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**LOAN NUMBER 9694-MD  
GCFR GRANT NUMBER TF0C5486**

# **Loan Agreement**

**(Moldova Supporting Growth and Resilience Development Policy Operation)**

**between**

**REPUBLIC OF MOLDOVA**

**and**

**INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT**



## LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MOLDOVA (“Borrower”) and 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:

WHEREAS (A) having satisfied itself as to the feasibility and priority of the Program that aimed to support the Borrower to: (i) strengthen resilience of refugees and households, (ii) foster sustainable growth through enhanced competition and private sector-led growth, and (iii) support climate resilience.

(B) following an international effort to provide development support to countries most affected by refugees, funding from the Global Concessional Financing Facility was received by the Bank for purposes of providing concessionality to this Agreement;

(C) under the terms of a Financial Procedures Arrangement with the Trustee of the Global Concessional Financing Facility dated August 10, 2016, the Bank has agreed to provide a concessional contribution to the Borrower (the Concessional Portion of the Financing as hereinafter defined) as part of an integrated financing under the terms of this Agreement (the Financing as hereinafter defined); and

(D) furthermore, the Bank has decided to provide this financing on the basis, *inter alia*, of: (i) 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 (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework.

NOW THEREFORE, 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 provide financing to the Borrower (“Financing”), consisting of the following:

- (a) A loan in an amount of thirty-seven million three hundred thousand Euro, (€37,300,000) (“Loan”), as such amount may be converted from time to time through a Currency Conversion; and
  - (b) A concessional contribution in an amount of five million Dollars (\$5,000,000) (“Concessional Portion of the Financing”)
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. 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(e) of the General Conditions.
- 2.05. The Payment Dates are March 15 and September 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, 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 5.05 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 paragraph (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 Event 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.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that 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.
- 5.02. The Effectiveness Deadline is the date ninety (90) 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:

Facsimile:	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:

248423(MCI) or  
64145(MCI)

Facsimile:

1-202-477-6391

E-mail:

[abanerji@worldbank.org](mailto:abanerji@worldbank.org)

AGREED as of the Signature Date.

**REPUBLIC OF MOLDOVA**

**By**

*Hon. Petru Rotaru*

\_\_\_\_\_  
**Authorized Representative**

**Name:** Hon. Petru Rotaru

**Title:** Minister

**Date:** 11-Jul-2024

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

**By**

*Inguna Dobraja*

\_\_\_\_\_  
**Authorized Representative**

**Name:** Inguna Dobraja

**Title:** Country Manager

**Date:** 10-Jul-2024

## SCHEDULE 1

### Program Actions; Availability of Loan Proceeds

#### Section I. Actions under the Program

- A. Actions Taken Under the Program. The actions taken by the Borrower under the Program include the following:
1. The Borrower has amended Law No. 133/2008 on Ajutor Social to implement a Case Management Approach for identifying and assessing the needs of the beneficiaries and provide access to services that respond to their needs, as evidenced by Law No. LP23/2024, dated February 15, 2024, and published in the Official Gazette on February 22, 2024.
  2. The Borrower has amended the Labor Code to: (i) increase flexibility on hiring (a) Youth Workers for Light Tasks and (b) refugees to perform temporary or permanent tasks; and (ii) remove restrictions on the employment of pregnant women, including for the offering of work during non-working holidays, weekends, or night shifts by allowing such employment at the request of women who meet the requirements, as evidenced by Art. I of Law No. LP46/2024 dated March 14, 2024, and published in the Official Gazette on March 18, 2024.
  3. The Borrower has enacted amendments to the Energy Vulnerability Reduction Fund legislation to (i) improve the targeting through the introduction of two additional energy vulnerability categories, as evidenced by Law No. 261/2023, dated August 17, 2023, and published in the Official Gazette on September 15, 2023, and (ii) introduce a monetized benefit for households categorized with very high or extreme energy vulnerability, as evidenced by Government Decision No. HG920/2023, dated November 22, 2023, and published in the Official Gazette on November 24, 2023.
  4. The Borrower has enacted amendments to the Competition Law to: (i) establish the independence of the Competition Council and allocate the necessary resources to implement its mandate; (ii) increase the notification threshold to focus on important mergers and acquisitions; (iii) strengthen investigation capacity with better tools to collect direct evidence of violations; (iv) increase the maximum amount of fines for anticompetitive behavior; and (v) strengthen procedural fairness and protect the privacy of confidential information in legal proceedings, as evidenced by LP199/2023 dated July 25, 2023 and published in the Official Gazette on September 15, 2023.
  5. The Borrower has amended the State Aid Law to: (i) increase the ceiling amount for *De Minimis* Aid, which is not subject to notification to the Competition Council; (ii) introduce a simplified notification procedure for selected state aid; and (iii) enhance transparency by establishing the publication of the decisions of the Competition

