

REPORT ON THE IBRD LOAN ACCOUNT

OF THE MINISTRY OF NATIONAL EDUCATION

LOAN (8481 - RO) FOR THE SECONDARY EDUCATION PROJECT

FOR THE PERIOD STARTING FROM January 1st, 2017 UP TO DECEMBER 31st, 2017

MINISTRY OF NATIONAL EDUCATION
LOAN (8481 – RO) FOR THE SECONDARY EDUCATION PROJECT
31 DECEMBER 2017 – all the amounts are expressed in EUR, unless otherwise stated

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INDEPENDENT AUDITORS' REPORT

To the Ministry of National Education – Project Management Unit with Eternal Financing -
The Secondary Education Project financed by IBRD Loan 8481-RO

Report on the Project Financial Statements

Opinion

We have audited the accompanying Project Financial Statements of the Secondary Education Project which comprise statement of resources and uses of funds, statement of expenditures, financial statement of loan, statement of treasury account and other explanatory notes for the period January 01, 2017 – December 31, 2017. The project is funded the International Bank for Reconstruction and Development (IBRD) through the Loan no. 8481 – RO signed on April 17, 2015. We have assessed 10% of the beneficiaries of the Project as required within contract, as detailed in Appendix 1 accompanying the report.

In our opinion, the accompanying Project Financial Statements for the year ended 31 December 2017 is prepared, in all material respects, in accordance with the basis of accounting procedures and to meet the requirements of the General Conditions for the loans issued by IBRD on March 12, 2012.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Project Financial Statements* section of our report. We are independent of the Project in accordance with ethical requirements that are relevant to our audit of the financial statements in Romania, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 5 to the Project Financial Statements, which describes the going concern basis of preparation. Financing has been reduced compared to planned budget for the first year of the project. The objectives of the project are delayed due to the aforementioned issue. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 6 to the Project Financial Statements, which describes the basis of preparation. The Project Financial Statements are prepared to assist the Project to meet the requirements of the Contract. As a result, the Project Financial Statements may not be suitable for another purpose. Our report is intended solely for the UMEFP and IBRD, should not be distributed to parties other than the UMEFP or the IBRD. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of the Project Financial Statements in accordance with the General Conditions for the loans issued by IBRD, and for such internal control as management determines is necessary to enable the preparation of the Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Project Financial Statements, management is responsible for assessing the UMEFP's ability to continue as a going concern in accordance with agreements provisions, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the UMEFP or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the UMEFP's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Project Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on a basis of these Financial Statements. We are independent of the Project in accordance with the requirements of IBRD and we have fulfilled our responsibilities in connection with these ethical requirements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Project Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Project's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Project's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Project Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Project to cease to continue as a going concern.

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We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

For MOORE STEPHENS KSC ASSURANCE S.R.L.:

