

Public Disclosure Authorized

# OFFICIAL DOCUMENTS

LOAN NUMBER 8879-RO

## Loan Agreement

(Disaster Risk Management Development Policy Loan  
with a Catastrophe-Deferred Drawdown Option)

between

ROMANIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Public Disclosure Authorized

## LOAN AGREEMENT

AGREEMENT dated as of the Signature Date between ROMANIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

### ARTICLE I — GENERAL CONDITIONS; DEFINITIONS

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form 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 the amount of four hundred million Euros (€400,000,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one half of one percent (0.50%) of the Loan amount.
- 2.03. If, at the Borrower’s request and on such terms and conditions as the Bank may agree, the Closing Date is extended, the fee payable by the Borrower for each extension of the Closing Date shall be one quarter of one percent (0.25%) of the Loan amount available for withdrawal upon such extension. The Borrower shall pay the fee from its own resources not later than sixty days after the date of the notice given by the Bank to the Borrower confirming the extension of the Closing Date.
- 2.04. The interest rate is the Reference Rate plus the Fixed Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are May 1 and November 1 in each year.
- 2.06.
  - (a) Except as otherwise provided in paragraph (b) of this Section, the principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
  - (b) The Borrower may at the time of requesting a Withdrawal also request repayment provisions different from those set out in Schedule 2 to this Agreement for such Withdrawal, provided that: (i) the average maturity of such Withdrawal does not exceed 20 years from the Withdrawal Date and the final maturity of such Withdrawal does not exceed 35 years from the Withdrawal Date (or such other average maturity and/or final maturity as may be generally applicable to loans

made by the Bank to the Borrower at the time of such agreement); and (ii) such repayment provisions have been agreed between the Borrower and the Bank prior to the Withdrawal Date of such Withdrawal.

- 2.07. At any time prior to the Closing Date, the Borrower may, by notice to the Bank, refund any amount of the Withdrawn Balance for the purpose of re-crediting such amount to the Loan Account for further withdrawals. Upon such refund, the repayment schedule shall be adjusted on a pro rata basis, on terms and conditions acceptable to the Bank.
- 2.08. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

### **ARTICLE III — PROGRAM**

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program; and
  - (b) without limitation upon paragraph (a) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of the following, namely, that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely, that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of 90 days after notice of the event has been given by the Bank to the Borrower.

### **ARTICLE V — EFFECTIVENESS; TERMINATION**

- 5.01. The Additional Condition of Effectiveness consists of the following, namely, that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date one hundred and eighty (180) days after the Signature Date.

**ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is the Minister of Public Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions: (a) the Borrower's address is:

Ministry of Public Finance

16 Libertatii Boulevard, district 5  
Bucharest, 05 07 06  
Romania

and

(b) the Borrower's Electronic Address is:

Facsimile:

40213126792

- 6.03. For purposes of Section 10.01 of the General Conditions: (a) the Bank's address is:

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

(b) the Bank's Electronic Address is:

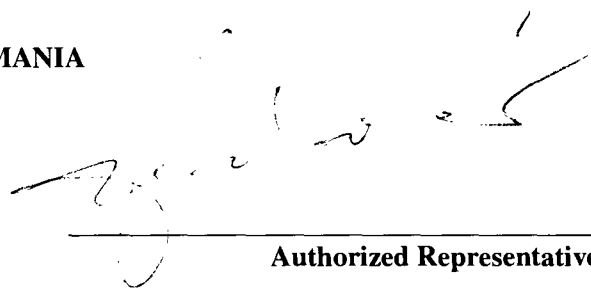
Facsimile:

1-202-477-6391

AGREED as of the Signature Date.

ROMANIA

By



Authorized Representative

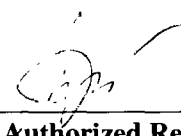
Name: EUGEN ORLANDO TEODOROVICI

Title: MINISTER OF PUBLIC FINANCE

Date: JULY 4 2018

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By



Authorized Representative

Name: TATIANA PROSKURYAKOVA

Title: COUNTRY MANAGER

Date: JULY, 4 2018

## SCHEDULE 1

### Program Actions; Availability of Loan Proceeds

#### Section I. Actions under the Program

The actions taken by the Borrower under the Program include the following:

##### Pillar A: Strengthen the Borrower's national framework for disaster risk management

The Borrower:

- (a) has established the National Platform for Disaster Risk Reduction and the platform is in effect; and
- (b) has adopted a national emergency management information system for emergency and disaster response (SMISU) and the system is effective nationwide.

