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CEB

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

LD 2227 (2025)

FRAMEWORK LOAN AGREEMENT

between

COUNCIL OF EUROPE DEVELOPMENT BANK

and

REPUBLIC OF MOLDOVA

SCHOOLS MODERNISATION
Public Financing Facility

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

and

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

WHEREAS

(A) Having regard to the loan application submitted by the Republic of Moldova on 12 March 2025, approved by the CEB's Administrative Council on 5 April 2025,

(B) Having regard to the Third Protocol dated 6 March 1959 to the General Agreement on Privileges and Immunities of the Council of Europe dated 2 September 1949,

(C) Having regard to the CEB's Loan Regulations, as adopted by the CEB's Administrative Council Resolution 1587 (2016) (hereinafter, the "**Loan Regulations**"),

(D) Having regard to the CEB's Loan and Project Financing Policy, as adopted by the CEB's Administrative Council Resolution 1646 (2022) (hereinafter, the "**Loan Policy**"),

(E) Having regard to the CEB's Environmental and Social Safeguards Policy, as adopted by the CEB's Administrative Council Resolution 1588 (2016) (hereinafter, the "**Environmental and Social Safeguards Policy**"),

(F) Having regard to the CEB's Procurement Guidelines, as adopted by the CEB's Administrative Council Resolution 1655 (2023) (hereinafter, the "**Procurement Guidelines**"),

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

(H) Having regard to the CEB's Anti-Corruption Charter, as adopted by the CEB's Administrative Council Resolution 1628 (2021), and

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

HEREBY AGREE AS FOLLOWS:

1. INTERPRETATION

1.1 Definitions

The following terms shall have the meaning indicated below, except as the context requires otherwise:

"Agreement" means this framework loan agreement, including its appendices.

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

"Allocation Period" has the meaning specified under Sub-clause 5.2.

"Business Day" means, in relation to payments in Euro, any day on which T2 (the real time gross settlement system operated by the Eurosystem, or any successor system) is open for the settlement of payments in Euro.

"Certificate" has the meaning specified under Sub-clause 4.5 and the form stipulated under Appendix 5 hereto.

"Closing Date" means the date specified under Appendix 1 hereto from which no further disbursements under the Loan may take place.

"Completion Report" has the meaning specified under Sub-clause 6.1(b).

"Cross-Default Event" has the meaning specified under Sub-clause 6.5(a).

"Currency" means, for the purposes of the Agreement, Euro.

"Day Count Convention" means the convention for determining the number of days between two dates and the number of days in a year specified in the relevant Disbursement Notice.

"Debt Instrument" means (i) any loan or other form of financial indebtedness; (ii) an instrument, including any receipt or statement of account, evidencing or constituting an obligation to repay a loan, deposit, advance or similar extension of credit (including without limitation any extension of credit under a refinancing or rescheduling agreement), (iii) a bond, note, debt security, debenture or similar written evidence of financial indebtedness; or (iv) an instrument evidencing a guarantee of an obligation constituting financial indebtedness of another.

"Default Interest Rate" has the meaning specified under Sub-clause 4.9.

"Disbursement Date" means the date on which a Tranche is scheduled to be disbursed pursuant to the applicable Disbursement Notice.

"Disbursement Notice" has the meaning specified under Sub-clause 4.3(b).

"Disbursement Request" has the meaning specified under Sub-clause 4.3(a).

"Effective Date" means the date of entry into force of the Agreement resulting from Clause 20.

"EU" means the European Union.

"EURIBOR" means the percentage rate quoted by any financial news provider acceptable to the CEB at or about 11.00 a.m. Brussels time on the Interest Determination Date as the Euro wholesale funding rate administrated by the European Money Market Institute (or any other entity which takes over the administration of that rate) for the same period as the relevant Interest Period.

If the relevant Interest Period is not the same as a period quoted by the relevant financial news provider, the applicable EURIBOR shall be the percentage rate resulting from a linear interpolation by reference to two (2) EURIBOR rates, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant Interest Period.

"Euro" and the sign **"EUR"** means the lawful currency of the Member States of the EU which from time to time adopt it as their currency in accordance with the relevant provisions of the Treaty of the EU and the Treaty on the Functioning of the EU or their succeeding treaties.

"European Convention on Human Rights" means the Convention for the Protection of Human Rights and Fundamental Freedoms dated 4 November 1950, CETS No. 5, as amended from time to time.

"European Social Charter" means the European Social Charter dated 3 May 1996, CETS No. 163, as amended from time to time.

"Final Beneficiaries" are specified under Appendix 1 hereto as the group benefitting from the social effects of the Project.

"Fixed Interest Rate" means the interest rate *per annum* specified in the applicable Disbursement Notice.

"Floating Interest Rate" means the interest rate *per annum* determined by adding or subtracting the Spread specified in the applicable Disbursement Notice to or from, as the case may be, the Reference Rate.

For the avoidance of doubt, when the determination of the Floating Interest Rate results in a negative interest rate (due to a quoted negative Reference Rate, to the operation of a Spread that is subtracted from the Reference Rate or to any other circumstances), the interest to be paid by the Borrower for the Interest Period shall be deemed to be zero.

"Forecasted Expenditure" means the eligible costs planned to be incurred under the Project over the period of one (1) year.

"Incurred Expenditure" means the eligible costs incurred by the Project Implementing Entity.

"Interest Determination Date" means, for the purposes of determination of a Floating Interest Rate, the day falling two (2) Business Days prior to the first day of the Interest Period, unless otherwise specified in the relevant Disbursement Notice.

"Interest Payment Dates" means the dates for the payment of interest corresponding to the relevant Interest Period specified in the applicable Disbursement Notice.

"Interest Period" means the period commencing on an Interest Payment Date and ending on the day immediately prior to the following Interest Payment Date, provided that the first

Interest Period applicable to each Tranche shall commence on the Disbursement Date and end on the day immediately prior to the next Interest Payment Date.

"Loan" means the loan granted to the Borrower by the CEB by means of the Agreement.

"Loan Amount" means the amount specified under Sub-clause 4.1.

"Market Disruption Event" has the meaning specified under Sub-clause 4.10.

"Material Adverse Change" means any event which, in CEB's opinion, (i) materially impairs the Borrower's ability to perform its financial obligations under the Agreement, or (ii) adversely affects any Security provided by the Borrower or a third-party to secure the due performance of the Borrower's financial obligations under the Agreement; or (iii) adversely affects any rights or remedies of the CEB under the Agreement.

"Maturity Date" means the last Principal Repayment Date for each Tranche specified in the applicable Disbursement Notice.

"Modified Following Business Day Convention" means a convention whereby if a specified date would fall on a day which is not a Business Day, such date would be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date would be the first preceding day that is a Business Day.

"Prepayment Confirmation" has the meaning specified under Sub-clause 4.7.

"Prepayment Costs" has the meaning specified under Sub-clause 4.7.

"Prepayment Date" has the meaning specified under Sub-clause 4.7.

"Prepayment Notice" has the meaning specified under Sub-clause 4.7.

"Principal Repayment Date(s)" means the date(s) for the repayment(s) of principal under each Tranche specified in the applicable Disbursement Notice.

"Principal Repayment Period" means with respect of each Tranche the period running from its Disbursement Date to its Maturity Date.

"Procurement Plan" has the meaning ascribed to it in the Procurement Guidelines.

"Progress Report" has the meaning specified under Sub-clause 6.1(a).

"Prohibited Practices" has the meaning specified under Sub-clause 5.8(c).

"Project" means the programme of eligible Sub-projects set forth under Appendix 1 hereto to be partially financed with the Loan approved by the CEB's Administrative Council with ref. LD 2227.

"Project Implementing Entity" (hereinafter, the **"PIE"**) means the legal entity that, by delegation of the Borrower, is in charge of the implementation of the Project.

"Project Implementing Unit" (hereinafter, the **"PIU"**) means the team appointed by the PIE in charge of the day-to-day management of the Project.

"Reference Rate" means EURIBOR for a Floating Interest Rate Tranche denominated in Euro.

"Sanction Lists" means (i) any economic, financial and trade restrictive measures and arms embargoes issued by the EU pursuant to chapter 2 of title V of the Treaty on European Union as well as article 215 of the Treaty on the Functioning of the European Union, as available on the official EU website[1] or on any successor page, as amended and supplemented from time to time; or (ii) any economic, financial and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to article 41 of the UN Charter, as available on the official UN website or on any successor page, as amended and supplemented from time to time.

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

"Security" means any agreement or arrangement creating a preferential rank, a preferential right of payment, a collateral or guarantee of any nature whatsoever which might confer enhanced rights upon third parties.

"Spread" means, in connection with Floating Interest Rate Tranches, the fixed-spread to the Reference Rate (being either plus or minus) specified in basis points in the applicable Disbursement Notice.

"Sub-project" means an eligible investment scheme to be financed under the Project.

"Tranche" means an amount disbursed or to be disbursed under the Loan.

1.2 Construction

Unless the context otherwise requires, references to:

(i) this Agreement shall be construed as references to this Agreement as supplemented, amended or restated from time to time;
(ii) a Party or any other person includes its successors in title or permitted transferee;
(iii) "Clauses", "Sub-clauses" and "Recitals" shall be construed as references to clauses, sub-clauses and recitals respectively of this Agreement; and
(iv) words importing the singular shall include the plural and vice-versa.

