Execution Copy

(Operation Number 54427)

LOAN AGREEMENT

(Moldova: GrCF2 W2 E2-Termoelectrica: Chisinau District Heating Project)

between

REPUBLIC OF MOLDOVA

and

EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

Dated 29 November 2024

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LOAN AGREEMENT

AGREEMENT dated 29 November 2024 between **REPUBLIC OF MOLDOVA** (the "Borrower") and **EUROPEAN BANK FOR RECONSTRUCTION AND DEVELOPMENT** (the "Bank").

PREAMBLE

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

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

(C) WHEREAS, the Project will be carried out by JSC "Termoelectrica", a district heating supplier in Chisinau owned by the Government of Moldova via Public Property Agency of the Republic of Moldova (the "**Project Entity**") with financial assistance from the Borrower and support from the Support Entity;

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

(E) WHEREAS, the Borrower intends to participate in in the Green Cities Programme and accordingly, the Borrower wishes to borrow, and EBRD wishes to lend, up to EUR 143,500,000 on the terms and conditions set forth herein, such amounts to be financed with the ordinary capital resources of EBRD (the "**EBRD Resources**").

(F) WHEREAS, the Borrower intends to contract a loan from the European Investment Bank ("**EIB**") in the amount of up to EUR 143,500,000 to assist in financing of the Project, subject to the terms and conditions to be set forth in an agreement (the "**EIB Co-financing Agreement**") between the Borrower and EIB;

(G) WHEREAS, EU Neighbourhood Investment Platform ("**EU NIP**") is in the process of arranging funds on a grant basis ("**EU NIP Grant**"), including a grant component in the amount of up to EUR 24,540,000 to assist the Borrower in implementing the Project, which is expected to be made available through the EBRD. The EU NIP Grant is expected to be made available to the Borrower subject to the terms and conditions set forth in an agreement (the "**EU NIP Grant Agreement**") between the EBRD, the Borrower and the Project Entity;

(H) WHEREAS, Eastern Europe Energy Efficiency and Environmental Partnership ("**E5P**") is in the process of arranging funds on a grant basis ("**E5P Grant**"), including a grant component in the amount of up to EUR 15,000,000 to assist the Borrower in implementing the Project. The E5P Grant is expected to be made available to the Borrower subject to the terms and conditions set forth in an agreement (the "**E5P Grant Agreement**") between the Borrower, the Bank and the Project Entity; and

(I) **WHEREAS,** the Bank has agreed on the basis of, *inter alia*, the foregoing to make a loan to the Borrower in the amount of up to EUR 143,500,000, subject to the terms and conditions set forth or referred to in this Agreement and in the Project Agreement dated the date hereof between the Project Entity and the Bank (the "**Project Agreement**" as defined in the Standard Terms and Conditions).

NOW, THEREFORE, the parties hereby agree as follows:

ARTICLE I - STANDARD TERMS AND CONDITIONS; DEFINITIONS

Section 1.01. Incorporation of Standard Terms and Conditions

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

(a) The definition of the "Available Amount" contained in Section 2.02 (*Definitions*) of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

"Available Amount" means (i) until but not including the Tranche 3 Availability Date, so much of the Tranche 1 and Tranche 2 as shall not, from time to time, have been cancelled or drawn down or made subject to a conditional or unconditional Reimbursement Commitment; (ii) until but not including the Tranche 2 Availability Date, so much of Tranche 1 of the Loan as shall not, from time to time, have been cancelled or drawn down or made subject to a conditional or unconditional Reimbursement Commitment; and (iii) from and including the Tranche 3 Availability Date, so much of the Loan as shall not, from time to time, have been cancelled or drawn down or made subject to a conditional or unconditional Reimbursement Commitment (and all capitalised terms used in this definition and which are not otherwise defined herein shall have the meanings ascribed to those terms in the Loan Agreement)."

