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LOAN NUMBER 9696-MD

# Loan Agreement

(Sustainable Transition through Energy Efficiency in Moldova Project)  
(STEEM)

between

REPUBLIC OF MOLDOVA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

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## LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MOLDOVA ("Borrower") and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank").

WHEREAS the Borrower and the Bank/International Development Association, acting as an implementing entity of the Moldova Growth, Resilience and Opportunities for Well-Being (M-Grow) Program Multi Donor Trust Fund, intend to enter into a grant agreement ("Grant Agreement") for the purpose of providing a grant in an amount of four million five hundred thousand Dollars (USD 4,500,000) to the Borrower to assist in financing Part 1.3 and Part 2 of the Project, on the terms and conditions set forth in the Grant Agreement.

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) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower the amount of forty-six million seven hundred thousand, (€ 46,700,000), as such amount may be converted from time to time through a Currency Conversion ("Loan"), to assist in financing 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 III of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.04. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(c) of the General Conditions.

- 2.06. The Payment Dates are February 15 and August 15 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with Schedule 3 to this Agreement.

### **ARTICLE III — PROJECT**

- 3.01. The Borrower declares its commitment to the objectives of the Project and the MPA Program. To this end, the Borrower shall:
  - (a) through MoE, shall, and shall cause MEPIU to carry out Part 1.1 of the Project, with the support of MoED and CNED;
  - (b) through MoE, shall, and shall cause MEPIU to carry out Part 1.2 of the Project, with the support of TE and MoED;
  - (c) through MoE, shall, and shall cause MEPIU to carry out Part 1.3 of the Project, with the support of CNED;
  - (d) through MoE, shall and shall cause MEPIU to carry out Part 2 of the Project; and
  - (e) carry out Part 3 of the Project.

All in accordance with the provisions of Article V of the General Conditions and Schedule 2 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Events of Suspension consist of the following:
  - (a) That MEPIU Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of MEPIU to perform any of its obligations under the Project and the Project Implementation Agreement.
  - (b) That TE Legislation has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely, in the opinion of the Bank, the ability of TE to perform any of its obligations under the Project and the Project Implementation Agreement.
  - (c) Any action has been taken for the dissolution, disestablishment or suspension of operations of TE.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that any of the events specified in Section 4.01 of this Agreement occurs.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) That the Grant Agreement has been entered into in a manner acceptable to the Bank and all conditions precedent to its effectiveness, other than the effectiveness of this Agreement, have been fulfilled.
  - (b) That the Project Operations Manual referred to in Section I.D of Schedule 2 has been prepared and adopted by MoE, in form and substance acceptable to the Bank.
  - (c) That the Project Implementation Agreement referred to in Section I.B. of Schedule 2 has been entered into in a manner satisfactory to the Bank.
  - (d) That MoE has caused MEPIU to hire an environmental and social, health and safety specialist dedicated to the Project, with qualifications and functions acceptable to the Bank.
- 5.02. The Effectiveness Deadline is the date one hundred and fifty (150) days after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is its Minister of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:

- (a) the Borrower's address is:

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

- (b) the Borrower's Electronic Address is:

Telex:	E-mail:
373-22262600	cancelaria@mf.gov.md

- 6.03. For purposes of Section 10.01 of the General Conditions:

- (a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

Telex:	Facsimile:	E-mail:
248423(MCI) or 64145(MCI)	1-202-477-6391	abanerji@worldbank.org

AGREED as of the Signature Date.

**REPUBLIC OF MOLDOVA**

By

Victor Parlicov 

Authorized Representative

Name: H.E. Victor Parlicov

Title: Minister of Energy

Date: 08-Aug-2024



**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By

Dobraja

Authorized Representative

Name: Inguna Dobraja

Title: Country Manager

Date: 08-Aug-2024



## SCHEDULE I

### Project Description

The objective of the Project is to enhance energy efficiency in existing public buildings and the district heating sector in Moldova and provide immediate and effective response to an Eligible Crisis or Emergency.

The Project constitutes a phase of the MPA Program, and consists of the following parts:

#### **Part 1. Energy Efficiency investment in Public Buildings**

- 1.1. Carrying out energy efficiency renovations subprojects ("Subprojects") in Selected Education Facilities, including: (i) the implementation of Standard Energy Efficient Retrofit Measures, including thermal insulation of walls and roofs, the replacement of windows and doors, renovation of Internal Heating System, ventilation and air conditioning systems, and the replacement of lighting, using Well-proven Technologies and equipment for energy efficiency improvements in end-use application, (ii) the installation of Heat Pumps, Solar Thermal Collectors and Rooftop Solar PV, and (iii) Ancillary Measures to ensure sustainability of the Subprojects.
- 1.2. Improving the central District Heating heat supply in Prioritized Education Facilities and Public Administration Facilities through the installation of Individual Heat Substations, including DH Network Upgrades and Required Reconfiguration of DH Distribution Pipelines for IHS installation at building site.
- 1.3. Supporting CNED with the initial operationalization of the Borrower's Sustainable Financing Mechanism for Energy Efficiency ("SFMEE"), including: (i) the provision of technical assistance for the carrying out of energy audits, preparation of detailed designs and technical specifications for energy efficiency improvements, technical reviews, and other technical studies, and (ii) the acquisition of IT Equipment for CNED.

