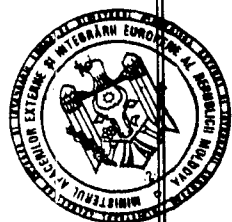




ACORD DE ÎMPRUMUT
dintre Republica Moldova și Banca Internațională
pentru Reconstrucție și Dezvoltare în vederea
realizării "Primei Operațiuni a politicilor de
dezvoltare în Republica Moldova (OPD-1)"

Chișinău, 3 aprilie 2014



COPIE CERTIFICATĂ
TEXT ÎN LIMBA ENGLEZĂ

LOAN NUMBER 8366-MD

Loan Agreement

(First Development Policy Loan)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT

Dated *April 3*, 2014

LOAN AGREEMENT

Agreement dated *April 3*, 2014, entered into between the REPUBLIC OF MOLDOVA ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank") for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (a) the actions which the Borrower has already taken under the Program and which are described in Section I.A of Schedule 1 to this Agreement; and (b) the Borrower's maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore 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 nine million United States Dollars, (US\$9,000,000), 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").
- 2.02. The Borrower may withdraw the proceeds of the Loan in support of the Program in accordance with Section II of Schedule 1 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%). The Borrower shall pay the Front-end Fee not later than sixty 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 (30) 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 January 15 and July 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 2 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.
- 2.8. Without limitation upon the provisions of Section 5.08 of the General Conditions (renumbered as such pursuant to paragraph 3 of Section II of the Appendix to this Agreement and relating to *Cooperation and Consultation*), the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

ARTICLE III — PROGRAM

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.08 of the General Conditions:

- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
- (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment, a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
- (c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

ARTICLE IV — REMEDIES OF THE BANK

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

ARTICLE V — EFFECTIVENESS; TERMINATION

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework; and
 - (b) the Financing Agreement has been executed and delivered and all conditions precedent to its effectiveness or the right of the Borrower to make withdrawals under it, (other than the effectiveness of the Loan Agreement) have been fulfilled.
- 5.02. The Effectiveness Deadline is the date ninety (90) days after the date of this Agreement.

ARTICLE VI — REPRESENTATIVE; ADDRESSES

- 6.01. The Borrower's Representative is Minister of Finance.

6.02. The Borrower's Address is:

Ministry of Finance
Cosmonautilor Street, 7
2005 Chisinau
Republic of Moldova

6.03. The Bank's Address is:

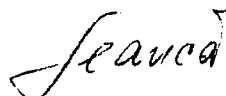
International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD	248423(MCI) or	1-202-477-6391
Washington, D.C.	64145(MCI)	

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

REPUBLIC OF MOLDOVA

By



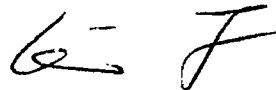
Authorized Representative

Name: Iurie Leanca

Title: Prime Minister

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: Qimiao Fan

Title: Country Director

SCHEDULE 1

Program Actions; Availability of Loan Proceeds

Section I. Actions under the Program

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

Pillar A: Strengthen the regulatory framework to improve predictability of the business environment, facilitate competition, and reduce regulatory compliance costs

1. The Borrower has established the framework Risk-Based Inspections (RBI) Methodology pursuant to Decision No. 694 on Approving the General Framework of the Methodology on Planning of State Control Based on Risk Criteria, dated September 5, 2013 and published in the Official Gazette No. 198-204 on September 13, 2013.
2. The Borrower has established a Regulatory Impact Analysis (RIA) to accompany the customs- and tax-related legislation and regulations that affect companies through the adoption of Law No. 324 on Amending and Supplementing Some Legislative Acts, dated December 23, 2013 and published in Official Gazette No.320-321 on December 31, 2013.
3. The Borrower has issued enabling regulations for the implementation of the Borrower's Law No. 183 dated July 11, 2012 on Competition, and Law No. 139 dated June 15, 2012 on State Aid and adopted a Parliamentary Decision.
4. The Borrower has reduced the testing and registration period for seeds and seedlings to: (i) one (1) year for all annual crops listed in the European Union Catalogue; and (ii) one (1) harvest year for multiannual (fruit trees) crops listed in the European Union Catalogue, through the adoption of Government Decision No. 964 on Supplementing Paragraph 29 of the Regulation on Testing and Acceptance of Varieties in the Catalogue of Plant Varieties, dated December 4, 2013 and published in the Official Gazette No. 284-289 on December 6, 2013.

