
TF GRANT NUMBER TF0C4723

**Moldova Growth, Resilience and
Opportunities for Well-Being
(M-GROW) Program
Multi-Donor Trust Fund
Grant Agreement**

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

between

REPUBLIC OF MOLDOVA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT AND INTERNATIONAL DEVELOPMENT
ASSOCIATION**

**acting as administrator of the Moldova Growth, Resilience and Opportunities for
Well-Being (M-Grow) Program Multi Donor Trust Fund**

GRANT NUMBER TF0C4723

**MOLDOVA GROWTH, RESILIENCE AND OPPORTUNITIES FOR WELL-
BEING (M-GROW) PROGRAM MULTI DONOR TRUST FUND
GRANT AGREEMENT**

AGREEMENT dated as of the Signature Date between REPUBLIC OF MOLDOVA (“Recipient”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT/INTERNATIONAL DEVELOPMENT ASSOCIATION (“Bank”), acting as administrator of the Moldova Growth, Resilience and Opportunities for Well-Being (M-Grow) Program Multi Donor Trust Fund.

WHEREAS the Recipient and the International Bank for Reconstruction and Development, intend to enter into a loan agreement (“Loan Agreement”) for the purpose of providing a loan in an amount of forty-six million seven hundred thousand Euros (€ 46,700,000) to the Recipient to assist in financing Part 1.1, Part 1.2 and Part 3 of the Project, on the terms and conditions set forth in the Loan Agreement.

The Recipient and the Bank hereby agree as follows:

**Article I
Standard Conditions; Definitions**

- 1.01. The Standard 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 Standard Conditions or in the Appendix this Agreement.

**Article II
The Project**

- 2.01. The Recipient declares its commitment to the objectives of the project described in Schedule 1 to this Agreement (“Project”) and the MPA Program. To this end, the Recipient shall:
 - (a) through MoE, shall, and shall cause the MEPIU to carry out Part 1.1 and of the Project, with the support of MoED and CNED;
 - (b) through MoE, shall, and shall cause the MEPIU to carry out Part 1.2 of the Project, with the support of TE and MoED;
 - (c) through MoE, shall, and shall cause the MEPIU to carry out Part 1.3 of the Project, with the support of the CNED;
 - (d) through MoE, shall and shall cause the 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 II of the Standard Conditions and Schedule 2 to this Agreement.

Article III The Grant

- 3.01. The Bank agrees to extend to the Recipient a grant in an amount not to exceed four million five hundred thousand United States Dollars (\$4,500,000) ("Grant") to assist in financing the Project.
- 3.02. The Recipient may withdraw the proceeds of the Grant in accordance with Section III of Schedule 2 to this Agreement.
- 3.03. The Grant is funded out of the abovementioned trust fund for which the Bank receives periodic contributions from the donors to the trust fund. In accordance with Section 3.02 of the Standard Conditions, the Bank's payment obligations in connection with this Agreement are limited to the amount of funds made available to it by the donors under the abovementioned trust fund, and the Recipient's right to withdraw the Grant proceeds is subject to the availability of such funds.

Article IV Additional Remedies

- 4.01. The Additional Events of Suspension referred to in Section 4.02 (k) of the Standard Conditions 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.

Article V
Effectiveness; Termination

- 5.01. The Additional Conditions of Effectiveness consist of the following:
- (a) The execution and delivery of this Agreement on behalf of the Recipient have been duly authorized or ratified by all necessary governmental action.
 - (b) That the Loan 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.
 - (c) That the Project Operations Manual referred to in Section I.C of Schedule 2 to this Agreement has been prepared and adopted by MoE, in form and substance acceptable to the Bank.
 - (d) 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.
 - (e) That MoE has caused MEPIU to hire an environment and social, health and safety specialist dedicated to the Project, with qualifications and functions acceptable to the Bank.
- 5.02. As part of the evidence to be furnished pursuant to Section 5.01(a), the Recipient shall furnish to the Bank an opinion satisfactory to the Bank, issued by the Recipient's Ministry of Justice, showing that this Agreement has been duly authorized and ratified by the Recipient, and that it is legally binding upon the Recipient in accordance with its terms.
- 5.03. Except as the Recipient and the Bank shall otherwise agree, the date on which this Agreement shall enter into effect shall be the date upon which the Bank dispatches to the Recipient notice of its acceptance of the evidence required pursuant to Section 5.01 ("Effective Date"). If, before the Effective Date, any event has occurred which would have entitled the Bank to suspend the right of the Recipient to make withdrawals from the Grant Account if this Agreement had been effective, the Bank may postpone the dispatch of the notice referred to in this Section until such event (or events) has (or have) ceased to exist.
- 5.04. *Termination for Failure to Become Effective.* This Agreement and all obligations of the Parties under it shall terminate if it has not entered into effect by the date one hundred and fifty (150) days after the date of this Agreement, unless the Bank, after consideration of the reasons for the delay, establishes a later date for the purpose of this Section. The Bank shall promptly notify the Recipient of such later date.