#### **Part 2. Implementation support and technical assistance**

Strengthening the Borrower's implementation capacity, through *inter-alia*: (i) the provision of support for MEPIU Project management and coordination, including Operating Costs; (ii) capacity building of Relevant Entities; (iii) the development and operationalization of the GIS Information System and Database, and EE Information System for project management at CNED ; (iv) the carrying out of Energy Audits, including monitoring and verification of results and detailed technical design studies for Selected Education Facilities (v) the development and

implementation of a Capacity Building Program on energy efficiency for the Relevant Entities, including study tours and workshops, and (vi) the development and implementation of a Women in the Energy Sector Internship Program including the provision of onboarding training to the Eligible Interns, and the provision of an Internship Allowance to the Eligible Interns.

**Part 3. Contingent Emergency Response**

Provision of immediate response to an Eligible Crisis or Emergency, as needed.

## SCHEDULE 2

### Project Execution

#### Section I. Implementation Arrangements

##### A. Institutional Arrangements.

1. The Borrower shall vest the overall responsibility for the implementation of the Project in the MoE, which will vest the day-to-day responsibilities in MEPIU including the Project's administrative, procurement, environmental and social requirements, disbursement, financial management and monitoring and evaluation responsibilities, as specified in the Project Operations Manual.
2. The Borrower shall:
  - (a) Through MoE, ensure that MEPIU is operated and maintained, throughout Project implementation, with functions, staffing, and responsibilities satisfactory to the Bank, including a Project coordinator, procurement specialist, a financial management specialist, and environmental specialist and a social specialist, as further set forth in the Project Operational Manual;
  - (b) cause TE to provide technical support to MEPIU in the carrying out of procurement activities and works monitoring under Part 1.2 of the Project as set forth in the Project Operational Manual and the Project Implementation Agreement; and
  - (c) cause CNED to advise and provide guidance to MEPIU in the carrying out of procurement activities and monitoring of works under Parts 1.1 and 1.3 of the Project as set forth in the Project Operational Manual and the Project Implementation Agreement.

##### B. Project Implementation Agreement.

1. To facilitate the carrying out of the Project, the Borrower shall, cause MoF, MoE, MEPIU, MoED, CNED and TE ("Relevant Entities") to enter into an agreement ("Project Implementation Agreement"), under terms and conditions acceptable to the Bank, which shall include, *inter alia*, MEPIU's, TE's, and CNED's obligation to assist the Borrower, through MoE, in the carrying out of the technical aspects of the Project, including:
  - (a) the roles and responsibilities of each Relevant Entity with regard to the implementation of the Project;

- (b) the obligation of MEPIU to carry out the fiduciary and environmental and social functions under the Project;
- (c) the obligation of CNED to assist MoE and MEPIU in all technical aspects related to Parts 1.1 and 1.3 of the Project, including in procurement activities and works monitoring;
- (d) the obligation of TE to assist MoE and MEPIU in all technical aspects related to Part 1.2 of the Project, including in procurement activities and works monitoring;
- (e) the obligation of the Relevant Entities to provide support to Project implementation in compliance with the technical, procurement, fiduciary, environmental and social requirements applicable to the Project, the ESCP, the Project Operations Manual and the Anti-Corruption Guidelines, in accordance with the provisions of this Agreement, including the General Conditions;
- (f) the obligation of MEPIU to ensure that any goods, works and/or services to be financed out of the Loan are procured in accordance with the Procurement Regulations;
- (g) the obligation of MEPIU to maintain a financial management system and prepare financial statements for its respective parts of the Project in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations, resources and expenditures related to its respective parts of the project, as further set forth in the Project Operations Manual;
- (h) MEPIU's obligation to retain all records (contracts, orders, invoices, bills, receipts and other documents) evidencing expenditures under its parts of the Project until one (1) year after the Borrower and the Bank have received the audited financial statements covering the period during which the last withdrawal from the Loan Account was made, and two (2) years after the Closing Date;
- (i) MEPIU's obligation to enable the Borrower and the Bank to inspect the Project, its operation and any relevant records and documents;
- (j) MEPIU's obligation to prepare and furnish to the Borrower and the Bank, Project Reports and all such information as the Borrower or the Bank shall reasonably request relating to the foregoing;
- (k) MEPIU's obligation to enter into LPA Agreements with the relevant LPAs in relation to the implementation of Subprojects under Part 1.1 and the

carrying out of activities under Part 1.2. in Selected Education Facilities or Prioritized Education Facilities owned by LPAs;

- (l) MoED's obligation to (i) participate in the identification of Selected Education Facilities and Prioritized Education Facilities, (ii) facilitate access to the Selected Education Facilities and Prioritized Education Facilities owned by MoED, for purposes of carrying out Parts 1.1 and 1.2 of the Project and (iii) support coordination between MEPIU and the corresponding LPAs for the obtention of permits and authorizations required to carry out Subprojects under Part 1.1 of the Projects or activities under Part 1.2 of the Project in facilities owned by LPAs, as well as for the signing of the LPA Agreements;
  - (m) the Borrower, through MoE, shall have the right to suspend or terminate the right of the MEPIU to use the proceeds of the Loan, or obtain a refund of all or any part of the amount of the Loan then withdrawn, upon MEPIU's failure to perform any of its obligations under the Project Implementation Agreement; and
  - (n) a provision stipulating that, in case of conflict between any of the provisions of the Project Implementation Agreement and this Agreement, the provisions of this Agreement shall prevail.
- 2. The Borrower shall exercise its rights and carry out its obligations under the Project Implementation Agreement, in such manner as to protect the interests of the Borrower and the Bank, and to accomplish the purposes of the Loan.
  - 3. Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate, fail to enforce, waive or terminate the Project Implementation Agreement or any of its provisions.
  - 4. In case of any conflict between the provisions of the Project Implementation Agreement and this Agreement, the provisions of this Agreement shall prevail.

