Loan Agreement

(Avian Influenza Control and Human Pandemic Preparedness and Response Project)

between

ROMANIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

Dated October 5, 2006
LOAN AGREEMENT

Agreement dated October 5, 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 Euro twenty nine million six hundred thousand (EUR 29,600,000) (“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 January 15 and July 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 objectives of the Project which is part of the Bank’s Global Program for Avian Influenza Control and Human Pandemic Preparedness and Response designed to help countries in prevention, containment, control and eradication of avian influenza. To this end, the Borrower shall carry out Part I of the Project through ANSVSA, Part II of the Project through the MPH, and Part III of the Project through ANSVSA and the MPH, 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 ensure that the Project is carried out in accordance with the provisions of Schedule 2 to this Agreement.

ARTICLE IV - EFFECTIVENESS

4.01. The Additional Conditions of Effectiveness consists of the following:

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

(b) The ANSVSA and MPH have established PMUs in a manner satisfactory to the Bank and have provided them with sufficient and suitable human resources.

(c) The Borrower, through ANSVSA and MPH, has adopted the EMP satisfactory to the Bank.

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

ARTICLE V - REPRESENTATIVE; ADDRESSES

5.01. The Borrower’s Representative is its Minister of Public Finance.

5.02. The Borrower’s Address is:

Ministry of Public Finance
17, Apolodor Street
Bucharest
Romania

Telex: 11239  Facsimile: 4021 312 6792
5.03. The Bank’s Address is:

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

Cable address: INTBAFRAD
Telex: 248423(MCI) or 64145(MCI)
Facsimile: 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/ Benoit P. Blarel
Authorized Representative
SCHEDULE 1

Project Description

The objective of the Project is to assist the Borrower in reducing the threat posed to humans and the poultry sector by HPAI and other zoonoses, and preparing for, controlling and responding to influenza pandemics and other infectious disease emergencies in humans.

The Project consists of the following parts:

Part I: Animal Health

1. Strengthening the Institutional Framework

   Support for: (i) the carrying out of an evaluation of the national veterinary services, and, following such evaluation, strengthening the capacities of veterinary and food safety institutions and establishing animal disease control centers at national and county levels; and (ii) refining and finalizing the national contingency plan, and developing detailed implementation guidelines and manuals for relevant agencies and services regarding HPAI prevention and control planning.

2. Strengthening Disease Surveillance, Diagnostic Capacity and Research

   (a) Provision of support to veterinary service institutions at national and county levels to: (i) strengthen collection and analysis of epidemiological data, performance of risks assessments and surveillance field work; and (ii) carry out epidemiological surveys.

   (b) Support to laboratories at national and county levels to strengthen their HPAI diagnostic capacities through the provision of laboratory equipment, reagents and components for molecular diagnostic techniques and serology.

   (c) Improving the quality control of veterinary medical products through the provision of equipment, consumables, technical assistance and training for molecular laboratory work.

   (d) Support to the development of a comprehensive national animal disease information system.

   (e) Support to strengthen applied veterinary research capacity through: (i) the provision of technical assistance for the development of the ANSVSA’s new research program; and (ii) the provision of works, equipment, technical assistance and training for the upgrading of an existing laboratory to work with HPAI infected live animals.
3. Strengthening HPAI Control Programs

   (a) Support to target virus eradication at the source through the provision of special containers designed for the culling of birds, mobile incinerators, related operation and maintenance and training.

   (b) Support to the carrying out of vaccination campaigns through the provision of technical assistance and training to develop a poultry vaccination policy and action plan, and training for the implementation of vaccination campaigns and post-vaccination monitoring.

4. Improving Bio-security in Poultry Production and Trade

   Support for the carrying out of: (i) knowledge transfer activities for poultry producers, rural families and other local stakeholders, including on-farm demonstrations and training of farmers, extension agents, and other rural services providers, aimed at managerial and behavioral changes; and (ii) a comprehensive poultry sector assessment, including the development of bio-security manuals.

Part II: Human Health

1. Enhancing Public Health Program Planning and Coordination

   Support to the implementation of the National Plan of Intervention in a Flu Pandemic Situation and enhancement of the coordination with other sectors and neighboring countries through: (i) the carrying out of additional studies and researches, including a study on the kinetics and impact of a pandemic; and (ii) the carrying out of conferences and workshops.

2. Strengthening Public Health Surveillance Systems

   (a) Support to NIL through the provision of works, equipment and additional security devices aimed at upgrading its bio-safety level to level three (3) and training.

   (b) Provision of equipment and training to selected regional laboratories.

