

FRAMEWORK AGREEMENT

BETWEEN

THE REPUBLIC OF MOLDOVA

AND

THE NORDIC ENVIRONMENT FINANCE CORPORATION

FRAMEWORK AGREEMENT BETWEEN THE REPUBLIC OF MOLDOVA AND THE NORDIC ENVIRONMENT FINANCE CORPORATION

The Republic of Moldova and the Nordic Environment Finance Corporation (hereinafter referred to as "NEFCO", the Republic of Moldova and NEFCO hereinafter collectively referred to as the "Parties")

taking into account that NEFCO was established in 1990 as an international financial institution and that it is operating under the Agreement between the Governments of Denmark, Finland, Iceland, Norway and Sweden concerning the Nordic Environment Finance Corporation dated 6 November 1998;

having regard to the mandate of NEFCO being to promote investments of Nordic environmental interest in Eastern Europe by contributing to the financing of investments in these countries;

desiring to establish the basis for long-term cooperation in utilizing financing provided by NEFCO for investments of interest to the Republic of Moldova and the contracting states of NEFCO.

have agreed as follows;

Article I. Principles of Cooperation

1. The Republic of Moldova, and any public, semi-public, or private legal person in the Republic of Moldova, is eligible for financing made available by NEFCO according to its constituent documents and pursuant to this Agreement. The proceeds of the financing may be used for any cost item of the selected investments, in accordance with the laws of the Republic of Moldova.
2. Financing from NEFCO is offered in terms of equity investments, loans and guarantees provided by NEFCO, priority investments being such investments that enhance the environment.
3. Financing from NEFCO shall supplement other available financial sources. NEFCO will assist in the arrangement of advantageous financing of suitable investments through co-financing with other international financial institutions, public and private financial institutions of its contracting states, and other selected institutions.
4. The Parties hereto shall on a regular basis discuss and exchange views on the objectives, investment criteria, and activities of NEFCO in the Republic of Moldova.

Article II. Status of NEFCO, its Representatives and Assets

1. The Republic of Moldova recognizes that NEFCO is an international financial institution which follows policies similar to other international financial institutions¹ as regards transparency in procurement, good governance and environmental responsibility in execution of investments, and non-participation in any rescheduling of national debt.

¹ Such international financial institutions including, without limitation, the World Bank, the International Finance Corporation (IFC), the European Investment Bank (EIB), the Nordic Investment Bank (NIB), the European Bank for Reconstruction and Development (EBRD) and the Asian Development Bank (ADB).

2. NEFCO shall enjoy in respect of its activities in the territory of the Republic of Moldova the treatment which is no less favourable than that which is accorded to other international financial institutions in respect of any such activity including without limitation, that NEFCO shall be exempted from tendering when providing financing to the public sector, and that entities which enjoy financing from NEFCO, or from any co-financier of NEFCO, shall apply the procurement guidelines and rules of NEFCO when procuring goods, works and services with such financing, unless otherwise agreed by NEFCO.

3. NEFCO is an international legal person and shall enjoy in the Republic of Moldova the most extensive legal capacity accorded to legal persons under the laws of the Republic of Moldova. NEFCO may in the Republic of Moldova in particular

- hold, own and dispose of fixed property
- be a party to legal proceedings, and
- raise funds.

4. NEFCO enjoys immunity from jurisdiction in the territory of the Republic of Moldova. As stated in NEFCO's constituent documents, actions against NEFCO may be brought only in a court of competent jurisdiction in the territory of a country in which NEFCO has established office, or has appointed an agent for the purpose of accepting service of process, or when NEFCO has otherwise expressly accepted jurisdiction.

5. All Members of the Board of Directors of NEFCO, their alternates, managing director, officers and other employees of NEFCO, and experts appointed by NEFCO (each hereinafter a "representative") shall, regardless of nationality, be accorded immunity from legal process in respect of acts performed by them in their official capacity, except when NEFCO waives this immunity, and shall enjoy inviolability of all their official papers and documents. This immunity shall, however, not apply to civil liability in the case of damage arising from a road traffic accident caused by any such representative. The representatives of NEFCO, with the exception of the citizens of Moldova, shall be accorded appropriate travelling privileges.

6. NEFCO, and the assets, communications and documents of NEFCO, shall be inviolable and exempt (i) from search and all forms of expropriation and (ii) from the levy or imposition of any measure of execution or distraint prior to the award of a final, unappealable judgement against NEFCO, rendered by a court or tribunal of competent jurisdiction.

Article III. Raising of Funds

1. NEFCO may raise funds in the currency of the Republic of Moldova by issuing bonds, notes or any other financial instruments in accordance with the laws of the Republic of Moldova, for public or private placement in the Republic of Moldova and abroad.

