and contract signature.

(c) Upon approval, the CEB will inform the Beneficiary of the scope of review that CEB will carry out for each contract.

(d) The Beneficiary shall update the Procurement Plan as needed throughout Project implementation. The Procurement Plan shall be implemented in the manner in which it has been approved by CEB. Any revisions proposed to the Procurement Plan shall be provided to CEB for its prior approval.

(e) The Beneficiary shall promptly inform CEB of any delay or other changes in the scheduling of the procurement process which could significantly affect the timely and successful implementation of the Project, and agree with CEB on corrective measures.

(f) The CEB will not finance expenditures for works, supplies and/or services which have not been procured in accordance with the above provisions. In such cases, the CEB reserves the right to declare the corresponding contract ineligible for financing with the Grant.

(g) Even if the contract is awarded after obtaining CEB's "no objection", the CEB may still declare misprocurement if it concludes that the "no objection" was issued on the basis of incomplete, inaccurate, or misleading information provided by the Beneficiary, or the terms and conditions of the contract had been modified without CEB's approval. In such cases, the CEB may require the suspension, cancellation or immediate repayment of the Grant.

(h) In any case the responsibility for the award and administration of contracts under the Project remains with the Beneficiary.

5.5 Human Rights

The implementation of the Project shall not lead to a violation of the European Convention on Human Rights and of the European Social Charter.

5.6 Environmental and Social Safeguards

The implementation of the Project shall comply with the CEB's Environmental and Social Safeguards Policy.

5.7 Right to use

Subject to Article 12 *(Confidentiality and Data Protection)*, the Beneficiary shall grant, and shall act to ensure that any third party concerned grants the CEB and/or the EBRD and the Contributors of the ESP Fund the right to use free of charge the results of the Project, including the reports and all other documents relating to it, which are subject to industrial or intellectual property rights.

Article 6
Integrity

6.1 Prohibited Practices

The Beneficiary undertakes that:

(a) it will institute and thereafter comply with internal policies, procedures and controls, in line with applicable legislation and international best practices, for the purpose of preventing the Beneficiary to become, in connection with the implementation of the Project or otherwise, an instrument for money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion;

(b) it will not make any Grant proceeds available to or for the benefit of, directly or indirectly, any Sanctioned Person; and

(c) it will not commit, and it will ensure that no person (including Contractors), with its consent or prior knowledge, will commit, in connection with the implementation of the Project, the execution of any contract under the Project or otherwise, a Corrupt Practice, Fraudulent Practice, Coercive Practice, Collusive Practice or Obstructive Practice, Misuse of the Resources or Theft (hereinafter, together with money laundering, terrorism financing, tax avoidance, tax fraud or tax evasion and making available any Grant proceeds to Sanctioned Persons referred to as the **"Prohibited Practices"**).

For the purposes of this Agreement:

(i) a **"Corrupt Practice"** means any act of offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.

(ii) a **"Fraudulent Practice"** means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit, or to avoid an obligation.

(iii) a **"Coercive Practice"** means any act of impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of any party to influence improperly the actions of a party.

(iv) a **"Collusive Practice"** means any arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.

(v) an **"Obstructive Practice"** meaning in relation to an investigation into a Coercive Practice, Collusive Practice, Corrupt Practice or Fraudulent Practice in connection with this Grant or the Project, (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation; (b) making false statements to investigators in order to materially impede an investigation into allegations of a Prohibited Practice, (c) failing to comply with requests to provide information, documents or records in connection with an investigation; (d) any act of threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, and/or (e) any act intending to materially impede the exercise of the contractual rights of audit or inspection or access to information.

(vi) a **"Misuse of the Resources"** means improper use of the resources, committed intentionally or through reckless disregard.

(vii) **"Theft"** means the misappropriation of property belonging to another party

6.2 Investigations and Integrity Reporting

(a) The Head of the Project Implementing Entity shall be responsible for contacts with the CEB for the purposes of Article 6 (*Integrity*) hereunder.

(b) The Beneficiary undertakes:

(i) to inform CEB should it become aware of any alleged or actual failure to comply with the provisions set forth in Article 6 (*Integrity*);

(ii) to take such action as CEB may reasonably request to investigate and/or terminate any alleged or actual act or failure to comply with the provisions set forth in Article 6 *(Integrity)* hereunder;

(iii) to facilitate any investigation that CEB may conduct in relation to any such act or failure to comply with the provisions set forth in Article 6 *(Integrity)* hereunder;

(iv) to inform CEB of the measures taken to seek damages from the persons responsible for any loss resulting from any such act or failure to comply with the provisions set forth in Article 6 (*Integrity*) hereunder; and

(v) to inform the CEB during the implementation of the Project, when it becomes aware that transmitted information needs to be rectified, updated or removed.

6.3 *Contracting and Early Detection and Exclusion System*

(a) The Beneficiary shall exclude entities from award of contracts under the Project, if it becomes aware that such entities or persons having powers of representation, decision making or control over it:

(i) have been the subject of a final judgement or of a final administrative decision for involvement in any Prohibited Practice, child labour, trafficking in human beings, for circumventing fiscal, social or any other applicable legal obligations, including through the creation of an entity for this purpose or more generally for involvement in a criminal organisation;

(ii) have been the subject of a final judgement or of a final administrative decision for an irregularity affecting the EU's financial interest;

(iii) are guilty of misrepresentation in supplying the information required as a condition of participation in the procedure or if they fail to supply this information;

(iv) have been the subject of a final judgment or of a final administrative decision establishing that the entities have 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;

(v) have been created with the intention described in item (iv) above as established by a final judgment or a final administrative decision; or

(vi) are Sanctioned Persons.

(b) The Beneficiary undertakes to (1) document any research, proofs and verifications related to points (i) to (vi) above; and (2) inform any third party found in one of the situations referred to above, that its data shall be transmitted to the CEB and that it may be included in the Early Detection and Exclusion System and published on the website of the European Commission.

