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| FI N° 88.495 |
| Serapis N° 2008-0194 |

MOLDOVA ROMANIA ELECTRICITY INTERCONNECTION

Finance Contract

betweenthe

Republic of Moldova

and the

European Investment Bank

Chisinau, 20 December 2017

THIS CONTRACT IS MADE BETWEEN:

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| the **Republic of Moldova**, represented by the Ministry of Finance having its address at 7, Constantin Tanase Street, MD-2005 Chisinau, Republic of Moldova and, for the signing of this contract, byMr. Octavian Calmîc, Deputy Prime-minister, Minister of Economy and Infrastructure | (the "**Borrower**") |
| of the first part, and |  |
| the **European Investment Bank** having its seat at 100 blvd Konrad Adenauer, Luxembourg,L-2950Luxembourg, represented byFlavia Palanza, Director, and Garth Grisbrook, Head of Unit, | (the "Bank") |
| of the second part. |  |

WHEREAS:

1. On 1 November 2006 the Republic of Moldova and the Bank signed a framework agreement governing the Bank’s activities in the Republic of Moldova
(the “**Framework Agreement**”). The Framework Agreement was ratified by the Parliament of the Republic of Moldova pursuant to the Law No. 19 – XVI dated 15 February 2007 as published in the Official Journal of the Republic of Moldova No. 36-38 dated 16 March 2007. The Framework Agreement became effective on 6 June 2007.The Bank makes the Credit (as defined below) available on the basis that the Framework Agreement continues to be in full force and effect during the term of this Contract (as defined below).
2. Article 7 of the Framework Agreement provides, inter alia, that the Bank shall enjoy, in respect of its activities in the territory of the Republic of Moldova the treatment accorded to the international institution which is most favoured in respect of any such activity, or, if that is more favourable, the treatment accorded under any international agreement covering such activities. The Bank makes the Credit available to the Borrower on the basis that, as an international financial institution, it has a right to equal treatment with other international financial institutions in accordance with the Framework Agreement.
3. In a letter dated 25 August 2017, the Borrower requested the Bank to provide financing of the Project (as defined below). By entering into this Contract, the Borrower confirms that the Project falls within the scope of the Framework Agreement.
4. The Republic of Moldova is a state party to the Convention on the Recognition and Enforcement of Foreign Arbitral Awards done at New York on 10 June 1958
(the “**New York Convention**”).
5. The Borrower has stated that it is undertaking a project (the "Project") to develop and construct infrastructure necessary for the permanent interconnection of the electricity networks of Romania and the Republic of Moldova as more particularly described in the technical description set out in (the "Technical Description"). The Project will be located in the territory of the Republic of Moldova.
6. The Borrower will implement the Project through the 100% state-owned Moldovan licensed electricity transmission system operator, ÎS Moldelectrica (the "**Promoter**"). The Promoter will have general supervision of, and responsibility for, the implementation of the Project, including the establishment of a project implementation unit (the “**PIU**”). The Promoter will implement the Project under the supervision of the Borrower acting through the Ministry of Economy and Infrastructureof the Republic of Moldova (the “**MEI**”).
7. The Borrower will make available to the Promoter the proceeds of the Credit in the form of a loan, a grant, a capital contribution and/or other convertible debt instrumentpursuant to a loan fund transfer agreement to be entered into between the Borrower and the Promoter in form and substance acceptable to the Bank (the “**Loan Fund Transfer Agreement**”).
8. The Bank and the Promoter will enter into a project implementation agreement in relation to the implementation of the Project by the Promoter (the “**Project Implementation Agreement**”).
9. The total cost of the Project, as estimated by the Bank, is EUR 270,000,000
(two hundred and seventy million euros).
10. The Borrower has stated that it intends to finance the Project as follows:

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| Source | Amount (EUR m) |
| Credit from the Bank | 80.00 |
| EBRD Loan (as defined below) | 80.00 |
| WB Loan (as defined below) | 70.00 |
| NIF Grant (as defined below) | 40.00 |
| **TOTAL** | **270.00** |

1. In order to fulfil the financing plan set out in Recital, the Borrower has requested from the Bank a credit in an amount equivalent to EUR 80,000,000.00 (eighty million euros) to be made available from the Bank’s own resources and pursuant to the Bank’s 2014-2020 external lending mandate (the “**Mandate**”) in accordance with the Decision (as defined below).
2. The Bank considering that the financing of the Project falls within the scope of its functions and is consistent with the objectives of the Mandate, and having regard to the statements and facts cited in these Recitals, has decided to give effect to the Borrower’s request providing to it a credit in an amount equivalent to EUR 80,000,000 (eighty million euros) under this finance contract (the "**Contract**"); provided that the amount of the Loan (as defined below) shall not, in any case, exceed 50%
(fifty per cent) of the total cost of the Project.
3. The Government of Moldova has authorised the borrowing of the amount equivalent to EUR 80,000,000 (eighty million euros) represented by this credit on the terms and conditions set out in this Contract.Mr. Octavian Calmîc, Deputy Prime-minister, Minister of Economy and Infrastructureis duly authorised to sign this Contract for and on behalf of the Borrower.
4. The Borrower and the European Bank for Reconstruction and Development
(the “**EBRD**”) have entered into, or will enter into, a loan agreement (the “**EBRD Loan Agreement**”) pursuant to which the EBRD will provide a loan in a total amount of up to EUR 80,000,000 (eighty million euros) for the purposes of financing the Project
(the “**EBRD Loan**”).The Promoter and the EBRD have entered into, or will enter into, a project agreement in relation to the implementation of the Project
(the “**EBRD Project Agreement**”).
5. The Borrower and the World Bank (the “**WB**”) have entered into, or will enter into, a loan agreement (the “**WB Loan Agreement**”) pursuant to which the WB will provide a loan in a total amount of up to EUR 70,000,000 (seventy million euros) for the purposes of financing the Project (the “**WB Loan**”).
6. The Bank, the EBRD, the European Commission (the “**Commission**”) and other international finance institutions haveentered into the “Cooperation within the framework of the Neighbourhood Investment Facility (the “NIF”)” framework agreement which came into force on 21 December 2009.The EBRD and the Commission will enter into a delegation agreement pursuant to which the Commission will make a non-reimbursable investment grant contribution of EUR 40,000,000
(forty million euros) (the “**NIF Grant**”) for the purpose of financing the Project.
7. The Statute of the Bank provides that the Bank shall ensure that its funds are used as rationally as possible in the interests of the European Union; and, accordingly, the terms and conditions of the Bank's loan operations must be consistent with relevant policies of the European Union.
8. In accordance with Decision No. 466/2014/EU of the European Council and the European Parliament on granting an EU guarantee to the Bank against losses under financing operations supporting investment projects outside the European Union
(the “**Decision**”) and the agreement entered into between the European Union represented by the Commission and the Bank implementing such decision, in the event of non-payment, the European Union, by a guarantee, covers payments not received by the Bank and due to the Bank in relation to the Bank’s financing operations entered into with, inter alias, the Borrower (the “**EU Guarantee**”). As of the date of this Contract, the Republic of Moldova is an Eligible Country
(as defined below).
9. By entering into this Contract the Borrower acknowledges that the Bank is bound to comply with each applicable Sanction List (as defined below) and that the Bank cannot, therefore, make funds available, directly or indirectly, to or for the benefit of a Sanctioned Person (as defined below).
10. The Bank considers that access to information plays an essential role in the reduction of environmental and social risks, including human rights violations, linked to the projects it finances. The Bank has therefore established its transparency policy, the purpose of which is to enhance the accountability of the Bank’s group companies towards its stakeholders.
11. The processing of personal data shall be carried out by the Bank in accordance with applicable European Union legislation on the protection of individuals with regard to the processing of personal data by the EU institutions and bodies and on the free movement of such data.

NOW THEREFORE it is hereby agreed as follows:

INTERPRETATION AND DEFINITIONS

Interpretation

In this Contract:

1. references to Articles, Recitals, Schedules and Annexes are, save if explicitly stipulated otherwise, references respectively to articles of, and recitals, schedules and annexes to this Contract;
2. references to a provision of law are references to that provision as amended or re-enacted;
3. references to any other agreement or instrument are references to that other agreement or instrument as amended, novated, supplemented, extended or restated;
4. “**including**” and “**include**” means including without limitation; and
5. references to a “**person**” include any individual, firm, company, corporation, government, state or agency of a state or any association, trust, joint venture, consortium, partnership, enterprise or other entity (whether or not having separate legal personality).

Definitions

In this Contract:

"Acceptance Deadline" for a notice means:

1. 16h00 Luxembourg time on the day of delivery, if the notice is delivered by 14h00 Luxembourg time on a Business Day; or
2. 11h00 Luxembourg time on the next following day which is a Business Day, if the notice is delivered after 14h00 Luxembourg time on any such day or is delivered on a day which is not a Business Day.

"Accepted Tranche" means a Tranche in respect of which a Disbursement Offer has been duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline.

“**AllocatedComponents**” means:

1. the Converter Station Component; and
2. any other component of the Project approved by the Bank for financing under this Contract in accordance with the Allocation Procedure,

and an “**Allocated Component**” means any one of them.

“**Allocation Procedure**” means the allocation procedure set out in Article 1.10.A (*Allocation - Allocation Request*) and Article 1.10.B (*Allocation Letter*).

“**Allocation Request**” has the meaning given to it in Article 1.10.A (*Allocation - Allocation Request*).

“**Amortisation Table**” has the meaning given to it in Article 2.3 (*Confirmation by the Bank*).

"Authorisation" means an authorisation, permit, consent, approval, resolution, licence, exemption, filing, notarisation or registration.

"Business Day" means a day (other than a Saturday or Sunday) on which the Bank and commercial banks are open for general business in Luxembourg.

"Change-of-Control Event" has the meaning given to it in Article  (*Change of Control*).

"Change-of-Law Event" has the meaning given to it in Article  (*Change of Law*).

“**Commission**” has the meaning given to it in Recital (p).

"Contract" has the meaning given to it in Recital (l).

“**Converter Station Component**” has the meaning given to it in Schedule A.1 (*Technical Description*).

"Credit" has the meaning given to it in Article  (*Amount of Credit*).

“**Decision**” has the meaning given to it in Recital (r)

"Deferment Indemnity" means an indemnity calculated on the amount of disbursement deferred or suspended at the percentage rate (if higher than zero) by which:

1. the interest rate that would have been applicable to such amount had it been disbursed to the Borrower on the Scheduled Disbursement Date, exceeds
2. the Relevant Interbank Rate (one month rate) less 0.125% (12.5 basis points), unless this value is less than zero, in which case it will be set at zero,

and such indemnity shall accrue from the Scheduled Disbursement Date to the Disbursement Date or, as the case may be, until the date of cancellation of the Accepted Tranche in accordance with this Contract.

"Disbursement Acceptance" means a copy of the Disbursement Offer duly countersigned by the Borrower.

"Disbursement Acceptance Deadline" means the date and time of expiry of a Disbursement Offer as specified therein.

"Disbursement Date" means the date on which actual disbursement of a Tranche is made by the Bank.

"Disbursement Offer" means a letter substantially in the form set out in Schedule (*Form of Disbursement Offer/Acceptance*).

"Disruption Event" means either or both of:

1. a material disruption to those payment or communications systems or to those financial markets which are, in each case, required to operate in order for payments to be made in connection with this Contract; or
2. the occurrence of any other event which results in a disruption (of a technical or systems-related nature) to the treasury or payments operations of either the Bank or the Borrower, preventing that Party:
	1. from performing its payment obligations under this Contract; or
	2. from communicating with other parties,

and which disruption (in either such case as per paragraph (a) or (b) above) is not caused by, and is beyond the control of, the Party whose operations are disrupted.

“**EBRD**” has the meaning given to it in Recital (n)

“**EBRD Loan**” has the meaning given to it in Recital (n)

“**EBRD Loan Agreement**” has the meaning given to it in Recital (n).

“**EBRD Project Agreement**” has the meaning given to it in Recital (n).

“**Effectiveness Date**” has the meaning given to it in Article 12.4 (*Effectiveness of this Contract*).

“**EIB Environmental and Social Handbook**” means the manual published by the Bank from time to time on its website.

“**EIB Loan Account**” means an account of the Borrower opened and maintained in accordance with Article 6.10 (*EIB Loan Account*).

“**EIB Statement of Environmental and Social Principles and Standards**” means the statement published on the Bank’s website that outlines the standards that the Bank requires of the projects that it finances and the responsibilities of the various parties.

“**Eligible Country**” means any country specified in Annex III to the Decision, as may be amended from time to time by the Commission in accordance with Articles 4(2) and 18 of the Decision, or any other country in respect of which the European Parliament and the Council of the European Union have adopted a decision pursuant to Article 4(1) of the Decision.

“**ENTSO-E**” means the European Network of Transmission System Operators – Electricity.

"Environment" means the following, in so far as they affect human health and social well-being:

1. fauna and flora;
2. soil, water, air, climate and the landscape;
3. cultural heritage; and
4. the built environment;

and includes, without limitation, occupational and community health and safety.

“**Environmental and Social Documents**” means:

1. the Environmental and Social Impact Assessment Study;
2. the Environmental and Social Action Plan; and
3. the Stakeholder Engagement Plan.

“**Environmental and Social Action Plan**” means an environmental and social action plan prepared in connection with the Project, as may be amended from time to time with the prior written consent of the Bank.

“**Environmental and Social Impact Assessment Study**” means a study as an outcome of the environmental and social impact assessment identifying and assessing the potential environmental and social impacts associated with the Project and recommending measures to avoid, minimise and/or remedy any impacts. This study is subject to public consultation with direct and indirect project stakeholders.

“**Environmental and Social Standards**” means:

1. any Environmental Law and any Social Law applicable to the Project or the Promoter;
2. the EIB Statement of Environmental and Social Principles and Standards;
3. the environmental and social standards set out in the EIB Environmental and Social Handbook; and
4. the Environmental and Social Documents.

"Environmental or Social Approval" means any Authorisation required by any Environmental Law or any Social Law in connection with the Project.

"Environmental or Social Claim" means any claim, proceeding, formal notice or investigation by any person in respect of the Environment or any Social Matter relating to the Project, including any breach or alleged breach of any Environmental and Social Standard.

"Environmental Law" means:

1. EU law (including principles and standards) to the extent implemented in the laws of the Republic of Moldova or specified by the Bank prior to the date of this Contract;
2. Moldovannational laws and regulations; and
3. international treatiesand conventions signed and ratified by, or otherwise applicable and binding on, the Republic of Moldova,

of which a principal objective is the preservation, protection or improvement of the Environment.

“**EPC Contract**” means an engineering, procurement, construction (EPC) contract to be entered into by the Promoter in relation to the Converter Station Component in form and substance satisfactory to the Bank.

“**ESIA Consultant**” means a consultant which has, to the satisfaction of the Bank, necessary expertise in the field of environmental and social impact assessment to be appointed in connection with the implementation of the Project.

“**EU Guarantee**” has the meaning given to it in Recital (r).

"EURIBOR" has the meaning given to it in (*Definitions of EURIBOR and LIBOR*).

"EUR" or "euro" means the lawful currency of the Member States of the European Union which adopt or have adopted it as their currency in accordance with the relevant provisions of the Treaty on European Union and the Treaty on the Functioning of the European Union or their succeeding treaties.

"Event of Default" means any of the circumstances, events or occurrences specified in Article  (*Right to demand repayment*).

"Final Availability Date" means the date falling 60 months from the Effectiveness Dateor any later date agreed between the Parties in writing and provided that the EU Guarantee continues to apply to each Tranche disbursed or to be disbursed under this Contract).

“**Financing of Terrorism**” means the provision or collection of funds, by any means, directly or indirectly, with the intention that they should be used or in the knowledge that they are to be used, in full or in part, in order to carry out any of the offences within the meaning of Articles 1 to 4 of the EU Council Framework Decision 2002/475/JHA of 13 June 2002 on combating terrorism.

"Fixed Rate" means an annual interest rate determined by the Bank in accordance with the applicable principles from time to time laid down by the governing bodies of the Bank for loans made at a fixed rate of interest, denominated in the currency of the Tranche and bearing equivalent terms for the repayment of capital and the payment of interest.

"Fixed Rate Tranche" means a Tranche on which Fixed Rate is applied.

"Floating Rate" means a fixed-spread floating interest rate, that is to say an annual interest rate determined by the Bank for each successive Floating Rate Reference Period equal to the Relevant Interbank Rate plus the Spread.

"Floating Rate Reference Period" means each period from one Payment Date to the next relevant Payment Date; the first Floating Rate Reference Period shall commence on the date of disbursement of the Tranche.

"Floating Rate Tranche" means a Tranche on which Floating Rate is applied.

“**Framework Agreement**” has the meaning given to it in Recital (a).

“**Guide to Procurement**” means the Guide to Procurement published on the Bank’s website that informs the promoters of projects financed in whole or in part by the Bank of the arrangements to be made for procuring works, goods and services required for the Project.

“**IFRS**” means international accounting standards within the meaning of IAS Regulation 1606/2002 to the extent applicable to the relevant financial statements.

