



MINISTRY OF FOREIGN AFFAIRS
AND EUROPEAN INTEGRATION OF THE
REPUBLIC OF MOLDOVA

Chisinau, June 29, 2020

H.E. Mr. KATAYAMA Yoshihiro
Ambassador Extraordinary
and Plenipotentiary of Japan
to the Republic of Moldova

Excellency,

I have the honour to acknowledge the receipt of Your Excellency's Note of today's date, which reads as follows:

"Excellency,

I have the honour to confirm the following understanding recently reached between the representatives of the Government of Japan and of the Government of the Republic of Moldova concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of the Republic of Moldova:

1. A loan in Japanese yen up to the amount of two billion fifty-nine million yen (¥2,059,000,000) (hereinafter referred to as "the Loan") will be extended, in accordance with the relevant laws and regulations of Japan, to the Government of the Republic of Moldova by the Japan International Cooperation Agency (hereinafter referred to as "JICA") for the purpose of implementing the Project for Modernization of Agricultural Machineries and Equipment (hereinafter referred to as "the Project").

2. (1) The Loan will be made available by a loan agreement to be concluded between the Government of the Republic of Moldova and JICA. The terms and conditions of the Loan as well as the procedures for its utilization will be governed by the said loan agreement, within the scope of the present understanding, which will contain, inter alia, the following principles:

(a) The repayment period will be twenty-eight (28) years after the grace period of twelve (12) years;

(b) The rate of interest will be nought point one per cent (0.1%) per annum;

(c) Notwithstanding sub-paragraph (b) above, where a part of the Loan is made available to cover payments to consultants of the

Project, then the rate of interest of the said part will be nought point nought one per cent (0.01%) per annum;

(d) The disbursement period will be nine (9) years after the date of coming into force of the said loan agreement; and

(e) A front-end fee will be imposed on the amount of the Loan mentioned in paragraph 1 at the rate of nought point two per cent (0.2%). The amount equivalent to nought point one per cent (0.1%) of the amount of the Loan mentioned in paragraph 1 will be repaid, provided that the disbursement period mentioned in sub-paragraph (d) above is not extended and that the disbursement is completed within the said disbursement period.

(2) The loan agreement mentioned in sub-paragraph (1) above will be concluded after JICA is satisfied of the feasibility, including environmental consideration of the Project.

(3) The disbursement period mentioned in sub-paragraph (1)(d) above may be extended with the consent of the authorities concerned of the two Governments.

3. (1) The Loan will be made available to cover payments to be made by the Moldovan executing agency to suppliers, contractors and/or consultants of eligible source countries under such contracts as may be entered into between them for purchases of products and/or services required for the implementation of the Project, provided that such purchases are made in such eligible source countries for products produced in and/or services supplied from those countries.

(2) The scope of eligible source countries mentioned in sub-paragraph (1) above shall be agreed upon between the authorities concerned of the two Governments.

(3) A part of the Loan may be used to cover eligible local currency requirements for the implementation of the Project.

4. The Government of the Republic of Moldova shall ensure that the products and/or services mentioned in sub-paragraph (1) of paragraph 3 are procured in accordance with the guidelines for procurement of JICA, which set forth, inter alia, the procedures of international competitive bidding to be followed except where such procedures are inapplicable or inappropriate.

5. With regard to the shipping and marine insurance of the products purchased under the Loan, the Government of the Republic of Moldova shall refrain from imposing any restrictions that may hinder fair and free competition among the shipping and marine insurance companies.

6. Japanese nationals whose services may be required in the Republic of Moldova in connection with the supply of the products and/or services mentioned in sub-paragraph (1) of paragraph 3 shall be accorded such facilities as may be necessary for their entry into the Republic of Moldova and stay therein for the performance of their work.

7. The Government of the Republic of Moldova shall exempt:

(a) JICA from all fiscal levies and taxes imposed in the Republic of Moldova on and/or in connection with the Loan as well as interest accruing therefrom;

(b) Japanese companies operating as suppliers, contractors and/or consultants from all fiscal levies and taxes imposed in the Republic of Moldova with respect to the income accruing from the supply of products and/or services to be provided under the Loan;

(c) Japanese companies operating as suppliers, contractors and/or consultants from all duties and related fiscal charges imposed in the Republic of Moldova with respect to the import and re-export of their own materials and equipment needed for the implementation of the Project;

(d) Japanese employees engaged in the implementation of the Project from all fiscal levies and taxes imposed in the Republic of Moldova on their personal income derived from Japanese companies operating as suppliers, contractors and/or consultants for the implementation of the Project; and

(e) Japanese companies operating as suppliers, contractors and/or consultants from all value added tax imposed in the Republic of Moldova with respect to the purchase of products and/or services to be provided under the Loan.