   (c) Provision of key equipment to regional and district public health teams.

3. Strengthening Health System Response Capacity

   (a) Strengthening the isolation and case management capacity through: (i) the provision of equipment for the two (2) infectious diseases hospitals in Bucharest; (ii) the establishment of isolation and intensive care units in seven (7) regional hospitals for infectious diseases; and (iii) training.
(b) Upgrading the influenza vaccine production department at the Cantacuzino Institute through the provision of works and equipment to the influenza production department and the filling and sealing unit and training.

Part III: Public Awareness, Communications and Implementation Support

1. Strengthening the institutional capacity of ANSVSA for communications and public awareness activities, through the provision of training, technical assistance and equipment; development of an integrated communications strategy and action plan based on qualitative and quantitative research; delivery of several information campaigns aimed to obtain the public’s support and participation in reporting and monitoring, to promote and induce a set of behavior changes which will diminish the possibility of avian influenza outbreaks and contamination, and to educate different key audiences.

2. Support to ANSVSA and MPH in connection with Project implementation, monitoring, evaluation and impact assessment.
SCHEDULE 2

Project Execution

Section I. Institutional and Other Arrangements

1. The Borrower shall maintain the Steering Committee, throughout the implementation of the Project in a manner satisfactory to the Bank, which shall provide oversight and policy guidance as well as overall coordination for Project implementation. The Steering Committee shall comprise Secretary of State of MPF, ANSVSA, MPH and the Project Component Coordinators and shall be chaired by a permanent representative of the Prime Minister’s Office.

2. The ANSVSA PMU and the MPH PMU shall have overall responsibility for day to day implementation and management of Part I of the Project and Part II of the Project, respectively, and jointly, of Part III of the Project. To that end, the Borrower, through ANSVSA and the MPH, shall maintain the ANSVSA PMU and the MPH PMU throughout the implementation of the Project in a manner satisfactory to the Bank and with sufficient and suitable human, financial and technical resources.

3. The Borrower, through ANSVSA and the MPH, shall maintain the Project Component Coordinators throughout the implementation of the Project in a manner satisfactory to the Bank. The Project Component Coordinators shall be responsible for, in particular: (i) managing implementation of their relevant agency’s or Ministry’s activities under the Project through the ANSVSA PMU and the MPH PMU; (ii) coordinating with relevant Ministries to provide guidance and monitor Project implementation at the central level; and (iii) preparing annual work programs, budgets and reports.

4. The Borrower, through ANSVSA and the MPH, shall ensure that the Project shall be implemented in accordance with the provisions of the Project Implementation Manual. The Borrower, through ANSVSA and the MPH, shall maintain the Project Implementation Manual in form and content satisfactory to the Bank, shall duly perform all its obligations under the Project Implementation Manual and shall not assign, amend, abrogate or waive the Project Implementation Manual without the prior approval of the Bank.

5. The Borrower, through ANSVSA and the MPH, shall take all measures necessary to carry out the EMP in a timely manner, ensuring that adequate information on the implementation of the said measures is suitably included in the Project Reports referred to in paragraph A of Section II of this Schedule 2.
6. Midterm Review

(a) About twenty four months (24) after the Effective Date, the Borrower, through ANSVSA and the MPH, shall carry out, jointly with the Bank, a midterm review of the progress made in carrying out the Project (hereinafter referred to as the Midterm Review). The Midterm Review shall cover, amongst other things:

(i) progress made in meeting the Project’s objective; and

(ii) overall Project performance against Project performance indicators.

(b) The Borrower, through ANSVSA and the MPH, shall, prepare, and at least (4) weeks prior to the Midterm Review, furnish to the Bank, a separate report describing the status of the implementation of each component of the Project and a summary report of the Project implementation generally.

(c) The Borrower, through ANSVSA and the MPH, shall, not later than four (4) weeks after the Midterm Review, prepare and submit to the Bank an action program, acceptable to the Bank, for further implementation of the Project having regard to the findings of the Midterm Review and, thereafter, implement such action program.

Section II. Project Monitoring, Reporting, Evaluation

A. Project Reports

The Borrower, through ANSVSA and the MPH, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 5.08 of the General Conditions and on the basis of indicators agreed with the Bank. Each Project Report shall cover the period of one (1) calendar quarter, and shall be furnished to the Bank not later than forty-five (45) days after the end of the period covered by such report.

B. Financial Management, Financial Reports and Audits

1. The Borrower, through ANSVSA and the MPH, shall maintain or cause to be maintained a financial management system in accordance with the provisions of Section 5.09 of the General Conditions.

