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 An Banc Eorpach Inveistichtha
 Europejska inwestycyjna banka
 Banca europea per gli investimenti

Европска инвестициона банка
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 Banki Europejskiej Inwestycji
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 Banca Europeu de Investimento
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BY COURIER

**Ministry of Finance
 of the Republic of Moldova**
 7 Constantin Tănase street
 MD 2005 Chisinau,
 Republic of Moldova

For the attention of: Public Debt Department

Luxembourg, 13 November 2023

JU/OPS-POL/OEU-B/SL/2023-15320

Ref.: **Fruit Garden of Moldova**
 (SERAPIS N° 2014-0041 - FI N° 83.887 (MD))

Finance contract between the Republic of Moldova (the "Borrower") and the European Investment Bank (the "Bank") dated 31 July 2014 as amended from time to time (the "Finance Contract")

Modification to contract N° 5

Dear Sirs,

Capitalized terms used but not defined in this letter (the "Letter") have the meanings given to them in the Finance Contract.

We refer to your request to extend the Final Availability Date by two years, until 27 May 2025 and make certain other amendments to the Finance Contract.

We agree to extend the Final Availability Date by two years as well as other contractual deadlines; to broaden the scope of the use of proceeds to the whole agricultural sector for the remainder of the loan to be allocated under the Finance Contract and amend the Finance Contract subject to the terms and conditions set out herein.

1. Amendment

The Finance Contract is hereby amended, with effect from the Effectiveness Date, as follows:

- (a) In the definition section of the Finance Contract, the definition of **Final Availability Date** shall be amended as follows:

"**Final Availability Date**" means **27 May 2025**."

- (b) Article 1.10 A of the Finance Contract is hereby deleted in its entirety and in lieu thereof the following Article 1.10 A is inserted:

"Art. 1.10 A Submission of Sub-Projects

Between the date of this Contract and **31 July 2026** (the "Allocation Period"), the Borrower shall submit for approval to the Bank one or more allocation requests prepared by it (each, an "Allocation Request"). The Sub-Projects shall be eligible for loan financing from the Bank pursuant to this Contract, and the Bank's criteria as established from time to time in accordance with the Bank's then prevailing policies and as specified in the Side-Letter from time to time. Such criteria shall be subject to revision on the basis of the parameters applied by the Bank to the type of Sub-Project concerned, provided that such revision may take place only in respect of the funds still to be allocated.



All investments under the Sub-Projects shall be made in the horticulture sector, mainly (but without limitation) for orchards, vineyards, post-harvesting infrastructure, processing and related industries with the purpose of the production of quality fruits, nuts, berries, vegetables and processed products, laboratories, education, training and development of food security.

In order to address the demand for financing in other sub-sectors of agriculture and food production, **up to 30% of the loan amount is eligible to be allocated to the entire agriculture value chain sectors.**

The Loan has to be, to the satisfaction of the Bank, distributed to Final Beneficiaries and for Sub-Projects in accordance with the following table:

for investments in post-harvest infrastructure including initial on-farm cooling, warehousing, cold transportation, controlled atmosphere and refrigeration units, grading and sorting units, and trading platforms, including agro tourism related to the horticultural activity	up to 60% (sixty per cent.) of the Loan;
for planting, replanting and/or restructuring orchards and vineyards, including associated nurseries, as well as greenhouses	up to 35% (thirty-five per cent.) of the Loan;
for winemaking and wine grape vineyards	up to 25% (twenty-five per cent.) of the Loan;
for processing plants, packaging and related industries	up to 20% (twenty per cent.) of the Loan;
for laboratories, education, training and development of food security	minimum 5 % (five per cent) but up to 15% (fifteen per cent.) of the Loan;
for entire agriculture value chain sectors	up to 30% (thirty per cent.) of the Loan.

