

**OFFICIAL
DOCUMENTS**

LOAN NUMBER 8481-RO

Loan Agreement

(Secondary Education Project)

between

ROMANIA

and

**INTERNATIONAL BANK FOR RECONSTRUCTION
AND DEVELOPMENT**

Dated *APRIL 17*, 2015

LOAN AGREEMENT

Agreement dated April 17, 2015, between ROMANIA ("Borrower") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT ("Bank"). The Borrower and the Bank hereby agree as follows:

ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) constitute an integral part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

ARTICLE II — LOAN

- 2.01. The Bank agrees to lend to the Borrower, on the terms and conditions set forth or referred to in this Agreement, the amount of two hundred million Euros (€200,000,000), as such amount may be converted from time to time through a Currency Conversion in accordance with the provisions of Section 2.08 of this Agreement ("Loan"), to assist in financing the project described in Schedule 1 to this Agreement ("Project").
- 2.02. The Borrower may withdraw the proceeds of the Loan in accordance with Section IV of Schedule 2 to this Agreement.
- 2.03. The Front-end Fee payable by the Borrower shall be equal to one quarter of one percent (0.25%) of the Loan amount. The Borrower shall pay the Front-end Fee not later than sixty days after the Effective Date.
- 2.04. The Commitment Charge payable by the Borrower shall be equal to one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to the Reference Rate for the Loan Currency plus the Variable Spread; provided, that upon a Conversion of all or any portion of the principal amount of the Loan, the interest payable by the Borrower during the Conversion Period on such amount shall be determined in accordance with the relevant provisions of Article IV of the General Conditions. Notwithstanding the foregoing, if any amount of the Withdrawn Loan Balance remains unpaid when due and such non-payment continues for a period of thirty days, then the interest payable by the Borrower shall instead be calculated as provided in Section 3.02(e) of the General Conditions.
- 2.06. The Payment Dates are May 1 and November 1 in each year.
- 2.07. The principal amount of the Loan shall be repaid in accordance with the provisions of Schedule 3 to this Agreement.

- 2.08. (a) The Borrower may at any time request any of the following Conversions of the terms of the Loan in order to facilitate prudent debt management:
- (i) a change of the Loan Currency of all or any portion of the principal amount of the Loan, withdrawn or unwithdrawn, to an Approved Currency;
 - (ii) a change of the interest rate basis applicable to: (A) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate to a Fixed Rate, or vice versa; or (B) all or any portion of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Reference Rate and the Variable Spread to a Variable Rate based on a Fixed Reference Rate and the Variable Spread, or vice versa; or (C) all of the principal amount of the Loan withdrawn and outstanding from a Variable Rate based on a Variable Spread to a Variable Rate based on a Fixed Spread; and
 - (iii) the setting of limits on the Variable Rate or the Reference Rate applicable to all or any portion of the principal amount of the Loan withdrawn and outstanding by the establishment of an Interest Rate Cap or Interest Rate Collar on the Variable Rate or the Reference Rate.
- (b) Any conversion requested pursuant to paragraph (a) of this Section that is accepted by the Bank shall be considered a "Conversion", as defined in the General Conditions, and shall be effected in accordance with the provisions of Article IV of the General Conditions and of the Conversion Guidelines.

ARTICLE III — PROJECT

- 3.01. The Borrower declares its commitment to the objectives of the Project. To this end, the Borrower shall carry out the Project through the Ministry of Education and Scientific Research ("MESR") in accordance with the provisions of Article V of the General Conditions.
- 3.02. Without limitation upon the provisions of Section 3.01 of this Agreement, and except as the Borrower and the Bank shall otherwise agree, the Borrower, through MESR, shall ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV — EFFECTIVENESS; TERMINATION

- 4.01. The Additional Condition of Effectiveness consists of the following: namely, that MESR has prepared and approved the Project Operations Manual in a manner acceptable to the Bank.
- 4.02. The Effectiveness Deadline is the date one hundred eighty (180) days after the date of this Agreement.