Registered on the Romanian Chamber of Financial Auditors
no. 1266/7.09.2015

MAMAS KOUTSOYIANNIS

Registered on the Romanian Chamber of Financial Auditors
no. 1515/25.09.2003



Bucharest, 26 June 2018

MOORE STEPHENS

Appendix 1

Beneficiaries	Grant No. / approval date	Approved Grant amount (RON)
Liceul Cu Program Sportiv Alba Iulia	6/SGL/RI/27.06.2017	315,035
Colegiul Tehnic "Dorin Pavel" Alba Iulia	9/SGL/RI/27.06.2017	450,000
Liceul "Ioan Buteanu" Gurahont	26/SGL/RI/27.06.2017	450,050
Colegiul Tehnic de Arhitectura Si Lucrari Publice "Ioan N. Socolescu"	30/SGL/RI/27.06.2017	315,032
Liceul Tehnologic "Ion I.C. Bratianu"	34/SGL/RI/27.06.2017	686,326
Colegiul pentru Agricultura și Industrie Alimentară 'Țara Bârsei' Prejmer	70/SGL/RI/27.06.2017	449,895
Liceul Teoretic "Gelu Voievod" Gilau	87/SGL/RI/27.06.2017	315,035
Colegiul Tehnic "Anghel Saligny" Cluj-Napoca	92/SGL/RI/27.06.2017	450,000
Colegiul 'Dobrogea' Castelu	108/SGL/RI/27.06.2017	449,860
Liceul Teoretic 'Carmen Sylva' Eforie	118/SGL/RI/27.06.2017	450,036
Liceul "Traian Vuia" Craiova	131/SGL/RI/27.06.2017	686,326
Liceul Cu Program Sportiv Tg-Jiu	134/SGL/RI/27.06.2017	450,050
Colegiul National "Calistrat Hogas", Localitatea Tecuci	139/SGL/RI/27.06.2017	450,050
Liceul Tehnologic 'Dimitrie Bolintineanu'	148/SGL/RI/27.06.2017	686,326
Colegiul Tehnic "Matei Corvin" Hunedoara	151/SGL/RI/27.06.2017	450,000
Liceul Tehnologic "Petofi Sándor" Danesti	164/SGL/RI/27.06.2017	315,000
Liceul Tehnologic "Mihai Busuioc", Pascani	179/SGL/RI/27.06.2017	450,050
Colegiul Tehnic De Cai Ferate "Unirea", Pascani	180/SGL/RI/27.06.2017	686,326
Liceul Tehnologic "Gheorghe Șincai" Țîrgu Mureș	202/SGL/RI/27.06.2017	684,075
Liceul Tehnologic Nisiporești, Comuna Botești	207/SGL/RI/27.06.2017	315,035
Liceul Tehnologic Crimpoia	209/SGL/RI/27.06.2017	450,050
Colegiul National "Simion Barnutiu" Simleu Silvaniei	222/SGL/RI/27.06.2017	450,000
Colegiul Tehnic Electrotimis Mun.Timișoara	244/SGL/RI/27.06.2017	450,000
Liceul Tehnologic "Emil Racovita" Rosiori De Vede	253/SGL/RI/27.06.2017	686,326
Liceul Tehnologic Bratianu Dragasani	259/SGL/RI/27.06.2017	686,324
Universitatea Babes-Bolyai -Facultatea de Geografie, Cluj-Napoca	4/SGU/PV/ I/06.07.2017	268,490
Universitatea Babes-Bolyai -Facultatea de Litere, Cluj-Napoca	11/SGU/PV/ I/06.07.2017	727,168
Universitatea din Craiova, Facultatea de Teologie Ortodoxa, Craiova	7/SGU/PV/ I/06.07.2017	263,822
Universitatea Craiova, Fac. Ed. Fizica si Sport	21/SGU/PV/II/28.07.2017	541,525
Universitatea Tehnica din Cluj-Napoca	15/SGU/PV/ I/11.07.2017	816,084
Universitatea de Vest din Timisoara	18/SGU/PV/II/12.07.2017	2,180,000
Universitatea Politehnica Timisoara	20/SGU/PV/II/17.07.2017	545,376
Universitatea Craiova, Facultatea de Litere	23/SGU/NC/II/16.10.2017	679,726
Universitatea Craiova, Facultatea de Inginerie Electrica	24/SGU/NC/II/16.10.2017	681,568
Universitatea Petrol si Gaze Ploiesti	27/SGU/NC/II/17.10.2017	659,309
Univ.Politehnica Bucuresti Facultatea de Inginerie Electrica	30/SGU/NC/II/17.10.2017	423,020

LIST OF ABBREVIATIONS

MoNE - Ministry of National Education

UMEFP - Unit for the Management of Externally Financed Projects, which ensures the implementation of the Romanian Secondary Education Project

ROSE - Romania Secondary Education Project

IBRD - International Bank for Reconstruction and Development

Loan - the Loan Agreement (8481 – RO) for the Romanian Secondary Education Project

MoPF – Ministry of Public Finance

GoR – Government of Romania

**MINISTRY OF NATIONAL EDUCATION
LOAN (8481 – RO) FOR THE SECONDARY EDUCATION PROJECT
31 DECEMBER 2017 – all the amounts are expressed in EUR, unless otherwise stated**

GENERAL INFORMATION

Reporting entity

The Loan Agreement is implemented by the Ministry of National Education of Romania by means of the UMEFP within the entity.