“**ILO**” means the International Labour Organisation.

“**ILO Standards**” means:

1. any treaty, convention or covenant of the ILO signed and ratified by, or otherwise applicable and binding on, the Republic of Moldova; and
2. the Core Labour Standards (as defined in the ILO Declaration on Fundamental Principles and Rights at Work).

"Indemnifiable Prepayment Event" means a Prepayment Event other than those specified in Article (*Paripassu to Non-EIB Financing*), Articles (a)(*Illegality*) or (c) (*Illegality*).

"LIBOR" has the meaning given to it in (*Definitions of EURIBOR and LIBOR*).

"Loan" means the aggregate amount of Tranches disbursed from time to time by the Bank under this Contract.

“**Loan Fund Transfer Agreement**” has the meaning given to it in Recital (g).

“**Mandate**” has the meaning given to it in Recital (k).

"Market Disruption Event" means any of the following circumstances:

1. there are, in the reasonable opinion of the Bank, events or circumstances adversely affecting the Bank’s access to its sources of funding;
2. in the opinion of the Bank, funds are not available from its ordinary sources of funding in order to adequately fund a Tranche in the relevant currency and/or for the relevant maturity and/or in relation to the reimbursement profile of such Tranche; or
3. in relation to a Tranche in respect of which interest is or would be payable at Floating Rate:
	1. the cost to the Bank of obtaining funds from its sources of funding, as determined by the Bank, for a period equal to the Floating Rate Reference Period of such Tranche (i.e. in the money market) would be in excess of the applicable Relevant Interbank Rate; or
	2. the Bank determines that adequate and fair means do not exist for ascertaining the applicable Relevant Interbank Rate for the relevant currency of such Tranche or it is not possible to determine the Relevant Interbank Rate in accordance with the definition contained in (*Definitions of EURIBOR and LIBOR*).

"Material Adverse Change" means any event, or any change of condition affecting the Borrower or the Promoter, which, in the opinion of the Bank:

1. materially impairs the ability of the Borrower to perform any of its obligations under this Contract or the ability of the Promoter to perform its obligations under the Project Implementation Agreement;
2. materially impairs the business, prospects or financial condition of the Borrower or the Promoter;
3. adversely affects the legality, validity or enforceability of this Contract or the rights or remedies of the Bank under this Contract; or
4. adversely affects the legality, validity or enforceability of, or the effectiveness or ranking of, or the value of any Security granted to the Bank in connection with this Contract.

"Maturity Date" means the last repayment date of a Tranche specified pursuant to Article  (*Repayment by instalments*).

“**MEI**” has the meaning given to it in Recital (f).

“**Money Laundering**” means:

1. the conversion or transfer of property, knowing that such property is derived from criminal activity or from an act of participation in such activity, for the purpose of concealing or disguising the illicit origin of the property or of assisting any person who is involved in the commission of such activity to evade the legal consequences of his action;
2. the concealment or disguising of the true nature, source, location, disposition, movement, rights with respect to, or ownership of property, knowing that such property is derived from criminal activity or from an act of participation in such activity;
3. the acquisition, possession or use of property, knowing, at the time of receipt, that such property was derived from criminal activity or from an act of participation in such activity; or
4. participation in, association to commit, attempts to commit and aiding, abetting, facilitating and counselling the commission of any of the actions mentioned in the foregoing paragraphs.

“**New York Convention**” has the meaning given to it in Recital (d).

“**NIF Grant**” has the meaning given to it in Recital (p).

**“Parties**” means the Bank and the Borrower, and a “**Party**” means any one of them as the context requires.

"Payment Date" meansthe semi-annual dates indicated in the Disbursement Offer until and including the Maturity Date, save that, in case any such date is not a Relevant Business Day, it means:

1. for a Fixed Rate Tranche, the following Relevant Business Day, without adjustment to the interest due under Article 3.1.A (*Rate of interest – Fixed Rate Tranches*); and
2. for a Floating Rate Tranche, the next day, if any, of that calendar month that is a Relevant Business Day or, failing that, the nearest preceding day that is a Relevant Business Day, in all cases with corresponding adjustment to the interest due under Article 3.1.B (*Rate of interest – Floating Rate Tranches*).

“**PIU**” has the meaning given to it in Recital (f).

“**PIU Support Consultant**” means a consultant to be appointed in connection with the implementation of the Project as provided in Article 6.5(h)(i) (*Continuing Project undertakings – PIU*).

“**PowerSAP**” means a power sector reform action plan for the electricity sector in the Republic of Moldova developed in conjunction with, among others, the Energy Community, the EIB, the EBRD and the WB , as set out in Schedule E (*PowerSAP*), as may be amended from time to time in a manner satisfactory to the Bank.

"Prepayment Amount" means the amount of a Tranche to be prepaid by the Borrower in accordance with Article  (*Voluntary prepayment – Prepayment Option*).

"Prepayment Date" means the date, which shall be a Payment Date, on which the Borrower proposes to effect prepayment of a Prepayment Amount.

"Prepayment Event" means any of the events described in Article  (*Compulsory prepayment – Prepayment Events*).

"Prepayment Indemnity" means in respect of any principal amount to be prepaid or cancelled, the amount communicated by the Bank to the Borrower as the present value
(as of the Prepayment Date) of the excess, if any, of:

1. the interest that would accrue thereafter on the Prepayment Amount over the period from the Prepayment Date to the Maturity Date, if it were not prepaid; over
2. the interest that would so accrue over that period, if it were calculated at the Redeployment Rate, less 0.15% (fifteen basis points),

and such present value shall be calculated at a discount rate equal to the Redeployment Rate, applied as of each relevant Payment Date.

"Prepayment Notice" means a written notice from the Bank to the Borrower in accordance with Article  (*Voluntary prepayment - Prepayment mechanics*).

"Prepayment Request" means a written request from the Borrower to the Bank to prepay all or part of the Loan, in accordance with Article  (*Voluntary prepayment – Prepayment option*).

“**Prohibited Conduct**” means any Financing of Terrorism, Money Laundering or Prohibited Practice.

“**Prohibited Practice**” means any:

1. **Coercive Practice**, meaning the impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of a party to influence improperly the actions of a party;
2. **Collusive Practice**, meaning an arrangement between two or more parties designed to achieve an improper purpose, including to influence improperly the actions of another party;
3. **Corrupt Practice**, meaning the offering, giving, receiving or soliciting, directly or indirectly, of anything of value by a party to influence improperly the actions of another party;
4. **Fraudulent Practice**, meaning any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party in order to obtain a financial or other benefit or to avoid an obligation; or
5. **Obstructive Practice**, meaning in relation to an investigation into a Coercive, Collusive, Corrupt or Fraudulent Practice in connection with the Loan or the Project:
	1. deliberately destroying, falsifying, altering or concealing of evidence material to the investigation; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation; or
	2. acts intending to materially impede the exercise of the contractual rights of audit or access to information.

"Project" has the meaning given to it in Recital(e).

“Project Account” means a bank account of the Promoter (or the Borrower, as the case may be) maintained with a duly authorised bank or financial institution in Moldova acceptable to the Bank (which shall be confirmed by the Bank in writing) and used for the purposes of implementing the Project.

"Project Implementation Agreement" has the meaning given to it in Recital (h).

"Promoter" has the meaning given to it in Recital(f).

"Redeployment Rate" means the Fixed Rate in effect on the day of the indemnity calculation for fixed-rate loans denominated in the same currency and which shall have the same terms for the payment of interest and the same repayment profile to the Maturity Date as the Tranche in respect of which a prepayment is proposed or requested to be made. For those cases where the period is shorter than 48 (forty-eight) months(or 36 months in the absence of a repayment of principal during that period) the most closely corresponding money market rate equivalent will be used, that is the Relevant Interbank Rate minus 0.125% (12.5 basis points) for periods of up to 12 (twelve) months. For periods falling between 12 (twelve) and 36 (thirty six)/48 (forty-eight) monthsas the case may be, the bid point on the swap rates as published by Reuters for the related currency and observed by the Bank at the time of calculation will apply.

"Relevant Business Day" means:

1. for EUR, a day on which the Trans-European Automated Real-time Gross Settlement Express Transfer payment system which utilises a single shared platform and which was launched on 19 November 2007 (TARGET2) is open for the settlement of payments in EUR; and
2. forUSD, a day on which banks are open for general business in New York.

"Relevant Interbank Rate" means:

1. EURIBOR for a Tranche denominated in EUR; and
2. LIBOR for a Tranche denominated in USD.

“**Relevant Person**” means:

1. with respect to the Borrower, any official or representative of any of its ministries, central government departments or sub-divisions, or any other person acting on its behalf or under its control, having the power to give directions and exercise control with respect to the Loan or the Project; and
2. with respect to the Promoter:
	1. any member of its management bodies; or
	2. any of its officers (not falling within the category of persons referred to in paragraph (i) above), or any other person acting on its behalf or under its control, having the power to give directions and exercise control with respect to the Project.

“**Sanction Lists**” means:

1. any economic, financial and trade restrictive measures and arms embargoes issued by the European Union 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, including but not limited to those as made available on the official EU websites *https://eeas.europa.eu/topics/common-foreign-security-policy-cfsp/8442/consolidated-list-of-sanctions\_en and https://eeas.europa.eu/sites/eeas/files/restrictive\_measures-2016-10-11-clean.pdf*, as amended and supplemented from time to time or on any successor page;
2. 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 including but not limited to those as made available on the official UN website *https://www.un.org/sc/suborg/en/sanctions/un-sc-consolidated-list*, as amended and supplemented from time to time or on any successor page; and
3. any economic, financial and trade restrictive measures and arms embargoes issued by the United States, including, without limitation, the ‘Specially Designated Nationals and Blocked Persons’ list maintained by the Office of Foreign Assets Control of the US Department of Treasury and lists maintained by the United States Department of State as published in the Federal Register, as amended and supplemented from time to time,

and a “**Sanction List**” means any one of them.

“**Sanctioned Person**” means any individual or entity listed in one or more Sanction Lists.

"Scheduled Disbursement Date" means the date on which a Tranche is scheduled to be disbursed in accordance with Article  (*Disbursement Offer*).

"Security" means any mortgage, pledge, lien, charge, assignment, hypothecation, or other security interest securing any obligation of any person or any other agreement or arrangement having a similar effect.

“**Social Law**” means each of:

1. any law or regulation applicable in the Republic of Moldova relating to Social Matters;
2. any ILO Standards; and
3. any United Nations treaty, convention or covenant on human rights signed and ratified by, or otherwise applicable and binding on, the Republic of Moldova.

“**Social Matters**” means all, or any of, the following:

1. labour and employment conditions;
2. occupational health and safety;
3. protection and empowerment of rights and interests of indigenous peoples, ethnic minorities and vulnerable groups;
4. cultural heritage (tangible and intangible);
5. public health, safety and security;
6. involuntary physical resettlement and/or economic displacement and loss of livelihood of persons; and
7. public participation and stakeholder engagement.

"Spread" means the fixed spread to the Relevant Interbank Rate (being either plus or minus) determined by the Bank and notified to the Borrower in the relevant Disbursement Offer.

“**Stakeholder Engagement Plan**” means the stakeholder engagement plan preparedin connection with the Project, as may be amended from time to time with the prior written consent of the Bank.

"Tax" means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty or interest payable in connection with any failure to pay or any delay in paying any of the same).

"Technical Description" has the meaning given to it in Recital(e).

"Tranche" means each disbursement made or to be made under this Contract. In case no Disbursement Acceptance has been received, Tranche shall mean a Tranche as offered under Article  (*Disbursement Offer*).

"USD" means the lawful currency of the United States of America.

“**WB**” has the meaning given to it in Recital (o).

“**WB Loan**” has the meaning given to it in Recital (o).

“**WB Loan Agreement**” has the meaning given to it in Recital (o).

#

Credit and Disbursements

## Amount of Credit

By this Contract the Bank establishes in favour of the Borrower, and the Borrower accepts, a credit in an amount equivalent to EUR 80,000,000 (eighty million euros) for the financing of the Project (the "Credit").

## Disbursement procedure

### Tranches

The Bank shall disburse the Credit in up to 20 Tranches. The amount of each Tranche, if not being the undrawn balance of the Credit, shall be in a minimum amount equivalent to EUR 1,000,000 (one million euros).

The Bank shall not be required to send to the Borrower more than one Disbursement Offer per calendar month or more than 6 (six) Disbursement Offers per calendar year. The Bank shall not be required to disburse more than one Tranche per calendar month.

### Disbursement Offer

Upon request by the Borrower, provided that no event mentioned in Article
(*Bank’s right to suspend and cancel*) has occurred and is continuing, the Bank shall send to the Borrower a Disbursement Offer for the disbursement of a Tranche. The latest time for receipt by the Borrower of a Disbursement Offer is 10 (ten) days before the Final Availability Date. The Disbursement Offer shall specify:

1. the currency, amount and EUR equivalent of the Tranche;
2. the Scheduled Disbursement Date, which shall be a Relevant Business Day, falling at least 10 (ten) days after the date of the Disbursement Offer and on or before the Final Availability Date;
3. the interest rate basis of the Tranche, being: (i) a Fixed Rate Tranche; or (ii) a Floating Rate Tranche, in each case, pursuant to the relevant provisions of Article
(*Rate of interest*);
4. the interest payment periodicity for the Tranche, in accordance with the provisions of Article  (*Rate of interest*);
5. the first Payment Date for the Tranche;
6. the terms for repayment of principal for the Tranche, in accordance with the provisions of Article  (*Normal repayment*);
7. the first and last repayment dates of principal for the Tranche;
8. for a Fixed Rate Tranche, the Fixed Rate and for a Floating Rate Tranche the Spread, applicable until and including the Maturity Date; and
9. the Disbursement Acceptance Deadline.

### Disbursement Acceptance

The Borrower may accept a Disbursement Offer by delivering a Disbursement Acceptance to the Bank no later than the Disbursement Acceptance Deadline. The Disbursement Acceptance shall be accompanied:

1. by the IBAN code (or appropriate format in line with local banking practice) and SWIFT BIC of the EIB Loan Account to which disbursement of the Tranche should be made in accordance with Article  (*Disbursement Account*), including references to any correspondent bank account of the NationalBank of Moldova which needs to be used for the purposes of the disbursement; and
2. unless previously provided to the Bank, by evidence of the authority of the person or persons authorised to sign the Disbursement Acceptance and the specimen signature of such person or persons.

If a Disbursement Offer is duly accepted by the Borrower in accordance with its terms on or before the Disbursement Acceptance Deadline, the Bank shall make the Accepted Tranche available to the Borrower in accordance with such Disbursement Offer and subject to the terms and conditions of this Contract.

The Borrower shall be deemed to have refused any Disbursement Offer which has not been duly accepted in accordance with its terms on or before the Disbursement Acceptance Deadline.

### Disbursement Account

Each Disbursement shall be made to the EIB Loan Account.

Only one account may be specified as the EIB Loan Account for each Tranche.

## Currency of disbursement

The Bank shall disburse each Tranche in EUR or USD.

For the calculation of the sums available to be disbursed in USD, and to determine their equivalent in EUR, the Bank shall apply the rate published by the European Central Bank in Frankfurt, available on or shortly before submission of the Disbursement Offer as the Bank shall decide.

## Conditions of disbursement

### First Tranche

The disbursement of the first Tranche under Article (*Disbursement procedure*) is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date of the Disbursement Offer for that Tranche, of the following documents or evidence:

1. an original of this Contract duly executed by both of the Parties;
2. an original of the Project Implementation Agreement duly executed by the Bank and the Promoter;
3. a copy of the Loan Fund Transfer Agreement duly executed by the Borrower and the Promoter;
4. an original of the legal opinion in the English language issued by the Minister of Justice of the Republic of Moldova substantially in the form set out in Annex I
(*Form of the Legal Opinion*), supported by copies of the documents evidencing that:
	1. the execution of this Contract by the Borrower has been duly authorised;
	2. the person signing this Contract on behalf of the Borrower is duly authorised to do so, together with the specimen signature of such person;
	3. this Contract is duly ratified by the Parliament of the Republic of Moldova in accordance with the applicable laws of the Republic of Moldova;and
	4. the Borrower (through MEI and/or the Promoter) has obtained all necessary Authorisations required in connection with this Contract;
5. an original of the legal opinion under Moldovan law in the English language issued by legal counsel acceptable to the Bank and addressed to the Bank with respect to the Project Implementation Agreement and the Loan Fund Transfer Agreement confirming, among other things:
	1. the legal capacity and due authorisation of the Promoter to enter into the Project Implementation Agreement and the Loan Fund Transfer Agreement;
	2. the due execution of the Project Implementation Agreement and the Loan Fund Transfer Agreement by the Promoter; and
	3. the legal, valid, binding and enforceable nature of the Project Implementation Agreement and the Loan Fund Transfer Agreement,

together with copies of the supporting documents, including documents evidencing that the person or persons signing the Project Implementation Agreement and the Loan Fund Transfer Agreement on behalf of the Promoter is/are duly authorised to do so together with the specimen signature of each such person or persons;

1. evidence that all Authorisations pursuant to any exchange control laws and regulations applicable in the Republic of Moldova necessary to permit the Borrower to receive disbursements as provided in this Contract, to repay the disbursed Tranches in accordance with this Contract, to pay interest and all other amounts due under this Contract and to open and operate the EIB Loan Account have been obtained and are in full force and effect;
2. evidence that:
	1. with respect to the EBRD Loan:
		1. the EBRD Loan Agreementhas been duly executed by the parties thereto;
		2. all conditions precedent to the first disbursement under the EBRD Loan Agreement have been fulfilled or waived, and the Borrower has the right to make drawings thereunder; and
		3. the EBRD Project Agreement has been duly executed by the parties thereto;
	2. the NIF Grant is available for the benefit of the Promoter; and
	3. other funds are, or would be, available for the benefit of the Promoter to fulfil the financing plan referred to in Recital (j);
3. evidence that the PIU has been set up by the Promoter in accordance with Article 6.5(h) (*Continuing Project undertakings – PIU*); and
4. evidence of payment of the appraisal fee pursuant to Article (*Appraisal fee*) in full.