1.3 Headings

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

1.4 Rounding

For the purposes of any calculations referred to in this Agreement:

1. all percentages resulting from such calculations other than those determined through the use of interpolation will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (*e.g.*, 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655));
2. all percentages determined through the use of linear interpolation by reference to two (2) relevant Reference Rates will be rounded, if necessary, in accordance with the method set forth in subsection (a) above, but to the same degree of accuracy as the two (2) rates used to make the determination (except that such percentages will not be

[1] http://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en.

rounded to a lower degree of accuracy than the nearest one thousandth of a percentage point (0.001%)); and

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

2. CONDITIONS

The Loan is granted under the general conditions of the Loan Regulations and under the special conditions of the Agreement.

3. PURPOSE

The CEB grants the Loan to the Borrower, who accepts it, solely for the purpose of financing the Project as described under Appendix 1.

Any change to the way the Loan is applied that has not received the CEB's prior written approval would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

4. FINANCIAL CONDITIONS

4.1 Loan Amount

The Loan Amount is:

Thirty million Euros

EUR 30,000,000

4.2 Disbursement Amount

The Loan shall be disbursed in a minimum of two (2) Tranches.

The amount of each Tranche, except for the first Tranche, shall be determined according to the Incurred Expenditure and/or the Forecasted Expenditure. The amount of the first Tranche shall not exceed twenty per cent (20%) of the Loan Amount.

4.3 Disbursement Procedure

The disbursement of each Tranche is determined through the following procedure:

(a) Disbursement Request

Prior to each disbursement, the Borrower shall submit to the CEB a disbursement request substantially in the form set out under Appendix 3 hereto (hereinafter, a "Disbursement Request").

A Disbursement Request shall specify the proposed:

(i) Currency and amount for the Tranche;
(ii) Disbursement Date; such Disbursement Date shall be a Business Day falling at least five (5) Business Days after the date of the Disbursement Request;
(iii) Principal Repayment Date(s), including the Maturity Date, taking into account that the Principal Repayment Period for each Tranche shall not exceed twenty (20) years, including a grace period not greater than five (5) years for amortising structures;
(iv) maximum Fixed Interest Rate or maximum Spread to the Reference Rate;
(v) Interest Period and Interest Payment Dates;
(vi) Day Count Convention and Business Days; and
(vii) Borrower's account for payments.

Each Disbursement Request delivered to the CEB shall be irrevocable, unless otherwise agreed in writing by the CEB.

(b) Disbursement Notice

If the CEB receives a Disbursement Request that complies with the Disbursement Request requirements set out in Sub-clause 4.3(a) above, and if all other relevant Disbursement Conditions as defined in Sub-clause 4.5 (*Disbursement Conditions*) below have been fulfilled by the Borrower, the CEB shall deliver to the Borrower a disbursement notice substantially in the form set out under Appendix 3 hereto (hereinafter, a **"Disbursement Notice"**). Each Disbursement Notice shall be delivered at least two (2) Business Days before the proposed Disbursement Date.

A Disbursement Notice shall specify:

(i) the Currency and the amount for the Tranche;
(ii) the Disbursement Date;
(iii) the Principal Repayment Period and the Principal Repayment Date(s), including the Maturity Date;
(iv) the Fixed Interest Rate or the Spread to the Reference Rate;
(v) the Interest Period and the Interest Payment Dates;
(vi) the Day Count Convention and the Business Days; and
(vii) the Borrower's and the CEB's accounts for payments.

A Disbursement Notice matching the elements included in a Disbursement Request shall constitute an irrevocable and unconditional commitment on the part of the Borrower to borrow from the CEB and on the part of the CEB to disburse to the Borrower the Tranche under the terms and conditions specified in the Disbursement Notice.

Notwithstanding the above, if the CEB has not delivered a Disbursement Notice within twenty (20) Business Days following the receipt of a Disbursement Request, the relevant Disbursement Request shall be deemed as cancelled.

4.4 Disbursement Period

Unless otherwise agreed in writing by the CEB, the Borrower shall not be entitled to:

(i) the issue of a Disbursement Request for the first Tranche beyond twelve (12) months after the Effective Date or beyond twenty-four (24) months after the

approval of the loan application by the CEB's Administrative Council, whichever comers earlier;

(ii) the issue of any further Disbursement Request beyond eighteen (18) months after the last disbursement; or

(iii) the issue of any further Disbursement Request beyond the day falling fifteen (15) Business Days before the Closing Date.

4.5 Disbursement Conditions

(a) Conditions precedent to the Disbursement Request for the first Tranche, to be in form and substance satisfactory to the CEB:

(i) Legal opinion in English issued by the Borrower's Ministry of Justice confirming to the CEB's satisfaction, substantially in the form set out under Appendix 2 hereto, that the Agreement has been duly executed by authorised representatives of the Borrower and that the Agreement is valid, binding and enforceable in accordance with its terms in the Borrower's jurisdiction.

(ii) Evidence in English (*e.g.*, statute, resolution, power of attorney, etc.) to the CEB's satisfaction of the person(s) authorised to execute the Agreement and the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).

(iii) A Certificate from the Borrower in the form of Appendix 5 hereto, signed by the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower and dated not earlier than a date falling five (5) Business Days before the Disbursement Request.

(iv) The other conditions as set out under the "Specific Conditions" section of Appendix 1 hereto.

(v) Procurement Plan submitted by the Borrower and approved by the CEB.

(b) Conditions precedent to any further Disbursement Request, to be in form and substance satisfactory to the CEB:

(i) In the event there has been a change regarding the person(s) authorised to execute Disbursement Requests on behalf of the Borrower, the Borrower shall provide CEB with updated evidence in English (*e.g.*, Statute, Resolution, Power of Attorney, etc.) to the CEB's satisfaction of the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).

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

(iii) A Certificate from the Borrower in the form of Appendix 5 hereto, signed by the person(s) authorised to execute the Disbursement Requests on behalf of the Borrower and dated not earlier than a date falling five (5) Business Days before the Disbursement Request.

4.6 Repayment

On any Principal Repayment Date, the Borrower shall repay the principal of each Tranche due on that Principal Repayment Date in accordance with the terms set forth in the applicable Disbursement Notice.

4.7 Prepayment

(a) Mechanics

If in any event specified in this Agreement referring to this Sub-clause the Borrower ought to prepay all or part of a Tranche or in the event of voluntary prepayment, the Borrower shall give at least a one (1) month prior written notice to the CEB (hereinafter, the **"Prepayment Notice"**) specifying the amounts to be prepaid, the date on which the prepayment will take place (hereinafter, the **"Prepayment Date"**) and, upon prior consultation with the CEB, the Prepayment Costs. The Prepayment Date shall fall on an Interest Payment Date, unless otherwise agreed in writing by the CEB.

Upon receipt of the Prepayment Notice, the CEB shall send a written notice to the Borrower (hereinafter, the **"Prepayment Confirmation"**), not later than five (5) Business Days prior to the Prepayment Date, indicating the accrued interest due thereon and the Prepayment Costs in accordance with Sub-clause 4.7 (b).

A Prepayment Confirmation matching all the elements included in the Prepayment Notice shall constitute an irrevocable and unconditional commitment on the part of the Borrower to prepay the relevant amounts to the CEB under the terms and conditions specified in the Prepayment Confirmation.

If the Borrower partially prepays a Tranche, the prepaid amount shall be applied pro rata to each outstanding principal repayment. In such an event, the Prepayment Confirmation shall accordingly include an adjusted repayment schedule which shall be binding on the Borrower.

(b) Prepayment Costs

The costs resulting from prepayment in accordance with Sub-clause 4.7 (a) (hereinafter, the **"Prepayment Costs"**) shall be determined by the CEB on the basis of the costs to it of redeploying the amount to be prepaid from the Prepayment Date to the Maturity Date, including any related costs, such as unwinding any underlying hedging arrangements. The costs of redeployment will be established on the basis of the difference between the original rate and the redeployment rate, which shall be determined by the CEB on the basis of market conditions on the date of the Prepayment Notice.

4.8 Interest Determination

The Borrower shall pay interest on the principal of each Tranche from time to time outstanding during each Interest Period at the Fixed Interest Rate/Floating Interest Rate specified in the applicable Disbursement Notice.

Interest shall (i) accrue from and including the first day of the Interest Period to but excluding the last day of such Interest Period; and (ii) be due and payable on the Interest Payment Dates specified in the applicable Disbursement Notice. Interest shall be calculated on the basis of the Day Count Convention specified in the relevant Disbursement Notice.

In the case of Floating Interest Rate Tranches, the CEB shall determine on each Interest Determination Date the interest rate applicable during the relevant Interest Period in accordance with the Agreement and promptly give notice thereof to the Borrower. Each determination by the CEB shall be final, conclusive and binding upon the Borrower unless shown by the Borrower to the satisfaction of the CEB that any such determination has involved manifest error.

4.9 Default Interest Rate

In the event that the Borrower fails to pay, in full or in part, any amount under the Agreement, and notwithstanding any other recourse available to the CEB under the Agreement or otherwise, the Borrower shall pay interest on such unpaid amounts from the due date until the date of receipt of such payment by the CEB at the interest rate *per annum* equal to the one-month EURIBOR quoted on the due date plus two hundred basis points (200 bps) (hereinafter, the **"Default Interest Rate"**).

The applicable Default Interest Rate shall be updated every thirty (30) calendar days.

4.10 Market Disruption Event

The CEB shall promptly, upon becoming aware of it, notify to the Borrower that a Market Disruption Event has occurred.

For the purposes of the Agreement, **"Market Disruption Event"** refers to the following circumstances:

(a) The relevant financial news provider referred to under the EURIBOR definition does not quote any percentage rate or its corresponding screen rate page is not accessible.