The eligible costs for orchards and vineyards are based on predetermined levels per hectare of EUR 1,000 (one thousand euros) for grubbing-up and EUR 10,000 (ten thousand euros) for planting, replanting and/or restructuring. If a Final Beneficiary chooses not to submit to the EUR 10,000 unit cost principle, that Final Beneficiary shall provide to the PIU a detailed investment cost analysis over the implementation period, in line with the Bank's direct project financing standards. The analysis shall be based on pro forma bills from third parties/internal transfer invoices, for ex-ante screening and approval by the Bank's services, and followed by full disclosure of all bills and costs in total and per hectare, for monitoring the use of the funds. The maximum eligible cost to establish an intensive plantation is set at EUR 30,000 (thirty thousand euro) per hectare, of which 50% (fifty per cent.) is eligible for EIB financing.

For the first ten allocations, each Allocation Request shall be supported by the submission of full project fiches to the Bank. After the first ten allocations, if performance is satisfactory to the Bank, each Allocation Request shall be supported by a list of Sub-Projects, containing the information in content and form which the Bank shall notify from time to time to the Borrower. The Bank may undertake sample checks and request full project fiches for the purpose of sample checking."



- (d) Article 1.11 (*Amount of Allocations*) of the Finance Contract shall be amended by deleting clauses (c) and (d).
- (e) Article 1.13 (*Failure to Allocate*) shall be amended as follows:

***Failure to Allocate**

In the event that the Borrower, having received a disbursement under this Contract, does not advance the amount received to the relevant Final Beneficiary through the relevant On-Lending Agreement within 6 (six) months of receipt of the relevant Allocation Letter in respect of each Sub-Financing, it shall immediately inform the Bank thereof. This paragraph does not apply to public-sector projects, for which the Borrower shall advance the disbursed funds within 6 (six) months following the end of the Allocation Period.

The Bank, in consultation with the Borrower, may agree to an extension of the term above or may by notice to the Borrower require the repayment of the amount not advanced to the Final Beneficiaries in accordance with Article 4.03A(6) (*Non-performance by Final Beneficiary*), subject to the right of the Borrower to re-allocate pursuant to Article 1.12 (*Reallocation*)."

- (f) Schedule A.1 (*Technical Description*) is hereby deleted in its entirety and in lieu thereof the following Schedule A.1 is inserted:

"A.1. TECHNICAL DESCRIPTION

Purpose, Location

The project addresses the structural weaknesses in the Moldovan horticulture sector, comprising almost exclusively small and medium enterprises, by (a) developing holistically the entire horticulture value chain, (b) improving the quality of the fresh and processed produce from the nurseries to the final packaging and dispatch of products, (c) reducing the losses along the horticulture value chain by providing a safe and reliable environment for the produce, and (d) diversifying the country's export markets by ensuring that large quantities of consistent quality produce are made available to the customers, and (e) developing agro tourism related to horticultural activity.

Horticultural products include all produce, raw or processed, that arise from horticultural activity. This includes breeding and production of live plants for food/feed (e.g. fruits, berries, vegetables, vines, nuts and spices), for landscaping and for ornamental purposes (e.g. tree nurseries, ornamental plants). Products from horticultural activity encompass fresh end consumer produce, as well as products that are juiced, sliced or pureed, preserved (including distillation, frozen, canned, dried), or used for landscaping.

In order to address the demand for financing in other sub-sectors of agriculture and food production, up to 30% of the loan amount is eligible to be allocated to the entire agriculture value chain sectors. The agriculture value chain sectors comprise all economic activities in the value chain, including primary agricultural production, upstream and downstream production, bioenergy production, protection of natural resources, production of renewable biological resources and their processing into food and feed, bio-based product and bioenergy, as well as retail/wholesale food and food services.

The location of the project is the Republic of Moldova.