For the purposes of this paragraph:

"Early Detection and Exclusion System" means the system set up by Regulation (EU, Euratom) No 2015/1929 of 28 October 2015, as further amended or substituted, on the financial rules applicable to the general budget of the Union (OJ L 286/1, 30.10.2015) which includes information on the early detection of risks threatening the EU financial interests, on the cases of exclusion from EU funding of legal and natural persons and on the cases of imposition of financial penalties, as available in the official EU website: https://ec.europa.eu/info/strategy/eu-budget/how-it-works/annual-lifecycle/implementation/anti-fraud-measures/edes/database_en, or on any successor page, as amended and supplemented from time to time.

Article 7
Information requirements

7.1 Documents to be retained

The Beneficiary undertakes (i) to retain, at the Project Implementing Entity's premises, for inspection by the CEB, the EBRD, a Contributor, the European Court of Auditors, or any of their authorised representatives, for a period of six (6) years from the End Date, the original of each contract financed by means of the Grant, as well as all

material documents pertaining to the procurement process and to the execution of the contract, including documentation of actions taken under Article 6.3 (*Contracting and Early Detection and Exclusion System*), and (ii) to ensure that its Contractors retain at their premises, for inspection by the CEB, the EBRD, a Contributor, the European Court of Auditors, or any of their authorised representatives, for a period of six (6) years from the End Date, originals of the contracts that they entered into with any sub-contractor or supplier financed by means of the Grant.

7.2 Accounting records to be retained

The Beneficiary shall keep accounting records concerning the Project, which shall be in conformity with international standards, showing, at any point, the Project's state of progress, and which shall record all operations made and identify the assets financed with the help of the Grant. Such accounting records and any relevant financial information related to the Project shall be kept at the Project Implementing Entity's premises, for inspection by the CEB, the EBRD, a Contributor or any of their authorised representatives, for a period of six (6) years from the End Date.

7.3 Obligation to respond to request for information

The Beneficiary undertakes to respond within a period specified by the CEB to any request for information and to provide it with any documentation that CEB should consider necessary for the proper implementation of the Project, including, among others, audit reports, accounting statements as well as information concerning the monitoring of the Project and the use of the Grant.

7.4 Obligation to inform

The Beneficiary shall inform the CEB immediately of any legislative or regulatory change in the sectors relevant to the Project, and, in a general sense, of any event which may have a material adverse impact on the execution of its obligations under this Agreement or of any fact or event that might prevent the fulfilment of any of its obligations hereunder.

7.5 Disclosure

The Beneficiary acknowledges that the CEB may be obliged to disclose documents relating to the Beneficiary and the consultants to the EBRD, a Contributor, the European Court of Auditors, the EU Anti-Fraud Office (OLAF) and any of EU other competent body, as necessary for the performance of their tasks in accordance with the relevant law.

Article 8
Reporting and Monitoring

8.1 Reporting

(a) Progress Reports

(i) The Beneficiary shall send to the CEB a narrative and financial report deemed satisfactory by the CEB (hereinafter, a "**Progress Report**"), (1) *once a year* during the Implementation Period, and (2) prior to every Disbursement Request, except for the first one.

(ii) The Progress Report must be deemed satisfactory by the CEB and shall be prepared in the form and substance set out in Appendix C hereto.

(b) Completion Report

(i) Upon completion of the Action and no later than three (3) months after the Completion Date, the Beneficiary shall submit to the CEB a Completion Report deemed satisfactory by the CEB including an appraisal of the Project's social impact and the utilisation of the Grant (hereinafter, a **"Completion Report"**).

(ii) The Completion Report must be deemed satisfactory by the CEB and shall be prepared in the form and substance as set out in Appendix C hereto.

The Beneficiary undertakes to favourably receive any on-the-spot checks, evaluation and monitoring missions carried out by any authorised representatives or agents of CEB, the EBRD, a Contributor, or any of their authorised representatives, or outside consultants employed by the CEB or a Contributor, including any of its competent bodies, and to provide all the necessary co-operation by facilitating site visits, providing documents and information requested.

8.3 Audit and Expenditure Verification

(a) The Beneficiary undertakes to favourably receive any audit carried out by any authorised representative or agent of the CEB, the EBRD, a Contributor, or any of their authorised representatives, or external auditors employed by the CEB, including any of its competent bodies, and to provide all the necessary co-operation for their audit, by facilitating any possible visits. In particular, the CEB, the EBRD, a Contributor, the European Court of Auditors, the EU Anti-Fraud Office (OLAF), the European Commission or any of their authorised representatives, may have an on-site audit of the Project carried out by one or more consultants of its choice, including in the case of non-compliance by the Beneficiary of any of its obligations under this Agreement.

(b) The CEB may hire external auditors to perform one or more expenditure verification(s) of the Project during the Implementation Period and/or one expenditure verification following the submission of the Completion Report, unless otherwise required due to the specificities of the Project.

(c) The Beneficiary is responsible for providing to the external auditors all financial statements from the Special Account(s), the related original invoices, Progress Reports and Completion Report for the Project which comply with the terms and conditions of the Agreement and for ensuring that these reports can be reconciled to the Beneficiary's accounting and bookkeeping system and to the underlying accounts and records. The Beneficiary is responsible for providing sufficient and adequate information, both financial and non-financial, in support of the reports. The Beneficiary accepts that the ability of the external auditor to perform the procedures required under the audit or expenditure verification effectively depends upon the Project Implementing Entity and its Contractors providing full and free access to the Beneficiary's staff and its accounting and bookkeeping system as well as underlying accounts and records.

(d) Should the Beneficiary fail to comply with any of its undertakings under the Agreement, the Beneficiary undertakes to favourably receive any on-site audit, carried out by the CEB's staff members or designated third parties, which shall be at the Beneficiary's expense.

Article 9
Taxes and other Charges

9.1 Taxes

The Beneficiary shall pay, to the extent applicable, all taxes, duties, charges or fees of whatever nature including stamp duty and registration fees, arising out of the execution, implementation, termination or enforcement of this Agreement and related documents thereto, in accordance with the applicable local laws.

9.2 Other Charges

The Beneficiary shall bear their own professional and banking charges and any transfer or exchange charges, incurred for the execution, implementation, termination or enforcement of this Agreement or implementation of the Project.

