



# Council of Europe Development Bank

## *Loan regulations*

(Adopted by the Administrative Council by  
Resolution 1587, on 17 November 2016)

## CHAPTER 1

### **Object of the Loan Regulations**

#### **ARTICLE 1.1**

##### ***Object of the Loan Regulations***

The present Loan Regulations lay down the general conditions governing loans granted by the Bank and guarantees thereof.

#### **ARTICLE 1.2**

##### ***Conflict between the Loan Regulations and provisions of loan and guarantee agreements***

The Bank may provide for exceptions to the conditions laid down in these regulations. In the event of conflict between the provisions of these regulations and one or more provisions of loan agreements or guarantee agreements, the latter provisions shall prevail.

## CHAPTER 2

### **Conditions governing loans granted by the Bank and guarantees thereof**

#### **ARTICLE 2.1**

##### ***Purpose of the loan***

Loans granted by the Bank shall finance projects approved by the Administrative Council, eligible under the Bank's Applicable Rules.

#### **ARTICLE 2.2**

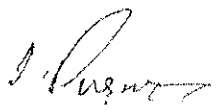
##### ***Loans and guarantees***

Loans granted by the Bank in accordance with Article VII, 1 of the Articles of Agreement shall be covered by adequate guarantees as provided for in Article VII, 2 of the Articles of Agreement.

A guarantor shall be released from his obligations by execution thereof, but only in so far as he has fulfilled them.

Such obligations shall not be subject to any demands upon or action against the guarantor; they shall, however, be subject to a notice from the Bank to the guarantor informing the latter of the failure of the borrower to fulfil his obligations vis-à-vis the Bank.

The obligations of the guarantor shall not be affected by any extension of time, forbearance or concession granted to the borrower, nor by any assertion of, or failure to assert any right or remedy against the borrower or in respect of any security for the loan, nor by any failure of the borrower to comply with any requirements of any law, decree or regulations of the guarantor or of any political or administrative authority under the guarantor.



### **ARTICLE 2.3**

#### ***State Guarantees***

The State Guarantee may be given by special contract between the Bank and the guarantor or by the endorsement of the loan agreement by the guarantor.

### **ARTICLE 2.4**

#### ***Loan Agreement***

For each project approved by the Administrative Council the Bank shall enter into a framework loan agreement. Each disbursement shall be separately documented and requires the conditions set out in the framework loan agreement to be met.

## **CHAPTER 3**

### **Suspension and cancellation of undisbursed loans; early reimbursement of loans; voluntary early reimbursement of loans**

#### **ARTICLE 3.1**

#### ***Suspension or cancellation by the borrower of undisbursed loans following the signature of a loan agreement***

Following the entering into a loan agreement between the Bank and the borrower, were this latter to cancel or suspend all or part of a loan before it has been fully or partly disbursed, the borrower shall be required to compensate the Bank for the loss sustained as a result of such cancellation or suspension by paying a single commission at a rate to be fixed by the Bank in relation to the proportion of the loan cancelled or suspended. This provision shall also apply to the guarantor.

#### **ARTICLE 3.2**

#### ***Voluntary early reimbursement of disbursed loans at the request of the borrower***

A borrower may be authorised by decision of the Bank to reimburse a loan in advance of maturity. The conditions of such reimbursement shall be decided by the Bank.

#### **ARTICLE 3.3**

#### ***Early reimbursement of disbursed loans***

The Bank may demand early reimbursement of disbursed loans in the following cases:

- (a) where the borrower or guarantor fails to repay the principal or pay the interest or any other sum due under a loan agreement or guarantee agreement between the Bank and the borrower or under a loan agreement or guarantee agreement between the Bank and the guarantor, whether their default relates to the agreement in question or to any other agreement between the Bank and the same borrower or guarantor;
- (b) where the borrower or guarantor fails to fulfil an obligation arising out of any other stipulation or clause in these regulations or in a loan agreement or a guarantee agreement, whether the default relates to the agreement in question or to any other agreement between the Bank and the same borrower or guarantor and where the interests and objectives of the Bank are prejudiced thereby;

*J. P. ...*

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- (c) where an exceptional situation arises which makes the fulfilment of the borrower's or guarantor's obligations uncertain;
- (d) where the borrower or guarantor takes or authorises any measure or institutes or allows to be instituted any proceedings whereby any property belonging to him is or may be assigned, transferred, or delivered in any way whatsoever to an official receiver, assignee, liquidator or other person, whether that person be appointed by the borrower, a court, or the guarantor, or be acting in pursuance of any law, and where the said measure or proceedings result in, or provide for, the distribution of such property among the creditors of the borrower or guarantor;
- (e) where the guarantor or any competent governmental authority takes any action to dissolve or to put an end to the activities of the borrower or to suspend its operations;
- (f) in the case of loans granted to a member of the Bank, where the borrower or the guarantor ceases to be a member of the Bank;
- (g) (i) in the case of misprocurement, corruption, fraud, or money laundering, where the borrower has not taken timely and appropriate actions to prevent or remedy the situation arising from such misprocurement, corruption, fraud, or money laundering;
- (ii) where the implementation of the project financed by the Bank leads to a violation of the Bank's Environmental and Social Safeguards Policy;
- (iii) where the implementation of the project financed by the Bank leads to a violation of the European Convention on Human Rights and the European Social Charter;
- (h) where any other event specified in the loan agreement or the guarantee agreement occurs, giving rise to the application of this article.

#### **ARTICLE 3.4**

##### ***Time Allowed***

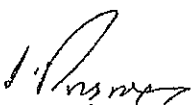
In case of loans to one of the members of the Bank, early reimbursement pursuant to article 3.3 above is conditional upon

- (a) any of the contingencies set forth in Article 3.3 (a) having prevailed for more than thirty calendar days;
- (b) one of the contingencies set forth in Article 3.3(b) of the same article has prevailed for more than sixty calendar days.

#### **ARTICLE 3.5**

##### ***Suspension by the Bank of undisbursed loans***

If any of the contingencies described in Article 3.3 should arise, the Bank may at any time suspend all or part of the disbursement of further tranches of the loan by giving notice to the borrower and to the guarantor.



Suspension shall end on the date on which the Bank notifies the borrower and the guarantor that the cause of suspension is no longer operative.

**ARTICLE 3.6**

***Cancellation by the Bank of undisbursed loans***

If any of the contingencies described in Article 3.3 arises, the Bank may also, by notifying the borrower and the guarantor, cancel permanently all or part of the undisbursed loan. Such a decision to cancel a loan may also be taken after a suspension.

**ARTICLE 3.7**

***Commission applicable to cases set out in Article 3.1***

Should the Bank sustain a loss as a result of suspension, cancellation or early reimbursement, as provided above, the single commission specified in Article 3.1 shall also be payable.

**CHAPTER 4**

**Settlement of disputes in respect of loans from the Bank  
or guarantees pertaining thereto**

**ARTICLE 4.1**

***Arbitration***

Any dispute between the parties to the loan agreement and, where applicable, the guarantee agreement in respect of the interpretation or execution of such agreements or in respect of a claim by one of the said parties against another arising out of the loan agreement the guarantee agreement, or these regulations, which has not been settled by agreement between the parties shall be submitted for arbitration in the manner prescribed below.

**ARTICLE 4.2**

***Commencement of arbitration proceedings***

Arbitration proceedings may be instituted by any one of the parties specified in the preceding section by means of a request notified to all the other parties; the request shall state the nature and subject of the dispute and set forth the claims to be submitted for arbitration.

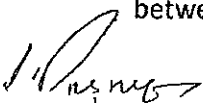
**ARTICLE 4.3**

***Appointment of the arbitral tribunal***

In any arbitration proceedings instituted in pursuance of this article, the borrower or the guarantor (if any) may be a party alongside the guarantor or the borrower as the case may be.

For any dispute submitted for arbitration in pursuance of this article, an arbitral tribunal shall be set up. It shall consist of three arbitrators appointed as follows:

- (a) one arbitrator shall be appointed by the Bank;
- (b) a second arbitrator shall be appointed by the borrower or, where applicable, by agreement between the borrower and the guarantor or, failing such agreement, by the guarantor;



- (c) a third arbitrator, called the umpire, who shall act as President of the arbitral tribunal, shall be appointed by common consent between the parties or, failing such consent, by the President of the European Court of Human Rights or, should the latter have the nationality of the guarantor or be of the same nationality as the borrower, by the Vice-President of the Court or, if the latter is in the same situation, by the senior of those Judges of the Court who neither have the nationality of the guarantor nor are of the same nationality of the borrower;
- (d) the procedure described in the preceding paragraph shall take place, at the instance of one of the parties to the dispute, if, within one month after notice has been given of the request for arbitration, no agreement has been reached regarding the appointment of an umpire;
- (e) where one of the parties appoints no arbitrator, the umpire shall appoint the said arbitrator.

#### **ARTICLE 4.4**

##### ***Place of arbitration***

The arbitral tribunal shall hold its first sitting on such date and at such place as shall be appointed by the umpire. Thereafter, the tribunal shall decide itself where and when it shall sit

#### **ARTICLE 4.5**

##### ***Law applicable to arbitration proceedings***

The arbitral tribunal shall decide all questions relating to its competence. It shall lay down its own rules of procedure and shall choose the law which shall be applicable, unless that law is specified in the contracts or in the arbitration agreement, bearing in mind the provisions of Article 1 (3) of the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe. All decisions of the tribunal shall be by majority vote.

Domestic law may apply in a particular case provided that it does not derogate from the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe and from the Articles of Agreement.

#### **ARTICLE 4.6**

##### ***Award of the arbitral tribunal***

All awards of the arbitral tribunal shall set out the grounds for the decision. They shall be final and binding upon all the parties referred to in Article 4.3. They may be rendered in default of submissions.

#### **ARTICLE 4.7**

##### ***Cost of arbitration***

The party against whom the award is made shall bear the costs of the arbitration proceedings unless the arbitral tribunal decides otherwise or the parties have agreed otherwise by a clause in the loan contract or the guarantee contract. The arbitral tribunal shall give a final ruling on any dispute in respect of costs.

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**ARTICLE 4.8**

***Enforcement of arbitral awards***

The loan agreement and the guarantee agreement shall contain whatever provisions are required to ensure, in respect of the Bank and in respect of the borrower and the guarantor, compliance with any awards made in pursuance of this chapter.

If, within one month after the originals of the award have been delivered to the parties, the award has not been complied with, any of the parties specified in Article 4.3 may institute proceedings for the enforcement of the award. The court which shall have jurisdiction for such proceedings shall be that designated by the rules of civil procedure of the State concerned.

**CHAPTER 5**

**Miscellaneous provisions**

**ARTICLE 5.1**

***Entry into force***

The date of entry into force of a loan agreement or a guarantee agreement shall be specified therein. It may be specified subject to a condition, in which case the contract shall not come into force until that condition has been fulfilled and the Bank has been duly notified by the Borrower and/or the Guarantor.

Should the condition governing the entry into force of a loan agreement or a guarantee agreement not be fulfilled, the borrower or the guarantor shall, if the Bank has sustained a loss, be required to pay to the Bank a single commission at a rate to be fixed by the Bank in relation to the amount specified in the loan contract.

**ARTICLE 5.2**

***Discharge of obligations***

The loan agreement and the guarantee agreement and the obligations of the parties thereunder, save for those regarding the ex-post evaluation of the project as provided for in the loan agreement shall cease as soon as the whole of the loan principal as well as interest and any other charges in respect of the loan or the loan guarantee have been paid.

**ARTICLE 5.3**

***Notices***

Any notice or request which must or may be given or made under the terms of these regulations or loan agreements or guarantee agreements shall be given or made in writing.

**ARTICLE 5.4**

***Copies***

Loan agreements and guarantee agreements may be drawn up in more than one copy, each of which shall be regarded as an original.



**ARTICLE 5.5**

***Language of Loan Regulations***

These regulations have been drawn up in English and in French, both versions being equally authentic.

**CHAPTER 6**

**Definitions**

***Applicable Rules*** means the Third Protocol to the General Agreement on the Privileges and Immunities of the Council of Europe, the Articles of Agreement of the Bank, the Loan Regulations, the Loan and Project Financing Policy, the Environmental and Social Safeguards Policy, the Guidelines for Procurement of Supplies, Works and Services and the Anti-corruption Charter.

