

Grant Agreement No. 1261150

GRANT AGREEMENT

For

THE PROJECT FOR EFFECTIVE USE OF BIOMASS FUEL

Between

JAPAN INTERNATIONAL COOPERATION AGENCY

And

THE GOVERNMENT OF THE REPUBLIC OF MOLDOVA

Dated June 26, 2013

On the basis of the Exchange of Notes between the Government of Japan and the Government of the Republic of Moldova dated June 26, 2013 (hereinafter referred to as "the E/N") concerning the Japanese grant assistance for the Project for Effective Use of Biomass Fuel (hereinafter referred to as "the Project") by the Government of the Republic of Moldova, the Japan International Cooperation Agency (hereinafter referred to as "JICA") and the Government of the Republic of Moldova have agreed to conclude the following grant agreement referred to in sub-paragraph (2) of paragraph 1 of the E/N:

Article 1 Amount and Purpose of the Grant

For the purpose of contributing to the implementation of the Project, JICA shall extend a grant of the amount up to one billion one hundred fifty-four million Japanese Yen (JPY1,154,000,000) (hereinafter referred to as "the Grant") to the Government of the Republic of Moldova in accordance with the relevant laws and regulations of Japan and within the scope of the E/N.

Article 2 Availability of the Grant

The Grant shall be made available by concluding the present grant agreement (hereinafter referred to as "the G/A") during the period between the date of entry into force of the G/A and March 31, 2016, unless the period is extended by mutual consent between JICA and the Government of the Republic of Moldova or the designated authority (hereinafter referred to collectively as "the Authority")

Article 3 Use of the Grant

(1) The Grant shall be used by the Government of the Republic of Moldova properly and exclusively for the purchase of such products of Japan or the Republic of Moldova and such services of Japanese or Moldovan nationals necessary for the implementation of the Project as listed below (The term "nationals" whenever used in the G/A means Japanese physical persons or Japanese juridical persons controlled by Japanese physical persons in the case of Japanese nationals and Moldovan physical or juridical persons controlled by Moldovan physical persons in the case of Moldovan nationals.):

- (a) equipment and services necessary for the procurement and / or the installation thereof;
 - (b) services necessary for the transportation of the products referred to in (a) above to the Republic of Moldova and those for internal transportation therein; and
 - (c) services necessary for the training in operating the equipment referred to in (a) above and guidance in managing the equipment referred to in (a) above.
- (2) Notwithstanding the provisions of sub-paragraph (1) above, when JICA and the Authority deem it necessary, the Grant may be used for the purchase of the products of the kind referred to in (a) of sub-paragraph (1) above, which are products of countries other than Japan or the Republic of Moldova and the services of the kind referred to in (a), (b) and (c) of sub-paragraph (1) above, which are services of nationals of countries other than Japan or the Republic of Moldova.

Article 4 Procurement Guidelines

The Authority shall ensure that the products and / or the services referred to in Article 3 are procured in accordance with JICA's Procurement Guidelines of the Japanese Grant Aid (Type 1-G) (hereinafter referred to as "the Procurement Guidelines").

Article 5 Verification of Contracts

The Authority shall enter into contracts in Japanese Yen with Japanese nationals for the purchase of the products and services referred to in Article 3. Such contracts shall be verified by JICA to be eligible for the Grant.

Article 6 Payments

JICA shall execute the Grant by making payments in Japanese Yen to cover the obligations incurred by the Authority under the contracts verified in accordance with Article 5 (hereinafter referred to as "the Verified Contracts") to an account to be opened in the name of the Government of the Republic of Moldova at a bank in Japan designated by the Authority (hereinafter referred to as "the Bank").

Article 7 Banking Arrangement

The sole purpose of the account referred to in Article 6 is to receive the payments in Japanese Yen from JICA and to pay to the Japanese nationals who are parties to the

Verified Contracts. The procedural details concerning the credit to and debit from the account referred to in Article 6 will be agreed upon through consultation between the Bank and the Authority.