Under such a Market Disruption Event, the applicable EURIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the Interest Determination Date by three (3) leading banks in the EU interbank market selected by the CEB. If at least two (2) quotations are provided, the applicable EURIBOR for that Interest Determination Date shall be the arithmetic mean of all quotations provided.

If only one (1) or no quotation is provided, the applicable EURIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the second Business Day after the beginning of the relevant Interest Period by major banks in the EU interbank market selected by the CEB.

(b) The CEB determines that it is not possible to determine the applicable Reference Rate in accordance with paragraph (a) above.

Under such a Market Disruption Event, the applicable Floating Interest Rate shall be replaced by the rate that expresses as a percentage rate *per annum* the cost to the CEB of funding the Loan from whatever source the CEB may reasonably select.

(c) At any time between the delivery of a Disbursement Notice and the Disbursement Date the CEB reasonably determines that there are exceptional and unexpected circumstances of an economic, financial, political or other external nature adversely affecting the CEB's access to its sources of funding.

Under such a Market Disruption Event, the CEB shall be entitled to cancel at no cost the scheduled disbursement.

In the case of the Market Disruption Events set forth under paragraphs (a) and (b) above (other than an EURIBOR Replacement Event):

(i) If the Borrower so requires, the Parties, acting in good faith, shall enter into negotiations for a period of not more than thirty (30) calendar days in order to agree on an alternative to the applicable EURIBOR. If no agreement is reached, the Borrower shall proceed with prepayment on the next Interest Payment Date in the terms provided under Sub-clause 4.7.

(ii) The CEB shall have the right, acting in good faith and in consultation with the Borrower to the extent reasonably practicable, to change the duration of any subsequent Interest Period to thirty (30) calendar days or less by sending to the Borrower a notice thereof. Any such change to an Interest Period shall take effect on the date specified by the CEB in such notice.

If the CEB determines that the relevant Market Disruption Event no longer exists, then, subject to any further Market Disruption Event occurring or existing, the Floating Interest Rate and/or Interest Period applicable to any relevant Tranche shall revert, from the first day of the following Interest Period to being calculated in accordance with the Floating Interest Rate and Interest Period specified in the relevant Disbursement Notice.

4.11 Payments

All the amounts due by the Borrower under this Agreement are payable in the Currency of each Tranche to the CEB's account indicated in the applicable Disbursement Notice. Any payment under this Agreement shall be made on a Business Day subject to the Modified Following Business Day Convention. Any payment shall be deemed paid when the CEB has received the amount on its account.

The Borrower or the bank instructed by the Borrower, as the case may be, shall send a written payment notice to the CEB at least five (5) Business Days before payment of any amounts due under this Agreement.

All payments to be made by the Borrower under this Agreement shall be calculated and be made without (and free and clear of any deduction for) set-off or counterclaim.

If the CEB receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Agreement, the CEB shall apply that payment in or towards payment of:

1. first, any fees, costs, charges or expenses due but unpaid under this Agreement;
2. secondly, any accrued interest due but unpaid under this Agreement,
3. thirdly, any principal due but unpaid under this Agreement; and
4. fourthly, any other sum due but unpaid under this Agreement.

5. PROJECT IMPLEMENTATION

The Borrower shall implement the Project in accordance with the Agreement.

The Borrower designates the Ministry of Education and Research (MoER) as the PIE. The Borrower, through the PIE shall entrust the management of the Project to the PIU, ONDIMP (National Office for Infrastructure Development "Moldova Project"), that shall ensure adequate staffing for the project implementation as set forth under Appendix 1 hereto.

In any event, the Borrower remains solely liable to comply with its obligations under the Agreement.

Failure to comply with the undertakings set forth hereby under Clause 5 would constitute, irrespective of any other applicable provision of the Loan Regulations, an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to (i) the relevant Sub-project declared ineligible for Allocation under the Project; and/or (ii) the early reimbursement, suspension or cancellation of the Loan, in whole or in part, under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

5.1 Duty of Care

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

5.2 Allocation Period

The Borrower shall allocate each Tranche to the Project within twelve (12) months after the relevant Disbursement Date (hereinafter, the **"Allocation Period"**), unless otherwise agreed in writing by the CEB.

If a Tranche disbursed by the CEB is not allocated to the Project or is only partially allocated to it within the Allocation Period, the Borrower shall proceed with prepayment of the unallocated amounts on the next Interest Payment Date in the terms provided under Sub-clause 4.7.

5.3 Project Costs

The Tranches disbursed under the Loan shall not exceed ninety per cent (90%) of the total eligible costs of the Project specified under Appendix 1 hereto. If the Tranches disbursed under the Loan exceed 90% (by reduction of the total eligible costs or otherwise), the Borrower shall proceed with prepayment of the surplus on the next Interest Payment Date in the terms provided under Sub-clause 4.7.

Should the total eligible costs of the Project increase or be revised for whatever reason, the Borrower shall ensure that the additional financial resources for the completion of the Project are available without recourse to the CEB. The plans to finance the increased costs shall be communicated to the CEB without delay.

5.4 Project Specific Undertakings

The Borrower shall ensure that:

(i) all the land, real property rights and permits required for the implementation of the Project are timely available;
(ii) all assets and plants under the Project are permanently insured, maintained and operated in accordance with international best practices;
(iii) prior to tendering for the construction works for each school, the architectural design briefs and proposed designs are submitted to the CEB for its review and comments, and shall ultimately be in form and substance satisfactory for the CEB;
(iv) the PIE provides all the necessary support for teachers' professional development, for each rehabilitated school;

(v) where applicable, CEB is duly and timely informed in each relevant Progress Report of any cases where relocation of students may be required and information on how this process is carried out so that to minimise disruptions in the educational activities is included in the relevant Progress Report(s).

(vi) The PIU pays particular attention to supervise the management of occupational and community health and safety on the sites during reconstruction works to ensure the identification of asbestos materials and also ensure that their management is undertaken properly; and

(vii) the renovated schools reach at minimum an Energy Class B to comply with the legislation in force. The Borrower shall report to the CEB the energy performances to be achieved and provide the energy performance certificates, once issued. The Borrower shall inform the CEB of any new legislative requirements related to the energy performance of schools that undergo renovations that may come into force.

5.5 Procurement

The Borrower shall conduct all procurement procedures under the Project in accordance with the public procurement laws of the Republic of Moldova. In particular, the Borrower shall ensure that any party having an interest in obtaining a particular contract to be financed under the Project shall have access to the review procedures and remedies provided for under the laws of the Republic of Moldova.

To be eligible for financing under the Loan, procurement of works, services and goods carried out in accordance with the paragraph above, 1) shall be in line with the Procurement Guidelines, 2) shall be launched no earlier than the date of Project approval by the CEB Administrative Council, and 3) shall be included in the Procurement Plan. In particular, the Procurement Plan and any update thereof, indicating the procurement methods for each contract shall be submitted to the CEB for its prior written approval. Upon receipt, the CEB will inform the Borrower of the scope of review that CEB will carry out for each contract.

5.6 Environmental and Social Safeguards

Without prejudice to the obligations provided for in the Sub-clause 5.4 (*Project Specific Undertakings*), which the Borrower undertakes to comply with in accordance with the terms and conditions thereof, the Borrower shall implement the Project in conformity with the requirements set forth in the Environmental and Social Safeguards Policy.

5.7 Human Rights

The Borrower shall ensure that the implementation of the Project does not give rise to a violation of (i) the European Convention on Human Rights; or (ii) the European Social Charter.

5.8 Integrity

The Borrower undertakes that:

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

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

(c) it will not commit, and no person, with its consent or prior knowledge, will commit, in connection with the implementation of the Project or any Sub-project a Corrupt Practice, a Fraudulent Practice, a Coercive Practice, a Collusive Practice or an Obstructive Practice (hereinafter, together with money laundering, terrorism financing and making available any Loan proceeds to Sanctioned Persons referred to as the **"Prohibited Practices"**).

For the purposes of this Agreement:

(i) A **"Corrupt Practice"** means any act of offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
(ii) A **"Fraudulent Practice"** means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit, or to avoid an obligation.
(iii) A **"Coercive Practice"** means any act of impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of any party to influence improperly the actions of a party.
(iv) A **"Collusive Practice"** means any arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
(v) An **"Obstructive Practice"** means, in relation to an investigation into a Coercive, Collusive, Corrupt or Fraudulent Practice, (a) any act of deliberately destroying, falsifying, altering or concealing of evidence material to the investigation; (b) any act of threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; and/or (c) any act intending to materially impede the exercise of the contractual rights of audit or access to information.

The Borrower undertakes to inform CEB if it should become aware of any fact or information suggestive of the commission of any such Prohibited Practice. For this purpose, the knowledge of any member of the PIU shall be deemed the knowledge of the Borrower.

The Borrower undertakes:

(i) to take timely such action as the CEB may reasonably request to investigate and/or terminate any alleged or actual Prohibited Practice;
(ii) to facilitate any investigation that the CEB may conduct concerning any alleged or actual Prohibited Practice; and
(iii) to inform the CEB of the measures taken to seek damages from the persons responsible for any loss resulting from any such Prohibited Practice.

The Head of the PIE shall be responsible for contacts with the CEB for the purposes of this Sub-clause.

5.9 Visibility

The Borrower shall inform the Final Beneficiaries that the relevant Sub-project is partly financed by the CEB through appropriate means of communication such as dedicated notices in relevant websites, social media, press releases, brochures or the exhibit of billboards/plates on relevant Sub-project sites/facilities. In any case, information to the Final Beneficiaries shall display in an appropriate way the CEB's name and logo.