8. The Government of the Republic of Moldova shall take necessary measures to:

(a) ensure that the Loan is used properly and exclusively for the Project;

(b) ensure and maintain the safety of persons engaged in the implementation of the Project and of the general public of the Republic of Moldova in constructing the facilities under the Loan and in using such facilities; and

(c) ensure that the facilities constructed under the Loan is maintained and used properly and effectively for the purpose prescribed in the present understanding.

9. The Government of the Republic of Moldova shall, upon request, furnish the Government of Japan and JICA with:

(a) information and data concerning the progress of the implementation of the Project; and

(b) any other information related to the Project.

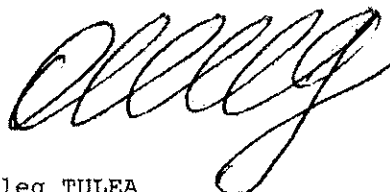
10. The two Governments shall consult with each other with respect to any matter that may arise from or in connection with the present understanding.

I have further the honour to propose that this Note and Your Excellency's Note in reply confirming on behalf of the Government of the Republic of Moldova the foregoing understanding shall constitute an agreement between the two Governments, which shall become effective on the date of receipt by the Government of Japan of the written notification from the Government of the Republic of Moldova of the

completion of necessary domestic procedures for the entry into force of such agreement."

I have further the honour to confirm, on behalf of the Government of the Republic of Moldova, the foregoing understanding and to agree that Your Excellency's Note and this Note in reply shall constitute an agreement between the two Governments, which shall become effective on the date of receipt by the Government of Japan of the written notification from the Government of the Republic of Moldova of the completion of necessary domestic procedures for the entry into force of such agreement.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

A handwritten signature in black ink, appearing to read 'Oleg Tulea', with a stylized, cursive script.

Oleg TULEA
Minister of Foreign Affairs
and European Integration
of the Republic of Moldova

Record of Discussions

In connection with the Exchange of Notes between the Government of the Republic of Moldova and the Government of Japan dated June 29, 2020, concerning a Japanese loan to be extended for the purpose of implementing the Project for Modernization of Agricultural Machineries and Equipment (hereinafter referred to as "the Exchange of Notes"), the representatives of the Moldovan Delegation and of the Japanese Delegation wish to record the following:

1. With regard to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, paragraph 1 of the Japanese Note Verbale No. 45-20 dated June 29, 2020 and the Moldovan Note Verbale No. DI/2/290-5695 dated June 29, 2020, the representative of the Japanese Delegation stated that:

(a) Japanese suppliers and contractors mean Japanese nationals or juridical persons incorporated and registered in Japan, and which have their appropriate facilities for producing or providing goods and services in Japan and actually conduct their business there;

(b) Japanese consultants mean Japanese nationals or juridical persons controlled by Japanese nationals;

(c) notwithstanding sub-paragraphs (a) and (b) above, in cases where one or more suppliers, contractors or consultants of the Republic of Moldova form a joint venture with Japanese ones, such a joint venture will be regarded as a Japanese supplier, contractor or consultant, provided that the lead partner of the said joint venture is a Japanese supplier, contractor or consultant and that the total share of work of Japanese ones in the said joint venture is more than fifty per cent (50%); and

(d) notwithstanding sub-paragraph (a) above, in cases where a subsidiary incorporated in a country or region other than Japan is included in the scope of consolidation and factored into the aggregated accounting figure of a consolidated financial statement of a Japanese company made in accordance with the Financial Instruments and Exchange Law (Law No. 25 of 1948) of Japan and the related ministerial ordinances, such a subsidiary will be regarded as a Japanese supplier or contractor.

(e) notwithstanding sub-paragraph (a) above, in cases where a Japanese company forms a joint venture as the lead partner with one or more companies affiliated with other Japanese companies and registered in a country or region other than Japan, such a joint venture will be regarded as a Japanese supplier or contractor, in cases;

(i) it is foreseen that there will be no potential bidder before the publication of the bid;

(ii) no bidder passes to the technical or financial evaluation of the bid; or

- (iii) the contract is not signed with the bidder in the end of the contract negotiations, and the Government of Japan confirms the relaxation of terms of the STEP.