##### Pillar B: Strengthen the Borrower's capacity to systematically identify and reduce disaster and climate risks and to manage the financial impact of disasters

The Borrower:

- (a) has, through the National Commission for Earthquake Engineering, the Technical Commission for Actions on Buildings, and the Technical Commission for Structural System, endorsed the draft revising the building design code for seismic risk in existing buildings (P100-3/2008); and
- (b) has: (i) in line with EU Regulation No.1303/2013, submitted to the European Commission the national assessment of disaster risks in order to access EU funds under the European Structural Investment Funds Program (2014-2020) for enhanced emergency response; and (ii) made available to the public on the Ro-Risk Platform data and reports on disaster risk assessment.

#### Section II. Availability of Loan Proceeds

- A. **General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. **Allocation of Loan Amounts.** The Loan is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of the Loan Allocated (expressed in EURO)</b>
(1) Single Withdrawal Tranche	400,000,000
<b>TOTAL AMOUNT</b>	<b>400,000,000</b>

**C. Payment of Fee Pursuant to Section 2.03 of this Agreement.** If the Closing Date is extended pursuant to Section 2.03 of this Agreement and the Borrower elects to finance from its own resources the fee set forth in said Section, no withdrawal shall be made from the Loan Account until the Bank has received payment in full of such fee.

**D. Withdrawal of Loan Proceeds.**

1. No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied that in response to a Catastrophe Event that NCSES has issued a decision in accordance with Emergency Ordinance No.21/2004, as subsequently amended, mobilizing financial and/or other resources to respond to such an event.
2. Notwithstanding the foregoing, if, at any time prior to the receipt by the Bank of a request for withdrawal of an amount of the Loan, the Bank determines that a review of the Borrower's progress in carrying out the Program is warranted, the Bank shall give notice to the Borrower to that effect. Upon the giving of such notice, no withdrawals shall be made of the Unwithdrawn Loan Balance unless and until the Bank has notified the Borrower of its satisfaction, after an exchange of views as described in paragraphs (a) and (b) of Section 3.01 of Article III of this Agreement, with the progress achieved by the Borrower in carrying out the Program.

**E. Deposit of Loan Amounts.**

The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03 (a) of the General Conditions; and (b) the record that an equivalent amount has been accounted for in the Borrower's budget management systems;

**F. Closing Date.** The Closing Date is December 31, 2021.

**SCHEDULE 2**

The Borrower shall repay the principal amount of the Loan in full on May 1, 2038.



## APPENDIX

### Section I. Definitions

1. "EU Regulation No.1303/2013" means the European Regulation of the European Parliament and of the Council dated December 17, 2013, establishing Common Provisions for the European Structural and Investment (ESI) Funds with the intention of improving the effectiveness of ESI funding through, among other, the fulfilment of ex-ante conditionalities.
2. "Catastrophe Event" means, for the purpose of this Loan Agreement, an imminent or occurring emergency situation that requires the Borrower to promptly mobilize its capacity and/or financial resources, pursuant to the Borrower's Emergency Ordinance No.21/2004, as subsequently amended.
3. "Emergency Ordinance No. 21/2004" means the Borrower's emergency ordinance No. 21 dated April 15, 2004 on the National Emergency Management System, as subsequently amended, published into the official gazette of the Borrower part 1, No.361 dated April 26, 2004.
4. "General Conditions" means the "International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing", dated July 14, 2017, with the modifications set forth in Section II of this Appendix.
5. "Government Decision no. 94/2014" means the Borrower's Government Decision No. 94 dated February 12, 2014 on the organization, operation and composition of the National Committee for Emergency Special Situations, as subsequently amended, published in the Official Gazette of the Borrower Part I, No. 121 on February 18, 2014.
6. "National Commission for Earthquake Engineering" means the Borrower commission established to function alongside the Ministry of Regional Development and Public Administration pursuant to Law No. 217/2012 approving the Government Ordinance no. 16/2011 amending the Government Ordinance No. 20/1994 on measures to reduce the seismic risk of existing constructions, published in the official gazette of the Borrower Part I, No. 770 on November 15, 2012.
7. "National Committee for Special Emergency Situations" or "NCSES" is the Borrower entity responsible for the coordination and the comprehensive management of emergency situations for selected risks, established pursuant to the Borrower's Emergency Ordinance No.21 / 2004, as subsequently amended, and functioning pursuant to Government Decision No. 94 /2014, as subsequently amended. NCSES is convened in ordinary and extraordinary meetings and issues Decisions on measures to be taken by responsible authorities to prevent or to act upon the materialization of such risks.
8. "National Emergency Management Information System for Emergency and Disaster Response (SMISU)" means the Borrower's national emergency information system designed to support decision making for managing and coordinating response in case of disaster and emergency that became effective nationwide, pursuant to the Order of the

Borrower's General Inspectorate for Emergency Situation No. 109002 dated January 5, 2018.

