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CONFORMED COPY

LOAN NUMBER 4825 RO

Loan Agreement

(Social Inclusion Project)

between

ROMANIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated July 4, 2006

LOAN NUMBER 4825 RO

LOAN AGREEMENT

Agreement dated July 4, 2006, between ROMANIA ("Borrower") and 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 the Loan 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 forty seven million two hundred thousand Euro (EUR 47,200,000) ("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 Commitment Charge payable by the Borrower shall be equal to three-fourths of one percent (3/4 of 1%) per annum on the Unwithdrawn Loan Balance, subject to any waiver of a portion of such charge as may be determined by the Bank from time to time.

2.04. The Front-end Fee payable by the Borrower shall be equal to one percent (1.0%) of the Loan amount, subject to any waiver of a portion of such fee as may be determined by the Bank from time to time. The Borrower shall pay the Front-end Fee not later than sixty (60) days after the Effective Date.

2.05. The interest payable by the Borrower for each Interest Period shall be at a rate equal to LIBOR for the Loan Currency plus the Variable Spread, subject to any waiver of a portion of such interest as may be determined by the Bank from time to time.

2.06. The Payment Dates are March 15 and September 15 in each year.

2.07. The principal amount of the Loan shall be repaid in accordance with the amortization schedule set forth in Schedule 3 to this Agreement.

ARTICLE III - PROJECT

3.01. The Borrower declares its commitment to the objective of the Project. To this end, the Borrower shall: (i) cause RSDF to carry out Part I of the Project: (ii) carry out Part II of the Project through MER; (iii) carry out Part III of the Project through MLSSF; and (iv) through MLSSF, cause NAR to carry out Part IV of the Project, all 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 shall: (i) ensure that Parts II, III and IV of the Project are carried out in accordance with the provisions of Schedule 2 to this Agreement; and (ii) cause RSDF to carry out Part I of the Project in accordance with the provisions of Schedule 2 to this Agreement, and to provide promptly as needed, the funds, facilities, services and other resources required for Part I of the Project.

ARTICLE IV - REMEDIES OF THE BANK

4.01. The Additional Events of Suspension consist of the following:

(a) the Law No. 7 has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement; and

(b) the Law No. 129 has been amended, suspended, abrogated, repealed or waived so as to affect materially and adversely the ability of the Borrower to perform any of its obligations under this Agreement.

4.02. The Additional Events of Acceleration consist of the following: any event specified in paragraphs (a) and (b) of Section 4.01 of this Agreement occurs.

ARTICLE V - EFFECTIVENESS

5.01. The Additional Conditions of Effectiveness consist of the following:

(a) The Subsidiary Agreement has been executed on behalf of the Borrower and RSDF.

(b) The Borrower has established the Steering Committee in a manner satisfactory to the Bank.

(c) RSDF has adopted the Operational Manual for Part I of the Project satisfactory to the Bank and the Borrower.

(d) The Borrower, through MER and MLSSF, respectively, has adopted the Operational Manual for Part II of the Project and the Operational Manual for Parts III and IV of the Project, both satisfactory to the Bank.

(e) Each of RSDF, MER, MLSSF and NAR has adopted its respective Annual Development Plan, satisfactory to the Bank, covering the period from the Effective Date to the end of 2007.

5.02. The Effectiveness Deadline is the date one hundred and twenty (120) days after the date of this Agreement.

ARTICLE VI - REPRESENTATIVE; ADDRESSES

6.01. The Borrower's Representative is its Minister of Public Finance.

6.02. The Borrower's Address is:

Ministry of Public Finance
17, Apolodor Street
Bucharest
Romania

Telex:	Facsimile:
11239	4021 312 6792

6.03. 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 64145(MCI)	1-202-477-6391

AGREED at Bucharest, Romania, as of the day and year first above written.

ROMANIA

By /s/ Sebastian Vladescu

Authorized Representative

INTERNATIONAL BANK FOR
RECONSTRUCTION AND DEVELOPMENT

By /s/ Anand Seth

Authorized Representative

SCHEDULE 1

Project Description

The objective of the Project is to improve the living conditions and the social inclusion of the most disadvantaged and vulnerable people in Romania.