(b) Section 3.05 (*Commitment Charge and Front-End Commission*) of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

"(a) The Borrower shall pay to the Bank a commitment charge at the rate specified for the Loan in the Loan Agreement, payable on the total of the Available Amount plus any amount of the Loan that is subject to a Reimbursement Commitment and is not yet drawn down, provided that the Commitment Charge

payable on the amount of the Loan subject to an unconditional Reimbursement Commitment shall be 0.5% per annum greater than the rate of the Commitment Charge specified in the Loan Agreement. The Commitment Charge shall accrue:

(1) with respect to Tranche 1, from the date sixty (60) days after the date of the Loan Agreement;

(2) with respect to Tranche 2, from the date sixty (60) days after the Tranche 2 Availability Date; and

(3) with respect to Tranche 3, from the date sixty (60) days after the Tranche 3 Availability Date.

or, in the case of Commitment Charge payable on the amount of the Loan subject to an unconditional Reimbursement Commitment, from the date of issuance of such unconditional Reimbursement Commitment, and shall accrue and be calculated on the same basis as interest under Section 3.04(b)(ii). The Commitment Charge shall be payable on each Interest Payment Date (even though no interest may be payable on such date) commencing on the first Interest Payment Date following the Effective Date.

(b) The Borrower shall pay to the Bank a front-end commission equal to one per cent (1%) (or such other amount specified in the Loan Agreement) of the principal amount of the Loan as follows:

(1) with respect to Tranche 1, EUR 52,400,000 (*fifty-two million four hundred thousand Euros*); and

(2) with respect to Tranche 2, EUR 60,200,000 (*sixty million two hundred thousand Euros*); and

(2) with respect to Tranche 3, EUR 30,900,000 (*thirty million nine hundred thousand Euros*).

(c) The Borrower has opted under the Loan Agreement to pay the Front-end Commission with respect to Tranche 1 out of its own resources, therefore the Front-end Commission with respect to Tranche 1 shall be due and payable within seven (7) days after the Effective Date.

(d) The Borrower has opted under the Loan Agreement to pay the Front-end Commission with respect to Tranche 2 out of its own resources, therefore the Front-end Commission with respect to Tranche 2 shall be due and payable within seven (7) days after the Tranche 2 Availability Date.

(e) The Borrower has opted under the Loan Agreement to pay the Front-end Commission with respect to Tranche 3 out of its own resources, therefore the Front-end Commission with respect to Tranche 3 shall be due and payable within seven (7) days after the Tranche 3 Availability Date.

All capitalized terms used in this Section 3.05 and not otherwise defined in these Standard Terms and Conditions shall have the meaning ascribed to those terms in the Loan Agreement."

(c) Section 3.06 (*Payments by the Borrower*) of the Standard Terms and Conditions shall, for purposes of this Agreement, be modified to read as follows:

"The principal, interest and Charges on the Loan shall be due and payable by the Borrower in the manner and on the dates set forth in the Loan Agreement."

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

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

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

(A) the Minimum Prepayment Amount; and

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

(ii) shall be:

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

(B) second, applied pro-rata between the Tranche 1, the Tranche 2, and the Tranche 3 in proportion to their respective principal amounts outstanding; and

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

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

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

(i) the Minimum Cancellation Amount and

(ii) the Available Amount; and

Allocated *pro rata* between the Tranche 1, Tranche 2 and the Tranche 3.

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

(i) the Borrower shall pay to the Bank, on the date of cancellation, all Charges due and unpaid as of such date, and a cancellation fee of one-eighth of one per cent (0.125%) of the principal amount of the Loan being cancelled, except in respect of amounts cancelled pursuant to Section 7.02(a)"

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

"(ii) furnish promptly to the Bank such information as the Bank may from time to time reasonably request and enable the Bank's Representatives, at the Bank's request:

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

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

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

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

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

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

Section 1.02. Definitions

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

"Borrower's Authorised Representative"	means the Minister of Finance of the Borrower.

"ClientNet"	means the Bank's online portal for the transmission of documents and information between the Bank and its clients, and any replacement website as the Bank may from time to time notify the Borrower.
"EBRD Loan Margin"	means, in relation to the Loan, one percent (1.0%) per annum.
"Corporate Development Programme ("CDP") Consultant"	means, the consultant employed to perform, among other assignments, the following: (i) assist the Project Entity with preparation of an enhanced CDP tailored to foster Project Entity's corporate governance, including support with implementation of a Corporate Governance Action Plan ("CGAP"); implementation of a Financial and Operational Performance Improvement Programme ("FOPIP"); (ii) assessment of sector reform capacity gaps in the DH sector in Moldova and support for adoption of required legislative changes in compliance with the Energy Community and EU legislation; (iii) the introduction of a change in legislation for the mandatory implementation of horizontal heating networks and associated energy efficiency measures, in compliance with the Energy Community and EU legislation; (iv) assessment of potential improvements to the existing tariff methodology; (v) implementation of a social support programme to protect low income and vulnerable customers; (vi) implementation of a stakeholder participation programme to support the Project Entity with public outreach campaign to promote the switch from vertical to horizontal secondary system, including energy efficiency measures; and (vii) improving collection rates by assessing and developing an automated billing system. The CDP will also support the Project Entity's inclusive policies and practices through the revisions of its Human Resources ("HR") policies to promote women's employment, the collection of sex-disaggregated data, and the introduction of training requirements for staff on gender equality topics, including Gender-Based Violence and Harassment ("GBVH").
"Enforcement Policy and Procedures"	means the Bank's Enforcement Policy and Procedures dated 4 October 2017.
"Fiscal Year"	means the Borrower's fiscal year commencing on 1 January of each year.
"Financing Programme for	