9. "National Platform for Disaster Risk Reduction" means the Borrower's platform established pursuant to the Government Decision No. 768/2016, published in the Official Gazette No. 852 on October 26, 2016.
10. "National Risk Assessment of Romania" or "Ro-Risk" means the assessment carried out by the Borrower from April to December 2016 to identify risks depending on hazard, vulnerability and exposure regarding 10 types of natural, technical and biological disasters based on sectoral risk assessment prepared by related public institutions.
11. "Program" means: the program of objectives, policies, and actions set forth or referred to in the letter dated May 25, 2018 from the Borrower to the Bank declaring the Borrower's commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program's objectives.
12. "Ro-Risk Platform" means the geospatial platform established by Romania on December 16, 2017 for sharing of data and information generated through the National Risk Assessment of Romania (Ro-Risk).
13. "Signature Date" means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to "the date of the Loan Agreement" in the General Conditions.
14. "Single Withdrawal Tranche" means the amount of the Loan allocated to the category entitled "Single Withdrawal Tranche" in the table set forth in Part B of Section II of Schedule 1 to this Agreement.
15. "Technical Commission for Actions on Buildings" means the Borrower commission established pursuant to the Order of Minister of Development, Public Works and Housing No.930/2008 dated 2008.
16. "Technical Commission for Structural Systems" means the Borrower commission established pursuant to the Order of Minister of Development, Public Works and Housing No. 930/2008 dated July 22, 2008 published in the Official Gazette of the Borrower Part I, No. 592 on August 2008.

## **Section II. Modifications to the General Conditions**

The General Conditions are hereby modified as follows:

1. In paragraph 54 of the Appendix, the term "Fixed Spread" is modified to read as follows:

"54. "Fixed Spread" means, for each Withdrawal, the Bank's fixed spread for the Loan Currency of the Withdrawal in effect at 12:01 a.m. Washington, D.C. time, on the

Withdrawal Date, and expressed as a percentage per annum; provided, that: (a) for purposes of determining the Default Interest Rate, pursuant to Section 3.02 (e), that is applicable to an amount of the Withdrawn Loan Balance on which interest is payable at a Fixed Rate, the "Fixed Spread" means the Bank's fixed spread in effect at 12:01 a.m. Washington, D.C. time, one calendar day prior to the date of the Loan Agreement, for the Currency of denomination of such amount; (b) for purposes of a Conversion of the Variable Rate based on a Variable Spread to a Variable Rate based on the Fixed Spread, and for purposes of fixing the Variable Spread pursuant to Section 4.02, "Fixed Spread" means the Bank's fixed spread for the Loan Currency as reasonably determined by the Bank on the Conversion Date; and (c) upon a Currency Conversion of all or any amount of the Unwithdrawn Loan Balance, the Fixed Spread shall be adjusted on the Execution Date in the manner specified in the Conversion Guidelines."

2. In paragraph 101 of the Appendix, the term "Variable Spread" is modified to read as follows:

" 101. "Variable Spread" means, for each Withdrawal and each Interest Period: (a) (1) the Bank's standard lending spread for Loans in effect at 12:01 a.m. Washington, D.C. time, on the Withdrawal Date; and (2) minus (or plus) the weighted average margin, for the Interest Period, below (or above) the Reference Rate, for six-month deposits, in respect of the Bank's outstanding borrowings or portions thereof allocated by it to fund loans that carry interest at a rate based on the Variable Spread; as reasonably determined by the Bank and expressed as a percentage per annum; and (b) in case of Conversions, the variable spread, as applicable, as determined by the Bank in accordance with Conversion Guidelines and notified to the Borrower pursuant to Section 4.01(c). In the case of a Loan denominated in more than one Currency, "Variable Spread" applies separately to each of such Currencies."

3. The following definitions of the terms "Withdrawal" and "Withdrawal Date" are inserted as new paragraphs 102 and 103, respectively, and the remaining definitions and paragraphs (as the case may be) renumbered accordingly:

102. "Withdrawal" means each amount of the Loan withdrawn by the Borrower from the Loan Account pursuant to Section 2.01.

103. "Withdrawal Date" means, for each Withdrawal, the date on which the Bank pays the Withdrawal."