Article 10
Right to suspend, cancel and demand repayment of the Grant

10.1 Right to suspend, cancel or demand repayment

CEB reserves the right to suspend or cancel financially uncommitted portion of the Grant or request immediate repayment of all or a portion of the Grant in any of the following circumstances. Prior to exercising its right, the CEB shall serve a notice to the Beneficiary allowing the Beneficiary to submit observations within a period not shorter than thirty (30) days.

(a) *Breach of obligation under this Agreement*: if the Beneficiary fails to comply with any obligation imposed on it thereunder (including in case of misuse of funds under the Grant);

(b) *Breach of obligation*: where the Beneficiary fails to fulfil an obligation arising out of any loan agreement, guarantee agreement or grant agreement with the CEB, and where the CEB determines that its interests and objectives are prejudiced thereby;

(c) *Non-payment*: where the Beneficiary (as borrower or guarantor) fails to pay any amount of principal, interest or other sum payable under any loan agreement or guarantee agreement between the CEB and the Beneficiary on the date upon which the amount is due and payable;

(d) *Material adverse change*: where an exceptional situation arises which in the opinion of CEB makes the fulfilment of the obligations of the Beneficiary (as borrower or guarantor or grant beneficiary) uncertain;

(e) *CEB membership*: where the Beneficiary (as borrower or guarantor or grant beneficiary) ceases to be a member of the CEB or if the country where the Project is implemented ceases to be a member of the CEB; or

(f) *Suspension or termination of the Funding Agreement*: where the Funding Agreement is suspended or terminated in accordance with its terms and conditions.

10.2 Recovery and assignment of claims

Without prejudice to any rights stated above, the CEB may assign claims against the Beneficiary to the EBRD or other competent ESP Fund bodies, and the latter may proceed to the recovery of any amounts due by the Beneficiary pursuant to this Agreement.

10.3 Other Rights at Law

Articles 10.1 and 10.2 above shall not restrict any other right of the CEB to demand repayment of the Grant.

Article 11
Obligations of the Parties

The Beneficiary shall indemnify the CEB against all damages, losses, costs and expenses suffered or incurred by the CEB, *inter alia*, as a result of any act or omission committed by it or the Project Implementing Entity, from its failure or that of the Project Implementing Entity to comply with any of their respective obligations set out in this Agreement, for their gross negligence, for any act of wilful malfeasance and for any fraudulent act.

Article 12
Confidentiality and Data Protection

(a) The CEB will treat any information provided to it by the Beneficiary pursuant to the latter's obligations hereunder in accordance with its Public Information Policy and its obligations under the Funding Agreement. The Beneficiary shall preserve the confidentiality of any document, information or other material directly related to the implementation of the Project that is communicated by the CEB as "confidential". The confidential nature of a document shall not prevent it from being communicated to a third party when the law binding on the Beneficiary so requires.

(b) The processing of any personal data in connection with the Agreement shall be carried out by the CEB in accordance with the Data Protection Regulations. The Beneficiary shall ensure that personal data shall be:

(i) processed lawfully, fairly and in a transparent manner in relation to the data subject;

(ii) collected for specified, explicit and legitimate purposes and not further processed in a manner that is incompatible with those purposes;

(iii) adequate, relevant and limited to what is necessary in relation to the purposes for which they are processed;

(iv) accurate and, where necessary, kept up to date;

(v) kept in a form which permits identification of data subjects for no longer than is necessary for the purposes for which the personal data are processed; and

(vi) processed in a manner that ensures appropriate security of the personal data, including protection against unauthorised or unlawful processing and against accidental loss, destruction or damage, using appropriate technical or organisational measures.

Article 13
Representations and warranties

(a) The Beneficiary represents and warrants:

(i) that it is duly authorised to enter into the Agreement and it has given the signatory(ies) the authorisation therefor, in accordance with the laws, decrees, regulations and other texts applicable to it;

(ii) that the drawing up and execution of the Agreement does not contravene the laws, decrees, regulations and other texts applicable to it; in particular, that it complies with the laws on fraud, corruption, money laundering and financing of terrorism, prevention of tax avoidance, tax fraud or tax evasion and does not enter into business relationships with Sanctioned Persons;

(iii) it is not and none of its officers, directors, agent or employees is a Sanctioned Person or is the subject of a final and irrevocable court ruling in connection with Prohibited Practices perpetrated in the exercise of its professional duties and none of them did or does enter into business relationships with Sanctioned Persons;

(iv) that it has received a copy of and is aware of the CEB's Procurement Guidelines, the CEB's Environmental and Social Safeguards Policy, CEB's Loan and Project Financing Policy, the Public Information Policy, the Data Protection Regulations, the Anti-corruption Charter and the Policy on Non-compliant/Uncooperative Jurisdictions.

(b) If any of the above representations and warranties is or proves to have been incorrect or misleading in any respect during the life of the Grant, the CEB may exercise any of its rights under Article 10 *(Right to suspend, cancel and demand repayment of the Grant)*.

Article 14
Notices

(a) Any notice (including any document or communication) to be given or made under or in connection with this Agreement to the CEB or the Beneficiary shall be in writing and unless otherwise stated, may be made by registered letter, electronic mail or facsimile. Such notice shall be deemed to have been received by the other Party:

(i) on the date of delivery in relation to a hand-delivered or registered letter;
(ii) in the case of electronic mail, only when actually received in readable form and only if it is addressed in such a manner as the other Party shall specify for this purpose;
(iii) in the case of electronic mail, which contains a Disbursement Notice, sent by the CEB to the Beneficiary, when the electronic mail is sent; and
(iv) on receipt of transmission in relation to a facsimile.

(b) Any notice provided by the Beneficiary to the CEB by electronic mail shall:

(i) mention the Agreement reference in the subject line; and
(ii) be in the form of a non-editable electronic image (pdf, tif or other common non-editable file format agreed between the Parties) of the notice signed by the person or persons authorised to sign such notice on behalf of the Beneficiary, attached to the electronic mail.

(c) Without affecting the validity of notices by electronic mail or facsimile made in accordance with this Article, the following notices shall also be sent by registered letter to the other Party at the latest on the immediately following Business Day:

(i) Disbursement Requests;
(ii) any communications in respect of the suspension, cancellation or repayment of the Grant; and
(iii) any other communication required by the CEB.

(d) The Parties agree that any above notice (including via electronic mail) is an accepted form of communication, shall constitute admissible evidence in court and shall have the same evidential value as an agreement under hand.