ARTICLE V — REPRESENTATIVE; ADDRESSES

5.01. The Borrower's Representative is the Minister of Public Finance.

5.02. The Borrower's Address is:

Ministry of Finance
Apolodor Street no 17, quarter 5
Bucharest, Romania

Facsimile: 4021 312 67 92
4021 311 23 76

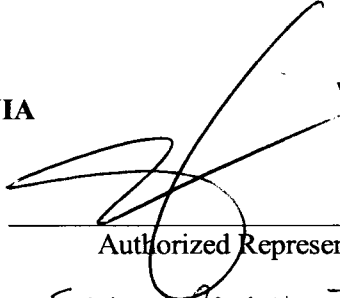
5.03. The Bank's Address is:

International Bank for Reconstruction and Development
1818 H Street, N.W.
Washington, D.C. 20433
United States of America

Cable address:	Telex:	Facsimile:
INTBAFRAD Washington, D.C.	248423(MCI) or 54145(MCI)	1-202-477-6391

AGREED at The District of Columbia, United States of America, as of the day and year first above written.

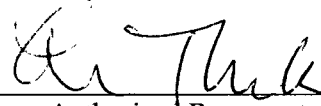
ROMANIA

By: 
Authorized Representative

Name: EUGEN ORLANDO TEODOROVICI

Title: MINISTER OF PUBLIC FINANCE

**INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT**

By: 
Authorized Representative

Name: LAURA TUCK

Title: REGIONAL VICE PRESIDENT
EUROPE AND CENTRAL ASIA REGION

SCHEDULE 1

Project Description

The objectives of the Project are to improve the transition from upper secondary into tertiary education and increase the retention in the first year of tertiary education in Project-supported education institutions.

The Project will provide support to the national education program and consists of the following parts:

Part 1: School-based and Systemic Interventions

Developing supply-side interventions at the public high-school and system levels to address the academic and personal reasons that prevent Romanian students from transitioning from upper secondary education to tertiary education.

- (a) School-based Interventions. Provision of Grants, Incremental Operating Costs and technical assistance to low-performing high schools, as defined in the Project Operations Manual, to support transition of students from upper secondary education to tertiary education and development of a quality assurance mechanism for said grants, including *inter alia*:
 - (i) remedial classes, tutoring, counselling, coaching, mediation with Roma communities, activities specifically tailored to students from disadvantaged groups (with a special focus on Roma students) on an explicit but non-exclusive basis, and personal development;
 - (ii) extracurricular and outreach activities, such as documentary trips/visits, internships, participation in different competitions, and school networking activities; and
 - (iii) minor civil works for renovation of internal spaces/rooms that will have minimal or no adverse environmental impacts and purchase of goods for educational purposes.
- (b) Systemic Interventions. Provision of technical assistance, Training and goods for the implementation of the following:
 - (i) revising the upper secondary education curriculum;
 - (ii) training of teachers and school directors on implementing or adapting the revised curriculum;
 - (iii) improving teaching conditions within teacher training institutions through provision of goods;

- (iv) revising and updating Grade 8 and Baccalaureate exam banks of items and associated Training, including the strengthening of the institutional capacity of the National Center for Assessment and Examination (“NCAE”);
- (v) improving the information technologies platform used for learning assessments and exams of upper secondary school education students through the provision of goods;
- (vi) development and implementation of a Grade 10 learning assessment, to be administered at the end of the compulsory education cycle;
- (vii) development of digital teaching and learning materials;
- (viii) development and implementation of campaigns to raise student and teacher awareness, including, when applicable, for Roma students; and
- (ix) strengthening of MESR’s capacity to use educational information to monitor upper secondary education and the transition of students into tertiary education.

Part 2: University-Level Interventions and Bridge Programs

Provision of grants and technical assistance to public universities to support at-risk students, including *inter alia* remedial programs, tutoring, counselling, guidance services, workshops, awareness raising campaigns, summer bridge programs, learning centers, and Incremental Operating Costs.

Part 3: Project Management, Monitoring and Evaluation

Supporting the MESR and the Unit for Externally Financed Projects (“UEFP”) in Project management and implementation, including fiduciary tasks, and monitoring and evaluation and reporting through the provisions of goods (including one car), non-consulting services, consultants’ services, Training, auditing and Incremental Operating Costs.