Pillar B: Strengthen financial sector stability, promote transparency of shareholding and ease conditions for access to finance

5. The Borrower has adopted a draft Law on Amendments to the Law No. 171 on Capital Markets, pursuant to Government Decision No. 1028, dated December 19, 2013 and published in Official Gazette No. 312-314/1172 on December 31, 2013; and submitted it to the Parliament on December 24, 2013.

6. The Borrower has clarified the legal framework for contesting the acts of the Central Bank through the adoption of Law No. 343 on Amending and Supplementing Some Legislative Acts dated December 24, 2013 published in the Official Gazette No. 17-23/54 on January 24, 2014.
7. The National Bank of Moldova (NBM) has instructed an independent diagnostic audit of *Banca de Economii din Moldova* pursuant to Resolution No. 16-003/154-3602, dated December 9, 2013; and an auditor has been selected competitively to carry out said audit in compliance with terms of reference agreed with the NBM.

Pillar C: Improve the public investment, management framework, make investment subsidies in agriculture more efficient and equitable and improve the coverage of well-targeted social assistance programs

8. The Borrower has established transparent and efficient mechanisms for planning, implementing and monitoring public investment projects through the adoption of the Regulation on Public Capital Investments pursuant to Government Decision No. 1029 dated December 19, 2013 and published in Official Gazette No. 311/1157 on December 27, 2013.
9. The Borrower has adjusted the parameters of the *Ajutor Social* benefit program (by increasing the Guaranteed Minimum Income to Moldovan Lei 680) and the *Heating Allowance* benefit program (by increasing the benefit amount to Moldovan Lei 250) through the adoption of: (i) Government Decision No. 793 on Amending and Supplementing Government Decision No. 1167 of 16 October 2008, dated October 8, 2013 and published in the Official Gazette No 222-227 on October 11, 2013; and (ii) Law No. 277 on Amending Law No. 249 of November 2, 2012 on State Budget for 2013, dated November 15, 2013 and published in Official Gazette No 281-283 on November 30, 2013).

Section II. Availability of Loan Proceeds

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. **Allocation of Loan Amounts.** The Loan is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

Allocations	Amount of the Loan Allocated (expressed in USD)
Single Withdrawal Tranche	9,000,000
TOTAL AMOUNT	9,000,000

~~Payment of Front-end Fee.~~ No withdrawal shall be made from the Loan Account until the Bank has received payment in full of the Front-end Fee.

D. **Withdrawal Tranche Release Conditions.** No withdrawal shall be made of the Single Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

E. **Deposits of Loan Amounts.** Except as the Bank may otherwise agree:

1. all withdrawals from the Loan Account shall be deposited by the Bank into an account designated by the Borrower and acceptable to the Bank; and
2. the Borrower shall ensure that upon each deposit of an amount of the Loan into this account, an equivalent amount is accounted for in the Borrower's budget management system, in a manner acceptable to the Bank.

F. **Excluded Expenditures.** The Borrower undertakes that the proceeds of the Loan shall not be used to finance Excluded Expenditures. If the Bank determines at any time that an amount of the Loan was used to make a payment for an Excluded Expenditure, the Borrower shall, promptly upon notice from the Bank, refund an amount equal to the amount of such payment to the Bank. Amounts refunded to the Bank upon such request shall be cancelled.