Council as of public interest and defining information that cannot be treated as confidential, as evidenced by Law No. 341 dated November 24, 2023 and published in the Official Gazette on December 13, 2023.

6. The Borrower has enhanced governance and competition in the energy sector through: (i) achieving provisional unbundling of the gas transmission, as evidenced by amendments to the Natural Gas Law approved through LP201/2023 on June 26, 2023, and ANRE's Decision No. 434, dated July 7, 2023 and published in ANRE's official website, and ANRE's Decision No. 70, dated February 16, 2024 and published in ANRE's official website; (ii) approving amendments to the Electricity Law to align it with the EU Regulation of Energy Market Integrity and Transparency ("REMIT"), as evidenced by Article IV of Law No. 414/2023, dated December 22, 2023 and published in the Official Gazette on December 23, 2023; and (iii) has introduced reforms regarding corporate governance and financial sustainability that led to the certification as independent electricity transmission system operator of Moldelectrica, as evidenced by ANRE Decision No. 447, dated July 11, 2023, and published in the Official Gazette on July 17, 2023.
7. The Borrower, through the Banking Sector Deposit Guarantee Fund ("FGDSB") has: (i) issued regulations establishing the reporting requirements for member banks based on the methodology for calculating regular contributions to be paid by banks to FGDSB; (ii) issued regulations on the requirements for member banks and the FGDSB to provide information on the deposit guarantee scheme to the public; and (iii) approved the FGDSB investment policy, as evidenced by Decision No. HFGDSB03/3/2023 dated November 29, 2023 and published in the Official Gazette on December 7, 2023; and Decision No. HFGDSB05/1/2023 dated December 21, 2023 and published in the Official Gazette on February 1, 2024, and Decision No. 07/5 dated February 27, 2024.
8. The Borrower has enacted the New Energy Performance of Buildings Law to increase energy efficiency in buildings, as evidenced by Law No. LP282/2023 dated October 5, 2023, and published in the Official Gazette on October 27, 2023.
9. The Borrower has amended the Renewable Energy Law to reduce regulatory barriers and establish effective support schemes to incentivize investments in renewable technologies by both small and large producers, as evidenced by LP331/2023 dated November 11, 2023, and published in the Official Gazette on December 8, 2023.
10. The Borrower has enacted a Law on Climate Actions to enable low carbon development and climate change resilience, as evidenced by Law No. 74/2024 dated April 11, 2024 and published in the Official Gazette on May 16, 2024.
11. The Borrower has taken actions to improve the sustainable management of forests by (i) defining the institutional competencies of the central government and local authorities in the management of the forests, (ii) regulating the forestry products and



forest ecosystem services as well as the payment for forestry activities, and (iii) establishing measures for the protection and biological conservation of the forests; as evidenced by Chapters 2, 5,6 and 8 of the Forest Code, Code CS69/2024 dated March 28, 2024 and published in the Official Gazette on April 26, 2024.