2. With regard to sub-paragraph (1) of paragraph 3 of the Exchange of Notes, the representative of the Japanese Delegation stated that:

(1) products procured from a Moldovan manufacturing company invested in by one or more Japanese companies will be regarded as products procured from Japan, if they meet the following:

(a) not less than ten per cent (10%) of the shares of the Moldovan manufacturing company are held by a Japanese company; and

(b) the proportion of the shares held by the Japanese company mentioned in (a) above (or the company having the largest share among Japanese companies if more than one Japanese company meet the condition stated in (a) above) is the same as or greater than that of the shares held by any company of a third country or region.

(2) products procured from a manufacturing company invested in by one or more Japanese companies and located in one of the developing countries and territories listed in the List of Recipients of Official Development Assistance approved by the Development Assistance Committee of the Organization for Economic Co-operation and Development other than the Republic of Moldova, will be regarded as products procured from Japan, if they meet the following:

(a) not less than one third (1/3) of the shares of the manufacturing company are held by a Japanese company; and

(b) the proportion of the shares held by the Japanese company mentioned in (a) above is the same as or greater than that of the shares held by any company of a country or region other than Japan and the country or the territory where the manufacturing company is located.

(3) products procured from a manufacturing company in a developed country or region other than Japan will be regarded as products procured from Japan if it is a subsidiary included in the scope of consolidation and factored into the aggregated accounting figure of a consolidated financial statement of a Japanese company made in accordance with the Financial Instruments and Exchange Law (Law No. 25 of 1948) of Japan and the related ministerial ordinances.

(4) major component(s) of products for ultimate use manufactured in Japan or by a consolidated subsidiary of Japanese companies in a country or region other than Japan, will be regarded as products procured from Japan, regardless of the nationality of the companies which carry out final assembly or final refinement/processing, in case:

(a) it is foreseen that there will be no or one potential bidder before the publication of the bid;

(b) no bidder passes to the technical or financial evaluation of the bid; or

(c) the contract is not signed with the bidder in the end of the contract negotiations.

3. With regard to sub-paragraph (3) of paragraph 3 of the Exchange of Notes concerning the financing of eligible local currency requirements for the implementation of the project mentioned in paragraph 1 of the Exchange of Notes (hereinafter referred to as "the Project"), the representative of the Japanese Delegation stated that:

(a) such local currency requirements as general administrative expenses, interest during construction, taxes and duties, expenses connected to offices, remuneration to employees of the executing agency and housing, not directly related to the implementation of the Project, as well as purchase of land properties, compensation and the like, however, will not be considered as eligible for financing under the loan mentioned in paragraph 1 of the Exchange of Notes (hereinafter referred to as "the Loan"); and

(b) the procurement of products and/or services will be made in accordance with the procedures of competitive bidding except where such procedures are inapplicable or inappropriate.

4. With regard to the Loan, the representative of the Japanese Delegation stated that any financial requirements of the Project exceeding the amount of the Loan under the loan agreement mentioned in sub-paragraph (1) of paragraph 2 of the Exchange of Notes will be duly met by the Government of the Republic of Moldova to assure the smooth implementation of the Project.

5. With regard to paragraph 8 of the Exchange of Notes, the representative of the Japanese Delegation stated that:

(a) the necessary measures referred to in the said paragraph include measures preventing any offer, gift or payment, consideration or benefit which would be construed as a corrupt practice in the Republic of Moldova from being made as an inducement to or reward for the award of the contracts referred to in sub-paragraph (1) of paragraph 3 of the Exchange of Notes; and

(b) the Government of the Republic of Moldova will take all necessary measures to enable and facilitate ex-post procurement audit to be carried out by independent auditors which the Japan International Cooperation Agency (hereinafter referred to as "JICA") will designate and to be paid at JICA's expense, in order to ensure the fairness and competitiveness of the procurement process.

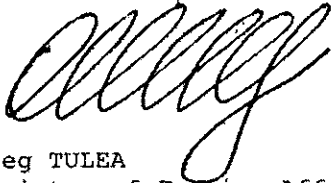
6. With regard to paragraph 9 of the Exchange of Notes, the representative of the Japanese Delegation stated that the Government of Japan understands that:

(a) other information mentioned in sub-paragraph (b) of the said paragraph includes information on corrupt practice related to the Project; and

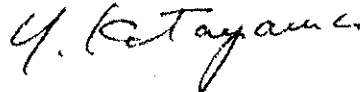
(b) the Government of the Republic of Moldova will ensure fair treatment of sources of such information and data.