G. **Closing Date.** The Closing Date is October 31, 2014.

SCHEDULE 2

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 January 15 and July 15	
Beginning July 15, 2019 through January 15, 2044	2.00%

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, such amounts repayable to be adjusted, as necessary, to deduct any amounts referred to in paragraph 4 of this Schedule, to which a Currency Conversion applies.
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 as determined by the Bank under the Currency Hedge Transaction relating to the Conversion; or (ii) if the Bank so determines in accordance with the Conversion Period, 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 amount.

APPENDIX

Section I. Definitions

1. "Excluded Expenditure" means any expenditure:

- (a) for goods or services supplied under a contract which any national or international financing institution or agency other than the Bank or the Association has financed or agreed to finance, or which the Bank or the Association has financed or agreed to finance under another loan, credit, or grant;
- (b) for goods included in the following groups or sub-groups of the Standard International Trade Classification, Revision 3 (SITC, Rev.3), published by the United Nations in Statistical Papers, Series M, No. 34/Rev.3 (1986) (the SITC), or any successor groups or subgroups under future revisions to the SITC, as designated by the Bank by notice to the Borrower:

Group	Sub-group	Description of Item
112		Alcoholic beverages
121		Tobacco, un-manufactured, tobacco refuse
122		Tobacco, manufactured (whether or not containing tobacco substitutes)
525		Radioactive and associated materials
667		Pearls, precious and semiprecious stones, unworked or worked
718	718.7	Nuclear reactors, and parts thereof; fuel elements (cartridges), non-irradiated, for nuclear reactors
728	728.43	Tobacco processing machinery
897	897.3	Jewelry of gold, silver or platinum group metals (except watches and watch cases) and goldsmiths' or silversmiths' wares (including set gems)
971		Gold, non-monetary (excluding gold ores and concentrates)

- (c) for goods intended for a military or paramilitary purpose or for luxury consumption;

- (d) for environmentally hazardous goods, the manufacture, use or import of which is prohibited under the laws of the Borrower or international agreements to which the Borrower is a party;
 - (e) on account of any payment prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations; and
 - (f) with respect to which the Bank determines that corrupt, fraudulent, collusive or coercive practices were engaged in by representatives of the Borrower or other recipient of the Loan proceeds, without the Borrower (or other such recipient) having taken timely and appropriate action satisfactory to the Bank to address such practices when they occur.
- 2. "Financing Agreement" means the agreement between the Borrower and the Association in support of the Program, 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.
 - 3. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012 with the modifications set forth in Section II of this Appendix.
 - 4. "Parliamentary Decision" means the Borrower's Parliament Decision No. 278 on Approval of the Number of Staff Units and Classification Scheme of the Competition Council, dated November 21, 2013 and published in the Official Gazette No.276-280 on November 29, 2013.
 - 5. "Program" means the program of actions, objectives and policies designed to promote growth and achieve sustainable reductions in poverty and set forth or referred to in the letter dated February 14, 2014, from the Borrower to the Bank, declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution.
 - 6. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule I to this Agreement.

Section II. Modifications to the General Conditions

The modifications to the General Conditions are as follows:

1. The last sentence of paragraph (a) of Section 2.03 (relating to Applications for Withdrawal) is deleted in its entirety.
2. Sections 2.04 (*Designated Accounts*) and 2.05 (*Eligible Expenditures*) are deleted in their entirety, and the remaining Sections in Article II are renumbered accordingly.
3. Sections 5.01 (*Project Execution Generally*), and 5.09 (*Financial Management; Financial Statements; Audits*) are deleted in their entirety, and the remaining Sections in Article V are renumbered accordingly.
4. Paragraph (a) of Section 5.05 (renumbered as such pursuant to paragraph 3 above and relating to *Use of Goods, Works and Services*) is deleted in its entirety.
5. Paragraph (c) of Section 5.06 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

"Section 5.06. *Plans; Documents; Records*

... (c) The Borrower shall retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under the Loan until two years after the Closing Date. The Borrower shall enable the Bank's representatives to examine such records."

