

ACORD
de credit dintre Republica Moldova și Banca
 Internațională pentru Reconstrucție și Dezvoltare în
 vederea realizării Proiectului de Ameliorare a
 Competitivității II (PAC II)

Chișinău, 15 iulie 2014



COPIE CERTIFICATĂ
TEXT ÎN LIMBA ENGLEZĂ

LOAN NUMBER 8400-MD

Loan Agreement

(Second Competitiveness Enhancement Project)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *July 15*, 2014

LOAN NUMBER 8400-MD

LOAN AGREEMENT

Agreement dated *July 15*, 2014, between the
REPUBLIC OF MOLDOVA ("Borrower") and the INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank
hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of thirty million United States Dollars (US\$30,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.07 of this Agreement ("Loan"), to assist in financing Part 3 of the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.
- 2.04. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Fixed Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02 (e) of the General Conditions.

- 2.05. The Payment Dates are May 15 and November 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.
- 2.07. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management: (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency; (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall carry out the Project, through the MOE and the MOF (with regards to Part 3 (a) of the Project), in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following:

- (a) the Operational Manual has been adopted by the Borrower; and
- (b) the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

4.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

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

5.02. The Borrower's Address is:

Ministry of Finance
Cosmonautilor Street, 7
MD2005 Chisinau
Republic of Moldova

Facsimile:

(37322) 225393

5.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:

Telex:

Facsimile:

INTBAFRAD
Washington, D.C.

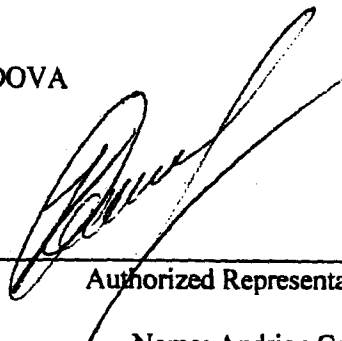
248423(MCI) or
64145(MCI)

1-202-477-6391

AGREED at Chisinau, Republic of Moldova, as of the day and year first above written.

REPUBLIC OF MOLDOVA

By



Authorized Representative

Name: Andrian Candu

Title: Deputy Prime Minister, Minister of Economy

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Abdoulaye Seck

Title: Country Manager

SCHEDULE 1

Project Description

The objective of the Project is to increase the export competitiveness of the Borrower's enterprises and decrease the regulatory burden they face.

The Project consists of the following parts:

Part 1. Regulatory Reform

- (a) Improving the timely delivery of the Borrower's business regulatory reform strategies and the quality of the business enabling environment through:
 - (i) strengthening the Borrower's oversight of the business regulatory reform strategy implementation through, *inter alia*, developing and implementing methodologies to monitor the implementation of the reform strategies by the Borrower's public authorities;
 - (ii) increasing the accountability of the Borrower's public authorities through measuring and disclosing information on the impacts caused by the actions of the Borrower's public authorities on the business community through, *inter alia*: developing and implementing a system for monitoring and reporting based on performance indicators for the Borrower's public authorities with a business regulatory function, including a Performance Monitoring Action Plan;
 - (iii) reviewing the Borrower's legal and regulatory framework and its implementation to avoid unjustified costs on businesses; AND
 - (iv) conducting events and communication campaigns in support of regulatory reform.
- (b) Implementing priority reforms to improve export competitiveness through:
 - (i) simplifying the process to obtain Permissive Documents required by the Borrower for an enterprise to do business;
 - (ii) Strengthening the Borrower's competition capacity through, *inter alia*: (A) supporting the dissemination and implementation

of the Competition Law; and (B) providing technical assistance to draft amendments to laws and regulations to remove provisions causing anti-competitive behaviors.

- (c) Provision of financing of payments under the Eligible Expenditure Program (EEP) in support of the business regulatory reform by: (i) establishing and applying performance indicators for the Borrower's entities with a business regulatory function; and (ii) the introduction of reforms to reduce regulatory barriers and remove anti-competitive obstacles in legislation and regulation, all in accordance with the provisions set forth in Section IV of Schedule 2 to this Agreement.