Description

The loan will consist of three windows:

- Term loans – mainly for orchards, vineyards and associated nurseries development, including post-harvesting infrastructure and processing activities, for the related industries development, including the entire agriculture value chain sector as well as for regional and central trading platforms;
- Leasing of plant and equipment - mainly for the post-harvesting activities, including on-farm initial cooling, refrigerator trucks, cooling and storage units, grading and sorting equipment, processing equipment - through local independent/non captive leasing sector operators;



- Investments in infrastructure, e.g. testing laboratories, phyto-sanitary and quality controls, and the provision of human capital, comprising education and training facilities.

Calendar

The project is expected to be **implemented by 31 January 2027.**"

- (g) The deadline in **Schedule A.2.4 (Information on the end of works and first year of operation-Project Completion Report)** shall be amended to **31 January 2027.**
- (h) The deadline in **Schedule A.2.5 (Information required 3 years after the Project Completion Report)** shall be amended to **31 January 2030.**

For avoidance of doubt, all other provisions of the Finance Contract:

- (a) remain in full force and effect and valid; and
- (b) apply, without any reservations, waivers or limitations despite the amendments set out herein.

2. Representation

The representations and warranties that are repeated under and pursuant to Article 6.10 (*General Representations and Warranties*) of the Finance Contract are deemed repeated (by reference to the facts and circumstances then existing) by the Borrower (i) on the date the Borrower countersigns this Letter and (ii) on the Effectiveness Date.

3. General

This Letter shall be governed and construed in accordance with English law. The provisions of Article 11.01 (*Governing Law*) and Article 11.02 (*Arbitration*) of the Finance Contract are hereby incorporated into, and made a part of, this Letter as if fully contained herein, *mutatis mutandis* and (without prejudice to the generality thereof) as if reference therein to "this Contract" were to "this Letter".

A person who is not a party to this letter has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce or to enjoy the benefit of any term of this letter.

The Borrower irrevocably agrees to the extent permitted by applicable law, that, should any party take any proceedings anywhere in connection with this Letter, no immunity (to the extent that it may at any time exist, whether on the grounds of sovereignty or otherwise) from those proceedings, from attachment (whether in aid of execution, before judgment or otherwise) of its assets or from execution of judgment shall be claimed by it or on behalf of it or with respect to its assets, any such immunity being irrevocably waived.

Notwithstanding anything herein to the contrary, nothing in this Letter or in the agreement constituted by the Borrower's acceptance of it constitutes a waiver, renunciation or other modification of any immunities, privileges or exemptions of the Bank.

No consents, waivers or amendments are given under this Letter in respect of any breach of, or default (howsoever defined) under the Finance Contract which might result from any other circumstance at any time other than in respect of the issues as specifically set out herein.

The agreement of the parties contained in this Letter shall only apply to the matters specifically referred to herein. Such agreement shall be without prejudice to any rights which the Bank or the Borrower may now or hereafter have in relation to any other circumstances or matters other than the issues as specifically referred to herein (and whether subsisting on the date hereof or otherwise).

No amendment fees will be charged by the Bank for the aforementioned proposed change.



We kindly ask you to date and duly sign each of the 3 (three) originals of this Letter and return to the Bank, to the attention of Ms. Anne-France CATOIR, Legal Department, 2 (two) duly signed originals by registered mail or courier. The amendments set out in this Letter shall become effective on the date (the "Effectiveness Date") EIB notifies you in writing that it has received such duly signed originals.

Yours faithfully,

EUROPEAN INVESTMENT BANK


Helen WILLIAMS

Head of Division

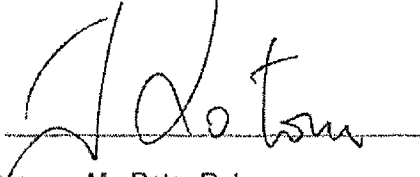
P.P. 
(A. KRENPAŠKA)

Sanja BLATT

Head of Unit

Agreed to
for and on behalf of

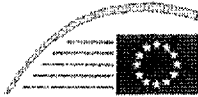
REPUBLIC OF MOLDOVA



Name: Mr. Petru Rotaru

Title: Minister of Finance of Republic of Moldova

Date: *November 22, 2023*



products that are juiced, sliced or pureed, preserved (including distillation, frozen, canned, dried), or used for landscaping.