### First Tranche - the Converter Station Component

The disbursement of the first Tranche under Article (*Disbursement procedure*) relating to the Converter Station Component is conditional upon receipt by the Bank, in form and substance satisfactory to it, on or before the date of the Disbursement Offer for that Tranche, of the following documents or evidence:

1. a copy of the EPC Contract in agreed form;
2. evidence that the Converter Station Component is necessary and/or economically viable, having regard to the overall progress of the permanent interconnection programme relating to the ENTSO-E, the electricity transmission network of Ukraine and the electricity transmission network of the Republic of Moldova(including interconnection technical requirements and synchronisation modes) and based on an assessment carried out, to the satisfaction of the Bank, in reliance on expert information and studies;
3. evidence that the polychlorinated biphenyls (PCB) and dioxin analysis with respect to the site selected for the Converter Station Component at Vulcanestiwithin the territory of the existing Vulcanesti substation confirms,to the satisfaction of the Bank, that such site has been decontaminated, or that the Converter Station Component will be located on an alternative site acceptable to the Bank;
4. evidence that environmental and social impact assessment with respect to the Converter Station Component has been completed to the satisfaction of the Bank (including a copy of the related Environmental and Social Assessment Study) and that all Environmental and Social Approvals required in connection with the Converter Station Component have been obtained and are in full force and effect;
5. a copy of the Environmental and Social Action Plan with respect to the Converter Station Component;
6. a copy of the Stakeholder Engagement Plan with respect to the Converter Station Component; and
7. the procurement plan for the Project.

### First Tranche – Allocated Components (other than the Converter Station Component)

The disbursement of the first Tranche under Article  (*Disbursement procedure*) relating to an Allocated Component (other than the Converter Station Component) is conditional upon the Bank being satisfied on or before the date of the Disbursement Offer for that Tranchethat:

1. the relevant Allocated Component has been approved by the Bank in accordance with the Allocation Procedure; and
2. the Bank has received, in form and substance satisfactory to it, all documents and evidence specified by the Bank in connection with the Bank’s approval of such Allocated Component, including (as applicable):
	1. evidence that environmental and social impact assessment with respect to the relevant Allocated Component has been completed to the satisfaction of the Bank (including a copy of the related Environmental and Social Assessment Study) and that all Environmental and Social Approvals required in connection with such Allocated Component have been obtained and are in full force and effect;
	2. a copy of the Environmental and Social Action Plan with respect to the relevant Allocated Component;
	3. a copy of the Stakeholder Engagement Plan with respect to the relevant Allocated Component; and
	4. the procurement plan for the relevant Allocated Component.

### Second and Subsequent Tranches

The disbursement of the second and any subsequent Tranches is conditional upon receipt by the Bank in form and substance satisfactory to it, on or before the date of the Disbursement Offer for the relevant Tranche, of the following evidence demonstrating that:

1. at least 80% (eighty per cent.) of the proceeds of the immediately preceding Tranche; and
2. 100% (one hundred per cent.) of the proceeds of all other previous Tranches (if any),

have been made available by the Borrower to the Promoter pursuant to the Loan Fund Transfer Agreement and applied by the Promoter towards the eligible costs of the Allocated Components.

### All Tranches

The disbursement of each Tranche under Article  (*Disbursement procedure*), including the first Tranche, is subject to the following conditions:

1. that the Bank has received, in form and substance satisfactory to it, on or before the date of the Disbursement Offer for the relevant Tranche, the following documents or evidence;
	1. an original of the certificate of the Borrower in the form of Schedule
	(*Form of the Certificate from the Borrower*) signed by an authorised representative of the Borrower;
	2. unless previously provided to the Bank, evidence of the authority of the person or persons authorised to sign the relevant Disbursement Acceptance and the authenticated specimen signature of such person or persons;
	3. the Bank being satisfied that the Promoter has in place and fully operational the PIU in accordance with Article 6.5(h) (*Continuing Project undertakings – PIU*);
	4. unless previously provided to the Bank, the updated procurement plan(s) with respect to the Allocated Schemes;
	5. unless previously provided to the Bank, certified copies of the contracts entered into by the Promoter in connection with the Project (including the contracts proposed to be financed from the proceeds of the relevant Tranche) demonstrating that:
		1. such contracts are eligible for financing under this Contracts;
		2. following the disbursement of the relevant Tranche,the aggregate value of such contracts will be no less than the Loan disbursed under this Contract; and
		3. following the disbursement of the relevant Tranche, the amount of the Loan will not exceed the aggregate amount of the costs eligible for financing under this Contract (net of the costs paid or to be paid from the proceeds of the EBRD Loan, the WB Loan or the NIF Grant) which the Promoter has incurred or is contractually committed to incur in respect of the Project by no later than the day falling 6 (six) months after the Disbursement Offer for that Tranche;
	6. unless previously provided to the Bank, evidence that the Promoter has obtained all necessary Authorisations in connection with the Project and that such Authorisations remain in full force and effect, save for Authorisations which are not necessary for the implementation of the Project at the time of the disbursement of the relevant Tranche;
	7. evidence that all fees, costs and charges which are due and payable by the Borrower under this Contract have been paid; and
	8. a copy of any other Authorisation or other document, opinion or assurance which the Bank has notified the Borrower is necessary or desirable in connection with the entry into and performance of, and the transactions contemplated by, this Contract or the validity and enforceability of the same; and
2. that on the ScheduledDisbursement Date and the Disbursement Date (if different) for the proposed Tranche:
	1. the representations and warranties which are repeated pursuant to Article (*General Representations and Warranties*) are correct in all respects; and
	2. no event or circumstance which constitutes or would with the passage of time or giving of notice under this Contract constitute:
		1. an Event of Default; or
		2. a Prepayment Event;

has occurred and is continuing unremedied or unwaived or would result from the disbursement of the proposed Tranche;

* 1. all facts and information contained in the Recitals are true, correct and applicable in all material respects;
	2. all agreements and documents delivered to the Bank pursuant to Article 1.4.A (*Conditions of disbursement – First Tranche*) are in full force and effect;
	3. the EU Guarantee is legal, valid, binding and enforceable and that no event or circumstance has occurred which could, in the opinion of the Bank, adversely affect the legal, valid, binding and enforceable nature of the EU Guarantee, its applicability to any Tranche under this Contract or the Bank’s right to make a demand under the EU Guarantee;
	4. the Republic of Moldova is an Eligible Country; and
	5. the Framework Agreement is legal, valid, binding and enforceable and that no event or circumstance has occurred which could, in the opinion of the Bank, adversely affect the legal, valid, binding and enforceable nature of the Framework Agreement.

## Deferment of disbursement

### Grounds for deferment

Upon the written request of the Borrower, the Bank shall defer the disbursement of any Accepted Tranche in whole or in part to a date specified by the Borrower being a date falling not later than 6 (six) months from its Scheduled Disbursement Date and not later than 60 (sixty) days prior to the first repayment date of the Tranche indicated in the Disbursement Offer. In such case, the Borrower shall pay the Deferment Indemnity calculated on the amount of disbursement deferred.

Any request for deferment shall have effect in respect of a Tranche only if it is made at least 7 (seven) Business Days before its Scheduled Disbursement Date.

If for an Accepted Tranche any of the conditions referred to in Article (*Conditions of disbursement*) is not fulfilled as at the specified date and at the Scheduled Disbursement Date (or the date expected for disbursement in case of a previous deferment), disbursement will be deferred to a date agreed between the Bank and the Borrower falling not earlier than 7 (seven) Business Days following the fulfilment of all conditions of disbursement (without prejudice to the right of the Bank to suspend and/or cancel the undisbursed portion of the Credit in whole or in part pursuant to Article  (*Bank’s right to suspend and cancel*)). In such case, the Borrower shall pay the Deferment Indemnity calculated on the amount of disbursement deferred.

### Cancellation of a disbursement deferred by 6 (six) months

The Bank may, by notice in writing to the Borrower, cancel a disbursement which has been deferred under Article (*Ground for deferment*) by more than 6 (six) months in aggregate. The cancelled amount shall remain available for disbursement under Article  (*Disbursement procedure*).

## Cancellation and suspension

### Borrower’s right to cancel

The Borrower may at any time by notice in writing to the Bank cancel, in whole or in part and with immediate effect, the undisbursed portion of the Credit. However, the notice shall have no effect in respect of an Accepted Tranche which has a Scheduled Disbursement Date falling within 7 (seven) Business Days of the date of the notice.

### Bank’s right to suspend and cancel

1. The Bank may, by notice in writing to the Borrower, suspend and/or cancel the undisbursed portion of the Credit in whole or in part at any time and with immediate effect:
	1. upon the occurrence of a Prepayment Event or an Event of Default or an event or circumstance which would with the passage of time or giving of notice under this Contract constitute a Prepayment Event or an Event of Default; or
	2. if the Republic of Moldova is no longer an Eligible Country;
2. The Bank may also suspend the portion of the Credit in respect of which it has not received a Disbursement Acceptance with immediate effect in the case that a Market Disruption Event occurs.
3. Any suspension shall continue until the Bank ends the suspension or cancels the suspended amount.

### Indemnity for suspension and cancellation of a Tranche

#### Suspension

If the Bank suspends an Accepted Tranche, whether upon an Indemnifiable Prepayment Event or an Event of Default, the Borrower shall pay to the Bank the Deferment Indemnity calculated on the amount of disbursement suspended.

#### Cancellation

1. If pursuant to Article  (*Borrower’s right to cancel*), the Borrower cancels:
	1. a Fixed Rate Tranche which is an Accepted Tranche, it shall indemnify the Bank under Article  (*Prepayment indemnity*);
	2. a Floating Rate Tranche which is an Accepted Tranche or any part of the Credit other than an Accepted Tranche, no indemnity is payable.
2. If the Bank cancels:
	1. a Fixed Rate Tranche which is an Accepted Tranche upon an Indemnifiable Prepayment Event or pursuant to Article  (*Cancellation of a disbursement deferred by 6 (six) months*), the Borrower shall pay to the Bank the Prepayment Indemnity; or
	2. an Accepted Tranche upon an Event of Default, the Borrower shall indemnify the Bank under Article  (*Indemnity*).

Save in the cases referred to in paragraphs(i) and (ii) above, no indemnity is payable upon cancellation of a Tranche by the Bank.

The indemnity shall be calculated as if the cancelled amount had been disbursed and repaid on the Scheduled Disbursement Date or, to the extent that the disbursement of the Tranche is currently deferred or suspended, on the date of the cancellation notice.

## Cancellation after expiry of the Credit

On the day following the Final Availability Date, and unless otherwise specifically agreed to in writing by the Bank, the part of the Credit in respect of which no Disbursement Acceptance has been received in accordance with Article (*Disbursement Acceptance*)shall be automatically cancelled, without any notice being served by the Bank to the Borrower and without liability arising on the part of either Party.

## Appraisal fee

The Borrower shall pay to the Bank an appraisal fee in respect of the appraisal conducted by the Bank in relation to the Project in an amount of EUR 50,000 (fifty thousand euros). The appraisal fee shall be due and payable in EUR on the date which is the earlier of:

1. the Disbursement Date of the first Tranche (in which case the Bank may, and the Borrower hereby authorises the Bank to do so, retain an amount equivalent to the unpaid appraisal fee from the first Tranche and such amount retained by the Bank out of the first Tranche in payment of the appraisal fee shall be deemed as having been disbursed by the Bank); and
2. the Final Availability Date (or the date when the Loan is suspended or cancelled in full pursuant to Article 1.6 (*Cancellation and suspension*), if earlier).

## Sums due under Article 1

Sums due under Articles (*Deferment of disbursement*) andArticle (*Cancellation and suspension*) shall be payable in the currency of the Tranche concerned. They shall be payable within 7 (seven) days of the Borrower’s receipt of the Bank’s demand or within any longer period specified in the Bank’s demand.

## Allocation

### Allocation Request

The Borrower shall, and shall procure that the Promoter shall, apply the proceeds of the Loan only to the AllocatedComponents.

At any time but in any case no later than 6 (six) months before the Final Availability Date, the Borrower may submit to the Bank a request for allocation (the “**Allocation Request**”) in respect of the components of the Project (other than the Converter Station Component) identified as being eligible for financing under the Loan in accordance with the Technical Description and meeting the eligibility criteria applied by the Bank to the type of the component concerned.

The Borrower shall provide to the Bank all such information as the Bank may request for the purposes of evaluating the Allocation Requests and the eligibility of the components of the Project included in the Allocation Requests for financing under this Contract.

### Allocation Letter

The Borrower acknowledges that the approval of any Allocation Request is at the sole discretion of the Bank following such appraisal of the components of the Project proposed to be financed under this Contract and included in such Allocation Request as the Bank deems necessary.

If the Allocation Request is approved by the Bank, the Bank shall issue to the Borrower a letter of allocation informing the Borrower of its approval and specifying the amount of the Credit allocated to the AllocatedComponent(s)included in such Allocation Request.

If the Allocation Request is not approved by the Bank (in whole or in part), the Bank shall inform the Borrower thereof.

### Reallocation

The Parties agree that the Converter Station Component is deemed to be approved by the Bank for allocation under this Contract. As of the date of this Contract, the amount of the Credit allocated to the Converter Station Component is EUR 80,000,000 (eighty million euros), subject to the re-allocation of the Credit (in whole or in part) in accordance with this Article 1.10.C (*Reallocation*).

The Borrower may propose to reallocate any part of the Credit which has been allocated but not disbursed by submitting to the Bank an Allocation Request in accordance with Article 1.10.A (*Allocation Request*).

#

The Loan

## Amount of Loan

The Loan shall comprise the aggregate amount of Tranches disbursed by the Bank under the Credit, as confirmed by the Bank pursuant to Article  (*Confirmation by the Bank*).

## Currency of repayment, interest and other charges

Interest, repayments and other charges payable in respect of each Tranche shall be made by the Borrower in the currency in which the Tranche is disbursed.

Any other payment shall be made in the currency specified by the Bank having regard to the currency of the expenditure to be reimbursed by means of that payment.

## Confirmation by the Bank

Within 10 (ten) days after disbursement of each Tranche, the Bank shall deliver to the Borrower the amortisation table referred to in Article  (*Normal repayment*) showing the Disbursement Date, currency, the amount disbursed, the repayment terms and the interest rate of and for that Tranche (an “**Amortisation Table**”).

#

Interest

## Rate of interest

### Fixed Rate Tranches

The Borrower shall pay interest on the outstanding balance of each Fixed Rate Tranche at the Fixed Rate semi-annually in arrears on the relevant Payment Dates as specified in the Disbursement Offer, commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 30 (thirty) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

Interest shall be calculated on the basis of Article  (*Day count convention*).

### Floating Rate Tranches

The Borrower shall pay interest on the outstanding balance of each Floating Rate Tranche at the Floating Rate semi-annually in arrears on the relevant Payment Dates, as specified in the Disbursement Offer commencing on the first such Payment Date following the Disbursement Date of the Tranche. If the period from the Disbursement Date to the first Payment Date is 30 (thirty) days or less then the payment of interest accrued during such period shall be postponed to the following Payment Date.

The Bank shall notify the Floating Rate to the Borrower within 10 (ten) days following the commencement of each Floating Rate Reference Period.

If pursuant to Article (*Deferment of disbursement*) and Article (*Cancellation and suspension*) disbursement of any Floating Rate Tranche takes place after the Scheduled Disbursement Date the Relevant Interbank Rate applicable to the first Floating Rate Reference Period shall apply as though the disbursement had been made on the Scheduled Disbursement Date.

Interest shall be calculated in respect of each Floating Rate Reference Period on the basis of Article (b) (*Day count convention*). If the Floating Rate for any Floating Rate Reference Period is below zero, it will be set at zero.