Loan Agreement

Romania has received the loan no. 8481-RO in amount of 200 million Euros from the International Bank for Reconstruction and Development (IBRD) to support the implementation of the Secondary Education Project.

The Loan agreement no. 8481 RO between Romania and IBRD was signed at Bucharest on April 17, 2015 and ratified by law 234/12 October 2015. The subsidiary agreement between Ministry of Public Finance and Ministry of National Education was signed on December 23, 2015.

The project will be implemented by the UMEFP within the Ministry of National Education.

The Project expenditures are initially pre-financed from State Budget funds and, later, the eligible expenditures are reimbursed from the loan.

MoNE would use pre-financing from State Budget funds and then the MoPF would disburse funds from the loan using the reimbursement method for Project eligible payments. The Treasury makes the monthly budgetary openings as requested, and the Project would receive its allocations in title number 65 in the Treasury system. IBRD loan funds would reimburse the Project eligible expenses pre-financed from the State Budget funds. The Borrower would submit withdrawal applications for the eligible expenditures. The supporting documentation for disbursements would include summary sheets and statement of expenditures. No designated account would be used.

The Project Development Objectives (PDO) are to improve the transition from upper secondary into tertiary education and increase the retention in the first year of tertiary education in project-supported education institutions. It is structured in three components, as described below.

The Project was declared effective on October 14, 2015, and will be implemented by MoNE until 22 December 2022, through the UMEFP.

Destination of Borrowed Funds

The Project is structured in three components, as described below:

Component 1 – School-based and Systemic Interventions

This component finances supply-side interventions at the school and system levels to address the academic and personal factors hindering Romanian students from transitioning from upper secondary to tertiary education, including dropping out, declining to take the Bacculaureate, or scoring a low mark on the Bacculaureate.

Sub-component 1.1 – School-based Interventions

This sub-component supports the transition of students from upper secondary into tertiary education using a decentralized approach based on non-competitive grants to low-performing public high schools.

GENERAL INFORMATION (CONTINUED)

Sub-component 1.2 – Systemic Interventions

This sub-component finances: (i) revision of the upper secondary education curriculum, with specific consideration for the needs of disadvantaged students including Roma; (ii) training of teachers and public school directors on implementing the revised curriculum, on adapting the curriculum to the needs and abilities of different students (inclusive education), student-centered teaching approaches, intercultural competence and on formative assessment; (iii) improving teaching conditions within Teachers Houses; (iv) revising and updating Grade 8 and Bacalaureate exam banks of items, and providing training and improvement of existing information and technologies platform; (v) development and implementation of a Grade 10 learning assessment, to be administered at the end of the compulsory education cycle; (vi) development of digital teaching and learning materials; (vii) development and implementation of campaigns to raise student and teacher awareness, which could be tailored for Roma students; and (viii) strengthening of MoNE's capacity to use educational information to monitor upper secondary education and the transition of students into tertiary education.

This sub-component will also finance the development and evaluation of interventions aimed at improving socio-emotional skills of students in high schools supported by the ROSE Project in order to increase retention and promotion to post-secondary education.

On December 19, 2017, the IBRD and MoPF agreed on the first amendment to the Loan agreement 8491 - RO, including a new activity under the Systemic Interventions subcomponent, as follows: "supporting the participation of Romanian students at international assessments through financing of associated costs including management, administration, participation fees."
The amendment was later on approved through Government Decision no 195 from Aprilie 4, 2018.

Component 2 – University-Level Interventions and Bridge Programs

This component supports activities designed to address the needs of students who are at risk of dropping out of faculties in the first year of study in tertiary education. It finances three grant schemes – one non-competitive and two competitive – for public faculties/universities that serve these at-risk students. Approximately 85 percent of Romanian public faculties would benefit from this component.