SCHEDULE 2

Project Execution

Section I. Implementation Arrangements

A. Institutional Arrangements

1. The Borrower, through MESR, shall: (i) operate and maintain UEFP within MESR until the completion of the Project; and (ii) ensure that UEFP functions at all times in a manner and with adequate staffing (including a project director, a financial management specialist, a procurement specialist, and two officers to administer the provision of Grants) and budgetary resources, all acceptable to the Bank.
2. The Borrower, through MESR, shall:
 - (a) maintain the Project Operations Manual in form and content satisfactory to the Bank;
 - (b) carry out the Project in accordance with the provisions set forth in the Project Operations Manual; and
 - (c) not assign, amend, abrogate or waive the Project Operations Manual without obtaining the prior approval of the Bank.
3. By no later than June 30, 2016, the Borrower, through MESR, shall design and implement a project management information system for enhanced monitoring, reporting and financial management, on terms and in a manner satisfactory to the Bank.

B. Provision of Grants

1. The Grants to Beneficiaries pursuant to Part 1(a) and Part 2 of the Project shall be selected, appraised, implemented, monitored and evaluated by the Borrower, through MESR, in accordance with the principles, procedures and requirements set forth in the Project Operations Manual, the Procurement Guidelines, the Consultant Guidelines, and the Anti-Corruption Guidelines.
2. The Borrower, through MESR, shall enter into a Grant Agreement with each Beneficiary of a Grant financed by the Project under the terms and conditions of said Grant, including the following:
 - (a) The Borrower, through MESR, shall obtain rights adequate to protect its interests and those of the Bank, including the right to:
 - (i) suspend or terminate the right of the Beneficiary to use the proceeds of the Grant, or obtain a refund of all or any part of the amount of the Grant then withdrawn, upon the Beneficiary's failure to perform any of its obligations under the respective Grant Agreement;

- (ii) require audits, or for the Bank to require audits, of each Beneficiary's records and accounts; and
 - (iii) Inspect, or for the Bank to inspect, the Beneficiary's operations and any relevant records and documents.
- (b) Each selected Beneficiary shall be required to:
- (i) carry out its Subproject with due diligence and efficiency and in accordance with sound technical, economic, financial, managerial, environmental and social standards and practices satisfactory to the Bank as defined in the Project Operations Manual, including in accordance with the provisions of the Anti-Corruption Guidelines applicable to recipients of loan proceeds other than the Borrower;
 - (ii) procure the goods, works and consulting and non-consulting services to be financed out of the Grant in accordance with the provisions of Section III of this Schedule 2;
 - (iii) maintain policies and procedures adequate to enable it to monitor and evaluate in accordance with indicators acceptable to the Bank, the progress of the Subproject and the achievement of its objectives;
 - (iv) maintain financial management arrangements acceptable to the Bank in a manner adequate to reflect the operations, resources and expenditures related to the Grant; and
 - (v) prepare and furnish to the Borrower and the Bank all such information as the Borrower or the Bank shall reasonably request relating to the foregoing.
3. The Borrower, through MESR, shall exercise its rights and carry out its obligations under each Grant Agreement in such manner as to protect the interests of the Borrower and the Bank and to accomplish the purposes of the Loan. Except as the Bank shall otherwise agree, the Borrower, through MESR, shall not assign, amend, abrogate, terminate, waive or fail to enforce any Grant Agreement or any of its provisions.

C. Anti-Corruption

The Borrower, through MESR, shall ensure that the Project is carried out in accordance with the provisions of the Anti-Corruption Guidelines.

D. Safeguards

1. The Borrower, through MESR, shall ensure that Grants carried out by Beneficiaries do not involve Resettlement.
2. The Borrower, through MESR, shall screen all grant applications submitted pursuant to Parts 1(a) and 2 of the Project with a screening checklist acceptable to the Bank in order to

ensure that any works to be carried out by Beneficiaries involve existing buildings and are not of a significant nature and will have minimal or no adverse environmental impacts.

Section II. Project Monitoring Reporting and Evaluation

A. Project Reports

The Borrower, through MESR, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators acceptable to the Bank. Each Project Report shall cover the period of one calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through MESR, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.
2. Without limitation on the provisions of Part A of this Section, the Borrower, through MESR, shall prepare and furnish to the Bank, as part of each Project Report, not later than forty-five (45) days after the end of each calendar quarter, interim unaudited financial reports for the Project covering the pertinent quarter, in form and substance satisfactory to the Bank.
3. The Borrower, through MESR, shall have its Financial Statements audited in accordance with the provisions of Section 5.09(b) of the General Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six months after the end of such period.