7. The representative of the Moldovan Delegation stated that the Moldovan Delegation had no objection to the above-mentioned statements by the Japanese Delegation.

Chisinau, June 29, 2020



Oleg TULEA
Minister of Foreign Affairs
and European Integration
of the Republic of Moldova



KATAYAMA Yoshihiro
Ambassador Extraordinary
and Plenipotentiary of Japan
to the Republic of Moldova



MINISTRY OF FOREIGN AFFAIRS
AND EUROPEAN INTEGRATION OF THE
REPUBLIC OF MOLDOVA

No. DI/2/290-5695

The Ministry of Foreign Affairs and the European Integration of the Republic of Moldova presents its compliments to the Embassy of Japan in the Republic of Moldova and has the honour to acknowledge the receipt of the latter's Note Verbale No. 45-20 dated June 29, 2020.

The Ministry has further the honour to inform the Embassy that the proposal set forth in the said Note Verbale is acceptable to the Government of the Republic of Moldova.



Chisinau, June 29, 2020

EMBASSY OF JAPAN IN
THE REPUBLIC OF MOLDOVA
Chisinau

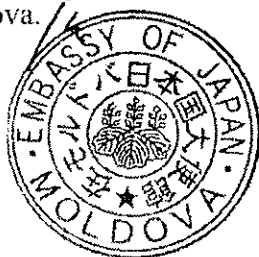
No. 45-20

The Embassy of Japan in the Republic of Moldova presents its compliments to the Ministry of Foreign Affairs and European Integration of the Republic of Moldova and has the honour to refer to sub-paragraph (2) of paragraph 3 of the Exchange of Notes between the Government of Japan and the Government of the Republic of Moldova, dated June 29, 2020, concerning a Japanese loan to be extended for the purpose of implementing the Project for Modernization of Agricultural Machineries and Equipment (hereinafter referred to as "the Exchange of Notes").

The Embassy has further the honour to propose that the scope of the eligible source countries mentioned in the said sub-paragraph of the Exchange of Notes will be as follows:

1. The eligible source country is Japan.
2. Notwithstanding paragraph 1 above, products and/or services excluding consulting services procured from countries other than Japan will be eligible for financing under the loan mentioned in paragraph 1 of the Exchange of Notes (hereinafter referred to as "the Loan") if the combined costs of products procured from Japan and services supplied by Japanese companies excluding consulting services are not less than thirty per cent (30%) of the total price of the contract(s) of products and services excluding consulting services required for the implementation of the project mentioned in paragraph 1 of the Exchange of Notes.
3. Notwithstanding paragraph 1 above, consulting services partly supplied by consultants of countries other than Japan will be eligible for financing under the Loan if the nationality of prime contractor(s) of the said consulting services is Japan.

4. Notwithstanding paragraph 1 above, with regard to a certain contract specified in writing by the Japan International Cooperation Agency and the Government of the Republic of Moldova with the consent of the authorities concerned of the Government of Japan, the eligible source countries for suppliers and contractors are Japan and the Republic of Moldova.



Chisinau. June 29, 2020

**MINISTRY OF FOREIGN AFFAIRS AND EUROPEAN INTEGRATION
OF THE REPUBLIC OF MOLDOVA**

Embassy of Japan

CHISINAU

Chisinau, June 29, 2020

H.E. Mr. Oleg TULEA
Minister of Foreign Affairs
and European Integration
of the Republic of Moldova

Excellency,

I have the honour to confirm the following understanding recently reached between the representatives of the Government of Japan and of the Government of the Republic of Moldova concerning a Japanese loan to be extended with a view to promoting the economic stabilization and development efforts of the Republic of Moldova:

1. A loan in Japanese yen up to the amount of two billion fifty-nine million yen (¥2,059,000,000) (hereinafter referred to as "the Loan") will be extended, in accordance with the relevant laws and regulations of Japan, to the Government of the Republic of Moldova by the Japan International Cooperation Agency (hereinafter referred to as "JICA") for the purpose of implementing the Project for Modernization of Agricultural Machineries and Equipment (hereinafter referred to as "the Project").