Part 2. SME Development

- (a) Strengthening the institutional capacity of ODIMM and MIEPO to facilitate business sophistication and integration into global supply chains for SMEs and exporters.
- (b) Establishing a Matching Grant Facility (MGF) to assist Matching Grant Beneficiaries in the implementation of business improvement plans focused on export competitiveness including:
 - (i) providing support to the Borrower to, *inter alia*: (A) develop the Matching Grant Manual; (B) design a communication strategy for the MGF; (C) develop and implement a monitoring and evaluation strategy for Part 2(b)(ii) below; and (D) strengthening the Borrower and, when applicable, ODIMM or MIEPO's capacity to supervise the MGF; and
 - (ii) providing Matching Grants to Matching Grant Beneficiaries to implement business improvement plans focused on export competitiveness.
- (c) Provision of financing of payments under the Eligible Expenditure Program (EEP) to support the institutional strengthening of ODIMM and MIEPO by: (i) developing and implementing a strategy for ODIMM that promotes organizational effectiveness and segmentation of delivery assistance mechanisms to meet the needs of SMEs; and (ii) developing and implementing a strategy for MIEPO that promotes organizational effectiveness, market segmentation for improved export promotion delivery assistance mechanisms, all in accordance with the provisions set forth in Section IV of Schedule 2 to this Agreement.

Part 3. Access to Finance

- (a) Provision of Sub-loans by Eligible PFIs to support investment and working capital financing needs of Beneficiary Enterprises.
- (b) Providing support to ODIMM to revise and implement its credit guarantee scheme.
- (c) Provision of technical assistance to MOE, MOF, other relevant Recipient's public authorities and financial institutions in the Borrower's territory on developing value chain financing models.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. For the purposes of the Project, the Borrower, through the MOE, shall be responsible for the overall implementation (including the financial management and procurement aspects) of the Project.
2. The Borrower, through the MOE, shall maintain the PIU until completion of the Project with staff, resources and terms of reference acceptable to the Bank and in accordance with the Operational Manual and shall assign to it responsibility for overall daily management of the Project. Any additional staff of the PIU financed under the Project shall be selected and hired in accordance with Section III of this Schedule.
3. The Borrower, through the MOF, shall maintain, throughout the Project implementation, the Credit Line Directorate (CLD), which shall be responsible for the day to day management and implementation of Part 3(a) of the Project. The CLD shall be provided with adequate staff, funding, facilities and other resources satisfactory to the Bank and required for implementation of Part 3(a) of the Project. The CLD's functions shall include, *inter alia*: (a) evaluating compliance with Sub-loan appraisal practices with the Project's fiduciary and safeguards requirements; (b) collection (repayment) of funds advanced to Eligible PFIs; and (c) monitoring the financial condition of Eligible PFIs and other matters related to implementation of Part 3(a) of the Project.

B. Line of Credit and Subsidiary Financing Agreement

1. The Borrower shall: (a) prepare and adopt a LOC Operational Manual under terms and conditions acceptable to the Bank, and (b) thereafter, carry out Part 3(a) of the Project in accordance with the requirements set forth in the LOC Operational Manual, including eligibility criteria for Eligible PFIs and Beneficiary Enterprises, selection procedures and implementation conditions. The Borrower shall not assign, amend, abrogate or waive any provision of the LOC Operational Manual without prior approval of the Bank. In case of any conflict between the terms of the LOC Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.
2. Prior to the implementation of any activity under Part 3(a) of the Project, the Borrower shall make part of the proceeds of the Loan available to each Eligible PFI under a Subsidiary Financing Agreement between the Borrower and the

Eligible PFI, under terms and conditions acceptable to the Bank and set forth in the LOC Operational Manual, which shall include:

- (a) the obligation of the Eligible PFI to comply with the pertinent provisions of this Agreement (including the pertinent obligations set forth in the Safeguards, Procurement and Financial Management sections), the Operational Manual and the Anti-Corruption Guidelines;
- (b) the principal amount to be lent out of the proceeds of the Loan to an Eligible PFI under its respective Subsidiary Financing Agreement shall be denominated in US Dollars, Euro, or Moldovan Lei;
- (c) If the Sub-Loan is denominated in US Dollars or Euro the currency risk will be shared between the Eligible PFI and the Borrower, and if the Sub-Loan is denominated in Moldovan Lei, the Borrower will assume the currency risk;
- (d) the Subsidiary Financing shall be charged semi-annually, on the principal amount thereof withdrawn and outstanding from time to time, interest at a rate calculated as set forth on the LOC Operational Manual;
- (e) the obligation of the Eligible PFI to assume the credit risk of Sub-loans;
- (f) the Subsidiary Financing amount shall be equivalent to the aggregate amounts of principals of all Sub-loans made by the respective Eligible PFI, and said Eligible PFI shall repay to the Borrower the Subsidiary Financing amount in full regardless of the Sub-loan payments received;
- (g) the right of the Eligible PFI to the use of the proceeds of its respective Subsidiary Financing shall be suspended upon: (i) failure of such Eligible PFI to perform any of its obligations under its respective Subsidiary Financing Agreement; and/or (ii) failure of such Eligible PFI to comply with the eligibility criteria set forth on the LOC Operational Manual; and
- (h) the obligation of the Eligible PFI to enter into an agreement with each Beneficiary Enterprise (Sub-loan Agreement) for the provision of a Sub-loan for a Sub-Project on terms and conditions acceptable to the Bank and set forth in the LOC Operational Manual, which shall include:
 - (i) the obligation of each Beneficiary Enterprise to carry out Sub-Projects in accordance with the Anti-Corruption Guidelines, the provisions of Section III of Schedule 2 to this Agreement (Procurement); the Operational Manual, the EMF and, when applicable, prepare EMPs in accordance with the EMF, in form

and substance satisfactory to the Bank, and to implement said activities in accordance with the relevant EMP;

- (ii) the principal amount of each Sub-loan shall be denominated in Euro, US dollars or Moldovan Lei; and
- (iii) Sub-loan amounts will be subject to limits, depending on the Sub-loan type, as set forth in the LOC Operational Manual.; and
- (iv) the right of the Eligible PFI to take or permit to be taken all actions to comply with its obligations under each Sub-loan Agreement.

- 3. The Borrower shall exercise its rights and carry out its obligations under each Subsidiary Financing Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Project. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive a provision or provisions of a Subsidiary Financing Agreement.

C. Operational Manual

The Borrower shall adopt and carry out the Project in accordance with the requirements set forth in the Operational Manual and shall not assign, amend, abrogate or waive any provision of the Operational Manual without prior approval of the Bank. In case of any conflict between the terms of the Operational Manual and those of this Agreement, the terms of this Agreement shall prevail.

D. Anti-Corruption

The Borrower shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

E. Safeguards

- 1. The Borrower shall, and shall cause the Eligible PFIs to carry out part 3(a) of the Project in accordance with the EMF.
- 2. The Borrower shall, and shall cause the Eligible PFIs to cause the Beneficiary Enterprises to, when applicable, prior to carrying out any Subproject under Part 3(a) of the Project, prepare EMPs in accordance with the EMF, in form and substance satisfactory to the Bank, and to implement said Subproject in accordance with the relevant EMP.

3. Under Part 3(a) of the Project, the Borrower shall ensure that no investments involving the involuntary acquisition of land or the displacement of persons, or investments that involve the use or potential pollution of international waterways or any other investment included in the negative list of investments included in the EMF, are financed with the proceeds of the Loan.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports and Mid-Term Review

1. The Borrower shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than one month after the end of the period covered by such report.
2. By July 15, 2018, or such other date as the Bank shall agree upon, the Borrower shall carry out jointly with the Bank, a mid-term review of the implementation of the activities under the Project (Mid-term Review). The Mid-term Review shall cover the progress achieved in the implementation of the Project. Following such Mid-term Review, the Borrower shall act promptly and diligently to take any corrective action as shall have been agreed with the Bank.