The Project consists of the following parts:

Part I: Priority Interventions Program

Support to RSDF to improve living conditions and social inclusion for Roma living in about one hundred (100) poor settlements through: (i) the financing of Priority Interventions Sub-projects awarded on a competitive basis; (ii) the carrying out of promotion, information and education campaigns and monitoring evaluation activities, and the provision of training for local authorities, community groups and NGOs; (iii) the provision of assistance in capacity building at community level through preparation, facilitation, evaluation and supervision of Priority Intervention Sub-projects and provision of training in relation thereto, including training to RSDF; and (iv) the provision of technical assistance to poor Roma communities to prepare projects to be financed through EU funds.

Part II: Inclusive Early Childhood Education Program

Support to MER to mainstream Roma into the regular policies and programs of MER through: (i) the construction, extension, rehabilitation and furnishing of ECE infrastructure in communities with a high percentage of Roma; (ii) the development of an inclusive ECE curriculum, the provision of training to ECE staff, the development and distribution of ECE teaching and learning materials, and the provision of technical assistance to entities entitled to submit financing applications for projects to be financed through EU structural funds; (iii) the promotion of integrated services and alternative community-based solutions for ECE, including the development of coherent ECE legislation, and the provision of training and counseling programs for parents; and (iv) the carrying out of monitoring and evaluation and information, education and communication activities.

Part III: Social Assistance Programs

1. Disabilities Program

Support to MLSSF and NAPH to improve the quality of care in residential services and to increase the access to community-based services for persons with disabilities in need through: (i) the financing of Disabilities Sub-projects awarded on a competitive basis; (iii) the provision of training to professional staff that will implement

new standards of care; (iii) the development of the monitoring and evaluation system for NAPH; and (iv) the provision of occupational counseling services.

2. Youth at Risk Program

Support to MLSSF to enhance the social integration of youth aged eighteen (18) and more graduating from the institutionalized child care system, through: (i) the financing of Youth at Risk Sub-projects awarded on a competitive basis; (ii) the carrying out of monitoring and evaluation activities, and the development of specific methodologies; (iii) the provision of training to the staff of the multi-functional centers to be established under the Youth at Risk Sub-projects, and to the MLSSF staff involved in supervising the functioning of such multi-functional centers; and (iv) the carrying out of public awareness activities.

3. Victims of Domestic Violence Program

Support to MLSSF and NAFP to develop specialized integrated social services for victims of domestic violence, through: (i) the financing of Domestic Violence Sub-projects awarded on a competitive basis; (ii) the provision of training to the staff of centers for victims of domestic violence and to NAFP staff; (iii) the carrying out of monitoring and evaluation activities, the development of specific methodologies and the development of a specific management information system regarding victims and aggressors to be maintained by NAFP; and (iv) the carrying out of public awareness activities.

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Part IV: Capacity Building for Roma Social Inclusion

Support to NAR and its eight (8) regional branches to coordinate activities aimed at improving inclusive planning, monitoring and evaluation and identification, preparation and implementation of programs to be financed through EU and other funds, through: (i) the provision of training to NAR staff, Roma NGOs, local authorities and Roma community initiative groups; (ii) the preparation and implementation of an information, education and communication strategy; and (iii) the strengthening of the monitoring and evaluation system.

SCHEDULE 2

Project Execution

Section I. Subsidiary Financing; Institutional and Other Arrangements

A. Subsidiary Agreement

1. To facilitate the carrying out of Part I of the Project by RSDF, the Borrower shall make part of the proceeds of the Loan available to RSDF under a subsidiary agreement between the Borrower and RSDF ("Subsidiary Agreement"), under terms and conditions approved by the Bank, which shall include the following:

(a) the Borrower shall make part of the proceeds of the Loan available to RSDF in the form of a grant;

(b) RSDF shall be required to implement Part I of the Project in accordance with the Law No. 129, the Operational Manual for Part I of the Project, the Annual Development Plans for Part I of the Project and the provisions of this Loan Agreement; and

(c) RSDF shall be required as part of its responsibility for implementation of Part I of the Project: (i) to prepare and furnish to the Borrower and the Bank, not later than October 1 in each year, for their review and approval, an Annual Development Plan for the following calendar year for Part I of the Project; (ii) to prepare and furnish to the Borrower and the Bank, not later than October 1 in each year, for their review and approval, a Project Report on the progress, outputs and outcomes achieved in implementing the Annual Development Plans for the period preceding the date of such report for Part I of the Project; (iii) to prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim un-audited financial reports for Part I of the Project covering the quarter, in form and substance satisfactory to the Bank; (iv) to maintain a financial management system for Part I of the Project and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect its operations and financial condition including the operations, resources and expenditures related to Part I of the Project; (v) to have its financial statements referred to in (iv) above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank, and to ensure that each audit of these financial statements shall cover the period of one (1) fiscal year, and the audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period; (vi) to prepare applications for withdrawal of the proceeds of the Loan for Part I of the Project; and (vii) to supervise the implementation of Part I of the Project, including supervising the progress of each Priority Interventions Sub-project.

