**Legal Vice Presidency**

**CONFIDENTIAL DRAFT**

**(Subject to Change)**

**Ha Le**

**March 25, 2025**

**CREDIT NUMBER \_\_\_\_\_\_-\_\_**

**Financing Agreement**

**(Moldova Supporting Economic Opportunities and Climate Transition Development Policy Financing)**

**between**

**REPUBLIC OF MOLDOVA**

**and**

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

FINANCING AGREEMENT

AGREEMENT dated as of the Signature Date between REPUBLIC OF MOLDOVA (“Recipient”) and INTERNATIONAL DEVELOPMENT ASSOCIATION (“Association”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Association has decided to provide this financing on the basis, inter alia, of: (i) the actions which the Recipient has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii)] the Recipient’s maintenance of an adequate macroeconomic policy framework. The Recipient and the Association therefore hereby agree as follows:

**ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

* 1. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
  2. 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 — CREDIT**

* 1. The Association agrees to extend to the Recipient a credit, which is deemed as Non-concessional Financing for purposes of the General Conditions, in the amount of fifty million Dollars ($50,000,000), as such amount may be converted from time to time through a Currency Conversion (“Credit”).
  2. The Front-end Fee is one quarter of one percent (¼ of 1%).

2.03. The Commitment Charge is one-quarter of one percent (¼ of 1%) per annum on the Unwithdrawn Credit Balance.

2.05. The Interest Charge is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.09(e) of the General

2.06. The Payment Dates are \_\_\_\_\_\_ [1][15] and \_\_\_\_\_\_[1][15] in each year.

2.07. The principal amount of the Credit shall be repaid in accordance with Section 3.10 of the General Conditions and Schedule 2 to this Agreement.

2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Recipient shall promptly furnish to the Association such information relating to the provisions of this Article II as the Association may, from time to time, reasonably request.

**ARTICLE III — PROGRAM**

3.01. The Recipient declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:

(a) the Recipient and the Association shall from time to time, at the request of either party, exchange views on the Recipient’s macroeconomic policy framework and the progress achieved in carrying out the Program;

(b) prior to each such exchange of views, the Recipient shall furnish to the Association for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Association shall reasonably request; and

(c) without limitation upon the provisions of paragraphs (a) and (b) of this Section, the Recipient shall promptly inform the Association 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 ASSOCIATION**

4.01. The Additional Event of Suspension consists of the following, namely, 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 the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of [30][60] days after notice of the event has been given by the Association to the Recipient.

**ARTICLE V — EFFECTIVENESS; TERMINATION**

5.01. The Additional Conditions of Effectiveness consists of the following:

(a) The Association is satisfied with the progress achieved by the Recipient in carrying out the Program and with the adequacy of the Recipient’s macroeconomic policy framework.

1. The Loan Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.
2. The Grant Agreement has been executed and delivered and all conditions precedent to its effectiveness or to the right of the Borrower to make withdrawals under it (other than the effectiveness of this Agreement) have been fulfilled.

5.02. The Effectiveness Deadline is the date ninety (90) days after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

6.01. The Recipient’s Representative is its Minister of Finance.

6.02. For purposes of Section 11.01 of the General 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:

Facsimile: [E-mail:]

(373 22) 262661 \_\_\_\_\_\_\_\_\_\_\_\_

6.03. For purposes of Section 11.01 of the General Conditions:

(a) the Association’s address is:

International Development Association

1818 H Street, N.W.

Washington, D.C. 20433

United States of America; and

(b) the Association’s Electronic Address is:

Telex: Facsimile: [E-mail:]

248423 (MCI) 1-202-477-6391 \_\_\_\_\_\_\_\_\_\_\_\_\_

AGREED as of the Signature Date.