B. Financial Management, Financial Reports and Audits

1. The Borrower shall maintain or cause to be maintained, a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. The Borrower shall prepare and furnish to the Bank not later than forty-five days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the quarter, in form and substance satisfactory to the Bank.
3. The Borrower shall have its Financial Statements audited in accordance with the provisions of Section 5.09 (b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines, and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan: (a) National Competitive Bidding, subject to the additional provisions specified in Annex A to this Schedule; (b) Shopping; (c) Direct Contracting; and (d) Procurement in Loans to Financial Intermediary Institutions and Entities.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following method, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in

the Procurement Plan: (a) Quality-Based Selection; (b) Selection under a Fixed Budget; (c) Least-Cost Selection; (d) Selection based on the Consultants' Qualifications; (e) Single-Source Selection of consulting firms; (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; (g) Single-source procedures for the Selection of Individual Consultants; and (h) Selection of Consultants in Loans to Financial Intermediary Institutions and Entities.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the "World Bank Disbursement Guidelines for Projects" dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan ("Category"), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in USD)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Sub-loans under Part 3 (a) of the Project	29,400,000	100 %
(2) Goods, consultant's services (including audits), Non-Consulting Services, Training and Incremental Operating Costs under Parts 3(b) and 3(c) of the Project; and audits under Part 3 (a) of the Project.	600,000	100 %
TOTAL AMOUNT	30,000,000	

B. Withdrawal Conditions; Withdrawal Period

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

- (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee;
- (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed \$6,000,000 equivalent may be made for payments made prior to this date but on or after May 7, 2014, for Eligible Expenditures under Categories (1) and (2); AND
- (c) for payments under Category (1) unless: (i) at least one Subsidiary Financing Agreement has been executed on behalf of the Borrower and an Eligible PFI; and (ii) the LOC Operational Manual has been adopted by the Borrower.

2. The Closing Date is January 31, 2020.

Section V. Other Undertakings

The Borrower shall:

- (a) No later than September 30 of every year during the implementation of the Project, beginning on September 30, 2015, prepare and furnish to the

Bank a procurement progress report (Procurement Report), in form and substance acceptable to the Bank, which shall include, *inter alia*: (i) a description of issues arising during the full procurement cycle under the Project, from design through planning, bidding, contract implementation and completion; (ii) a list of proposed measures and actions to be taken to resolve the issues identified under (i) above; and (iii) a proposed timeline for the implementation of the said measures and actions.

- (b) No later than October 31 of every year during the implementation of the Project, beginning on October 31, 2015 exchange views with the Bank on the results of the Procurement Progress Report completed for the Borrower's previous calendar year and thereafter implement such recommended measures, as agreed with the Bank.

ANNEX A
to
SCHEDULE 2

Additional Provisions Relating to Procurement of Goods and Non-consulting Services under Bank-Financed Contracts Subject to National Competitive Bidding

Without limitation upon the provisions of Section III of Schedule 3 to this Agreement and Section I and paragraphs 3.3 and 3.4 of the Procurement Guidelines, the procurement procedure to be followed for National Competitive Bidding shall be the Open Bidding Procedure set forth in the Law on Procurement No. 96-XVI dated April 13, 2007, as further amended on September 17, 2010, December 23, 2011, March 30, 2012, April 12, 2012, June 15, 2012, and June 14, 2013 (the "PPL"), provided, however, that such procedure shall be subject to the following additional provisions:

Eligibility: Eligibility to participate in a procurement process and to be awarded a Bank-financed contract shall be as defined under Section I of the Procurement Guidelines; accordingly, no bidder or potential bidder shall be declared ineligible for contracts financed by the Bank for reasons other than those provided in Section I of the Procurement Guidelines.

Registration of Contractors and Suppliers: Registration shall not be used to assess bidders' qualifications. A foreign bidder shall not be required to register as a condition for submitting its bid, and a foreign bidder recommended for contract award shall be given a reasonable opportunity to register, with the reasonable cooperation of the Borrower, prior to contract signing.