the Energy Efficiency Fund in Moldova's Residential Sector"	means the financing programme approved by the Government of the Republic of Moldova on 10 April 2024, as such programme may be amended or further extended, aiming to create financial instruments, in the form of grants and allocations, provided as financial incentives to the beneficiaries of the programme, in order to improve the energy efficiency in the residential sector.
"Grant Agreements"	means EU NIP Grant Agreement and E5P Grant Agreement.
"Investment Plan"	means the investment plan as defined in the Project Agreement.
"Lender's Monitor Consultant"	means, the consultant employed to provide oversight of the project implementation during the construction phase.
"Loan"	means the Tranche 1, the Tranche 2 and the Tranche 3.
"Loan Currency"	means EUR.
"Ministry of Energy"	means the Ministry of Energy of the Republic of Moldova, that is organized and works based on GD 118/2023, or any other governmental authority that may be appointed from time to time in the place of such Ministry.
"Project Implementation Support Consultant"	means, the consultant employed to perform, among other assignments, the following: (i) assist the Project Entity with the preparation of design (for the Construction of horizontal heating networks in buildings included in Tranche 1) including structural survey and energy audits (for the Pilot projects focused on energy efficiency measure in residential buildings) and tender documentation; (ii) support with tender evaluation and contract negotiations; (iii) assist with the administration of the supply contracts; and (iv) assistance with the reporting to the Bank.
"Special Account"	means the special deposit account referred to in Section 2.03 and Schedule 3.
"Subsidiary Loan Agreement"	means the loan agreement to be entered into between the Project Entity and the Borrower pursuant to Section 3.01(a), as such loan agreement may be amended from time to time.

"Support Entity"	means the National Centre for Sustainable Energy, a public institution responsible for the implementation of state policy in the fields of energy efficiency and renewable energy, managing the Financing Programme for the Energy Efficiency Fund in Moldova's residential sector and supporting the Project Entity in implementation of the Project.
"Tranche"	means any of the Tranche 1 or the Tranche 2 or the Tranche 3.
"Tranche 1"	means the amount of the Loan referred to in Section 2.01(b)(1).
"Tranche 2"	means the amount of the Loan referred to in Section 2.01(b)(2).
"Tranche 3"	means the amount of the Loan referred to in Section 2.01(b)(3).
"Tranche 2 Availability Date"	means the date (being not later than the date falling on a third anniversary of this Agreement), when the Bank, acting at sole and absolute discretion, notifies the Borrower that the Tranche 2 has become available to the Borrower, subject to the terms and conditions stipulated in the Tranche 2 Availability Notice and/or set out in this Agreement.
"Tranche 3 Availability Date"	means the date (being not later than the date falling on a third anniversary of this Agreement), when the Bank, acting at sole and absolute discretion, notifies the Borrower that the Tranche 3 has become available to the Borrower, subject to the terms and conditions stipulated in the Tranche 3 Availability Notice and/or set out in this Agreement.
"Tranche 1 Last Availability Date"	means the date of the seventh anniversary of this Agreement, or such later date that the Bank may in its discretion establish and notify to the Borrower.
"Tranche 2 Last Availability Date"	means the date of the fifth anniversary of the Tranche 2 Availability Date.
"Tranche 3 Last Availability Date"	means the date of the fifth anniversary of the Tranche 3 Availability Date.

"Tranche 2 Availability Notice"	has the meaning assigned to it in Section 2.01(c)(2) of this Agreement.
"Tranche 3 Availability Notice"	has the meaning assigned to it in Section 2.01(c)(3) of this Agreement.