## Interest on overdue sums

Without prejudice to (*Events of Default*) and by way of exception to Article  (*Rate of interest*), if the Borrower fails to pay any amount payable by it under this Contract on its due date, interest shall accrue on any overdue amount payable under the terms of this Contract from the due date to the date of actual payment at an annual rate equal to:

1. for overdue sums related to Floating Rate Tranches, the applicable Floating Rate plus 2% (200 basis points);
2. for overdue sums related to Fixed Rate Tranches, the higher of (a) the applicable Fixed Rate plus 2% (200 basis points) or (b) the Relevant Interbank Rate plus 2% (200 basis points); and
3. for overdue sums other than under (a) and (b) above, the Relevant Interbank Rate plus 2% (200 basis points),

and shall be payable in accordance with the demand of the Bank. For the purpose of determining the Relevant Interbank Rate in relation to this Article  (*Interest on overdue sums*), the relevant periods within the meaning of (*Definitions of EURIBOR and LIBOR*)shall be successive periods of one month commencing on the due date.

If the overdue sum is in a currency other than the currency of the Loan, the following rate per annum shall apply, namely the relevant interbank rate that is generally retained by the Bank for transactions in that currency plus 2% (200 basis points), calculated in accordance with the market practice for such rate.

## Market Disruption Event

If at any time from the receipt by the Bank of a Disbursement Acceptance in respect of a Tranche and until the date falling 2 (two)Business Days prior to the Scheduled Disbursement Date, a Market Disruption Event occurs, the Bank may notify to the Borrower that this Article applies. In such case:

1. the rate of interest applicable to such Accepted Tranche until and including the Maturity Date shall be the rate (expressed as a percentage rate *per annum*) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank;
2. the Borrower shall have the right to refuse in writing such disbursement within the deadline specified in the notification and shall bear charges incurred as a result, if any, in which case the Bank shall not effect the disbursement and the corresponding Credit shall remain available for disbursement under Article 1.2.B (*Disbursement Offer*);
3. if the Borrower does not refuse the disbursement in time, the Parties agree that the disbursement and the conditions thereof shall be fully binding for both parties; and
4. the Spread or the Fixed Rate previously notified by the Bank in the Disbursement Offer shall no longer be applicable.

#

Repayment

## Normal repayment

### Repayment by instalments

1. The Borrower shall repay each Tranche by instalments on the Payment Dates specified in the relevant Disbursement Offer in accordance with the terms of the Amortisation Table for that Tranche delivered pursuant to Article  (*Confirmation by the Bank*).
2. Each Amortisation Table shall be drawn up on the basis that:
	1. in the case of a Fixed Rate Tranche, repayment shall be made semi-annually by equal instalments of principal or constant instalments of principal and interest;
	2. in the case of a Floating Rate Tranche, repayment shall be made by equal semi-annual instalments of principal;
	3. the first repayment date of each Tranche shall be a Payment Date falling not earlier than 60 (sixty) days from the Scheduled Disbursement Date and not later than the first Payment Date immediately following the 5th (fifth) anniversary of the Scheduled Disbursement Date of the Tranche; and
	4. the last repayment date of each Tranche shall be a Payment Date falling not earlier than 4 (four) years and not later than 25 (twenty-five) years from the Scheduled Disbursement Date.

## Voluntary prepayment

### Prepayment option

Subject to Articles  (*Prepayment Indemnity*),(*Prepayment mechanism*) and  (*General*), the Borrower may prepay all or part of any Tranche, together with accrued interest and indemnities if any, upon giving a Prepayment Request with at least one month's prior notice specifying:

1. the Prepayment Amount;
2. the Prepayment Date;
3. if applicable, the choice of application method of the Prepayment Amount in line with Article  (*Allocation of sums related to Tranches*); and
4. the contract number (“FI N° 88495”) mentioned on the cover page of this Contract.

Subject to Article  (*Prepayment mechanics*) the Prepayment Request shall be binding and irrevocable.

### Prepayment indemnity

#### Fixed rate tranche

If the Borrower prepays a Fixed Rate Tranche, the Borrower shall pay to the Bank on the Prepayment Date the Prepayment Indemnity in respect of the Fixed Rate Tranche which is being prepaid.

#### Floating rate tranche

The Borrower may prepay a Floating Rate Tranche without indemnity on any relevant Payment Date.

### Prepayment mechanics

Upon presentation by the Borrower to the Bank of a Prepayment Request, the Bank shall issue a Prepayment Notice to the Borrower, not later than 15 (fifteen) days prior to the Prepayment Date. The Prepayment Notice shall specify the Prepayment Amount, the accrued interest due thereon, the Prepayment Indemnity payable under Article (*Prepayment Indemnity*) or, as the case may be, that no indemnity is due, the method of application of the Prepayment Amount and the Acceptance Deadline,.

If the Borrower accepts the Prepayment Notice no later than by the Acceptance Deadline, it shall effect the prepayment. In any other case, the Borrower may not effect the prepayment.

The Borrower shall accompany the prepayment by the payment of accrued interest and indemnity, if any, due on the Prepayment Amount, as specified in the Prepayment Notice.

## Compulsory prepayment

### Prepayment Events

#### Project cost reduction

If the total cost of the Project falls below the figure stated in Recital(i) so that the amount of the Credit exceeds 50% (fifty per cent)of such total cost of the Project, the Bank may forthwith, by notice to the Borrower, cancel the undisbursed portion of the Credit and/or demand prepayment of the Loan up to the amount by which the Credit exceeds 50%
(fifty per cent) of the total cost of the Project. The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

#### PariPassuto non-EIB Financing

If the Borrower voluntarily prepays (for the avoidance of doubt, prepayment shall include a repurchase or cancellation where applicable) a part or the whole of any Non-EIB Financing and:

1. such prepayment is not made within a revolving credit facility (save for the cancellation of the revolving credit facility); or
2. such prepayment is not made out of the proceeds of a loan or other indebtedness having a term at least equal to the unexpired term of the Non-EIB Financing prepaid;

the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan. The proportion of the Loan that the Bank may require to be prepaid shall be the same as the proportion that the prepaid amount of the Non-EIB Financing bears to the aggregate outstanding amount of all Non-EIB Financing.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article, "**Non-EIB Financing**" includes any loan, (save for the Loan and any other direct loans from the Bank to the Borrower, credit bond, or other form of financial indebtedness or any obligation for the payment or repayment of money originally granted to the Borrower for a term of more than 3 (three) years.

#### Change of control

The Borrower shall promptly inform the Bank if a Change-of-Control Event has occurred or is likely to occur. At any time after the occurrence of a Change-of-Control Event, the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan, together with accrued interest and all other amounts accrued or outstanding under this Contract.

In addition, if the Borrower has informed the Bank that a Change-of-Control Event is about to occur, or if the Bank has reasonable cause to believe that a Change-of-Control Event is about to occur, the Bank may request that the Borrower consult with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank’s request. After the earlier of (a) the lapse of 30 (thirty) days from the date of such request for consultation, or (b) upon the occurrence of the Change-of-Control Event the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan, together with accrued interest and all other amounts accrued or outstanding under this Contract.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article:

1. a "Change-of-Control Event" occurs if:
	1. any person acting in concert gains control (directly or indirectly) of the Promoter;
	2. the Borrower ceases to control (directly or indirectly) the Promoter; or
	3. the Borrower ceases to be the legal and beneficial owner (directly or indirectly) of 100% (one hundred per cent.) of the ownership interest in (or, as the case may be, share capital of) the Promoter .
2. "acting in concert" means acting together pursuant to an agreement or understanding (whether formal or informal); and
3. "control" means the power to direct the management and policies of an entity, whether through the ownership of voting capital, by contract or otherwise.

#### Change of law

The Borrower shall promptly inform the Bank if a Change-of-Law Event has occurred or is likely to occur. In such case, or if the Bank has reasonable cause to believe that a Change-of-Law Event has occurred or is about to occur, the Bank may request that the Borrower consult with it. Such consultation shall take place within 30 (thirty) days from the date of the Bank’s request. After the earlier of (a) the lapse of 30 (thirty) days from the date of such request for consultation and (b) the occurrence of the Change-of-Law Event, the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand prepayment of the Loan, together with accrued interest and all other amounts accrued or outstanding under this Contract.

The Borrower shall effect payment of the amount demanded on the date specified by the Bank, such date being a date falling not less than 30 (thirty) days from the date of the demand.

For the purposes of this Article "Change-of-Law Event" means the enactment, promulgation, execution or ratification of or any change in or amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation) that occurs after the date of this Contract and which, in the opinion of the Bank, would materially impair (i) the Borrower's ability to perform its obligations under this Contract or (ii) the Promoter's ability to perform its obligations under the Project Implementation Agreement.

#### Illegality

If

1. it becomes unlawful in any applicable jurisdiction for the Bank to perform any of its obligations as contemplated in this Contract or to fund or maintain the Loan;
2. the Framework Agreement is or is likely to be:
	1. repudiated or terminated by the Republic of Moldova or not binding on the Republic of Moldova in any respect;
	2. not effective in accordance with its terms or alleged by the Republic of Moldova to be ineffective in accordance with its terms; or
	3. breached as a result of the Republic of Moldova ceasing to fulfil any obligation assumed by it in the Framework Agreement with respect to any loan made to any borrower in the territory of the Republic of Moldova from the resources of the Bank or the European Union; or
3. in relation to the EU Guarantee:
	1. it is no longer valid or in full force and effect;
	2. the conditions for cover thereunder are not fulfilled;
	3. it does not apply to any Tranche disbursed or to be disbursed under this Contract; or
	4. it is not effective in accordance with its terms or is alleged to be ineffective in accordance with its terms,

the Bank may,by notice to the Borrower,immediately (i) suspend or cancel the undisbursed portion of the Credit and/or (ii) demand prepayment of the Loan, together with accrued interest and all other amounts accrued or outstanding under this Contract on the date indicated by the Bank in its notice to the Borrower.

#### Non performance by the Promoter

The Borrower shall, or procure that the Promoter shall, promptly inform the Bank if any of the events or circumstances listed in Schedule D(*Prepayment events relating to the Promoter*) has occurred or is likely to occur. Following the occurrence of any such event or circumstance, the Bank may, by notice to the Borrower, cancel the undisbursed portion of the Credit and demand the Borrower to prepay the Loan, together with accrued interest and all other amounts accrued or outstanding under this Contracton the date indicated by the Bank in its notice to the Borrower.

### Prepayment mechanics

Any sum demanded by the Bank pursuant to Article  (*Prepayment Events*), together with any interest or other amounts accrued or outstanding under this Contract including, without limitation, any indemnity due under Article (*Compulsory prepayment – Prepayment indemnity*) and Article  (*General*), shall be paid on the date indicated by the Bank in its notice of demand.

### Prepayment indemnity

In the case of an Indemnifiable Prepayment Event, the indemnity, if any, shall be determined in accordance with Article  (*Voluntary prepayment – Prepayment indemnity*).

## General

A repaid or prepaid amount may not be reborrowed. This (*Repayment*) shall not prejudice (*Events of Default*).

If the Borrower prepays a Tranche on a date other than a relevant Payment Date, the Borrower shall indemnify the Bank in such amount as the Bank shall certify is required to compensate it for receipt of funds otherwise than on a relevant Payment Date.

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Payments

## Day count convention

Any amount due by way of interest, indemnity or fee from the Borrower under this Contract, and calculated in respect of a fraction of a year, shall be determined in accordance with the following conventions:

1. in respect of interest and indemnities due under a Fixed Rate Tranche, a year of 360 (three hundred and sixty) days and a month of 30 (thirty) days;
2. in respect of interest and indemnities due under a Floating Rate Tranche, a year of 360 (three hundred and sixty) days and the number of days elapsed.

## Time and place of payment

Unless otherwise specified in this Contract or in the Bank’s demand, all sums other than sums of interest, indemnity and principal are payable within 7 (seven) days of the Borrower’s receipt of the Bank’s demand.

Each sum payable by the Borrower under this Contract shall be paid to the relevant account notified by the Bank to the Borrower. The Bank shall notify the account not less than 15 (fifteen) days before the due date for the first payment by the Borrower and shall notify any change of account not less than 15 (fifteen) days before the date of the first payment to which the change applies. This period of notice does not apply in the case of payment under (*Events of Default*).

The Borrower shall indicate in each payment made hereunder the contract number (“FI N° 88495) found on the cover page of this Contract.

A sum due from the Borrower shall be deemed paid when the Bank receives it.

Any disbursements by and payments to the Bank under this Contract shall be made using account(s) acceptable to the Bank.

## No set-off by the Borrower

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

## Disruption to Payment Systems

If either the Bank determines (in its discretion) that a Disruption Event has occurred or the Bank is notified by the Borrower that a Disruption Event has occurred:

1. the Bank may, and shall if requested to do so by the Borrower, consult with the Borrower with a view to agreeing with the Borrower such changes to the operation or administration of this Contract as the Bank may deem necessary in the circumstances;
2. the Bank shall not be obliged to consult with the Borrower in relation to any changes mentioned in paragraph (a) if, in its opinion, it is not practicable to do so in the circumstances and, in any event, shall have no obligation to agree to such changes; and
3. the Bank shall not be liable for any damages, costs or losses whatsoever arising as a result of a Disruption Event or for taking or not taking any action pursuant to or in connection with this Article  (*Disruption to Payment Systems*).

## Application of sums received

### General

Sums received from the Borrower shall only discharge its payment obligations if received in accordance with the terms of this Contract.

### Partial payments

If the Bank receives a payment that is insufficient to discharge all the amounts then due and payable by the Borrower under this Contract, the Bank shall apply that payment:

1. firstly, in or towards payment pro rata of any unpaid fees, costs, indemnities and expenses due under this Contract;
2. secondly, in or towards payment of any accrued interest due but unpaid under this Contract;
3. thirdly, in or towards payment of any principal due but unpaid under this Contract; and
4. fourthly, in or towards payment of any other sum due but unpaid under this Contract.

### Allocation of sums related to Tranches

1. In case of:
	1. a partial voluntary prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied pro rata to each outstanding instalment, or, at the request of the Borrower, in inverse order of maturity; or
	2. a partial compulsory prepayment of a Tranche that is subject to a repayment in several instalments, the Prepayment Amount shall be applied in reduction of the outstanding instalments in inverse order of maturity.
2. Sums received by the Bank following a demand under Article (*Right to demand repayment*) and applied to a Tranche, shall reduce the outstanding instalments in inverse order of maturity. The Bank may apply sums received between Tranches at its discretion.
3. In case of receipt of sums which cannot be identified as applicable to a specific Tranche, and on which there is no agreement between the Bank and the Borrower on their application, the Bank may apply these between Tranches at its discretion.

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Borrower undertakings and representations

The undertakings in this (*Borrower undertakings and representations*) remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.

A. PROJECT UNDERTAKINGS

## Use of Loan and availability of other funds

1. The Borrower shall, and shall procure that the Promoter shall, use all amounts borrowed by the Borrower under the Loanand, as applicable, by the Promoter under the Loan Fund Transfer Agreement, for the execution of the Project.
2. Upon written request by the Bank, the Borrower shall, and shall procure that the Promoter shall, provide to the Bank evidence of the use of the amounts borrowed by the Borrower under this Credit and, as applicable, by the Promoter under the Loan Fund Transfer Agreement.
3. The Borrower shall make the proceeds of the Loan available to the Promoter in accordance with the Loan Fund Transfer Agreement on terms and conditions acceptable to the Bank.The Loan Fund Transfer Agreement shall provide, among other things, that disbursements under the Loan Fund Transfer Agreement will be made by the Borrower by way of a direct transfer of funds to the contractors engaged by the Promoter in connection with the Project in payment of amounts due and payable to such contractors under the contracts eligible for financing under this Contract.
4. The Borrower shall not, and shall procure that the Promoter shall not, assign, amend, abrogate or waive any right or provision of the Loan Fund Transfer Agreement without the prior written consent of the Bank.
5. The Borrower shall ensure that the Promoter has sufficient funds (including the funds listed in Recital (j)) available to it to complete the Project in accordance with this Contract and the Project Implementation Agreement, and that such funds are expended, to the extent required,on the financing of the Project.

## Completion of Project

The Borrower (acting through the MEI)shall procure that the Promoter shallcarry out the Project in accordance with the Technical Description as may be modified from time to time with the approval of the Bank, and complete the Project by the final date specified therein.

The Borrower shall procure that the Promoter performs all of its obligations under the Project Implementation Agreement.

The Borrower shall not take or permit to be taken any action that would prevent or interfere with the implementation or operation of the Project.

## Increased cost of Project

If the total cost of the Project exceeds the estimated figure set out in Recital(i), the Borrower shall obtain, or shall procure that the Promoter shall obtain, the finance to fund the excess cost without recourse to the Bank, so as to enable the Project to be completed in accordance with the Technical Description. The Borrower shall notify the plans for funding the excess cost to the Bank without delay.

