LOAN NUMBER 9824-MD
GCFF TF NUMBER TF0C8548

Loan Agreement

(Additional Financing for Higher Education Project)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
(acting in its own capacity and as an Implementation Support Agency of the Global Concessional Financing Facility)

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LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MOLDOVA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"), acting in its own capacity and as an Implementation Support Agency of the Global Concessional Financing Facility.

WHEREAS:

(A) under an agreement, dated May 19, 2020 as amended on May 19, 2022 and August 14, 2024 ("Original Financing Agreement"), between the Borrower and the International Development Association ("Association"), the Association agreed to extend to the Borrower a credit in an amount of thirty five million seven hundred thousand Euros (EUR 35,700,000) to assist in financing the project described in Schedule 1 to the Financing Agreement ("Original Project");

(B) following an international effort to provide development support to countries facing challenges in the education sector and most affected by refugees, and having satisfied itself to the feasibility and priority of the additional activities related to the Original Project, aimed, in part, at providing support for the improvement of the learning environment and refugee response, the Borrower has requested the Bank to provide additional financial assistance in support of the project as described in Schedule 1 to this Agreement ("Project");

(C) funding from the Global Concessional Financing Facility ("GCFF") was received by the Bank, in its capacity as an Implementation Support Agency of the GCFF, for purposes of providing concessional financing under this Agreement; and

(D) under the terms of a Financial Procedures Arrangement with the Trustee of the Global Concessional Financing Facility dated August 10, 2016, the Bank, in its capacity as an Implementation Support Agency of the GCFF, has agreed to provide additional funds to the Borrower (the Concessional Portion of the Loan as defined in the Appendix to this Agreement) as part of an integrated lending operation under the terms of this Agreement.

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NOW THEREFORE, the Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in this Agreement (including the Preamble and the Appendix hereto).

ARTICLE II — LOAN

2.01. The Bank agrees to lend to the Borrower on the terms and conditions set forth or referred to in this Agreement, a loan to assist in the financing of the Project, such Loan consisting of the following:

(a) a non-concessional portion of the loan in the amount of thirty million Euros, (€30,000,000), as such amount may be converted from time to time through a Currency Conversion ("Non-Concessional Portion of the Loan"); and

(b) a concessional portion of the loan in the amount of eight million four hundred seventy-five thousand Dollars ($8,475,000) ("Concessional Portion of the Loan").

2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section III of Schedule 2 to this Agreement.

2.03. The Front-end Fee is only applicable to the Non-Concessional Portion of the Loan and is one quarter of one percent (0.25%) of the amount of the Non-Concessional Portion of the Loan.

2.04. The Commitment Charge is only applicable to the Non-Concessional Portion of the Loan and is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance of the Non-Concessional Portion of the Loan.

2.05. The interest rate is only applicable to the Non-Concessional Portion of the Loan and is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.

2.06. The Payment Dates are February 15 and August 15 in each year.

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2.07. The principal amount of the Non-Concessional Portion of the Loan shall be repaid in accordance with Section 3.03 of the General Conditions and Schedule 3 to this Agreement.

ARTICLE III — PROJECT

3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower, through its Ministry of Education and Research ("MoER"), shall carry out the Project in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

4.01. The Additional Condition of Effectiveness consists of the following, namely, that the amendment to the Original Financing Agreement has been executed and delivered, and all conditions precedent to its effectiveness (other than the effectiveness of this Loan Agreement) have been fulfilled.

4.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower's Representative is its Minister of Finance.

5.02. For purposes of Section 10.01 of the General Conditions:

(a) the Borrower's address is:

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

(b) the Borrower's Electronic Address is:

Facsimile:	Email:
(373 22) 262661	cancelaria@mf.gov.md

5.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.

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Washington, D.C. 20433
United States of America; and

(b) the Bank's Electronic Address is:

Telex:	Facsimile:
248423(MCI) or 64145(MCI)	1-202-477-6391

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AGREED as of the Signature Date.

REPUBLIC OF MOLDOVA

By Hon. Dan Perciun
Authorized Representative

Name: Hon. Dan Perciun

Title: Mister

Date: 02-Jun-2025 2 iunie 2025

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
acting in its own capacity and as an Implementation Support Agency of the Global Concessional Financing Facility

By Dobraja
Authorized Representative

Name: Inguna Dobraja

Title: WBG Country Manager

Date: 02-Jun-2025

SCHEDULE 1

Project Description

The objective of the Project is to strengthen the capacity for research, quality assurance and refugee response in higher education, and to improve labor market orientation and internationalization in selected higher education institutions.

The Project consists of the following parts:

Part 1. Improving the Quality Assurance Mechanism and Strategic Policy Initiatives

Improving the quality assurance mechanisms through the following:

1.1. *National Qualifications Framework ("NQF") and quality assurance* including through:

(i) Improving the National Qualifications Framework through:

(A) development and revision of qualification standards for higher education academic programs;

(B) assistance to the implementation of the NQF including through carrying out of training of university teachers, as well as support to MoER for the self-certification;

(C) technical assistance for the management and maintenance of the national qualifications register; and

(D) digitalization of the archive of diplomas that were issued before 2008; and

(ii) Improving Quality Assurance through:

(A) assistance to the accreditation of academic programs, as well as institutions that offer doctoral programs;

(B) enhancement of the capacity of NAQAER and universities including through the carrying out of training and provision of advice;

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(C) carrying out of training of MoER's and NAQAER's staff in European best practices in higher education quality assurance; and

(D) registration of NAQAER in the European Quality Assurance Register for Higher Education including the provision of advice.

1.2. *System Management and Monitoring*: through the development and implementation of information systems and a higher education system-wide graduate tracer study.

1.3. *Higher Education Financing*, including through:

(i) piloting and adjusting the new financial model;

(ii) developing guidelines for the implementation of the model mentioned under (i);

(iii) carrying out of Training of MoER's and universities' staff on the model mentioned under (i);

(iv) monitoring and assessing the implementation of the model mentioned under (i) for course correction; and

(v) developing and implementing a communication strategy to raise awareness on the model mentioned under (i).

1.4. *Strategic Policy Initiatives.*

Carrying out a program of activities for the implementation of results-based strategic policy initiatives, through:

(i) preparing and approving the University Administrators' Training Plan informed by and embedded in strategic policy initiatives, on institutional management, financial management and academic integrity;

(ii) trainings and capacity building and certifying University Administrators to implement results-based strategic policy initiatives based on the University Administrators' Training Plan approved by MoER for each Selected University; and

(iii) facilitating systematized data sharing between HEIs and MoER for the operationalization of the National Higher Education

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Management Information System ("National HEMIS"), through technical and capacity-building support to universities for developing and implementing data sharing protocols.

Part 2. Improving Labor Market Orientation, Research and Innovation

Improving the labor market orientation of Borrower's Selected Higher Education Institutions and Selected Pedagogical Colleges, including through:

2.1. *Higher Education Improvement Program Preparation*

(i) preparation of improvement programs by Selected Higher Education Institutions and Selected Pedagogical Colleges, including the development of guidelines for HEIP Beneficiaries;

(ii) evaluation of the proposed improvement programs mentioned under (i);

(iii) carrying out of the fiduciary tasks (procurement and financial management) related to the HEIP; and

(iv) adaptation or development of an online tool for citizens engagement.

2.2. *Higher Education Improvement Program Implementation*

Implementing HEIP's awarded proposals, including through the carrying out of Sub-projects.