2. (1) The Loan will be made available by a loan agreement to be concluded between the Government of the Republic of Moldova and JICA. The terms and conditions of the Loan as well as the procedures for its utilization will be governed by the said loan agreement, within the scope of the present understanding, which will contain, inter alia, the following principles:

(a) The repayment period will be twenty-eight (28) years after the grace period of twelve (12) years;

(b) The rate of interest will be nought point one per cent (0.1%) per annum;

(c) Notwithstanding sub-paragraph (b) above, where a part of the Loan is made available to cover payments to consultants of the Project, then the rate of interest of the said part will be nought point nought one per cent (0.01%) per annum;

(d) The disbursement period will be nine (9) years after the date of coming into force of the said loan agreement; and

(e) A front-end fee will be imposed on the amount of the Loan mentioned in paragraph 1 at the rate of nought point two per cent (0.2%). The amount equivalent to nought point one per cent (0.1%) of the amount of the Loan mentioned in paragraph 1 will be repaid, provided that the disbursement period mentioned in sub-paragraph (d) above is not extended and that the disbursement is completed within the said disbursement period.

(2) The loan agreement mentioned in sub-paragraph (1) above will be concluded after JICA is satisfied of the feasibility, including environmental consideration of the Project.

(3) The disbursement period mentioned in sub-paragraph (1)(d) above may be extended with the consent of the authorities concerned of the two Governments.

3. (1) The Loan will be made available to cover payments to be made by the Moldovan executing agency to suppliers, contractors and/or consultants of eligible source countries under such contracts as may be entered into between them for purchases of products and/or services required for the implementation of the Project, provided that such purchases are made in such eligible source countries for products produced in and/or services supplied from those countries.

(2) The scope of eligible source countries mentioned in sub-paragraph (1) above shall be agreed upon between the authorities concerned of the two Governments.

(3) A part of the Loan may be used to cover eligible local currency requirements for the implementation of the Project.

4. The Government of the Republic of Moldova shall ensure that the products and/or services mentioned in sub-paragraph (1) of paragraph 3 are procured in accordance with the guidelines for procurement of JICA, which set forth, inter alia, the procedures of international competitive bidding to be followed except where such procedures are inapplicable or inappropriate.

5. With regard to the shipping and marine insurance of the products purchased under the Loan, the Government of the Republic of Moldova shall refrain from imposing any restrictions that may hinder fair and free competition among the shipping and marine insurance companies.

6. Japanese nationals whose services may be required in the Republic of Moldova in connection with the supply of the products and/or services mentioned in sub-paragraph (1) of paragraph 3 shall be accorded such facilities as may be necessary for their entry into the Republic of Moldova and stay therein for the performance of their work.

7. The Government of the Republic of Moldova shall exempt:

(a) JICA from all fiscal levies and taxes imposed in the Republic of Moldova on and/or in connection with the Loan as well as interest accruing therefrom;

(b) Japanese companies operating as suppliers, contractors and/or consultants from all fiscal levies and taxes imposed in the Republic of Moldova with respect to the income accruing from the supply of products and/or services to be provided under the Loan;

(c) Japanese companies operating as suppliers, contractors and/or consultants from all duties and related fiscal charges imposed in the Republic of Moldova with respect to the import and re-export of their own materials and equipment needed for the implementation of the Project;

(d) Japanese employees engaged in the implementation of the Project from all fiscal levies and taxes imposed in the Republic of Moldova on their personal income derived from Japanese companies operating as suppliers, contractors and/or consultants for the implementation of the Project; and

(e) Japanese companies operating as suppliers, contractors and/or consultants from all value added tax imposed in the Republic of Moldova with respect to the purchase of products and/or services to be provided under the Loan.

8. The Government of the Republic of Moldova shall take necessary measures to:

- (a) ensure that the Loan is used properly and exclusively for the Project;
- (b) ensure and maintain the safety of persons engaged in the implementation of the Project and of the general public of the Republic of Moldova in constructing the facilities under the Loan and in using such facilities; and
- (c) ensure that the facilities constructed under the Loan is maintained and used properly and effectively for the purpose prescribed in the present understanding.

9. The Government of the Republic of Moldova shall, upon request, furnish the Government of Japan and JICA with:

- (a) information and data concerning the progress of the implementation of the Project; and
- (b) any other information related to the Project.

10. The two Governments shall consult with each other with respect to any matter that may arise from or in connection with the present understanding.

I have further the honour to propose that this Note and Your Excellency's Note in reply confirming on behalf of the Government of the Republic of Moldova the foregoing understanding shall constitute an agreement between the two Governments, which shall become effective on the date of receipt by the Government of Japan of the written notification from the Government of the Republic of Moldova of the completion of necessary domestic procedures for the entry into force of such agreement.

I avail myself of this opportunity to extend to Your Excellency the assurance of my highest consideration.

Y. K. Katayama

KATAYAMA Yoshihiro
Ambassador Extraordinary
and Plenipotentiary of Japan
to the Republic of Moldova