2. The Borrower shall exercise its rights under the Subsidiary 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 shall not assign, amend, abrogate or waive the Subsidiary Agreement or any of its provisions.

B. Institutional and Other Arrangements

1. The Borrower shall maintain the Steering Committee during Project implementation, with a composition and terms of reference acceptable to the Bank, which shall provide oversight and policy guidance as well as overall coordination for Project implementation. The Steering Committee shall comprise, *inter alia*, Secretaries of State of MPF, MER and MLSSF, and the Presidents of RSDF, NAPH, NAFP and NAR, and shall be chaired by the Minister of Labor, Social Solidarity and Family.

2. During Project implementation, the Borrower shall ensure that RSDF, MER, MLSSF and NAR, are maintained with an organizational and management structure, staffing and resources which shall be adequate to enable RSDF, MER, MLSSF and NAR, to effectively implement Part I, Part II, Part III and Part IV of the Project, respectively, and which shall be acceptable to the Bank. The Borrower shall ensure that procurement and financial management activities for Part IV of the Project shall be the responsibility of MLSSF.

3. The Operational Manual for Part I of the Project, satisfactory to the Bank and the Borrower, shall be cleared by the Steering Committee, and shall be adopted by RSDF. The Operational Manual for Part II of the Project and the Operational Manual for Parts III and IV of the Project, both satisfactory to the Bank, shall be cleared by the Steering Committee, and shall be adopted by the Borrower through MER and MLSSF, respectively.

4. The Borrower, through RSDF, MER, MLSSF and NAR, shall take all necessary measures to implement the Project in accordance with the Operational Manuals and the Annual Development Plans, and shall not amend, suspend, abrogate, repeal or waive any provision of the Operational Manuals and the Annual Development Plans without prior approval of the Bank.

5. The Borrower, through RSDF and MLSSF, shall ensure that the Priority Interventions Sub-projects, and the Disabilities Sub-projects, Youth at Risk Sub-projects and Domestic Violence Sub-projects, respectively, be implemented in accordance with the Operational Manual for Part I of the Project and the Operational Manual for Parts III and IV of the Project, respectively, setting forth criteria and procedures, including the Guidelines for Environmental Analysis for the Project, for selection of recipients and sub-projects, as well as the main terms and conditions of the agreements to be concluded with the recipients with respect to the Priority Interventions Sub-projects. The Borrower, through RSDF and MLSSF, respectively, shall ensure that the recipient of any fund under the Priority Interventions Sub-projects program, and the Disabilities Sub-projects, Youth

at Risk Sub-projects and Domestic Violence Sub-projects programs, respectively, shall carry out the respective sub-project in accordance with the approved agreement, environmental requirements, timetable and budget.

6. The Borrower, through RSDF, MER and MLSSF, shall ensure that: (i) all measures necessary under the Guidelines for Environmental Analysis for the Project set forth in the Operational Manuals are carried out in a timely manner; and (ii) adequate information on the implementation of the said measures is suitably included in the Project Reports referred to in Part A.1 of Section II of this Schedule 2.

Section II. Project Monitoring, Reporting, Evaluation

A. Annual Development Plans and Project Reports

1. The Borrower, through RSDF, MER, MLSSF and NAR, shall:

(a) not later than October 1 of each year during the implementation of the Project, or such later date as may be agreed by the Bank, starting October 1, 2007, submit to the Bank for its review and approval an Annual Development Plan, to be satisfactory to the Bank and the Steering Committee, for each Part of the Project for the following calendar year, prepared in accordance with the format included in the Operational Manuals, and which shall include agreed activities and corresponding costing to be financed with Loan proceeds for the respective year;

(b) (i) monitor and evaluate the progress of the Project and prepare Project Reports for each Part of the Project in accordance with the provisions of Section 5.08 of the General Conditions, on the basis of indicators agreed with the Bank and pursuant to the monitoring arrangements set forth in the Operational Manuals; and (ii) to that effect, not later than October 1 of each year during the implementation of the Project, or such later date as may be agreed by the Bank, starting October 1, 2007, submit to the Bank for its review and approval, Project Reports endorsed by the Steering Committee on the progress, outputs and outcomes achieved in implementing the Annual Development Plans for the period preceding the date of such report; and

(c) jointly undertake with the Bank, the review of the Project activities, outputs and outcomes based on the Project Reports referred to in sub-paragraph (b) above, and if such review is satisfactory to the Bank, jointly review and agree with the Bank and the Steering Committee on the Annual Development Plans for the following calendar year.