2.3. *Improving Research and Innovation in Higher Education*

(i) Improving Capacity for Management of Research and Innovation

Carrying out a program of activities to improve the institutional capacity of NARD for the management and financing of research and technology transfer at the national level and to improve the capacity of Moldovan researchers in accessing international and national competitive research funding, through:

(A) capacity building activities, including: development and implementation of a capacity-building program for doctoral students and researchers from Selected Universities, industry, non-profits and affiliate research organizations in the management of research grants;

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(B) providing proportional funding to the funding received by Selected Universities from the Horizon Europe and European Research Council Grants for Eligible Research Activities to incentivize researchers to secure an increased amount of competitive external funding; and

(C) capacity building support to NARD through: reviewing and strengthening NARD's institutional structure and research management capacity, assisting NARD in developing standards, procedures, and methodologies for awarding research grants, training NARD's staff in the management of research and innovation and technology transfer, identification of potential international research collaborators and consortia, strengthening NARD's policies and programs to promote inclusion and accessibility, and development of an E-Research System.

(ii) Establishing Research Infrastructure and Promoting Culture of Research

(A) Carrying out Research Infrastructure Sub-projects for the establishment of research infrastructure in the Priority Research Areas; and

(B) Promoting a culture of research through the provision of: (1) Young Researcher Grants to doctoral students and early career researchers enrolled and/or employed in the Public Universities, including those with refugee status, for national and international collaboration in pre-identified research areas; and (2) Research Dissemination Grants to doctoral students and early career researchers enrolled and/or employed in the Public Universities, including those with refugee status, for patenting, participation, and presentation of research papers in international conferences.

2.4. *Establishing Agriculture Innovation Center*

Establishment and operationalization of an Agriculture Innovation Center in the Technical University of Moldova ("TUM") focusing on climate-resilient agriculture and food technology, through:

(i) carrying out a technical feasibility study and preparation of a business plan for the Agriculture Innovation Center Sub-project; and

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(ii) developing a proposal for the Agriculture Innovation Center Sub-project and carrying out the activities under the Agriculture Innovation Center Sub-project with the defined outputs in the approved proposal by MoER, including, *among others*, industry-oriented agriculture training plans and curricula, training of teachers in the faculty or department of agriculture (including English language training), business start-up incubation and acceleration activities, agriculture extension programs, applied research projects, and international partnerships.

Part 3. Project Management, and Monitoring and Evaluation

Providing technical and operational assistance for coordination, financial management, procurement, environmental and social risk and impact management, monitoring and evaluation, independent verification of achievement of PBC Targets, and audit of the Project.

Part 4. Internationalization of Higher Education

Improving the quality of Identified Higher Education Programs and the quality of on-campus living conditions of students, through:

4.1. *Internationalization of Higher Education Programs* through the provision of technical and capacity building support for internationalization of Selected Universities, including:

(i) development of curricula support, didactic and other teaching-learning materials in print and digital versions in accordance with international standards;

(ii) training of teachers and relevant staff on English and other foreign languages;

(iii) development and implementation of learning assessments;

(iv) accreditation of selected national and international programs;

(v) capacity building activities for universities offering international programs;

(vi) development and implementation of a marketing strategy, including participation in relevant international events, students

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counselling and guidance events in countries with potential for students' recruitment; and

(vii) carrying out of a program of activities by Selected Universities for the development and implementation of strategic plans for internationalization, and facilitation of enrollment of international students.

4.2. *Enhancing Students' On-Campus Living Experience* through renovation and refurbishment of Identified Dormitories and Additional Identified Dormitories in the Selected Universities, including:

(i) Renovation and refurbishment of Identified Dormitories in the Selected Universities through: (A) the carrying out of facilities assessment; (B) preparation of drawings; and (C) designs and estimated costs.

(ii) Renovation and refurbishment of Additional Identified Dormitories in the Selected Universities, through the carrying out Student Dormitory Sub-projects, including: (A) the carrying out of feasibility studies for the Student Dormitory Sub-projects, (B) obtaining structural safety certificates, (C) designing, preparing bidding documents, and carrying out renovation and refurbishment integrated with environment and climate resilience measures and technologies, (D) monitoring progress and quality of works, (E) procuring environment-friendly dormitory furniture and equipment, (F) obtaining user-ready certificates for the renovated dormitories, (G) development of e-management system of dormitory operations, and (H) development and adoption of guidelines for student safety.

Part 5. Contingent Emergency Response

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

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SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements.

1. The Borrower shall vest the responsibility for policy making, strategic planning and monitoring in/of higher education for the Project in the MoER.

2. The Borrower, through MoER, shall maintain throughout Project implementation the Project Management Team ("PMT") composed of a Project coordinator and other key qualified technical, fiduciary specialists to provide support to the coordination, implementation, monitoring and evaluation of the Project, all under terms of reference acceptable to the Bank, including a financial management specialist, a procurement specialist, a monitoring and evaluation officer, an internationalization expert and an engineer.

3. No later than one hundred eighty (180) days after the Effective Date, the Borrower, through MoER, shall hire and maintain as part of the PMT, throughout Project implementation, a full-time environmental and health and safety specialist, a full-time social development specialist, an architect and a technical advisor, all with terms of reference and qualifications acceptable to the Bank, as further set forth in the Project Operations Manual.

4. No later than one hundred eighty (180) days after the Effective Date, the Borrower, through MoER, shall establish, and thereafter, operate and maintain, throughout the implementation of the Project, a Higher Education Stakeholders Committee, which shall have composition and functions acceptable to the Bank, include representatives from the Ministry of Agriculture and Food Industry, the Ministry of Environment, the Ministry of Economic Development and Digitalization, National Agency for Research and Development ("NARD"), business industries, and Public Universities, and be responsible, *inter alia*, for providing guidance and support for the engagement of key stakeholders, as further described in the Project Operations Manual.

5. No later than ninety (90) days after the Effective Date, the Borrower, through MoER, shall enter into an Inter-Agency Agreement with NARD, under terms and conditions satisfactory to the Bank, setting forth NARD's responsibilities for coordinating with MoER in the implementation of Part 2.3 of the Project. Except as the Bank shall otherwise agree in writing, the Borrower shall not assign, amend, abrogate or waive the Inter-Agency Agreement or any of its provisions.

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6. For the implementation of Part 2.3(i) of the Project, the Borrower, through MoER, shall: (a) cause NARD to conduct necessary assessment in accordance with the HEIPOM prior to determining the eligibility of a proposed Eligible Research Activity for financing under this Project; and (b) select the Eligible Research Activity on the basis of the eligibility criteria and requirements acceptable to the Bank as set forth below and further detailed in HEIPOM, unless otherwise approved by the Bank in writing and thereafter set forth in the HEIPOM:

(i) a proposed Eligible Research Activity shall be awarded a Horizon Europe Grant and/or a European Research Council Grant;

(ii) a proposed Eligible Research Activity, including its outputs and deliverables, shall align with the objective of the Project; and

(iii) a proposed Eligible Research Activity, shall be consistent with the Environmental and Social Standards and shall not be associated with any activities covered by the Exclusion List set forth in the Project Operations Manual.

B. Project Manuals

The Borrower shall carry out the Project in accordance with the following Project Manuals:

1. *Project Operations Manual.*

Without limitation upon the provisions of Article V of the General Conditions, the Borrower, through MoER, shall, no later than one hundred twenty (120) days after the Effective Date, update the Project Operations Manual, and thereafter, ensure that the Project is carried out in accordance with the Project Operations Manual, which shall include, *inter alia*: (a) a detailed description of the activities and institutional arrangements for the Project, including the technical, administrative and fiduciary functions of the relevant agencies; (b) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement requirements and procedures; (c) the monitoring indicators for the Project; (d) the grievance mechanism for the Project; (e) the Anti-Corruption Guidelines, (f) the detailed functions and composition of the HESC, (g) the detailed composition and functions of the PMT, (h) terms of reference and required qualifications for the Independent Verification Agent, (i) the verification protocol containing the technical standards and procedures for the monitoring, reporting and verification of the data and other evidence supporting the achievement of the PBC Targets, (j) Exclusion List, and (k) the procedures to ensure that the collection, use, and processing of any Personal Data collected under the Project is done in accordance with the best international practice, ensuring legitimate, appropriate, and proportionate treatment of such data.