**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 Financing is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Financing proceeds. The allocation of the amounts of the Financing to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of the Loan Allocated (expressed in Euro)</b>	<b>Amount of the Concessional Portion of the Financing Allocated (expressed in Dollars)</b>
(1) Single Withdrawal Tranche	37,300,000	5,000,000
<b>TOTAL AMOUNT</b>	<b>37,300,000</b>	<b>5,000,000</b>

- C. Withdrawal Tranche Release Conditions.** No withdrawal shall be made of the Single Withdrawal Tranche unless: (a) each withdrawal is made on a *pari passu* basis and at a eighty nine percent (89%) to eleven percent (11%) ratio between the amount of the Loan allocated and the amount of the Concessional Portion of the Financing allocated; and the Bank is satisfied: (b) with the Program being carried out by the Borrower; and (c) with the adequacy of the Borrower's macroeconomic policy framework.
- D. Deposit of Loan Amounts.** The Borrower, within seven (7) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; (b) the details of the account to which the Moldovan Leu equivalent of the Loan proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Borrower's budget management systems; and (d) the statement of receipts and disbursement of the account referred to in Section 2.03 (a) of the General Conditions.
- E. Closing Date.** The Closing Date is June 30, 2026.

**SCHEDULE 2**

**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 March 15 and September 15 Beginning September 15, 2033 through March 15, 2053	2.5%

## APPENDIX

### Section I. Definitions

1. “Ajutor Social” means the Borrower’s social assistance program established pursuant to Law No. 133, dated June 13, 2008, and published in the Official Gazette on September 30, 2008.
2. “ANRE” means the Borrower’s National Agency for Energy Regulation, established pursuant to Parliament Decision No. 334, dated December 14, 2018, and published in the Official Gazette on January 18, 2019.
3. “Banking Sector Deposit Guarantee Fund” or “FGDSB” means the Borrower’s Deposit Guarantee Fund for the Banking System, operating under Law no. 160/2023 regarding the guarantee of bank deposits.
4. “Case Management Approach” means a tool for identifying the causes that led to the need for social assistance and for outlining the necessary social assistance measures to address them, including social services and, where appropriate, employment measures in the case of families with employed beneficiaries.
5. “Competition Council” means an autonomous authority, subordinated to the Borrower’s Parliament, established pursuant to Law 183/2012, which ensures the enforcement and observance of the legislation in the domain of competition, state aid and advertising within its competences. The objective of Competition Council is to ensure the observance of competition legislation through actions of preventing anticompetitive practices, removal of competition infringements, promoting and improving the competition culture.
6. “Competition Law” means the Borrower’s Law on competition, Law 183/2012, dated July 11, 2012, and published in the Official Gazette on September 14, 2012, as amended to the date of this Agreement.
7. “De Minimis Aid” means a small amount of aid, within a predetermined threshold, which are exempt from the notification requirements under the State Aid Law. State aid whose total amount granted, regardless of its form and the objective it serves, does not exceed a threshold of 5,000,000 lei per beneficiary over three years. For enterprises that offer services of general economic interest, the cumulative de minimis aid they receive does not exceed 1,000,000 lei over three years. For businesses involved in the transport of goods on behalf of third parties or for a fee, the total de minimis aid does not exceed 2,700,000 lei over three years.
8. “EU” means European Union.

9. “Global Concessional Financing Facility” and “GCFF” each means the financing facility established with a focus on providing concessional financing to middle income countries most affected by the presence of large numbers of refugees, and referred to in the *Preamble* to this Agreement, as having contributed the Concessional Portion of the Financing for the Program.
10. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (Last revised on July 15, 2023), with the modifications set forth in Section II of this Appendix.
11. “Grant Agreement” means the agreement between the Borrower and the Bank/Association as acting as administrator of the Moldova Growth, Resilience and Opportunities for Well-Being (M-Grow) Program Multi Donor Trust Fund, in support of the Program, 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.
12. “Forest Code” means the Borrower’s Forest Code approved by Code CS69/2024 dated March 28, 2024, and published in the Official Gazette on April 26, 2024.
13. “Labor Code” means the Borrower’s Labor Code approved by Law 154/2003, dated March 28, 2003 and published in the Official Gazette on July 27, 2003, as amended to the date of this Agreement.
14. “Law on Climate Actions” means the Borrower’s law on Climate Actions, Law No. 74/2024, dated April 11, 2024, and published in the Official Gazette on May 16.
15. “Light Tasks” means, according to Art. I of Law No. LP46/2024 dated March 14, 2024, and published in the Official Gazette on March 18, 2024, tasks which, because of the nature of the tasks they involve and the specific conditions in which they are performed, cannot affect the safety, health or development of Youth Workers, nor their studies and professional training.
16. “Moldelectrica” means the state-owned transmission system operator and central dispatcher for the whole Republic of Moldova, founded in 2000 as per Government Decision No. 1000, dated October 5, 2000.
17. “Moldovan Leu” means the Borrower’s local currency.
18. “Natural Gas Law” means the Borrower’s law on natural gas, Law No. 108/2016, dated May 27, 2016, and Published in the Official Gazette on July 8, 2016, as amended to the date of this Agreement.