**REPUBLIC OF MOLDOVA**

**By**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/s1/

**Authorized Representative**

**Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/n1/

**Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/t1/

**Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/d1/

**INTERNATIONAL DEVELOPMENT ASSOCIATION**

**By**

**\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/s2/

**Authorized Representative**

**Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/n2/

**Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/t2/

**Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_**/d2/

**SCHEDULE 1**

**Program Actions; Availability of Credit Proceeds**

**Section I. Actions under the Program**

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

**Pillar 1: Boosting Private Sector Competitiveness by Easing Market Entry and Exit**

1. To prevent distortionary state aid and anticompetitive effects of market consolidation, the Borrower, through the Competition Council, has enhanced the governance of state aid, including green state aid, and streamlined the merger notification procedures, through the Regulation on State Aid and the Regulation on Merger Control.
2. To support the restructuring of distressed but viable firms, and the exit of non-viable firms, the Borrower has improved the insolvency framework by digitalizing certain insolvency process and simplifying insolvency procedures, and increased the remuneration of insolvency administrators, through Amendments to the Law on Insolvency.
3. To attract more investments, the Borrower has enhanced the transparency and predictability of the investment screening regime, through the Amendments to the Law on Mechanism for Examining Investments of Importance for State Security.
4. To mobilize private capital to finance public investment, the Borrower has strengthened the Public-Private Partnership (“PPP”) legislative framework by enhancing risk-sharing approaches and incorporating climate considerations, through Amendments to Law on PPP.

**Pillar 2: Improving Employability and Access to Quality Education**

1. To improve the employability of youth, the Borrower, through its Government, has introduced dual education programs in universities, combining theoretical learning and practical work experience, through the Government Decision on Dual Education. The Borrower has introduced dual education programs, which combine theoretical learning and practical work experience, to improve the link between university education and labor markets, as evidenced by the.
2. To ensure employability and long-term integration of displaced persons, the Borrower has improved the regulatory framework for temporary protection holders, asylum seekers, and those with special needs, through Amendments to the Law on Asylum.

**Pillar 3: Enhancing Energy Security and Promoting Climate-Smart Agriculture**

1. To ensure an integrated policy framework for advancing a sustainable energy transition, the Borrower, through its Government, has established a framework for implementing sustainable and accessible energy measures, including national targets for renewable and efficient energy, through Government Decision on the Energy Governance and Climate Action Mechanism, and the Government Decision on National Energy and Climate Plan.
2. To support renewable energy uptake and energy security, the Borrower has freed up unused capacities and connection permits for renewable energy plants, through Amendments to the Law on Electricity.
3. To ensure the quality and safety of solid biofuels and encourage the use of renewable energy sources, the Borrower, through its Government, has adopted quality standards for solid biofuels and enforcement measures, through the Government Decision on Solid Biofuel.
4. To strengthen the adoption of climate-smart agricultural practices, the Borrower has established regional and national agricultural chambers, through the Law on Agricultural Chambers.
5. To boost farmers’ resilience against climate risks, the Borrower, through its Government, has established the integrated administration and control system and the information system "farmers register”, through the Government Decision on Integrated Administration and Control System and the Information System “Farmers Register”.

**Section II. Availability of Credit Proceeds**

**A. General.** The Recipient may withdraw the proceeds of the Credit in accordance with the provisions of this Section and such additional instructions as the Association may specify by notice to the Recipient.

**B. Allocation of Credit Amounts.** The Credit is allocated in: (a) a single withdrawal tranche, from which the Recipient may make withdrawals of the Credit proceeds; and (b) the amounts requested by the Recipient to pay: [(A) the Front-end Fee][;] [and] [(B) each Interest Rate Cap or Interest Rate Collar premium][;] [and] [(C) the fee referred to in Section 2.04 of this Agreement] [; and (D) [*include any other charge or fee that the Recipient requested and the Association agreed to finance out of the Credit proceeds, as permitted under the General Conditions and this Agreement.*] The allocation of the amounts of the Credit to this end is set out in the table below:

| **Allocations** | **Amount of the Credit**  **Allocated**  **(expressed in [*Currency 1*])** |
| --- | --- |
| (1) Single Withdrawal Tranche] |  |
| (2) Front-end Fee |  |
| [(7)] [[1]](#footnote-2) [*include any other charge or fee that the Recipient requested and the Association agreed to finance out of the Credit proceeds, as permitted under the General Conditions and this Agreement*] [to be paid pursuant to Section 2.05 (b) of the General Conditions] |  |
| TOTAL AMOUNT | [USD50,000,000] |

**C. Withdrawal Tranche Release Conditions.**

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Association is satisfied: (a) with the Program being carried out by the Recipient; and (b) with the adequacy of the Recipient’s macroeconomic policy framework.