Component 3 – Project Management, Monitoring and Evaluation

This component finances day-to-day project management activities, Monitoring and Evaluation (M&E) activities, as well as incremental operational and staffing costs of the MoNE's UMEFP. This component also finances the carrying out of: (i) surveys concerning high school students attending bridge programs; (ii) an impact evaluation of the high school grants program to assess improvements in student outcomes and school management processes; (iii) a revision of the existing student loan scheme developed for tertiary education students; (iv) an analysis of existing demand-side programs addressing the needs of disadvantaged upper secondary students that are currently under implementation; and (v) other M&E studies, as needed.

This component is also financing the costs of the ROSE Project audits.

The following table sets forth the Categories of items to be financed out of the proceeds of the Loan, the allocation of the amounts of the Loan to each Category and the percentage of expenditure for items so to be financed in each Category:

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GENERAL INFORMATION (CONTINUED)

Loan allocation

In compliance with the Loan Agreement, the categories of expenditures financed through IBRD loan proceeds comprise of the following:

Component	Component Description	Amount allocated from the loan_EUR
1	School-based and Systemic Interventions	144,500,000
2	University-Level Interventions and Bridge Programs	49,100,000
3	Project Management, Monitoring and Evaluation	6,400,000
	Total project financing	200,000,000

The Project is financed from the State Budget through the State Treasury. The MoPF makes withdrawals from the Loan based on the statement of expenditures (SOEs). All expenditures are 100% eligible from the Loan.

For the purposes of this Schedule:

- a) the term "foreign expenditures" means: expenditures in the currency of any country other than that of the Borrower for goods or services supplied from the territory of any country other than that of the Borrower;
- b) the term "local expenditures" means: expenditures in the currency of the Borrower or for goods or services supplied from the territory of the Borrower;
- c) the term "Operating Costs" means: expenditures incurred by the UMEFP, on account of Project implementation, including:
- salaries of the staff (other than civil servants) of the UMEFP;
 - office supplies and equipment;
 - fuel costs for vehicles;
 - communication expenditures and travel expenditures of the UMEFP staff (including mobile phones, telephone lines, fax, internet);
 - domestic and abroad travel expenditures including daily allowance and accommodation;
 - office software;
 - advertising and translation services;
 - bank charges;
 - operating, maintenance and insurance costs for vehicles and office equipment;
 - rent of office spaces;

GENERAL INFORMATION (CONTINUED)

d) the term "Statement of Expenditures" means: expense reports used by the Borrower to forward to the IBRD the application for reimbursement of payments already made.

e) the term "State Treasury Account" means: a bank account opened at the State Treasury of Bucharest where MoNE is receiving the requested money from the Ministry of Public Finances. The Ministry of Public Finance advances the required amounts for the implementation of the Project and withdraws amounts from the IBRD based on application for disbursement of payments already made.

**MINISTRY OF NATIONAL EDUCATION
LOAN (8481 – RO) FOR THE SECONDARY EDUCATION PROJECT
31 DECEMBER 2017 – *all the amounts are expressed in EUR, unless otherwise stated***

**GOVERNMENT OF ROMANIA – MINISTRY OF NATIONAL EDUCATION
IBRD LOAN (8481-RO) FOR THE SECONDARY EDUCATION PROJECT**

**Project Financial Statements
for the period starting from January 01st 2017 up to December 31st 2017**

**MINISTRY OF NATIONAL EDUCATION
LOAN (8481 – RO) FOR THE SECONDARY EDUCATION PROJECT
31 DECEMBER 2017 – all the amounts are expressed in EUR, unless otherwise stated**

1. STATEMENT OF RESOURCES AND USES OF FUNDS

1.1 Statement of the IBRD Loan Account of the Ministry of National Education as at 31 December 2017 - not disbursed amounts