2. The Borrower shall cause RSDF, MLSSF, MER and NAR to provide to the Borrower not later than four (4) months after the Closing Date, for incorporation in the report referred to in Section 5.08 (c) of the General Conditions, all such information as the Borrower or the Bank shall reasonably request for the purposes of that Section.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through MER and MLSSF, shall maintain or cause to be maintained a financial management system for Parts II, III and IV of the Project in accordance with the provisions of Section 5.09 of the General Conditions.

2. The Borrower: (i) through MER and MLSSF, shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim un-audited financial reports for Parts II, III and IV of the Project covering the quarter, in form and substance satisfactory to the Bank; and (ii) shall cause RSDF to prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar quarter, interim un-audited financial reports for Part I of the Project covering the quarter, in form and substance satisfactory to the Bank.

3. The Borrower, through MER and MLSSF, 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 (1) fiscal year of the Borrower. The audited Financial Statements for each such period shall be furnished to the Bank not later than six (6) months after the end of such period.

4. The Borrower shall cause RSDF to maintain a financial management system for Part I of the Project and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, both in a manner adequate to reflect the operations and financial condition of RSDF, including the operations, resources and expenditures related to Part I of the Project.

5. The Borrower shall cause RSDF to have its financial statements referred to in paragraph 4 above audited by independent auditors acceptable to the Bank, in accordance with consistently applied auditing standards acceptable to the Bank. Each audit of these financial statements shall cover the period of one (1) fiscal year of RSDF. The audited financial statements for each period shall be furnished to the Borrower and the Bank not later than six (6) months after the end of the period.

Section III. Procurement

A. General

1. **Goods and Works.** All goods and works 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 Schedule.

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 Schedule.

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 the Procurement Guidelines, or Consultant Guidelines, as the case may be.

B. Particular Methods of Procurement of Goods and Works

1. **International Competitive Bidding.** Except as otherwise provided in paragraph 2 below, goods and works shall be procured under contracts awarded on the basis of International Competitive Bidding.

2**. Other Methods of Procurement of Goods and Works**. The following table specifies the methods of procurement, other than International Competitive Bidding, which may be used for goods and works. The Procurement Plan shall specify the circumstances under which such methods may be used.

	Procurement Method
(a)	National Competitive Bidding, subject to the additional provisions set forth in the Annex to this Schedule
(b)	Shopping
(c)	Direct Contracting
(d)	Community Participation procedures described in the Operational Manual for Part I of the Project

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 table specifies the methods of procurement, other than Quality and Cost-based Selection, which may be used for consultants' services. The Procurement Plan shall specify the circumstances under which such methods may be used.

Procurement Method	
(a)	Selection Under a Fixed Budget
(b)	Least Cost Selection
(c)	Selection based on Consultants' Qualification
(d)	Single-source Selection
(e)	Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants
(f)	Sole 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 this Section and such additional instructions as the Bank shall specify by notice to the Borrower 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 EUR)	Percentage of Expenditures to be Financed
(1) Goods, Works, Consultants' services (including audits), Training and grants for Part I of the Project as identified in the Annual Development Plans for such Part I of the Project	11,700,000	85%
(2) Goods, Works, Consultants' services (including audits), and Training for	6,100,000	85%

Category	Amount of the Loan Allocated (Expressed in EUR)	Percentage of Expenditures to be Financed
Part II of the Project as identified in the Annual Development Plans for such Part II of the Project		
(3) Goods, Works, Consultants' services (including audits), Training, Incremental Operating Costs, Disabilities Sub-projects, Youth at Risk Sub-projects and Domestic Violence Sub-projects for Part III of the Project as identified in the Annual Development Plans for such Part III of the Project	28,600,000	85%
(4) Goods, Works, Consultants' services, Training and Incremental Operating Costs for Part IV the Project as identified in the Annual Development Plans for such Part IV of the Project	800,000	85%
TOTAL AMOUNT	47,200,000	