Section III. Procurement

A. General

1. **Goods, Works and Non-consulting Services.** All goods, works and non-consulting services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Section I of the Procurement Guidelines, and with the provisions of this Section.
2. **Consultants' Services.** All consultants' services required for the Project and to be financed out of the proceeds of the Loan shall be procured in accordance with the requirements set forth or referred to in Sections I and IV of the Consultant Guidelines and with the provisions of this Section.
3. **Definitions.** The capitalized terms used below in this Section to describe particular procurement methods or methods of review by the Bank of particular contracts refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods, Works and Non-consulting Services

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods, works and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.
2. **Other Methods of Procurement of Goods, Works and Non-consulting Services.** The following methods, other than International Competitive Bidding, may be used for procurement of goods, works and non-consulting services for those contracts specified in the Procurement Plan:
 - (a) National Competitive Bidding;
 - (b) Shopping; and
 - (c) Direct Contracting.

C. Particular Methods of Procurement of Consultants' Services

1. **Quality- and Cost-based Selection.** Except as otherwise provided in paragraph 2 below, consultants' services shall be procured under contracts awarded on the basis of Quality and Cost-based Selection.
2. **Other Methods of Procurement of Consultants' Services.** The following methods, other than Quality and Cost-based Selection, may be used for procurement of consultants' services for those contracts which are specified in the Procurement Plan:
 - (a) Quality-based Selection;
 - (b) Selection under a Fixed Budget;
 - (c) Least Cost Selection;
 - (d) Selection based on Consultants' Qualifications;
 - (e) Single-source Selection of consulting firms;
 - (f) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants; and
 - (g) Single-source procedures for the Selection of Individual Consultants.

D. Review by the Bank of Procurement Decisions

The Procurement Plan shall set forth those contracts which shall be subject to the Bank's Prior Review. All other contracts shall be subject to Post Review by the Bank.

Section IV. Withdrawal of Loan Proceeds

A. General

1. The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of Article II of the General Conditions, this Section, and such additional instructions as the Bank shall specify by notice to the Borrower (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the table in paragraph 2 below.
2. The following table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Loan (“Category”), the allocation of the amounts of the Loan to each Category, and the percentage of expenditures to be financed for Eligible Expenditures in each Category.

Category	Amount of the Loan Allocated (expressed in Euro)	Percentage of Expenditures to be financed (inclusive of Taxes)
(1) Goods, non-consulting services, consultants’ services, (including audits), Training , Grants, and Incremental Operating Costs for the Project	200,000,000	100%
TOTAL AMOUNT	200,000,000	

B. Withdrawal Conditions; Withdrawal Period

1. Notwithstanding the provisions of Part A of this Section, no withdrawal shall be made:
 - (a) from the Loan Account until the Bank has received payment in full of the Front-end Fee; and
 - (b) for payments made prior to the date of this Agreement.
2. The Closing Date is December 31, 2022.

SCHEDULE 3

The Borrower shall repay the principal amount of the Loan in full on November 1, 2034.

APPENDIX

Section I. Definitions

1. "Anti-Corruption Guidelines" means the "Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants", dated October 15, 2006 and revised in January 2011.
2. "Beneficiary" means a public upper secondary education school or a public higher education institution that meets the eligible beneficiary criteria to receive a Grant pursuant to Part 1(a) or Part 2 of the Project, as set forth in the POM.
3. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.
4. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).
5. "Grant" means a grant made, or to be made, out of the proceeds of the Loan to finance goods, works, consultants' and non-consulting services, Training and Incremental Operating Costs under any given Subproject under Parts 1(a) and 2 of the Project.
6. "Grant Agreement" means any of the agreements referred to in Section I, Part B, paragraph 2 of Schedule 2 to this Agreement.
7. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated March 12, 2012, with the modifications set forth in Section II of this Appendix.
8. "Incremental Operating Costs" means the incremental expenses incurred on account of Project implementation, management, and monitoring (including Grants) such as: for office space rental, utilities, and supplies, bank charges, communications, building and equipment maintenance, advertising expenses, translation, fuel, travel and supervision (including supervision activities in connection with the Project, salaries of contractual and temporary staff, but excluding salaries, fees, and bonuses of members of the Borrower's civil service).
9. "Ministry of Education and Scientific Research" or "MESR" means the Borrower's Ministry of Education or any legal successor thereto.
10. "National Center for Assessment and Examination" or "NCAE" means the Borrower's National Center for Assessment and Examinations or any legal successor thereto.
11. "Procurement Guidelines" means the "Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers" dated January 2011 (revised July 2014).