## Procurement procedure

1. The Borrower (acting through the MEI) shall, and shall procure that the Promoter shall (as applicable):
	1. purchase equipment, secure services and order works for the Project by procurement procedures which, to the satisfaction of the Bank, comply with the Guide to Procurement; and
	2. ensure that all contracts relating to the Project comply with the integrity requirements set out in Article (*Integrity - Integrity matters relating to procurement*).
2. The Borrower shall not, and shall procure that the Promoter shall not, enter into the EPC Contract without the prior written consent from the Bank confirming that the Bank is satisfied that the requirements set out in Article 1.4.B(b) (*First Tranche – the Converter Station Component*) for financing the Converter Station Component under the Loan have been met;
3. The Borrower acknowledges that, in line with the principles set out in Article 3.4.5 of the Guide of Procurement, the Bank may enter into an agreement with co-financing institutions in connection with the Project. The Bank will notify the Borrower if any such agreement is entered into.

## Continuing Project undertakings

The Borrower shall, and shall procure that the Promoter shall (as applicable):

1. Maintenance: maintain, repair, overhaul and renew all property forming part of the Project as required to keep it in good working order;
2. Project assets: unless the Bank has given its prior consent in writing retain title to and possession of all or substantially all the assets comprising the Project or, as appropriate, replace and renew such assets and maintain the Project in substantially continuous operation in accordance with its original purpose; provided that the Bank may withhold its consent only where the proposed action would prejudice the Bank's interests as lender to the Borrower or would render the Project ineligible for financing by the Bank under its Statute or under Article 309 of the Treaty on the Functioning of the European Union;
3. Security: ensure that no Security exists or purported to be granted, over any assets comprising the Project, and shall not in any way alienate any right or interest it has in the assets comprising the Project;
4. Insurance: insure all works and property forming part of the Project with first class insurance companies in accordance with the most comprehensive relevant industry practice;
5. Rights and Permits: maintain in force all rights of way or use and all Authorisations necessary for the execution and operation of the Project;
6. Environmental and Social Standards:
	1. appoint and maintain the ESIA Consultant in accordance with the terms of reference satisfactory to the Bank at all times until the completion of the Project (or such other date as may be agreed by the Bank);
	2. implement and operate the Project in compliance with Environmental and Social Standards;
	3. obtain, maintain and comply with Environmental and Social Approvals required in connection with the Project;
	4. implement the Environmental and Social Action Plan and the Stakeholder Engagement Plan, in each case to the satisfaction of the Bank;
	5. comply with ILO Standards and occupational health and safety standards;
	6. ensure that all contracts relating to the Project include necessary provisions obliging the relevant contractors to comply, or to ensure compliance, with the requirements referred to in paragraphs (ii) through to (v) above;
	7. ensure that no proceeds of the Loan are used for any component of the Project that requires an Environmental and Social Impact Assessment Study according to the Environmental and Social Standards until such Environmental and Social Impact Assessment Study has been finalised and approved by the competent authority; and
	8. ensure that no proceeds of the Loan are used for any component of the Project that has a potential to affect a site of nature conservation importance that is protected according to the Environmental and Social Standards until the competent authority has confirmed that the relevant component does not have a significant negative impact on the site;
7. EU law: execute and operate the Project in accordance with the relevant standards of EU law to the extent implemented by the laws of the Republic of Moldova or or specified by the Bank prior to the date of this Contract;
8. **PIU**:
	1. appoint and maintain the PIU Support Consultantthat has, to the satisfaction of the Bank, necessary expertise in the power sector generally and HVDC systems in particular, in accordance with the terms of reference satisfactory to the Bank;
	2. ensure that the PIU has sufficient and suitably qualified staff and other resources available to it for the purposes of co-ordinating, monitoring and evaluating all aspects of the implementation of the Project, including the procurement of goods, works and services for the Project;
	3. ensure that the PIU has the mandate and authority providing for the overall
	co-ordination and monitoring of the Project and otherwise necessary to implement the Project in accordance with this Contract and the Project Implementation Agreement;
	4. ensure that the PIU acts as the point of contact for the Bank with respect to all matters relating to the implementation of the Project (including technical, financial, disbursement facilitation, accounting/auditing, reporting, procurement and administration matters); and
	5. ensure that the Bank, at its sole discretion, has access to any international consultant engaged in connection with the Project,

in each case to the satisfaction of the Bank and at all times until the completion of the Project; and

1. **PowerSAP:** implement the PowerSAP to the satisfaction of the Bank.

B. GENERAL UNDERTAKINGS

## Integrity

1. Prohibited Conduct
	1. The Borrower shall not, and shall procure that neither the Promoter nor any affiliate of the Promoter shall, engage in, or authorise or permit any person acting on its behalf to engage in, any Prohibited Conduct in connection with the Project, any tendering procedure for the Project, or any transaction contemplated by this Contract.
	2. The Borrower shall, and shall procure that the Promoter shall, take such action as the Bank may reasonably request to investigate or terminate any alleged or suspected occurrence of Prohibited Conduct in connection with the Project.
2. Integrity matters relating to procurement

The Borrower shall, and shall procure that the Promoter shall, ensure that all contracts relating to the Project provide for:

* 1. without limiting the generality of Article (*Procurement procedure*), the requirement to comply with the covenant of integrity in the form set out in the Guide to Procurement;
	2. the requirement that the relevant contractor promptly informs the Bank and the Borrower of any genuine allegation, complaint or information with regard to Prohibited Conduct related to the Project;
	3. the requirement that the relevant contractor keeps books and records of all financial transactions and expenditures in connection with the Project;
	4. the necessary provisions to enable the Bank and/or the Borrower to investigate or terminate any alleged or suspected occurrence of any Prohibited Conduct in connection with the Project; and
	5. the Bank's right, in relation to any alleged Prohibited Conduct, to review the books and records of the relevant contractor in relation to the Project, and to take copies of documents to the extent permitted by law.
1. Sanctions

The Borrower shall not, and shall procure that the Promoter shall not:

* 1. enter into a business relationship with any Sanctioned Person, or
	2. make any funds available to or for the benefit of, directly or indirectly, any Sanctioned Person.
1. Management

The Borrower shall, and shall procure that the Promoter shall, take within a reasonable timeframe, appropriate measures in respect of any of its Relevant Person who:

* 1. becomes a Sanctioned Person; or
	2. is charged by a competent authority with an offence, or is the subject of a court ruling, in connection with Prohibited Conduct perpetrated in the course of the exercise by such Relevant Person of his or her authority and/or professional duties,

in order to ensure that such Relevant Person is suspended, dismissed or otherwise excluded from any of the activities of the Borrower or the Promoter (as applicable) in relation to the Loan and/or the Project.

## Compliance with laws

The Borrower shall, and shall procure that the Promoter shall, comply in all respects with all laws and regulations to which it or the Project is subject where failure to do so results, or is reasonably likely to result, in a Material Adverse Change.

## Change in business

The Borrower shall procure that no substantial change is made to the general business of the Promoter from that carried on at the date of this Contract unless with the prior written consent of the Bank.

## Merger

The Borrower shall procure that the Promoter shall not enter into any amalgamation, demerger, merger or corporate reconstruction unless with the prior written consent of the Bank.

## EIB Loan Account

The Borrower shall designate the EIB Loan Account for the purpose of receiving disbursements of the Loan, which account shall be a separate sub-account of the treasury single account of the Borrower maintained at the NationalBank of the Republic of Moldova.

The Borrower shall ensure that at all times:

1. the EIB Loan Account is separated from any other assets of the Borrower;
2. the EIB Loan Account is insolvency remote and no other creditor of the Borrower has any access to, or rights to receive, monies held in that account; and
3. paymentsfrom the EIB Loan Account are made only for the purpose of implementing the Project in accordance with this Contract and other relevant agreements, if any.

## Books and records

The Borrower shall, and shall procure that the Promotershall (as applicable):

1. keep proper books and records of account in which full and correct entries are made with respect to all financial transactions, expenditures and assets relating to the financing, implementation and operation of the Project; and
2. keep records of contracts financed with the proceeds of the Loan (including a true and complete copy of the relevant contract and all material documents relating to that contract or its procurement) throughout the implementation of the Project and for a minimum period of 6 (six) years following the completion of the Project.

## General Representations and Warranties

The Borrower represents and warrants to the Bank that:

1. it has the power to execute, deliver and perform its obligations under this Contract and all necessary actions have been taken to authorise the execution, delivery and performance of this Contract by it;
2. the Promoter is duly incorporated and validly existing as a state enterprise under the laws of Moldova and the Promoter has power to carry on its business as it is being conducted and to own its property and other assets;
3. as of the date of this Contract, the Borrower legally and beneficially owns 100% of the ownership interestin the Promoter;
4. this Contract constitutes its legally valid, binding and enforceable obligations;
5. the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Contract do not and will not contravene or conflict with:
	1. any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject; or
	2. any agreement or other instrument binding upon it which might reasonably be expected to have a material adverse effect on its ability to perform its obligations under this Contract;
6. it is not and, following the disbursement of the Loan (in whole or in part), will not be in breach of any restrictions applicable to it on the incurring of financial indebtedness;
7. there has been no Material Adverse Change since 15 September2017;
8. no event or circumstance which constitutes an Event of Default has occurred and is continuing unremedied or unwaived;
9. no litigation, arbitration, administrative proceedings or investigation is current or to its knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against it or the Promoter any unsatisfied judgment or award;
10. it has obtained all necessary Authorisations in connection with this Contract in order to lawfully comply with its obligations hereunder, and all such Authorisations are in full force and effect and admissible in evidence;
11. the Promoter has obtained all necessary Authorisations in connection with the Project (other than Authorisations which are not necessary for the implementation of the Project at the time this representation is made (or repeated);
12. its payment obligations under this Contract rank not less than *paripassu* in right of payment with all other present and future unsecured and unsubordinated obligations under any of its debt instruments except for obligations mandatorily preferred by law applying to companies generally;
13. it is in compliance with Article 6.5(f) (*Continuing Project undertakings- Environmental and Social Standards*) and to the best of its knowledge and belief (having made due and careful enquiry) no Environmental or Social Claim has been commenced or is threatened against it or the Promoter;
14. it is in compliance with all undertakings under this (*Borrower undertakings and representations*);
15. the Project falls within the scope of the Framework Agreement;
16. the Borrower is a state part to the New York Convention and any arbitral award obtained in an arbitration proceeding conducted in accordance with the requirements of the arbitration provisions of this Contract will be recognised and enforced in the Republic of Moldova;
17. to the best of its knowledge (having made all reasonable enquiries), no funds invested in the Project by the Borrower or by the Promoter are of illicit origin, including products of Money Laundering or linked to the Financing of Terrorism;
18. none of the Borrower, the Promoter nor any Relevant Person has committed:
	1. any Prohibited Conduct in connection with the Project or any transaction contemplated by this Contract; or
	2. any illegal activity related to the Financing of Terrorism or Money Laundering; and
19. the Project (including without limitation, the negotiation, award and performance of contracts financed or to be financed by the Loan) has not involved or given rise to any Prohibited Conduct.

The representations and warranties set out above shall survive the execution of this Contract and are, with the exception of the representation set out in paragraph (g) above, deemed repeated on the date of each Disbursement Acceptance, each Disbursement Date and each Payment Date.

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Security

The undertakings in this Article 7(*Security*) remain in force from the date of this Contract for so long as any amount is outstanding under this Contract or the Credit is in force.

## Paripassu ranking

The Borrower shall ensure that its payment obligations under this Contract rank, and will rank, not less than paripassu in right of payment with all other present and future unsecured and unsubordinated obligations under any of its External Debt Instruments except for obligations mandatorily preferred by lawsof general application.

In particular, if the Bank makes a demand under Article 10.1 (*Right to demand repayment*) or if an event or potential event of default under any unsecured and unsubordinated External Debt Instrument of the Borrower or of any of its agencies or instrumentalities has occurred and is continuing, the Borrower shall not make (or authorise) any payment in respect of any other such External Debt Instrument (whether regularly scheduled or otherwise) without simultaneously paying, or setting aside in a designated account for payment on the next Payment Date a sum equal to, the same proportion of the debt outstanding under this Contract as the proportion that the payment under such External Debt Instrument bears to the total debt outstanding under that Instrument. For this purpose, any payment of an External 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 External Debt Instrument have subscribed, shall be disregarded.

In this Contract, “**External Debt Instrument**” means:

1. 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);
2. an obligation evidenced by a bond, debenture or similar written evidence of indebtedness; or
3. a guarantee granted by the Borrower for an obligation of a third party;

provided in each case that such obligation is:

* 1. governed by the law of a jurisdiction other than the Republic of Moldova;
	2. payable in a currency other than the currency of the Republic of Moldova; or
	3. payable to a person incorporated, domiciled, resident or with its head office or principal place of business outside the Republic of Moldova.

## Additional security

Should the Borrower grant to a third party any security for the performance of any External Debt Instrument or any preference or priority in respect thereof, the Borrower shall, if so required by the Bank, provide to the Bank equivalent security for the performance of its obligations under this Contract or grant to the Bank equivalent preference or priority.

## Clauses by inclusion

If the Borrower concludes with any other medium or long term financial creditor a financing agreement that includes a loss-of-rating clause, and/or a cross default clause and/or a
*paripassu* clause, if applicable, that is not provided for in this Contract or is more favourable to the relevant financial creditor than any equivalent provision of this Contract, the Borrower shall promptly inform the Bank and shall, at the request of the Bank,promptly execute an agreement to amend this Contract so as to provide for an equivalent provision in favour of the Bank.

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Information and Visits

## Information concerning the Project

The Borrower shall, and shall procure that the Promoter shall (as applicable):

1. deliver to the Bank:
	1. the information in content and in form, and at the times, specified in Schedule (*Project information to be sent to the Bank and method of transmission*) and/or the Project Implementation Agreement, or otherwise as agreed from time to time by the parties to this Contract;
	2. without prejudice to the generality of paragraph (i) above:
		1. promptly upon becoming aware of the same, an update with respect to any material development relating to the progress and implementation of the permanent interconnection programme between the ENTSO-E and the electricity transmission networks in the Republic of Moldova and Ukraine (including any reports, studies and minutes of working groups); and
		2. as soon as they become available, any intermediary, draft, or preliminary results from the analyses and studies carried out in the context of the programme referred to in paragraph (1) above which may concern, in particular but not limited to, the justification and role of the Converter Station Component for the purposes of the permanent interconnection, and of the other infrastructure which would be required to enable such permanent interconnection;
	3. any such information concerning any component of the Project included in an Allocation Request as the Bank may reasonably require within a reasonable time; and
	4. any such information or further document concerning the financing, procurement, implementation, operation of the Project and related environmental or social matters as the Bank may reasonably require within a reasonable time;

provided always that if such information or document is not delivered to the Bank on time, and the Borrower does not rectify the omission within a reasonable time set by the Bank in writing, the Bank may remedy the deficiency, to the extent feasible, by employing its own staff or a consultant or any other third party, at the Borrower’s expense and the Borrower shall provide such persons with all assistance necessary for the purpose;

1. submit for the approval of the Bank without delay any material change to the Project, also taking into account the disclosures made to the Bank in connection with the Project prior to the signing of this Contract, in respect of, *inter alia*, the price, design, plans, timetable or to the expenditure programme or financing plan for the Project;
2. promptly inform the Bank of the due ratification of this Contract by the Parliament of Moldova in accordance with the applicable laws of the Republic of Moldova;
3. promptly inform the Bank of:
	1. any action or protest initiated or any objection raised by any third party or any genuine complaint received by the Borrower or, to its knowledge, by the Promoter with regard to environmental, social or other matters relating to the Project, or any Environmental or Social Claim that is to its knowledge commenced, pending or threatened against it and/or the Promoter; and
	2. any fact or event known to the Borrower, which may substantially prejudice or affect the conditions of execution or operation of the Project;
	3. any non-compliance by the Borrower and/or the Promoter with any Environmental and Social Standard;
	4. any suspension, revocation or modification of any Environmental or Social Approval;
	5. the suspension or cancellation of the Project (in whole or in part),

in each case setting out the action the Borrower or, as applicable, the Promoter has taken, or intends to take, with respect to such matters;

1. promptly provide to the Bank, if so requested:
	1. insurance certificates showing fulfilment of the requirements of Article 6.5(d) (*Continuing Project undertakings – Insurance*); and
	2. annually, a list of policies in force covering the insured property forming part of the Project, together with confirmation of payment of the current premiums; and
2. promptly upon the Bank’s request, provide to the Bank true and complete copies of contracts financed with the proceeds of the Loan and evidence of expenditure relating to disbursements under this Contract.

## Information concerning the Promoter

The Borrower shall, and shall procure that the Promoter shall (as applicable):

1. deliver to the Bank:
	1. as soon as they become available, but in any event within 180 (one hundred and eighty) days after the end of each of the Promoter’s financial year, the audited financial statements of the Promoter for that financial year prepared in accordance with IFRS;
	2. any such information or further documents concerning customer due diligence matters of or for the Promoter as the Bank may reasonably require within the reasonably time; and
	3. from time to time, such further information on the Promoter’s general financial situation as the Bank may reasonably require; and
2. inform the Bank promptly after becoming aware of the same:
	1. any material alteration to the constitutive documents of the Promoter (including any relevant laws, regulations, statutes, by-laws, charter, memoranda and/or articles of association) or any change of ownership or shareholding structure of the Promoter, after the date of this Contract;
	2. any fact which obliges the Promoter to prepay any financial indebtedness or any European Union funding;
	3. any intention on the Promoter’s part to grant any Security over any assets forming part of the Project in favour of a third party; or
	4. any intention on the Promoter’s part to relinquish ownership or control of any material part of the Project; and
	5. any fact or event that is reasonably likely to prevent the fulfilment of any material obligation of the Promoter under the Project Implementation Agreement.