Participation of Joint Ventures: Participation of Joint Ventures shall be allowed and all its members shall be jointly and severally liable for the entire contract.

Bidding Documents: Bidding documents acceptable to the Bank shall be used, and shall be prepared so as to ensure economy, efficiency, transparency, and broad consistency with the provisions of Section I of the Procurement Guidelines.

Qualification: Qualification criteria shall be clearly specified in the bidding documents. All criteria so specified, and only such specified criteria, shall be used to determine whether a bidder is qualified. Qualification shall be assessed on a "pass or fail" basis, and merit points shall not be used. Such assessment shall be based entirely upon the bidder's or prospective bidder's capability and resources to effectively perform the contract, taking into account objective and measurable factors, including: (i) relevant general and specific experience, and satisfactory past performance and successful completion of similar contracts over a given period; (ii) financial position; and where relevant, (iii) capability of construction and/or manufacturing facilities. Prequalification procedures and documents acceptable to the Bank shall be used for large, complex and/or specialized works. The verification of the information upon which a bidder was

prequalified, including current commitments, shall be carried out at the time of contract award, along with the bidder's capability with respect to personnel and equipment. In the procurement of goods and works where pre-qualification is not used, the qualification of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying the qualification criteria stated in the bidding documents.

Cost Estimate: The detailed cost estimates shall be confidential and shall not be disclosed to prospective bidders. No bids shall be rejected on the basis of comparison with the cost estimates without the Bank's prior written concurrence.

Bid Submission and Bid Opening: Prospective bidders shall be given at least thirty (30) days from the date of publication of the invitation to bid or the date of availability of the bidding documents, whichever is later, to prepare and submit bids. Bids shall be opened in public, immediately after the deadline for submission of bids. Bids received after the deadline for bid submission shall be rejected and returned to bidders unopened. A copy of the bid opening minutes shall be promptly provided to all bidders who submitted bids, and to the Bank with respect to contracts subject to the Bank's prior review.

Bid Evaluation: Evaluation of bids shall be made in strict adherence to the evaluation criteria specified in the bidding documents. Evaluation criteria other than price shall be quantified in monetary terms. Merit points shall not be used, and no minimum point or percentage value shall be assigned to the significance of price, in bid evaluation. Contracts shall be awarded to the qualified bidder whose bid has been determined: (i) to be substantially responsive to the bidding documents; and (ii) to offer the lowest-evaluated cost. No negotiations shall be permitted. A bidder shall not be required, as a condition for award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted. A bidder shall not be eliminated from detailed evaluation on the basis of minor, non-substantial deviations.

Rejection of All Bids and Re-bidding: All bids (or the sole bid if only one bid is received) shall not be rejected, the procurement process shall not be cancelled, and new bids shall not be solicited without the Bank's prior written concurrence.

Bid Validity: The bid validity period required by the bidding documents shall be sufficient to account for any period that may be required for the approval and registration of the contract as contemplated in the PPL. If justified by exceptional circumstances, an extension of bid validity may be requested in writing from all bidders before the original bid validity expiration date, provided that such extension shall cover only the minimum period required to complete the evaluation, award a contract, and/or complete the registration process, but not more than thirty (30) days; a corresponding extension of any bid guarantee also shall be required in such cases. A Bidder may refuse the request for extension of bid validity without forfeiting its bid guarantee. No further extensions shall be requested without the prior written concurrence of the Bank.

Guarantees: Guarantees shall be in the format included in the bidding documents. The bid guarantee shall be valid for twenty-eight days (28) beyond the original validity period of the bid, or beyond any period of extension if requested. No advance payments shall be made without a suitable advance payment guarantee. Performance security shall not exceed ten percent (10%) of the contract amount.

Fraud and Corruption: The bidding documents and contract as deemed acceptable by the Bank shall include provisions stating the Bank's policy to sanction firms or individuals, found to have engaged in fraud and corruption as defined in the Procurement Guidelines.