Section 1.03. Interpretation

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

ARTICLE II - PRINCIPAL TERMS OF THE LOAN

Section 2.01. Amount and Currency

(a) The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of up to EUR 143,500,000.

(b) The Loan shall consist of three Tranches, as follows:

(1) the Tranche 1 in the amount of up to EUR 52,400,000 (fifty-two million four hundred thousand Euro);

(2) the Tranche 2 in the amount of up to EUR 60,200,000 (sixty million two hundred thousand Euros); and

(3) the Tranche 3 in the amount of up to EUR 30,900,000 (thirty million nine hundred thousand Euro)

(c) Notwithstanding anything to the contrary expressed or implied in this Agreement:

(1) the Tranche 1 is committed from the date of this Agreement; and

(2) the Tranche 2 is uncommitted and will become committed upon the Bank determining in its absolute discretion that it is prepared to make the Tranche 2 available to the Borrower (subject to conditions precedent specified in Section 2.03(c)(2) of this Agreement) and notifying the Borrower in writing (the "**Tranche 2 Availability Notice**") of the Tranche 2 Availability Date; and

(3) the Tranche 3 is uncommitted and will become committed upon the Bank determining in its absolute discretion that it is prepared to make the Tranche 3 available to the Borrower (subject to conditions precedent specified in

Section 2.03(c)(3) of this Agreement) and notifying the Borrower in writing (the "**Tranche 3 Availability Notice**") of the Tranche 3 Availability Date.

Section 2.02. Other Financial Terms of the Loan

(a) The Minimum Drawdown Amount shall be EUR 100,000 (one hundred thousand Euro).

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

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

(d) The Interest Payment Dates shall be 25 May and 25 November of each year.

(e) (1) The Borrower shall repay:

(A) the Tranche 1 of the Loan in 26 equal (or as nearly equal as possible) semi-annual instalments on 25 May and 25 November of each year, with the first Loan Repayment Date being the first Interest Payment Date falling on or immediately after the date which is fifth (5^{th}) anniversary of the date of this Agreement and the last Loan Repayment Date being the Interest Payment Date on or immediately prior to the eighteenth (18^{th}) anniversary of the date of this Agreement;

(B) the Tranche 2 of the Loan in 26 equal (or as nearly equal as possible) semi-annual instalments on 25 May and 25 November of each year, with the first Loan Repayment Date being the first Interest Payment Date falling on or immediately after the date which is fifth (5^{th}) anniversary of the Tranche 2 Availability Date and the last Loan Repayment Date being the Interest Payment Date on or immediately prior to eighteenth (18^{th}) anniversary of the Tranche 2 Availability Date; and

(C) the Tranche 3 of the Loan in 26 equal (or as nearly equal as possible) semi-annual instalments on 25 May and 25 November of each year, with the first Loan Repayment Date being the first Interest Payment Date falling on or immediately after the date which is fifth (5^{th}) anniversary of the Tranche 3 Availability Date and the last Loan Repayment Date being the Interest Payment Date on or immediately prior to eighteenth (18^{th}) anniversary of the Tranche 3 Availability Date;

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

each case). The Bank shall, from time to time, notify the Borrower of such allocations.

(f) The Last Availability Date shall be:

(1) with respect to Tranche 1, the date which is seventh (7th) anniversary of the date of this Agreement;

(2) with respect to Tranche 2, the date which is fifth (5th) anniversary of the Tranche 2 Availability Date; and

(3) with respect to Tranche 3, the date which is fifth (5th) anniversary of the Tranche 3 Availability Date.

(g) The rate of the Commitment Charge shall be 0.5% per annum on the Loan.

(h) The Loan is subject to a Variable Interest Rate.

Section 2.03. Drawdowns and Special Account

(a) The Available Amount may be drawn down from time to time in accordance with the provisions of Schedule 2 to finance expenditures made (or, if the Bank so agrees, to be made) in respect of the reasonable cost of goods, works and services required for the Project.

(b) Notwithstanding Section 3.05(c) of the Standard Terms and Conditions, the Borrower has opted not to have the Front-end Commission paid out of the Available Amount and shall instead pay the Front-end Commission out of its own resources. The payment of the Front-end Commission by the Borrower shall be made pursuant to Section 3.05(d) of the Standard Terms and Conditions.