## Information concerning the Borrower

The Borrower shall:

1. deliver to the Bank:
	1. with respect to each fiscal year, within 1 (one) month after the approval of the state budget for such fiscal year, a summary of such state budget in tabular form (responsible authority – the Ministry of Finance);
	2. the audited Project Accounts and auditor’s reports within 6 (six) months from the end of each fiscal year;
	3. any such information or further documents concerning customer due diligence matters of or for the Borrower as the Bank may reasonably require within a reasonable time; and
	4. from time to time, such further information on its general financial situation as the Bank may reasonably require; and
2. inform the Bank immediately of:
	1. any fact which obliges it to prepay any financial indebtedness or any European Union funding;
	2. any event or decision that constitutes or may result in a Prepayment Event;
	3. any intention on its part to grant any Security over any of its assets in favour of a third party;
	4. any fact or event that is reasonably likely to prevent the substantial fulfilment of any obligation of the Borrower under this Contract;
	5. any Event of Default having occurred or being threatened or anticipated;
	6. any litigation, arbitration or administrative proceedings or investigation which is current, threatened or pending and which might if adversely determined result in a Material Adverse Change.

## Information concerning integrity matters

1. The Borrower shall inform the Bank immediately after becoming aware of the relevant fact or event of:
	1. any genuine allegation or complaint, or any other fact or event confirming or reasonably suggesting that:
		1. Prohibited Conduct has occurred in connection with the Loan or the Project; or
		2. any of the funds invested in the share capital of the Promoter or the Project were derived from an illicit origin, including products of Money Laundering or linked to the Financing of Terrorism;
	2. any fact or event which results in any Relevant Person being or becoming a Sanctioned Person, and
	3. to the extent permitted by law, any material litigation, arbitration, administrative proceedings or investigation carried out by a court, administration or similar public authority, which, to the best of the Borrower's knowledge and belief, is current, imminent or pending against the Borrower, the Promoter or any Relevant Person in connection with Prohibited Conduct related to the Loan or the Project;

in each case setting out the action the Borrower or, as applicable, the Promoter has taken, or intends to take, with respect to such matters.

1. The Borrower shall promptly notify the Bank of any measures the Borrower or, as applicable, the Promoter has taken, or intends to take, pursuant to Article (*Integrity*).

## Visits, Rights of Access and Investigation by the Bank

1. The Borrower shall, and shall procure that the Promoter shall, allow persons designated by the Bank, as well as persons designated by the competent institutions or bodies of the European Union, including the European Court of Auditors, the European Commission and/or the European Anti-Fraud Office:
	1. to visit the sites, installations and works comprising the Project and to conduct such checks as they may wish for purposes connected with this Contract and the financing of the Project;
	2. to interview representatives of the Borrower and/or the Promoter, and not obstruct contacts with any other person involved in or affected by the Project; and
	3. to review the books and records of the Borrower and the Promoter
	(as applicable) in relation to the execution of the Project and to be able to take copies of related documents to the extent permitted by the law.
2. The Borrower shall, and shall procure that the Promoter shall, facilitate investigations by the Bank and by other competent institutions or bodies of the European Union in connection with any alleged or suspected occurrence of Prohibited Conduct.
3. The Borrower shall, and shall procure that the Promoter shall, provide the Bank, or ensure that the Bank is provided, with all necessary assistance for the purposes described in this Article (Visits, Rights of Access and Investigation by the Bank).
4. The Borrower acknowledges, and shall procure that the Promoter acknowledges, that the Bank may be obliged to communicate information relating to the Borrower, the Promoter and/or the Project to any competent institution or body of the European Union, including the European Court of Auditors, the European Commission and the European Anti-Fraud Office as may be necessary for the performance of their respective tasks in accordance with the laws of the European Union.

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Charges and expenses

## Taxes, duties and fees

The Borrower shall pay all Taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution or implementation of this Contract or any related document and in the creation, perfection, registration or enforcement of any Security for the Loan to the extent applicable.

The Borrower shall pay all principal, interest, indemnities and other amounts due under this Contract gross without deduction of any national or local impositions whatsoever; provided that, if the Borrower is obliged to make any such deduction, it will gross up the payment to the Bank so that after deduction, the net amount received by the Bank is equivalent to the sum due.

## Other charges

The Borrower shall bear all charges and expenses, including professional, banking or exchange charges incurred in connection with the preparation, execution, implementation, enforcement and termination of this Contract or any related document, any amendment, supplement or waiver in respect of this Contract or any related document, and in the amendment, creation, management, enforcement and realisation of any security for the Loan.

## Increased costs, indemnity and set-off

1. The Borrower shall pay to the Bank any sums or expenses incurred or suffered by the Bank as a consequence of the introduction of or any change in (or in the interpretation, administration or application of) any law or regulation or compliance with any law or regulation made after the date of signature of this Contract, in accordance with or as a result of which:
	1. the Bank is obliged to incur additional costs in order to fund or perform its obligations under this Contract; or
	2. any amount owed to the Bank under this Contract or the financial income resulting from the granting of the Credit or the Loan by the Bank to the Borrower is reduced or eliminated.
2. Without prejudice to any other rights of the Bank under this Contract or under any applicable law, the Borrower shall indemnify and hold the Bank harmless from and against any loss incurred as a result of any payment or partial discharge that takes place in a manner other than as expressly set out in this Contract.
3. The Bank may set off any matured obligation due from the Borrower under this Contract (to the extent beneficially owned by the Bank) against any obligation (whether or not matured) owed by the Bank to the Borrower regardless of the place of payment, booking branch or currency of either obligation. If the obligations are in different currencies, the Bank may convert either obligation at a market rate of exchange in its usual course of business for the purpose of the set-off. If either obligation is unliquidated or unascertained, the Bank may set off in an amount estimated by it in good faith to be the amount of that obligation.

#

Events of Default

## Right to demand repayment

The Borrower shall repay all or part of the Loan (as requested by the Bank) forthwith, together with accrued interest and all other accrued or outstanding amounts under this Contract, upon written demand being made by the Bank in accordance with the following provisions.

### Immediate demand

The Bank may make such demand immediately:

1. if the Borrower does not pay on the due date any amount payable pursuant to this Contract at the place and in the currency in which it is expressed to be payable, unless:
	1. its failure to pay is caused by an administrative or technical error or a Disruption Event; and
	2. payment is made within 3 (three) Business Days of its due date;
2. if any information or document given to the Bank by or on behalf of the Borroweror any representation or statement made or deemed to be made by the Borrower in this Contract or in connection with the negotiation of this Contract is or proves to have been incorrect, incomplete or misleading in any material respect;
3. if, following any default of the Borrower in relation to any loan, or any obligation arising out of any financial transaction or funding instrument, other than the Loan,
	1. 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, discharge, close out or terminate ahead of maturity such other loan or obligation; or
	2. any financial commitment for such other loan or obligation is cancelled or suspended;
4. if the Borrower is unable to pay its debts as they fall due, or suspends its debts, or makes or, without prior written notice to the Bank, seeks to make a composition with its creditors;
5. if the Borrower defaults in the performance of any of its obligation in respect of any other loan, financial instrument or grant made available to it from the resources of the Bank or the European Union, or to the Bank in connection with the Project;
6. if any distress, execution, sequestration or other process is levied or enforced upon the assets of the Borrower or any assets forming part of the Project and is not discharged or stayed within 14 (fourteen) days;
7. if a Material Adverse Change occurs, as compared with the Borrower’s or the Promoter’s condition at the date of this Contract;
8. if it is or becomes unlawful for the Borrower to perform any of its obligations under this Contract or this Contract is not effective in accordance with its terms or is alleged by the Borrower to be ineffective in accordance with its terms;
9. if the Borrower defaults in the performance of any of its obligation under the Framework Agreement as regards any loan, financial instrument or grant made available to any borrower in the Republic of Moldova from the resources of the Bank or the European Union; or
10. if the conditions for cover under the EU Guarantee are not fulfilled or if the EU Guarantee ceases to be legal, valid, binding and enforceable.

### Demand after notice to remedy

The Bank may also make such demand:

1. if the Borrower fails to comply with any obligation under this Contract not being an obligation mentioned in Article 10.1.A (*Immediate Demand*); or
2. if any fact stated in the Recitals materially alters and is not materially restored and if the alteration either prejudices the interests of the Bank as lender to the Borrower or adversely affects the implementation or operation of the Project,

unless the non-compliance or circumstance giving rise to the non-compliance is capable of remedy and is remedied within a reasonable period of time specified in a notice served by the Bank on the Borrower.

## Other rights at law

Article 10.1(*Right to demand prepayment*) shall not restrict any other right of the Bank at law to require prepayment of the Loan.

## Indemnity

### Fixed Rate Tranches

In case of demand under Article 10.1(*Right to demand prepayment*) in respect of any Fixed Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with the Prepayment Indemnity on any amount of principal due to be prepaid. Such Prepayment Indemnity shall accrue from the due date for payment specified in the Bank’s notice of demand and be calculated on the basis that prepayment is effected on the date so specified.

### Floating Rate Tranches

In case of demand under Article 10.1 (*Right to demand repayment*) in respect of any Floating Rate Tranche, the Borrower shall pay to the Bank the amount demanded together with a sum equal to the present value of 0.15% (fifteen basis points) per annum calculated and accruing on the amount of principal due to be prepaid in the same manner as interest would have been calculated and would have accrued, if that amount had remained outstanding according to the original amortisation schedule of the Tranche, until and including the Maturity Date.

The value shall be calculated at a discount rate equal to the Redeployment Rate applied as of each relevant Payment Date.

### General

Amounts due by the Borrower pursuant to this Article 10.3(*Indemnity*) shall be payable on the date of prepayment specified in the Bank’s demand.

## Non-Waiver

No failure or delay or single or partial exercise by the Bank in exercising any of its rights or remedies under this Contract shall be construed as a waiver of such right or remedy. The rights and remedies provided in this Contract are cumulative and not exclusive of any rights or remedies provided by law.

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Law and jurisdiction, miscellaneous.

## Governing Law

This Contract and any non-contractual obligations arising out of or in connection with it shall be governed by Luxembourgish law.

## Arbitration

This Article 11.2 (*Arbitration*) shall be governed by Dutch law.

Any dispute arising out of or in connection with this Contract, including a dispute as to the validity or existence of this Contract and/or this Article 11.2 (*Arbitration*), shall be resolved by arbitration seated in The Hague conducted in the English language by three arbitrators pursuant to the rules of the United Nations Commission on International Trade Law ("**UNCITRAL Rules**"), save that, unless the Parties agree otherwise:

1. the third arbitrator, who shall act as presiding arbitrator, shall be chosen by the two arbitrators appointed by or on behalf of the Parties;
2. if the presiding arbitrator is not chosen by the two arbitrators within 30 days of the date of appointment of the later of the two arbitrators to be appointed by the Parties, he shall be appointed by the Secretary-General of the Permanent Court of Arbitration
(the “**PCA**”);
3. no arbitrator shall be of the same nationality as any Party (and for the purposes of this Article, the nationality of the Bank shall be deemed to be Luxembourg);
4. neither Party shall be required to give general discovery of documents, but may be required only to produce specific, identified documents which are relevant to the dispute;
5. the tribunal shall not take or provide and the Borrower shall not seek from any judicial authority, any interim measures or pre-award relief against the Bank; and
6. the Parties agree to waive any right of appeal against the arbitration award.

The appointing authority shall be the Secretary-General of the PCA.

## Recourse to courts

The Parties exclude the jurisdiction of all courts to the extent permitted by any applicable law.

## Immunity

Nothing in Article 11.2 (*Arbitration*) shall interfere with, override or otherwise erode the Bank’s privileges and immunities as set out in the EU treaties including, without limitation, the inviolability of the Bank’s archives and the Bank expressly reserved its rights in this regard.

## Place of performance

Unless otherwise specifically agreed by the Bank in writing, the place of performance under this Contract, shall be the seat of the Bank.

## Evidence of sums due

In any legal action arising out of this Contract the certificate of the Bank as to any amount or rate due to the Bank under this Contract shall, in the absence of manifest error, be prima facie evidence of such amount or rate.

## Waiver of immunity

To the extent that the Borrower may in any jurisdiction claim for itself or any of its assets immunity from suit, enforcement, attachment or other legal process on the grounds of sovereignty or otherwise, the Borrower hereby irrevocably agrees not to claim and hereby irrevocably waives such immunity to the full extent permitted by the laws of such jurisdiction in respect of its obligations arising under or in connection with this Contract.

## Entire Agreement

This Contract constitutes the entire agreement between the Bank and the Borrower in relation to the provision of the Credit hereunder, and supersedes any previous agreement, whether express or implied, on the same matter.

## Changes to Parties

The Borrower may not assign or transfer any of its rights or obligations under this Contract without the prior written consent of the Bank.

The Bank may assign all or part of its rights and benefits or transfer (by way of novation, sub-participation or otherwise) all or part of its rights, benefits and obligations under this Contract.

## Invalidity

If at any time any term of this Contract is or becomes illegal, invalid or unenforceable in any respect, or this Contract is or becomes ineffective in any respect, under the laws of any jurisdiction, such illegality, invalidity, unenforceability or ineffectiveness shall not affect:

1. the legality, validity or enforceability in that jurisdiction of any other term of this Contract or the effectiveness in any other respect of this Contract in that jurisdiction; or
2. the legality, validity or enforceability in other jurisdictions of that or any other term of this Contract or the effectiveness of this Contract under the laws of such other jurisdictions.

## Amendments

Any amendment to this Contract shall be made in writing and shall be signed by the parties hereto.

## Counterparts

This Contract may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument. Each counterpart is an original, but all counterparts shall together constitute one and the same instrument.

#

Final clauses

## Notices to either Party

Notices and other communications given under this Contract addressed to either Party to this Contract shall be made to the address or facsimile number as set out below, or to such other address or facsimile number as a Party previously notifies to the other in writing:

|  |  |
| --- | --- |
| For the Bank | Attention: OPS98-100 boulevard Konrad AdenauerL-2950 LuxembourgFacsimile no: +352 4379 67495 |
| For the Borrower | Attention: Ministry of Finance of the Republic of Moldova, Public Debt Department7, Constantin Tănase StreetMD–2005, ChisinauThe Republic of MoldovaFacsimile no.: +373 2222 5393 |

## Language

All documents (other than constitutional documents, statutory and other official documents, or internal regulations of the Borrower or the Promoter), evidence, notices and communications provided or made by the Borrower or the Promoter pursuant to this Contract shall be in the English language or accompanied by a certified translation into the English language.

## Form of notice

Any notice or other communication given under this Contract must be in writing.

Notices and other communications, for which fixed periods are laid down in this Contract or which themselves fix periods binding on the addressee, may be made by hand delivery, registered letter or facsimile. Such notices and communications shall be deemed to have been received by the other Party on the date of delivery in relation to a hand-delivered or registered letter or on receipt of transmission in relation to a facsimile.

Other notices and communications may be made by hand delivery, registered letter or facsimile or, to the extent agreed by the Parties by written agreement, by email or other electronic communication.

Without affecting the validity of any notice delivered by facsimile according to the paragraphs above, a copy of each notice delivered by facsimile shall also be sent by letter to the relevant Party on the next following Business Day at the latest.

Notices issued by the Borrower pursuant to any provision of this Contract shall, where required by the Bank, be delivered to the Bank 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.

## Effectiveness of this Contract

This Contract shall become effective on the date (the “**Effectiveness Date**”) specified in a letter from the Bank to the Borrower confirming that the Bank has receivedthe legal opinion of the Minister of Justice of the Republic of Moldova referred to in Article 1.4.A(d) (*Conditions of disbursement – First Tranche*) in form and substance satisfactory to the Bank, and such letter shall be conclusive evidence that this Contract has become effective.

If the Effectiveness Date does not occur on or prior to the date falling 24 (twenty-four) months after the date of this Contract, this Contract shall not enter into forceand no further action shall be necessary or required.

## Recitals, Schedules and Annex

The Recitals and following Schedules form part of this Contract:

|  |  |
| --- | --- |
| Schedule A | Technical Description and Reporting |
| Schedule B | Definitions of EURIBOR and LIBOR |
| Schedule C | Forms for the Borrower |
| Schedule D | Prepayment events relating to the Promoter |
| Schedule E | PowerSAP |

The following Annex is attached hereto:

Annex I Form of the Legal Opinion

IN WITNESS WHEREOF the parties hereto have caused this Contract to be executed in 4 (four) originals in the English language and have respectively causedMr Miroslav Kapinaj, Legal Counseland\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ to initial each page of this Contract on their behalf.