12. "Procurement Plan" means the Borrower's procurement plan for the Project, dated January 29, 2015 and referred to in paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.
13. "Project Operations Manual" or "POM" means the Borrower's manual, acceptable to the Bank, outlining, *inter alia*, responsibilities, procurement and contracting procedures, financial management procedures, procedures for preparation of annual Training plans for the implementation of the Project, and requirements for implementation of Grants to public upper secondary and higher education institutions, and such term includes any schedules to the manual, as such manual may be amended from time to time with the agreement of the Bank.
14. "Resettlement" means the involuntary (i.e., an action that may be taken without a person's informed consent or power of choice) taking of land, including anything growing on or permanently affixed to such land, such buildings and crops, resulting in: (A) relocation or loss of shelter; (B) loss of assets or access to assets; or (C) loss of income sources or means of livelihood, whether or not the affected persons must move to another location.
15. "Subproject" means any of the activities under Parts 1(a) and 2 of the Project financed under a Grant Agreement
16. "Training" means expenditures (other than those for consultants' services) incurred for training and training-related activities under the Project, including seminars, workshops and study tours, travel and subsistence allowances for training participants, trainers' fees, rental of training facilities, preparation and reproduction of training materials and other activities incidental to the preparation and implementation of training activities.
17. "Unit for Externally Financed Projects" or "UEFP" means said unit within MESR designated to carry out implementation of the Project pursuant to Schedule 2, Section I, Part A, paragraph 1 of this Agreement.

Section II. Modifications to the General Conditions

The General Conditions are hereby modified as follows:

1. In the **Table of Contents**, the references to Sections, Section names and Section numbers are modified to reflect the modifications set forth in the paragraphs below.
2. Section 3.01. (*Front-end Fee*) is modified to read as follows:

"Section 3.01. *Front-end Fee; Commitment Charge*

(a) The Borrower shall pay the Bank a front-end fee on the Loan amount at the rate specified in the Loan Agreement (the "Front-end Fee").

(b) The Borrower shall pay the Bank a commitment charge on the Unwithdrawn Loan Balance at the rate specified in the Loan Agreement (the "Commitment Charge"). The Commitment Charge shall accrue from a date sixty days after the date of the Loan

Agreement to the respective dates on which amounts are withdrawn by the Borrower from the Loan Account or cancelled. The Commitment Charge shall be payable semi-annually in arrears on each Payment Date.”

3. In the Appendix, **Definitions**, all relevant references to Section numbers and paragraphs are modified, as necessary, to reflect the modification set forth in paragraph 2 above.
4. The Appendix is modified by inserting a new paragraph 19 with the following definition of “Commitment Charge”, and renumbering the subsequent paragraphs accordingly:

“19. “Commitment Charge” means the commitment charge specified in the Loan Agreement for the purpose of Section 3.01(b).”
5. In the renumbered paragraph 49 (originally paragraph 48) of the Appendix, the definition of “Front-end Fee” is modified by replacing the reference to Section 3.01 with Section 3.01 (a).
6. In the renumbered paragraph 68 (originally paragraph 67) of the Appendix, the definition of the term “Loan Payment” is modified to read as follows:

“68. “Loan Payment” means any amount payable by the Loan Parties to the Bank pursuant to the Legal Agreements or these General Conditions, including (but not limited to) any amount of the Withdrawn Loan Balance, interest, the Front-end Fee, the Commitment Charge, interest at the Default Interest Rate (if any), any prepayment premium, any transaction fee for a Conversion or early termination of a Conversion, the Variable Spread Fixing Charge (if any), any premium payable upon the establishment of an Interest Rate Cap or Interest Rate Collar, and any Unwinding Amount payable by the Borrower.”
7. In the renumbered paragraph 73 (originally paragraph 72) of the Appendix, the definition of “Payment Date” is modified by deleting the word “is” and inserting the words “and Commitment Charge are” after the word “interest”.