6. MONITORING

6.1 Reporting

(a) Progress Reports

The Borrower, through the PIU, shall send to the CEB a progress report (hereinafter, a **"Progress Report"**) (i) twice a year, every six-months, until the completion of the Project; and (ii) prior to every Disbursement Request, except for the Disbursement Request for the first Tranche.

Appendix 4 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used.

(b) Completion Report

Upon completion of the Project, the Borrower shall submit a completion report (hereinafter, a **"Completion Report"**), to be based on the same template as the one used by the Borrower for the Progress Reports submitted under Sub-clause 6.1(a) (*Progress Report*) above.

Appendix 4 hereto provides a template specifying the minimum information required by the CEB. Alternative formats containing the same information may also be used, without prejudice however to the provisions of the above paraphrase of this Sub-clause 6.1(b).

(c) Visits

The Borrower undertakes to favourably receive any monitoring/technical/evaluation visits, including by facilitating access to relevant Sub-project sites/contractors, carried out by the CEB's staff members or designated third parties.

6.2 Audit

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

6.3 Project Information

The Borrower shall keep accounting records concerning the Project, which shall be in conformity with international standards, showing, at any point in time, the Project's state of progress, and which shall record all operations made and identify the assets and services partially financed with the Loan.

The Borrower shall deliver to the CEB in a timely manner any information or document concerning the financing or the implementation (including in particular environmental/social and procurement issues) of the Project as the CEB may reasonably require.

The Borrower shall inform the CEB immediately of any event affecting the implementation of the Project, including but not limited to:

(i) any action or protest initiated or any objection raised by any third party or any complaint received by the Borrower or any litigation that is commenced or threatened against it with regard to procurement or environmental, social,

occupational health and safety matters (i.e. loss of life, major accident) or other matters in connection with the Project; or

(ii) any enactment of or any amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) in connection with the Project.

Any event that may have a material adverse impact on the implementation of the Project would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

6.4 Borrower Information

The Borrower shall deliver information, in a form and substance satisfactory to the CEB, on its general financial situation as the CEB may reasonably require from time to time.

The Borrower shall inform the CEB of any Material Adverse Change immediately after becoming aware thereof. Any Material Adverse Change would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

6.5 Financial Covenants

(a) Cross-Default

The Borrower shall inform the CEB if any Cross-Default Event occurs. Any Cross-Default Event would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

For the purpose of this Agreement, "**Cross-Default Event**" means a situation in which, following any default in relation thereto, the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be capable of being required to prepay, repay or terminate ahead of maturity any Debt Instrument or any commitment in connection with any Debt Instrument is cancelled or suspended.

7. PARI PASSU

Failure to comply with the provisions set forth below under Clause 7 would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

7.1 Ranking

The Borrower shall ensure that its payment obligations under this Agreement rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its Debt Instruments.

In particular, the Borrower shall not make (or authorise) any payment in respect of any other such Debt Instrument (whether regularly scheduled or otherwise) if:

(i) the CEB makes a demand of early reimbursement under Article 3.3 of the Loan Regulations; or
(ii) an event or potential event of default under any unsecured and unsubordinated Debt Instrument of the Borrower or any of its agencies or instrumentalities has occurred and is continuing.

However, payment in respect of such Debt Instrument is possible if the Borrower:

(i) simultaneously pays; or
(ii) sets aside in a designated account for payment on the next Interest Payment Date

a sum equal to the same proportion of the principal outstanding under this Agreement as the proportion that the payment under such Debt Instrument bears to the total debt outstanding under that instrument.

For this purpose, any payment of a Debt Instrument that is made out of the proceeds of the issue of another instrument, to which substantially the same persons as hold claims under the Debt Instrument have subscribed, shall be disregarded.

7.2 Security

Should a Security be granted for the performance of any of the Borrower's Debt Instruments, the Borrower shall timely inform the CEB of its intentions and shall, if so required by the CEB, provide to the CEB, within the deadline set forth in the CEB's notice, identical or equivalent Security for the performance of its financial obligations under this Agreement.

This provision shall not apply to a Security:

(a) created on property at the time of purchase solely as security for the payment of the purchase price or for the payment of debt incurred for the purpose of financing the purchase of such property; or
(b) securing a Debt Instrument maturing not more than one (1) year after the date on which it was originally incurred.

7.3 Clause by Inclusion

Should any of the Borrower's Debt Instruments include a loss-of-rating covenant, a financial ratios covenant or *pari passu* provisions that are not included in the Agreement or that are stricter than any equivalent provision of this Agreement, the Borrower shall so inform the CEB and shall, at the request of the CEB by means of a written notice, execute within the deadline indicated in the CEB's notice, an amendment to this Agreement to provide an equivalent provision in favour of the CEB.

7.4 Prepayment to Third Parties

Should the Borrower voluntarily prepay (for the avoidance of doubt, prepayment shall include a repurchase where applicable) in whole or in part any Debt Instrument and such prepayment:

(i) is not made within a revolving credit facility which remains open for drawing on the same terms after such prepayment; or
(ii) is not made out of the proceeds of another Debt Instrument having a term at least equal to the unexpired term of the prepaid Debt Instrument,

the Borrower shall inform the CEB. In such an event, and upon the CEB's request, the Borrower shall prepay to the CEB within two (2) months from any such prepayment the amounts disbursed under the Loan in accordance with Sub-clause 4.7 in such proportion as the prepaid amount bears to the corresponding Debt Instrument.

8. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

(a) it carries out its activities according to the laws, decrees, regulations and other texts applicable to it; in particular, it complies with the applicable laws on fraud, corruption, money laundering and financing of terrorism;
(b) it is not and none of its officers, directors, agent or employees is a Sanctioned Person or is the subject of a final and irrevocable court ruling in connection with Prohibited Practices perpetrated in the exercise of its professional duties and none of them did or does enter into business relationships with Sanctioned Persons;
(c) its competent bodies have authorised it to enter into the Agreement and have given the signatory(ies) the authorisation therefor, in accordance with the laws, decrees, regulations, articles of association and other texts applicable to it;
(d) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Agreement do not:
(e) contravene or conflict with any applicable law, statute, rule or regulation, or any judgment, decree or permit to which it is subject;
(f) contravene or conflict with any Debt Instrument or any other agreement binding upon it which might reasonably be expected to give rise to a Material Adverse Change;
(g) no event or circumstance is outstanding that constitutes a default under any Debt Instrument or any other agreement, which is binding on it or to which its assets are subject, which might reasonably be expected to give rise to a Material Adverse Change;
(h) no Security has been granted to a third party in breach of Sub-clause 7.2;
(i) no litigation, arbitration or administrative proceedings of or before any court, arbitral tribunal or agency which might reasonably be expected to give rise to a Material Adverse Change have (to the best of its knowledge and belief) been started or threatened against it; and
(j) it has received a copy of the Loan Regulations, the Loan Policy, the Environmental and Social Safeguards Policy, the Procurement Guidelines and the Personal Data Protection Regulation and has taken note thereof.

The above representations and warranties are deemed repeated on the date of signature of each Disbursement Request. Any change in relation to the above representations and warranties must, for the entire Loan period, be notified and any supporting documents provided to the CEB immediately after the Borrower having become aware of the change.

If any of the above representations and warranties is or proves to have been incorrect or misleading in any respect, this would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

9. THIRD PARTIES

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

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

10. NON-WAIVER

In no case, including delay or partial exercise, shall it be presumed that the CEB has tacitly waived any right granted to it by the Agreement.

11. TRANSFER

The Borrower may not transfer any of its rights and/or obligations under the Agreement without the prior written consent of the CEB.

The Borrower hereby gives its consent to any transfer by the CEB of all or part of its rights and/or obligations under the Agreement.

12. ILLEGALITY

If it is or becomes unlawful in any jurisdiction for the CEB to make, maintain or fund the Loan or perform any of its obligations under this Agreement, this would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

13. NO HARDSHIP

Each Party hereby acknowledges that any applicable provision pursuant to which a Party may request the other Party to renegotiate the Agreement or may cease to perform its obligations hereunder, in case of a change of circumstances unforeseeable at the time of the conclusion of the Agreement which makes performance excessively onerous for a Party who had not agreed to assume such risk, shall not apply to it with respect to its obligations under the Agreement and that it shall not be entitled to many any claim under such provision.

14. GOVERNING LAW

The Agreement shall be governed by the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and, secondarily, if necessary, by French law.

15. DISPUTES

Disputes between the Parties shall be subject to arbitration under the conditions laid down in chapter 4 of the Loan Regulations.

The Parties agree not to take advantage of any privilege, immunity or legislation before any jurisdictional or other authority, whether domestic or international, in order to object to the enforcement of an award handed down under the conditions laid down in chapter 4 of the Loan Regulations.

In any legal action arising from this Agreement, the CEB's certificate as to any amount due or interest rate applicable under the Agreement shall, in the absence of manifest error, be *prima facie* evidence of such amount or interest rate.

16. DATA PROTECTION

The processing of any personal data collected under the Agreement shall be carried out by the CEB in accordance with the Data Protection Regulation.

17. NOTICES

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

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

Any notice provided by the Borrower to the CEB by electronic mail shall:

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

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

(i) Disbursement Requests;
(ii) any communications in respect of the suspension, cancellation and/or early reimbursement of the Loan or in respect of a Prepayment Notice; and
(iii) any other communication required by the CEB.

