

September 13, 2005

His Excellency
Sebastian Vladescu
Minister of Public Finance
17, Apolodor Street
Bucharest
Romania

Re: Grant for Capacity Building for Roma Inclusion Programs
in Romania - IDF Grant No. TF055352

Dear Sir:

I am writing on behalf of the International Bank for Reconstruction and Development (the Bank) to indicate the Bank's agreement to make to Romania (the Recipient) a grant in an amount not exceeding three hundred fifty thousand US dollars (US\$350,000) (the Grant).

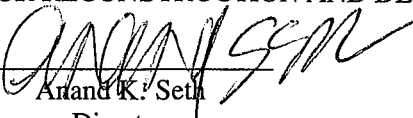
The Grant is made in response to the Recipient's request for financial assistance and for the purposes and on the terms and conditions set forth in the Annex to this Letter-Agreement. The Recipient represents, by confirming its agreement below, that it is authorized to contract and withdraw the Grant for the said purposes and on the said terms and conditions.

Please note that it is the Bank's policy to make publicly available this Letter Agreement and any information related thereto, after this Letter Agreement has become effective and the Recipient has given its consent to such disclosure. The Recipient, by countersigning this Letter Agreement, confirms its consent to such disclosure.

Please confirm your agreement with the foregoing, on behalf of the Recipient, by signing, dating, and returning to us the enclosed copy of this Letter-Agreement. Upon receipt by the Bank of the copy of this Letter-Agreement countersigned by you, this Letter-Agreement will become effective as of the date of the countersignature.

Very truly yours,

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By 
Anand K. Seth
Director

South Central Europe
Europe and Central Asia Region

AGREED:

ROMANIA 

By: The Ministry of Public Finance
Name: Sebastian Vladescu
Title: Minister of Public Finance
Date: September 13, 2005

Purposes, Terms, and Conditions of the Grant

1. Purposes and Activities

1.1. The purpose of the Grant is to support capacity building for the Recipient's National Agency for Roma (NAR), other governmental agencies, regional and local authorities to address Roma issues in inclusive programs, better manage public expenditures and ensure financial accountability and public oversight. The activities (the Activities) for which the Grant is given are as follows:

(1) *Capacity Building for Inclusive Policies, Programs and Plans Formulation*, consisting of seminars for stakeholders to reach consensus on strategies for Roma inclusion and development, training, and technical assistance to: (i) NAR, selected line ministries and other entities to formulate and implement inclusive programs in the areas of the Decade of Roma inclusion (education, health, employment, housing); and (ii) regional and (selected) local authorities to develop and implement local and regional development plans in view of the EU integration and access to EU funds.

(2) *Capacity Building for NAR to Coordinate and Monitor Initiatives to Improve the Roma Situation*, consisting of technical assistance to NAR, including study tours.

(3) *Information, Education, and Communication*, consisting of technical assistance to NAR on public relations strategy and implementation of a communications campaign.

2. Implementation Generally

2.1. The Recipient shall: (a) carry out the Activities through the General Secretariat of the Government and NAR with due diligence and efficiency; (b) promptly provide the funds, facilities, services and other resources required for that purpose; (c) furnish all information covering the Activities and the use of the proceeds of the Grant as the Bank shall reasonably request; (d) from time to time exchange views with the Bank's representatives on the progress and results of the Activities; and (e) take all necessary measures required to enable the Bank's representatives to visit the territory of Romania for purposes related to the Grant. Without limitation on the foregoing, the Recipient shall, if the Bank shall so request, prepare and furnish to the Bank promptly upon completion of the Activities a report, in form and substance satisfactory to the Bank, on the results and impact of the Activities.

3. Procurement

3.1. Except as the Bank shall otherwise agree, procurement of the consultants' services and goods required for the carrying out of the Activities and to be financed out of the proceeds of the Grant shall be governed by the provisions of Attachment I to this Annex.

3.2. The Recipient shall ensure that all imported goods to be financed out of the proceeds of the Grant shall be insured against hazards incident to the acquisition, transportation and delivery thereof to the place of use or installation, and that any indemnity for such insurance is payable in a freely usable currency to replace or repair such goods. The Recipient shall ensure that any facilities relevant to the Activities are at all times operated and maintained in accordance with appropriate practices and that any repairs or renewals of such facilities are promptly made as needed.

4. Withdrawal of Grant Proceeds

4.1. The amount of the Grant shall be credited to an account opened by the Bank on its books in the name of the Recipient (the Grant Account), and may be withdrawn therefrom by the Recipient in accordance with the provisions of this paragraph 4, for expenditures in respect of the reasonable cost of goods and services required for the Activities and to be financed out of the proceeds of the Grant.