3. For the purpose of this Schedule:

(a) the term "Training" means expenses incurred by RSDF, MER, MLSSF and NAR in connection with carrying out training activities, study tours and workshops under the Project, including transport and accommodation costs and per diem for trainees, trainers and workshop attendees, trainer fees, rental of facilities and equipment, training materials and related supplies; and

(b) the term "Incremental Operating Costs" means the incremental operating costs incurred by MLSSF and NAR on account of Project implementation, comprising; communication (including postage and internet); procurement related advertising costs; local transportation; fuel; operating, maintenance and insurance costs for vehicles; rent of the office accommodation; refurbishment and rehabilitation of offices including equipment; office supplies, maintenance and insurance of the office equipment; Project related travel and per diem allowances including accommodation and local transportation; and banking charges.

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; or

(b) for payments made prior to the date of this Agreement.

2. The Closing Date is March 1, 2011.

Annex
to
SCHEDULE 2

Mandatory for Procurement under Bank-Financed Contracts Subject to National Competitive Bidding

Contracts for goods or works for which the Loan Agreement allows procurement under paragraphs 3.3 and 3.4 of the Procurement Guidelines may be procured in accordance with the provisions of national laws and regulations with the following exceptions:

A. Procedures

An open competitive procedure shall be followed in all cases, irrespective of contract value. Foreign firms shall not be excluded and eligibility requirements shall be common for national and foreign bidders, with no preference of any kind given to national bidders or bidders from any regional market. Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper or the Official Gazette, allowing a minimum of thirty (30) days for the preparation and submission of bids. Adequate response time shall be provided for preparation and submission of bids.

B. Assessment of Bidders' Qualifications

Prior registration shall not be required to participate in bidding procedures. When pre-qualification shall be required for large or complex works, invitations to pre-qualify for bidding shall be advertised in at least one (1) widely circulated national daily newspaper or the Official Gazette, allowing a minimum of thirty (30) days prior to the deadline for the submission of pre-qualification applications. Minimum experience, technical and financial requirements shall be explicitly stated in the pre-qualification documents, which shall be determined by a 'pass/fail' method, not through use of a merit point system. Prequalification shall be based entirely upon the capability and resources of prospective bidders to perform the particular contract satisfactorily, taking into account their experience and past performance on similar contracts, capabilities with respect to personnel, equipment and construction or manufacturing facilities, and financial position, and all applicants that meet the specified criteria shall be allowed to bid. Where pre-qualification is not used, the qualifications of the bidder who is recommended for award of contract shall be assessed by post-qualification, applying minimum experience, technical and financial requirements which shall be explicitly stated in the bidding documents. All qualification criteria so specified in the pre-qualification documents or bidding documents, as the case may be, and only such qualification criteria, shall be used to determine whether a bidder is qualified.

C. Participation by Government-owned Enterprises

Government-owned enterprises in Romania shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not an dependent agency of the contracting authority. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

D. Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of goods, works or services, which shall contain draft contract and conditions of contract acceptable to the Bank. The bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission and opening of bids. Standards and technical specifications quoted in bidding documents shall permit the broadest possible competition, and wherever national standards are specified, the bidding documents shall also state that equipment, material, or workmanship meeting other standards, which promise at least substantial equivalence, will also be accepted. Bidding instructions shall clearly stipulate that discount, if any, must be stated by the bidder either in a cover letter or in the bid form. In case of joint ventures, bidding conditions shall stipulate joint and several liability of all the partners of the joint venture.

E. Evaluation Criteria

Evaluation criteria shall be clearly specified in the bidding documents, and evaluation criteria other than price shall be quantified in monetary terms. All evaluation criteria so specified, and only such criteria, shall be taken into account in bid evaluation.

F. Bid Submission, Opening and Evaluation, Award of Contract

(a) Bids shall be submitted in a single envelope containing the bidder's qualification information, technical and price bids, which shall be opened at the public bid opening. Should bids be submitted in two (2) or more envelopes, all envelopes shall be opened at the public bid opening.

(b) Bids shall be opened in public immediately after the deadline for submission of bids. No bid shall be rejected during bid opening. The name of the bidder, the total amount of each bid, and any discounts shall be read aloud and recorded in the minutes of the public bid opening. Any discount not mentioned in the cover letter or bid form shall not be taken into account in the evaluation.