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

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

For the Borrower:

Ministry of Education and Research (MoER)
Piața Marii Adunări Naționale 1,
MD-2033, Chișinău,
Republic of Moldova
Attention: Minister of Education and Research, and
Public Policy Coordination and European Integration Directorate
E-mail: cancelaria@mec.gov.md

and

Ministry of Finance
7, Constantin Tanase Street
MD 2005, Chisinau
Republic of Moldova
Attention: Minister of Finance
Fax: +373 22 262517
E-mail: cancelaria@mf.gov.md

For the CEB:

Council of Europe Development Bank
55 Avenue Kléber
75116 Paris
France

Attention: Head of Projects Division
Fax: +33 1 47 55 37 52
E-mail: projects@coebank.org

The CEB and the Borrower shall promptly notify the other Party in writing of any change in their respective communication details.

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

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

18. TAXES AND EXPENSES

The Borrower shall pay, to the extent applicable, all taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution, registration, implementation, termination or enforcement of the Agreement and/or any related document as well as of the creation, perfection, registration, enforcement or release of any Security required under the Agreement.

The Borrower shall bear all charges and expenses (including legal, professional, banking or exchange costs) incurred in connection with (i) the preparation, execution, perfection, implementation, termination and enforcement of this Agreement and/or any related document; (ii) any amendment, supplement or waiver in respect of this Agreement and/or any related document; and (iii) the preparation, execution, perfection, management, enforcement and release of any Security required under the Agreement.

Notwithstanding the above, Article 4.7 (*Cost of arbitration*) of the Loan Regulations shall apply regarding the costs of the arbitration set forth under Clause 15.

19. DISCHARGE

After repayment of all outstanding principal under the Loan as well as payment of all interests and other expenses resulting from the Agreement, including in particular those amounts under Sub-clause 4.9 and Clause 18, the Borrower shall be fully released from its obligations arising out of or in connection with this Agreement.

Without prejudice of the above, the Borrower shall nevertheless undertake, for a period not exceeding six (6) years following the receipt of a Completion Report to the CEB's satisfaction (i) to keep the Project-related documentation; and (ii) to favourably receive any evaluation visits, including by facilitating access to relevant Sub-project sites carried out by the CEB's staff members or designated third parties.

20. ENTRY INTO FORCE

Once duly executed by the Parties hereto, the Agreement shall enter into force on the date on which the CEB receives the Borrower's notification confirming the completion by the Republic of Moldova of the internal procedures necessary for the entry into force of the Agreement.

IN WITNESS THEREOF the Parties have caused the Agreement to be executed in two (2) originals, each of which is equally valid. One (1) original is kept by each of the Parties.

For the Borrower

Chisinau, on 10-06-2025

Name: Dan Perciun

Title: Minister

[redacted]

For the Council of Europe Development Bank

Paris, on 5th June 2025

Name: Cristian TABACARU

Title: L&D Director

Name: Andrea BUCCOMINO

Title: Deputy General Counsel

APPENDIX 1

Project Description

I.

LD	2227 (2025)
Borrower	Republic of Moldova
Loan Type	Public Financing Facility
Loan Amount	EUR 30,000,000
Approval by CEB's Administrative Council	5 April 2025

II.

Sector(s) of action	Education and vocational training
Objective	The project's objective is to support the Government of the Republic of Moldova expand its Model School investments in order to provide quality education for all students. The proposed project will contribute to the major rehabilitation of up to 15 schools from the network of 90 Model Schools intended to be created by the Government of the Republic of Moldova.
Planned Works/ Indicative Sub-projects	The proposed project, envisages to finance investments in the modernisation of up to 15 existing schools, according to the Model School reform concept, such as developed by the Ministry of Education and Research (MoER). The indicative list of 15 schools counts with a total built surface of around 75.5 thousand m2 to be reconstructed and close to 28 ha of land plots to be redeveloped. The project also includes a strong focus on energy efficiency and renewable energy solutions. These measures aim to upgrade the energy class of reconstructed buildings to at least energy class "B".
Project Management	The MoER will be the Project Implementation Entity (PIE) with overall responsibility for the achievement of the Project's objectives and intended outcomes. In this capacity, MoER will negotiate the Agreement and, as the case may be, the grant agreement for an Eastern Europe Energy Efficiency and Environment Partnership (E5P) grant, will plan the sources of finance in the State Budget, coordinate together with the Ministry of Finance the disbursements from CEB financing to dedicated Treasury project accounts. The PIE will delegate the project implementation to a Project Implementation Unit (PIU), being ONDIMP (National Office for Infrastructure Development "Moldova Proiect"), through a cooperation agreement. The cooperation agreement shall clearly define the responsibilities of both (the PIU and PIE) in the project implementation. ONDIMP will be responsible for project management, financial and technical oversight, including procurement of goods, works and services, monitoring of works and supervision, ensuring effective communication and coordination with the PIE. ONDIMP will set up a project team comprising the following human resources: Project Manager, Procurement Specialist/Lawyer,

	Financial Specialist and Civil Engineer. Depending on the needs during different periods of project implementation, staff may be engaged full or part- time and additional expertise may be mobilised as needed. ONDIMP will ensure monitoring of the project and report to the CEB in compliance with the loan and grant agreements. The PIU will organize regular coordination meetings with the project stakeholders as per the cooperation agreement with MoER.
Location	Throughout the Republic of Moldova
Final Beneficiaries	Around 12,800 students and 800 school staff
Project Total Cost	EUR 30,000,000
Estimated Cost Breakdown and Financing Plan	<table><tr><th>Sources</th><th>MEUR</th><th>%</th><th>Uses</th><th>MEUR</th><th>%</th></tr><tr><td>CEB loan</td><td>30</td><td>86</td><td>Evaluation and technical expertise of schools</td><td>0.18</td><td>0.51</td></tr><tr><td>ESP grant</td><td>5</td><td>14</td><td>Design</td><td>1.80</td><td>5.14</td></tr><tr><td></td><td></td><td></td><td>Works, equipment and furniture</td><td>31.58</td><td>90.24</td></tr><tr><td></td><td></td><td></td><td>Design supervision</td><td>0.09</td><td>0.27</td></tr><tr><td></td><td></td><td></td><td>Works supervision</td><td>0.31</td><td>0.88</td></tr><tr><td></td><td></td><td></td><td>Project management an operational cost</td><td>1.04</td><td>2.96</td></tr><tr><td>Total</td><td>35</td><td>100%</td><td>Total</td><td>35.00</td><td>100%</td></tr></table>
Schedule of Works	2025 - 2030
Closing Date	31 December 2030

III.	**Eligibility Criteria**	The CEB's financing for education and vocational training aims to support inclusive, equitable, high-quality education that fosters better learning outcomes and social cohesion. To this end, the CEB finances projects that enable the efficient use of education infrastructure and enable innovative teaching and learning methods. The CEB can finance education and vocational training projects, and related infrastructure, such as: 1. Construction and/or expansion, rehabilitation and modernisation of early childhood education facilities, primary and secondary schools, secondary vocational technical colleges, vocational training centres, establishments of higher education or specialised learning and/or research and development centres. 2. Eligible investments may also include sports and socio-cultural centres/equipment as well as residence facilities pertaining to such establishments, learning materials, furniture and equipment. 3. Adaptation of such premises in order to facilitate accessibility for persons with reduced mobility. Education-related investments may also include basic infrastructure needed to ensure access to basic services for the education establishments and their beneficiaries, including water supply and wastewater, solid waste collection and treatment, electricity and gas, IT infrastructure and communications facilities (such as telephone, internet, cable, etc.). In particular, education investments may include measures to boost energy efficiency and strengthen resilience to a changing

	climate – including school design that can increase overall community resilience. The CEB's activities in the education sector also aim at embedding digital technologies in the ways schools operate and deliver education.
Eligible Costs	The investments cost eligible for CEB financing include: • The preparatory surveys or studies (technical, economic or commercial, engineering, environmental and social impact assessment and management plans), the technical supervision of the Project and other Project-related professional services. These costs should not exceed 5% of the total cost of the Project, unless justified. • The acquisition or preparation of land that the Borrower can demonstrate is directly linked to the Project's implementation, at its purchase price, unless it has been donated or granted. • Construction/renovation/modernisation or purchase of buildings directly linked to the Project. Purchases of buildings shall correspond to eligible sectors of activity defined in the NACE nomenclature of the European Union. • The installation of basic infrastructure, such as sewerage, water supply, gas supply, electricity and telecommunications networks, waste disposal and waste water treatment, roads, etc. • The purchase of materials, equipment and machinery, including IT equipment and software, as well as the related costs linked to the training of staff. • Technical assistance to support the implementation of the Project. • Cost related to professional/vocational training and public awareness-raising campaigns may be eligible for CEB financing taking into account their objectives within the framework of the Project. • The loan cannot cover staff costs (wages and salaries and other related benefits, such as pension payments), financial charges and non-cash items, such as depreciation. Such costs may however be considered eligible when they relate to project management or technical assistance required for project preparation and implementation. • Financial costs (payment and/or refinancing of debts, interest charges, acquisition of interest in the capital of an entreprise, etc.) or financial investments cannot be included in the estimated cost of the Project and cannot be financed by the CEB. • VAT and other tax-related costs can be considered as eligible costs if they are non-deductible and non-refundable for the Borrower.