Loan No 8481 RO – The Secondary Education Project

	<u>31-Dec-15</u>	<u>31-Dec-16</u>	<u>31-Dec-17</u>
Loan amount approved	200,000,000	200,000,000	200,000,000
Less: Total drawings from loan	0	107,740	3,396,025
Loan amount not disbursed	200,000,000	199,892,260	196,603,975
IBRD loan	<u>31-Dec-15</u>	<u>31-Dec-16</u>	<u>31-Dec-17</u>
Opening disbursed amounts	-	-	107,740
Disbursements	-	107,740	3,288,285
Closing disbursed amounts	-	107,740	3,396,025
Net amounts	200,000,000	200,000,000	200,000,000
Not disbursed amounts in balance	200,000,000	199,892,260	196,603,975

1.2 Statement of the IBRD Loan Account of the Ministry of National Education as at 31 December 2017 – disbursed amounts

<i>Sources - IBRD contribution per component</i>	<i>Transferred Sources October 14, 2015 December 31, 2015</i>	<i>Transferred Sources January 01, 2016 December 31, 2016</i>	<i>Transferred Sources January 01, 2017 December 31, 2017</i>	<i>Cumulated Sources until December 31, 2017</i>
Component 1	-	-	2,226,875	2,226,875
Component 2	-	-	598,640	598,640
Component 3	-	107,740	462,770	570,510
TOTAL	-	107,740	3,288,285	3,396,025

During the year 2017, the withdrawal application no. 2 for the period 01.07.2016-31.12.2016 in amount of EUR 528,369.32 was disbursed, the withdrawal application no. 3 for the period 01.01.2017-31.03.2017 in amount of EUR 1,711,604.16 was disbursed and the withdrawal application no. 4 for the period 01.04.2017-30.09.2017 in amount of EUR 1,048,311.19 was disbursed.

**MINISTRY OF NATIONAL EDUCATION
LOAN (8481 – RO) FOR THE SECONDARY EDUCATION PROJECT
31 DECEMBER 2017 – all the amounts are expressed in EUR, unless otherwise stated**

1. STATEMENT OF RESOURCES AND APPLICATION OF FUNDS (CONTINUED)

1.3 Summary of Funds Received and Uses of Funds as at 31 December 2017

<i>Description</i>	<i>October 14, 2015 - December 31, 2015</i>	<i>January 01, 2016 - December 31, 2016</i>	<i>January 01, 2017- December 31, 2017</i>	<i>Cumulative at December 31, 2017</i>
Opening cash balance	-	-	-	-
Add: cash receipts	-	636,109	5,200,572	5,836,681
Funds pre-financed by MoPF and disbursed by IBRD in 2016	-	107,740	-	107,740
Funds pre-financed by MoPF and disbursed by IBRD in 2017	-	528,369	2,759,916	3,288,285
Funds pre-financed by MoPF and disbursed by IBRD in 2018	-	-	2,440,656	2,440,656
Less: project expenditures related to:	-	636,109	5,200,572	5,836,681
School-based and Systemic Interventions - Component 1	-	372,334	1,929,070	2,301,404
University-Level Interventions and Bridge Programs - Component 2	-	-	2.810.887	2.810.887
Project Management, Monitoring and Evaluation - Component 3	-	263,775	460,615	724,390
Closing cash and cash equivalents balance	-	-	-	-

MINISTRY OF NATIONAL EDUCATION
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31 DECEMBER 2017 – all the amounts are expressed in EUR, unless otherwise stated

2. STATEMENT OF EXPENDITURES

2.1 Uses of funds – IBRD contribution

<i>Using of funds - IBRD contributions</i>	<i>Period end at December 31, 2015</i>	<i>Period end at December 31, 2016</i>	<i>Period end at December 31, 2017</i>
Payments through treasury account	-	636,109	5,200,572
Total	-	636,109	5,836,681