Inspection and Audit Rights: Each bidding document and contract financed out the proceeds of the Financing shall provide that bidders, suppliers and contractors, and their subcontractors, agents, personnel, consultants, service providers, or suppliers, shall permit the Bank to inspect all accounts, records, and other documents relating to the submission of bids and contract performance, and to have them audited by auditors appointed by the Bank. Acts intended to materially impede the exercise of the Bank's inspection and audit rights provided for in the Procurement Guidelines constitute an obstructive practice as defined in the Guidelines.

Contract Modifications: With respect to contracts subject to the Bank's prior review, the Borrower shall obtain the Bank's no objection before agreeing to: (a) a material extension of the stipulated time for performance of a contract; (b) any substantial modification of the scope of services or other significant changes to the terms and conditions of the contract; (c) any variation order or amendment (except in cases of extreme urgency) which, singly or combined with all variation orders or amendments previously issued, increases the original contract amount by more than fifteen percent (15%); or (d) the proposed termination of the contract. A copy of all contract amendments shall be provided to the Bank.

SCHEDULE 3

Amortization Schedule

1. The following table sets forth the Principal Payment Dates of the Loan and the percentage of the total principal amount of the Loan payable on each Principal Payment Date ("Installment Share"). If the proceeds of the Loan have been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined by the Bank by multiplying: (a) Withdrawn Loan Balance as of the first Principal Payment Date; by (b) the Installment Share for each Principal Payment Date, such repayable amount to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.

Principal Payment Date	Installment Share (Expressed as a Percentage)
On each May 15 and November 15 Beginning November 15, 2019 through May 15, 2044	2%

2. If the proceeds of the Loan have not been fully withdrawn as of the first Principal Payment Date, the principal amount of the Loan repayable by the Borrower on each Principal Payment Date shall be determined as follows:
 - (a) To the extent that any proceeds of the Loan have been withdrawn as of the first Principal Payment Date, the Borrower shall repay the Withdrawn Loan Balance as of such date in accordance with paragraph 1 of this Schedule.
 - (b) Any amount withdrawn after the first Principal Payment Date shall be repaid on each Principal Payment Date falling after the date of such withdrawal in amounts determined by the Bank by multiplying the amount of each such withdrawal by a fraction, the numerator of which is the original Installment Share specified in the table in paragraph 1 of this Schedule for said Principal Payment Date ("Original Installment Share") and the denominator of which is the sum of all remaining Original Installment Shares for Principal Payment Dates falling on or after such date.
3. (a) Amounts of the Loan withdrawn within two calendar months prior to any Principal Payment Date shall, for the purposes solely of calculating the principal amounts payable on any Principal Payment Date, be treated as

withdrawn and outstanding on the second Principal Payment Date following the date of withdrawal and shall be repayable on each Principal Payment Date commencing with the second Principal Payment Date following the date of withdrawal.

- (b) Notwithstanding the provisions of sub-paragraph (a) of this paragraph, if at any time the Bank adopts a due date billing system under which invoices are issued on or after the respective Principal Payment Date, the provisions of such sub-paragraph shall no longer apply to any withdrawals made after the adoption of such billing system.
- 4. Notwithstanding the provisions of paragraphs 1 and 2 of this Schedule, upon a Currency Conversion of all or any portion of the Withdrawn Loan Balance to an Approved Currency, the amount so converted in the Approved Currency that is repayable on any Principal Payment Date occurring during the Conversion Period, shall be determined by the Bank by multiplying such amount in its currency of denomination immediately prior to the Conversion by either: (i) the exchange rate that reflects the amounts of principal in the Approved Currency payable by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Guidelines, the exchange rate component of the Screen Rate.
- 5. If the Withdrawn Loan Balance is denominated in more than one Loan Currency, the provisions of this Schedule shall apply separately to the amount denominated in each Loan Currency, so as to produce a separate amortization schedule for each such amount.