AtChisinau, this20th day of December 2017

|  |  |
| --- | --- |
| Signed for and on behalf ofRepublic of Moldova | Signed for and on behalf ofEUROPEAN INVESTMENT BANK |
| \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ | \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ |
| Octavian CalmîcDeputy Prime-minister Minister of Economy and Infrastructureof the Republic of Moldova | Flavia PalanzaDirector | Garth GrisbrookHead of Unit(Luxembourg, \_\_\_.12.2017) |

1.

**Technical Description and Reporting**

**A.1 Technical Description**

**Purpose, Location**

The Project concernsthe development and construction infrastructure necessary for the permanent interconnection of the electricity transmission networks in Romania and the Republic of Moldova.

The Project includes:

1. the construction of a back-to-back converter station in Vulcanestiwith a capacity of up to 600 MW (the “**Converter Station Component**”);
2. the construction of a new 400 kV overhead line between Vulcanesti and Chisinau; and
3. theupgrading and expanding of the substations in Chisinau and Vulcanesti.

In the event the assessment to be carried out before the signature of the EPC Contract relating to the Converter Station Component and on the basis of the progress of, and the studies carried out as part of, the process of interconnecting the ENTSO-E with the electrical transmission networks in Ukraine and Moldova, reveals that that the Converter Station Component is not needed and/or economically justified and, therefore, is not eligible for financing under this Loan, the Loan (or any part of it) may be allocated to alternative infrastructure investments eligible for financing under this Contract in accordance with Article 1.10 (*Allocation*). Such alternative investments may relate to the construction of additional power transmission interconnections between the Republic of Moldova and Romania or network reinforcement required for the purposes of synchronisation with the ENTSO-E. Two additional interconnections are currently envisaged: Suceava (RO)- Balti (MD) and Iasi (RO)- Ungeni (MD) – Straseni (MD).

**Description**

The Project comprises the following components and associated civil works:

1. the Converter Station Component;
2. the new 400kV overhead line connecting the Chisinau and Vucanesti substations (single-circuit with pre-fitted for extension to double-circuit);
3. the new 400/330kV bay at the Chisinau substation; and
4. the extension of the existing 400kV station in Vulcanesti, including the upgrade of the communication infrastructure of the existing Isaccea (RO)-Vulcanesti (MD) high voltage line.

**Calendar**

The Project will be implemented duringthe period from 2018 to 2022.

It is expected that, with respect to the Converter Station Component, the procurement process, soil testing to ensure that the area selected for the Converter Station Component is suitable for the planned use, public consultations and land acquisition will be carried out during the period until 31 December 2019.

Following the procurement stage, the completion of the overhead line connecting the Chisinau substation and the Converter Station Component is expected to require 3 years. The Project shall be completed by 31 December 2022.

**General exclusions**

The following costs will not be eligible for financing under this Contract: VAT and other taxes and duties, land acquisition, purchase of buildings, maintenance and other operating costs, acquisition of second-hand assets, interest during construction, purchase of licences for the use of non-generated public resources (e.g. telecom licences), patents, brands and trademarks. Pure financial transactions are not eligible.

**A.2 Project information to be sent to the Bank and method of transmission**

1. Dispatch of information: designation of the person responsible

The information below has to be sent to the Bank under the responsibility of:

|  |  |  |
| --- | --- | --- |
|  | **Financial Contact** | **Technical Contact** |
| Company | MEI | *Moldelectrica* |
| Contact person | Aurelia Samson | *Octavian Ciobirca* |
| Title | Director of MEPIU | Senior Engineer  |
| Function / Department financial and technical | MEPIU | Prospective Development Department |
| Address | 1, Alecu Russo str., block A1, of. 163, Chisinau, MD-2068, Republic of Moldova  | 78, V. Alecsandri Str., Chisinau, MD 2012, Republic of Moldova |
| Phone | +373 22 49 67 96 | +373 22 253 548 |
| Fax | +373 22 49 69 90 | +373 22 253 142 |
| Email | aurelia.samson@mepiu.md | octavian.ciobirca@moldelectrica.md |

The above-mentioned contact persons are the responsible contacts for the time being.
The Borrower shall inform the Bank immediately in case of any change.

1. Information on specific subjects

The Borrower shall ensure that the following information is delivered to the Bank at the latest by the deadline indicated below.

|  |  |
| --- | --- |
| **Document / information** | **Deadline** |
| *PCB and dioxin study with respect to the site proposed for the Converter Station Component at Vulcanesti* | *31.12.2017* |
| *Detailed information on the feasibility of synchronous, hybrid or asynchronous interconnection to ENTSO-E, as per detailed studies of ENTSO-E* | *30.6.2019, and in any case prior to the signature of the EPC Contract for the Converter Station Component*  |
| *Procurement plan and project implementation plan* | *31.3.2018* |

1. Information on the project’s implementation

The Borrower shall ensure that the following information on project progress during implementation is delivered to the Bank at the latest by the deadline indicated below.

|  |  |  |
| --- | --- | --- |
| **Document / information** | **Deadline** | **Frequency of reporting** |
| Project Progress Report * *A brief update on the Technical Description, explaining the reasons for significant changes vs. initial scope;*
* *Update on the date of completion of each of the main components of the Project, explaining reasons for any possible delay;*
* *Update on the cost of the Project, explaining reasons for any possible cost variations vs. initial budgeted cost;*
* *Where possible, provide the following information concerning the contracts accounting for approx. more than 5% of total national electricity demand and signed by Moldovan entities to procure electricity to meet national demand: average contract purchasing price; total contracted electricity volume; source of electricity / contractual counterpart; duration of the contract (start/end dates); brief description of the tendering process (e.g. contract assigned in first round, four players submitted bids, all where acceptable);*
* *Update on the progress in relation to the permanent interconnection process between the ENTSO-Eand the Moldovan and Ukrainian electricity transmission networks*
* *If available, information on the development of the infrastructure related to the Project located in Romania*
* *Update on the implementation of the PowerSAP*
* *Update on relevant legislative or regulatory changes concerning the structure and design of the electricity market and sector*
* *Update on any relevant legislative or regulatory decision concerning the allocation of rights to interconnection capacity, and the associated allocation process;*
* *Update on any relevant decision from ANRE concerning the inclusion of the investments in the Project within the RAB and the associated adjustments to electricity transmission tariffs;*
* *A description of any major issue related to the Project with impact on the environment;*
* *Update of the procurement plan;*
* *Update on the Project’s demand or usage and comments;*
* *Any significant issue that has occurred and any significant risk that may affect the project’s operation;*
* *Any legal action concerning the project that may be on-going;*
* *Non-confidential Project-related pictures, if available.*
 | *each**15 February,**15 May,**15 August, and15 November* | *Quarterly* |

1. Information on the end of works and first year of operation

The Borrower shall deliver to the Bank the following information on project completion and initial operation at the latest by the deadline indicated below.

|  |  |
| --- | --- |
| **Document / information** | **Date of delivery to the Bank** |
| Project Completion Report* *The final Technical Description of the Project as completed, explaining the reasons for any significant change compared to the Technical Description;*
* *The date of completion of each of the main components of the Project, explaining reasons for any possible delay;*
* *The final cost of the Project, explaining reasons for any possible cost variations vs. initial budgeted cost;*
* *The relevant decision from ANRE concerning the inclusion of the investments in the Project within the RAB and the associated adjustments to electricity transmissiontariffs;*
* *Employment effects of the Project: person-days required during implementation as well as permanent new jobs created;*
* *A description of any major issue with impact on the environment or social impacts ;*
* *Update on procurement procedures and explanation of deviations from the procurement plan ;*
* *Update on the Project’s demand or usage and comments;*
* *Any significant issue that has occurred and any significant risk that may affect the Project’s operation;*
* *Any legal action concerning the Project that may be on going.*
* *Non-confidential Project-related pictures, if available.*
* *An update on the following Monitoring Indicators:*
* *Power lines constructed or upgraded for transmission of electricity (km)*
* *Capacity of sub-stations constructed or upgraded*
* *Quantity of energy transported*
* *Employment during construction - temporary jobs (person-years)*
* *Employment during operation - new permanent jobs*
* *Fiscal revenues.*
 | *30.6.2024* |

1. Information required 3 years after the Project Completion Report

The Borrower shall deliver to the Bank the following information 3 years after the project completion report referred to above at the latest by the deadline indicated below.

|  |  |
| --- | --- |
| **Document / information** | **Date of delivery to the Bank** |
| *Update on the Monitoring Indicators listed in the table above:** *Power lines constructed or upgraded for transmission of electricity (km)*
* *Capacity of sub-stations constructed or upgraded*
* *Quantity of energy transported*
* *Employment during construction - temporary jobs (person-years)*
* *Employment during operation - new permanent jobs*
* *Fiscal revenues .*
 | *31.12.2025* |

1. Information concerning monitoring of the Project

The Borrower shall, and shall procure that the Promoter shall, carry out thorough monitoring during the implementation of the Project and until the completion of the Project of the economic, development, social, environmental and human rights impact of the Project, as well as such other aspects of the Project’s implementation as may be requested by the Bank from time to time. The Bank shall have the right to verify the information provided by the Borrower and the Promoter, as applicable.

The Bank may make publicly available information provided by the Borrower and the Promoter, as applicable, in the project progress reports and the project completion report provided that such information is expressly marked by the Borrower as “for publication on the EIB website”.

Alternatively, the Borrower may publish such information on its own website and provide the Bank with the corresponding link (URL) which will be used as a source for publication by the Bank.

The Bank shall not have any responsibility for the content of such information made public on its website. Documents marked as “for publication on the EIB website” will be published as received and will not be edited by the Bank. Only functioning URLs that link to the relevant project-related information will be published by the Bank.

|  |  |
| --- | --- |
| **Language of reports** | *English* |

1.

**Definitions EURIBOR and LIBOR**

1. EURIBOR

"EURIBOR" means:

1. in respect of a relevant period of less than one month, the Screen Rate (as defined below) for a term of one month;
2. in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and
3. in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "Representative Period").

For the purposes of paragraphs (b) and (c) above:

"available" means the rates, for given maturities, that are calculated and published by Global Rate Set Systems Ltd (GRSS), or such other service provider selected by the European Money Markets Institute (EMMI), under the sponsorship of EMMI and EURIBOR ACI, or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank; and

"Screen Rate" means the rate of interest for deposits in EUR for the relevant period as published at 11h00, Brussels time, or at a later time acceptable to the Bank on the day (the "Reset Date") which falls 2 (two) Relevant Business Days prior to the first day of the relevant period, on Reuters page EURIBOR 01 or its successor page or, failing which, by any other means of publication chosen for this purpose by the Bank.

If such Screen Rate is not so published, the Bank shall request the principal euro-zone offices of four major banks in the euro-zone, selected by the Bank, to quote the rate at which EUR deposits in a comparable amount are offered by each of them as at approximately 11h00, Brussels time, on the Reset Date to prime banks in the euro-zone interbank market for a period equal to the Representative Period. If at least 2 (two) quotations are provided, the rate for that Reset Date will be the arithmetic mean of the quotations.

If fewer than 2 (two) quotations are provided as requested, the rate for that Reset Date will be the arithmetic mean of the rates quoted by major banks in the euro-zone, selected by the Bank, at approximately 11h00, Brussels time, on the day which falls 2 (two) Relevant Business Days after the Reset Date, for loans in EUR in a comparable amount to leading European banks for a period equal to the Representative Period.

If no rate is available as provided above, EURIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

1. LIBOR

"LIBOR" means, in respect of USD:

1. in respect of a relevant period of less than one month, the Screen Rate for a term of one month;
2. in respect of a relevant period of one or more months for which a Screen Rate is available, the applicable Screen Rate for a term for the corresponding number of months; and
3. in respect of a relevant period of more than one month for which a Screen Rate is not available, the rate resulting from a linear interpolation by reference to two Screen Rates, one of which is applicable for a period next shorter and the other for a period next longer than the length of the relevant period,

(the period for which the rate is taken or from which the rates are interpolated being the "Representative Period").

For the purposes of paragraphs (b) and (c) above:

"available" means "calculated and published" under the aegis of the ICE Benchmark Administration Limited (or any successor to that function of the ICE Benchmark Administration Limited as determined by the Bank) for given maturities; and

"Screen Rate" means the rate of interest for deposits in USD for the relevant period as set by the ICE Benchmark Administration Limited (or any successor to that function of the ICE Benchmark Administration Limited as determined by the Bank) and released by financial news providers at 11h00, London time, or at a later time acceptable to the Bank on the day (the "Reset Date") which falls 2 (two) London Business Days prior to the first day of the relevant period.

If such Screen Rate is not so released by any financial news provider acceptable to the Bank, the Bank shall request the principal London offices of 4 (four) major banks in the London interbank market selected by the Bank to quote the rate at which USD deposits in a comparable amount are offered by each of them at approximately 11h00, London time, on the Reset Date, to prime banks in the London interbank market for a period equal to the Representative Period. If at least 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If fewer than 2 (two) quotations are provided as requested, the Bank shall request the principal New York City offices of 4 (four) major banks in the New York City interbank market, selected by the Bank, to quote the rate at which USD deposits in a comparable amount are offered by each of them at approximately 11h00, New York City time, on the day falling 2 (two) New York Business Days after the Reset Date, to prime banks in the European market for a period equal to the Representative Period. If at least 2 (two) such quotations are provided, the rate will be the arithmetic mean of the quotations provided.

If no rate is available as provided above, LIBOR shall be the rate (expressed as a percentage rate per annum) which is determined by the Bank to be the all-inclusive cost to the Bank for the funding of the relevant Tranche based upon the then applicable internally generated Bank reference rate or an alternative rate determination method reasonably determined by the Bank.

1. GENERAL

For the purposes of the foregoing definitions:

1. "**London Business Day**" means a day on which banks are open for normal business in London and "**New York Business Day**" means a day on which banks are open for normal business in New York.
2. All percentages resulting from any calculations referred to in this Schedule will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point, with halves being rounded up.
3. The Bank shall inform the Borrower without delay of the quotations received by the Bank.
4. If any of the foregoing provisions becomes inconsistent with provisions adopted under the aegis of:
	1. EMMI and EURIBOR ACI (or any successor to that function of EMMI and EURIBOR ACI as determined by the Bank) in respect of EURIBOR; or
	2. the ICE Benchmark Administration Limited (or any successor to that function of the ICE Benchmark Administration Limited, as determined by the Bank) in respect of LIBOR,

the Bank may by notice to the Borrower amend the provision to bring it into line with such other provisions.

1.

**Forms for the Borrower**

**C.1 Form of Disbursement Offer/Acceptance**

To: the Republic of Moldova

From: the European Investment Bank

Date:

Subject: Disbursement Offer/Acceptance for the Finance Contract between the Republic of Moldova and the European Investment Bank dated\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the "Finance Contract")

FI number 88.495 Serapis number 2008-0194

Dear Sirs,

We refer to the Finance Contract. Terms defined in the Finance Contract have the same meaning when used in this letter.

Following your request for a Disbursement Offer from the Bank, in accordance with Article 1.2.B of the Finance Contract, we hereby offer to make available to you the following Tranche:

1. Currency and amount to be disbursed and its EUR equivalent:
2. Scheduled Disbursement Date:
3. Interest rate basis:
4. Interest payment periodicity:
5. Payment Dates:
6. Terms for repayment of principal:
7. The first and last principal repayment dates:
8. The Fixed Rate or Spread, applicable until and including the Maturity Date.

To make the Tranche available subject to the terms and conditions of the Finance Contract, the Bank must receive a Disbursement Acceptance in the form of a copy of this Disbursement Offer duly signed on your behalf, to the following fax number\_\_\_\_\_\_ no later than the Disbursement Acceptance Deadline of [time] Luxembourg time on [date].

The Disbursement Acceptance must be accompanied (if it has not been previously supplied) by:

* 1. the indication of the bank account (with IBAN code in case of disbursements in EUR or the appropriate format for the relevant currency) where disbursement of the Tranche should be made; and
	2. evidence of the authority of the person or persons authorised to sign it on behalf of the Borrower and the specimen signature of such person or persons.

If not accepted by the above stated time, the offer contained in this document shall be deemed to have been refused and shall automatically lapse.

If you do accept the Tranche as described in this Disbursement Offer, all the related terms and conditions of the Finance Contract shall apply, in particular, the provisions of Article 1.4.

Yours faithfully,

EUROPEAN INVESTMENT BANK

We hereby accept the above Disbursement Offer:

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

For and on behalf of the Republic of Moldova

Date:

**C.2 Form of Certificate from the Borrower**

To: the European Investment Bank

From: the Republic of Moldova

Date:

Subject: the Finance Contract between the Republic of Moldova and the European Investment Bank and dated\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ (the "Finance Contract")

FI number 88.495 Serapis number 2008-0194

Dear Sirs,

Terms defined in the Finance Contract have the same meaning when used in this letter.