19. “New Energy Performance of Buildings Law” means the Borrower’s new Law on energy performance of buildings, Law No. 282/2023, dated May 10, 2023, and Published in the Official Gazette on October 27, 2023, as amended to the date of this Agreement.
20. “Official Gazette” means the Borrower’s official gazette: “Monitorul Oficial al Republicii Moldova”.
21. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 16, 2024 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 and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
22. “Renewable Energy Law” means the Borrower’s Law on the promotion of energy use from renewable sources, Law No. 331/2023, dated November 9, 2023, and Published in the Official Gazette on December 8, 2023, as amended to the date of this Agreement.
23. “Regulation of Energy Market Integrity and Transparency” or “REMIT” means the EU Regulation No. 1227/2011, dated 28 December 2011 on wholesale energy market integrity and transparency, aiming to prohibit the market manipulation and the trade based on inside information in the wholesale energy markets.
24. “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.
25. “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 1 to this Agreement.
26. “State Aid Law” means the Borrower’s law on state aid, Law No. 139/2012 dated June 15, 2012, and published in the Official Gazette on August 16, 2012, as amended to the date of this Agreement.
27. “Youth Workers” means minors of 15 or 16 years of age with written consent of their parents or legal representative for the exercise of Light Tasks.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Wherever used throughout the General Conditions (including the Appendix) the term “*Original Loan Currency*” is modified to read “*Original Financing Currency*”; and the term “*Substitute Loan Currency*” is modified to read “*Substitute Financing Currency*”. Furthermore, wherever used in Sections 2.01 to 2.04, 2.06, 3.08 (a), (b), and (d), 5.03 to 5.06, 7.01 to 7.03 (a) to (d), 7.04 (a), 7.05, 9.03 (b), including the titles thereof, the term “*Loan*” is modified to read “*Financing*”; the term “*Loan Account*” is modified to read “*Financing Account*”; the term “*Loan Currency*” is modified to read “*Financing Currency*”; and the term “*Unwithdrawn Loan Balance*” is modified to read “*Unwithdrawn Financing Balance*”.
3. In the Appendix, **Definitions**, the following new paragraphs are inserted with the following definitions of “Concessional Portion of the Financing”, “Financing”, “Financing Account”, “Financing Currency”, and the remaining paragraphs are renumbered accordingly:

“Concessional Portion of the Financing” means the portion of the Financing provided to the Borrower on a non-reimbursable basis in the Financing Agreement.”

“Financing” means the financing provided for in the Financing Agreement.”

“Financing Account” means, collectively, the Loan Account and the account opened by the Bank in its books in the name of the Borrower to which the amount of the Concessional Portion of the Financing is credited.”

“Financing Currency” means the Currency or Currencies in which the Loan and Concessional Portion of the Financing are dominated.”

“Unwithdrawn Financing Balance” means the amount of the Financing remaining unwithdrawn from the Financing Account from time to time.”
4. In the Appendix, **Definitions**, wherever used in the following definitions of the terms “Borrower”; “Closing Date”; “Financing Agreement”; “Original Financing Currency”; “Program”; and “Substitute Financing Currency”, the terms “*Loan*” and “*Loan Account*” are modified to read “*Financing*” and “*Financing Account*”, respectively.