***Bank*** means the Council of Europe Development Bank

***European Convention on Human Rights*** means the Convention for the Protection of Human Rights and Fundamental Freedoms, 4 November 1950, CETS n° 5

***European Social Charter*** means the European Social Charter, 3 May 1996, CETS n°163, as amended from time to time.

***State Guarantees*** means guarantees given by a member state of the Bank to the benefit of the Bank with respect to loans granted by the Bank to any legal person in a member state.

Serghei PUȘCUTA  
Minister of Finance  
[Signature]

**FRAMEWORK LOAN AGREEMENT**

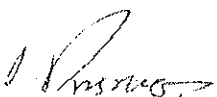
*between*

**COUNCIL OF EUROPE DEVELOPMENT BANK**

*and*

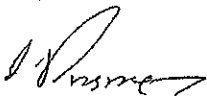
**REPUBLIC OF MOLDOVA**

COVID-19 Emergency Response and MSMEs Support  
Public Sector Financing Facility



## TABLE OF CONTENTS

<b>1. INTERPRETATION</b> .....	<b>5</b>
1.1 DEFINITIONS .....	5
1.2 CONSTRUCTION .....	8
1.3 HEADINGS .....	8
1.4 ROUNDING .....	8
<b>2. CONDITIONS</b> .....	<b>8</b>
<b>3. PURPOSE</b> .....	<b>8</b>
<b>4. FINANCIAL CONDITIONS</b> .....	<b>9</b>
4.1 LOAN AMOUNT .....	9
4.2 DISBURSEMENT AMOUNT .....	9
4.3 DISBURSEMENT PROCEDURE .....	9
4.4 DISBURSEMENT PERIOD .....	10
4.5 DISBURSEMENT CONDITIONS .....	10
4.6 REPAYMENT .....	11
4.7 EARLY REIMBURSEMENT .....	11
4.8 INTEREST DETERMINATION .....	11
4.9 DEFAULT INTEREST RATE .....	12
4.10 MARKET DISRUPTION EVENT .....	12
4.11 PAYMENTS .....	13
<b>5. PROJECT IMPLEMENTATION</b> .....	<b>13</b>
5.1 DUTY OF CARE .....	14
5.2 ALLOCATION PERIOD .....	14
5.3 PROJECT COSTS .....	14
5.4 PROJECT SPECIFIC UNDERTAKINGS .....	14
5.5 PROCUREMENT .....	15
5.6 ENVIRONMENTAL AND SOCIAL SAFEGUARDS .....	15
5.7 HUMAN RIGHTS .....	15
5.8 INTEGRITY .....	15
5.9 VISIBILITY .....	16
<b>6. MONITORING</b> .....	<b>16</b>
6.1 REPORTING .....	16
6.2 VISITS .....	17
6.3 AUDIT .....	17
6.4 PROJECT INFORMATION .....	17
6.5 BORROWER INFORMATION .....	17
<b>7. PARI PASSU</b> .....	<b>18</b>
7.1 RANKING .....	18
7.2 SECURITY .....	18
7.3 CLAUSE BY INCLUSION .....	19
7.4 PREPAYMENT TO THIRD PARTIES .....	19
<b>8. REPRESENTATIONS AND WARRANTIES</b> .....	<b>19</b>
<b>9. THIRD PARTIES</b> .....	<b>20</b>
<b>10. NON-WAIVER</b> .....	<b>20</b>
<b>11. ASSIGNMENT</b> .....	<b>20</b>
<b>12. GOVERNING LAW</b> .....	<b>20</b>
<b>13. DISPUTES</b> .....	<b>20</b>




14. NOTICES..... 21  
15. TAXES AND EXPENSES..... 22  
16. DISCHARGE ..... 22  
17. ENTRY INTO FORCE ..... 22  
APPENDIX 1..... 24  
APPENDIX 2..... 30  
APPENDIX 3..... 32  
APPENDIX 4..... 34

*J. Rosme*

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**COUNCIL OF EUROPE DEVELOPMENT BANK**, international organisation with its headquarters at 55, Avenue Kléber, F-75116 Paris (France) (hereinafter, the **"CEB"** or the **"Bank"**), on the one hand,

and

REPUBLIC OF MOLDOVA, (hereinafter, the **"Borrower"** and together with the CEB, the **"Parties"** and each a **"Party"**), on the other hand,

**WHEREAS**

- (A) Having regard to the loan application submitted by the Republic of Moldova on 27 April 2020, approved by the CEB's Administrative Council in written procedure on 12 May 2020,
- (B) Having regard to the Third Protocol to the General Agreement on Privileges and Immunities of the Council of Europe dated 6 March 1959,
- (C) Having regard to the CEB's Loan Regulations, as adopted by the CEB's Administrative Council Resolution 1587 (2016) (hereinafter, the **"Loan Regulations"**),
- (D) Having regard to the CEB's Loan and Project Financing Policy, as adopted by the CEB's Administrative Council Resolution 1611 (2019) (hereinafter, the **"Loan Policy"**),
- (E) Having regard to the CEB's Environmental and Social Safeguards Policy, as adopted by the CEB's Administrative Council Resolution 1588 (2016) (hereinafter, the **"Environmental and Social Safeguards Policy"**),
- (F) Having regard to the CEB's Procurement Guidelines, as adopted by the CEB's Administrative Council in September 2011 (hereinafter, the **"Procurement Guidelines"**),
- (G) Having regard to the CEB's Anti-corruption Charter, as adopted by CEB's Administrative Council on 14. March 2007,
- (H) Having regard to the CEB's Non-compliant Jurisdiction Policy, as adopted by CEB's Administrative Council Resolution 1608 (2019),
- (I) Having regard to the CEB's Regulation on a system for the protection of personal data at the CEB, as adopted by CEB's Administrative Council on 1 May 2008 and updated on 16 September 2011 (hereinafter, the **"Personal Data Protection Regulation"**)

**HEREBY AGREE AS FOLLOWS:**



## 1. INTERPRETATION

### 1.1 Definitions

The following terms shall have the meaning indicated below, except as the context requires otherwise:

**"Agreement"** means this framework loan agreement, including its appendices.

**"Allocation"** means the commitment of a Tranche/Sub-tranche, by the Borrower to 1) the eligible parts of the Health Component of the Project, even if such Tranche/Sub-tranche has not yet been paid out under the relevant investment scheme of the Health Component of the Project, and (as the case may be) 2) the eligible Sub-projects of the MSMEs Component of the Project by means of the signature of the relevant Sub-loan Agreements, even if such Tranche/Sub-tranche has not yet been disbursed in favour of the Final Borrowers.

**"Allocation Period"** has the meaning specified under Sub-clause 5.2.

**"Business Day"** means, in relation to payments in Euro, any day on which TARGET 2 (the Trans European Automated Real-time Gross Settlement Express Transfer system) is operating.

**"Closing Date"** means the date specified under Appendix 1 hereto from which no further disbursements may be requested by the Borrower.

**"Completion Report"** has the meaning specified under Sub-clause 6.1.

**"Components"** means the eligible sectors of action under the Project, defined under Appendix 1 hereto.

**"Currency"** means, for the purposes of the Agreement, Euro.

**"Day Count Convention"** means the convention for determining the number of days between two dates and the number of days in a year specified in the relevant Disbursement Notice.

**"Debt Instrument"** means (i) any loan or other form of financial indebtedness; (ii) an instrument, including any receipt or statement of account, evidencing or constituting an obligation to repay a loan, deposit, advance or similar extension of credit (including without limitation any extension of credit under a refinancing or rescheduling agreement), (iii) a bond, note, debt security, debenture or similar written evidence of financial indebtedness; or (iv) an instrument evidencing a guarantee of an obligation constituting financial indebtedness of another.

**"Default Interest Rate"** has the meaning specified under Sub-clause 4.9.

**"Disbursement Date"** means the date on which a Tranche/Sub-tranche is scheduled to be disbursed pursuant to the applicable Disbursement Notice.

**"Disbursement Notice"** has the meaning specified under Sub-clause 4.3(b).

**"Disbursement Request"** has the meaning specified under Sub-clause 4.3(a).

**"Early Reimbursement Confirmation"** has the meaning specified under Sub-clause 4.7.

**"Early Reimbursement Costs"** has the meaning specified under Sub-clause 4.7.

**"Early Reimbursement Date"** has the meaning specified under Sub-clause 4.7.

**"Early Reimbursement Notice"** has the meaning specified under Sub-clause 4.7.

**"Effective Date"** means the date of entry into force of the Agreement resulting from Clause 17.

**"EU"** means the European Union.

**"EURIBOR"** means the percentage rate *per annum* quoted on the page EURIBOR01 of the Thomson Reuters screen (or on a successor page which replaces the Thomson Reuters' page EURIBOR01) at or



26

about 11 a.m. Brussels time on the Interest Determination Date as the Euro interbank offered rate administrated by the European Money Market Institute (or any other entity which takes over the administration of that rate) for the same period as the relevant Interest Period.

If the relevant Interest Period is not the same as a period quoted by Thomson Reuters, the applicable EURIBOR shall be the percentage rate *per annum* resulting from a linear interpolation by reference to two (2) EURIBOR rates for Euro term deposits, one of which is applicable for a period of whole months next shorter and the other for a period of whole months next longer than the length of the relevant Interest Period.

“Euro” and the sign “EUR” means the lawful currency of the Member States of the EU which from time to time adopt it as their currency in accordance with the relevant provisions of the Treaty of the EU and the Treaty on the Functioning of the EU or their succeeding treaties.

“European Convention on Human Rights” means the Convention for the Protection of Human Rights and Fundamental Freedoms dated 4 November 1950, CETS No. 5, as amended from time to time.

“European Social Charter” means the European Social Charter dated 3 May 1996, CETS No. 163, as amended from time to time.

“Final Beneficiaries” are specified under Appendix 1 hereto as the group benefitting from the social effects of the Project.

“Final Borrowers” are specified under Appendix 1 hereto as the recipients of Sub-loans under the MSMEs Component of the Project.

“Fixed Interest Rate” means the interest rate *per annum* specified in the applicable Disbursement Notice.

“Floating Interest Rate” means the interest rate *per annum* determined by adding or subtracting the Spread specified in the applicable Disbursement Notice to or from, as the case may be, the Reference Rate.

For the avoidance of doubt, when the determination of the Floating Interest Rate results in a negative interest rate (due to a quoted negative Reference Rate, to the operation of a Spread that is subtracted from the Reference Rate or to any other circumstances), the interest to be paid by the Borrower for the Interest Period shall be deemed to be zero.

“Interest Determination Date” means, for the purposes of determination of a Floating Interest Rate, the day falling two (2) Business Days prior to the first day of the Interest Period, unless otherwise specified in the relevant Disbursement Notice.

“Interest Payment Dates” means the dates for the payment of interest corresponding to the relevant Interest Period specified in the applicable Disbursement Notice.

“Interest Period” means the period commencing on an Interest Payment Date and ending on the day immediately prior to the following Interest Payment Date, provided that the first Interest Period applicable to each Tranche/Sub-tranche, shall commence on the Disbursement Date and end on the day immediately prior to the next Interest Payment Date.

“Loan” means the loan granted to the Borrower by the CEB by means of the Agreement.

“Loan Amount” means the amount specified under Sub-clause 4.1.

“Market Disruption Event” has the meaning specified under Sub-clause 4.10.

“Material Adverse Change” means any event which, in CEB’s opinion, (i) materially impairs the Borrower’s ability to perform its financial obligations under the Agreement; or (ii) adversely affects any Security provided by the Borrower or a third-party to secure the due performance of the Borrower’s financial obligations under the Agreement.



**"Maturity Date"** means the last Principal Repayment Date for each Tranche/Sub-tranche specified in the applicable Disbursement Notice.

**"Modified Following Business Day Convention"** means a convention whereby if a specified date would fall on a day which is not a Business Day, such date would be the first following day that is a Business Day unless that day falls in the next calendar month, in which case that date would be the first preceding day that is a Business Day.

**"Participating Financial Intermediary"** (hereinafter, the "PFI") means a credit entity duly registered and licensed to operate in the Republic of Moldova to which the Borrower will on-lend the Loan proceeds for the purpose of partially financing a programme of Sub-projects by means of Sub-loans to Final Borrowers.

**"Principal Repayment Date(s)"** means the date(s) for the repayment(s) of principal under each Tranche/Sub-tranche, specified in the applicable Disbursement Notice.