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2. *Higher Education Improvement Program Operations Manual ("HEIPOM")*

Without limitation upon the provisions of Article V of the General Conditions, the Borrower, through MoER, shall, no later than one hundred twenty (120) days after the Effective Date, update the HEIPOM in form and substance acceptable to the Bank, and thereafter, ensure that Part 2 of the Project is carried out in accordance with the HEIPOM, which shall include, *inter alia*:

(a) selection criteria of HEIP Beneficiaries;

(b) eligibility criteria and procedures for the provision of Research Infrastructure Sub-projects, Young Researcher Grants, and Research Dissemination Grants;

(c) disbursement, procurement and financial management requirements and procedures for activities under Part 2 of the Project including flow of funds, controls and reporting; and

(d) templates for the Sub-grant Agreement, Agriculture Innovation Center Sub-project Agreement, and Research Infrastructure Sub-project Agreement.

3. Except as the Bank may otherwise agree in writing, the Borrower shall not assign, abrogate, amend, suspend, waive or otherwise fail to enforce the said Project Manuals or any provision thereof. In case of any conflict between the terms of the Project Manuals and this Agreement, the provisions of this Agreement shall prevail.

C. Research Infrastructure Sub-projects

1. For purposes of carrying out Part 2.3(ii)(A) of the Project, the Borrower, through MoER, shall, and shall cause NARD to, select Research Infrastructure Sub-projects on the basis of the eligibility criteria and requirements acceptable to the Bank as set forth below and further detailed in the HEIPOM:

(a) the proposed research infrastructure shall align with the scope of the Priority Research Areas;

(b) the proposed research infrastructure shall incorporate measures that contribute to climate mitigation and climate adaption;

(c) the financing for any Research Infrastructure Sub-project shall not exceed two million five hundred thousand Euro (€2,500,000), as said amount may

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be revised from time to time by mutual agreement between the Borrower and the Bank and incorporated in the HEIPOM; and

(d) the proposed Selected University shall be a Public University and shall have demonstrated adequate capacity to carry out research in the Priority Research Area in accordance with the requirements specified in the HEIPOM.

2. Upon approval of a Research Infrastructure Sub-project, the Borrower, through MoER, shall, and shall cause NARD to, enter into a Research Infrastructure Sub-project Agreement with the respective Selected University with terms and conditions satisfactory to the Bank and as set forth in the HEIPOM, which shall include:

(a) the obligation of the Borrower, through MoER, to make a portion of the Loan proceeds available to the Selected University on a grant basis for the carrying out of the Research Infrastructure Sub-project;

(b) the Selected University's obligation to carry out the Research Infrastructure Sub-project in accordance with: (i) sound technical, financial, and managerial standards, including in respect to the maintenance of adequate records; (ii) applicable environmental and social impact standards (consistent with the requirements of this Agreement and the ESCP); (iii) the provisions of the Anti-Corruption Guidelines applicable to recipients of finance proceeds other than the Borrower; and (iv) the relevant provisions of the Project Operations Manual, the HEIPOM, the Procurement Regulations, and all the pertinent provisions of this Agreement;

(c) the Selected University's obligation to use the goods, works, and services to be financed out of the proceeds of the Loan exclusively to carry out the Research Infrastructure Sub-project activities;

(d) the Selected University's obligation to provide, promptly as needed, the resources required for the purpose of the activities under Research Infrastructure Sub-project;

(e) the right of the Borrower, through MoER and NARD, to suspend and terminate the right of the Selected University to the use of the proceeds of the Loan and obtain a refund of all or any part of the amount of the Loan then withdrawn upon failure by Selected University to perform any of its obligations under the Research Infrastructure Sub-project Agreement;

(f) the ability of the Borrower, through MoER and NARD, to inspect, by itself or jointly with representatives of the Bank, if the Bank so requests, such

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goods and sites, and activities under the Research Infrastructure Sub-project and any relevant records and documents; and

(g) the obligation of the Selected University to provide all such information as the Bank or the Borrower, through MoER and NARD, shall reasonably request related to the Research Infrastructure Sub-project.

3. The Borrower, through MoER, shall, and shall cause NARD to exercise its rights under each Research Infrastructure Sub-project Agreement in such manner to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

4. Except as the Bank shall otherwise agree, the Borrower, through MoER, shall, and shall cause NARD to not assign, amend, abrogate, waive, terminate or fail to enforce any Research Infrastructure Sub-project Agreement or any of their provisions.

D. Young Researcher Grants

1. For purposes of carrying out Part 2.3(ii)(B)(1) of the Project, the Borrower, through MoER, shall provide Young Researcher Grants to Eligible Young Researchers in accordance with conditions and criteria satisfactory to the Bank and as set forth in the HEIPOM which shall include:

(a) Each Eligible Young Researcher shall be between twenty-five (25) and fifty (50) years of age at the time of application;

(b) each Eligible Young Researcher shall be enrolled and/or employed in and/or affiliated to an accredited Public University and shall be engaged in conducting research in at least one (1) of the Priority Research Areas; and

(c) each Young Research Grant shall not exceed twenty-five thousand Euros (EUR25,000), unless otherwise approved by the Bank in writing and thereafter set forth in the HEIPOM.

2. To facilitate the carrying out of Part 2.3(ii)(B)(1) of the Project, and prior to the provision of a Young Researcher Grant to an Eligible Young Researcher, the Borrower, through MoER, shall, and shall cause NARD to enter into a Young Researcher Grant Agreement with the respective Eligible Young Researcher under terms and conditions acceptable to the Bank and as set forth in the HEIPOM, including, *inter alia*:

(a) the obligation of the Borrower, through MoER, to make available a Young Researcher Grant to the Eligible Young Researcher on a grant basis;

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(b) the Eligible Young Researcher's obligation to use the Young Research Grant in accordance with: (i) sound technical, financial, and managerial standards, including in respect to the maintenance of adequate records; (ii) applicable environmental and social impact standards (consistent with the requirements of this Agreement and the ESCP); (iii) the provisions of the Anti-Corruption Guidelines applicable to recipients of finance proceeds other than the Borrower; and (iv) the relevant provisions of the Project Operations Manual and HEIPOM and all the pertinent provisions of this Agreement;

(c) the Eligible Young Researcher's obligation to use the goods (including research consumables and IT software), and services to be financed out of the proceeds of the Young Researcher Grants exclusively to carry out the activities under Part 2.3(ii)(B)(1) of the Project;

(d) the right of the Borrower, through MoER, to suspend and terminate the right of the Eligible Young Researcher to the use of the proceeds of the Young Researcher Grant and obtain a refund of all or any part of the amount of the Young Research Grant then withdrawn upon failure by the Eligible Young Researcher to perform any of its obligations under the Young Researcher Grant Agreement;

(e) the ability of the Borrower, through MoER, to inspect, by itself or jointly with representatives of the Bank, if the Bank so requests, activities under Part 2.3(ii)(B)(1) of the Project and any relevant records and documents; and

(f) the obligation of the Eligible Young Researcher to provide all such information as the Bank or the Borrower, through MoER, shall, and shall cause NARD to reasonably request related to the activities under Part 2.3(ii)(B)(1) of the Project.