**C. Subproject Eligibility and Requirements**

- 1. For the purposes of Part 1.1 of the Project, the Borrower, through MoE, shall cause MEPIU to:
  - (a) determine the eligibility of Subproject proposals on the basis of an Energy Audits carried out in accordance with procedures acceptable to the Bank and set forth in the Project Operations Manual; and
  - (b) select Subprojects on the basis of the compliance of the criteria set forth in the Project Operations Manual, which shall include, *inter alia*:

- I. **Subproject beneficiary selection criteria.** buildings for which a subproject is proposed shall meet the following requirements:
    - (i) the building must be owned by a government agency and used for education purposes (excluding publicly-owned enterprises, and private buildings with public agency tenants);
    - (ii) the building has confirmation of being as structurally sound (in terms of structural durability and safety of the construction) and stable and not having seismic and construction damages, as per technical inspection carried out as part of the Energy Audit;
    - (iii) on the basis of the building administrator's confirmation, there's a secure prospective use of the building and it is not planned for relocation, closure, downsizing, demolition or privatization;
    - (iv) there are no other user occupying all or part of the building; and
    - (v) the building has been constructed between 1950 and 2013.
  
  - II. **Subproject selection criteria.** Subproject eligibility shall be determined after the completion of the Energy Audit for a proposed subproject, based on specific criteria, including:
    - (i) The Energy Audit has confirmed that at least a twenty percent (20%) of energy savings after renovation is expected, with an economic payback period of less than fifteen (15) years; and
    - (ii) the Subproject investments shall not involve any Excluded Activities.
  
  - III. **Subproject prioritization criteria.** In the event proposed subprojects exceed annual investment thresholds established for Subprojects pursuant to Section I.F of this Schedule, the Borrower, through MoE, shall cause MEPIU to rank eligible subproject proposals based on considerations set forth in the Project Operations Manual including as set forth below:
    - (i) expected specific energy savings;
    - (ii) avoided GHG Emission; and
    - (iii) number of users which can benefit from the building retrofit.
2. (a) To qualify for financing under Part 1.1 of the Project, prior to the start of each respective Subproject, the Borrower, through MoE, shall issue to each Subproject beneficiary a project initiation letter, and obtain the

signature of the authorized representative of the respective Subproject beneficiary (e.g., building administrator) to the project initiation letter.

- (b) As further detailed in the Project Operations Manual, each project initiation letter shall outline the building renovation processes and procedures, and the respective parties' roles, responsibilities and obligations in connection with the renovations, including specifically recognizing that (i) each Subproject is to be carried out in accordance with the terms of this Agreement and the Project Operations Manual, and (ii) the Subproject beneficiary shall enable the MoE, MEPIU and the Bank to inspect the Subproject and any relevant records and documents, and to prepare and furnish to the MoE, MEPIU and the Bank all such information as the MoE, MEPIU or the Bank shall reasonably request relating to the foregoing.
- (c) The Borrower, through MoE, shall exercise its rights under each project initiation letter in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan;
- (d) Except as the Bank shall otherwise agree, the Borrower shall not assign, amend, abrogate or waive any project initiation letter or any of its provisions.

**D. Project Operations Manual**

1. Without limitation upon the provisions of Article V of the General Conditions, the Borrower shall, and shall, through MoE, cause MEPIU to carry out the Project in accordance with the Project Operations Manual, which shall include, *inter alia*: (a) a detailed description of the activities and institutional arrangements for the Project, including the technical, administrative and fiduciary functions of the relevant agencies; (b) the Project administrative, accounting, auditing, reporting, financial (including cash flow aspects in relation thereto), procurement and disbursement procedures; (c) the monitoring indicators for the Project; (d) the grievance mechanism; (e) the Anti-Corruption Guidelines, (f) the detailed composition and functions of MEPIU, (g) detailed description of the Subproject eligibility criteria and requirements, (h) prioritization criteria of Public Administration Facilities to benefit under Part 1.2 of the Project, (i) prioritization criteria of Prioritized Education Facilities to benefit under Part 1.2 of the Project, (j) the mechanics for the development and implementation of the Women in the Energy Sector Internship Program, (k) the eligibility criteria for Eligible Interns, and (l) the LPA Agreement format.
2. Except as the Bank may otherwise agree in writing, the Borrower shall, and shall, through MoE, cause MEPIU not abrogate, amend, suspend, waive or otherwise fail to enforce the Project Operations Manual or any provision thereof.

3. In case of any conflict between the terms of the Project Operations Manual and this Agreement, the provisions of this Agreement shall prevail.