(c) The evaluation of bids shall be done in strict adherence to the monetarily quantifiable criteria specified in the bidding documents and a merit point system or scoring on the basis of "technical and economical financial achievements" shall not be

used. A bid containing material deviations from, or reservations to, the terms, conditions, or specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened. Bidders shall not be eliminated from the detailed evaluation on the basis of non-material, minor deviations or reservations.

(d) Extension of bid validity shall be allowed once only for a maximum of thirty (30) days. No further extensions should be requested without the prior approval of the Bank.

(e) Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid.

(f) There shall be no negotiations, even with the lowest evaluated bidder, without the Bank's prior concurrence. A bidder shall not be required, as a condition of award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

(g) The Borrower shall publish the following information on contract award on a free and open access website when it becomes operational or on another means of publication acceptable to the Bank: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated price of each bid that was evaluated; (iv) names of bidders whose bids were rejected and the reasons for the rejection; and (v) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded. This publication will be updated at least quarterly.

(h) The Borrower shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank and the Government, if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, a Bank-financed contract.

G. Suppliers and Contractors

Bidding documents and contracts shall include a provision requiring bidders and contractors to permit the Bank to inspect their accounts and records relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank, if so required by the Bank.

H. Price Adjustment

Contracts of long duration (e.g. more than eighteen (18) months) shall contain an appropriate price adjustment clause.

I. Rejection of All Bids

(a) All bids shall not be rejected and new bids solicited without the Bank's prior written concurrence.

(b) When the number of bids received is less than two (2), re-bidding shall not be carried out without the Bank's prior concurrence.

J. Securities

No advance payments shall be made to contractors without a suitable advance payment security. The wording of all such securities shall be included into the bidding documents and shall be acceptable to the Bank. The contract shall provide for repayment of any advance payment in equal installments throughout the course of contract performance.

K. Complaints by Bidders

The Borrower shall establish an effective bid protest mechanism related to the procurement process and contract award, acceptable to the Bank that allows for bidder protests and the timely handling of such protests. The procedures to receive and handle complaints shall be disclosed in the bidding documents.

SCHEDULE 3

Amortization Schedule

Principal Payment Date	Principal Amount of the Loan Payable (Expressed in EUR*)
On each March 15 and September 15	
Beginning September 15, 2011 through September 15, 2022	1,965,000
On March 15, 2023	2,005,000

* The figures in this column represent the amount in Euros to be repaid, except as provided in Section 3.10 of the General Conditions.

APPENDIX

Definitions

1. "Annual Development Plan" means each of the four (4) documents (i) prepared by RSDF, MER, MLSSF and NAR, with respect to Part I, Part II, Part III and Part IV of the Project, respectively, which include the list of activities to be carried out in each calendar year under the respective Part of the Project, as well as the implementation plan, the procurement and monitoring arrangements and the budget relating to such activities; and (ii) agreed between the Borrower and the Bank pursuant to Part A.1 of Section II of Schedule 2 to this Agreement.

2. "Category" means a category set forth in the table in Section IV of Schedule 2 to this Agreement.

3. "Consultant Guidelines" means the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" published by the Bank in May 2004.

4. "Disabilities Sub-projects" means the projects, selected and financed on a competitive basis and implemented in accordance with the provisions of the Operational Manual for Parts III and IV of the Project, to improve short and long term care for persons with disabilities including *inter alia* the financing of restructuring and rehabilitation of existing institutions, the construction and equipment of smaller-scale infrastructure facilities aligned to EU standards, and the de-institutionalization process accompanied by the provision of community-based services.

5. "Domestic Violence Sub-projects" means the projects, selected and financed on a competitive basis and implemented in accordance with the provisions of the Operational Manual for Parts III and IV of the Project, to support the victims of domestic violence consisting in the financing of the rehabilitation of existing infrastructure or the construction of new buildings for multi-functional centers that will provide integrated social services to such victims and their dependents.

6. "ECE" means Early Childhood Education.

7. "EU" means the European Union.

8. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for Loans", dated July 1, 2005.

9. "Guidelines for Environmental Analysis for the Project" means the document dated March 14, 2006, satisfactory to the Bank, describing the environmental procedures to be complied with in respect of any civil works to be carried out under the Project.

10. "Law No.7" means the Borrower's Law No. 7/2005, as may be subsequently amended.

11. "Law No. 129" means the Borrower's Law No. 129/1998, republished in the Borrower's Official Gazette, Part I, No. 483, dated June 8, 2005, as may be subsequently amended.