2.2 Uses of funds – IBRD contribution

<i>Using of funds - IBRD contributions per component</i>	<i>Period end at December 31, 2015</i>	<i>Period end at December 31, 2016</i>	<i>Period end at December 31, 2017</i>
Payments through Treasury account			
Component 1	-	372,334	1,929,070
Component 2	-	-	2,810,887
Component 3	-	263,775	460,615
Total	-	636,109	5,200,572

**MINISTRY OF NATIONAL EDUCATION
 LOAN (8481 – RO) FOR THE SECONDARY EDUCATION PROJECT
 31 DECEMBER 2017 – all the amounts are expressed in EUR, unless otherwise stated**

3. FINANCIAL STATEMENT OF THE LOAN

<i>Loan IBRD 8481 – RO</i>	Total disbursements as at 31 December 2017		
	<i>December 31, 2015</i>	<i>December 31, 2016</i>	<i>December 31, 2017</i>
Opening disbursed amounts	-	-	107,740
Total Opening disbursed amounts	-	-	107,740
Disbursements	-	107,740	3,288,285
Total Disbursements	-	107,740	3,396,025
Closing disbursed amounts	-	107,740	3,396,025
Total closing disbursed amounts	-	107,740	3,396,025
Net amount - loan amount	200.000.000	200,000,000	200,000,000
Unused loan account	200.000.000	199,892,260	196,603,975

During the year 2017, the withdrawal application no. 2 for the period 01.07.2016-31.12.2016 in amount of EUR 528,369.32 was disbursed, the withdrawal application no. 3 for the period 01.01.2017-31.03.2017 in amount of EUR 1,711,604.16 was disbursed and the withdrawal application no. 4 for the period 01.04.2017-30.09.2017 in amount of EUR 1,048,311.19 was disbursed.

**MINISTRY OF NATIONAL EDUCATION
LOAN (8481 – RO) FOR THE SECONDARY EDUCATION PROJECT
31 DECEMBER 2017 – all the amounts are expressed in EUR, unless otherwise stated**

4. PROJECT COMMITMENTS AS AT 31 DECEMBER 2017

Commitments

As at 31 December 2017, the UMEFP has the following commitments for the concluded agreements:

No.	Contract Date	Contractor Name	Nationality	Contract Currency	Contract value incl. VAT	Contract value in EUR	Amount paid to date (EUR) December 31, 2017	Amount remaining to be paid to date (EUR) December 31, 2017
1	3	4	5	6	7	9	10	11
1	1-Feb-17	La Fantana	romana	Lei	1.937	421	351	70
2	1-Feb-17	La Fantana	romana	Lei	3.181	691	576	115
3	7-Mar-17	Travel Time	romana	Lei	2.266	493	493	-
4	15-Mar-17	Square Media	romana	Lei	601	131	131	-
5	16-Mar-17	Heather Watlington	SUA	USD	21.000	23.520	-	-
6	16-Mar-17	Consultant 1	romana	EURO	16.000	16.000	5.600	10.400
7	22-Mar-17	Beecloud SRL	romana	EURO	68.143	68.143	65.043	-
8	27-Mar-17	USAMV	romana	Lei	14.570	3.167	3.167	-
9	5-Apr-17	Pragma Computers	romana	EURO	11.579	11.579	11.579	-
10	5-Apr-17	Silva Systems	romana	EURO	32.128	32.128	32.128	-
11	12-Apr-17	Weco Travel	romana	EURO	630	630	630	-
12	21-Apr-17	Consultant 2	romana	EURO	9.000	9.000	5.400	3.600
13	21-Apr-17	Travel Time	romana	EURO	320	320	320	-
14	21-Apr-17	Travel Time	romana	EURO	250	250	250	-
15	21-Apr-17	Team Relocations Grup	romana	Lei	8.925	1.940	1.940	-
16	21-Apr-17	BS Eco Cleaning SRL	romana	Lei	36.950	8.033	6.248	1.785
17	25-Apr-17	Ricadi 92 Com Serv SRL	romana	Lei	4.409	958	958	-
18	5-May-17	Professional Event Solutions	romana	Lei	9.011	1.959	1.743	-
19	8-May-17	Consultant 3	romana	EURO	2.500	2.500	1.600	900
20	8-May-17	Consultant 4	romana	EURO	2.500	2.500	2.200	300
21	8-May-17	Consultant 5	romana	EURO	2.500	2.500	600	1.900
22	8-May-17	Consultant 6	romana	EURO	2.500	2.500	-	-
23	8-May-17	Consultant 7	romana	EURO	2.500	2.500	1.300	1.200