	Specific Conditions	Prior to the execution of the Disbursement Request for the first Tranche of the Loan, the Borrower shall submit the cooperation agreement between the PIE and PIU mentioned in Section 'Project Management' above, for CEB review and validation, which cooperation agreement shall include, *inter alia*, the following stipulations: - Governance and project implementation arrangements in place; - Organigramme and necessary staff to be hired to ensure efficient and timely implementation in line with CEB's guidelines and procedures, such as referred to in the Agreement; - Effective communication and coordination mechanisms defined and in place to ensure MoER's lead in project implementation, and effective coordination and reporting mechanism between MoER, PIU and CEB.
IV.	**Social impact**	The proposed project will generate significant social benefits by improving access to quality education for students in both rural and urban areas of Moldova, thereby addressing educational inequities and strengthening social cohesion. By rehabilitating up to 15 schools, the project will create better learning environments, enhance teaching quality, and provide modern infrastructure, ensuring that students—especially those in underserved rural communities and in overcrowded urban schools—receive an inclusive and equitable education. The project is expected to contribute to the prevention of school dropouts and increasing the level of participation of all children in quality education, especially those from vulnerable groups. Rehabilitating schools that offer excess capacity will allow for students living in surrounding disadvantaged rural areas and attending smaller and less equipped schools to transit to the newly refurbished ones and benefit from an improved learning environment. By addressing Moldova's demographic challenges and fostering inclusive education, this initiative will help build a more sustainable and equitable future for all students. The modernisation of the educational infrastructure is also important for attracting and retaining qualified teachers, helping to reduce the shortage of teaching staff, especially in rural areas. Integrated energy efficiency and renewable energy investments are expected to reduce the environmental footprint, improve the indoor comfort for students and school staff, as well as to foster energy and running cost savings.

APPENDIX 2

Form of Legal Opinion (Framework Loan Agreement)

[INSERT LETTERHEAD]

Council of Europe Development Bank
55, avenue Kléber
75116 Paris (France)

Attn: Projects Department
Cc: Office of the General Counsel

[INSERT DATE]

Re: ***Framework Loan Agreement between the Council of Europe Development Bank and the Republic of Moldova*** **(Ref: L/D 2227)**

Dear Sir or Madam,

I/We have acted as legal advisor/s as to matters of [INSERT JURISDICTION] law to the Republic of Moldova (the **"Borrower"**) in relation to the Framework Loan Agreement between the Council of Europe Development Bank (the **"CEB"**) and the Borrower dated [•] and effective as of [•] (the **"Agreement"**) and issue this opinion pursuant to Article [•] of the Agreement.

For the purposes of this opinion, I/we have examined a copy of the Agreement and such other documents, acts or treaties as I/we have considered necessary or desirable to examine in order to issue this opinion. In particular, for the purposes of identifying the duly empowered representatives of the Borrower, I/we have examined:

[PLEASE INSERT LIST OF DOCUMENTS]

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Based on the foregoing, I am/we are of the opinion that:

1. ***Capacity, power and authority.*** The Borrower has the legal capacity, power and authority to enter into the Agreement and perform its obligations thereunder.
2. ***Internal authorisations.*** All action required from the Borrower for the execution, delivery and performance of the Agreement, including any required authorisation from its competent bodies, has been duly and effectively taken. In particular, no further action is required from the Borrower, apart from execution by a duly empowered representative of the Borrower, in order to issue a Disbursement Request under the Agreement.
3. [***Constitutive documents.*** The execution by the Borrower of the Agreement does not, and the performance by the Borrower of the obligations to be assumed by it thereunder will not, violate or conflict with any provision of its [INSERT NAME OF CONSTITUTIVE DOCUMENT] or other constitutive documents of the Borrower.]

4. [***No insolvency.*** No steps taken to order the commencement of any recovery proceedings or bankruptcy proceedings and/or to appoint a bankruptcy administrator or a liquidator over the Borrower were recorded with [INSERT THE NAME THE COURT/TRADE REGISTRY WHERE SUCH PROCEEDINGS WOULD BE RECORDED], and no termination of operations or dissolution of the Borrower was recorded, as at the date of the [•].]
5. ***Due execution and validity.*** The Agreement was duly executed by [INSERT NAME OF THE SIGNATORY/IES] as duly empowered representative(s) of the Borrower and gives rise to legally valid, binding and enforceable undertakings for the Borrower.
6. ***External authorisations, public consents and filings.*** No authorisations, consents, licences, exemptions, filings, notarisations or registrations are required in [INSERT JURISDICTION] in connection with the execution, delivery or performance of the Agreement in order to give rise to legally valid, binding and enforceable undertakings for the Borrower and for the Agreement to be admissible in evidence in [INSERT JURISDICTION].
7. ***Tax/Stamp duties.*** The execution of the Agreement is not subject to any tax or stamp duties in [INSERT JURISDICTION].
8. ***Choice of law.*** The submission by the Borrower to the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and secondarily to the laws of France is legally valid and binding on the Borrower under the laws of [INSERT JURISDICTION].
9. ***Arbitration.*** The submission by the Borrower to the Arbitral Tribunal set forth under Chapter 4 of the CEB's Loan Regulations with respect to any dispute arising out of the Agreement is legally valid and binding on the Borrower. Any award of such Arbitral Tribunal is enforceable in [INSERT JURISDICTION] in accordance with the terms of Article 3 of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949).

Yours faithfully,

[•]

[INSERT NAME(S)/TITLE(S)]

APPENDIX 3

DISBURSEMENT REQUEST (TEMPLATE)

LD 2227 – [•] Tranche

With reference to the Framework Loan Agreement dated [•] (hereinafter, the "**Agreement**") between the Council of Europe Development Bank (hereinafter, the "**CEB**") and the Republic of Moldova (hereinafter, the "**Borrower**"), the Borrower hereby requests the CEB, in accordance with Sub-clause 4.3(a) of the Agreement, to proceed with the disbursement of a Tranche under the specific terms and conditions set out below.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Currency/Amount[2]	[•]		
Disbursement Date	[•]		
Principal Repayment Period	[•] years [including a grace period of [•] years]		
Principal Repayment Date(s)	[•]		
Maturity Date	[•]		
Interest Rate	Fixed	Maximum [•] *per annum*	
	Floating	Reference Rate:	[[•]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] *per annum*
		Spread	Maximum [•] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [•] every year and for the first time on [•]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	[•]		
Borrower's Account	Beneficiary's Name	[•]	
	Beneficiary's Bank	Name	[•]
		City	[•]
		SWIFT	[•]
		IBAN	[•]
		Reference	[•]
	Correspondent Bank (if applicable)	Name	[•]
		City	[•]
		SWIFT	[•]
		IBAN	[•]

[•], on [•].

For the Borrower
[INSERT NAME(S)/TITLE(S)]

[2] [In case of Sub-Tranches, a separate table shall indicate the Amount, Principal Repayment Period, Principal Repayment Date(s), Interest Rate, Interest Period, Interest Payment Dates for each Sub-Tranche.]

DISBURSEMENT NOTICE (TEMPLATE)

LD 2227 – [•] Tranche

In response to your Disbursement Request dated [•] with reference to the Framework Loan Agreement dated [•] (hereinafter, the "**Agreement**") between the Council of Europe Development Bank (hereinafter, the "**CEB**") and the Republic of Moldova (hereinafter, the "**Borrower**"), the CEB hereby notifies to the Borrower, in accordance with Sub-clause 4.3(b) of the Agreement, the terms and conditions of the disbursement of the relevant Tranche.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Currency/Amount[3]	[•]		
Disbursement Date	[•]		
Principal Repayment Period	[•] years [including a grace period of [•] years]		
Principal Repayment Date(s)	[•]		
Maturity Date	[•]		
Interest Rate	Fixed	[•] *per annum*	
	Floating	Reference Rate:	[[•]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] *per annum*
		Spread	[•] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [•] every year and for the first time on [•]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	[•]		
Borrower's Account	Beneficiary's Name	[•]	
	Beneficiary's Bank	Name	[•]
		City	[•]
		SWIFT	[•]
		IBAN	[•]
		Reference	[•]
	Correspondent Bank (if applicable)	Name	[•]
		City	[•]
		SWIFT	[•]
		IBAN	[•]
CEB's account	Beneficiary's Name	Council of Europe Development Bank	
	Beneficiary's SWIFT	CEFPFRPP	
	Beneficiary's Bank	Name	Deutsche Bank
		City	Frankfurt (Germany)
		SWIFT	DEUTDEFF
		IBAN	DE44 5007 0010 0928 7384 00

For the CEB [INSERT NAME(S)/TITLE(S)]

Paris, on [•]

[3] [In case of Sub-Tranches, a separate table shall indicate the Amount, Principal Repayment Period, Principal Repayment Date(s), Interest Rate, Interest Period, Interest Payment Dates for each Sub-Tranche.]