(e) The postal address, fax number and electronic mail address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication to be given or made under or in connection with this Agreement is:

For the Beneficiary:

Ministry of Infrastructure and Regional Development
1, Piata Marii Adunari Nationale
MD 2001, Chisinau
Republic of Moldova
Attention: Minister
e-mail: andrei.spinu@midr.gov.md, secretariat@midr.gov.md;

Project Implementation Unit
1, Piata Marii Adunari Nationale
MD 2001, Chisinau

Republic of Moldova
Attention: PIU Manager
e-mail: iunona.lungul@midr.gov.md
and

Ministry of Finance
7, Constantin Tanase Street
MD 2005, Chisinau
Republic of Moldova
Attention: Minister
e-mail: cancelaria@mf.gov.md

For the CEB:

Council of Europe Development Bank
55, avenue Kléber
75784 Paris Cedex 16 – France
Attention: Deputy Director, Directorate for Loans and Social Development
Copy to: Head of Grant Operations and New Instruments Division
Fax: + 33 1 47 55 37 52
E-mail: projects@coebank.org
EEA-DRFA@coebank.org

(f) The CEB and the Beneficiary shall promptly notify the other Party in writing of any change in their respective communication details.

(g) All notices to be given or made under or in connection with the Agreement shall be in English or French or, if in another language, shall be accompanied by an English or French certified translation thereof, when so required by the CEB.

(h) All notices to be given or made by the Beneficiary under or in connection with this Agreement shall, where required by the CEB, be delivered to the CEB together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Beneficiary and the authenticated specimen signature of such person or persons.

Article 15
Illegality

If it is or becomes unlawful in any jurisdiction for CEB to make, maintain or fund the Grant or perform any of its obligations under this Agreement, the CEB may exercise any of its rights under Article 10 *(Recovery, right to suspend, cancel and demand repayment of the Grant)*.

Article 16
Amendments

This Agreement may be modified by written mutual consent of the Parties at any time. The amendments shall enter into force in accordance with the same modalities as described under Article 20 (*Entry into force*).

Article 17
Interpretation of the Agreement

The headings of the Articles of the Agreement shall not serve for its interpretation. In no case shall it be presumed that the CEB has tacitly waived any right granted to it by the Agreement.

Article 18
Dispute settlement

(a) Any dispute arising out of or in connection with the Agreement, including its existence, validity, interpretation or termination shall be settled amicably between the Parties.

(b) In default of amicable settlement, disputes between the Parties with respect to the Agreement shall be subject to arbitration under the terms and conditions laid down in Appendix D hereto.

(c) The Parties agree not to take advantage of any privilege, immunity or legislation before any jurisdictional or other authority, whether domestic or international, in order to object to the enforcement of an award handed down under the conditions laid down in Appendix D hereto.

Article 19
Relations with third parties

(a) The Beneficiary may not raise any fact relating, within the scope of the use of any Grant to its relations with third parties in order to avoid fulfilling, either totally or partially, the obligations resulting from the Agreement.

(b) The CEB may not be involved in disputes which might arise between the Beneficiary and third parties and the costs, whatever their nature, incurred by the CEB due to any claims, and in particular all legal or court costs, shall be at the expense of the Beneficiary.

Article 20
Entry into force

This Agreement shall enter into force upon its signature by both Parties and the fulfilment of the Beneficiary's internal procedures. The Beneficiary undertakes to provide the CEB with written notice of the date on which this Agreement enters into force, along with the necessary documentary evidence thereof.

IN WITNESS WHEREOF, the Parties have caused the Agreement to be executed in two (2) originals in the English language, each of which is equally valid.

Signed in .....
On

.....
For the **Beneficiary**
[name]
[title]

Signed in .....
On

.....
For **the Council of Europe Development Bank**
[name]
[title]

IN WITNESS WHEREOF, the Parties have caused the Agreement to be executed in two (2) originals in the English language, each of which is equally valid.

Signed in Chisinău
On 1 July 2024

For the **Beneficiary**

.....

Name: Andrei Spînu
Title: Ministru

Signed in PARIS
On 24 JUNE 2024

For the **Council of Europe Development Bank**

.....

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

.....

Name:
Title:

Mr Rainer LOVATO
L&D, Head of Projects Division



APPENDIX A-1

DESCRIPTION OF THE PROJECT, IMPLEMENTATION MODALITIES AND SPECIFIC REQUIREMENTS

Project	Public Housing III – LD 2152 (2023)
Country	Republic of Moldova
PIE	Ministry of Infrastructure and Regional Development
PIU	Public Housing Project Implementation Unit
Final Beneficiaries	The beneficiaries of the Grant will be eligible individuals/households under the Grant-financed Sub-projects under the Project.
ESP Grant Approval by the Assembly of Contributors of the Fund	31 May 2023
ESP Grant Amount	EUR 6 000 000
ESP Grant Objective	To increase energy efficiency and reduce the environmental footprint of the target housing units that are planned for reconstruction under the Project, by reducing their energy consumption and diversifying their energy supply, as well as to alleviate energy poverty and improve overall living conditions for final beneficiaries.
Planned Project Activities	The Project will mainly involve the repurposing of existing buildings into public rental housing, elderly homes, and student residencies for an estimated number of 3 060 beneficiaries, and with a total estimated built area of 56 266 m2, reconstructed to high standards of energy efficiency. The Feasibility Study established an indicative list of Sub-projects, containing 32 Sub-projects distributed in 21 localities throughout the country; a reserve list of Sub-projects is available for substituting any Sub-projects unable to proceed. The creditworthiness of local public authorities (LPA) and other relevant public entities (PE) is verified by the Ministry of Finance (MoF) before signing an On-lending Agreement with the participating LPAs/PEs. A Cooperation Agreement is signed between the participating LPAs/PEs and the Ministry of Infrastructure and Regional Development MIRD/PIU, where the Sub-projects are defined and the LPAs entrust the management of works to the PIU. The LPAs/PEs develop the design of their Sub-projects, the PIU contracts the works and ensures the works supervision on behalf of LPAs/PEs. The CEB disburses its loan and the investment grants to the relevant project account in tranches; the PIU administers the project accounts and processes the payments to the contractors. After completion of works and hand-over of the facilities to the LPAs/PEs, they establish commissions that allocate the housing units, student residences and elderly homes according to the relevant national legislation. The Grant shall exclusively finance energy efficiency measures in a number of Sub-projects under the Project.