Article 8 Authorization to Pay

The payments referred to in Article 6 shall be made when payment requests are presented by the Bank to JICA under an authorization to pay issued by the Authority.

Article 9 Modification of the Project

When the plan and / or design of the Project is to be modified, the Authority shall have a prior consultation with and obtain the consent to the modification of JICA, in accordance with the Procurement Guidelines.

Article 10 Obligations of the Government of the Republic of Moldova

(1) The Government of the Republic of Moldova shall take necessary measures:

- (a) to secure lots of land necessary for the implementation of the Project and to clear the sites;
- (b) to provide facilities for distribution of electricity, water supply and drainage and other incidental facilities necessary for the implementation of the Project outside the sites referred to in (a) above;
- (c) to ensure prompt customs clearance of the products referred to in Article 3 and to assist internal transportation of the products referred to in Article 3 in the Republic of Moldova;
- (d) to ensure that customs duties, internal taxes and other fiscal levies which may be imposed in the Republic of Moldova with respect to the purchase of the products and the services referred to in Article 3 be exempted;
- (e) to accord Japanese physical persons and / or physical persons of third countries whose services may be required in connection with the supply of the products and the services referred to in Article 3 such facilities as may be necessary for their entry into the Republic of Moldova and stay therein for the performance of their work;

- (f) to ensure that the products referred to in Article 3 be maintained and used properly and effectively for the implementation of the Project;
 - (g) to bear all the expenses, other than those covered by the Grant, necessary for the implementation of the Project; and
 - (h) to give due environmental and social consideration in the implementation of the Project.
- (2) Upon the request of JICA, the Government of the Republic of Moldova shall provide JICA with necessary information on the Project.
- (3) With regard to the shipping and marine insurance of the products referred to in Article 3, the Government of the Republic of Moldova shall refrain from imposing any restrictions that may hinder fair and free competition among the shipping and marine insurance companies.
- (4) The products referred to in Article 3 shall not be exported or re-exported from the Republic of Moldova.
- (5) The Government of the Republic of Moldova shall ensure that any official of the Government of the Republic of Moldova does not undertake any part of the Japanese nationals' work on the purchase of the products and the services referred to in Article 5.

Article 11 Applicable Laws

The validity, interpretation and performance of the G/A shall be governed by the relevant laws and regulations of Japan.

Article 12 Amendments

The G/A may be amended within the scope of the E/N by written agreement between JICA and the Government of the Republic of Moldova. The amendment to the G/A shall enter into force on the date of signature of such written agreement by JICA and the Government of the Republic of Moldova.

Article 13 Consultation

JICA and the Government of the Republic of Moldova shall consult with each other in respect of any matter that may arise from or in connection with the G/A.

Article 14 Effectiveness and Termination

(1) The G/A shall become effective on the date of receipt by JICA of the written notification from the Government of the Republic of Moldova the completion of necessary domestic procedures for the entry into force of the G/A, provided that the E/N is in force.

(2) When JICA recognizes any of the following situations, JICA may, by notification to the Government of the Republic of Moldova, suspend in whole or in part the rights of the Government of the Republic of Moldova and / or require the Government of the Republic of Moldova to remedy the situation. When the Government of the Republic of Moldova will not remedy the situation within the period of thirty (30) days from the date of receipt of such notification, JICA may, with the consent of the Government of Japan, terminate the G/A:

- (a) default of the Government of the Republic of Moldova in fulfillment of any obligations or in compliance with the terms and conditions under the E/N or the G/A;
- (b) a fundamental change of circumstances relating to the Authority which has occurred with regard to those existing at the time of the entry into force of the G/A; and
- (c) any emergency, unforeseen circumstances or force majeure, such as war, civil war, earthquake and flood which cause serious difficulties in implementing the Project.

Chisinau, June 26, 2013

For

JAPAN INTERNATIONAL
COOPERATION AGENCY

市川 雅一

Masakazu ICHIKAWA
Vice-President

For

THE GOVERNMENT OF
THE REPUBLIC OF MOLDOVA

V. Bumacov

Vasile BUMACOV
Minister of Agriculture and Food
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