APPENDIX 4

Progress Report/Completion Report Template

PROGRESS/COMPLETION REPORT (Template)

Table 1: OVERVIEW OF COSTS

LD XXXX (2025) - Schools Modernisation

Borrower: Republic of Moldova

Progress Report Date:

Objective		Total planned costs	Total amount contracted	Incurred Costs EUR			Future expenditure	Total cost EUR
No.	School			Incurred CEB	Incurred ESP	Total incurred		
1								
2								
3								
4								
5								
6								
7								
8								
9								
10								
11								
12								
13								
14								
15								
	Subtotal							
	PIU							
	TOTAL							

TABLE 3 - DETAILED COST BREAKDOWN

IN EUR & MDL

VAT excluded

LD XXXX (TRZ5) - Schools Modernization Moldova

Borrower: Republic of Moldova

Program Project Name:

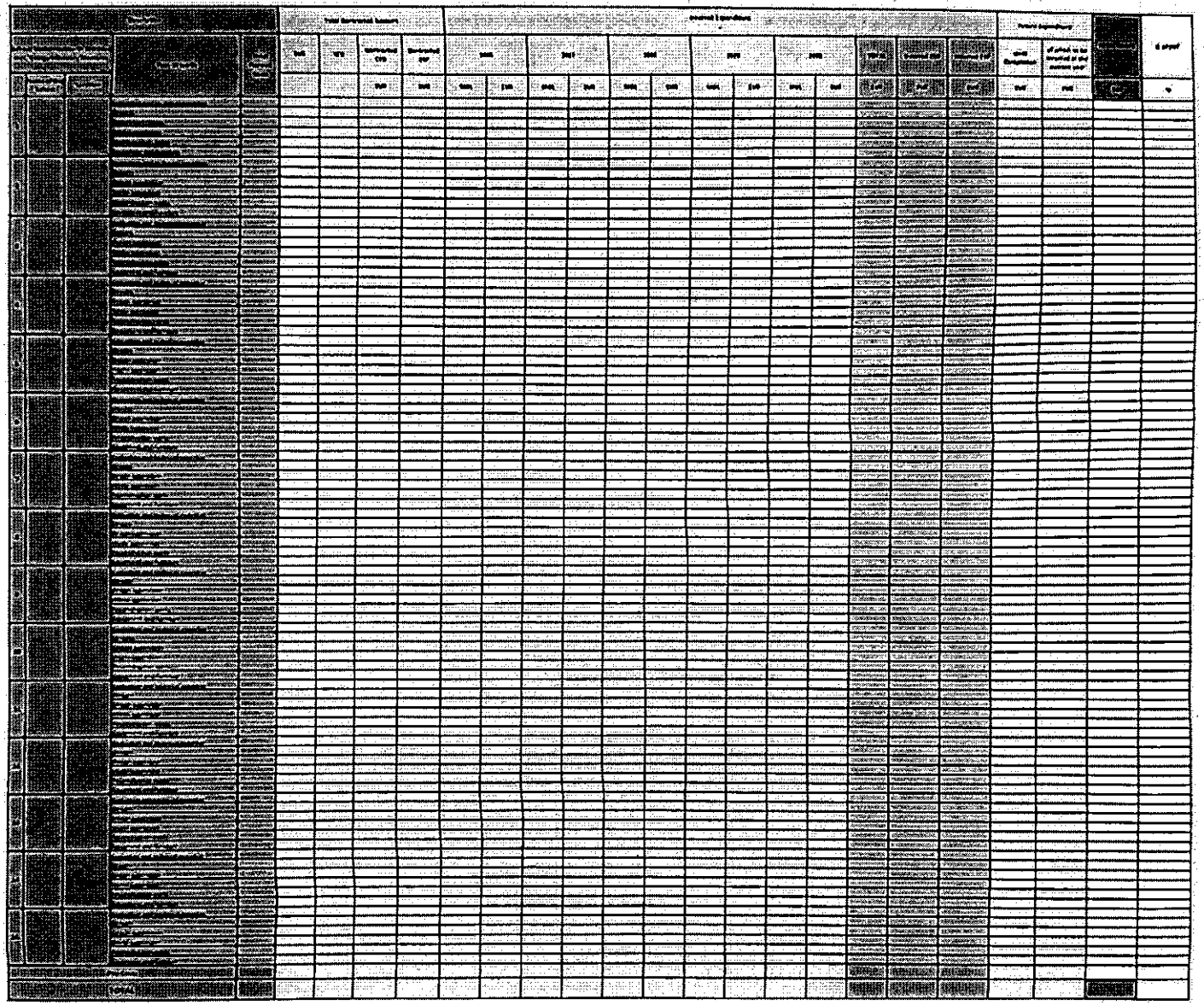

TABLE 3A – PROCUREMENT PLAN FOR THE YEAR XXXX (VAT excluded)

LD XXXX (2025) - Schools Modernisation
Borrower: Republic of Moldova

Progress Report Date:

Net of VAT

Ref. No.	Contract Description	Contracted Value EURO	Estimated Cost EURO	Financed by	Number of Lots	Procurement Method	Domestic Preference	Review by the Bank (PRIOR / POST)	Expected Date of Bid Launching for Short-listing	Expected Date of Bid Opening	Expected Date of Bid Evaluation	Date of Contract Signature	Completion Date	Estimated Completion Date	Type	Filter

NB: In column 5 please specify the financing sources expected to be used, e.g.: CEB, State Budget, etc.

NB: The column 9 "Review by the Bank" will be filled in by CEB.

NB: In column 16 "Type" please specify Works, Goods or Services.

NB: The column 17 "Filter" will be filled in by CEB.

TABLE 3B: LIST OF AWARDED CONTRACTS

LD XXXX (2025) - Schools Modernisation
Borrower: Republic of Moldova

VAT excluded

Progress Report Date:

Contract Description			Supplier / Contractor		Contract Provision			Date of Contract signing	Contract Duration *(in months)*	Category of contracts [2]	Paid				Period of Implementation		Date of Work Reception	Modification (Comments)
Ref.	Title	Object of the Contract	Name	Country	Currency	Amount	equivalent in EUR [1]				In national currency	equivalent in EUR [3]	Amount Paid from CEB funds	Amount Paid from ESP Grant	Starting	Ending		

[1] CTV = Countervalue in EUR at the exchange rate in force at the date of contract signing

[2] Acronyms to be used: W for Works, G for Goods and S for services.

[3] CTV = Countervalue in EUR at the exchange rate in force at the date of payment

TABLE 4- SPECIAL ACCOUNT STATEMENT ESP GRANT

LD XXXX (2025) - Schools Modernisation Moldova
Borrower: Republic of Moldova

Progress Report Date:

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

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

TABLE 5 – CALENDER OF WORKS

LD XXXX (2025) - Schools Modernisation
Borrower: Republic of Moldova

Progress Report Date:

| | | |

TABLE 6 - INDICATORS

LD XXXX (2025) - Schools Modernisation
Borrower: Republic of Moldova

Progress Report Date:

School Modernisation in Moldova Incl. Energy Efficiency Measures		Project Indicators																
		Total surface rehabilitated	Capacity of the school		# of students enrolled		# of students enrolled by gender on completion		# of students enrolled with special disabilities on completion	# of students with refugee status on completion	Energy performance certificate (A,B,...)		Reduction in CO2 emissions		Capacity of renewable energy systems (RES) installed*	Reduction in energy consumption		Overall energy cost reduction
	Name of the School	m2	baseline	completion	baseline	completion	male	female			baseline	completion	baseline (tCO2eq)	completion (tCO2eq)	kWh/year	baseline (kWh/m²/year)	completion (kWh/m²/year)	%
1																		
2																		
3																		
4																		
5																		
6																		
7																		
8																		
9																		
10																		
11																		
12																		
13																		
14																		
15																		
TOTAL																		

*please also indicate the type of RES installed (solar panels, heat pumps...)

APPENDIX 5

Form of Certificate

[INSERT LETTERHEAD]

To:	Council of Europe Development Bank
From:	[BORROWER]
Date:	[NOT EARLIER THAN FIVE (5) BUSINESS DAYS BEFORE THE DISBURSEMENT REQUEST]
Subject:	Framework Loan Agreement between Council of Europe Development Bank and [BORROWER] dated [•] (the "Agreement").

Dear Sir or Madam,

Terms defined in the Agreement have the same meaning when used in this Certificate. For the purposes of Sub-clause 4.5 of the Agreement, we hereby certify to you as follows:

(a) No Material Adverse Change has occurred, as compared with the situation at the date of signature of the Agreement;

(b) No Cross-Default Event has occurred;

(c) None of the Borrower's Debt Instruments includes loss-of-rating, financial ratios or *pari passu* provisions that are stricter than any equivalent provision of the Agreement;

(d) The representations and warranties to be made or repeated by us under Clause 8 of the Agreement are true in all respects; in particular, no Security has been granted to a third party in breach of Sub-clause 7.2 of the Agreement; and

(e) No event or circumstance which could give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations has occurred or may reasonably be expected to/is likely to occur.

For the [BORROWER]

[INSERT NAME(S)/TITLE(S)]

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

COUNCIL OF EUROPE
CONSEIL DE L'EUROPE

Council of Europe Development Bank

Loan regulations

(Adopted by the Administrative Council by Resolution 1587, on 17 November 2016)

CHAPTER 1

Object of the Loan Regulations

ARTICLE 1.1

Object of the Loan Regulations

The present Loan Regulations lay down the general conditions governing loans granted by the Bank and guarantees thereof.

ARTICLE 1.2

Conflict between the Loan Regulations and provisions of loan and guarantee agreements

The Bank may provide for exceptions to the conditions laid down in these regulations. In the event of conflict between the provisions of these regulations and one or more provisions of loan agreements or guarantee agreements, the latter provisions shall prevail.

CHAPTER 2

Conditions governing loans granted by the Bank and guarantees thereof

ARTICLE 2.1

Purpose of the loan

Loans granted by the Bank shall finance projects approved by the Administrative Council, eligible under the Bank's Applicable Rules.

ARTICLE 2.2

Loans and guarantees

Loans granted by the Bank in accordance with Article VII, 1 of the Articles of Agreement shall be covered by adequate guarantees as provided for in Article VII, 2 of the Articles of Agreement.

A guarantor shall be released from his obligations by execution thereof, but only in so far as he has fulfilled them.

Such obligations shall not be subject to any demands upon or action against the guarantor; they shall, however, be subject to a notice from the Bank to the guarantor informing the latter of the failure of the borrower to fulfil his obligations vis-à-vis the Bank.