(c) Notwithstanding anything in this Agreement to the contrary, The Borrower's right to draw down from the Available Amount shall be subject to the conditions that:

(1) in relation to the first Drawdown of the Tranche 1, the Bank shall not be obligated to make any Disbursement of the Tranche 1 before the following conditions have been met to the satisfaction of the Bank, acting in its total discretion:

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

(ii) the Project Implementation Unit ("PIU") has been established, on terms and in a manner acceptable to the Bank;

(iii) the Project Implementation Support Consultant has been contracted; and

(iv) the financial allocations and instruments under the Financing Programme for the Energy Efficiency Fund in Moldova's residential sector are approved by the Support Entity and made available to the residents of the buildings included in the Project to co-finance the costs associated with renovating the heat system into the apartments (for the disbursements requested for the Construction of horizontal heating networks in buildings component).

(2) in relation to the first Drawdown of the Tranche 2, the Bank shall not be obligated to make any Disbursement of the Tranche 2 before the following conditions have been met to the satisfaction of the Bank, acting in its total discretion:

(i) the Bank shall have received a written notice from the Borrower requesting Tranche 2 to be made available for draw down and the Bank shall have issued the Tranche 2 Availability Notice; and

(ii) design for the Construction of horizontal networks in the buildings to be financed under Tranche 2 has been completed.

(3) in relation to the first Drawdown of the Tranche 3, the Bank shall not be obligated to make any Disbursement of the Tranche 3 before the following conditions have been met to the satisfaction of the Bank, acting in its total discretion:

(i) the Bank shall have received a written notice from the Borrower requesting Tranche 3 to be made available for draw down and the Bank shall have issued the Tranche 3 Availability Notice; and

(ii) design for the Construction of horizontal networks in the buildings to be financed under Tranche 3 has been completed.

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

ARTICLE III - EXECUTION OF THE PROJECT

Section 3.01. Other Affirmative Project Covenants

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

(a) Make available to the Project Entity the proceeds of the Loan, pursuant to a loan agreement (the "Subsidiary Loan Agreement); ,

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

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

(d) Cause, including through the Ministry of Energy, the Project Entity to carry out the Project with due diligence and efficiency, apply the fund received from the Borrower under the Subsidiary Loan Agreement exclusively for the completion of the Project and in accordance with the Investment Plan;

(e) Cause the Project Entity, including through the Ministry of Energy, perform all of its obligations under the Project Agreement, including without limitation its obligations relating to:

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

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

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

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

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

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

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

(g) Take, or cause, including through the Ministry of Energy, the Public Property Agency and the Support Entity, to be taken, all additional action necessary, and provide or cause, including through the Ministry of Energy, the Project Entity to provide, adequate funds and other resources, including human resources, for the completion of the Project;

(h) Through its authorised bodies, maintain district heating tariffs that allow full cost recovery, covering among other things, the items in line with the Investment Plan

(ensuring the costs for servicing the obligations of the Project Entity under the Subsidiary Loan Agreement, including through the capitalisation of those costs before the commissioning of the investments under the Project);

(i) Through the Ministry of Energy, no later than 48 months following the date of the Loan Agreement, adjust the national legislation, in compliance with the relevant Energy Community and EU legislation, with regard to the mandatory implementation of the horizontal heating networks aiming to scale up the consumption-based billing and metering;

(j) Through the Ministry of Energy, shall procure that the Project Entity has all authorisations, licences, planning permits and governmental consents necessary for the implementation of the Project;

(k) Shall inform the Bank in advance with respect to any amendment, suspension, abrogation, repeal or waiver of the legislative and regulatory framework in the territory of the Borrower applicable to district heating and energy efficiency measures in public and residential buildings, insofar as such amendment, suspension, abrogation, repeal or waiver is in a manner that has or could have a material adverse effect on the Project or the operations or the financial condition of the Project Entity or its ability to carry out the Project or to perform any o fits obligations under the Project Agreement;

(l) Shall not, without prior written consent of the Bank, claim, make, recover, receive or retain (or seek to claim, make, recover, receive or retain) any dividend or other form of distribution (including by means of any charge, fee, the repayment of any loan or otherwise and whether in cash or kind) from the Project Entity;