12. "MER" means Ministry of Education and Research of the Borrower, or any successor thereto.

13. "MPF" means the Ministry of Public Finance of the Borrower, or any successor thereto.

14. "MLSSF" means the Ministry of Labor, Social Solidarity and Family of the Borrower, or any successor thereto.

15. "NAFP" means the National Agency for Family Protection of the Borrower, established pursuant to the Borrower's Law No. 217/2003 as amended by the Borrower's Ordinance No. 95/2003, and referred to in Part III.3 of Schedule 1 to this Agreement, or any successor thereto.

16. "NAPH" means the National Authority for Persons with Handicap of the Borrower, established pursuant to the Borrower's Ordinance No. 14/2003, as amended, and referred to in Part III.1 of Schedule 1 to this Agreement, or any successor thereto.

17. "NAR" means the National Agency for Roma of the Borrower, established pursuant to the Law No. 7, as a special central public administration body with legal personality, or any successor thereto.

18. "NGO" means a non-governmental organization, established and operating under the laws of the Borrower.

19. "Operational Manual for Part I of the Project" means the manual describing procedures for implementation of Part I of the Project and including, *inter alia*: (i) procedures governing administrative, procurement, accounting, financial management, and monitoring and evaluation arrangements; (ii) sample formats of Annual Development Plans and Project Reports; (iii) the eligibility criteria, selection procedures, terms and conditions and procurement arrangements for the provision of grants under the Priority Interventions Sub-projects program; and (iv) the Guidelines for Environmental Analysis for the Project.

20. "Operational Manual for Part II of the Project" means the manual describing procedures for implementation of Part II of the Project and including, *inter alia*: (i) procedures governing administrative, procurement, accounting, financial management, and monitoring and evaluation arrangements; (ii) sample formats of Annual Development Plans and Project Reports; and (iii) the Guidelines for Environmental Analysis for the Project.

21. "Operational Manual for Parts III and IV of the Project" means the manual describing procedures for implementation of Parts III and IV of the Project and including, *inter alia*: (i) procedures governing administrative, procurement, accounting, financial management, and monitoring and evaluation arrangements; (ii) sample formats of Annual Development Plans and Project Reports; (iii) the eligibility criteria, selection procedures, terms and conditions and procurement arrangements for the Disabilities Sub-projects, Youth at Risk Sub-projects and Domestic Violence Sub-projects; and (iv) the Guidelines for Environmental Analysis for the Project.

22. "Operational Manuals" means collectively the Operational Manual for Part I of the Project, the Operational Manual for Part II of the Project and the Operational Manual for Parts III and IV of the Project.

23. "Priority Interventions Sub-projects" means the integrated projects financed on a grant basis, selected on a competitive basis, focused on improvement of small community infrastructure and provision of community-based social services, and implemented in accordance with the provisions of the Operational Manual for Part I of the Project, to improve living conditions and social inclusion of Roma living in poor settlements including *inter alia* the financing of technical assistance for sub-project preparation and implementation and related training, and environmental activities.

24. "Procurement Guidelines" means the "Guidelines for Procurement under IBRD Loans and IDA Credits" published by the Bank in May 2004.

25. "Procurement Plan" means the Borrower's procurement plan for the Project, dated May 4, 2006, and referred to in paragraph 1.16 of the Procurement Guidelines and paragraph 1.24 of the Consultant Guidelines, as the same shall be updated from time to time in accordance with the provisions of said paragraphs.

26. "RSDF" means the Romanian Social Development Fund, established under the Law No. 129, as a public-interest, non-profit entity with legal personality and enjoying administrative autonomy.

27. "Steering Committee" means the committee to be established by the Borrower, with membership and terms of reference satisfactory to the Bank, and referred to in Part B.1 of Section I of Schedule 2 to this Agreement.

28. "Subsidiary Agreement" means the agreement referred to in Part A.1 of Section I of Schedule 2 to this Agreement pursuant to which the Borrower shall make part of the proceeds of the Loan available to RSDF.

29. "Youth at Risk Sub-project" means the projects, selected and financed on a competitive basis and implemented in accordance with the provisions of the Operational Manual for Parts III and IV of the Project, to facilitate the social and professional integration of the youth aged eighteen (18) year old and more who ceased to be eligible for the child protection system consisting in the financing of multi-functional centers that will provide integrated social services to such youth aged eighteen (18) year old and more.