3. The Borrower, through MoER, shall, and shall cause NARD to exercise its rights under each Young Researcher Grant Agreement in such manner to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

4. Except as the Bank shall otherwise agree, the Borrower, through MoER, shall, and shall cause NARD to not assign, amend, abrogate, waive, terminate or fail to enforce any Young Researcher Grant Agreement or any of their provisions.

E. Research Dissemination Grants

1. For purposes of carrying out Part 2.3(ii)(B)(2) of the Project, the Borrower, through MoER, shall provide Research Dissemination Grants to each Selected

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Researcher in accordance with conditions and criteria satisfactory to the Bank as further described in the HEIPOM which shall include:

(a) each Selected Researcher shall be enrolled and/or employed in and/or affiliated to a Public University and shall have research papers in the Priority Research Areas accepted in international conferences; and

(b) each Research Dissemination Grant shall not exceed twenty-five thousand Euros (EUR25,000), unless otherwise approved by the Bank in writing and thereafter set forth in the HEIPOM.

2. To facilitate the carrying out of Part 2.3(ii)(B)(2) of the Project, and prior to the provision of a Research Dissemination Grant to a Selected Researcher, the Borrower, through MoER, shall, and shall cause NARD to enter into a Research Dissemination Grant Agreement with the Selected Researcher under terms and conditions acceptable to the Bank and as set forth in the Project Operations Manual and HEIPOM, including, *inter alia*:

(a) the obligation of the Borrower, through MoER, to make available a Research Dissemination Grant to the Selected Researcher on a grant basis;

(b) the Selected Researcher's obligation to use the Research Dissemination Grant in accordance with: (i) sound technical, financial, and managerial standards, including in respect to the maintenance of adequate records; (ii) applicable environmental and social impact standards (consistent with the requirements of this Agreement and the ESCP); (iii) the provisions of the Anti-Corruption Guidelines applicable to recipients of finance proceeds other than the Borrower; and (iv) the relevant provisions of the Project Operations Manual and the HEIPOM and all the pertinent provisions of this Agreement;

(c) the Selected Researcher's obligation to use the goods, works, and services to be financed out of the proceeds of the Research Dissemination Grant exclusively to carry out the activities under Part 2.3(ii)(B)(2) of the Project;

(d) the right of the Borrower, through MoER, to suspend and terminate the right of the Selected Researcher to the use of the proceeds of the Research Dissemination Grant and obtain a refund of all or any part of the amount of the Research Dissemination Grant then withdrawn upon failure by the Selected Researcher to perform any of its obligations under the Research Dissemination Grant Agreement;

(e) the ability of the Borrower, through MoER, to inspect, by itself or jointly with representatives of the Bank, if the Bank so requests, such goods and

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sites, and activities under Part 2.3(ii)(B)(2) of the Project and any relevant records and documents; and

(f) the obligation of the Selected Researcher to provide all such information as the Bank or the Borrower, through MoER, shall reasonably request related to the Sub-project;

5. The Borrower, through MoER, shall, and shall cause NARD to exercise its rights under each Research Dissemination Grant Agreement in such manner to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

6. Except as the Bank shall otherwise agree, the Borrower, through MoER, shall and shall cause NARD to not assign, amend, abrogate, waive, terminate or fail to enforce any Research Dissemination Grant Agreement or any of their provisions.

F. Agriculture Innovation Center

1. The Borrower, through MoER, shall: (a) carry out a technical feasibility study and develop a business plan for the implementation of Part 2.4.(ii) of the Project; and (b) not later than twelve (12) months after the Effective Date, furnish to the Bank the technical feasibility study report and business plan in form and substance satisfactory to the Bank .

2. For purposes of carrying out Part 2.4.(ii) of the Project, and based on the results of the technical feasibility study and the business plan, the Borrower, through MoER, shall, no later than ninety (90) days after the completion of the technical feasibility study report and the business plan, cause TUM to develop and present a proposal for the implementation of an Agriculture Innovation Center Sub-project .

3. To further implement Part 2.4.(ii) of the Project, prior to the carrying out of the Agriculture Innovation Center Sub-project, Borrower, through MoER, shall enter into an Agriculture Innovation Center Sub-project Agreement with TUM, under terms and conditions acceptable to the Bank, setting forth TUM's obligations and responsibilities in the implementation of the Agriculture Innovation Center Sub-project, which shall include, *inter alia*:

(a) the detailed activities to be carried out under the Agriculture Innovation Center Sub-project,

(b) the detailed outputs under the Agriculture Innovation Center Subproject, including industry-oriented agriculture training plans and curricula, training of teachers in the department of agriculture, business start-up incubation and acceleration activities, agriculture extension programs,

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among others, acceptable to the Bank and further described in the HEIPOM;

(c) the obligation of TUM to carry out activities under the Agriculture Innovation Center Sub-project in accordance with: (i) sound technical, financial, and managerial standards, including in respect to the maintenance of adequate records; (ii) applicable environmental and social impact standards (consistent with the requirements of this Agreement and the ESCP); (iii) the provisions of the Anti-Corruption Guidelines applicable to recipients of finance proceeds other than the Borrower; and (iv) the relevant provisions of the Project Operations Manual and HEIPOM, and all the pertinent provisions of this Agreement;

(d) the obligation of TUM to provide access to the Borrower, through MoER, and the Bank, to inspect the implementation of the Agriculture Innovation Center Sub-project and any relevant records and documents;

(e) the obligation of TUM to prepare and provide to the Borrower, through MoER, and the Bank, all such information as the Borrower and the Bank shall reasonably request relating to the Agriculture Innovation Center Sub-project; and

(f) the adequate rights of the Borrower, through MoER, to protect its interests and those of the Bank, including the right to suspend or terminate the right of TUM to use the goods, works, and services financed from the proceeds of the Loan upon TUM's failure to perform any of its obligations under the Agriculture Innovation Center Sub-project Agreement.

4. The Borrower shall exercise its rights under the Agriculture Innovation Center Sub-project Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

5. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, waive, terminate or fail to enforce any Agriculture Innovation Center Sub-project Agreement or any of its provisions.

6. In case of any conflict between the terms of the Agriculture Innovation Center Sub-project Agreement and those of this Agreement, the terms of this Agreement shall prevail.

G. Student Dormitory Sub-projects

1. For purposes of carrying out Part 4.2(ii) of the Project, the Borrower, through MoER shall select Student Dormitory Sub-projects on the basis of the eligibility

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criteria and requirements acceptable to the Bank as set forth below and further detailed in the POM:

(a) the Selected University shall have met the requirement on total student enrollment, as further detailed in the POM;

(b) the Selected University shall have demonstrated its capacity to host international students by providing records of currently enrolled international students and projections for future enrollment under its internationalization program;

(c) the Selected University shall have met the required ratio between total number of dormitory spaces available and the demonstrated demand for student housing, as further detailed in the POM; and

(d) the financing for any Student Dormitory Sub-project shall not exceed two million five hundred thousand Euro (EUR2,500,000), as said amount may be revised from time to time by mutual agreement between the Borrower and the Bank and reflected in POM.