4.2. The expenditures for the following Categories of items may be financed out of the proceeds of the Grant and shall be used exclusively in the carrying out of the Activities:

<u>Category</u>	<u>Amount of the Grant Allocated (In US Dollars)</u>	<u>% of Expenditures to be Financed</u>
(1) Consultants' services (including audit for the Grant) and Training	344,600	100%
(2) Goods	<u>5,400</u>	100%
TOTAL	<u>350,000</u>	

4.3. Notwithstanding the provisions of paragraph 4.2 above:

(a) No withdrawals from the Grant Account shall be made: (i) for payments made for expenditures prior to the date of signature of this Letter Agreement by the Bank; or (ii) for the purpose of any payment to persons or entities, or for any import of goods, if such payment or import, to the Bank's knowledge, is prohibited by a decision of the United Nations Security Council taken under Chapter VII of the Charter of the United Nations;

(b) No withdrawals from the Grant Account shall be made after a date three years from the date of countersignature of this Letter Agreement by the Recipient (the Closing Date). However, withdrawals may be made after the Closing Date for expenditures incurred prior to the Closing Date if the corresponding withdrawal application is received by the Bank within four months after the Closing Date, after which time any amount of the Grant remaining unwithdrawn from the Grant Account shall be canceled;

(c) The use of any proceeds of the Grant to pay for taxes levied by, or in the territory of, the Recipient on or in respect of the goods or services to be financed out of the proceeds of the Grant, or on their importation, manufacture, procurement or supply, is subject to the Bank's policy of requiring economy and efficiency in the use of the proceeds of its loans and grants. To that end, if the Bank at any time determines that the amount of any such tax is excessive, or that such tax is discriminatory or otherwise unreasonable, the Bank may, by notice to the Recipient, adjust the percentage of such goods or services to be financed out of the proceeds of the Grant specified in the table in paragraph 4.2 above, as required to ensure consistency with such policy of the Bank; and

(d) If, in the Bank's opinion, an amount of the Grant allocated to any of the categories in the table in paragraph 4.2 above will be insufficient to finance the expenditures for such category,

the Bank may, by written notice to the Recipient, re-allocate to such category an amount of the Grant then allocated to another category which, in the Bank's opinion, will not be necessary to meet other expenditures.

4.4. When the Recipient shall desire to withdraw any amount from the Grant Account, it shall deliver to the Bank a written application for withdrawal of such amount in the form specified by the Bank. Withdrawal applications shall be: (a) signed on behalf of the Recipient by the Minister Delegate for the Coordination of the General Secretariat of the Government or such other person as the Minister of Public Finance shall have authorized in writing; and (b) accompanied by such evidence in support of the application as the Bank shall reasonably request. Authenticated specimen signatures of the person authorized to sign withdrawal applications shall be provided with the first application bearing his or her signature. Each withdrawal application for an amount of the Grant and its supporting evidence must be sufficient in form and substance to satisfy the Bank that the Recipient is entitled to withdraw such amount from the Grant Account and that such amount is to be used in the carrying out of the Activities. The Bank shall pay the amounts withdrawn by the Recipient from the Grant Account only to or on the order of the Recipient.

4.5. To facilitate the carrying out of the Activities, the Recipient may open and maintain a special deposit account (the Special Account) in US Dollars in a commercial bank, on terms and conditions satisfactory to the Bank, including appropriate protection against set-off, seizure or attachment. Deposits into, and payments out of, the Special Account shall be made in accordance with the provisions of Attachment II to this Annex.

4.6. The Bank may require that withdrawals from the Grant Account be made on the basis of statements of expenditure for expenditures for: (a) services of consulting firms costing less than the equivalent of US\$100,000; (b) services of individual consultants costing less than the equivalent of US\$50,000; (c) all goods contracts; and (d) training, all under such terms and conditions as the Bank shall specify by notice to the Recipient.

4.7. Withdrawals of the proceeds of the grant shall be made in US dollars. However, the Bank, at the Recipient's request and acting as an agent of the Recipient, shall purchase with US dollars withdrawn from the Grant Account such currencies as shall be required to pay for expenditures to be financed out of the proceeds of the Grant. Whenever it shall be necessary, for the purposes of this Letter Agreement, to determine the value of one currency in terms of another, such value shall be as reasonably determined by the Bank.

5. Accounts and Audits

(a) The Recipient shall maintain or cause to be maintained a financial management system, including records and accounts, and prepare financial statements in accordance with consistently applied accounting standards acceptable to the Bank, adequate to reflect the operations, resources and expenditures related to the Activities.