**E. LPA Agreements**

1. For purposes of carrying out Subprojects under Part 1.1 of the Project, or activities in Prioritized Education Facilities under Part 1.2. of the Project, in education facilities owned by the LPAs, MoE shall, prior to carrying out such activities, enter into an agreement with each relevant LPA ("LPA Agreement"), in terms and conditions acceptable to the Bari and following the LPA Agreement template set forth in the Project Operations Manual, including, *inter alia*:
  - (a) the relevant LPA's obligation to provide access to MoE and MEPIU to the relevant Selected Education Facility or Prioritized Education Facility for the implementation of the Subproject under Part 1.1 or activities under Part 1.2.
  - (b) the relevant LPA's obligation to enable MoE, MEPIU, the Borrower and the Bank to inspect the implementation of Project activities carried out in the relevant Selected Education Facility or Prioritized Education Facility,
  - (c) the obligation of the relevant LPA to maintain the works or activities implemented under the Subproject or activities under Part 1.2 of the Project.
2. The Borrower, through MoE, shall exercise its rights under each project initiation letter in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan;
3. Except as the Bank shall otherwise agree, the Borrower, through MoE, shall not assign, amend, abrogate or waive any project initiation letter or any of its provisions.

**F. Annual Work Plan and Budget**

1. The Borrower, through MoE, shall cause MEPIU to:
  - (a) prepare and furnish to the Bank not later than November 1<sup>st</sup> of each year during the implementation of the Project, a proposed Annual Work Plan and Budget containing: (i) all activities to be carried out under the Project during the following year; (ii) a proposed financing plan for expenditures required for such activities, setting forth the proposed amounts; and (iii) any training activities that may be required under the Project including

(A) the type of training, (B) the purpose of the training, and (C) the cost of the training;

- (b) afford the Bank a reasonable opportunity to exchange views with MoE on each such proposed Annual Work Plan and Budget, and shall thereafter ensure that the Project is implemented with due diligence during said following year, in accordance with such Annual Work Plan and Budget as shall have been approved by the Bank; and
- (c) not make or allow to be made any change to the approved Annual Work Plan and Budget without the Bank's prior written approval.

**G. Environmental and Social Standards**

1. The Borrower, through MoE, shall cause MEPIU to ensure that the Project is carried out in accordance with the Environmental and Social Standards, in a manner acceptable to the Bank.
2. Without limitation upon paragraph 1 above, the Borrower, through MoE, shall cause MEPIU to ensure that the Project is implemented in accordance with the Environmental and Social Commitment Plan ("ESCP"), in a manner acceptable to the Bank. To this end, the Borrower, through MoE, shall cause MEPIU to ensure that:
  - (a) the measures and actions specified in the ESCP are implemented with due diligence and efficiency, as provided in the ESCP;
  - (b) sufficient funds are available to cover the costs of implementing the ESCP;
  - (c) policies and procedures are maintained, and qualified and experienced staff in adequate numbers are retained to implement the ESCP, as provided in the ESCP; and
  - (d) the ESCP, or any provision thereof, is not amended, repealed, suspended or waived, except as the Bank shall otherwise agree in writing, as specified in the ESCP, and ensure that the revised ESCP is disclosed promptly thereafter.
3. In case of any inconsistencies between the ESCP and the provisions of this Agreement, the provisions of this Agreement shall prevail.
4. The Borrower, through MoE, shall cause MEPIU, to ensure that:
  - (a) all measures necessary are taken to collect, compile, and furnish to the Bank through regular reports, with the frequency specified in the ESCP, and promptly in a separate report or reports, if so requested by the Bank,

information on the status of compliance with the ESCP and the environmental and social instruments referred to therein, all such reports in form and substance acceptable to the Bank, setting out, inter alia: (i) the status of implementation of the ESCP; (ii) conditions, if any, which interfere or threaten to interfere with the implementation of the ESCP; and (iii) corrective and preventive measures taken or required to be taken to address such conditions; and

- (b) the Bank is promptly notified of any incident or accident related to or having an impact on the Project which has, or is likely to have, a significant adverse effect on the environment, the affected communities, the public or workers, in accordance with the ESCP, the environmental and social instruments referenced therein and the Environmental and Social Standards.

5. The Borrower, through MoE, shall cause MEPIU to establish, publicize, maintain and operate an accessible grievance mechanism, to receive and facilitate resolution of concerns and grievances of Project-affected people, and take all measures necessary and appropriate to resolve, or facilitate the resolution of, such concerns and grievances, in a manner acceptable to the Bank.

6. The Borrower, through MoE, shall cause MEPIU to ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, and subcontractors and supervising entities to: (a) comply with the relevant aspects of ESCP and the environmental and social instruments referred to therein; and (b) adopt and enforce codes of conduct that should be provided to and signed by all workers, detailing measures to address environmental, social, health and safety risks, and the risks of sexual exploitation and abuse, sexual harassment and violence against children, all as applicable to such civil works commissioned or carried out pursuant to said contracts.