2. The Borrower, through ANSVSA and the MPH, shall prepare and furnish to the Bank not later than forty-five (45) days after the end of each calendar semester, interim un-audited financial reports for the Project covering the semester, in form and substance satisfactory to the Bank.

3. The Borrower, through ANSVSA and the MPH, 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.

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.
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.

<table>
<thead>
<tr>
<th>Procurement Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Selection under a Fixed-Budget</td>
</tr>
<tr>
<td>(b) Least Cost Selection</td>
</tr>
<tr>
<td>(c) Selection Based on Consultants’ Qualifications</td>
</tr>
<tr>
<td>(d) Single-source Selection</td>
</tr>
<tr>
<td>(e) Procedures set forth in paragraphs 5.2 and 5.3 of the Consultant Guidelines for the Selection of Individual Consultants</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Category</th>
<th>Amount of the Loan Allocated (Expressed in EUR)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods, Works, Consultants’ Services and Training under Part I of the Project</td>
<td>9,150,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Goods, Works, Consultants’ Services and Training under Part II of the Project</td>
<td>16,950,000</td>
<td>86%</td>
</tr>
<tr>
<td>(3) Goods, Works, Consultants’ Services (including audits), Training and Incremental Operating Costs under Part III of the Project:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>a) for ANSVSA</td>
<td>2,600,000</td>
<td>100%</td>
</tr>
<tr>
<td>b) for MPH</td>
<td>900,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>29,600,000</td>
<td></td>
</tr>
</tbody>
</table>
3. For the purpose of this Schedule:
   
   (a) the term “Training” means expenses incurred by ANSVSA and the MPH 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 ANSVSA and the MPH on account of Project implementation, comprising; staff and consultant costs; communication (including postage and internet); procurement related advertising costs; translation 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; and

   (b) for payments made prior to the date of this Agreement, except that withdrawals up to an aggregate amount not to exceed Euro seven million (EUR7,000,000) may be made for payments made prior to this date but on or after October 7, 2005 for Eligible Expenditures under Categories (1) through (3).

2. The Closing Date is December 31, 2009.
<table>
<thead>
<tr>
<th>Principal Payment Date</th>
<th>Principal Amount of the Loan Payable (Expressed in Euros(^*))</th>
</tr>
</thead>
<tbody>
<tr>
<td><a href="#">On each January 15 and July 15</a></td>
<td><a href="#">Beginning January 15, 2012 through July 15, 2021</a></td>
</tr>
</tbody>
</table>

\(^*\) 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. “ANSVSA” means the National Sanitary, Veterinary and Food Safety Authority of the Borrower, or any successor thereto.

2. “ANSVSA PMU” means the Project management unit within ANSVSA.

3. “Cantacuzino Institute” means the National Institute of Research and Development for Microbiology and Immunology “Cantacuzino” established pursuant to Governmental Decision No. 352/2002, as amended, or any successor thereto.

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


6. “EMP” means the Environmental Management Plan describing methods and procedures for the culling and safe management and disposal of animal carcasses, laboratory and medical facility waste management and bio-safety, and vaccine production and handling under Parts I and II of the Project, and to be adopted by the Borrower pursuant to Section 4.01 (c) of this Agreement.


8. “HPAI” means Highly Pathogenic Avian Influenza.


11. “MPH PMU” means the Project management unit within the MPH of the Borrower, established and operating under the Bank financed Health Sector Reform Project (Loan Agreement No. 4568 RO dated July 7, 2000).

12. “National Plan of Intervention in a Flu Pandemic Situation” means the plan setting out the strategy for the preparation for, and response to, an influenza pandemic of avian origin, adopted by MPH pursuant to Order No. 1094 dated October 2005.
13. “NIL” means the National Influenza Laboratory at the Cantacuzino Institute, or any successor thereto.

14. “PMUs” means the ANSVSA PMU and MPH PMU.


16. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated August 8, 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.

17. “Project Component Coordinators” means the two (2) Project component coordinators to be appointed by ANSVSA, and the MPH, respectively.

18. “Project Implementation Manual” means the manual describing procedures for implementation of the Project and including, *inter alia*: (i) procedures governing administrative, procurement, accounting, financial management, including adequate measures for procurement and forensic audits, and monitoring and evaluation arrangements; (ii) the Procurement Plan, detailed cost tables, and the EMP; and (iii) sample formats for Project Reports and interim un-audited financial reports.

19. “Steering Committee” means the committee to be established by the Borrower in a manner satisfactory to the Bank, and referred to in paragraph 1 of Section I of Schedule 2 to this Agreement.