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

(n) Cause the Project Entity, including through the Ministry of Energy, to take all actions necessary to open a Special Account which account shall be used for the disbursement of the remuneration of individual experts contracted as Project dedicated staff for the Project Implementation Unit, as well as for payment of the costs of periodic audits related to the Special Account;

(o) Cause the Project Entity, including through the Ministry of Energy, to contract an independent Special Account auditor to confirm that the funds disbursed into the Special Account were used in accordance with the Investment Plan;

(p) Cause the Project Entity, including through the Ministry of Energy, to follow EBRD procurement procedures for any contract in respect of which payment is to be made from the Special Account and ensure that the review requirements of the applicable procurement policies and rules are satisfied prior to the making of the first payment out of the Special Account in respect of such contract; and

(q) Cause the Project Entity, no later than 48 months following the date of this Loan Agreement, (i) to develop and finalise a Corporate Development Programme, in form

and substance satisfactory to the Bank; and (ii) to implement the Corporate Governance Action Plan.

ARTICLE IV - SUSPENSION; ACCELERATION; CANCELLATION

Section 4.01. Suspension

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

(a) The legislative and regulatory framework applicable to the district heating and energy efficiency measures in public and residential buildings in the territory of the Borrower shall have been amended, suspended, abrogated, repealed or waived in a manner that has or could, in the opinion of the Bank, have a material adverse effect on the Project or the operations or the financial condition of the Project Entity or its ability to carry out the Project or to perform any of its obligations under the Project Agreement;

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

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

(d) The Borrower fail to comply with any of its obligations under Section 3.01.

Section 4.02. Acceleration of Maturity

The following are specified for purposes of Section 7.06(f) of the Standard Terms and Conditions: the occurrence of any of the events set out in Section 4.01 above.

Section 4.03. Cancellation

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

ARTICLE V - EFFECTIVENESS

Section 5.01. Conditions Precedent to Effectiveness

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

(a) The Project Agreement has been executed and delivered by the Project Entity; and

(b) This Agreement has been ratified by the Parliament of the Republic of Moldova; and

(c) The Bank shall have received the legal opinions referred to in Section 5.02 hereof.

Section 5.02. Legal Opinions

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

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

(b) For purposes of Section 9.03(c) of the Standard Terms and Conditions, the opinion or opinions of counsel in relation to the Project Agreement shall be given on behalf of the Project Entity by the chief legal officer of the Project Entity.

Section 5.03. Termination for Failure to Become Effective

The date 360 days after the date of this Agreement is specified for purposes of Section 9.04 of the Standard Terms and Conditions.

ARTICLE VI - MISCELLANEOUS

Section 6.01. Notices

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

For the Borrower:

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

Attention: Public Debt Department

Email: cancelaria@mf.gov.md

For EBRD:

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

Attention: Banking Services/Operation No. 54427

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

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

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

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

Name	*Title*	*E-mail address*	*Language - English, Russian, French*
Elena Matveeva	Head of the Public Sector Debt and External Assistance General Directorate, Ministry of Finance	elena.matveeva@mf.gov.md	English
Alexandru Rodideal	Head of the External and Domestic Financing and Debt Division, Ministry of Finance	alexandru.rodideal@mf.gov.md	English
Ana Vircolici	Head of the External Assistance Monitoring and Public Sector Debt Management Division, Ministry of Finance	ana.vircolici@mf.gov.md	English
Iulia Coica	Consultant, of the External and Domestic Financing and Debt Division, Ministry of Finance	iulia.coica@mf.gov.md	English
Iurie Razlovan	General Director of JSC "Termoelectrica"	directorgeneral@termoelectrica.md	Russian
Cojocari Aliona	Chief accountant of JSC "Termoelectrica"	contabilsef@termoelectrica.md	Russian

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

REPUBLIC OF MOLDOVA

By: _____

Name: Victor Parlicov
Title: Minister of Energy

EUROPEAN BANK
FOR RECONSTRUCTION AND DEVELOPMENT

By: _____

Name: Octavian Costas
Title: Associate Director, Senior Banker

SCHEDULE 1 – DESCRIPTION OF THE PROJECT

1. The purpose of the Project is to assist the Borrower in enhancement of its energy efficiency and reduction of gas and heat consumption through improved energy regulation in buildings and improvements of the quality of district heating services.