2. Financial instruments issued by NEFCO in the Republic of Moldova shall, in respect of (i) risk weighting of assets for capital adequacy purposes for banks and in relation to similar requirements on insurance companies, (ii) eligibility for repo operations and other transactions with the Central Bank of the Republic of Moldova, and (iii) in relation to other investments or transactions which require special approval from the authorities of the Republic of Moldova be treated in a manner

similar to the most favoured treatment of financial instruments issued by other international financial institutions in line with the internationally recognised standards on combating money laundering and terrorism financing.

Article IV. Taxes and Duties

1. All transactions by NEFCO pursuant to its operations in accordance with this Agreement, including, without limitation, enforcement of any collateral and the raising by NEFCO of funds in the Republic of Moldova, shall be exempt from any tax, levy or impost of any nature whatsoever in the Republic of Moldova.
2. Purchase and ownership of financial instruments issued by NEFCO shall in respect of taxation in the Republic of Moldova, whether regarding income, capital gain or otherwise, be treated in a manner similar to the most favoured treatment of financial instruments issued by other international financial institutions.
3. All payments to NEFCO in respect of its financing or raising of funds in the Republic of Moldova, shall be exempt from any tax, levy or impost of any nature whatsoever in the Republic of Moldova.
4. Entities in the Republic of Moldova which enjoy financing from NEFCO or in which NEFCO has a security interest shall be exempt from any duty to withhold taxes on payments to NEFCO.

Article V. Payment Restrictions Currency Transfer

1. NEFCO shall be exempt from payment restrictions and credit policy measures which in any manner prevent or impede the fulfilment of its commitments or its financing activities.
2. NEFCO shall be ensured free access to purchase, transfer and repatriate foreign currency in connection with its operations in the Republic of Moldova.
3. Entities operating in the Republic of Moldova which enjoy financing from NEFCO or in which NEFCO has a security interest shall be ensured free access to purchase and transfer foreign currency for the payment of interest, principal and other financial obligations towards NEFCO.

Article VI. Protection of Investments

1. Entities which enjoy financing from NEFCO, or in which NEFCO has a security interest, or which have invested in financial instruments issued by NEFCO, shall in the territory of the Republic of Moldova benefit from treatment not less favourable than that available under prevailing legislation of the Republic of Moldova and under any bilateral agreement on the reciprocal promotion and protection of investments to which the Republic of Moldova is a party.
2. The Republic of Moldova shall extend to investments financed out of the proceeds of financing provided by NEFCO full and constant protection and security against expropriation and public unrest.

Article VII. Dispute Settlement

1. Any dispute, controversy or claim arising out of or in relation to this Agreement, or the existence, interpretation, application, breach, termination, or invalidity thereof, which is not settled by

negotiation or other agreed mode of settlement within six (6) months, shall be settled in accordance with the Permanent Court of Arbitration Rules 2012 as in effect on the date of this Agreement.

2. The number of arbitrators shall be three (3).

3. *Ad hoc* arbitration tribunal shall be established according to the following: within thirty (30) days of the receipt of the request for arbitration, each contracting Party shall appoint one member of the arbitration tribunal. These two members shall then select the third member, who upon approval of the two contracting Parties shall be appointed as chairman of the *ad hoc* arbitration tribunal.

4. The language to be used in the arbitral proceedings shall be English.

Article VIII. Entry into Force and Termination

1. This Agreement shall enter into force on the day following the date on which NEFCO confirms to the Government of the Republic of Moldova its receipt of a certified copy of the latter's instrument of ratification or other instrument mutually agreed between the Parties, together with a legal opinion acceptable to NEFCO as to the legal force of this Agreement.

2. This Agreement shall be of unlimited duration. Each Party may terminate this Agreement by notifying the other Party thereof in writing. Termination shall take effect six (6) months after the date of receipt by the other Party of such notification, provided that the provisions of this Agreement shall remain in force for all contracts within the scope hereof signed before the termination becomes effective, until all sums due under such contracts have been fully paid.

Article IX. Address for Communications

The Parties agree that any communication arising in the course of the operation of this Agreement may be sent to their respective addresses as follows:

For NEFCO: Fabianinkatu 34, FI-00100 Helsinki, Finland (for courier delivery)
 P.O. Box 241, FI-00171 Helsinki, Finland (for ordinary mail)

For the Republic of Moldova: <to be inserted>

Done in duplicate in Chisinau on ____ 2016 in Romanian and English languages, both texts being equally authentic. In case of divergence of interpretation, the English text shall prevail.

For and on behalf of:

The Republic of Moldova

For and on behalf of:

The Nordic Environment Finance Corporation