APPENDIX

Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants"; dated October 15, 2006 and revised in January 2011.
2. "Beneficiary Enterprise" means an enterprise satisfying the appropriate criteria as set forth in the LOC Operational Manual, including *inter alia*, export oriented enterprises and enterprises that provide goods and services to export oriented enterprises, to which an Eligible PFI provides a Sub-Loan.
3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. "Category A Activity" means an activity that in the opinion of the Bank, is likely to have significant adverse impacts that are sensitive, diverse, or unprecedented on the environment and/or affected people.
5. "Credit Line Directorate" or "CLD" means the unit established by the Borrower under the MOF pursuant to Government Decision 953 dated September 9, 2001, or its successor.
6. "Competition Law" means the Borrower's Law No. 183, dated July 11, 2012.
7. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
8. "Eligible Expenditure Program" or "EEP" means a portion of the Borrower's budgetary allocation for financing employee's compensation and mandatory state social insurance contributions for the Borrower's staff incurred by the Borrower for carrying out the activities under Parts 1(c) and 2(c) of the Project.
9. "Eligible PFI" means a commercial bank registered according to the applicable laws and regulations of the Borrower and selected by the Borrower, with approval by the Bank, to participate in the Project pursuant to criteria set forth in the LOC Operational Manual.
10. "Environmental Management Framework" or "EMF" means the Borrower's environmental management framework, satisfactory to the Bank, dated March 25, 2014, describing the environmental mitigation, monitoring and institutional measures under the Project, as the same may be amended from time to time with the Bank's prior approval.

11. "Environmental Management Plan" or "EMP" means a site-specific Environmental Management Plan prepared under Parts 2(b) or 3(a) of the Project in accordance with the EMF, describing the environmental mitigation measures anticipated for activities under said Parts of the Project and the parties responsible for monitoring environmental impacts.
12. "Financing Agreement" means the agreement between the Borrower and the Bank for the Project, of the same date as this Agreement, as such agreement may be amended from time to time. "Financing Agreement" includes all appendices, schedules and agreements supplemental to the Financing Agreement.
13. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012.
14. "ICT" means information and communication technologies.
15. "Incremental Operating Costs" means expenditures incurred by the Borrower on account of Project implementation for travel; rent of premises and utilities; office supplies; communication costs; bank charges; operation, maintenance and insurance of vehicles; maintenance of office equipment; printing, publications and advertisements (electronic and/or paper); translation; consumables; salaries and mandatory state social insurance contribution for non-professional staff assigned to the PIU (excluding salaries of the Borrower's civil servants and permanent employees); and other expenditures to be agreed upon between the Borrower and the Bank, all based on the semi-annual budgets acceptable to the Bank.
16. "LOC Operational Manual" means the manual setting forth the eligibility criteria, selection process, on-lending terms and implementation for the purposes of carrying out the activities under Part 3(a) of the Project.
17. "Matching Grant" means a grant to be provided by the Borrower out of the Matching Grant Facility to each Matching Grant Beneficiary, from the proceeds of the Financing for the purposes of carrying out activities under Part 2(b) of the Project, including: (A) improving existing products and services; (B) creating new products and services; (C) improving production processes; (D) improving business management; (E) improving the business' image; (F) finding new customers and markets; and (G) creating and strengthening partnerships within the value chain; but excluding any Category A Activity.
18. "Matching Grant Beneficiaries" means SMEs selected in accordance with open and transparent procedures, as established in the Matching Grant Manual, which will benefit from the provision of Matching Grants under Part 2(b) of the Project.