6. Paragraph (c) of Section 5.07 (renumbered as such pursuant to paragraph 3 above) is modified to read as follows:

Section 5.07. *Program Monitoring and Evaluation*

... (c) The Borrower shall prepare, or cause to be prepared, and furnish to the Bank not later than six months after the Closing Date, a report of such scope and in such detail as the Bank shall reasonably request, on the execution of the Program, the performance by the Loan Parties and the Bank of their respective obligations under the Legal Agreements and the accomplishment of the purposes of the Loan.

7. The following terms and definitions set forth in the Appendix are modified or deleted as follows, and the following new terms and definitions are added in alphabetical order to the Appendix as follows, with the terms being renumbered accordingly:

- (a) The definition of the term "Eligible Expenditure" is modified to read as follows:

"'Eligible Expenditure' means any use to which the Loan is put in support of the Program, other than to finance expenditures excluded pursuant to the Loan Agreement."

- (b) The term "Financial Statements" and its definition are deleted in their entirety.

- (c) The term "Project" is modified to read "Program" and its definition is modified to read as follows (and all references to "Project" throughout these General Conditions are deemed to be references to "Program"):

"'Program' means the program referred to in the Loan Agreement in support of which the Loan is made."

Supplemental Letter

REPUBLIC OF MOLDOVA

April 3, 2014

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

Re: Loan No. 8366-MD
(First Development Policy Loan)
Article VI of the General Conditions
Financial and Economic Data

Dear Sirs and Mesdames:


In connection with the Loan Agreement of this date between the Republic of Moldova (Member Country) and International Bank for Reconstruction and Development (Bank) providing a loan (Loan) for the above-captioned Project and the General Conditions (General Conditions) made applicable to the Loan Agreement, I am writing on behalf of the Member Country to set forth the following:

1. We understand and agree that, for purposes of Section 6.01 of the General Conditions, the Member Country is required by the Bank to report "long-term external debt" (as defined in the World Bank's Debtor Reporting System Manual, dated January 2000 (DRSM)), in accordance with the DRSM, and in particular, to notify the Bank of new "loan commitments" (as defined in the DRSM) not later than 30 days after the end of the quarter during which the debt is incurred, and to notify the Bank of "transactions under loans" (as defined in the DRSM) once a year, not later than March 31 of the year following the year covered by the report.
2. We represent that no Liens (as defined in the General Conditions), other than those excluded pursuant to paragraph (c) of Section 6.02 of the General Conditions, exist on any Public Assets (as defined in the General Conditions), as security for any External Debt (as defined in the General Conditions). No defaults exist in respect of any external public debt (as defined in the DRSM). It is our understanding that, in making the Loan, the Bank may rely on the representations set forth or referred to in this letter.

3. Please confirm your agreement to the foregoing by having a duly authorized representative of the Bank sign in the space provided below.

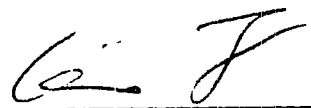
Very truly yours,

REPUBLIC OF MOLDOVA

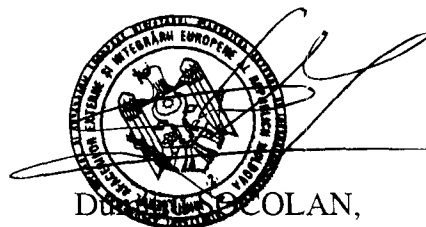
By: 
Authorized Representative

AGREED:

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

By: 
Authorized Representative

Prin prezenta confirm că textul alăturat este o copie certificată de pe Acordul de împrumut dintre Republica Moldova și Banca Internațională pentru Reconstrucție și Dezvoltare în vederea realizării "Primei Operațiuni a politicilor de dezvoltare în Republica Moldova (OPD-1)" (Chișinău, 3 aprilie 2014), originalul căruia este depozitat la Arhiva Tratatelor a Ministerului Afacerilor Externe și Integrării Europene.



DR. GHEORGHE COLAN,
Șef al Direcției Generale Drept
Internațional a Ministerului Afacerilor
Externe și Integrării Europene al
Republicii Moldova