CREDIT NUMBER 7777-MD

Financing Agreement

(Moldova Supporting Economic Opportunities and Climate Transition Development Policy Financing)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL DEVELOPMENT ASSOCIATION

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MOLDOVA ("Recipient") and INTERNATIONAL DEVELOPMENT ASSOCIATION ("Association") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of:

(i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement;

(ii) the Recipient's maintenance of an adequate macroeconomic policy framework;

(iii) the International Bank for Reconstruction and Development ("Bank"), acting in its own capacity and as an Implementation Support Agency of the Global Concessional Financing Facility, has decided to provide financing in support of the Program in accordance with the Loan Agreement (as defined in the Appendix to this Agreement); and

(iv) the Association/Bank, acting as administrator the Moldova Growth, Resilience and Opportunities for Well-Being ("M-Grow") Program Multi Donor Trust Fund, has decided to provide financing in support of the Program in accordance with the Grant Agreement (as defined in the Appendix to this Agreement).

NOW THEREFORE, the Recipient and the Association therefore hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

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

1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — CREDIT

2.01. The Association agrees to extend to the Recipient a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of forty-six million three hundred thousand Euros (€46,300,000), as such amount may be converted from time to time through a Currency Conversion ("Credit").

2.02. The Front-end Fee is one quarter of one percent (¼ of 1%).

2.03. The Commitment Charge is one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General

2.06. The Payment Dates are April 15 and October 15 in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with Section 3.10 of the General Conditions and Schedule 2 to this Agreement.

2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

ARTICLE III — PROGRAM

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient's macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE ASSOCIATION

4.01. The Additional Event of Suspension consists of the following, namely, a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.

4.02. The Additional Event of Acceleration consists of the following, namely the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Association to the Recipient.

ARTICLE V — EFFECTIVENESS; TERMINATION

5.01. The Additional Conditions of Effectiveness consists of the following:

(a) the Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient's macroeconomic policy framework;

(a) the Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled; and

(b) the Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Recipient to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

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

ARTICLE VI — REPRESENTATIVE; ADDRESSES

6.01. The Recipient's Representative is its Minister of Finance.

6.02. For purposes of Section 11.01 of the General Conditions:

(a) the Recipient's address is:

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

(b) the Recipient's Electronic Address is:

Facsimile:	E-mail:
(373 22) 262661	cancelaria@mf.gov.md

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association's address is:

International Development Association
1818 H Street, N.W.
Washington, D.C. 20433
United States of America; and

(b) the Association's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423 (MCI)	1-202-477-6391	moldova_contact@worldbank.org

AGREED as of the Signature Date.

REPUBLIC OF MOLDOVA

By H.E. Ms. Victoria Belous

Authorized Representative

Name: H.E. Ms. Victoria Belous

Title: Minister

Date: 28-May-2025

INTERNATIONAL DEVELOPMENT ASSOCIATION

By Dobraja

Authorized Representative

Name: Inguna Dobraja

Title: WBG Country Manager

Date: 28-May-2025

SCHEDULE 1

Program Actions; Availability of Credit Proceeds

Section I. **Actions under the Program**

The actions taken by the Recipient under the Program include the following:

Pillar 1: Boosting Private Sector Competitiveness by Easing Market Entry and Exit

1. To prevent distortionary state aid and anticompetitive effects of market concentration, the Recipient, through the Competition Council, has enhanced the governance of state aid, including green state aid, and streamlined the merger notification procedures, through the Competition Council's approval of the Regulation on the Form of Notification, Examination Procedure, and Decision Making on State Aid and the Regulation on Merger Control.

2. To support the restructuring of distressed but viable firms, and the exit of non-viable firms, the Recipient has improved the insolvency framework by digitalizing certain insolvency process and simplifying insolvency procedures, and increased the remuneration of insolvency administrators, through the Recipient's Amendments to the Law on Insolvency.

3. To attract more investments, the Recipient has enhanced the transparency and predictability of the investment screening regime, through the Recipient's Amendments to the Law on Mechanism for Examining Investments of Importance for State Security.