7. Upon approval of a Student Dormitory Sub-project, the Borrower, through MoER, shall enter into a Student Dormitory Sub-project Agreement with the relevant Selected University with terms and conditions acceptable to the Bank and as set forth in the POM, including, *inter alia*:

(a) the obligation of the Borrower, through MoER, to make a portion of the Loan proceeds available to the Selected University on a grant basis for the carrying out of the Student Dormitory Sub-project;

(b) the Selected University's obligation to carry out the Student Dormitory Sub-projects in accordance with the Anti-Corruption Guidelines, the relevant provisions of the Project Operations Manual, the HEIPOM, the Procurement Regulations, the ESCP (including the management tools and instruments referred to therein), and all the pertinent provisions of this Agreement;

(c) the Selected University's obligation to use the goods, works, and services to be financed out of the proceeds of the Loan exclusively to carry out the Student Dormitory Sub-projects;

(d) the Selected University's obligation to provide, promptly as needed, the resources required for the purpose of the activities under Student Dormitory Sub-projects;

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(e) the right of the Borrower, through MoER, to suspend and terminate the right of the Selected University to the use of the proceeds of the Loan and obtain a refund of all or any part of the amount of the Loan then withdrawn upon failure by Selected University to perform any of its obligations under the Student Dormitory Sub-project Agreement;

(f) the ability of the Borrower, through MoER, to inspect, by itself or jointly with representatives of the Bank, if the Bank so requests, such goods and sites, and activities under the Student Dormitory Sub-projects and any relevant records and documents; and

(g) the obligation of the Selected University to provide all such information as the Bank or the Borrower, through MoER, shall reasonably request related to the Student Dormitory Sub-projects.

8. The Borrower, through MoER, shall exercise its rights under each Student Dormitory Sub-project Agreement in such manner to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan.

9. Except as the Bank shall otherwise agree, the Borrower, through MoER, shall not assign, amend, abrogate, waive, terminate or fail to enforce any Student Dormitory Sub-project Agreement or any of their provisions.

H. Environmental and Social Standards.

1. The Borrower shall ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.

2. Without limitation upon paragraph 1 above, the Borrower shall ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower shall ensure that:

(a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;

(b) sufficient funds are available to cover the costs of implementing the ESCP;

(c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and

(d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified

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in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.

3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.

4. The Borrower shall ensure that:

(a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank, information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, *inter alia*: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

(b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Borrower shall establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

6. The Borrower shall ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

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I. PBC Monitoring and Reporting

1. For purposes of carrying out Parts 1.4, 2.3.(i), and 4.1 of the Project, the Borrower, through MoER, shall:

(a) no later than one hundred eighty (180) calendar days after the Effective Date, engage, and thereafter maintain at all times during the implementation of the Project, an Independent Verification Agent with qualifications and experience, and under terms of reference acceptable to the Bank to verify the data and other evidence supporting the achievement of one or more PBC Targets as set forth in the table in Annex to Schedule 2 to this Agreement, and recommend corresponding payments to be made, as applicable, in accordance with the verification protocol set forth in the Project Operations Manual;

(b) cause the Independent Verification Agent to: (i) carry out each calendar year a verification of the level of achievement of those PBCs in accordance with the said verification protocol; and (ii) within thirty (30) days after the end of each calendar year prepare and furnish to the Borrower, through MoER, the reports on the status of achievement of the relevant PBC Targets in the respective calendar year; and

(c) in the event that there is a need for verification services prior to the appointment of the Independent Verification Agent in accordance with sub-paragraph (a) above, put in place adequate interim arrangement satisfactory to the Bank and approved in writing by the Bank for verification of the PBC Targets.

J. Contingent Emergency Response

1. In order to ensure the proper implementation of contingent emergency response activities under Part 5 of the Project ("Contingent Emergency Response Part"), the Borrower shall ensure that:

(a) a manual ("CERC Manual") is prepared and adopted in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing

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amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;

(b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;

(c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and

(d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.

2. The Borrower shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Bank.

3. The Borrower shall ensure that:

(a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and

(b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.

4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

Section II. <u>Project Monitoring Reporting and Evaluation</u>

1. The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

2. Except as may otherwise be explicitly required or permitted under this Agreement or as may be explicitly requested by the Association, in sharing any information,

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report, or document related to the activities described in Schedule 1 of this Agreement, the Borrower shall ensure that such information, report or document does not include Personal Data.

Section III. Withdrawal of Loan Proceeds

A. General.

Without limitation upon the provisions of Article II of the General Conditions, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures for the Project in accordance with the Disbursement and Financial Information Letter; all in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

Category	Amount of the Non-concessional Portion of the Loan Allocated (expressed in EUR)	Amount of the Concessional Portion of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Non-consulting services, consulting services, Training and Operating Costs under Part 3 of the Project	1,500,000	426,000	100%
(2) Goods, works, non-consulting services, consulting services, Training and Operating Costs for the Agriculture Innovation Center Sub-project under Part 2.4 of the Project	3,500,000	990,000	100%

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(3) Goods, works, non-consulting services, consulting services, Training, Operating Costs for Research Infrastructure Sub-projects under Parts 2.3(ii)(A) of the Project, Student Dormitory Sub-projects under Part 4.2(ii) of the Project, and Young Researcher Grants and Research Dissemination Grants under Part 2.3(ii)(B) of the Project	21,050,000	5,923,000	100%
(4) Eligible Expenditures for PBCs under Parts 1.4, 2.3(i) and 4.1(vii) of the Project	3,950,000	1,136,000	Up to 100% of the Loan allocated to PBCs as set forth in Annex to Schedule 2 to this Agreement
(5) Emergency Expenditures under Part 5 of the Project	0	0	0%
TOTAL AMOUNT	**€30,000,000**	**$8,475,000**	

B. Withdrawal Conditions; Withdrawal Period.

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:

(a) for payments made prior to the Signature Date;

(b) from the Loan Account unless each withdrawal is made on a *pari passu* basis and at 79%: 21% ratio between the amount of the Non-Concessional Portion of the Loan allocated to the pertinent Category and the amount of the Concessional Portion of the Loan allocated to said Category;

(c) for payments under Category (2), unless and until:

(i) the technical feasibility study and the business plan for the Agriculture Innovation Center Sub-project under Part 2.4.(i) of the Project have been prepared and approved by MoER in form and substance acceptable to the Bank; and

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(ii) the Agriculture Innovation Center Sub-project Agreement referred to in Section I.F.1 of Schedule 2, has been entered into between MoER and TUM under terms and conditions acceptable to the Bank.

(d) for payments under Category (4), with respect to each PBC set forth in the Annex to this Schedule 2, for which the Borrower has submitted a withdrawal request, unless and until the Borrower has also furnished to the Bank:

(i) an Independent Verification Report acceptable to the Bank confirming the Borrower's achievement of the respective PBCs set forth in Schedule 4 to this Agreement, and further elaborated in the verification protocols in the POM; and

(ii) evidence, in form and substance acceptable to the Bank, of Eligible Expenditures for PBCs, in an amount equal to at least the amount withdrawn under this category, incurred in connection with the achievement of the respective PBCs and within the corresponding PBC Values.

(e) for Emergency Expenditures under Category (5), unless and until all of the following conditions have been met in respect of said expenditures:

(i) (A) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Loan amounts under Category (5); and (B) the Bank has agreed with such determination, accepted said request and notified the Borrower thereof; and

(ii) The Borrower has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.

2. Notwithstanding the provisions of Part B.1(b) of this Section, the Bank may determine, at any time, in its sole discretion, by notice to the Borrower, based on the evidence furnished by the Borrower under Part B.1(c) of this Section, that any PBC has been partially achieved, the Bank may, in its sole discretion, authorize the withdrawal of a portion of the amount of the Loan then allocated to said PBC, calculated on the basis of the Formula.

3. With respect to Eligible Expenditures for PBCs under Category (4), the Borrower may request withdrawals of Bank financing when the relevant expenditures have been incurred, but prior to the PBCs having been met, provided that the Borrower shall: (i) meet such PBCs no later than the Closing Date; and (ii) submit to the

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Bank evidence satisfactory to the Bank of such PBCs having been met no later than the Disbursement Deadline Date.