#### **H. Contingent Emergency Response**

1. In order to ensure the proper implementation of contingent emergency response activities under Part 3 of the Project ("Contingent Emergency Response Part"), the Borrower shall ensure that:

- (a) a manual ("CERC Manual") is prepared and adopted in form and substance acceptable to the Bank, which shall set forth detailed implementation arrangements for the Contingent Emergency Response Part, including: (i) any structures or institutional arrangements for coordinating and implementing the Contingent Emergency Response Part; (ii) specific activities which may be included in the Contingent Emergency Response Part, Eligible Expenditures required therefor ("Emergency Expenditures"), and any procedures for such inclusion; (iii) financial

- management arrangements for the Contingent Emergency Response Part; (iv) procurement methods and procedures for the Contingent Emergency Response Part; (v) documentation required for withdrawals of Financing amounts to finance Emergency Expenditures; (vi) a description of the environmental and social assessment and management arrangements for the Contingent Emergency Response Part; and (vii) a template Emergency Action Plan;
- (b) the Emergency Action Plan is prepared and adopted in form and substance acceptable to the Bank;
  - (c) the Emergency Response Part is carried out in accordance with the CERC Manual and the Emergency Action Plan; provided, however, that in the event of any inconsistency between the provisions of the CERC Manual or the Emergency Action Plan and this Agreement, the provisions of this Agreement shall prevail; and
  - (d) neither the CERC Manual or the Emergency Action Plan is amended, suspended, abrogated, repealed or waived without the prior written approval by the Bank.
2. The Borrower shall ensure that the structures and arrangements referred to in the CERC Manual are maintained throughout the implementation of the Contingent Emergency Response Part, with adequate staff and resources satisfactory to Bank.
3. The Borrower shall ensure that:
- (a) the environmental and social instruments required for the Contingent Emergency Response Part are prepared, disclosed and adopted in accordance with the CERC Manual and the ESCP, and in form and substance acceptable to the Bank; and
  - (b) the Contingent Emergency Response Part is carried out in accordance with the environmental and social instruments in a manner acceptable to the Bank.
4. Activities under the Contingency Emergency Response Part shall be undertaken only after an Eligible Crisis or Emergency has occurred.

**Section II. Project Monitoring Reporting and Evaluation**

The Borrower shall furnish to the Bank each Project Report not later than forty-five (45) days after the end of each calendar semester, covering the calendar semester.

**Section III. Withdrawal of Loan Proceeds**

**A. General.**

Without limitation upon the provisions of Article II of the General Conditions and in accordance with the Disbursement and Financial Information Letter, the Borrower may withdraw the proceeds of the Loan to finance Eligible Expenditures; in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table:

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in €)</b>	<b>Percentage of Expenditures to be financed (inclusive of Taxes)</b>
(1) Goods, works, non-consulting services, and consulting services under Part 1.2 and under Subprojects under Part 1.1 of the Project	46,700,000	100%
(2) Emergency Expenditures under Part 3 of the Project	0	100%
<b>TOTAL AMOUNT</b>	<b>46,700,000</b>	

**B. Withdrawal Conditions; Withdrawal Period.**

1. Notwithstanding the provisions of Part A above, no withdrawal shall be made:
  - (a) for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed €9,340,000 may be made for payments made prior to this date but on or after April 1, 2024, for Eligible Expenditures, following an Environmental and Social Audit, satisfactory to the Bank, showing that the pertinent obligations set forth in this Agreement, as applicable to each Eligible Expenditure, have been complied with.
  - (b) for Emergency Expenditures under Category (2), unless and until all of the following conditions have been met in respect of said expenditures:
    - (i) (A) the Borrower has determined that an Eligible Crisis or Emergency has occurred, and has furnished to the Bank a request to withdraw Loan amounts under Category (2); and (B) the Bank

has agreed with such determination, accepted said request and notified the Borrower thereof; and

- (ii) the Borrower has adopted the CERC Manual and Emergency Action Plan, in form and substance acceptable to the Bank.

2. The Closing Date is June 30, 2029.

**SCHEDULE 3**

**Commitment-Linked Amortization Repayment Schedule**

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").

**Level Principal Repayments**

<b>Principal Payment Date</b>	<b>Installment Share</b>
On each February 15 and August 15 Beginning August 15, 2029 through February 15, 2054	2%

## APPENDIX

### Definitions

1. "Ancillary Measures" means measures, approved by the Bank, that do not deliver energy efficiency savings but are important to ensure the impact of energy efficiency investments over its lifetime (examples include replacement of old gutters and down spouts to ensure that building envelopes do not get damaged by water, improvement of sanitary facilities, and upgrade of building internal wiring for safety reasons. The Bank may authorize that a limited amount of funds could be allocated to Ancillary Measures provided that the simple payback period of the Subproject does not exceed the agreed Maximum Payback Period.
2. "Annual Work Plan and Budget" means the work plan and budget prepared annually by the Borrower, through MoE, with the assistance of MEPIU, and approved by the Bank in accordance with Section I.F of Schedule 2 to this Agreement.
3. "Anti-Corruption Guidelines" means, for purposes of paragraph 6 of the Appendix to the General Conditions, 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 and as of July 1, 2016.
4. "Capacity Building Program" means the Training program on energy efficiency, acceptable to the Bank, to be developed and implemented by MEPIU under Part 2.(v) of the Project, in benefit of the Relevant Entities.
5. "Category" means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
6. "CERC Manual" means the manual referred to in Section I.H.1(a) of Schedule 2 to this Agreement, as such manual may be updated from time to time with the agreement of the Bank, and which is an integral part of the Operational Manual.
7. "CNED" means the Borrower's National Center for Sustainable Energy, the public institution under the authority of MoE, responsible for coordinating and organizing activities aimed at ensuring the implementation of policies on energy efficiency and renewable energy use, established pursuant to Government Decision No. 1060, dated December 12, 2023, published in the Official Gazette on December 30, 2023, or any successor thereto acceptable to the Bank.
8. "Contingent Emergency Response Part" means any activity or activities to be carried out under Part 3 of the Project to respond to an Eligible Crisis or Emergency.