**"Principal Repayment Period"** means with respect of each Tranche/sub-tranche, the period running from its Disbursement Date to its Maturity Date.

**"Progress Report"** has the meaning specified under Sub-clause 6.1.

**"Prohibited Practices"** has the meaning specified under Sub-clause 5.8.

**"Project"** means 1) the eligible Health Component investment schemes and 2) the programme of eligible Sub-projects under the MSMEs Component, in each case, as set forth under Appendix 1 hereto, to be partially financed with the Loan approved by the CEB's Administrative Council with ref. LD 2060 (2020), by means of Sub-loans to Final Borrowers for the MSMEs Component.

**"Project Implementing Entity"** (hereinafter, the "PIE") means, each of the legal entities that, by delegation of the Borrower, is in charge of the implementation of the relevant Component of the Project that has been attributed to it, being the Ministry of Health, Labour and Social Protection (MoHLSP) for the Health Component of the Project, and the Ministry of Finance (MoF) for the MSMEs Component of the Project, respectively.

**"Project Implementing Unit"** (hereinafter, the "PIU") means the team appointed by the PIEs, as being in charge of the day-to-day management of the Project's Component attributed to that PIE.

**"Reference Rate"** means EURIBOR for a Floating Interest Rate Tranche/Sub-tranche denominated in Euro.

**"Sanctioned Lists"** has the meaning specified under Sub-clause 5.8.

**"Sanctioned Persons"** has the meaning specified under Sub-clause 5.8.

**"Security"** means any agreement or arrangement creating a preferential rank, a preferential right of payment, a collateral or guarantee of any nature whatsoever which might confer enhanced rights upon third parties.


**"Spread"** means, in connection with a Floating Interest Rate Tranche/Sub-tranche, the fixed-spread to the Reference Rate (being either plus or minus) specified in basis points in the applicable Disbursement Notice.

**"Sub-loan"** means a loan granted by a PFI to a Final Borrower.

**"Sub-loan Agreement"** means the loan agreement and related documentation between a PFI and a Final Borrower.

**"Sub-project"** means an eligible investment scheme or working capital to be financed under the MSMEs Component of the Project.

**"Sub-project Identification Report"** has the meaning specified under Sub-clause 6.1.



"Sub-tranche" has the meaning specified under Sub-clause 4.2.

"Tranche" means an amount disbursed or to be disbursed under the Loan.

## 1.2 Construction

Unless the context otherwise requires, references to:

- (a) this Agreement shall be construed as references to this Agreement as supplemented, amended or restated from time to time;
- (b) "Clauses", "Sub-clauses" and "Recitals" shall be construed as references to clauses, sub-clauses and recitals respectively of this Agreement; and
- (c) words importing the singular shall include the plural and vice-versa.

## 1.3 Headings

Headings in this Agreement have no legal significance and do not affect its interpretation.

## 1.4 Rounding

For the purposes of any calculations referred to in this Agreement:

- (a) all percentages resulting from such calculations other than those determined through the use of interpolation will be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655));
- (b) all percentages determined through the use of linear interpolation by reference to two (2) relevant Reference Rates will be rounded, if necessary, in accordance with the method set forth in subsection (a) above, but to the same degree of accuracy as the two (2) rates used to make the determination (except that such percentages will not be rounded to a lower degree of accuracy than the nearest one thousandth of a percentage point (0.001%)); and
- (c) all currency amounts used in or resulting from the above calculations will be rounded, unless otherwise specified in the relevant Currency definition, to the nearest two decimal places in the relevant currency (with .005 being rounded upwards (e.g., .674 being rounded down to .67 and .675 being rounded up to .68).

## 2. CONDITIONS

The Loan is granted under the general conditions of the Loan Regulations and under the special conditions of the Agreement.

## 3. PURPOSE

The CEB grants the Loan to the Borrower, who accepts it, solely for the purpose of financing the Project as described under Appendix 1 hereto.

Any change to the way the Loan is applied that has not received the CEB's approval would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## 4. FINANCIAL CONDITIONS

### 4.1 Loan Amount

The Loan Amount is:

Seventy million Euros

EUR 70,000,000

### 4.2 Disbursement Amount

The Loan shall be disbursed in a minimum of two (2) Tranches. Each Tranche may be divided into sub-tranches (hereinafter, the "Sub-tranches") dedicated to each of the Components under the Project specified under Appendix 1 hereto, and may be disbursed independently for each Component.

The amount of each Tranche/Sub-tranche shall be determined according to the absorption capacity of the respective Component of the Project. The amount of the first Tranche/Sub-tranche for each Component shall not exceed fifty per cent (50 %) of the Loan Amount earmarked for each Component in the *Financing Plan* section of Appendix 1 hereto.

### 4.3 Disbursement Procedure

The disbursement of each Tranche is determined through the following procedure:

#### (a) Disbursement Request

Prior to each disbursement, the Borrower shall submit to the CEB a disbursement request substantially in the form set out under Appendix 3 hereto (hereinafter, a "Disbursement Request").

A Disbursement Request shall specify for each Tranche/Sub-tranche the proposed:

- (i) Currency and amount for the Tranche;
- (ii) Disbursement Date; such Disbursement Date shall be a Business Day falling at least five (5) Business Days but not later than twenty two (22) Business Days after the date of the Disbursement Request;
- (iii) Principal Repayment Date(s), including the Maturity Date, taking into account that 1) the Principal Repayment Period for each Health Component Sub-tranche shall not exceed fifteen (15) years including a grace period not greater than four (4) years; and 2) the Principal Repayment Period for each MSMEs Component Sub-tranche shall not exceed six (6) years including a grace period not greater than one (1) year.
- (iv) maximum Fixed Interest Rate or maximum Spread to the Reference Rate;
- (v) Interest Period and Interest Payment Dates;
- (vi) Day Count Convention and Business Days; and
- (vii) Borrower's account for payments.

Each Disbursement Request delivered to the CEB shall be irrevocable, unless otherwise agreed in writing by the CEB.

#### (b) Disbursement Notice

If the CEB receives a Disbursement Request that complies with the Disbursement Request requirements set out Sub-clause 4.3(a) above, and if all other relevant Disbursement Conditions as defined in Sub-clause 4.5 (*Disbursement Conditions*) below have been fulfilled by the Borrower, the CEB shall deliver to the Borrower a disbursement notice substantially in the form set out under Appendix 3 hereto (hereinafter, a "Disbursement Notice"). Each Disbursement Notice shall be delivered at least two (2) Business Days before the proposed Disbursement Date.



A Disbursement Notice shall specify for each Tranche/Sub-tranches:

- (i) Currency and amount for the Tranche;
- (ii) Disbursement Date;
- (iii) Principal Repayment Period and Principal Repayment Date(s), including the Maturity Date;
- (iv) Fixed Interest Rate or Spread to the Reference Rate;
- (v) Interest Period and Interest Payment Dates;
- (vi) Day Count Convention and Business Days; and
- (vii) Borrower's and CEB's accounts for payments.

If the Borrower has submitted to the CEB a Disbursement Request in which the Borrower has not proposed a Fixed Interest Rate or a Floating Interest Rate, the Borrower shall be deemed to agree in advance to the one subsequently specified by the CEB in the Disbursement Notice.

A Disbursement Notice matching the elements included in a Disbursement Request shall constitute an irrevocable and unconditional commitment on the part of the Borrower to borrow from the CEB and on the part of the CEB to disburse to the Borrower the Tranche, under the terms and conditions specified in the Disbursement Notice.

Notwithstanding the above, if the CEB has not delivered a Disbursement Notice within twenty (20) Business Days following the receipt of a Disbursement Request, the relevant Disbursement Request shall be deemed cancelled.

#### 4.4 Disbursement Period

Unless otherwise agreed in writing by the CEB, the Borrower shall not be entitled to:

- (i) the issue of a Disbursement Request for the first Tranche beyond twelve (12) months after the Effective Date or beyond two years from the approval of the Loan by the CEB's Administrative Council, whichever occurs first;
- (ii) the issue of any further Disbursement Request beyond eighteen (18) months after the last disbursement; or
- (iii) the issue of any further Disbursement Request beyond the Closing Date specified under Appendix 1 hereto.

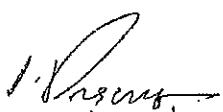
#### 4.5 Disbursement Conditions

(a) Conditions precedent to the Disbursement Request for the first Tranche:

- (i) Legal opinion in English issued by the Borrower's Ministry of Justice confirming to the CEB's satisfaction, substantially in the form set out under Appendix 2 hereto, that the Agreement has been duly executed by authorised representatives of the Borrower and that the Agreement is valid, binding and enforceable in accordance with its terms in the Borrower's jurisdiction.
- (ii) Evidence in English (e.g., Statute, By-laws, Board Resolution, Power of Attorney, etc.) to the CEB's satisfaction of the person(s) authorised to execute the Agreement and the Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).

(b) Conditions precedent to any further Disbursement Request:

- (i) In the event there has been a change regarding the person(s) authorised to execute Disbursement Requests on behalf of the Borrower, the Borrower shall provide CEB with



updated evidence of the person(s) authorised to execute the corresponding Disbursement Requests on behalf of the Borrower, together with the authenticated specimen of the signature(s) of such person(s).

- (ii) Progress Report confirming for each Component, to the CEB's satisfaction, the full Allocation of the previous Tranche/Sub-tranche.

#### **4.6 Repayment**

On any Principal Repayment Date, the Borrower shall repay the principal of each Tranche/Sub-tranche due on that Principal Repayment Date in accordance with the terms set forth in the applicable Disbursement Notice.

#### **4.7 Early Reimbursement**

##### **(a) Mechanics**

If in any event specified in this Agreement referring to this Sub-clause the Borrower ought to reimburse prior to maturity all or part of a Tranche/Sub-tranche, the Borrower shall give at least a one (1) month prior written notice to the CEB (hereinafter, the "Early Reimbursement Notice") specifying the amounts to be reimbursed, the date on which the reimbursement will take place (hereinafter, the "Early Reimbursement Date") and, upon prior consultation with the CEB, the maximum Early Reimbursement Costs. The Early Reimbursement Date shall fall on an Interest Payment Date, unless otherwise agreed in writing by the CEB.

Upon receipt of the Early Reimbursement Notice, the CEB shall send a written notice to the Borrower (hereinafter, the "Early Reimbursement Confirmation"), not later than five (5) Business Days prior to the Reimbursement Date, indicating the accrued interest due thereon and the Early Reimbursement Costs in accordance with Sub-clause 4.7(b).

An Early Reimbursement Confirmation matching the elements included in an Early Reimbursement Notice shall constitute an irrevocable and unconditional commitment on the part of the Borrower to reimburse the relevant amounts to the CEB under the terms and conditions specified in the Early Reimbursement Confirmation.

If the Borrower partially reimburses a Tranche/Sub-tranche, the reimbursed amount shall be applied pro rata to each outstanding principal repayment. In such an event, the Early Reimbursement Confirmation shall accordingly include an adjusted repayment schedule which shall be binding on the Borrower.


##### **(b) Early Reimbursement Costs**

The Early Reimbursement Costs resulting from early reimbursement in accordance with Sub-clause 4.7(a) shall be determined by the CEB on the basis of the costs to it of redeploying the amount to be reimbursed from the Early Reimbursement Date to the Maturity Date, including any related costs, such as unwinding any underlying hedging arrangements. The costs of redeployment will be established on the basis of the difference between the original rate and the redeployment rate, which shall be determined by the CEB on the basis of market conditions on the date of the Early Reimbursement Notice.

#### **4.8 Interest Determination**

The Borrower shall pay interest on the principal of each Tranche/Sub-tranche from time to time outstanding during each Interest Period at the Fixed Interest Rate/Floating Interest Rate specified in the applicable Disbursement Notice.

Interest shall (i) accrue from and including the first day of the Interest Period to but excluding the last day of such Interest Period; and (ii) be due and payable on the Interest Payment Dates specified in



the applicable Disbursement Notice. Interest shall be calculated on the basis of the Day Count Convention specified in the relevant Disbursement Notice.

In the case of Floating Interest Rate Tranches/Sub-tranches, the CEB shall determine on each Interest Determination Date the interest rate applicable during the relevant Interest Period in accordance with the Agreement and promptly give notice thereof to the Borrower. Each determination by the CEB shall be final, conclusive and binding upon the Borrower unless shown by the Borrower to the satisfaction of the CEB that any such determination has involved manifest error.