4. To mobilize private capital to finance public investment, the Recipient has strengthened the public-private partnership ("PPP") legislative framework by enhancing risk-sharing approaches and incorporating climate considerations, through the Recipient's Amendments to Law on PPP.

Pillar 2: Improving Employability and Access to Quality Education

5. To improve the employability of youth, the Recipient, through its Government, has introduced dual education programs in universities, combining theoretical learning and practical work experience, through the Government's approval of the Decision on the Dual Education.

6. To ensure employability and long-term integration of displaced persons, the Recipient has improved the regulatory framework for temporary

protection holders, asylum seekers, and those with special needs, through the Recipient's Amendments to the Law on Asylum.

Pillar 3: Enhancing Energy Security and Promoting Climate-Smart Agriculture

7. To ensure an integrated policy framework for advancing a sustainable energy transition, the Recipient, through its Government, has established a framework for implementing sustainable and accessible energy measures, including national targets for renewable and efficient energy, through Government's approval of the Decision on the Energy Governance and Climate Action Mechanism and the Government Decision on National Energy and Climate Plan.

8. To support renewable energy uptake and energy security, the Recipient has freed up unused capacities and connection permits for renewable energy plants, through the Recipient's Amendments to the Law on Electricity.

9. To ensure the quality and safety of solid biofuels and encourage the use of renewable energy sources, the Recipient, through its Government, has adopted quality standards for solid biofuels and enforcement measures, through the Government's approval of the Decision on the Solid Biofuel.

10. To strengthen the adoption of climate-smart agricultural practices, the Recipient has established regional and national agricultural chambers, through the Recipient's Law on Agricultural Chambers.

11. To boost farmers' resilience against climate risks, the Recipient, through its Government, has established the integrated administration and control system and the information system "Farmers Register", through the Government's approval of the Decision on Integrated Administration and Control System and the Information System "Farmers Register".

Section II. **Availability of Credit Proceeds**

A. **General.** The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

B. **Allocation of Credit Amounts.** The Credit is allocated in a single withdrawal tranche, from which the Recipient may make withdrawals of the Credit proceeds. The allocation of the amounts of the Credit to this end is set out in the table below:

Allocations	Amount of the Credit Allocated (expressed in EUR)
(1) Single Withdrawal Tranche	46,300,000
TOTAL AMOUNT	**46,300,000**

C. Withdrawal Tranche Release Conditions.

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient's macroeconomic policy framework.

D. Deposit of Financing Amounts.

1. The Recipient, within seven (7) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Moldovan Leu equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.

E. Closing Date. The Closing Date is June 30, 2026.

SCHEDULE 2

Commitment-Linked Amortization Repayment Schedule

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

Level Principal Repayments

Principal Payment Date	Installment Share
On each April 15 and October 15 Beginning October 15, 2030 Through April 15, 2050	2.5%

APPENDIX

Section I. Definitions

1. "Agricultural Chambers" means, collectively, the autonomous and non-profit public institutions established to support, coordinate, and promote the interests of agricultural producers and rural communities.

2. "Amendments to the Law on Asylum" means the amendments of the Recipient's Law No. 270/2008 on Asylum adopted under Law No. 297, dated December 26, 2024, and published in the Official Gazette on January 16, 2025.

3. "Amendments to the Law on Electricity" means the amendments of the Recipient's Law No. 107/2016 on Electricity adopted under Law No. 45/2025, dated March 13, 2025, and published in the Official Gazette on March 27, 2025.

4. "Amendments to the Law on Insolvency" means the Recipient's amendments of Law No. 149/2012 on Insolvency adopted under Law No. 313, dated December 26, 2024, and published in the Official Gazette on January 16, 2025.

5. "Amendments to the Law on Mechanism for Examining Investments of Importance for State Security" means the amendments of the Recipient's Law No.174/2021 on the Mechanism for Examining Investments of Importance for State Security adopted under Law No. 33/2025, dated February 27, 2025, and published in the Official Gazette on March 20, 2025.

6. "Amendments to Law on PPP" means the amendments of the Recipient's Law No.179/2008 on the PPP adopted under Law No. 32/2025, dated February 27, 2025, and published in the Official Gazette on March 17, 2025.