(b) Upon the Bank's request, the Recipient shall: (i) have the financial statements referred to in subparagraph (a) above audited for the period indicated in the Bank's request, in accordance with auditing standards, acceptable to the Bank, by independent auditors acceptable to the Bank; (ii) furnish to the Bank as soon as available, but in any case not later than six months after the date of the Bank's request for such audit, (A) certified copies of the financial statements referred to in subparagraph (a) above for such period, as so audited, and (B) an opinion on such statements by said auditors, in scope and detail satisfactory to the Bank; and (iii) furnish to the Bank

such other information concerning such records and accounts and the audit of such financial statements, and concerning said auditors, as the Bank shall have reasonably requested.

(c) For all expenditures with respect to which withdrawals from the Grant Account were made on the basis of statements of expenditure, the Recipient shall: (i) retain, until at least one year after the end of the fiscal year in which the last withdrawal from the Grant Account was made, all records (contracts, orders, invoices, bills, receipts and other documents) evidencing such expenditures; (ii) enable the Bank's representatives to examine such records; and (iii) ensure that such statements of expenditure are included in any audit that the Bank may have requested pursuant to subparagraph (b) above.

6. Suspension and Cancellation

6.1. The Bank may at any time, by notice to the Recipient, suspend the right of the Recipient to make further withdrawals from the Grant Account if any of the following events has occurred and is continuing: (a) funds withdrawn have not been used for the purpose agreed between the Recipient and the Bank; (b) the Activities have not been carried out in accordance with the standards or methods agreed between the Recipient and the Bank; (c) the Recipient has failed to comply with any of the obligations herein specified; or (d) the right of the Recipient, or any other entity to which the Bank has made a loan with the guarantee of the Recipient, to make withdrawals under any loan agreement with the Bank or any development credit, grant or financing agreement with the International Development Association has been suspended.

6.2. The Bank may, by notice to the Recipient, terminate the right of the Recipient to make further withdrawals from the Grant Account and shall cancel any amount of the Grant remaining unwithdrawn: (a) at any time after withdrawals from the Grant Account have been suspended pursuant to the provisions of paragraph 6.1 above; or (b) if the Recipient has failed to take action, satisfactory to the Bank, regarding the implementation of the Activities within seven months after the notification by Bank to the Recipient of the approval of the Grant.

Procurement

Section I. General

1. All goods and services (other than consultants' services) shall be procured in accordance with the provisions of Section I (except paragraph 1.16 thereof) of the "Guidelines: Procurement under IBRD Loans and IDA Credits" dated May 2004 (the Procurement Guidelines), and with the provisions of this Attachment.
2. All consultants' services shall be procured in accordance with Sections I (except paragraph 1.24 thereof) and IV of the "Guidelines: Selection and Employment of Consultants by World Bank Borrowers" dated May 2004 (the Consultant Guidelines), and with the provisions of this Attachment.
3. The capitalized terms used below in this Attachment to describe particular procurement methods or methods of review by the Bank of particular contracts, have the meanings ascribed to them in the Procurement Guidelines, or Consultant Guidelines, as the case may be.

Section II. Particular Methods of Procurement of Goods and Services (other than Consultants' Services)

1. Shopping. Goods shall be procured under contracts awarded on the basis of Shopping.

Section III. Particular Methods of Procurement of Consultants' Services

1. Quality- and Cost-based Selection. Except as otherwise provided in paragraphs 2 and 3 of this Section, consultants' services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection. For purposes of paragraph 2.7 of the Consultant Guidelines, the short list of consultants for services estimated to cost less than \$200,000 equivalent per contract may comprise entirely national consultants.
2. Selection Based on Consultants' Qualifications. Services estimated to cost less than \$200,000 equivalent per contract may be procured under contracts awarded in accordance with the provisions of paragraphs 3.1, 3.7 and 3.8 of the Consultant Guidelines.
3. Individual Consultants. Services for assignments that meet the requirements set forth in the first sentence of paragraph 5.1 of the Consultant Guidelines may be procured under contracts awarded to individual consultants in accordance with the provisions of paragraphs 5.2 through 5.3 of the Consultant Guidelines. Under the circumstances described in paragraph 5.4 of the Consultant Guidelines, such contracts may be awarded to individual consultants on a sole-source basis subject to prior approval of the Bank.

Section IV. Review by the Bank of Procurement Decisions

1. Selection Planning

Prior to the issuance to consultants of any requests for proposals, the proposed plan for the selection of consultants under the activities shall be furnished to the Bank for its review and approval, in accordance with the provisions of paragraph 1 of Appendix 1 to the Consultant Guidelines. Selection of consultants' services shall be undertaken in accordance with such selection plan as shall have been approved by the Bank, and with the provisions in said paragraph 1.