#### 4.9 Default Interest Rate

In the event that the Borrower fails to pay, in full or in part, any amount under the Agreement, and notwithstanding any other recourse available to the CEB under the Agreement or otherwise, the Borrower shall pay interest on such unpaid amounts from the due date until the date of receipt of such payment by the CEB at the interest rate *per annum* equal to the one-month EURIBOR quoted on the due date plus two hundred and fifty basis points (250 bps) (hereinafter, the "Default Interest Rate").

The applicable Default Interest Rate shall be updated every thirty (30) calendar days.

#### 4.10 Market Disruption Event

The CEB shall promptly, upon becoming aware of it, notify to the Borrower that a Market Disruption Event has occurred.

For the purposes of the Agreement, "Market Disruption Event" refers to the following circumstances:

- (a) The Reuters page referred to under the EURIBOR definition does not indicate the required details or is not accessible.

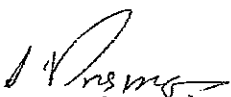
Under such a Market Disruption Event, the applicable EURIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the Interest Determination Date by three (3) leading banks in the EU interbank market selected by the CEB. If at least two (2) quotations are provided, the applicable EURIBOR for that Interest Determination Date shall be the arithmetic mean of all quotations provided.

If only one (1) or no quotation is provided, the applicable EURIBOR shall be the percentage rate *per annum* determined by the CEB to be the arithmetic mean of the rates at which loans in Euro, in an amount identical or nearest comparable to the Loan amount in question and for a period identical or nearest comparable to the relative Interest Period, are offered on the second Business Day after the beginning of the relevant Interest Period by major banks in the EU interbank market selected by the CEB.

- (b) The CEB determines that it is not possible to determine the applicable Reference Rate in accordance with paragraph (a) above.

Under such a Market Disruption Event, the applicable Floating Interest Rate shall be replaced by the rate that expresses as a percentage rate *per annum* the cost to the CEB of funding the Loan from whatever source the CEB may reasonably select.

- (c) At any time between the delivery of a Disbursement Notice and the Disbursement Date the CEB reasonably determines that there are exceptional and unexpected circumstances of an economic, financial, political or other external nature adversely affecting the CEB's access to its sources of funding.



Under such a Market Disruption Event, the CEB shall be entitled to cancel at no cost the scheduled disbursement.

In the case of the Market Disruption Events set forth under items (a) and (b) above:

- (i) If the Borrower so requires, the Parties, acting in good faith, shall enter into negotiations for a period of not more than thirty (30) calendar days in order to agree on an alternative to the applicable EURIBOR. If no agreement is reached, the Borrower may proceed with early reimbursement on the next Interest Payment Date in the terms provided under Sub-clause 4.7.
- (ii) The CEB shall have the right, acting in good faith and in consultation with the Borrower to the extent reasonably practicable, to change the duration of any subsequent Interest Period to thirty (30) calendar days or less by sending to the Borrower a notice thereof. Any such change to an Interest Period shall take effect on the date specified by the CEB in such notice.

If the CEB determines that the relevant Market Disruption Event no longer exists, then, subject to any further Market Disruption Event occurring or existing, the Floating Interest Rate and/or Interest Period applicable to any relevant Tranche/Sub-tranche shall revert, from the first day of the following Interest Period to being calculated in accordance with the Floating Interest Rate and Interest Period specified in the relevant Disbursement Notice.

#### 4.11 Payments

All the amounts due by the Borrower under this Agreement are payable in the Currency of each Tranche/Sub-tranche to the CEB's account indicated in the applicable Disbursement Notice. Any payment under this Agreement shall be made on a Business Day subject to the Modified Following Business Day Convention. Any payment shall be deemed paid when the CEB has received the amount on its account.

The Borrower or the bank instructed by the Borrower, as the case may be, shall send a written payment notice to the CEB at least five (5) Business Days before payment of any amounts due under this Agreement.

## 5. PROJECT IMPLEMENTATION

The Borrower shall implement the Project in accordance with the Agreement.

The Borrower designates the Ministry of Health, Labour and Social Protection (MoHLSP) as the PIE for the Health Component, and the Ministry of Finance (MoF) as the PIE for the MSMEs Component. The Borrower appoints as PIU the Office for External Assistance Programmes Management (OEAPM) (referred to in Appendix 1), appropriately staffed and equipped throughout the Project implementation period.

In any event, the Borrower remains solely liable to comply with its obligations under the Agreement.

Failure to comply with the Project Implementation undertakings set forth hereby under Clause 5 would constitute, irrespective of any other applicable provision of the Loan Regulations, an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to (i) the relevant contract expenditure (for the Health Component), or Sub-project (for the MSMEs Component), as the case may be, declared ineligible for Allocation under the Project; and/or (ii) the early reimbursement, suspension or cancellation of the Loan, in whole or in part, under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

### 5.1 Duty of Care

The Borrower shall apply all care and diligence, and shall exercise all typically used means (including, but not limited to, legal, financial, managerial and technical) required for the proper implementation of the Project.

### 5.2 Allocation Period

The Borrower shall allocate each Tranche/Sub-tranche to the relevant Component under the Project within twelve (12) months after the relevant Disbursement Date (the "Allocation Period").

If a Tranche/Sub-Tranche disbursed by the CEB is not allocated to the relevant Component under the Project or is only partially allocated to it within the Allocation Period, the Borrower shall reimburse the unallocated amounts to the CEB in accordance with Sub-clause 4.7.

If:

- (a) An expenditure/Sub-project, to which the Tranche/Sub-tranche has been allocated, is found to be ineligible or in breach of the undertakings specified under Sub-clause 5.4; or
- (b) a Sub-loan, in whole or in part, is, voluntarily or otherwise, cancelled or prepaid by a Final Borrower,

a corresponding part of the Loan shall be allocated by the Borrower to other eligible expenditures/Sub-loans to the extent possible given the residual maturity of the corresponding Tranche. In the case of re-allocation, the CEB reserves the right to request from the Borrower a report on such re-allocation of funds.

### 5.3 Project Costs

The Tranches/Sub-tranches disbursed under each Component shall not exceed ninety per cent (90%) of the total eligible costs of the respective Component. If the Tranches/Sub-tranches disbursed under any Component exceed the above 90% (by reduction of the total eligible costs or otherwise), the Borrower shall reimburse the surplus to the CEB in accordance with Sub-clause 4.7.

Should the total eligible costs of any Component increase or be revised for whatever reason, the Borrower shall ensure that the additional financial resources for the completion of the respective Component are available without recourse to the CEB. The plans to finance the increased costs shall be communicated to the CEB without delay.

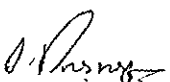
### 5.4 Project Specific Undertakings

Under the Health Component, Borrower shall ensure that:

- (i) all the land, real property rights and permits required for the implementation of the Project are timely available;
- (ii) any other requirement specified in Appendix 1 ("Specific Conditions") hereto is complied with.

Under the MSMEs Component, the Borrower shall ensure that in each Sub-loan Agreement the Final Borrower undertakes to:

- (a) use the Sub-loan for the implementation of the Sub-project concerned;
- (b) comply with the obligations arising from Sub-clauses 5.5 (*Procurement*), 5.6 (*Environment*), 5.7 (*Human Rights*) and 5.8 (*Integrity*);
- (c) obtain all relevant real property rights, permits and authorisations;
- (d) maintain, repair, overhaul and renew all property forming part of the Sub-Project as required to keep it in good working order;



- (e) allow CEB's staff members or designated third parties to visit the relevant Sub-project sites/contractors, installations and works, to conduct such checks as they may wish, and to provide them with all necessary information and assistance for this purpose;
- (f) comply with any other requirement specified in Appendix 1 ("Specific Conditions"); and
- (g) repay in advance of maturity the Sub-loan in case of non-compliance with the above undertakings.

The Borrower undertakes to (i) match to the extent possible the Sub-loans' maturity date to the Maturity Date of the relevant Tranche; and (ii) take into consideration the advantage derived from CEB's financing and to pass on that advantage to the Final Borrowers, while taking into account the fact that an intermediation margin may be applied to cover risk and management costs.

### 5.5 Procurement

Procurement of supplies, works and services to be financed under the Health Component of the Project shall comply with the Procurement Guidelines.

Procurement of supplies, works and services under any Sub-Project to be partially financed under the MSMEs Component of the Project shall comply with the relevant procurement legislation, if applicable. Otherwise, the Final Borrowers shall use procurement methods which ensure a sound acquisition of supplies, works and services at fair market prices and in a cost effective manner.

### 5.6 Environmental and Social Safeguards

The Borrower shall implement the Project in conformity with the requirements set forth in the Environmental and Social Safeguards Policy.

### 5.7 Human Rights

The Borrower shall ensure that the implementation of the Project will not give rise to a violation of (i) the European Convention on Human Rights; or (ii) the European Social Charter.

### 5.8 Integrity

The Borrower undertakes that:

- (a) it will not make any Loan proceeds available to or for the benefit of, directly or indirectly, any Sanctioned Person; and
- (b) it will not commit, and no person, with its consent or prior knowledge, will commit, in connection with the implementation of the Project or the execution of any contract under a Sub-project a Corrupt, Fraudulent, Coercive, Collusive or Obstructive Practice (hereinafter, together with making any Loan proceeds available to Sanctioned Persons referred to as the "Prohibited Practices").

For the purposes of this Agreement:

- (i) A "Sanctioned Person" means any individual or entity listed in and/or otherwise subject to one or more Sanction Lists.

A "Sanction List" means (i) any economic, financial and trade restrictive measures and arms embargoes issued by the EU pursuant to Chapter 2 of Title V of the Treaty on European Union as well as Article 215 of the Treaty on the Functioning of the European Union, as available in the official EU website [https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions\\_en](https://eeas.europa.eu/headquarters/headquarters-homepage/8442/consolidated-list-sanctions_en) or on any successor page, as amended and supplemented from time to time; or, (ii) any economic, financial and trade restrictive measures and arms embargoes issued by the United Nations Security Council pursuant to Article 41 of the UN Charter as

available in the official UN website or on any successor page, as amended and supplemented from time to time.

- (ii) A **"Corrupt Practice"** means the offering, giving, receiving, or soliciting, directly or indirectly, anything of value to influence improperly the actions of another party.
- (iii) A **"Fraudulent Practice"** means any act or omission, including a misrepresentation, that knowingly or recklessly misleads, or attempts to mislead, a party to obtain a financial or other benefit, or to avoid an obligation.
- (iv) A **"Coercive Practice"** means impairing or harming, or threatening to impair or harm, directly or indirectly, any party or the property of the party to influence improperly the actions of a party.
- (v) A **"Collusive Practice"** is an arrangement between two or more parties designed to achieve an improper purpose, including influencing improperly the actions of another party.
- (vi) An **"Obstructive practice"** means in relation to an investigation into a Coercive, Collusive, Corrupt or Fraudulent Practice in connection with this Project, (a) deliberately destroying, falsifying, altering or concealing of evidence material to the investigation; and/or threatening, harassing or intimidating any party to prevent it from disclosing its knowledge of matters relevant to the investigation or from pursuing the investigation, or (b) acts intending to materially impede the exercise of the contractual rights of audit or access to information.

The Borrower undertakes:

- (i) to take timely such action as the CEB shall reasonably request to investigate and/or terminate any alleged or suspected Prohibited Practice;
- (ii) to inform the CEB of the measures taken to seek damages from the persons responsible for any loss resulting from any such Prohibited Practice; and
- (iii) to facilitate any investigation that the CEB may make concerning any such act.

The Heads of the PIEs shall be responsible for contacts with the CEB for the purposes of this Sub-clause.

## 5.9 Visibility

The Borrower shall, and shall ensure that the PFIs will, inform the Final Beneficiaries and Final Borrowers that the respective Project Component is partly financed by the CEB through appropriate means of communication such as dedicated notices in relevant websites, press releases, brochures or the exhibit of billboards/plates on relevant Project Components sites/facilities. In any case, information given to the Final Beneficiaries and Final Borrowers shall display in an appropriate way the CEB's name and logo.