4. If by or before the Disbursement Deadline Date the Borrower has failed to provide the Bank evidence satisfactory to the Bank that the PBC Targets related to Category (4) have been met, the Borrower shall, upon notice from the Bank, promptly refund to the Bank the Withdrawn Loan Balance related to such Category (4). Except as the Bank may otherwise determine, the Bank shall cancel all amounts refunded pursuant to this Section.

5. The Closing Date is December 31, 2029.

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ANNEX

Performance Based Conditions

Performance Based Conditions (PBCs)	PBC Targets	PBC Value
PBC 1: University Administrator Training Plans prepared and approved	Up to five (5) University Administrator Training Plans prepared and submitted by the Public Universities and approved by MoER	Formula: EUR 80,000 per each University Administrator Training Plan submitted by Public Universities and approved by MoER PBC Value: EUR 400,000
PBC 2: Senior- and mid-level HEI administrators trained and certified by an Independent Technical Entity based on approved University Administrator Training Plans	Up to two hundred (200) University Administrators trained and certified by Independent Technical Entity based on the approved University Administrators Training Plan for their respective universities	Formula: EUR3,000 per trained University Administrator PBC Value: EUR 600,000
PBC 3: Universities have implemented aggregate data sharing protocols for at least two (2) data modules with the National HEMIS	Up to five (5) Selected Universities that have implemented Aggregate Data Sharing Protocols for at least two (2) data modules with the National HEMIS	Formula: EUR200,000 per Selected University PBC Value: EUR 1,000,000
PBC4: Students and researchers from Selected Universities and other Relevant Institutions	Up to four hundred (400) students and researchers from Selected Universities and other Relevant Institutions trained and	Formula: EUR 2,500 per researcher trained PBC Value: EUR 1,000,000

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trained and certified by NARD in research proposal writing to access external research funding	certified by NARD upon completion of the capacity building program in management of research grants	
PBC5: Financing attracted from Horizon Europe Grants and/or European Research Council Grants	Up to EUR 500,000 of Horizon Europe Grants and/or European Research Council Grants awarded to Selected Universities	Formula: EUR1 per every EUR2 attracted for Eligible Research Activities PBC Value: EUR 500,000
PBC6: Strategic plans signed by the rectors of the Selected Universities for implementation of time-bound actions for internationalization	Up to five (5) Selected Universities with strategic plans agreed and signed by the respective rectors and approved by the MoER	Formula: EUR100,000 for each signed university action plan PBC Value: EUR 500,000
PBC7: Additional international students enrolled and completed one semester in the Selected Universities	Up to one thousand (1000) additional international students enrolled and completed one semester in the Selected Universities	Formula: EUR1000 per additional international student PBC Value: EUR 1,000,000

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SCHEDULE 3

Commitment-Linked Amortization Repayment Schedule

The Borrower shall repay the principal amount of the Non-concessional Portion of the Loan in accordance with the following table, which sets forth the Principal Payment Dates Non-concessional Portion of the Loan and the percentage of the total principal amount of the Non-concessional Portion of the Loan payable on each Principal Payment Date ("Installment Share").

Level Principal Repayments

Principal Payment Date	Installment Share
On each February 15 and August 15 Beginning August 15, 2030 through February 15, 2055	2%

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APPENDIX

Section I. Definitions

1. "Additional Identified Dormitories" means the dormitories to be identified for refurbishment and renovation by the Selected Universities under Part 4.2(ii) of the Project in accordance with this Financing Agreement.

2. "Agriculture Innovation Center" means a center established within TUM to promote agricultural research, innovation, and technology transfer whose initial establishment phase is being supported under Part 2.4 of the Project.

3. "Agriculture Innovation Center Sub-project" means a set of activities implemented for the establishment and operationalization of the Agriculture Innovation Center under Part 2.4 of the Project.

4. "Anti-Corruption Guidelines" means, for purposes of paragraph 6 of the Appendix to the General Conditions, the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011 and as of July 1, 2016.

5. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.

6. "CERC Manual" means the manual referred to in Section I.J of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Bank, and which is an integral part of the Operational Manual.

7. "Concessional Portion of the Loan" means the amount of the Loan provided by the Bank in its capacity as an Implementation Support Agency of the GCFF, and referred to in Section 2.01(b) of this Agreement.

8. "Contingent Emergency Response Part" means any activity or activities to be carried out under Part 5 of the Project to respond to an Eligible Crisis or Emergency.

9. "Disbursement Deadline Date" means the date specified in the Disbursement and Financial Information Letter, established by the Bank, for the receipt by the Bank of applications for withdrawal and supporting documentation.

10. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.

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11. "Eligible Expenditures for PBC" means a set of Eligible Expenditures, consisting of Goods, Consulting Services, Non-Consulting Services, Training, Operating Costs, and salaries of officials of the Borrower (but excluding salary top-ups of the officials of the Borrower) under the Borrower's state budget lines No. 8810 and 0807, as further detailed in the Project Operations Manual, associated with the carrying out of the Project activities to achieve the PBC Targets.

12. "Eligible Research Activities" means the research activities proposed by researchers from Selected Universities that contribute to the development objectives of this Project, are funded by the Horizon Europe Grants and/or European Research Council Grants, have been qualified based on a risk assessment conducted by MoER, and are found acceptable to the Bank for financing under Part 2.3(i)(B) of this Project.

13. "Eligible Young Researcher" means a doctoral students and researchers enrolled and/or employed in and/or affiliated to a Public University, including those with refugee status, selected by NARD to receive Young Researcher Grants, in accordance with the criteria set out in Section I.D.1 of Schedule 2 to this Agreement, as further detailed in the HEIPOM.

14. "Emergency Action Plan" means the plan referred to in Section I.J., detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.

15. "Emergency Expenditures" means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.J of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.

16. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated April 10-24, 2025, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.

17. "Environmental and Social Standards" or "ESSs" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land

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Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; and (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Bank.

18. "E-Research System" means a digital system used for the repository of research information and for the tracking and managing of research activities, allowing for fund usage verification.

19. "European Higher Education Area" means a group of forty-eight (48) countries that cooperate to align the higher education systems across Europe to facilitate student mobility, employability, and the overall quality of higher education.

20. "European Quality Assurance Register for Higher Education" means the official list of quality assurance agencies in the European Higher Education Area that meets its standards and guidelines for quality assurance.

21. "European Research Council" means an organization established by the European Union in 2007 to support investigator-driven frontier research across all fields, based on scientific excellence.

22. "European Research Council Grants" means funding provided by the European Research Council to support investigator-driven frontier research across all fields, based on scientific excellence; or any successor program thereto acceptable to the Bank for the purpose of this Project and incorporated in the HEIPOM.

23. "Exclusion List" means the list of activities excluded from receiving support under the Project, as set forth in the Project Operations Manual.

24. "Formula" means the measure of calculating disbursements against the achievement of the PBC Targets, as provided for in Annex to Schedule 2 to this Agreement.

25. "Global Concessional Financing Facility" and "GCFF" each means the financing facility established in 2016 with a focus on providing concessional financing to middle income countries most affected by the presence of large numbers of refugees, and referred to in the Preamble to this Agreement.

26. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project

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Financing", dated December 14, 2018 (Last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.

27. "HEI" means higher education institution.

28. "HEIP Beneficiary" means a Selected Higher Education Institution or a Selected Pedagogical College.

29. "Higher Education Improvement Project Operations Manual" or "HEIPOM" means the manual acceptable to the Bank and adopted by Borrower as referred to in paragraph 2 of Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Bank.

30. "Higher Education Stakeholders Committee" means the committee referred to in paragraph 4 of Section I.A of Schedule 2 to this Agreement.