Project Management	The MIDR, as PIE, will have overall responsibility for the Project implementation. The Public Housing III Project will be implemented by the existing PIU, managing the Social Housing II Project, with increased capacities. The PIU will be overseen by a Steering Committee. The PIU will comprise a PIU Manager; Head of Procurement and Legal Section; Chief Accountant; Head of Technical Section (Sub-projects management function); Technical Manager (works supervision function); Financial Specialist; Lawyer; Communication specialist. The PIU Manager, Head of Procurement and Legal Section, and Chief Accountant work on Project preparation since 1 March 2023. As the Project progresses, the PIU will include the rest of the positions mentioned above, and others according to needs. MIDR provides PIU offices and covers all office maintenance and utilities costs. In addition, the PIU will contract dedicated Local Managers to support the LPAs/PEs.
Completion Date	30 June 2029
Completion Report Date	30 September 2029
End Date	31 December 2029
Estimated Cost Breakdown and Financing Plan of the Project	The total Project costs are estimated at EUR 34.22 million, of which, the ESP investment grant of up to EUR 6 million will finance energy efficiency measures. As energy efficiency measures are expected to represent around 20% of each Sub-project costs, each Sub-project will be imparted an equal share of grant element as a proportion of its total costs (around 20%) provided that the Sub-project includes energy efficiency measures verifiably amounting to this share of total costs. The grant element will be financed from either the GSIF or the ESP grant. Subject to the CEB prior approval, the grant sources could be blended where needed to reach the necessary grant element share per Sub-project.
Grant Eligible Costs	Energy efficiency and renewable energy production investment costs under the Project as follows: • thermal insulation of the building envelope including all external parts of the building (roof, walls, windows); • automatic temperature regulators in rooms, including day/night mode, and installation of thermal energy meters in each home; • replacement of incandescent light bulbs with energy efficient bulbs; • solar installations for the production of domestic hot water; • photovoltaic installations connected to the grid for the production of electricity; • low, medium and high capacity heat pumps, • other such measures to be defined in the design of the Grant-financed Sub-projects.

Expected impact	Grant-financed investments are expected to: • Improve energy efficiency of the selected buildings; • Reduce CO2 emissions; • Enable optimal operation and increase the comfort and air quality levels in the selected buildings; • Improve building quality and extend building lifetime; • Reduce the household energy burden on the long term; • Increase awareness of the benefits of energy efficiency projects for the general public, construction sector staff, as well as local media; • Renewable energy production for own consumption. It is estimated that the project will lead to reduction of 6 200 tonnes/ year of CO2 emissions, thus contributing to a cleaner environment and reduction of the climate change impact. The project is expected to provide relief to the end-beneficiaries' households budgets and those of participating LPAs, by reducing the electricity and heating costs through the savings of 17 300 MWh/year of heat energy and 5 800 MWh/year of electricity savings; thus, cost savings for electrical and heat energy savings are estimated at EUR 4.4 million/ year (or around EUR 132 million during a renewed 30-year life cycle of rehabilitated buildings). It is expected that the project will contribute to reducing inequalities by helping annually around 3 060 low-income and vulnerable persons, elderly and students access decent housing and by improving their living conditions. Access to upper secondary education would be facilitated annually to over 730 high-school students that do not have upper secondary level schools in their localities and will benefit of places in student residences.

APPENDIX A-2

Project BUDGET

Costs by source of financing and purpose, in EUR

Investment Categories	LPAs	CEB loan	GSIF	ESP	Total
Project management, works supervision		1 920 000			1 920 000
Reconstruction works	600 000	18 080 000			18 080 000
Energy efficiency measures			1 000 000	6 000 000	7 600 000
Buildings, land, design, design verification, technical expertise	6 137 561				6 137 561
Contingencies	485 820				485 820
TOTAL INVESTMENTS	**7 223 381**	**20 000 000**	**1 000 000**	**6 000 000**	**34 223 381**

Financing Plan

Financing Source	Amount (EUR)	Percentage (%)
CEB Loan	20 000 000	58.43%
CEB GSIF grant	1 000 000	2.93%
ESP Grant	6 000 000	17.53%
Local financing	7 223 382	21.11%
TOTAL PROJECT COST	**34 223 382**	**100 %**

APPENDIX B

DISBURSEMENT REQUEST
(Template)

<Date, place>
To the attention of:
CEB
Council of Europe Development Bank
55 avenue Kléber
75116 Paris, France

Reference number: ESP-3-G-MDA/ LD 2152

Dear Sir/Madam,

We hereby request disbursement of the *<Enter number of the tranche>* Tranche under the Grant Agreement referred above dated [•] between the Council of Europe Development Bank and [ ].

The amount requested is EUR < ...>.

Please find attached the following supporting documents:

-
-

The disbursement of the Tranche should be made to the Special Account referred to in Article 2.3 of the Grant Agreement

We hereby certify that the information contained in this Disbursement Request is complete and reliable [and that the costs incurred to date as set out in the Progress Report are eligible in accordance with the terms and conditions set out in the Grant Agreement] [DO NOT INCLUDE FOR FIRST GRANT TRANCHE] and that this Disbursement Request is substantiated by appropriate and verifiable supporting documents.