## 6. MONITORING

### 6.1 Reporting

#### (a) Progress Reports

The Borrower, through the PIU, shall send to the CEB a progress report (hereinafter, a **"Progress Report"**) (i) every six (6) months, until the full Allocation of the disbursed Tranches/Sub-tranches; and (ii) prior to every Disbursement Request.

#### (b) Completion Report



Upon completion of each Component, the Borrower, through the PIU, shall submit a completion report (hereinafter, a "**Completion Report**") in form and substance identical to the Progress Report.

Appendix 4 hereto provides templates specifying for each Component the minimum information required by the CEB. Alternative formats containing the same information may also be used.

## **6.2 Visits**

The Borrower undertakes to favourably receive any monitoring/technical/evaluation visits, including by facilitating access to relevant sites for both Components, carried out by the CEB's staff members or designated third parties.

## **6.3 Audit**

Should the Borrower fail to comply with any of its undertakings under the Agreement, the Borrower undertakes to favourably receive any on-site audit, carried out by the CEB's staff members or designated third parties, which shall be at the Borrower's expense.

## **6.4 Project Information**

The Borrower shall keep accounting records concerning the Project, which shall be in conformity with international standards, showing, at any point in time, the Project's state of progress, and which shall record all operations made and identify the assets and services partially financed with the Loan.

The Borrower shall deliver to the CEB in a timely manner any information or document concerning the financing or the implementation (including in particular environmental and procurement issues) of the Project as the CEB may reasonably require.

The Borrower shall inform the CEB immediately of any event that may have a material adverse impact on the implementation of the Project, including but not limited to:

- (i) any action or protest initiated or any objection raised by any third party or any genuine complaint received by the Borrower or any material litigation that is commenced or threatened against it with regard to procurement or environmental or other matters affecting the project; and
- (ii) any enactment of or any amendment to any law, rule or regulation (or in the application or official interpretation of any law, rule or regulation).

Any event that may have a material adverse impact on the implementation of the Project would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## **6.5 Borrower Information**

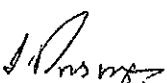
### **(a) Information Reporting**

The Borrower shall deliver information, in a form and substance satisfactory to the CEB, on its general financial situation as the CEB may reasonably require from time to time.

The Borrower shall inform the CEB immediately of any Material Adverse Change. Any Material Adverse Change would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

### **(b) Cross-Default**

The fact that, following any default in relation thereto, the Borrower is required or is capable of being required or will, following expiry of any applicable contractual grace period, be required or be



261

capable of being required to prepay, repay or terminate ahead of maturity any Debt Instrument or any commitment in connection with a Debt Instrument is cancelled or suspended, would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## **7. PARI PASSU**

Failure to comply with the provisions set forth below under Clause 7 would constitute an event in the terms of Article 3.3(h) of the Loan Regulations and may give rise to the early reimbursement, suspension or cancellation of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

### **7.1 Ranking**

The Borrower shall ensure that its payment obligations under this Agreement rank, and will rank, not less than *pari passu* in right of payment with all other present and future unsecured and unsubordinated obligations under its Debt Instruments.

In particular, the Borrower shall not make (or authorise) any payment in respect of any other such Debt Instrument (whether regularly scheduled or otherwise) if:

- (i) the CEB makes a demand of early reimbursement under Article 3.3 of the Loan Regulations; or
- (ii) an event or potential event of default under any unsecured and unsubordinated Debt Instrument of the Borrower or any of its agencies or instrumentalities has occurred and is continuing.

However, payment in respect of such Debt Instrument is possible if the Borrower:

- (i) simultaneously pays; or
- (ii) sets aside in a designated account for payment on the next Interest Payment Date

a sum equal to the same proportion of the principal outstanding under this Agreement as the proportion that the payment under such Debt Instrument bears to the total debt outstanding under that instrument.

For this purpose, any payment of a Debt Instrument that is made out of the proceeds of the issue of another instrument, to which substantially the same persons as hold claims under the Debt Instrument have subscribed, shall be disregarded.

### **7.2 Security**

Should a Security be granted for the performance of any Borrower's Debt Instrument, the Borrower shall timely inform the CEB of its intentions and shall, if so required by the CEB, provide to the CEB, within the deadline set forth in CEB's notice, identical or equivalent Security for the performance of its financial obligations under this Agreement.

This provision shall not apply to a Security:

- (a) created on property at the time of purchase solely as security for the payment of the purchase price or for the payment of debt incurred for the purpose of financing the purchase of such property;
- (b) securing a Debt Instrument maturing not more than one (1) year after the date on which it is originally incurred; or



- (c) previously approved by the CEB.

### 7.3 Clause by Inclusion

Should any Borrower's Debt Instrument include clauses regarding a loss-of-rating, financial ratios or *pari passu* that are stricter than any equivalent provision of this Agreement, the Borrower shall so inform the CEB and shall, at the request of the CEB by means of a written notice, execute within the period indicated in the CEB's notice, an amendment to this Agreement to provide an equivalent provision in favour of the CEB.

### 7.4 Prepayment to Third Parties

Should the Borrower prepay in whole or in part, voluntarily or otherwise, any Debt Instrument, the Borrower shall so inform the CEB.

In such an event, and upon CEB's request, the Borrower shall reimburse, without any Early Reimbursement Cost, to the CEB the amounts disbursed under the Loan in accordance with Sub-clause 4.7 in such proportion as the prepaid amount bears to the corresponding Debt Instrument. The aforementioned does not concern prepayments to revolving credit facilities which remain open for drawing on the same terms after such prepayment.

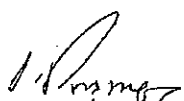
For the purposes of the Agreement, "Prepayment" or "prepay" means a repayment in advance of maturity.

## 8. REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants that:

- (a) its competent bodies have authorised it to enter into the Agreement and have given the signatory(ies) the authorisation therefor, in accordance with the laws, decrees, regulations, articles of association and other texts applicable to it;
- (b) no member of its management bodies is a Sanctioned Person or is the subject of a final and irrevocable court ruling in connection with Prohibited Practices perpetrated in the exercise of its professional duties;
- (c) the execution and delivery of, the performance of its obligations under and compliance with the provisions of this Agreement do not:
  - (i) contravene or conflict with any applicable law, statute, rule or regulation, or any judgement, decree or permit to which it is subject;
  - (ii) contravene or conflict with any agreement or other Debt Instrument binding upon it which might reasonably be expected to give rise to a Material Adverse Change;
- (d) no event or circumstance is outstanding that constitutes a default under any other agreement or Debt Instrument, which is binding on it or to which its assets are subject, which might reasonably be expected to give rise to a Material Adverse Change;
- (e) no Security has been granted to a third party in breach of Sub-clause 7.2;
- (f) no litigation, arbitration or administrative proceedings of or before any court, arbitral tribunal or agency which might reasonably be expected to give rise to a Material Adverse Change have (to the best of its knowledge and belief) been started or threatened against it;
- (g) it has received a copy of the Loan Regulations, the Loan Policy, the Environmental and Social Safeguards Policy and the Procurement Guidelines and has taken note thereof.

The above representations and warranties are deemed repeated on the date of signature of each Disbursement Request. Any change in relation to the above representations and warranties must, for the entire Loan period, be notified and any supporting documents provided to the CEB immediately.



If any of the above representations and warranties is or proves to have been incorrect or misleading in any respect, this would constitute an event in the terms of Article 3.3 (h) of the Loan Regulations and may give rise to the suspension, cancellation or early reimbursement of the Loan under the terms of Articles 3.3 (*Early reimbursement of disbursed loans*), 3.5 (*Suspension by the Bank of undisbursed loans*) and 3.6 (*Cancellation by the Bank of undisbursed loans*) of the Loan Regulations.

## **9. THIRD PARTIES**

The Borrower may not raise any fact relating, within the scope of the use of the Loan, to its relations with third parties in order to avoid fulfilling, either totally or partially, the obligations resulting from the Agreement.

The CEB may not be involved in disputes which might arise between the Borrower and third parties and the costs, whatever their nature, incurred by the CEB due to any claims, and in particular all legal or court costs, shall be at the expense of the Borrower.

## **10. NON-WAIVER**

In no case, including delay or partial exercise, shall it be presumed that the CEB has tacitly waived any right granted to it by the Agreement.

## **11. ASSIGNMENT**

The Borrower may not assign or transfer any of its rights or obligations under the Agreement without the prior written consent of the CEB.

The CEB may assign all or part of its rights and benefits or transfer all or part of its rights, benefits and obligations under the Agreement.

## **12. GOVERNING LAW**

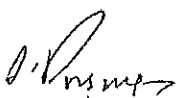
The Agreement shall be governed by the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and, secondarily, if necessary, by French law.

## **13. DISPUTES**

Disputes between the parties to the Agreement shall be subject to arbitration under the conditions laid down in Chapter 4 of the Loan Regulations.

The Parties agree not to take advantage of any privilege, immunity or legislation before any jurisdictional or other authority, whether domestic or international, in order to object to the enforcement of an award handed down under the conditions laid down in Chapter 4 of the Loan Regulations.

In any legal action arising from this Agreement, the CEB's certificate as to any amount due or interest rate applicable under the Agreement shall, in the absence of manifest error, be prima facie evidence of such amount or interest rate.



## 14. NOTICES

Any notice (including any document or communication) to be given or made under or in connection with this Agreement to the CEB or the Borrower shall be in writing and unless otherwise stated, may be made by registered letter, electronic mail or facsimile. Such notice shall be deemed to have been received by the other Party:

- (i) in the case of a hand-delivered or registered letter, on the date of delivery;
- (ii) in the case of electronic mail, only when actually received in readable form and only if it is addressed in such a manner as the other Party shall specify for this purpose;
- (iii) in the case of electronic mail, which contains a Disbursement Notice, sent by the CEB to the Borrower, when the electronic mail is sent; and
- (iv) in the case of a facsimile, on receipt of transmission.

Any notice provided by the Borrower to the CEB by electronic mail shall:

- (i) mention the LD reference in the subject line; and
- (ii) be in the form of a non-editable electronic image (pdf, tif or any other common non editable file format agreed between the Parties) of the notice signed by the person or persons duly authorised to sign such notice on behalf of the Borrower, attached to the electronic mail.

Without affecting the validity of notices by electronic mail or facsimile made in accordance with this Clause, the following notices shall also be sent by registered letter to the other Party at the latest on the immediately following Business Day:

- (i) Disbursement Requests;
- (ii) any communications in respect of the suspension, cancellation and/or early reimbursement of the Loan or in respect of a Prepayment Notice; and
- (iii) any other communication required by the CEB.

The Parties agree that any above notice (including via electronic mail) is an accepted form of communication, shall constitute admissible evidence in court and shall have the same evidential value as an agreement under hand.

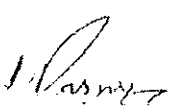
The postal address, fax number and electronic mail address (and the department or officer, if any, for whose attention the communication is to be made) of each Party for any communication to be given or made under or in connection with this Agreement is:

### For the Borrower

Ministry of Finance  
7, Constantin Tanase Street  
MD 2005, Chisinau  
Republic of Moldova  
Attention: Minister of Finance  
Fax: +373 22 262517  
E-mail: [cancelaria@mf.gov.md](mailto:cancelaria@mf.gov.md)

### For the CEB:

Council of Europe Development Bank  
55 Avenue Kléber  
75116 Paris  
France  
Attention: Head of Projects Division



Fax: + 33 1 47 55 37 52  
E-mail: [projects@coebank.org](mailto:projects@coebank.org)

The CEB and the Borrower shall promptly notify the other Party in writing of any change in their respective communication details.

All notices to be given or made under or in connection with the Agreement shall be in English or French or, if in another language, shall be accompanied by an English or French certified translation thereof, when so required by the CEB.

All notices to be given or made by the Borrower under or in connection with this Agreement shall, where required by the CEB, be delivered to the CEB together with satisfactory evidence of the authority of the person or persons authorised to sign such notice on behalf of the Borrower and the authenticated specimen signature of such person or persons.

## 15. TAXES AND EXPENSES

The Borrower shall pay, to the extent applicable, all taxes, duties, fees and other impositions of whatsoever nature, including stamp duty and registration fees, arising out of the execution, registration or implementation of the Agreement or any related document as well as of the creation, perfection, registration or enforcement of any Security required under the Agreement.