7. "Competition Council" means an autonomous authority, subordinated to the Recipient's Parliament, established pursuant to Parliament Decision No 21-XVI of February 16, 2007, operating in accordance with Law No 183/2012 of July 11, 2012, which ensures the enforcement and observance of the legislation in the domain of competition, state aid and advertising within its competences.

8. "Decision on the Dual Education" means the Government Decision No. 660/2024, dated September 25, 2024, and published in the Official Gazette on November 3, 2024.

9. "Decision on the Energy Governance and Climate Action Mechanism" means the Government Decision No. 10/2024, dated January 10, 2024, and published in the Official Gazette on March 21, 2024.

10. "Decision on Integrated Administration and Control System and the Information System "Farmers' Register" means the Government Decision No. 597/2024 dated August 28, 2024, and published in the Official Gazette on September 19, 2024.

11. "Decision on the National Energy and Climate Plan" means the Government Decision No. 86/2025, dated February 26, 2025, and published in the Official Gazette on March 25, 2025.

12. "Decision on the Solid Biofuel" means the Government Decision No. 778/2024, dated November 11, 2024, and published in the Official Gazette on November 21, 2024.

13. "General Conditions" means the "International Development Association General Conditions for IDA Financing, Development Policy Financing", dated December 14, 2018 (Last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.

14. "Grant Agreement" means the agreement between the Recipient and the Association, acting as administrator of the administrator of the Moldova Growth, Resilience and Opportunities for Well-Being (M-Grow) Program Multi Donor Trust Fund in support of the Program, of the same date as this Agreement, as such agreement may be amended from time to time. "Grant Agreement" includes all appendices, schedules and agreements supplemental to the Grant Agreement.

15. "Law on Agricultural Chambers" means Law No. 39/2025 dated March 6, 2025 and published in the Official Gazette on April 3, 2025.

16. "Loan Agreement" means the loan agreement between the Recipient and the Bank in support of the Program, dated the same date as this Agreement, as such loan agreement may be amended from time to time. "Loan Agreement" includes all appendices, schedules and agreements supplemental to the Loan Agreement.

17. "Moldovan Leu" means the Recipient's local currency.

18. "Official Gazette" means the Recipient's official gazette: "*Monitorul Oficial al Republicii Moldova*".

19. "Program" means: the program of objectives, policies, and actions set forth or referred to in the letter dated April 4, 2025 from the Recipient to the Association declaring the Recipient's commitment to the execution of the Program, and requesting assistance from the Association in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.

20. "Regulation on Merger Control" means the Competition Council's Decision No. 2/2025, dated March 6, 2025, and published in the Official Gazette on March 17, 2025.

21. "Regulation on the Form of Notification, Examination Procedure, and Decision Making on State Aid" means the Competition Council's Decision No. 1/2025, dated January 2, 2025, and published in the Official Gazette on February 20, 2025.

22. "Signature Date" means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to "the date of the Financing Agreement" in the General Conditions.

23. "Single Withdrawal Tranche" means the amount of the Credit allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.

Section II. Modifications to the General Conditions

1. Section 3.11 (Prepayment) is modified to read as follows:

"Section 3.11. *Prepayment*

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

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

2. In paragraphs originally numbered 4, 56, and 79 of the Appendix, the terms "Amortization Schedule", "Financing Payment", and "Payment Date", respectively are modified to read as follows:

"4. "Amortization Schedule" means the schedule for repayment of principal amount specified in the Financing Agreement for purposes of Sections 3.05 and 3.10."

"56. "Financing Payment" means any amount payable by the Recipient to the Association pursuant to the Financing Agreement, including (but not limited to) any amount of the Withdrawn Credit Balance, the Service Charge, the Interest Charge, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any transaction fee for a Conversion or early termination of a Conversion, any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Recipient and any premium payable upon and any refund of the Withdrawn Grant Balance payable by the Recipient, as applicable."

"79. "Payment Date" means each date specified in the Financing Agreement occurring on or after the date of the Financing Agreement on which Service Charges, Interest Charges, Commitment Charges, and other Credit charges and fees (other than the Front-end Fee) are payable, as applicable."