For the purposes of Article 1.4 of the Finance Contract we hereby certify to you as follows:

1. no Prepayment Event has occurred and is continuing unremedied;
2. there has been no material change to any aspect of the Project or in respect of which we are obliged to report under Article Article 8 (*Information and Visits*), save as previously communicated by us;
3. we have sufficient funds available to ensure the timely completion and implementation of the Project in accordance with Schedule A.1 (*Technical Description*);
4. no event or circumstance which constitutes or would with the passage of time or giving of notice under the Finance Contract constitute an Event of Default has occurred and is continuing unremedied or unwaived;
5. no litigation, arbitration administrative proceedings or investigation is current or to our knowledge is threatened or pending before any court, arbitral body or agency which has resulted or if adversely determined is reasonably likely to result in a Material Adverse Change, nor is there subsisting against us or any of our subsidiaries any unsatisfied judgement or award;
6. the representations and warranties to be made or repeated by us under Article 6.12 (*General representations and warranties*) are true in all respects; and
7. no Material Adverse Change has occurred, as compared with our condition, or the condition of the Promoter, at the date of the Finance Contract.

Yours faithfully,

For and on behalf of the Republic of Moldova

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Authorised person

Date:

1.

**Prepayment events relating to the Promoter**

1. The Promoter fails to comply with any of its obligations under the Project Implementation Agreement.
2. Any fact stated in the recitals to the Project Implementation Agreement materially alters and is not restored in all material respects, and such change materially prejudices the interests of the Bank as lender to the Borrower or materially adversely affects the implementation of the Project.
3. Any information or document material for the Project (in the reasonable opinion of the Bank) given to the Bank by or on behalf of the Promoter, or any representation or statement made or deemed to be made by the Promoter in the Project Implementation Agreement or in connection with the negotiation of the Project Implementation Agreement, is or proves to have been incorrect, incomplete or misleading in any material respect;
4. It becomes unlawful for the Promoter to perform any of its obligations under the Project Implementation Agreement, or the Project Implementation Agreement is not effective in accordance with its terms or is alleged by the Promoter to be ineffective in accordance with its terms.
5. Any corporate action, legal proceedings or other procedure or step is taken in relation to or an order is made or an effective resolution is passed for the winding up of the Promoter, or the Promoter is declared insolvent or ceases or resolves to cease to carry on the whole or any substantial part of its business or activities.
6. An encumbrancer takes possession of, or a receiver, liquidator, administrator, administrative receiver or similar officer is appointed, whether by a court of competent jurisdiction or by any competent administrative authority or by any person, of or over, any assets forming part of the Project.
7.

**PowerSAP**

The Republic of Moldova

Power Sector Reform Action Plan

Primarily based on electric power sector, November 2017

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
| # | **ACTIONS** | **OPERATIONS** | **APPLICABLE TO:** | **DEADLINE/TIMEFRAME** | **ADDITIONAL COMMENTS** | **Technical Cooperation** |
| 1. **DEVELOP AND IMPLEMENT NECESSARY SECONDARY LEGISLATION AND RELATED MEASURES**
 |  |
| 1.1 | Certification of the transmission system operator  | Ownership unbundling of the Promoter | Government, the Promoter | 1 March 2018 | * ANRE reviews the required corporate and legal changes together with the Energy Community Secretariat
* The Promoter will make a proposal plan to comply with assets ownership and corporate governance requirements under the 3rd EU Energy package
* Separate control between the Promoter on one hand and public energy companies (HPP, CHP, Energocom and Moldovagaz supply activities) by assigning separate public institutions (Ministries/Agencies) for control
 |  |
| Application to ANRE | Promoter | 1 April 2018 | * In line with Article 96(7), Law 107/2016;
 |  |
| Decide on provisional certification of the Promoter and notify EnC Secretariat | ANRE | 1 August 2018 | * In line with Article 27(3) and (5), Law 107/2016;
 |  |
| EnCS Opinion | EnCS | 1 December 2018 | * In line with Directive 2009/72/EC;
 |  |
| Certification of the Promoter based on EnCS opinion | ANRE | 1 February 2019 | * In line with Article 27( 6), Law 107/2016;
 |  |
| 1.2 | Corporatization of the Promoter | Develop and implement a Corporate Governance Action Plan to brining ME corporate governance in line with best international practices | the Promoter, Government | 31 December 2020 | * Identify through the support of an expert consultant the key actions to support the corporatization of ME in line with OECD principles, with a governance structure such to ensure effectively independent operations and management. The precise structure should be based upon the results of a dedicated technical assessment.
 | * The EBRD is considering to support the Promoter and the GoM to develop a Corporate Governance Action Plan (CGAP) with the assistance of a Technical Advisor, if needed. The CGAP will be based upon the results of a dedicated report developed by the Technical Advisor.
 |
| 1.3 | Concept Design of the Wholesale Electricity Market  | Develop and approve the WEM concept taking into consideration market integration and electricity trade with ENTSO-E and other neighbours | Government ANRE, the PromoterIn cooperation with the Energy Community Secretariat | 30 December 2018 | * Considering the power supply constraints in Moldova, a sustainable, market based, wholesale electricity market (WEM) needs to be designed looking into the possibilities for coupling with neighbouring markets and electricity trade with ENTSO-E and other countries.
* The WEM concept design shall be approved by ANRE and become the guidance for drafting detailed power market rules.
 | * EnCS is developing a technical assistance under EU4Energy;
* The World Bank is preparing TA under the upcoming Transparent Power Project.
 |
| 1.4 |  WEM Rules in accordance with the approved WEM Concept Design | Update the Electricity Market Rules to be in compliance with Electricity Law 107/2016 and the Concept Design for the WEM | Government, ANRE, the PromoterIn cooperation with the Energy Community Secretariat | 30 December 2019 | * The rules for the operation of the wholesale market have to be revised to comply with the Electricity Law’s provisions, taking into account the size of the Moldovan power market.
 | * EnCS is developing a technical assistance under EU4Energy
* The World Bank is preparing TA under the upcoming Transparent Power Market Project aiming to identify an optimal power market model which would promote competition in view of Moldova’s power system interconnection with that of Romania.
 |
| 1.5 | Third Party access to the transmission networks and capacity allocation | Adopt a new transmission tariff methodology in line with the applicable EU laws and best practices | ANRE, the Promoter | 31 December 2017 | * Methodology and corresponding Rules to be revised under support and assistance by Energy Community Secretariat.
* Moldovan authorities to provide and update whether this is on track.
 |  |
| 1.6 | Third Party access to the distribution networks | Adopt new distribution tariff methodology in line with EU law  | ANREIn cooperation with the Energy Community Secretariat | 1 March 2018 | * The new methodology will be agreed with the Energy Community Secretariat
 |  |
| 1.7 | Improve transparency of electricity procurement, addressing issues coming from participation of SOE. | Revision of the electricity procurement guidelines based on past experiences and best practices in auctions procedures together with EnCS to be implemented starting from 2018 tender. | Government, ANRE, In cooperation with the Energy Community Secretariat  | Condition for effectiveness for the EBRD loan31 December 2017 | * Improve transparency and competition in the wholesale electricity market by ensuring completion of tenders for the purchase of all electricity (excluding reserves and emergency supply) to be supplied to the Right Bank of Dniester river for the 12 month period starting on April 1st, 2018 based on the Guidelines for the Annual Procurement of Electricity” adopted in January 2017 by the Ministry of Economy; monitored by the Group of Observers (including experts of the Energy Community Secretariat and of the EU Delegation to Moldova); and with tender-related documents publicly disclosed as per the Guidelines.
 |  |
| 1.8 | Enhanced corporate governance of SOE such as of Energocom | Develop and implement a Corporate Governance Action Plan for SOEs`, such as Energocom, to support corporatization and corporate governance standards in line with best international practices  | EnergocomGovernment | 31 December 2020 | * Identify through the support of an expert consultant the key actions to support the corporatization of Energocom in line with OECD principles with a governance structure such to ensure effectively independent operations and management. The precise structure should be based upon the results of a dedicated technical assessment.
 | * A new TA activity with funding by the European Union titled EU Economic Rule of Law Project and supported by the World Bank includes the energy sector reforms and energy sector governance. It could also provide the necessary TA for creation and operation of a market operator if a separate one needs to be created.
 |
| 1. **STRENGTHEN THE CAPACITIES OF THE ENERGY REGULATOR (ANRE)[[1]](#footnote-3)**
 |  |
| 2.1 | Strengthening the institutional set up and independence of ANRE  | Energy Law approved on September 21, 2017, signed by the President on October 10, 2017 and published in the Official Gazette on October 20, 2017 establishes the basis for strengthening of independence of ANRE. | ANREIn cooperation with the Energy Community Secretariat | Condition for effectiveness for the EBRD loan agreement /disbursement condition for EIB finance contract for Ungheni Chisinau gas pipelineAs per the timeline in the Action Plan based on the recommendations issued by the Energy Community Secretariat and agreed with the Government | * The action consists in implementing the Energy Law and the action plan agreed with EnCS to improve ANRE’s capacities, performance and independence.
* Energy Community to monitor and issue a positive opinion on ANRE’s capacities, performance and independencein compliance with the Third Energy Package and the Action Plan regarding ANRE.
 |  |
| **3** | **COMMERCIAL SET-UP** |  |
| 3.1 | Approval of new Transmission tariff to achieve cost reflectivity levels in line with EU 3rd Energy Package | Approval of new tariffs for the transmission service in strict conformity with the provisions of the approved tariffs methodology | ANRE | Condition for effectiveness for the EBRD loanUpon the adoption of new transmission tariff methodology30 April 2018 | Cost reflective tariffs: The tariffs for electricity transmission as approved by the National Energy Regulatory Agency of Moldova are compliant with the existing methodology and are fully reflecting the regulated costs of the Project Entity and the current methodology is cost reflective of the investment in the Project (i.e. the investment cost of the Project is recognised in the Regulated Asset Base (RAB)) The TSO should be allowed and incentivized to generate additional source of revenues through market based instruments.  |  |
| 3.2 | Rules for allocation of cross-border capacities in accordance with Regulation (EC) 714/2009 have to be adopted as a basis for a dialogue between the Promoter and Ukrenergo.  | Adopt rules for allocation of interconnection capacity between Ukraine and Moldova  | the Promoter, neighbouring TSO, ANRE, neighbouring regulatorIn cooperation with the Energy Community Secretariat | 1 June 2018 | * Rules for access to interconnection capacities are being drafted but need to be coordinated between the two TSOs and reviewed by energy regulators ANRE in Moldova and NEURC in Ukraine.
 |  |
| 3.3 | Competitive allocation of cross border capacity at Moldovan-Romanian interconnection | - Conduct a tender for capacity booking for the Moldovan-Romanian interconnection -Adopt joint allocation rules for capacity (electronic auctions) on Moldovan-Romanian interconnections  | the Promoter with neighbouring TSO, ANRE, neighbouring regulator | 30 December 2022; Applicability after the investment in interconnection (B2B station and transmission lines) between the two systems is finalized | * The Promoter to conduct annual tenders for capacity allocation on Moldovan-Romanian interconnections.
* Tenders will be open to local and foreign electricity suppliers/traders and in line with the regulation on access to the networks and congestion management adopted by the respective TSOs (the Promoter and Transelectrica) and endorsed by the respective Regulators ANRE Moldova and ANRE Romania (see point 3.3).
 |  |
| 3.4 | A Power Market Operator should be established; The power Market operator should procure and Implement appropriate software tools for the operation of the new market segments  | Day Ahead Market (DAM), Intraday (IDM), forward market Balancing Market | Power Market OperatorPromoter, ANRE, | December 2020December 2020 | * For the wholesale market segments to operate under a fair and transparent way, in compliance with corresponding rules, the main stakeholders meaning the Market Operator and the TSO will need to implement appropriate software solutions
 |  |
| 3.5 | Apply EU harmonised allocation rules for capacity allocation, if agreed by counterparts from UA and RO | - Adopt the EU harmonised allocation rules for capacity allocation.- Discuss with neighbouring TSOs for respective borders. - Discuss with two existing auction offices in Europe, SEE CAO (Montenegro) and JAO (Luxemburg) regarding the services for allocation of cross-border capacity | Promoter, ANRE, energy TSOs and regulators from UA, ROIn cooperation with the Energy Community Secretariat | June 2019 (for allocation of MD-UA border) December 2022 (for the RO-MD border) | * Allocation by a regional platform enables coordinated capacity allocation, therefore ECS will facilitate Promoter’s discussions with Auction Offices and neighbouring TSOs.
 | The added value vs supplementary costs of a coordinated capacity allocation to be assessed by a TA |

**ANNEX I**

**Form of the Legal Opinion**

European Investment Bank

98-100 Bd. Konrad Adenauer

L-2950 Luxembourg

Luxembourg

To the attention of the Legal Directorate

[date]

Re: Moldova Romania Electricity Interconnection:

The Finance Contract between the Republic of Moldova and the European Investment
Bank dated \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

FI number 88.495; Serapis number 2008-0194

Dear Sirs,

I, the undersigned, Minister of Justice of the Republic of Moldova, am giving this opinion pursuant to Article 1.4.A(d) of the finance contract dated \_\_\_\_\_\_\_\_ (the "**Finance Contract**") between the Republic of Moldova (the “**Borrower**”) and the European Investment Bank (the "**Bank**") pursuant to which the Bank has agreed to provide a credit to the Borrower in an amount equivalent to EUR 80,000,000 for the purpose of financing the Moldova Romania Electricity Interconnection project.

All terms used herein and not otherwise defined shall have the same meaning as in the Finance Contract.

I have examined an original of the Finance Contract and I have examined such laws, documents and other matters, as I have deemed necessary or appropriate for the purpose of giving this opinion.

Subject to the foregoing, I am of the opinion that:

1. The Finance Contract has been duly executed on behalf of the Borrower by [Name], [Minister of Economy] of the Republic of Moldova as lawful representative of the Borrower.
2. The execution of the Finance Contract by [Name], [Minister of Economy] of the Republic of Moldova as lawful representative of the Borrower has been made pursuant to and in accordance with the provisions of [INSERT DETAILS OF RELEVANT LAW].
3. Under the laws of the Republic of Moldova, it is not necessary that the Finance Contract be filed, recorded, registered or enrolled with any court or other authority in order to ensure the legality, validity or enforceability of the Finance Contract.
4. The choice of Luxembourgish law as the law governing the Finance Contract (other than Article 11.2 (*Arbitration*)) is valid and enforceable.
5. None of the following: (i) the entry into the Finance Contract by the Borrower; (ii) the performance by the Borrower ofits obligations under the Finance Contract; (iii) the transactions contemplated by the Finance Contract; (iv) the acceptance of the Credit by the Borrower; and (v) the signing of a Disbursement Offer and the acceptance of a disbursement of a Tranche under the Finance Contract, in any way conflicts, or is in breach of, any restrictions on the incurring of financial indebtedness by the Borrower, including without limitation any such restrictions imposed by any international financial institution or international bank.
6. The arbitration agreement contained in the Finance Contract to settle any dispute between the Parties by an arbitral tribunal with its seat in The Haguein accordance with the UNCITRAL Rules is a valid, binding and effective agreement by the Borrower to submit to arbitration. The choice of Dutch law as the law governing Article 11.2 (*Arbitration*) of the Finance Contract is valid and enforceable. Any award obtained in an arbitration proceeding conducted in accordance with the arbitration provisions of the Finance Contract against the Borrower in relation to a dispute under or in connection with the Finance Contract would be recognised and enforced in the Republic of Moldova.
7. No taxes, duties, fees or other charges, including, without limitation, any registration or transfer tax, stamp duty or similar levy, imposed by the Republic of Moldova, or any of its political subdivision or tax authority,are payable in connection with the execution of the Finance Contract, nor in connection with any payment to be made by the Borrower to the Bank pursuant to the Finance Contract.
8. The Borrower (through MEI and/or the Promoter) has obtained all necessary Authorisations required in connection with the Finance Contract.
9. All necessary exchange control consents, which may be necessary to receive disbursements, to repay the same, to pay interest and all other amounts due under the Finance Contract and to open and operate the EIB Loan Account are in effect.
10. The waiver of immunity under Article 11.7of the Finance Contract is a legally valid and binding obligation of the Borrower.
11. The Finance Contract has been duly ratified by the Parliament of the Republic of Moldova in accordance with the laws of the Republic of Moldova.

Based on the foregoing, I am of the opinion that all requirements currently applicable to the Borrower, the Promoter, and/or the Finance Contract under the laws of the Republic of Moldova have been complied with, and that the Finance Contract constitutes valid and binding obligations of the Borrower, enforceable in accordance with their terms.

Yours faithfully,

\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

[Name]

Minister of Justice of the Republic of Moldova

1. Section 2 is a direct reference to the same section developed in the the Energy Sector Reform Action Plan ("EnerSAP"). The ENERSAP was developed under the investment project that is the construction and operation of Ungheni- Chisinau gas pipeline by VestMoldTransGaz ("VMTG") . The EnerSAP was agreed between the GoM, Energy Community Secretariat, EBRD and EIB. [↑](#footnote-ref-3)