

Co-lenders' Agreement

relating to the cofinancing of the  
School Rehabilitation Project in Romania

between

THE COUNCIL OF EUROPE SOCIAL DEVELOPMENT FUND

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

Dated May 18 , 1998

CO-LENDERS' AGREEMENT

This Agreement, made and entered into as of the 18th day of May 1998, between THE COUNCIL OF EUROPE SOCIAL DEVELOPMENT FUND (hereinafter referred to as "CEF") and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (hereinafter referred to as the "Bank").

WITNESSETH

WHEREAS:

(A) Romania (hereinafter referred to as the "Borrower") has requested the Bank and CEF to assist in the financing of the School Rehabilitation Project (the "Project") in Romania;

(B) The Bank has entered into a loan agreement with the Borrower (hereinafter referred to as the "Bank Loan Agreement"), dated October 2, 1997, under which the Bank is lending to the Borrower, on the terms and conditions therein set forth or referred to, an amount in various currencies equivalent to US\$70,000,000 (hereinafter referred to as the "Bank Loan") to finance part of the Project;

(C) CEF has entered into a loan agreement with the Borrower (hereinafter referred to as the "CEF Loan Agreement"), dated October 1, 1997, under which CEF is lending to the Borrower, on the terms and conditions therein set forth or referred to, an amount in various currencies equivalent to US\$13,800,000 (hereinafter referred to as the "CEF Loan", and the Bank Loan Agreement and the CEF Loan Agreement being hereinafter referred to collectively as the "Loan Agreements" and individually as a "Loan Agreement") to finance part of the Project;

(D) The Bank and CEF (hereinafter referred to collectively as the

"Co-lenders" and individually as a "Co-lender") consider it desirable to advise each other of matters concerning the Project, the Borrower and other matters of common interest.

NOW THEREFORE the Co-lenders hereby agree as follows:

#### Article I

##### Coordination, Exchange of Information, and Consultation

Section 1.01. Each Co-lender shall, in conformity with and subject to its practices with respect to the treatment of information of a confidential nature, at the request of the other Co-lender, exchange views and provide pertinent information with respect to the progress achieved by the Borrower in the implementation of the Project.

Section 1.02. Each Co-lender shall promptly inform the other Co-lender of any of the following events:

(a) any event of which such Co-lender becomes aware which, in the opinion of such Co-lender, is likely to materially interfere with, or seriously hinder or impair, the implementation of the Project, or to adversely and materially interfere with the performance by the Borrower of its obligations under the Loan Agreement to which such Co-lender is a party; and/or

(b) any notice given by the Borrower to prepay the whole or any part of the loan disbursed pursuant to the Loan Agreement to which such Co-lender is a party and any amount thereof actually prepaid.

Section 1.03. Each Co-lender shall provide to the other Co-lender a copy of its respective Loan Agreement promptly after this Agreement is signed.

Section 1.04. Each Co-lender shall inform the other Co-lender of any supervision mission related to its respective Loan Agreement undertaken by itself and provide to such other Co-lender a report setting out the main findings or results of such mission.

Section 1.05. Without prejudice to the independent right of decision and action of each Co-lender under its respective Loan Agreement, each Co-lender shall give notice to, and to the extent reasonably practicable consult with, the other Co-lender whenever it proposes to:

(a) suspend, terminate, cancel or accelerate, in whole or in part, the loan provided under its Loan Agreement; or

(b) agree to any substantial amendment to its Loan Agreement, or take any action which might result in the termination of its Loan Agreement.

Section 1.06. In addition to the matters referred to in the foregoing Sections of this Article I, each Co-lender may consult with the other Co-lender on any matter of common interest arising out of this Agreement.

Section 1.07. Each Co-lender agrees that all its decisions, including decisions to take or refrain from taking action, concerning the Loan Agreement to which it is a party, will be based exclusively on its own judgment, independently of the information provided by, or expected from, the other Co-lender or the views expressed by such other Co-lender.

#### Article II

##### Procurement and Administration

Section 2.01. Procurement of the goods and services to be financed in accordance with the CEF Loan Agreement shall be governed by the provisions contained in the Bank Loan Agreement. Supervision of the procurement process shall be carried out by the Bank in accordance with its standard procedures and practices in such matters. The Bank shall provide CEF with a copy of any communication to the Borrower that the Bank may make in the discharge of its functions under the provisions for the procurement of goods and services contained in the Bank Loan Agreement.

Section 2.02. Upon receipt by the Bank of a disbursement request from the Borrower, the Bank shall promptly deliver to the CEF a disbursement notice. Such

disbursement request and disbursement notice shall be in such form as the Bank and CEF may agree from time to time.

### Article III

#### Adjustment for Cofinancing

Section 3.01. Subject to the agreement of the Borrower, each Co-lender shall take all necessary actions to incorporate relevant clauses in, and/or make such amendments as may be required to, the Loan Agreement to which such Co-lender is a party in order to reflect the cofinancing arrangements envisaged herein and to incorporate an optional cross default clause in respect of the other Co-lender's loan to the Borrower.

### Article IV

#### Effectiveness of this Agreement

Section 4.01. This Agreement shall become effective upon its signature by both parties.

Section 4.02. Subject to Section 4.03 of this Agreement, this Agreement shall remain in full force and effect until the date on which the CEF Loan Agreement shall have terminated or the date on which the Bank Loan Agreement shall have terminated, whichever is earlier.

Section 4.03. This Agreement may be modified from time to time by further agreement in writing between the Co-lenders. This Agreement may be terminated at any time upon thirty (30) days' advance notice given in writing by either party to the other party.

### Article V

#### Miscellaneous

Section 5.01. Any notice required under this Agreement and any agreement or other document contemplated by this Agreement shall be in writing. Any such notice shall be deemed to have been duly given either on the date of dispatch, if delivered by hand or sent by telex or cable, or five (5) days after the date of posting, if sent by registered airmail, and in each case addressed as specified below, or to such other address as either party shall have designated by notice to the other.

For the Bank:

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

Cable Address:

INTBAFRAD  
Washington, D.C.

Telex:

248423 (MCI)  
64145 (MCI)

For CEF:

Fonds de Developpement  
Social du Conseil de l'Europe  
55, Avenue Kleber (16e)  
75784 Paris Cedex 16

Telex:

642709 CEFON F

IN WITNESS WHEREOF, CEF and the Bank, acting through their duly authorized representatives, have caused this Agreement to be signed in their respective names in Paris, France and the District of Columbia, United States of America, respectively, as of the day and year first above written.

THE COUNCIL OF EUROPE SOCIAL  
DEVELOPMENT FUND

By /s/ Martin Murtfeld

Authorized Representative

INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT

By /s/ Kenneth Lay

Authorized Representative