**D. Deposit of Financing Amounts.**

1. The Recipient, within \_\_\_\_\_\_ (\_) days after the withdrawal of the Financing from the Financing Account, shall report to the Association: (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 [*specify local currency*] equivalent of the Financing proceeds will be credited; (c) the record that an equivalent amount has been accounted for in the Recipient’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. Audit.** Upon the Association’s request, the Recipient shall:

1. have the account referred to in Section 2.03 (a) of the General Conditions audited by independent auditors acceptable to the Association, in accordance with consistently applied auditing standards acceptable to the Association;

2. furnish to the Association as soon as available, but in any case not later than [four] months after [the date of the Association’s request for such audit] [the end of the Association’s fiscal year], a certified copy of the report of such audit, of such scope and in such detail as the Association shall reasonably request, and make such report publicly available in a timely fashion and in a manner acceptable to the Association and

3. furnish to the Association such other information concerning the [account referred to in Section 2.03 (a) of the General Conditions] [Dedicated Accounts] and their audit as the Association shall reasonably request.

**F. Closing Date.** The Closing Date is \_\_\_\_\_\_\_\_\_\_\_\_\_.

**SCHEDULE 2[[2]](#footnote-3)**

**APPENDIX**

**Section I. Definitions**

1. “Amendments to the Law on Asylum” means the amendments of the Recipient’s Law No. 270/2008 on Asylum adopted under Law No. 297, dated December 26, 2024, and published in the Official Gazette on January 1, 2025.
2. “Amendments to the Law on Electricity” means the amendments of the Recipient’s Law No. 107/2016 on Electricity adopted under Law No. \_\_\_\_\_\_, dated \_\_\_\_\_\_, and published in the Official Gazette on \_\_\_\_\_\_.
3. “Amendments to the Law on Insolvency” means the Recipient’s amendments of Law No. 149/2012 on Insolvency adopted under Law No. 313, dated December 26, 2024, and published in the Official Gazette on January 1, 2025.
4. “Amendments to the Law on Mechanism for Examining Investments of Importance for State Security” means the amendments of the Recipient’s Law No.174/ on the Mechanism for Examining Investments of Importance for State Security adopted under Law No. \_\_\_\_\_\_\_, dated \_\_\_\_\_\_\_\_, and published in the Official Gazette on \_\_\_\_\_\_\_.
5. “Amendments to Law on PPP” means the amendments of the Recipient’s Law No.179/2008 on the PPP adopted under Law No. \_\_\_\_\_\_\_, dated \_\_\_\_\_\_\_\_, and published in the Official Gazette on \_\_\_\_\_\_\_.
6. “General Conditions” means the “International Development Association General Conditions for IDA 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].
7. “Grant Agreement” means the agreement between the Recipient and the Association, acting as administrator of the 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.
8. “Government Decision on the Dual Education” means the Government Decision No. 660/2024, dated September 25, 2024, and published in the Official Gazette on November 3, 2024.
9. “Government Decision on the Energy Governance and Climate Action Mechanism” means the Government Decision No. 10/2024, dated January 10, 2024, and published in the Official Gazette on March 21, 2024.
10. “Government Decision on Integrated Administration and Control System and the Information System “Farmers’ Register”” means the Government Decision No. HG597/2024 dated August 28, 2024, and published in the Official Gazette on September 19, 2024.
11. “Government Decision on the National Energy and Climate Plan” means \_\_\_\_\_\_\_\_\_\_.
12. “Government Decision on the Solid Biofuel” means the Government Decision No. HG778/2024, dated November 11, 2024, and published in the Official Gazette on November 21, 2024.
13. “Law on Agricultural Chambers” means Law No.\_\_\_ dated \_\_\_\_ and published in the Official Gazette on \_\_\_\_\_\_\_.
14. “Loan Agreement” means the loan agreement between the Recipient and the Bank in support of the Program, dated the same date as this Agreement, as such loan agreement may be amended from time to time. “Loan Agreement” includes all appendices, schedules and agreements supplemental to the Loan Agreement.
15. “Program” means: the program of objectives, policies, and actions set forth or referred to in the letter dated \_\_\_\_\_ from the Recipient to the Association declaring the Recipient’s commitment to the execution of the Program, and requesting assistance from the Association 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.
16. “Regulation on Merger Control” means \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
17. “Regulation on State Aid” means \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_.
18. “Signature Date” means the later of the two dates on which the Recipient and the Association signed this Agreement and such definition applies to all references to “the date of the Financing Agreement” in the General Conditions.
19. “Single Withdrawal Tranche” means the amount of the Credit 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.
20. [*Insert additional definitions, if required*].

1. Certain charges and fees (such as interest or commitment charge, if applicable) may be financed out of the Credit proceeds under the General Conditions at the request of the Recipient and with agreement of the Association. [↑](#footnote-ref-2)
2. To be confirmed upon the receipt of the signed LCW [↑](#footnote-ref-3)