9. "DH" or "District Heating" means a system for distributing heat generated in a centralized location through a system of insulated pipes for residential and commercial heating requirements such as space heating and water heating.
10. "DH Network Upgrades" means the replacement of existing parts of the DH Network, such as valves and DH distribution pipelines. Upgrades exclude activities that require land acquisition or cause economic or physical displacement as defined under ESS5.
11. "DH Substations" means a component in a district heating system that connects the main network to a building's own heating system.
12. "ECA" means Europe and Central Asia regions.
13. "EE Information System" means the information system for managing project proposals in the public domain to be developed and operationalized by CNED, referred to in Part 2 (iii) of the Project, for the collection, management, analysis, and selection of energy efficiency investments in the public sector in the Borrower's territory.
14. "Eligible Crisis or Emergency" means an event that has caused, or is likely to imminently cause, a major adverse economic and/or social impact to the Borrower, associated with a natural or man-made crisis or disaster.
15. "Eligible Interns" means the women identified by MEPIU who meet the eligibility criteria to participate in the Women in the Energy Sector Internship Program set forth in the Project Operations Manual.
16. "Emergency Action Plan" means the plan referred to in Section I.H.1(b), detailing the activities, budget, implementation plan, and monitoring and evaluation arrangements, to respond to the Eligible Crisis or Emergency.
17. "Emergency Expenditures" means any of the eligible expenditures set forth in the CERC Manual referred to in Section I.H.1(a) of Schedule 2 to this Agreement and required for the Contingent Emergency Response Part.
18. "Energy Audit" means systemic procedures whose purpose is to obtain the necessary information about the existing energy consumption profile of a building or a group of buildings, as well as identifying and quantifying cost-effective energy saving opportunities and reporting results.
19. "Environmental and Social Audit" means an instrument to be prepared by an external auditor that will be selected by the Borrower to conduct an audit to verify the proper use of funds based on the Terms of References agreed with the Bank. This audit shall: (i) determine the nature and extent of environmental and social areas of concern of all goods, services, works and other activities to

be retroactively financed under the Project; and (ii) identify appropriate mitigation or corrective measures, as necessary, related costs and a schedule to implement such measures; all in accordance with the ESS, and in a manner satisfactory to the Bank.

20. "Environmental and Social Commitment Plan" or "ESCP" means the environmental and social commitment plan for the Project, dated May 17, 2024, as the same may be amended from time to time in accordance with the provisions thereof, which sets out the material measures and actions that the Borrower shall carry out or cause to be carried out to address the potential environmental and social risks and impacts of the Project, including the timeframes of the actions and measures, institutional, staffing, training, monitoring and reporting arrangements, and any environmental and social instruments to be prepared thereunder.
21. "Environmental and Social Management Framework" means the final document disclosed by the Borrower, through MoE and MEPIU, and the Bank, that sets forth (a) the modalities for site-specific environmental and social screening and procedures for the preparation and implementation of environmental and social management plans under the Project, including the criteria (and forms) for social screening to exclude any activities that may cause physical or economic displacement, (b) the set of mitigation, monitoring, and institutional measures and procedures required in order to eliminate adverse environmental and social impacts, offset them, or reduce them to acceptable levels, (c) the actions needed to implement said measures, and as the same may be amended from time to time with the Bank's prior written approval.
22. "Environmental and Social Standards" or "ESSs" means, collectively: (i) "Environmental and Social Standard 1: Assessment and Management of Environmental and Social Risks and Impacts"; (ii) "Environmental and Social Standard 2: Labor and Working Conditions"; (iii) "Environmental and Social Standard 3: Resource Efficiency and Pollution Prevention and Management"; (iv) "Environmental and Social Standard 4: Community Health and Safety"; (v) "Environmental and Social Standard 5: Land Acquisition, Restrictions on Land Use and Involuntary Resettlement"; (vi) "Environmental and Social Standard 6: Biodiversity Conservation and Sustainable Management of Living Natural Resources"; (vii) "Environmental and Social Standard 7: Indigenous Peoples/Sub-Saharan African Historically Underserved Traditional Local Communities"; (viii) "Environmental and Social Standard 8: Cultural Heritage"; (ix) "Environmental and Social Standard 9: Financial Intermediaries"; and (x) "Environmental and Social Standard 10: Stakeholder Engagement and Information Disclosure"; effective on October 1, 2018, as published by the Bank.
23. "Excluded Activities" means, collectively:

- (a) Any investments and activities inconsistent with the ESS and/or the requirements set forth in the ESCP;
  - (b) Any of the activities listed, or activities that produce and/or use materials listed, in the World Bank Group/International Finance Corporation Exclusion List, and such other activities and/or materials listed in the Project Operations Manual and which are classified and referred to as part of the negative list in said manual.
  - (c) Investments and activities classified as substantial risk or high risk in respect to potential environmental and social impacts, in accordance with the provisions of the Project Operations Manual and the ESMF;
  - (d) Investments and activities that involve large-scale physical and economic displacement as described in Land Acquisition, Restrictions on Land Use, or Involuntary Resettlement (as defined under ESS 5); that adversely impacts sensitive habitats and species as described in Biodiversity Conservation and Sustainable Management of Living Natural Resources (as defined under ESS 6); that adversely impacts Cultural Heritage (as defined under ESS 8); or that involves child or forced labor and reported or significant concern for sexual exploitation and abuse or sexual harassment;
  - (e) Investments and activities that involve the potential use of, or discharge into, any waterways as defined and applicable under World Bank Operational Policy 7.50 (or detailed design and engineering studies of such investment), as such waterways shall have been described more specifically in the Project Operations Manual;
  - (f) Investments or activities that involve any other exclusions agreed to by the Bank and MEPIU and set forth in the ESMF and the Project Operations Manual.
24. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Investment Project Financing", dated December 14, 2018 (Last revised on July 15, 2023).
25. "GHG Emissions" or "Greenhouse Gas Emissions" means a gas emissions that contributes to the natural greenhouse effect, in particular a basket of six greenhouse gases produced by human activities: carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride.
26. "GIS Information System and Database" means a system designed to provide for the storage, analysis, and publication of EE georeferenced data of buildings and renewables capacities. The system will comprise the following software

components: a Database Management System Server, a Software Server allowing users to share, process and edit geospatial data, and a software server for the web for publishing GIS data, as further described in the Project Operations Manual.

27. "Grant Agreement" means the agreement between the Borrower and Bank/International Development Association, acting as the implementing entity of the Moldova Growth, Resilience and Opportunities for Well-Being (M-Grow) Program Multi Donor Trust Fund, for the Project, of the same date as this Agreement, as such agreement may be amended from time to time. "Grant Agreement" includes all appendices, schedules and agreements supplemental to the Grant Agreement.
28. "Heat Pumps" means a device that uses work to transfer heat from a cool space to a warm space by transferring thermal energy using a refrigeration cycle, cooling the cool space and warming the warm space.
29. "Internal Heating System" means a mechanism for maintaining temperatures at an acceptable level in a building.
30. "Internship Allowance" means the monthly allowance to be paid for up to six (6) months to the Eligible Interns that will participate in the women in the Energy Sector Internship Program under Part 2.(vi) of the Project.
31. "Individual Heat Substation" or "IHS" means a building system that handles heat transfer from DH pipes into the building to deliver hot water and heat on demand. The IHS is a connected device or installation used to change the type or parameters of the heat carrier supplied from the DH system and to regulate the amount of heat supplied to receiving installations.
32. "IT Equipment" means computers, servers, printers, computer hardware and any other technology-related equipment used in office space as agreed by the Bank.
33. "LED" means light emitting diode.
34. "LPA" means local public authority.
35. "LPA Agreement" means the agreement acceptable to the Bank referred to in Section 1.E of Schedule 2 to this Agreement, to be entered into between the MoE and the relevant LPA, for the implementation of Subprojects under Part 1.1 of the Projects and the carrying out of activities under 1.2 of the Project in Selected Education Facilities and Prioritized Education Facilities owned by the relevant LPA.
36. "Maximum Payback Period" means fifteen (15) years.

37. "MEPIU" means the Project implementing unit established as an independent legal entity within the MoE, as per MEPIU Legislation, or any successor thereto acceptable to the Bank.
38. "MEPIU Legislation" means the Borrower's Government Decision No. 1276, dated December 21, 2000, and published in the Official Gazette on December 31, 2000, as amended to the date of this Agreement.
39. "MoE" means the Borrower's Ministry of Energy, established on February 16, 2023, pursuant to Government Decision No. 118 dated March 7, 2023, and published in the Official Gazette on March 14, 2023, or any successor thereto acceptable to the Bank.
40. "MoED" means the Borrower's Ministry of Education and Research, operating according to Government Decision No. 146 dated August 25, 2021, or any successor thereto acceptable to the Bank.
41. "MoF" means the Borrower's Ministry of Finance, established pursuant to Government Decision No. 696 dated August 30, 2017, and published in the Official Gazette on September 6, 2017, or any successor thereto acceptable to the Bank.
42. "M-GROW" or "Moldova Growth Resilience and Opportunities for Well-Being Multi donor Trust Fund" means the multi-donor trust fund established on December 7, 2023, to provide a coordinated financing and support mechanism to assist the Republic of Moldova to rapidly make critical investments and strengthen institutions towards the country's competitive, green, resilient, and inclusive development and regional integration in Europe.
43. "MPA Program" means the multiphase programmatic approach program designed to increase energy efficiency savings in participating client countries of the Europe and Central Asia (ECA) region and develop enabling policies and programs for the scale-up of energy efficiency.
44. "Operating Costs" means the reasonable incremental costs incurred by MEPIU on account of the implementation, management, and monitoring of the Project based on an Annual Work Plan and Budget and agreed by the Bank for the following: office rental, office and equipment maintenance and repair, office supplies, printing, utilities, communications, vehicle rental and transportation, advertisement, translation and interpretation, and other miscellaneous expenditures directly associated with the Project as may be agreed by the Bank.
45. "Payback Period" means the time it takes for the Subproject to generate savings that equal its initial investment.