The Borrower shall bear all charges and expenses (including legal, professional, banking or exchange costs) incurred in connection with (i) the preparation, execution, perfection, implementation and termination of this Agreement or any related document; (ii) any amendment, supplement or waiver in respect of this Agreement or any related document; and (iii) the preparation, execution, perfection, management and enforcement of any Security required under the Loan.

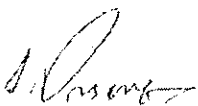
Notwithstanding the above, Article 4.7 (*Cost of arbitration*) of the Loan Regulations shall apply regarding the costs of the arbitration set forth under Clause 13.

## 16. DISCHARGE

After repayment of all outstanding principal under the Loan as well as payment of all interests and other expenses resulting from the Agreement, including in particular those amounts under Sub-clause 4.9 and Clause 15, the Borrower shall be fully released from its obligations towards the CEB, with the exception of those set out in Clause 6 above for the purposes of a possible evaluation of the Project, which shall not take place later than four (4) years following the repayment of all outstanding principal under the Loan.

## 17. ENTRY INTO FORCE

Once duly executed by the Parties hereto, the Agreement shall enter into force on the date on which the CEB receives a notification confirming the completion by the Republic of Moldova of the internal procedures necessary for its entry into force. The CEB shall inform the Government of the Republic of Moldova of the date of the receipt of such notification.



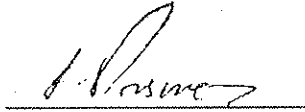
IN WITNESS THEREOF the Parties have caused the Agreement to be executed in two (2) originals, each of which is equally valid, and have caused the signatories specified below to initial each page of this Agreement on their behalf. One (1) original is kept by each of the Parties.

Chisinau, on 29.07. 2020

Paris, on 16.07. 2020

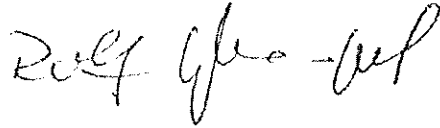
For the Borrower

For the CEB



Minister of Finance

*Sergei PUSCUTA*



The Governor

ROLF WENZEL

## APPENDIX 1

### Project Description

I.	<b>ID</b>	2060 (2020)
	<b>Borrower</b>	Republic of Moldova
	<b>Loan Type</b>	Public Sector Financing Facility (PFF)
	<b>Loan Amount</b>	EUR 70,000,000
	<b>Approval by CEB Administrative Council (AC)</b>	12 May 2020
II.	<b>Sectors of action</b>	"Health" and "Supporting MSMEs for the creation and preservation of viable jobs" ("MSMEs")
	<b>Objectives</b>	To support the Government of Moldova in its efforts to: 1) provide medical services to those affected by COVID-19; and, 2) to alleviate the impact of the COVID-19 crisis on the MSMEs.
	<b>Planned Works/ Sub-projects</b>	<p>The Project will partially finance the Government's COVID-19 crisis-related expenditures through two components.</p> <p><u>Health Component</u> will cover expenditures foreseen in the Needs Assessment conducted by the Ministry of Health, Labour and Social Protection (MoHLSP) jointly with the World Health Organisation. The document categorises COVID-19 measures in seven pillars. CEB is expected to co-finance mainly the measures under pillar 7, comprising hospital needs in terms of drugs, equipment, accessories and consumables, waste management, vehicles, burden incentives for the doctors and nurses and psychological support to different groups of population; and under pillar 6, comprising training activities on infection prevention and control (IPC) including water, sanitation and hygiene (WASH) and clinical management of the COVID-19 for public health professionals, and the monitoring of IPC and WASH implementation. Measures related to pillar 7 may include adaptation works for available spaces as necessary for COVID-19, and adjustments of premises for accommodation of newly acquired equipment. Measures under pillar 5, comprising the needs of national laboratories related to COVID-19 may be co-financed if initially purchased stocks prove insufficient. Additional COVID-related eligible expenditures may be covered, as such expenditures may get introduced in the Needs Assessment during its periodic updates.</p> <p><u>MSMEs Component</u> will provide co-financing for the working capital and investment needs of MSMEs affected by the crisis. The Office for External Assistance Programmes Management (OEAPM) will periodically screen against a set of established criteria the eligibility of local banks and micro-finance institutions to participate under this Component as intermediaries and the OEAPM Board will approve their eligibility. Participating financing intermediaries (PFIs) would submit to OEAPM the financing requests coming from their eligible MSME clients. OEAPM will verify eligibility of MSMEs and their Sub-projects against the conditions set under this Component and will on-lend to the PFIs the corresponding amounts for eligible Sub-projects. PFIs will further on-lend them to the Final Borrowers.</p> <p>The operational costs such as remuneration expenditures incurred by the OEAPM are eligible for financing under the FLA, as acceptable to the MoF.</p> <p>For both Components, CEB Loan proceeds will be disbursed, at the Ministry of Finance's (MoF) request, in EUR, to the OEAPM's account.</p>
	<b>Components Management</b>	<u>Health Component</u> will be implemented under the general supervision of the MoHLSP, based on operational procedures acceptable for the MoF and countersigned by the MoHLSP. The day-to-day coordination of the component activities, the monitoring and preparation of consolidated reports on the entire Health Component will be performed by the OEAPM, adequately staffed, operating under the MoF. If necessary, additional

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	<p>temporary expertise, as e.g. coordinator or procurement specialist, may be engaged to strengthen OEAPM's capacity for the implementation of this Component.</p> <p>MoHLSP will provide OEAPM with relevant reports and inputs to progress reports required by OEAPM/MoF and in line with CEB reporting requirements/templates. During the state of emergency/emergency in public health, public procurement of goods, works and services will follow special procedures allowed under the Republic of Moldova procurement legislation. OEAPM will carry out the public procurements with the relevant input from the MoHLSP. A transparent mechanism will be established for eligibility and allocation of burden incentives.</p> <p><u>MSMEs Component</u> will be implemented under the general supervision of the MoF. OEAPM, operating under the MoF, adequately staffed, will carry out the day-to-day management of the Component.</p> <p>At the time of Project appraisal, the Credit Lines Directorate (CLD), the predecessor of OEAPM was responsible for: i) evaluation and selection of PFIs and the continuous monitoring of their financial performance and their right to intermediate; ii) elaboration of regulations and operational procedures on the use of credit lines; iii) management of credit lines and providing intermediaries access to its resources for further on-lending; iv) monitoring compliance with the contractual terms by PFIs; and, v) evaluation and approval of sub-project proposals submitted by PFIs. CLD's mandate was enlarged by the Government Decision 338 on 03.06.20 to become OEAPM.</p> <p>On-lending is done through eligible PFIs, which assume all credit risks and conduct on-lending operations. OEAPM is selecting eligible PFIs among the following eleven banks and four MFIs: BC" MOLDOVA - AGROINDBANK" S.A., B.C."VICTORIABANK" S.A., BC" Moldindconbank" S.A., Mobiasbanca - OTP Group S.A., BCR Chişinău S.A., "FinComBank" S.A., B.C."ENERGBANK" S.A., B.C."COMERTBANK" S.A., BC" EuroCreditBank" S.A., B.C."ProCredit Bank" S.A., BC" Eximbank" S.A., Microinvest, AEI Grimancauti, Moldcredit, and Corporatia de Finantare Rurala. MoF and OEAPM will sign with each eligible PFI Onlending agreements.</p>
<b>Location</b>	Throughout the Republic of Moldova
<b>Final Beneficiaries</b>	Under the Health Component, Final Beneficiaries will be Moldovan population in general, and in particular persons infected by COVID-19, as well as medical staff exposed to the virus. Under the MSMEs Component, Final Beneficiaries will be the crisis-struck MSMEs and their employees.
<b>Project Total Cost</b>	EUR 78,000,000, of which EUR 45,000,000 under the Health Component and EUR 33,000,000 under the MSMEs Component
<b>Financing Plan</b>	EUR 40,000,000 are earmarked to the Health Component, and EUR 30,000,000 to the MSMEs Component. After implementation of all necessary measures within a Component, residual resources, if any, may be reallocated to the other component. CEB participation will be of maximum 90% of the amount earmarked for each Component. Under the Health component, the Government will co-finance the remaining expenditures with financing from other development partners; and under the MSMEs component, the Government's contribution will come from OEAPM's revolving sources from similar MSMEs projects funded by other international financiers.
<b>Eligible Budgetary Years</b>	Budgetary period 2020-2022
<b>Closing Date</b>	30 June 2022

III. <b>Eligibility Criteria</b>	<p><u>Health Component</u></p> <p>CEB can finance projects concerning health, social care and related infrastructure such as: (a) construction and/or rehabilitation of: public or private hospitals, public or private medical service infrastructure, specialised centres in assisting vulnerable and dependent populations; nursing homes for the elderly and welfare centres, including housing for the aged who are still independent; research and development facilities; (b) supply and installation of medical equipment, non-medical equipment and furniture; (c) adaptation</p>
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of such premises in order to facilitate their access to persons with reduced mobility; (d) acquisition of health management and related material and equipment; this may involve outright purchase, or the lease or other forms of long-term hire of such equipment; (e) home-based care and support programmes; (f) health related research and development programmes; (g) training and support programmes in favour of disabled groups; (h) training for specialised staff in the health and social care sectors. Within the framework of health projects, financing can also be granted for basic infrastructure such as water supply and wastewater systems and facilities, solid waste collection and treatment facilities including hazardous waste, electricity and gas supply systems, IT infrastructure and communications facilities (i.e. telephone, internet, cable etc.). Private establishments and infrastructure must be state-approved (in compliance with the criteria fixed by the state for this type of establishment).

#### MSMEs Component

CEB can provide financing with the purpose of promoting the creation and preservation of viable permanent and/or seasonal jobs by facilitating access to credit. Such loans can finance fixed productive investments, including through leasing, or working capital requirements as deemed eligible by CEB. They are aimed at micro, small and medium-sized enterprises (MSMEs), including those exercising craftsmanship/artisan activities or small family-owned enterprises engaged in regular economic activity. To reach MSMEs effectively for the purpose of supporting job creation, CEB can support selected licensed financial intermediaries (FIs) such as commercial banks, specialized financial intermediaries (e.g. public development banks) or non-bank financial intermediaries such as leasing companies and microfinance institutions (MFIs). This support may either be in the form of direct lending through an FI or through on-lending via an apex structure. Reflecting its social mandate, CEB prioritizes for its support the smaller MSMEs and those with limited, less favourable, or even no access to credit. This includes in particular start-ups and enterprises owned by women, by minorities and by vulnerable groups. CEB gives priority to those initiatives in this sector that are supported by member state governments. CEB supported intermediaries will need to demonstrate upfront a clear commitment and ability to on-lend to the target MSMEs on a commercially sound and economically sustainable basis.

CEB uses the same definition of MSMEs as the European Union (EU Commission Recommendation 2003/361/EC), which may be updated from time to time. Extract of Article 2 of the Annex of Recommendation 2003/361/EC: "The category of micro, small and medium-sized enterprises (MSMEs) is made up of enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro." To be eligible to CEB funding, SMEs have to be "autonomous enterprises" within the meaning of the Recommendation, i.e. either completely independent or less than 25% stake held by a non-SME company. CEB provides Programme Loans to Microfinance Institutions (MFIs) with the objectives of contributing to the financial inclusion of the vulnerable populations, including rural community, women, migrants and ethnic minorities, tackling regional disparities and gender imbalances. MFIs can channel the CEB loan in the form of: business loans for investment and working capital financing needs of startups and existing businesses; and non-business loans such as house improvement loans and small-scale energy efficiency investment loans of private households as well as emergency loans to meet education and health related expenses. CEB does not finance personal consumer loans.

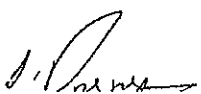
CEB financing will be limited to Sub-projects with total costs not exceeding EUR 2,000,000.

For investment Sub-projects, CEB financing to Final Borrowers through Sub-loans will be limited to EUR 600,000 per Sub-project.