Article VI
Recipient's Representative; Addresses

6.01. The Recipient's Representative referred to in Section 7.02 of the Standard Conditions is its Minister of Finance.

6.02. For purposes of Section 7.01 of the Standard Conditions:

(a) the Recipient's address is:

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

(b) the Recipient's Electronic Address is:

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

6.03. For purposes of Section 7.01 of the Standard Conditions:

(a) the Bank's address is:

International Bank for Reconstruction and Development/International
Development Association
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



Authorized Representative

Name: H.E. Victor Parlicov

Title: Minister of Energy

Date: 08-Aug-2024

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT/
INTERNATIONAL DEVELOPMENT
ASSOCIATION**

**acting as administrator of Moldova Growth,
Resilience and Opportunities for Well-Being (M-
Grow) Program Multi Donor Trust Fund**

By



Authorized Representative

Name: Inguna Dobraja

Title: Country Manager

Date: 08-Aug-2024

SCHEDULE 1

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 Systems, 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 Recipient’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 Recipient’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. Institutional and Other Arrangements

A. Institutional Arrangements.

1. The Recipient 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 Recipient, 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 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 on 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 Recipient 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, TE's, and CNED's obligation to assist the Recipient, 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 Recipient and the Bank have received the audited financial statements covering the period during which the last withdrawal from the Grant Account was made, and two (2) years after the Closing Date;
- (i) MEPIU's obligation to enable the Recipient 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 Recipient and the Bank, Project Reports and all such information as the Recipient or the Bank shall reasonably request relating to the foregoing;
- (k) MEPIU's obligation to enter into LPA Agreements with the relevant Local Public Authorities 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 Recipient, through MoE, shall have the right to suspend or terminate the right of the MEPIU to use the proceeds of the Grant, or obtain a refund of all or any part of the amount of the Grant 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 Recipient shall exercise its rights and carry out its obligations under the Project Implementation Agreement, in such manner as to protect the interests of the Recipient and the Bank, and to accomplish the purposes of the Grant.
 - 3. Except as the Bank shall otherwise agree, the Recipient 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. Project Operations Manual

- 1. Without limitation upon the provisions of Article II of the Standard Conditions, the Recipient 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 Recipient 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.

D. Women in the Energy Sector Internship Program

1. For purposes of Carrying out Part 2.(vi) of the Project, the Recipient, through MoE, shall cause MEPIU to:
 - (a) identify female participants that meet the eligibility criteria set forth in the Project Operations Manual to benefit from the Women in the Energy Section Internship Program (“Eligible Interns”), and
 - (b) provide an Internship Allowance to each Eligible Intern to participate under the Women in the Energy Section Internship Program, of up to an amount as reflected in the Project Operations Manual, for up to six (6) months; all according to the terms, conditions, eligibility criteria and procedures set forth in the Project Operations Manual.

E. Annual Work Plan and Budget

1. The Recipient, through MoE, shall cause MEPIU to:
 - (a) prepare and furnish to the Bank not later than November 1st 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.

F. Environmental and Social Standards.

1. The Recipient, 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 Recipient shall, through MoE, 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 Recipient, 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 Recipient, 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 Recipient, 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 Recipient, through MoE, shall cause MEPIU to ensure that all bidding documents and contracts for civil works under the Project include the obligation of contractors, 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.

Section II. Project Monitoring, Reporting and Evaluation

A. Project Reports

The Recipient shall ensure that each Project Report is furnished to the Bank not later than forty-five (45) after the end of each calendar semester, covering the calendar semester.

Section III. Withdrawal of Grant Proceeds

A. General

- 1. The Recipient may withdraw the proceeds of the Grant in accordance with the provisions of: (a) Article III of the Standard Conditions; and (b) this Section; to finance Eligible Expenditures in the amount allocated and, if applicable, up to the percentage set forth against each Category of the following table.