The Borrower will on-lend EIB funds to Intermediaries acceptable to the Bank which, in turn will provide loans or leasing services to eligible private sector Final Beneficiaries along the horticultural value chain. A total amount of up to 15% of the EIB loan (i.e. up to EUR 18m) may be on-lent directly by the Borrower to eligible public sector Final Beneficiaries (e.g. Universities, laboratories, etc.).

The eligibility for financing by the Bank of each such Sub-Project is subject to certain restrictions and modalities set out in the undertakings of the Finance Contract and this Side letter as communicated from time to time by the Bank to the Borrower."

2. The following items under Section 2.2.1 shall be deleted:

"(c) the maximum cumulative allocation per one Final Beneficiary operating or creating nurseries, orchards and vineyard planting, replanting and/or restructuring shall not exceed EUR 1,000,000 (one million euros);

(d) the maximum cumulative allocation per one Final Beneficiary (including all of that Final Beneficiary's investments in the value chain) shall not exceed EUR 5,000,000 (five million euros) at all times;"

3. Section 2.2.2 shall be replaced by:

"The total cost of each Sub-Project should not exceed EUR 25 000 000, or its equivalent in other currencies."

4. The table in Section 3.1 shall be replaced by the following table:

for investments in post-harvest infrastructure including initial on-farm cooling, warehousing, cold transportation, controlled atmosphere and refrigeration units, grading and sorting units, and trading platforms, including agro tourism related to the horticultural activity	up to 60% (sixty per cent.) of the Loan;
for planting, replanting and/or restructuring orchards and vineyards, including associated nurseries, as well as greenhouses	up to 35% (thirty-five per cent.) of the Loan;
for winemaking and wine grape vineyards	up to 25% (twenty-five per cent.) of the Loan;
for processing plants, packaging and related industries	up to 20% (twenty per cent.) of the Loan;
for laboratories, education, training and development of food security	minimum 5% (five per cent) but up to 15% (fifteen per cent.) of the Loan;
for entire agriculture value chain sectors	up to 30% (thirty per cent.) of the Loan.



5. The paragraph "Thresholds" in Annex 4 shall be replaced by:

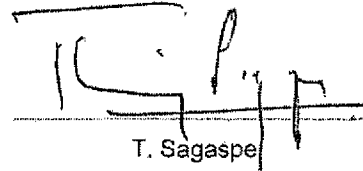
"The thresholds below which national procedures can be used are: 1,000,000 euro for works, 200,000 euro for goods and services, except electricity, gas, water and transport where it is 400,000 euro and telecommunications where it is 600,000 euro (all excluding the Value Added Tax, VAT, or equivalent direct taxes). For projects exceeding these thresholds, an open or restricted international procurement procedure with publication in the OJEU will be used, unless advised otherwise by the EIB services."

The remaining paragraphs remain unchanged and in full force and effect.

In order to indicate your agreement to the above amendments, we kindly request you to date and duly sign each of the two originals of this amendment Letter. Please return to us one original at your earliest convenience.

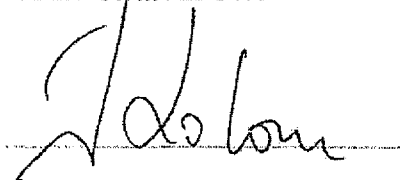
Yours faithfully,
EUROPEAN INVESTMENT BANK


F. Ortega Schlingmann


T. Sagaspe

Agreed to
for and on behalf of

REPUBLIC OF MOLDOVA



Name: Mr. Petru Rotaru

Title: Minister of Finance of Republic of Moldova

Date: November 22, 2023