Yours faithfully,

<Authorised Signatories>

APPENDIX C

PROGRESS REPORTS AND COMPLETION REPORT (TEMPLATE)

TABLE 1 - COSTS, EXPENDITURES AND FINANCING PLAN (in EUR, VAT excluded)

Country: Republic of Moldova
Project: FIP 10495 - LD 2152 (2023)
Project title: Social Housing III

Date of the Progress report:

All figures in EUR, excluding VAT

		PROJECT DESCRIPTION												COSTS & EXPENDITURES								FINANCING				
		PROJECT COSTS	Initially estimated costs (at loan approval)	Date of financing agreement with municipality (*) (DD/MM/YYYY)	Implementation schedule		Resettlement required	Number of housing units to be		Total living surface area sq.m.		Number of beneficiaries		Incurred Expenditure			Forecasted Expenditure		TOTAL COSTS (Effective)	PROGRESS in % (Total spent/ Total costs)	CEB loan (**)	CEB GSIF grant	ESP grant	LOCAL contribution	
		Municipality			Start (*) (MM/YYYY)	End (MM/YYYY)	Yes/No	Planned	Achieved	Planned	Achieved	Planned	Achieved	2023	2024	2025 ...	TOTAL SPENT	Up to the Completion	of which in the next 12 months						in-kind contribution	Financial contribution
																	(1)	(2)		(3) = (1) + (2)	(4) = (1) / (3)					
	Sub-project no.	COMPONENT 1: HOUSING FOR LOW-INCOME PERSONS																								
LPA II	1	Criuleni																								
	2	Calarasi																								
	3	Straseni																								
	4	Rezina																								
	5	Cantemir																								
	6	Cahul																								
	7	Glodeni																								
	8	Singerei																								
	9	Falesti																								
LPA I	10	Nisporeni																								
	11	Anenii Noi																								
	12	Hincesti																								
		Sub-total Component 1																								
		COMPONENT 2: HOUSING FOR ELDERLY PERSONS																								
LPA II	1	Ocnita																								
	2	Straseni																								
	3	Soroca																								
	4	Riscani																								
	5	Cantemir																								
	6	Basarabeasca																								
	7	Cahul																								
	8	Ungheni																								
	9	Ungheni																								
	10	Singerei																								
	11	Rezina																								
	12	Telenesti																								
LPA I	13	Nisporeni																								
	14	Anenii Noi																								
	15	Rezina																								
	16	Soroca																								
		Sub-total Component 2																								
		COMPONENT 3: STUDENT ACCOMODATION																								
LPA II	1	Calarasi																								
	2	Cantemir																								
LPA I	3	Nisporeni																								
	4	Calarasi																								
		Sub-total Component 3																								
		TOTAL COMPONENTS (1-3)	32 303 000																							
		Project management and technical supervision costs	1 920 000																							
		TOTAL	34 223 000																							

(*) Sub-projects are eligible if they have been contracted or their implementation has started maximum one year prior to the disbursement date of the CEB loan tranche under which they are financed.

(**) The amount financed from the CEB loan shall not exceed 70% of total programme eligible costs.

TABLE 2A – PROCUREMENT PLAN FOR THE YEAR XXXX (VAT excluded)

Country: Republic of Moldova
Project: FIP 18495 - LD 2152 (2023)
Project title: Social Housing III

Date of the Progress report:

1. Civil Works

1	2	3	4	5	6	7	8	9	10	11	12	13
Ref. No.	Contract Description	Estimated Cost Currency	Estimated Cost EURO	Financed by	Number of Lots	Procurement Method	Domestic Preference (yes/no) %	Review by the Bank (PRIOR/POST)	Expected Date of Bid Launching	Expected Date of Bid Opening	Expected Date of Bid Evaluation	Expected Date of Contract Signature

2. Goods

1	2	3	4	5	6	7	8	9	10	11	12	13
Ref. No.	Contract Description	Estimated Cost Currency	Estimated Cost EURO	Financed by	Number of Lots	Procurement Method	Domestic Preference (yes/no) %	Review by the Bank (PRIOR/POST)	Expected Date of Bid Launching	Expected Date of Bid Opening	Expected Date of Bid Evaluation	Expected Date of Contract Signature

3. Services

1	2	3	4	5	6	7	8	9	10	11	12	13
Ref. No.	Description of Assignment	Estimated Cost Currency	Estimated Cost EURO	Financed by	Number of Lots	Selection Method	Domestic Preference (yes/no) %	Review by the Bank (PRIOR/POST)	Expected Date of Bid Launching	Expected Date of Bid Opening	Expected Date of Bid Evaluation	Expected Date of Contract Signature

NB: In column 5 please specify the financing sources expected to be used, e.g.: CEB, State Budget, etc.
NB: The column 8 "Domestic Preference" must be filled in only in the case of ICB Procurement Method. In the case of other Procurement Methods, please insert "N/A".
NB: The column 9 "Review by the Bank" will be filled in by CEB.

TABLE 2B - LIST OF AWARDED CONTRACTS (VAT excluded)

Country: Republic of Moldova
Project: FIP 18495 - LD 2152 (2023)
Project title: Social Housing III

Date of the Progress report:

Contract Description			Supplier / Contractor		Contract amount		Category of contracts[2]	Period of implementation		Procurement Procedure followed						Short listing or pre-qualification (if applicable)		Contract amount paid		Financed by:				Date of work reception	Modification (Comments)
Ref. number	Title	Object	Name	Country	in MDL	in EUR[1]		Date of contract signature/ Start date	End date	Method [3]	Date of Contract Notice	Bids received on	Award decision on	Number of tenders received	Complaints / Appeals received Y for yes N for no	Number of candidates applying	Number of cadidates pre-qualified / Short listed	in MDL	in EUR[4]	CEB loan	GSF	ESP	LPA		
				TOTAL																					

[1] Countervalue in EUR at the middle exchange rate of the National bank at the date of contract signature.
[2] Acronyms to be used: W for Works, G for Goods and S for Services.
[3] Acronyms to be used for **International Procurement Procedures**: OP = Open Procedures; RP = Restricted Procedures; CD= Competitive Dialogue; NPP = Negotiated Procedures with publication; NPNP = Negotiated Procedure without publication.
Acronyms to be used for **National Procurement Procedures**: NCT = National Competitive Tendering; DC = Direct Contracting (subject to prior CEB's approval); SH = Shopping; BOR = Borrower's Own Resources
[4] Countervalue in EUR at the middle exchange rate of the National bank at the date of invoice payment.