46. "Prioritized Education Facilities" means the education facilities, among the Selected Education Facilities, which have been prioritized according to the prioritization criteria set forth in the Project Operations Manual, to benefit under Part 1.2. of the Project.
47. "Procurement Regulations" means, for purposes of paragraph 85 of the Appendix to the General Conditions, the "World Bank Procurement Regulations for IPF Borrowers", dated September 2023.
48. "Project Implementation Agreement" means the Agreement to be entered into between MoF, MoE, MEPIU, MoED, CNED and TE for purposes of Project implementation referred to in Section I.B of Schedule 2 of this Agreement.
49. "Project Operations Manual" means the Project Operations Manual referred to in Section I.D. of Schedule 2, to this Agreement, as the said manual may be amended from time to time, with the prior written approval of the Bank, and such term includes any schedules to the Project Operations Manual.
50. "Public Administration Facilities" means building owned by the Borrower's central government or local authorities and used by the public and prioritized as per the criteria set forth in the Project Operations Manual.
51. "Relevant Entities" means MoF, MoE, MEPIU, MoED, CNED and TE.
52. "Required Reconfiguration of DH Distribution Pipelines" means the reconfiguration of parts of the DH Network of the Old Central DH Heating Point to the New Building-Based IHS, required for the installation of IHS at building site and necessary to enable its connection to the DH Network. The Required Reconfiguration of DH Distribution Pipelines exclude activities that require land acquisition or cause economic or physical displacement as defined under ESS5.
53. "Rooftop Solar PV" means a photovoltaic (PV) system that has its electricity-generating solar panels mounted on the rooftop of a building or structure. The various components of such a system include photovoltaic modules, mounting systems, cables, solar inverters and other electrical accessories.
54. "Selected Education Facilities" means the Borrower's education buildings to benefit from Part 1.1 of the Project, which has been selected by the MoE with the assistance of MEPIU and in coordination with the MoED, for complying with the Subproject Eligibility Criteria and Requirements set forth in Section I.C of Schedule 2 of this Agreement, further described in the Project Operational Manual.
55. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.

56. "Solar Thermal Collectors" means a device that collects heat by absorbing sunlight and is used for solar hot water heating.
57. "Subprojects" means investments for the renovation of publicly owned buildings used for education purposes (i.e., public schools), to improve their energy efficiency, selected in accordance with the eligibility criteria and requirements set forth and Section I.C of Schedule 2 to this Agreement and further detailed in the Project Operations Manual, to be financed under Part 1.1. of the Project.
58. "Sustainable Financing Mechanism for Energy Efficiency" or "SFMEE" means the financial mechanism, acceptable to the Bank, that ensures that energy savings lead to a sustainable flow of funds to finance new energy efficiency investments, to be developed by the Borrower with its own resources, which's initial operationalization will be supported under Part 1.3 of the Project.
59. "Standard Energy Efficient Retrofit Measures" means the insulation of external walls, replacement of windows and external doors, insulation of roof ceiling and/or insulation of floor ceiling, change of coal or gas boiler, fuel switch to biomass or to electric heat pump, individual heating substation, ventilation and air conditioning systems, LED lighting indoor and outdoor, rooftop solar, and solar thermal collector.
60. "TE" or "TERMOELECTRICA S.A" means the Moldovan Joint Stock Company "Termoelectrica", established and acting pursuant to TE Legislation.
61. "TE Legislation" means the following acts pursuant to which TE has been created and is currently operating: (i) Decision of the Government of the Republic of Moldova No. HG318/2014 of May 7, 2014 On Reorganization of Certain Enterprises in the District Heating Sector; (ii) Law of the Republic of Moldova No. LP188/2014 of September 28, 2014 On Certain Measures Regarding the Bankruptcy Procedure of JSC "Termocom"; (iii) Decision of the State Registration Chamber of the Republic of Moldova of October 22, 2014 On Registration of the Reorganization Through Absorption of JSC "CHP-1" by JSC "CHP-2"; (iv) Minutes No. 24 of the Extraordinary General Meeting of Shareholders of JSC "CHP-2" as of November 17, 2014 (On Approval of the Value of Assets of Sale-Purchase Transaction of the Functional Subset of Assets of JSC "Termocom" under Bankruptcy Procedure); (v) Decision of the State Registration Chamber of the Republic of Moldova of March 4, 2015 on Registration of Changes (Purchase of the Functional Subset of assets of JSC "Termocom" under Bankruptcy Procedure); (vi) Decision of the State Registration Chamber of the Republic of Moldova of June 16, 2015 On Registration of Changes (changing the name from JSC "CHP-2" to JSC "Termoelectrica").
62. "Training" means reasonable expenditures (excluding costs of consulting services) incurred for Project-related capacity building activities, including study tours,

training courses, seminars, workshops and other training activities; such costs include travel, accommodation and *per diem* costs associated with training, workshop and study tour participants and trainers, space and equipment rental, and other training related miscellaneous costs agreed with the Bank.

63. "Well-proven Technologies" means a technology that has been in use for long enough that most of its initial faults and inherent problems have been removed or reduced by further development.
64. "Women in the Energy Sector Internship Program" means the internship program to be developed and implemented by MEPIU under Part 2.(vi) of the Project, further described under Section I.D. of Schedule 2 to the Grant Agreement, in benefit of Eligible Interns.
65. "World Bank/International Finance Corporation Exclusion List" means the list of excluded from investments, as such list is provided at <https://www.ifc.org/en/what-we-do/sector-expertise/sustainability/ifc-exclusion-list-2007>, or any successor website or location.