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

Part A: Upgrades of central district infrastructure in Chisinau, consisting of:

(i) Rehabilitation of district heating primary network;

(ii) Construction of up to two pumping stations;

(iii) Supply and installation of individual heating sub-stations and the associated heating network;

(iv) Construction of horizontal distribution networks in buildings;

(v) Implementation of pilot projects focused on energy efficiency measures in residential buildings;

(vi) Design;

(vii) Construction supervision;

(viii) PIU staffing and Special Account audit costs.

Part B: Upgrades of central district infrastructure in Chisinau, consisting of:

(i) Supply and installation of individual heating sub-stations and the associated heating network;

(ii) Construction of horizontal distribution networks in buildings;

(iii) Construction supervision.

Part C: Upgrades of central district infrastructure in Chisinau, consisting of:

(i) Supply and installation of individual heating sub-stations and the associated heating network;

(ii) Construction of horizontal distribution networks in buildings;

(iii) Construction supervision.

3. The Project is expected to be completed by 31 December 2031.

SCHEDULE 2 - CATEGORIES AND DRAWDOWNS

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

2. Notwithstanding the provisions of paragraph 1 above, no Drawdown shall be made in respect of expenditures incurred prior to the date of the Loan Agreement.

Attachment to Schedule 2

Category, excluding any applicable tax	Amount of the Loan Allocated in the Loan Currency	Percentage of Expenditures to be Financed
(1) Goods, works and services for part A(i)-A(vii) of the Project.	50,900,000	100%, excluding any Taxes
(2) Services for part A(viii)	1,500,000	100%, excluding any Taxes
(3) Goods, works and services for part B of the Project.	60,200,000	100%, excluding any Taxes
(4) Goods, works and services for part C of the Project.	30,900,000	100%, excluding any Taxes
Total	**143,500,000**	**100%**

SCHEDULE 3 - SPECIAL ACCOUNT

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

"Eligible Category"	means Category 2.
"Eligible Expenditures"	means expenditures in respect of the reasonable cost of goods, works and services required for the Project which are to be financed out of the proceeds of the Loan and which are allocated from time to time to an Eligible Category in accordance with the provisions of Schedule 2.
"Special Account Maximum Balance"	means an amount equal to EUR 600,000.
"Special Account Minimum Drawdown Amount"	means an amount equal to EUR 100,000.

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

3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened in accordance with terms and conditions acceptable to the Bank, the Borrower may draw down from the Available Amount and deposit into the Special Account an initial amount that shall not exceed the Special Account Maximum Balance and shall not be less than the Special Account Minimum Drawdown Amount.

4. Thereafter, the Borrower may draw down additional amounts from the Available Amount and deposit such amounts into the Special Account, subject to the limitations specified in paragraph 6 below and satisfaction of the following conditions for each requested Drawdown:

(a) The Borrower shall have submitted to the Bank account statements and documents, and any other evidence requested by the Bank, to demonstrate that amounts disbursed from the Special Account have been properly applied.

(b) After giving effect to the requested Drawdown and deposit of the amount of such Drawdown into the Special Account, the balance of the Special Account shall not exceed the Special Account Maximum Balance.

(c) Except as the Bank may from time to time agree, the amount of the requested Drawdown for deposit into the Special Account shall not be less than the Special Account Minimum Drawdown Amount.

5. Without prejudice to the requirement of paragraph 4(a) above, the Borrower shall furnish, at any time the Bank may reasonably request, a report on the balance and other details of the Special Account, including account statements and such other documents and evidence as the Bank may request to show that payments made from the Special Account have been made in accordance with the requirements set forth in this Schedule.

6. Notwithstanding the provisions of paragraph 4 of this Schedule, the Borrower shall not, unless the Bank otherwise agrees, draw down funds from the Available Amount for deposit into the Special Account:

(a) if, at any time, the Bank has determined that all further Drawdowns should be made in accordance with the provisions of Section 2.03(a); or

(b) once the Available Amount allocated to the Eligible Categories equals twice the amount of the Special Account Maximum Balance.

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

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

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

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

then the Bank may require the Borrower to:

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

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

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

8. If:

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

(b) the Bank directs the Borrower to repay to the Bank an amount pursuant to paragraph 7(2);

then the Borrower shall, promptly upon notice from the Bank, prepay to the Bank a portion of the Loan equal to such amount. For this purpose, the requirement that

prepayments of the Loan must occur on Interest Payment Dates shall, subject to paragraph 10 below, be waived.

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

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