The Final Beneficiary may apply for several sub-loans financed by CEB in the frames of different investment sub-projects, or in the frame of the same investment project, in the



	<p>limit of EUR 600,000 per sub-project.</p> <p>To be eligible for CEB financing, the Sub-loans with Final Borrowers should have been signed/eligible investment expenditures of the Final Borrowers should have been incurred no earlier than 1 January 2020.</p> <p>In view of reaching out to the most vulnerable, a portion of the CEB financing, amounting to EUR 500,000, will be reserved for micro enterprises through MFIs during a period of 12 months from the first disbursement; any unused part of this portion will be made available to all PFIs at the end of this period.</p> <p>Working capital funding aims to provide a stable growth base for well-managed firms and encourage intermediating FIs to develop longer term financing relationship with MSMEs, including for the recurrent needs required to cover day to day business expenses and ensure uninterrupted operations, independently of IFI financing arrangements.</p> <p>CEB financing for Working capital will be limited to EUR 300,000 per beneficiary MSME.</p> <p>For small (from 10 to 49 employees) and medium sized enterprises (from 50 to 249 employees), CEB Loan Tranches/Sub-tranches disbursed until 12 November 2021 for this Component may be allocated up to 100% for Working capital financing; after this period, CEB share of financing for working capital will be limited to 50% of CEB disbursements under this Component.</p> <p>For micro enterprises (less than 10 employees), all Working capital needs can be financed, as long as the financial intermediary establishes that the end-borrower is well managed, has a sound financing plan and demonstrates good management and current account cash flow. This approach aims to give financial intermediaries the necessary flexibility to support sound micro firms' growth. Irrespective of MSME categorization, in order to ensure that permanent MSME working capital requirements are covered by stable funding, minimum maturity eligibility requirements of at least 12 months are applicable to the financial intermediaries' lending instruments. Where appropriate, consideration shall be given to the disbursement of Sub-tranches dedicated to Working capital financing.</p> <p>Investments related to renewable energy, education (schools/universities) and health (hospitals/clinics) sectors should not be financed under CEB's "Supporting MSMEs" sector of action, but under the related sectors (i.e. "Managing the environment," "Health" or "Education and professional training"). Smaller scale subprojects related to health and education (e.g. privately owned dental/medical practices, childcare/kindergarten or elderly care facilities) may be financed under the "MSMEs" sector of action provided that the beneficiaries comply with the above-referred MSME definition.</p> <p>PFIs selected by the OEAPM must meet the criteria of existence and efficiency of programmes that set minimum Anti-Money Laundering (AML), Counter-Terrorism Financing (CTF) and Sanctions standards, as well as minimum Anti-Bribery and Anti-Corruption standards. The criteria for selection of PFIs will include at least the following:</p> <ul style="list-style-type: none"> <li>(i) Be in continuous operation for a minimum of two years since the date of issue of the license;</li> <li>(ii) Have an ownership structure consistent with "fit and proper" requirements, and have qualified and experienced management, adequate organization and institutional capacity for its specific risk profile, as provided by Moldovan banking legislation (Law on NBM No.548-XIII dated 21.07.1995, Law on financial institutions No.550-XIII dated 21.07.1995, other laws, NBM approved regulations, decisions, instructions, and modifications thereto) and as determined by the NBM on-going supervision and/or by other relevant supervision authority;</li> <li>(iii) Not being placed under special supervision or other kind of special administration of NBM and/or by other relevant supervision authority;</li> </ul>
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	<ul style="list-style-type: none"> <li>(iv) Have well defined written policies and procedures for management of all types of financial risks (liquidity, credit, currency, operational, interest rate and market risk, as well as risks associated with balance sheet and profit and loss statement structures);</li> <li>(v) Be in compliance with any applicable laws, any and all mandatory norms established by NBM for commercial banks and be in "good standing" with NBM, i.e. in compliance with the minimum capital requirements, liquidity and other prudential ratios established by the NBM (<a href="http://www.bnm.md/en/regulations_surveillance">www.bnm.md/en/regulations_surveillance</a>), maintain at all times the required risk-based <i>capital adequacy ratio</i> and remain in compliance for the duration of the PFI Subsidiary Financing Agreement;</li> <li>(vi) Have set of policies and rules that that set minimum Anti Money Laundering and Counter Terrorist Financing standards;</li> <li>(vii) Have set of policies and rules that that set minimum of relevant Sanctions standards;</li> <li>(viii) Have policies, procedures and monitoring processes for the identification and reporting of suspicious activity and transactions; Identify and documents the identification of its customers receiving sub-loans from the CEB financing;</li> <li>(ix) Other eligibility criteria established by the Government of Moldova, including for nonbanking credit institutions.</li> </ul>
<p><b>Eligible Costs</b></p>	<p>The PFF covers budgetary expenditures related to COVID-19 outbreak and impact. The Project costs will cover any related goods and services to respond to the COVID-19 Preparedness, Emergency and Early Recovery activities.</p> <p>Eligible costs may include:</p> <ul style="list-style-type: none"> <li>i. The cost of surveys or studies (technical, economic or commercial, engineering) as well as the cost of technical supervision of the project. These costs should not exceed 5% of the total cost of the Project, unless justified;</li> <li>ii. The cost of acquiring land directly linked to a project, at its purchase price, unless it has been donated or granted;</li> <li>iii. Preparation of the land;</li> <li>iv. Construction/renovation/modernization or purchase of buildings directly linked to a project;</li> <li>v. The installation of basic infrastructure such as sewerage, water supply, electricity and telecommunications networks, waste disposal and waste water treatment, roads, etc.;</li> <li>vi. The purchase of materials, equipment and machinery, as well as the related costs linked to the training of staff.</li> <li>vii. Contingencies for unanticipated costs (technical and/or price increases) can be financed by CEB. These represent financial coverage in respect of possible changes in the quantity of work required, or of unit prices, in the type and quantity of equipment to be purchased or in the method of carrying out the project.</li> <li>viii. Costs related to professional/vocational training and public awareness-raising campaigns may be eligible for CEB financing taking into account their objectives within the framework of the Project.</li> <li>ix. Financial costs or investments (payment of debts, refinancing, interest charges, acquisition of interest in the capital of an enterprise, etc.) cannot be included in the estimated costs of the Project and cannot be financed by the CEB.</li> <li>x. Non-deductible and non-refundable VAT and other tax-related costs non-deductible and non-refundable can be considered as eligible costs.</li> </ul> <p>Eligible expenditures under the PFF usually exclude personnel costs (wages/salaries and other related benefits such as pension payments), however, under the Health Component, burden incentives for the existing staff involved, and gross salaries for additional staff recruited for COVID-19 purposes, will be eligible, taking into account the</p>

	exceptional context.
<b>Specific Conditions</b>	<p><u>Procurement</u></p> <p>Under the state of emergency/ emergency in public health situation, public procurement of materials and services financed by the PFF will follow special procedures allowed under the R. of Moldova procurement legislation.</p> <p>The Borrower shall inform promptly CEB about the duration of the emergency situation and time during which special public procurement procedures are applicable.</p> <p>For the parts of the PFF which may be procured according to special procedures, the Borrower shall submit lists of contracts related to budget lines that have been financed by the PFF. CEB reserves the right, in accordance with Clauses 5.5 and 6.4, to carry out post reviews on a sample of contracts.</p> <p><u>Environmental and Social Safeguards</u></p> <p>The Borrower shall ensure that the following principles are applied, when pertinent, in connection with investments financed out of the Loan proceeds:</p> <ul style="list-style-type: none"> <li>• Protection protocols for health personnel are in place and information, as well as protective equipment, are available for the implementation of such protocols for all personnel.</li> <li>• Newly recruited staff, as well as all staff mobilised for the emergency outbreak, have been trained on operational health and safety procedures and specific procedures related to COVID-19. Training shall be documented.</li> <li>• A medical waste management plan and related documentation is in place in all health centers, as well as in new repurposed areas, and sound management continued during the emergency situation.</li> <li>• Any area repurposed for treatment of COVID-19 infected patients reaches the highest possible standard of health attainable in such an emergency situation.</li> <li>• Quarantine and isolation areas are operated in accordance with applicable laws and Clause 5.7.</li> </ul> <p>In accordance with Clause 6.4, the Borrower shall deliver to the CEB any information or document requested with regards to the compliance with the above measures.</p> <p>If new constructions (even of temporary nature) were to be financed, the Borrower shall provide the CEB as soon as possible, for its review, information about the type and scope of construction activities and the associated environmental and social risks and proposed management strategy to be put in place.</p>

<b>IV. Social impact</b>	<p>Measures undertaken to contain and mitigate the spread and infection rate of the coronavirus and medical equipment procured for this purpose will strengthen the health care system, thus serving the affected population and medical staff during COVID-19 crisis and remaining in use for preparedness and response after the crisis.</p> <p>The support for MSMEs is expected to help them cope with the negative impact of the lockdown on their activities, thus preserving the jobs of their employees, resuming/continuing their activities after the crisis, and contributing to the recovery of the country's weakened economy.</p>
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**APPENDIX 2**  
**Form of Legal Opinion**

Council of Europe Development Bank  
55, avenue Kléber  
F-75116 Paris

Attn: Projects Department  
Cc: Office of the General Counsel

[INSERT DATE]

Re: Framework Loan Agreement between the Council of Europe Development Bank and the Republic of Moldova

Dear Sir or Madam,

I, [●], in my condition of [INSERT TITLE (e.g., Minister of Justice, Head of Legal Services)], have acted as legal advisor as to matters of [INSERT JURISDICTION] law to [●] (the “Borrower”) in relation to the Framework Loan Agreement between the Council of Europe Development Bank (the “CEB”) and the Borrower dated [●] and effective as of [●] (the “Agreement”) and deliver this opinion pursuant to Article [●] of the Agreement.

For the purposes of this opinion, we have examined an original copy of the Agreement and such other documents, acts or treaties as we have considered necessary or desirable to examine in order to give this opinion.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Based on the foregoing, I am of the opinion that:

1. **Capacity, power and authority.** The Borrower has the legal capacity, power and authority to enter into the Agreement and perform its obligations thereunder.
2. **Internal authorisations.** All action required from the Borrower for the execution, delivery and performance of the Agreement, including any required authorisation from its competent bodies, has been duly and effectively taken. In particular, no further action is required from the Borrower, apart from execution by a duly empowered representative of the Borrower, in order to issue a Disbursement Request under the Agreement.
3. **Due execution and validity.** The Agreement was duly executed by [INSERT NAME OF THE SIGNATORY]] as duly empowered representative(s) of the Borrower and gives rise to legally valid, binding and enforceable undertakings for the Borrower.
4. **External authorisations, public consents and filings.** No authorisations, consents, licences, exemptions, filings, notarisations or registrations are required in [INSERT JURISDICTION] in connection with the execution, delivery or performance of the Agreement in order to give




rise to legally valid, binding and enforceable undertakings for the Borrower and for the Agreement to be admissible in evidence in [INSERT JURISDICTION].

5. **Tax/Stamp duties.** The execution of the Agreement is not subject to any tax or stamp duties in [INSERT JURISDICTION].
6. **Choice of law.** The submission by the Borrower to the rules of the CEB as specified in the provisions of Article 1, paragraph 3, of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949) and secondarily to the laws of the France is legally valid and binding on the Borrower under the laws of [INSERT JURISDICTION].
7. **Arbitration.** The submission by the Borrower to the Arbitral Tribunal set forth under Chapter 4 of the CEB's Loan Regulations with respect to any dispute arising out of the Agreement is legally valid and binding on the Borrower. Any award of such Arbitral Tribunal is enforceable in [INSERT JURISDICTION] in accordance with the terms of Article 3 of the Third Protocol (dated 6 March 1959) to the General Agreement on Privileges and Immunities of the Council of Europe (dated 2 September 1949).

Yours faithfully,

[●]

[INSERT NAME AND TITLE]



**APPENDIX 3**

**DISBURSEMENT REQUEST (TEMPLATE)**

LD [●] – [●] Tranche

With reference the Framework Loan Agreement dated [●] (hereinafter, the “**Agreement**”) between the Council of Europe Development Bank (hereinafter, the CEB) and the Republic of Moldova, hereinafter, the “**Borrower**”), the Borrower hereby requests the CEB, in accordance with Sub-clause 4.3(a) of the Agreement, to proceed with the disbursement of a Tranche under the specific terms and conditions set out below.

Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Currency/Amount <sup>1</sup>	[●]		
Disbursement Date	[●]		
Principal Repayment Period	[●] years [including a grace period of [●] years]		
Principal Repayment Date(s)	[●]		
Maturity Date	[●]		
Interest Rate	Fixed	Maximum [●] <i>per annum</i>	
	Floating	Reference Rate:	[[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] <i>per annum</i>
		Spread	Maximum [●] basis points
Interest Period	[Quarterly] [Semi-annually] in arrears		
Interest Payment Dates	The interest payment will take place on [●] every year and for the first time on [●]		
Day Count Convention	Modified Following Business Day Convention		
Business Day	[●]		
Borrower's Account	Beneficiary's Name	[●]	
	Beneficiary's Bank	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]
		Reference	[●]
	Correspondent Bank (if applicable)	Name	[●]
		City	[●]
		SWIFT	[●]
		IBAN	[●]

[●], on [●].

For the Borrower

[INSERT NAME(S)/TITLE(S)]

<sup>1</sup> [In case of Sub-Tranches, a separate table shall indicate the Amount, Principal Repayment Period, Principal Repayment Date(s), Interest Rate, Interest Period, Interest Payment Dates for each Sub-Tranche.]

RW

**DISBURSEMENT NOTICE (TEMPLATE)**

LD [●] – [●] Tranche, [●] Sub-tranche

In response to your Loan Disbursement Request dated [●] with reference the Framework Loan Agreement dated [●] (hereinafter, the "Agreement") between the Council of Europe Development Bank (hereinafter, the CEB) and the Republic of Moldova (hereinafter, the "Borrower"), the CEB hereby notifies to the Borrower, in accordance with Sub-clause 4.3(b) of the Agreement, the terms and conditions of the disbursement of the relevant Tranche.

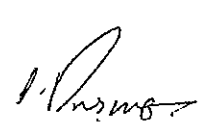
Terms defined in the Agreement shall have the same meaning herein, unless otherwise specified.

Currency/Amount <sup>2</sup>	[●]			
Disbursement Date	[●]			
Principal Repayment Period	[●] years [including a grace period of [●] years]			
Principal Repayment Date(s)	[●]			
Maturity Date	[●]			
Interest Rate	Fixed	[●] per annum		
	Floating	Reference Rate:	[[●]-month EURIBOR/INSERT ANY OTHER REFERENCE RATE] per annum	
		Spread	[●] basis points	
Interest Period	[Quarterly] [Semi-annually] in arrears			
Interest Payment Dates	The interest payment will take place on [●] every year and for the first time on [●]			
Day Count Convention	Modified Following Business Day Convention			
Business Day	[●]			
Borrower's Account	Beneficiary's Name	[●]		
	Beneficiary's Bank	Name	[●]	
		City	[●]	
		SWIFT	[●]	
		IBAN	[●]	
		Reference	[●]	
	Correspondent Bank (if applicable)	Name	[●]	
		City	[●]	
		SWIFT	[●]	
		IBAN	[●]	
CEB's account	Beneficiary's Name	Council of Europe Development Bank		
	Beneficiary's SWIFT	CEFPFRPP		
	Beneficiary's Bank	Name	Deutsche Bank	
		City	Frankfurt (Germany)	
		SWIFT	DEUTDEFF	
		IBAN	DE44 5007 0010 0928 7384 00	

Paris, on [●]

For the CEB  
[INSERT NAME(S)/TITLE(S)]

<sup>2</sup> [In case of Sub-Tranches, a separate table shall indicate the Amount, Principal Repayment Period, Principal Repayment Date(s), Interest Rate, Interest Period, Interest Payment Dates for each Sub-Tranche.]






*[Handwritten signature]*

**PROGRESS REPORT - INDICATORS, HEALTH COMPONENT**

Reporting cut-off date: .....

Project ref: LD 2060 (2020), COVID-19 Emergency Response and MSMEs Support

Borrower: Republic of Moldova

Sector/Impact/Outcomes	Unit	Quantity
Medical equipment and / or consumables provided (list the equipment provided by type)	Test kits	Number
	Laboratory Reagents (by type)	Number
	Gloves	Number
	Regular masks	Number
	Masks type FFP2 or FFP3	Number
	Eye protection (googles)	Number
	Body protection	Number
	patient Monitors	Number
	Other (please specify)	Number
		Number
Number of health workers benefiting from incentives	Number	
Number of hospital waste disposal containers provided	Number	

*726*

MSMEs Component

PROGRESS REPORT - IDENTIFICATION OF ELIGIBLE INDIVIDUAL SUB-PROJECTS, MSMEs COMPONENT

Country: Moldova, LD 2060 (2020), COVID-19 Emergency Response and MSMEs Support.  
 Borrower: Republic of Moldova;  
 Tranche N°: \_\_\_\_\_, Amount: EUR \_\_\_\_\_, Date of disbursement: \_\_\_\_\_  
 CEB Sector of action: Supporting MSMEs for the creation and preservation of viable jobs

Data cut-off date: DD/MM/YYYY

BENEFICIARY										PROJECT & INDICATORS					FINANCING				
Name of MSME/ Identification number of individuals	Address of MSME		Number of employees	Total assets	Annual net turnover	Non-MSME capital (less than 25% of total capital)?	Activity sector (NACE code) <sup>1</sup>	Brief description of the investment	Name of participat- ing Financial Institution	Type of sub- project <sup>2</sup>	Start of sub- project/ date of sub-loan signature <sup>3</sup>	Completion of sub- project <sup>4</sup>	Number of jobs created	Total cost of sub- project <sup>5</sup>	CEB loan <sup>6</sup>	CEB loan share <sup>7</sup>	CEB loan to working capital <sup>8</sup>	Other sources of financing - MSMEs own funds	Other sources of financing - PFIS funds
	text	text																	
<b>Total</b>																			

[1] According to the Moldova regional breakdown North, Centre South, Chisinau, UTI capitaliza: Transnistria.  
 [2] Autonomous MSME definition as per the EU Recommendation 2003/361, which may be updated from time to time: the category of micro, small and medium sized enterprises (MSMEs) is made up of autonomous enterprises which employ fewer than 250 persons and which have an annual turnover not exceeding 50 million euro, and/or an annual balance sheet total not exceeding 43 million euro and which hold less than 25% (capital or voting rights) in another enterprise and/or are held less than 25% (capital or voting rights) by another enterprise.  
 [3] Please refer to the code of the economic activity sector as defined under latest version of EU NACE Rev. 2.  
 [4] Please use the following acronym: WC - Working Capital. In case of investments, please select time or several types, such as: purchase of land or building, CB, Construction, Association, Infrastructure, ME - Machinery, Equipment, FIC - Financial benefits.  
 [5] To be eligible for CEB financing the sub-projects should have been signed no earlier than 1 January 2020.  
 [6] Expenses eligible for completion of works, as a rate of purchase of equipment/fixed assets, goods, the expected delivery date.  
 [7] Total sub-project costs should not exceed EUR 2 million.  
 [8] The maximum amount of the CEB loan for sub-projects for working capital financing are defined in footnote 10.  
 [9] CEB loan may finance up to 200% of total costs of each sub-project, with the limit per investment subproject and per working capital financing above, as long as the CEB financing share is the total costs of all sub-projects does not exceed 50%.  
 [10] CEB financing for Working Capital will be limited to EUR 100,000 per beneficiary MSME. CEB's share of financing for Working Capital can be up to 100% of any CEB loan disbursement (or part of disbursement) under this Component, covering any Sub-loans contracted no later than 18 months from the approval of the PCR by CEPA's Administrative Council. CEB share of financing for Working Capital will be limited to 50% of any CEB loan disbursement (or part of disbursement) under this Component, covering any Sub-loans contracted by small (from 10 to 49 employees) and medium-sized (from 50 to 249 employees) enterprises, from this 18 months period. For micro enterprises (less than 10 employees), all working capital needs can be financed, as long as the financial intermediary establishes that the end-borrower is well managed, has a sound financing plan and demonstrates good management and current accounts with bank (see CEB Handbook on Project Preparation and Implementation).

**PROGRESS REPORT - GLOBAL LOAN MONITORING, MSMEs COMPONENT**  
Supporting MSMEs for the creation and preservation of viable jobs

Country: Moldova, LD 2060 (2020), COVID-19 Emergency Response and MSMEs Support - Tranche N° \_\_\_\_\_  
Borrower: Republic of Moldova

Tranche No. _____	_____	Data cut-off date (dd/mm/yyyy) _____
Disbursement Date _____	_____	Number of jobs maintained (of which female %) _____
CEB loan approved _____	_____	Number jobs created (of which female %) _____
CEB loan disbursed _____	_____	Number of MSMEs _____
CEB interest rate _____	_____	of which female-owned/managed _____
CEB maturity _____	_____	of which start-ups/young entrep. _____
		Total utilized/allocated (%) _____
		Average on-lending rate of CEB's portfolio _____
		Average on-lending rate of Bank's portfolio _____
		Average maturity _____

**LOAN BREAKDOWN BY ACTIVITY SECTOR**

ACTIVITY SECTOR	NACE classification	CEB Loan %	Activity Sector	Costs	Number of Sub-Projects	Of which			REMARKS
						Micro	Small	Medium	
A - Agriculture	1-3								
B - Other Mining and quarrying	8								
C - Manufacturing	19-33								
D - Electricity, gas, steam and air conditioning	35								
E - Water supply, Sewerage, Waste	36-39								
F - Construction	41-43								
G - Wholesale and retail trade, repair motor	45-47								
H - Transportation and Storage	49-53								
I - Accommodation and food service activities	55-56								
J - Information and communication	58-63								
K - Professional, scientific and technical activities	69-75								
L - Administrative and support service activities	77-82								
M - Human health and social work activities	86-88								
N - Arts, entertainment and recreation	90-93								
O - Other service activities	95-96								
<b>TOTAL</b>		<b>100%</b>							

**LOAN BREAKDOWN BY SIZE OF ENTERPRISE**

SIZE OF ENTERPRISES	CEB Loan %	MSME Size	Costs	Number of Sub-Projects	REMARKS
Medium (50 to 249 employees)					
Small (10 to 49 employees)					
Micro (1 to 9 employees)					
<b>TOTAL</b>	<b>100%</b>				

**LOAN BREAKDOWN BY REGION/DEPARTEMENT/MUNICIPALITY**

REGION/DEP/MUNICIPALITY	CEB Loan %	Location	Costs	Number of Sub-Projects	REMARKS
<b>TOTAL</b>	<b>100%</b>				

**LOAN BREAKDOWN BY PARTICIPATING FINANCIAL INSTITUTION<sup>4</sup>**

PFI	CEB Loan %	Bank/MFI	Costs	Number of Sub-Projects	REMARKS
<b>TOTAL</b>	<b>100%</b>				

LOAN USE (INVESTMENT / WORKING CAPITAL)	CEB Loan %	Investment Item	Costs	Number of Sub-Projects	REMARKS
Purchase of land					
Construction					
Infrastructure and plant					
Machinery and equipment					
Vehicles					
Working capital					
Other (please define)					
<b>TOTAL</b>	<b>100%</b>				

<sup>1</sup> Except sectors of activity excluded from CEB financing, as follows: NACE C11.01; C12; C19; C24.46; C25.40; C30.40; R92.

<sup>2</sup> Limited to dental practice activities. Other activities of section Q can be covered under other CEB activity areas (ex. health).

<sup>3</sup> According to the Republic of Moldova regional breakdown.

<sup>4</sup> In view of reaching out to the most vulnerable populations, a portion of the CEB funding in the amount of EUR 500 000 shall be reserved for micro enterprises for a period of 12 months from the first disbursement; any unused part of this portion will be made available to all PFIs at the end of this period.

**Definitions for the indicators requested above:**

**Number of Jobs Created:** Should be reported at sub-loan level. If not available, then consolidated data of all investment and working capital sub-loans at the tranche level is acceptable.

**Start-Ups:** All enterprises that are 3 years old or younger be accepted as start-ups. Modification of legal status within the last 3 years does not qualify an MSME to be considered as a start-up. (For microfinance programs, start-ups should be defined as enterprises younger than 2 years.)

**Young Enterprises:** Companies less than five years old as "young enterprises". Modification of legal status within the last 5 years does not qualify an MSME to be considered as a young enterprise.

**Female-Owned/Managed Enterprises:** Depending on the company size as below:

- Micro: Woman/women as majority stakeholder AND manage the day-to-day operations
- Small: Woman/women as majority stakeholder AND manage the day-to-day operations
- Medium: In case woman/women as minority stakeholder, at least one of the key business decisions regarding the company's finances, operations, and strategy are made by woman/women shareholder(s).

operations, and strategy are made by woman/women shareholder(s).

RW