31. "Horizon Europe Grants" means the funding provided under Horizon Europe, the European Union's key research and innovation program, to support high-quality research, technological development, and innovation in various research areas; or any successor program thereto acceptable to the Bank for the purpose of this Project and incorporated in the HEIPOM.

32. "Identified Dormitories" means the dormitories that have been identified for refurbishment and renovation under Part 4.2(i) of the Project in accordance with the Original Financing Agreement.

33. "Identified Higher Education Programs" means Bachelor's and Master's programs identified by the respective university and endorsed by the MoER for the purpose of the Project.

34. "Independent Technical Entity" means an independent technical entity selected by MoER under terms and conditions acceptable to the Bank to provide training to senior- and mid-level HEI administrators, and to certify their participation in the training under Part 1.4 of the Project.

35. "Independent Verification Agent" means the competitively selected, independent verification agent or agency to be selected and appointed in accordance with Section I.1 of Schedule 2 to this Agreement by the Borrower, through MoER to carry out independent verification of the status of achievement of the PBCs.

36. "Independent Verification Report" means each of the annual reports referred to in Section III. B of Schedule 2 to this Agreement.

37. "Internationalization" means, in the context of this Project, adaptation of curricula, curricula support materials, and teaching learning materials in English and other foreign languages relevant and appropriate to attract international students.

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38. "Inter-Agency Agreement" means an agreement between MoER and NARD setting forth NARD's roles and responsibilities in coordination with MoER for the implementation of Part 2.3 of the Project as referred to under Section I.A.5 of Schedule 2 to this Agreement.

39. "Ministry of Agriculture and Food Industry" means the Borrower's governmental agency responsible for overseeing the country's agriculture and food sector in the country; or any legal successor thereto acceptable to the Bank for the purpose of this Project.

40. "Ministry of Economic Development and Digitalization" means the Borrower's governmental agency responsible for economic development and digitalization in the country; or any legal successor thereto acceptable to the Bank for the purpose of this Project.

41. "Ministry of Education and Research" or "MoER" means the Borrower's governmental agency responsible for guiding education and research activities across all levels of education in the country, or any legal successor thereto acceptable to the Bank for the purpose of this Project.

42. "Ministry of Environment" means the Borrower's governmental agency responsible for environmental protection, climate change, and the management of natural resources in the country; or any legal successor thereto acceptable to the Bank for the purpose of this Project.

43. "Modules" means a structured unit of data collection, that may include (i) students and study programs, (ii) administrative data, (iii) human resources data, and (iv) financial data.

44. "NAQAER" means the Borrower's national agency for quality assurance in education and research established further to Government Decision No. 201 dated February 28, 2018, published in the Borrower's Official Gazette No. 68-76 dated March 2, 2018, or any legal successor thereto acceptable to the Bank for the purpose of this Project.

45. "NARD" means the Borrower's National Agency for Research and Development, established is a central administrative authority under the Government of the Republic of Moldova, which was founded by the Government Decision No.196 of February 28, 2018, or any legal successor thereto acceptable to the Bank for the purpose of this Project.

46. "National Qualifications Framework" or "NQF" means the Borrower's self-certification system approved under the Borrower's Decision No. 1016 dated November 23, 2017 published in the Borrower's Official Gazette No. 421-427

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dated December 1, 2017, or any successor framework thereto acceptable to the Bank for the purpose of this Project

47. "National HEMIS" means the Borrower's national higher education management information system, established as a digital single platform system for higher education institutions reporting on administrative information through Modules, housed and managed by MoER.

48. "Non-concessional Portion of the Loan" means the amount of the Loan provided by the Bank in its own capacity, and referred to in Section 2.01(a) of this Agreement.

49. "Operating Costs" means the reasonable, incremental, operating expenditures incurred by the Borrower on account of the Project implementation, management, monitoring and evaluation (but excluding salaries of officials of the Borrower's civil service), for travel, lodging and per diem, rent of premises and utilities, office supplies, communication and information, office equipment and furniture, bank charges, printing and publications (electronic and/or paper), translation and interpretation, consumables, and other reasonable, incremental, expenditures directly associated with implementation of the Project activities, all based on an annual budget acceptable to the Bank.

50. "Original Financing Agreement" means the Financing Agreement for the Project, entered into between the Borrower and the International Development Association, dated May 19, 2020.

51. "Performance Based Conditions" or "PBCs" means a set of conditions that are set to be achieved under the Project through the implementation of Part 1.4 (with respect to PBCs 1, 2, and 3), Part 2.3 (with respect to PBCs 4 and 5), and Part 4.1 (with respect to PBCs 6 and 7), as referred to in Annex to Schedule 2 to this Agreement.

52. "PBC Targets" means the targets under each PBC that are set to be achieved by the Borrower, as set forth in the table in Annex to Schedule 2 to this Agreement.

53. "PBC Value" means the total amount of the Loan allocated to each PBC as set forth in the table in Annex to Schedule 2 to this Agreement, as such amount may be reallocated in whole or in part among the PBCs or among the Categories by notice by the Bank to the Borrower from time to time.

54. "Personal Data" means any information relating to an identified or identifiable individual. An identifiable individual is one who can be identified by reasonable means, directly or indirectly, by reference to an attribute or combination of attributes within the data, or combination of the data with other available information. Attributes that can be used to identify an identifiable individual

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include, but are not limited to, name, identification number, location data, online identifier, metadata and factors specific to the physical (including biometric data), physiological, genetic, mental, economic, cultural or social identity of an individual.

55. "Priority Research Areas" means research identified by MoER in accordance with the Borrower's National Program for Research and Innovation for the period of 2024-2027 and National Program for Smart Specialization for the period of 2024-2027, or any other research areas identified by MoER as incorporated in the HEIPOM, acceptable to the Bank to be supported under Part 2 of the Project.

56. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated September 2023.

57. "Project Management Team" or "PMT" means the unit established and maintained within the MoER, as referred to in Section I.A.2 of Schedule 2 to this Agreement.

58. "Project Manuals" means, collectively, the Project Operations Manual and the Higher Education Improvement Project Operations Manual acceptable to the Bank and adopted by the Borrower as referred to in Section I.B of Schedule 2 to this Agreement.

59. "Project Operations Manual" or "POM" means the Project manual acceptable to the Bank and adopted by the Borrower as referred to in paragraph 1 of Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time with the prior written approval of the Bank.

60. "Public Universities" means the higher education institutions that are funded and regulated by the Borrower's central government and operating in accordance with the Borrower's Education Code No. 152 of July 17, 2014.

61. "Research Dissemination Grant" means a grant made to a Selected Researcher to finance for the presentation a research product in national and international conferences under Part 2.3(ii)(B) of the Project; and "Research Dissemination Grants" means collectively, all such Research Dissemination Grants.

62. "Research Dissemination Grant Agreement" means a grant agreement between MoER, NARD and a Selected Researcher setting out the terms and conditions for the provision of a Research Dissemination Grant under Part 2.3(ii)(B) of the Project as referred to in paragraph 2 of Section I.E of Schedule 2 to this Agreement.

63. "Research Infrastructure Sub-project" means a set of investments proposed by a Selected University in scientific equipment, information technology hardware and software, manuals, reagents and consumables, and other necessary resources

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aimed at enhancing research capacity and supporting scientific activities in the Priority Research Areas and selected by MoER and NARD to be supported under Part 2.3(ii)(A) of this Project in accordance with the criteria set out in Section I.C.1 of Schedule 2 to this Agreement, as further detailed in the HEIPOM.

64. "Research Infrastructure Sub-project Agreement" means an agreement between MoER, NARD and a Selected University setting out the terms and conditions for the carrying out of the Research Infrastructure Sub-project under Part 4.2(ii) of the Project as referred to in paragraph 2 of Section I.C of Schedule 2 to this Agreement.