The obligations of the guarantor shall not be affected by any extension of time, forbearance or concession granted to the borrower, nor by any assertion of, or failure to assert any right or remedy against the borrower or in respect of any security for the loan, nor by any failure of the borrower to comply with any requirements of any law, decree or regulations of the guarantor or of any political or administrative authority under the guarantor.

ARTICLE 2.3

State Guarantees

The State Guarantee may be given by special contract between the Bank and the guarantor or by the endorsement of the loan agreement by the guarantor.

ARTICLE 2.4

Loan Agreement

For each project approved by the Administrative Council the Bank shall enter into a framework loan agreement. Each disbursement shall be separately documented and requires the conditions set out in the framework loan agreement to be met.

CHAPTER 3

Suspension and cancellation of undisbursed loans; early reimbursement of loans; voluntary early reimbursement of loans

ARTICLE 3.1

Suspension or cancellation by the borrower of undisbursed loans following the signature of a loan agreement

Following the entering into a loan agreement between the Bank and the borrower, were this latter to cancel or suspend all or part of a loan before it has been fully or partly disbursed, the borrower shall be required to compensate the Bank for the loss sustained as a result of such cancellation or suspension by paying a single commission at a rate to be fixed by the Bank in relation to the proportion of the loan cancelled or suspended. This provision shall also apply to the guarantor.

ARTICLE 3.2

Voluntary early reimbursement of disbursed loans at the request of the borrower

A borrower may be authorised by decision of the Bank to reimburse a loan in advance of maturity. The conditions of such reimbursement shall be decided by the Bank.

ARTICLE 3.3

Early reimbursement of disbursed loans

The Bank may demand early reimbursement of disbursed loans in the following cases:

(a) where the borrower or guarantor fails to repay the principal or pay the interest or any other sum due under a loan agreement or guarantee agreement between the Bank and the borrower or under a loan agreement or guarantee agreement between the Bank and the guarantor, whether their default relates to the agreement in question or to any other agreement between the Bank and the same borrower or guarantor;

(b) where the borrower or guarantor fails to fulfil an obligation arising out of any other stipulation or clause in these regulations or in a loan agreement or a guarantee agreement, whether the default relates to the agreement in question or to any other agreement between the Bank and the same borrower or guarantor and where the interests and objectives of the Bank are prejudiced thereby;

(c) where an exceptional situation arises which makes the fulfilment of the borrower's or guarantor's obligations uncertain;

(d) where the borrower or guarantor takes or authorises any measure or institutes or allows to be instituted any proceedings whereby any property belonging to him is or may be assigned, transferred, or delivered in any way whatsoever to an official receiver, assignee, liquidator or other person, whether that person be appointed by the borrower, a court, or the guarantor, or be acting in pursuance of any law, and where the said measure or proceedings result in, or provide for, the distribution of such property among the creditors of the borrower or guarantor;

(e) where the guarantor or any competent governmental authority takes any action to dissolve or to put an end to the activities of the borrower or to suspend its operations;

(f) in the case of loans granted to a member of the Bank, where the borrower or the guarantor ceases to be a member of the Bank;

(g) (i) in the case of misprocurement, corruption, fraud, or money laundering, where the borrower has not taken timely and appropriate actions to prevent or remedy the situation arising from such misprocurement, corruption, fraud, or money laundering;

(ii) where the implementation of the project financed by the Bank leads to a violation of the Bank's Environmental and Social Safeguards Policy;

(iii) where the implementation of the project financed by the Bank leads to a violation of the European Convention on Human Rights and the European Social Charter;

(h) where any other event specified in the loan agreement or the guarantee agreement occurs, giving rise to the application of this article.

ARTICLE 3.4

Time Allowed

In case of loans to one of the members of the Bank, early reimbursement pursuant to article 3.3 above is conditional upon

(a) any of the contingencies set forth in Article 3.3 (a) having prevailed for more than thirty calendar days;

(b) one of the contingencies set forth in Article 3.3(b) of the same article has prevailed for more than sixty calendar days.

ARTICLE 3.5

Suspension by the Bank of undisbursed loans

If any of the contingencies described in Article 3.3 should arise, the Bank may at any time suspend all or part of the disbursement of further tranches of the loan by giving notice to the borrower and to the guarantor.

Suspension shall end on the date on which the Bank notifies the borrower and the guarantor that the cause of suspension is no longer operative.

ARTICLE 3.6

Cancellation by the Bank of undisbursed loans

If any of the contingencies described in Article 3.3 arises, the Bank may also, by notifying the borrower and the guarantor, cancel permanently all or part of the undisbursed loan. Such a decision to cancel a loan may also be taken after a suspension.

ARTICLE 3.7

Commission applicable to cases set out in Article 3.1

Should the Bank sustain a loss as a result of suspension, cancellation or early reimbursement, as provided above, the single commission specified in Article 3.1 shall also be payable.

CHAPTER 4

Settlement of disputes in respect of loans from the Bank or guarantees pertaining thereto

ARTICLE 4.1

Arbitration

Any dispute between the parties to the loan agreement and, where applicable, the guarantee agreement in respect of the interpretation or execution of such agreements or in respect of a claim by one of the said parties against another arising out of the loan agreement the guarantee agreement, or these regulations, which has not been settled by agreement between the parties shall be submitted for arbitration in the manner prescribed below.

ARTICLE 4.2

Commencement of arbitration proceedings

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

ARTICLE 4.3

Appointment of the arbitral tribunal

In any arbitration proceedings instituted in pursuance of this article, the borrower or the guarantor (if any) may be a party alongside the guarantor or the borrower as the case may be.

For any dispute submitted for arbitration in pursuance of this article, an arbitral tribunal shall be set up. It shall consist of three arbitrators appointed as follows:

(a) one arbitrator shall be appointed by the Bank;

(b) a second arbitrator shall be appointed by the borrower or, where applicable, by agreement between the borrower and the guarantor or, failing such agreement, by the guarantor;

(c) a third arbitrator, called the umpire, who shall act as President of the arbitral tribunal, shall be appointed by common consent between the parties or, failing such consent, by the President of the European Court of Human Rights or, should the latter have the nationality of the guarantor or be of the same nationality as the borrower, by the Vice-President of the Court or, if the latter is in the same situation, by the senior of those Judges of the Court who neither have the nationality of the guarantor nor are of the same nationality of the borrower;

(d) the procedure described in the preceding paragraph shall take place, at the instance of one of the parties to the dispute, if, within one month after notice has been given of the request for arbitration, no agreement has been reached regarding the appointment of an umpire;

(e) where one of the parties appoints no arbitrator, the umpire shall appoint the said arbitrator.

ARTICLE 4.4

Place of arbitration

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

ARTICLE 4.5

Law applicable to arbitration proceedings

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

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

ARTICLE 4.6

Award of the arbitral tribunal

All awards of the arbitral tribunal shall set out the grounds for the decision. They shall be final and binding upon all the parties referred to in Article 4.3. They may be rendered in default of submissions.

ARTICLE 4.7

Cost of arbitration

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

ARTICLE 4.8

Enforcement of arbitral awards

The loan agreement and the guarantee agreement shall contain whatever provisions are required to ensure, in respect of the Bank and in respect of the borrower and the guarantor, compliance with any awards made in pursuance of this chapter.

If, within one month after the originals of the award have been delivered to the parties, the award has not been complied with, any of the parties specified in Article 4.3 may institute proceedings for the enforcement of the award. The court which shall have jurisdiction for such proceedings shall be that designated by the rules of civil procedure of the State concerned.

CHAPTER 5

Miscellaneous provisions

ARTICLE 5.1

Entry into force

The date of entry into force of a loan agreement or a guarantee agreement shall be specified therein. It may be specified subject to a condition, in which case the contract shall not come into force until that condition has been fulfilled and the Bank has been duly notified by the Borrower and/or the Guarantor.

Should the condition governing the entry into force of a loan agreement or a guarantee agreement not be fulfilled, the borrower or the guarantor shall, if the Bank has sustained a loss, be required to pay to the Bank a single commission at a rate to be fixed by the Bank in relation to the amount specified in the loan contract.

ARTICLE 5.2

Discharge of obligations

The loan agreement and the guarantee agreement and the obligations of the parties thereunder, save for those regarding the ex-post evaluation of the project as provided for in the loan agreement shall cease as soon as the whole of the loan principal as well as interest and any other charges in respect of the loan or the loan guarantee have been paid.

ARTICLE 5.3

Notices

Any notice or request which must or may be given or made under the terms of these regulations or loan agreements or guarantee agreements shall be given or made in writing.

ARTICLE 5.4

Copies

Loan agreements and guarantee agreements may be drawn up in more than one copy, each of which shall be regarded as an original.

ARTICLE 5.5

Language of Loan Regulations

These regulations have been drawn up in English and in French, both versions being equally authentic.

CHAPTER 6

Definitions

Applicable Rules means the Third Protocol to the General Agreement on the Privileges and Immunities of the Council of Europe, the Articles of Agreement of the Bank, the Loan Regulations, the Loan and Project Financing Policy, the Environmental and Social Safeguards Policy, the Guidelines for Procurement of Supplies, Works and Services and the Anti-corruption Charter.

Bank means the Council of Europe Development Bank

European Convention on Human Rights means the Convention for the Protection of Human Rights and Fundamental Freedoms, 4 November 1950, CETS n° 5

European Social Charter means the European Social Charter, 3 May 1996, CETS nº163, as amended from time to time.

State Guarantees means guarantees given by a member state of the Bank to the benefit of the Bank with respect to loans granted by the Bank to any legal person in a member state.