19. "Matching Grant Facility" means the mechanism to provide Matching Grants to eligible Matching Grants Beneficiaries for the purposes of co-financing the activities implementing Part 2(b) of the Project, under terms and conditions satisfactory to the Bank.
20. "Matching Grant Manual" means the manual setting forth the eligibility criteria, selection process and implementation for the purposes of carrying out the activities under Part 2(b)(ii) of the Project.
21. "MIEPO" means the Borrower's Export Promotion and Investment Attraction Agency created pursuant to the Borrower's Government Decision No. 105 dated February 9, 1999, as amended to the date of this Agreement.
22. "MOE" means the Borrower's Ministry of Economy, or any of its successor or successors thereto.
23. "Moldovan Lei" means the lawful currency of the Borrower.
24. "Non-Consulting Services" the reasonable expenditures incurred on account of Project implementation to cover reasonable costs of data collection services, and other services which are not rendered by consultants, and which are not covered by Incremental Operating Costs.
25. "ODIMM" means the Borrower's SME Development Agency created pursuant to the Borrower's Government Decision No. 659 dated October 21, 1993, as amended to the date of this Agreement.
26. "Operational Manual" means the manual adopted by the Borrower and acceptable to the Bank and including the EMF, and setting out the operational and administrative procedures, responsibilities, and rules for the implementation of the Project, and including, *inter alia*, arrangements for Project implementation, the monitoring and evaluation guide, and arrangements for procurement under the Project.
27. "Performance Monitoring Action Plan" means the Borrower's plan developed under Part 1(a)(ii) of Schedule 1 of this Agreement, as it may be amended from time to time with the prior written agreement of the Bank.
28. "PIU" means the Project Implementing Unit created pursuant to Government Decision No. 895, dated August 25, 2005.
29. "Permissive Documents" means the documents required by the Borrower for an enterprise to do business, pursuant to the Borrower's applicable laws and regulations.

30. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011.
31. "Procurement Plan" means the Borrower's procurement plan for the Project, dated May 7, 2014 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
32. "RIA" means the regulatory impact assessment required for legislation and regulation that affect businesses, pursuant to the Borrower's law No. 235, dated July 20, 2006
33. "RIA Secretariat" means the Borrower's unit responsible of RIA.
34. "SME" means small and medium enterprise.
35. "Sub-loan" means a loan made or proposed to be made by an Eligible PFI, out of the proceeds of the Loan allocated from time to time to Category (1) of the table set forth in Section IV.A of Schedule 2 to this Agreement, for purposes of financing all or a portion of the expenditures incurred by a Beneficiary Enterprise for goods, services, works and/or working capital under a Sub-project.
36. "Sub-loan Agreement" means the agreement to be entered into between a Beneficiary Enterprise and an Eligible PFI pursuant to the provisions set forth in the LOC Operational Manual for the provision to the Beneficiary Enterprise of a Sub-loan for the carrying out of a Sub-project.
37. "Sub-project" means a specific investment or financing for working capital, selected in accordance with the criteria set forth in the LOC Operational Manual, which is proposed to be carried out by a Beneficiary Enterprise, in whole or in part through the utilization of the proceeds of a Sub-loan.
38. "Subsidiary Financing" means the amount equivalent to the aggregate amounts of principals of all Sub-loans made by a respective Eligible PFI, as referred to in Section I.B.2(f) of Schedule 2 to this Agreement.
39. "Subsidiary Financing Agreement" means an agreement entered or to be entered into between the Borrower and an Eligible PFI pursuant to Section I.B of Schedule 2 to this Agreement, as the same may be amended from time to time, and such term includes all schedules supplemental to the Subsidiary Financing Agreement.
40. "Training" means (other than those for consultants' services) incurred by the Borrower to finance the reasonable travel costs (i.e. accommodation,

transportation, travel insurance and *per diem, inter alia*) of trainees and trainers (if applicable), training registration fees, catering, rental of training facilities and equipment, logistics and printing services, as well as training materials, all for the purposes of, and directly related to, the training activities (including study tours) described in the Project, all based on the semi-annual budgets acceptable to the Bank.

Prin prezenta confirm că textul alăturat este o copie certificată de pe Acordul de credit dintre Republica Moldova și Banca Internațională pentru Reconstrucție și Dezvoltare în vederea realizării Proiectului de Ameliorare a Competitivității II (PAC II) (Chișinău, 15 iulie 2014), originalul căruia este depozitat la Arhiva Tratatelor a Ministerului Afacerilor Externe și Integrării Europene.



Dumitru SOCOLAN,
Șef al Direcției Generale Drept
Internațional a Ministerului Afacerilor
Externe și Integrării Europene al
Republicii Moldova