Category	Amount of the Grant Allocated (expressed in USD)	Percentage of Expenditures to be Financed (inclusive of Taxes)
(1) Goods, and consulting services under Part 1.3 of the Project	1,500,000	100%
(2) Goods, non-consulting services, consulting services, Training, Operating Costs and Internship Allowances under Part 2 of the Project	3,000,000	100%
TOTAL AMOUNT	4,500,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section no withdrawal shall be made: for payments made prior to the Signature Date, except that withdrawals up to an aggregate amount not to exceed \$900,000 may be made for payments made prior to this date but on or after the date falling 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.
2. The Closing Date is June 30, 2029.

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 Recipient, through MoE, with the assistance of MEPIU, and approved by the Bank in accordance with Section I.E of Schedule 2 to this Agreement.
3. “Anti-Corruption Guidelines” means, for purposes of paragraph 2 of the Appendix to the Standard 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. “Category” means a category set forth in the table in Section III.A of Schedule 2 to this Agreement.
5. “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.
6. “CNED” means the Recipient’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.
7. “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.
8. “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.

9. “DH Substations” means a component in a district heating system that connects the main network to a building's own heating system.
10. “ECA” means Europe and Central Asia regions.
11. “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 Recipient’s territory.
12. “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.
13. “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.
14. “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.
15. “Environmental and Social Audit” means an instrument to be prepared by an external auditor that will be selected by the Recipient 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.
16. “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 Recipient 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.
17. “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.

18. “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.
19. “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.
20. “Internal Heating System” means a mechanism for maintaining temperatures at an acceptable level in a building.
21. “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.
22. “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.
23. “IT Equipment” means computers, servers, printers, computer hardware and any other technology-related equipment used in office space as agreed by the Bank.
24. “LED” means light emitting diode.
25. “Loan Agreement” means the agreement between the Recipient and the International Bank for Reconstruction and Development, for the Project, of the

same date as this Agreement, as such agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.

26. “LPA” means local public authority.
27. “LPA Agreement” means the agreement acceptable to the Bank referred to in Section I.E. of Schedule 2 to the Loan 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.
28. “Maximum Payback Period” means fifteen (15) years.
29. “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.
30. “MEPIU Legislation” means the Recipient’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.
31. “MoE” means the Recipient’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.
32. “MoED” means the Recipient’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.
33. “MoF” means the Recipient’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.
34. “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.
35. “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.

36. “Payback Period” means the time it takes for the Subproject to generate savings that equal its initial investment.
37. “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.
38. “Procurement Regulations” means, for purposes of paragraph 20 of the Appendix to the Standard Conditions, the “World Bank Procurement Regulations for IPF Borrowers”, dated September 2023.
39. “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.
40. “Project Operations Manual” means the Project Operations Manual referred to in Section I.C. 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.
41. “Public Administration Facilities” means building owned by the Recipient’s central government or local authorities and used by the public and prioritized as per the criteria set forth in the Project Operations Manual.
42. “Relevant Entities” means MoF, MoE, MEPIU, MoED, CNED and TE.
43. “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.
44. “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.
45. “Selected Education Facilities” means the Recipient’s education buildings to benefit from Part 1.1 of the Project, which has been selected by 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.

46. “Signature Date” means the later of the two dates on which the Recipient and the Bank signed this Agreement and such definition applies to all references to “the date of the Grant Agreement” in the Standard Conditions.
47. “Solar Thermal Collectors” means a device that collects heat by absorbing sunlight and is used for solar hot water heating.
48. “Standard Conditions” means the “International Bank for Reconstruction and Development and International Development Association Standard Conditions for Grant Financing Made by the Bank out of Trust Funds”, dated February 25, 2019.
49. “Subprojects” means investments for the renovation of government 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 the Loan Agreement and further detailed in the Project Operations Manual, to be financed under Part 1.1. of the Project.
50. “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 Recipient with its own resources, which’s initial operationalization will be supported under Part 1.3 of the Project.
51. “Standard Energy 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, ventilation and air conditioning systems, individual heating substation, LED lighting indoor and outdoor, rooftop solar, and solar thermal collector.
52. “TE” or “TERMOELECTRICA S.A” means the Moldovan Joint Stock Company "Termoelectrica", established and acting pursuant to TE Legislation.
53. “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”).

54. “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.
55. “Well-proven Technologies” means a technology with a documented track record for a defined environment.
56. “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 this Agreement, in benefit of Eligible Interns.