TABLE 3A - UTILISATION OF FUNDS RECEIVED

Country: Republic of Moldova
Project: LD 2152 (2023)
Project title: Social Housing III

Date of the Progress report:

CEB LOAN GSIF ESP	N° TRANCHE	DISBURSEMENT DATE	AMOUNT OF THE TRANCHE DISBURSED in EUR	EXCHANGE RATE (at the date of payment)	EQUIVALENT in MDL	On-lending agreement date	Name of the Municipality	AMOUNT in MDL	% Tranche Utilisation	COMMENTS
	1	2	3	4	5	6	7	8	9	10
CEB LOAN										
SUB-TOTAL (CEB LOAN)										
CEB GSIF GRANT										
SUB-TOTAL (CEB GSIF GRANT)										
ESP GRANT										
SUB-TOTAL (ESP GRANT)										

TABLE 3B - SPECIAL ACCOUNT STATEMENT ESP GRANT

Country: Republic of Moldova
Project: LD 2152 (2023)
Project title: Social Housing III

Date of the Progress report:

N° TRANCHE	DISBURSEMENT DATE	AMOUNT OF THE TRANCHE DISBURSED (in EUR)	EXCHANGE RATE (at the date of transfer)	COUNTERVALUE in MDL	PAYMENTS FOR THE PROJECT EXPENDITURES as of DD/MM/YYYY						MODIFICATIONS COMMENTS
					Date	Description	Type of Expenditures	Amount paid in MDL	EXCHANGE RATE at the date of payment (*)	Amount paid in EUR	
1	2	3	4	5	7	8	9	10	11	12	13
First Tranche											
					TOTAL						
Second Tranche ...											
					TOTAL						

* Depending on the currency of each tranche, please provide with the corresponding MDL/EUR exchange rate at the payment date

TABLE 4 - OUTPUTS / OUTCOMES INDICATORS

Country: Republic of Moldova
Project: FIP 18495 - LD 2152 (2023)
Project title: Social Housing III

Date of the Progress report:

COMPONENT 1: HOUSING FOR LOW-INCOME PERSONS

	Indicator	Unit	Project Target	Achieved so far	Achieved at completion	Comments
OUTPUTS	Housing units built and/or renovated	Nb. of dwellings				
	Number of beneficiaries	Nb. of persons				
	Share of units by type as and when applicable *(apartment blocks, individual homes, group living etc.)*	%				
	Total gross area built and/or renovated *if available including by category*	m^2				
	Average size of dwellings	m^2; m^2/person				
	Construction cost/housing unit, construction cost/m^2 gross area	EUR, EUR/m^2				
	Access to basic infrastructure: water, electricity, sewage	%				
	Residential and categorised non-residential area of building *(i.e. commercial, social, etc.)*	m^2				
SOCIAL IMPACT/OUTCOMES	Tenure type as applicable *(ownership, right-of occupancy; tenancy, rent-to-own)*	number of dwellings or %				
	End beneficiaries *(occupying owners / tenants)* if available also by beneficiary groups *(disabled, elderly, poor, homeless, single mothers, young people, etc.)*	number of beneficiaries and % by group				
	Size of dwelling per person (area of dwelling/number of family members)	m^2/number of occupants				
	Average household income of (potential) residents	EUR				
	Average rent or mortgage, if available	EUR				
	Energy performance certificate targeted *(A or B)*, or other certificates (e.g. BREEAM, LEED)	rating A or B				
	If retrofitting: Expected reduction in energy consumption	kWh/m^2/year				
	Share of beneficiary families by type of primary income (employment, welfare benefits, others)	Number of families or %				
	Number of children/student beneficiaries participating in some form of education	Number of children				
	Number of beneficiaries covered/not covered by some form of health insurance	Number of persons				

COMPONENT 2: HOUSING FOR ELDERLY PERSONS

	Indicator	Unit	Project Target	Achieved so far	Achieved at completion	Comments
OUTPUTS	Residential built and/or renovated	number of beds				
	Total gross area built and/or renovated if available including by category	m^2				
	Average size of residential space per person	m^2; m^2/person				
	Construction cost/housing unit, construction cost/m^2 gross area	EUR, EUR/m2				
	Number of residents sharing communal facilities (recreational area, kitchen, toilet, shower, etc.)	number				
SOCIAL IMPACT/OUTCOMES	Age profile of beneficiaries	number by decade of age				
	Average household income of (potential) residents, if available	EUR				
	Average rent, if available	EUR				
	Energy performance certificate targeted *(A or B)*, or other certificates (e.g. BREEAM, LEED)	rating A or B				
	If retrofitting: Expected reduction in energy consumption	kWh/m^2/year				
	Share of beneficiary families by type of primary income (employment, welfare benefits, others)	Number of families or %				
	Number of beneficiaries covered/not covered by some form of health insurance	Number of persons				

COMPONENT 3: STUDENT ACCOMODATION

	Indicator	Unit	Project Target	Achieved so far	Achieved at completion	Comments
OUTPUTS	Residential space built and/or renovated	number of beds				
	Total gross area built and/or renovated, if available, including by category	m^2				
	Average size of residential space per person	m^2; m^2/person				
	Construction cost/housing unit, construction cost/m^2 gross area	EUR, EUR/m^2				
	Number of students sharing communal facilities (recreational area, kitchen, toilet, shower, etc.)	number				
	Number of under 18s accommodated	number				
SOCIAL IMPACT/OUTCOMES	Average distance to home address for residential students	km				
	Average household income of (potential) residents' families if available	EUR				
	Average rent payable, if available	EUR				
	Energy performance certificate targeted *(A or B)*, or other certificates (e.g. BREEAM, LEED)	rating A or B				
	If retrofitting: Expected reduction in energy consumption	kWh/m^2/year				
	Share of beneficiary families by type of primary income (employment, welfare benefits, others)	Number of families or %				

APPENDIX D

DISPUTE SETTLEMENT

Settlement of disputes in respect of grants from the CEB

ARTICLE 1.1
Arbitration

Any dispute between the Parties to the Grant Agreement in respect of the interpretation or execution of such agreement or in respect of a claim by one of the said parties against another arising out of the Grant Agreement, which has not been settled by agreement between the Parties shall be submitted for arbitration in the manner prescribed below.

ARTICLE 1.2
Commencement of arbitration proceedings

Arbitration proceedings may be instituted by any one of the Parties specified in the preceding section by means of a request notified to all the other Parties; the request shall state the nature and subject of the dispute and set forth the claims to be submitted for arbitration.