65. "Relevant Institutions" means, collectively, industrial organizations, non-profits, and affiliated research organizations whose researchers participate in NARD's capacity building programs under Part 2.3(i) of the Project.

66. "Selected Higher Education Institution" means a Borrower's public higher education institution that provides bachelor's, master's and/or doctoral degrees that meet the HEIP eligible beneficiary criteria acceptable to the Association to receive proceeds from a Sub-grant under Part 2.2 of the Project, as set forth in the HEIPOM and, Selected Higher Education Institutions means more than one such Higher Education Institution.

67. "Selected Pedagogical College" means a Borrower's public pedagogical college that meets the HEIP eligible beneficiary criteria acceptable to the Association to receive proceeds from a Sub-grant under Part 2.2 of the Project, as set forth in the HEIPOM and, Selected Pedagogical Colleges means more than one such colleges.

68. "Selected Researcher" means a doctoral student, an individual researcher, or a group of doctoral students and/or researchers selected by NARD to receive Research Dissemination Grants, in accordance with the criteria set out in Section I.E.1 of Schedule 2 to this Agreement, as further detailed in the HEIPOM.

69. "Selected University" means a public higher education institution to be selected by the MoER in accordance with the criteria set out in Section I.C of Schedule 2 to this Agreement, as further detailed in the Project Manuals and to receive support under Part 2.3(ii)(A) and Part 4 of the Project.

70. "Student Dormitory Sub-projects" means a set of activities to be carried out by the Selected Universities for renovation and refurbishment of the Additional Identified Dormitories under Part 4.2(ii) of the Project.

71. "Student Dormitory Sub-project Agreement" means an agreement to be entered between MoER and the Selected University setting out the terms and conditions for the carrying out of the Student Dormitory Sub-project under Part 4.2(ii) of the Project as referred to in paragraph 2 of Section I.G of Schedule 2 to this Agreement.

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72. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.

73. "Training" means expenditures (other than those for consultants' services) incurred for training and training-related activities under the Project, including seminars, workshops and study tours, travel, lodging and subsistence allowances for training participants, trainers' fees, rental of training facilities, preparation and reproduction of training materials and other activities incidental to the preparation and implementation of training activities.

74. "TUM" means Technical University of Moldova, or any legal successor thereto as acceptable to the Bank for the purposes of this Project.

75. "University Administrators" means, collectively, the rector, vice rector(s), deans, vice deans, and heads of departments, or any other positions that hold equivalent administrative authority as determined by the relevant higher education institution.

76. "University Administrators' Training Plan" means a structured program aimed at enhancing the skills and competencies of University Administrators as approved by the MoER.

77. "Young Researcher Grants" means the grants to be provided to Eligible Young Researchers under Part 2.3(ii)(B) of the Project and referred to under Section I.D of Schedule 2 to this Agreement, to conduct researches in Priority Research Areas.

78. "Young Researcher Grant Agreement" means an agreement to be entered by MoER, NARD and an Eligible Young Researcher setting out the terms and conditions for the provision of Young Researcher Grant under Part 2.3(ii)(B) of the Project as referred to in paragraph 2 of Section I.D of Schedule 2 to this Agreement.

Section II. <u>Modifications to the General Conditions</u>

The General Conditions are hereby modified as follows:

1. Section 3.01 (*Front-end Fee; Commitment Charge*) is modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a Front-end Fee on the Loan amount at the rate specified in the Loan Agreement. Except as otherwise provided in Section 2.07 (b), the Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

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(b) The Borrower shall pay the Bank a Commitment Charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement. The Commitment Charge shall accrue from the date of the Loan Agreement or the date which falls on the fourth anniversary of the date of approval of the Loan by the Bank, whichever is later, to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. Except as otherwise provided in Section 2.07 (c), the Borrower shall pay the Commitment Charge semi-annually in arrears on each Payment Date.

2. Section 3.04 (Prepayment) is modified to read as follows:

"Section 3.04. Prepayment

(a) After giving not less than forty-five (45) days' notice to the Bank, the Borrower may repay the Bank the following amounts in advance of maturity, as of a date acceptable to the Bank (provided that the Borrower has paid all Loan Payments due as at such date): (i) the entire Withdrawn Loan Balance as at such date; or (ii) the entire principal amount of any one or more maturities of the Loan. Any partial prepayment of the Withdrawn Loan Balance shall be applied in the manner specified by the Borrower, or in the absence of any specification by the Borrower, in the following manner: (A) if the Loan Agreement provides for the separate amortization of specified Disbursed Amounts of the principal of the Loan the prepayment shall be applied in the inverse order of such Disbursed Amounts, with the Disbursed Amount which has been withdrawn last being repaid first and with the latest maturity of said Disbursed Amount being repaid first; and (B) in all other cases, the prepayment shall be applied in the inverse order of the Loan maturities, with the latest maturity being repaid first.

(b) If, in respect of any amount of the Loan to be prepaid, a Conversion has been effected and the Conversion Period has not terminated at the time of prepayment, the provisions of Section 4.06 shall apply."

3. In paragraph originally numbered 75 and 81 of the Appendix, the terms "Loan Payment" and "Payment Date" are modified to read as follows:

"75. "Loan Payment" means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any surcharge, any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower."

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"81. "Payment Date" means each date specified in the Loan Agreement occurring on or after the date of the Loan Agreement on which interest, Commitment Charge and other Loan charges and fees (other than the Front-end Fee) are payable, as applicable."

4. Definitions in paragraphs 4 (Allocated Excess Exposure Amount); 53 (Exposure Surcharge); 99 (Standard Exposure Limit) and 105 (Total Exposure) of the Appendix are deleted in their entirety and the subsequent paragraphs are renumbered accordingly.

5. Wherever used throughout the General Conditions, including modifications set forth in this Section, (other than throughout the Appendix) the term "Loan Payment" and "Loan Payments" are modified to read "Payment of the Non-Concessional Portion of the Loan" and "Payments of the Non-Concessional Portion of the Loan", respectively. Furthermore, wherever used in Sections in Section 2.05; Sections 3.01 to 3.07; Section 4.01; Sections 4.02 to 4.05 (including the Title); Sections 7.05 to 7.08; Section 8.02; and Section 9.05, the term "*Loan*" is modified to read "*Non-Concessional Portion of the Loan*"; the term "*Unwithdrawn Loan Balance*" is modified to read "*Unwithdrawn Balance of the Non-Concessional Portion of the Loan*"; and the term "*Withdrawn Loan Balance*" is modified to read "*Withdrawn Balance of the Non-Concessional Portion of the Loan.*

6. In the Appendix, **Definitions**, wherever used in the following definitions (as modified pursuant to this Section) of the terms "Automatic Conversion to Local Currency"; "Automatic Rate Fixing Conversion"; "Commitment Linked Repayment Amortization Schedule"; "Conversion"; "Currency Conversion"; "Default Interest Period"; "Default Interest Rate"; "Default Variable Rate"; "Disbursed Amount"; "Disbursement-Linked Amortization Schedule"; "Fixed Rate"; "Fixed Referenced Rate"; "Fixed Spread"; "Installment Share"; "Interest Rate Cap"; "Interest Rate Collar"; "Interest Rate Conversion"; "Principal Payment Date"; "Reference Rate Reset Date"; "Variable Spread"; the term "*Loan*" is modified to read "*the Non-Concessional Portion of the Loan*"; the term "*Unwithdrawn Loan Balance*" is modified to read "*the Unwithdrawn Balance of the Non-Concessional Portion of the Loan*"; and the term "*Withdrawn Loan Balance*" is modified to read "*Withdrawn balance of the Non-Concessional Portion of the Loan*".

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