2. Prior Review

Except as the Bank shall otherwise determine by notice to the Recipient, the following shall be subject to prior review by the Bank:

(a) All terms of reference (TORs) for the competitive selection of consultants' services provided by a firm and by individual consultants; and

(b) The Selection Plan referred to in paragraph 1 of this Section 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.

Special Account

1. For the purposes of this Attachment:
 - (a) the term "eligible categories" means the categories set forth in paragraph 4.2 of the Annex to this Letter-Agreement;
 - (b) the term "eligible expenditures" means expenditures in respect of the reasonable cost of goods and services required for the Activities and to be financed out of the proceeds of the Grant; and
 - (c) the term "Authorized Allocation" means the amount of \$50,000 to be withdrawn from the Grant Account and deposited in the Special Account pursuant to paragraph 3 (a) of this Attachment II.
2. Payments out of the Special Account shall be made exclusively for eligible expenditures in accordance with the provisions of this Attachment.
3. After the Bank has received evidence satisfactory to it that the Special Account has been duly opened, withdrawals of the Authorized Allocation and subsequent withdrawals to replenish the Special Account shall be made as follows:
 - (a) The Recipient shall furnish to the Bank a request or requests for a deposit into the Special Account of an amount or amounts which do not exceed the aggregate amount of the Authorized Allocation. On the basis of such request or requests, the Bank shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount or amounts as the Recipient shall have requested.
 - (b)
 - (i) For replenishment of the Special Account, the Recipient shall furnish to the Bank requests for deposits into the Special Account at such intervals as the Bank shall specify.
 - (ii) Prior to or at the time of each such request, the Recipient shall furnish to the Bank the documents and other evidence required pursuant to paragraph 4 of this Attachment for the payment or payments in respect of which replenishment is requested. On the basis of each such request, the Bank shall, on behalf of the Recipient, withdraw from the Grant Account and deposit into the Special Account such amount as the Recipient shall have requested and as shall have been shown by said documents and other evidence to have been paid out of the Special Account for eligible expenditures. All such deposits shall be withdrawn by the Bank from the Grant Account under the eligible categories, and in the respective equivalent amounts, as shall have been justified by said documents and other evidence.

4. For each payment made by the Recipient out of the Special Account, the Recipient shall, at such time as the Bank shall reasonably request, furnish to the Bank such documents and other evidence showing that such payment was made exclusively for eligible expenditures.

5. Notwithstanding the provisions of paragraph 3 of this Attachment, the Bank shall not be required to make further deposits into the Special Account:

(a) if, at any time, the Bank shall have determined that all further withdrawals should be made by the Recipient directly from the Grant Account;

(b) if the Recipient shall have failed to furnish to the Bank, within the period of time specified in paragraph 5 (b) (ii) of the Annex to this Letter Agreement, any of the audit reports required to be furnished to the Bank pursuant to said paragraph in respect of the audit of the records and accounts for the Special Account;

(c) if, at any time, the Bank shall have notified the Recipient of its intention to suspend in whole or in part the right of the Recipient to make withdrawals from the Grant Account pursuant to the provisions of paragraph 6.1 of the Annex to this Letter-Agreement; or

(d) once the total unwithdrawn amount of the Grant shall equal the equivalent of twice the amount of the Authorized Allocation.

Thereafter, withdrawal from the Grant Account of the remaining unwithdrawn amount of the Grant shall follow such procedures as the Bank shall specify by notice to the Recipient. Such further withdrawals shall be made only after and to the extent that the Bank shall have been satisfied that all such amounts remaining on deposit in the Special Account as of the date of such notice will be utilized in making payments for eligible expenditures.

6. (a) If the Bank shall have determined at any time that any payment out of the Special Account: (i) was made for an expenditure or in an amount not eligible pursuant to paragraph 2 of this Attachment; or (ii) was not justified by the evidence furnished to the Bank, the Recipient shall, promptly upon notice from the Bank: (A) provide such additional evidence as the Bank may request; or (B) deposit into the Special Account (or, if the Bank shall so request, refund to the Bank) an amount equal to the amount of such payment or the portion thereof not so eligible or justified. Unless the Bank shall otherwise agree, no further deposit by the Bank into the Special Account shall be made until the Recipient has provided such evidence or made such deposit or refund, as the case may be.

(b) If the Bank shall have determined at any time that any amount outstanding in the Special Account will not be required to cover further payments for eligible expenditures, the Recipient shall, promptly upon notice from the Bank, refund to the Bank such outstanding amount.