ARTICLE 1.3
Appointment of the arbitral tribunal

In any arbitration proceedings instituted in pursuance of this article, each of the Beneficiary and the CEB may be a party.
For any dispute submitted for arbitration in pursuance of this article, an arbitral tribunal shall be set up. It shall consist of three arbitrators appointed as follows:

(a) one arbitrator shall be appointed by the CEB;
(b) a second arbitrator shall be appointed by the Beneficiary;
(c) a third arbitrator, called the umpire, who shall act as President of the arbitral tribunal, shall be appointed by common consent between the Parties or, failing such consent, by the President of the European Court of Human Rights or, should the latter have the nationality of the Beneficiary, by the Vice-President of the Court or, if the latter is in the same situation, by the senior of those Judges of the Court who does not have the nationality of the Beneficiary;
(d) the procedure described in the preceding paragraph shall take place, at the instance of one of the Parties to the dispute, if, within one month after notice has been given of the request for arbitration, no agreement has been reached regarding the appointment of an umpire;
(e) where one of the Parties appoints no arbitrator, the umpire shall appoint the said arbitrator.

ARTICLE 1.4
Place of arbitration

The arbitral tribunal shall hold its first sitting on such date and at such place as shall be appointed by the umpire. Thereafter, the tribunal shall decide itself where and when it shall sit.

ARTICLE 1.5
Law applicable to arbitration proceedings

The arbitral tribunal shall decide all questions relating to its competence. It shall lay down its own rules of procedure and shall choose the law which shall be applicable, unless that law is specified in the contracts or in the arbitration agreement, bearing in mind the provisions of Article 1 (3) of the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe. All decisions of the tribunal shall be by majority vote.

Domestic law may apply in a particular case provided that it does not derogate from the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe and from the Articles of Agreement.

ARTICLE 1.6
Award of the arbitral tribunal

All awards of the arbitral tribunal shall set out the grounds for the decision. They shall be final and binding upon all the Parties referred to in Article 1.3 of the present Appendix. They may be rendered in default of submissions.

ARTICLE 1.7
Cost of arbitration

The party against whom the award is made shall bear the costs of the arbitration proceedings unless the arbitral tribunal decides otherwise or the Parties have agreed otherwise by a clause in the Grant Agreement. The arbitral tribunal shall give a final ruling on any dispute in respect of costs.

ARTICLE 1.8
Enforcement of arbitral awards

The Grant Agreement shall contain whatever provisions are required to ensure, in respect of the CEB and in respect of the Beneficiary, compliance with any awards made in pursuance of the present Appendix.
If, within one month after the originals of the award have been delivered to the Parties, the award has not been complied with, any of the Parties specified in Article 1.3 may institute proceedings for the enforcement of the award. The court which shall have jurisdiction for such proceedings shall be that designated by the rules of civil procedure of the State concerned.

APPENDIX E

FORM OF LEGAL OPINION

Council of Europe Development Bank
55, avenue Kléber
F-75116 Paris

Attn: Projects Department
Cc: Office of the General Counsel

[INSERT DATE]

Re: ***Grant Agreement between the Council of Europe Development Bank and [•] (Ref: [•])***

Dear Sir or Madam,

I, [•], in my condition of [INSERT TITLE (*e.g.*, Minister of Justice, Head of Legal Services)], have acted as legal advisor as to matters of [INSERT JURISDICTION] law to [•] (the **"Beneficiary"**) in relation to the grant agreement between the Council of Europe Development Bank (the **"CEB"**) and the Beneficiary dated [•] and effective as of [•] (the **"Agreement"**) and deliver this opinion pursuant to Article [•] of the Agreement.

For the purposes of this opinion, we have examined an original copy of the Agreement and such other documents, acts or treaties as we have considered necessary or desirable to examine in order to give this opinion. Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.
Based on the foregoing, I am of the opinion that:

1. ***[Status and incorporation.*** The Beneficiary is a [INSERT CORPORATE FORM OF THE BORROWER], duly organised and validly existing under the laws of [INSERT JURISDICTION], having its registered office at [•], and registered with [INSERT THE NAME OF TRADE/COMPANIES REGISTER] under registration number [•].][3]
2. ***Capacity, power and authority.*** The Beneficiary has the legal capacity, power and authority to enter into the Agreement and perform its obligations thereunder.
3. ***Internal authorisations.*** All action required from the Beneficiary for the execution, delivery and performance of the Agreement, including any required authorisation from its competent bodies, has been duly and effectively taken. In particular, no further action is required from the Beneficiary, apart from execution by a duly empowered representative of the Beneficiary, in order to issue a Disbursement Request under the Agreement.
4. ***Constitutive documents.*** The execution by the Beneficiary of the Agreement does not, and the performance by the Beneficiary of the obligations to be assumed by it thereunder will not, violate or conflict with any provision of its [INSERT NAME OF CONSTITUTIVE DOCUMENT] or other constitutive documents of the Beneficiary.
5. ***Due execution and validity.*** The Agreement was duly executed by [INSERT NAME OF THE SIGNATORY)] as duly empowered representative(s) of the Beneficiary and gives rise to legally valid, binding and enforceable undertakings for the Beneficiary.
6. ***External authorisations, public consents and filings.*** No authorisations, consents, licences, exemptions, filings, notarisations or registrations are required in [INSERT JURISDICTION] in connection with the execution, delivery or performance of the Agreement in order to give rise to legally valid, binding and

[3] Insert if beneficiary is a private sector entity.

enforceable undertakings for the Beneficiary and for the Agreement to be admissible in evidence in [INSERT JURISDICTION].

7. ***Tax/Stamp duties.*** The execution of the Agreement is not subject to any tax or stamp duties in [INSERT JURISDICTION].

8. ***Choice of law.*** The submission by the Beneficiary to the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and secondarily to the laws of the France is legally valid and binding on the Beneficiary under the laws of [INSERT JURISDICTION].

9. ***Arbitration.*** The submission by the Beneficiary to the Arbitral Tribunal set forth under Appendix [D] of the Agreement with respect to any dispute arising out of the Agreement is legally valid and binding on the Beneficiary. Any award of such Arbitral Tribunal is enforceable in [INSERT JURISDICTION] in accordance with the terms of Article 3 of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949).

Yours faithfully,

[•]
[INSERT NAME AND TITLE]