**MINISTRY OF NATIONAL EDUCATION
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No.	Contract Date	Contractor Name	Nationality	Contract Currency	Contract value incl. VAT	Contract value in EUR	Amount paid to date (EUR) December 31, 2017	Amount remaining to be paid to date (EUR) December 31, 2017
1	3	4	5	6	7	9	10	11
24	8-May-17	Consultant 8	romana	EURO	2.500	2.500	800	1.700
25	8-May-17	Consultant 9	romana	EURO	2.500	2.500	2.500	-
26	8-May-17	Consultant 10	romana	EURO	2.500	2.500	2.500	-
27	8-May-17	Consultant 11	romana	EURO	2.500	2.500	400	2.100
28	8-May-17	Consultant 12	romana	EURO	2.500	2.500	1.700	800
29	8-May-17	Consultant 13	romana	EURO	2.500	2.500	1.300	1.200
30	8-May-17	Consultant 14	romana	EURO	2.500	2.500	-	-
31	8-May-17	Consultant 15	romana	EURO	2.500	2.500	1.300	1.200
32	8-May-17	Consultant 16	romana	EURO	2.500	2.500	800	1.700
33	8-May-17	Consultant 17	romana	EURO	2.500	2.500	1.500	1.000
34	8-May-17	Consultant 18	romana	EURO	2.500	2.500	1.300	1.200
35	8-May-17	Consultant 19	romana	EURO	2.500	2.500	1.700	800
36	8-May-17	Consultant 20	romana	EURO	4.000	4.000	2.800	1.200
37	8-May-17	Consultant 21	romana	EURO	4.000	4.000	2.700	1.300
38	8-May-17	Consultant 22	romana	EURO	2.500	2.500	1.300	1.200
39	8-May-17	Croland Grup	romana	Lei	2.678	582	485	97
40	12-May-17	2M Training & Consulting	romana	Lei	2.975	647	647	-
41	30-May-17	Consultant 23	romana	EURO	24.000	24.000	-	24.000
42	30-May-17	Consultant 24	romana	EURO	11.700	11.700	-	11.700
43	30-May-17	Consultant 25	romana	EURO	11.700	11.700	-	11.700
44	30-May-17	Consultant 26	romana	EURO	11.700	11.700	-	11.700
45	30-May-17	Consultant 27	romana	EURO	11.700	11.700	-	11.700
46	30-May-17	Consultant 28	romana	EURO	6.930	6.930	-	6.930
47	30-May-17	Consultant 29	romana	EURO	3.456	3.456	-	3.456
48	7-Jun-17	Consultant 26	romana	EURO	17.500	17.500	-	17.500
49	7-Jun-17	Moore Stephens	romana	EURO	43.108	43.108	6.158	36.950
50	7-Jun-17	Fan Courier	romana	Lei	14.946	3.249	1.606	1.644

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No.	Contract Date	Contractor Name	Nationality	Contract Currency	Contract value incl. VAT	Contract value in EUR	Amount paid to date (EUR) December 31, 2017	Amount remaining to be paid to date (EUR) December 31, 2017
1	3	4	5	6	7	9	10	11
51	7-Jun-17	Consultant 30	romana	EURO	4.500	4.500	-	4.500
52	7-Jun-17	Consultant 31	romana	EURO	5.000	5.000	-	5.000
53	7-Jun-17	Consultant 32	romana	EURO	4.500	4.500	-	4.500
54	7-Jun-17	Consultant 33	romana	EURO	4.500	4.500	-	4.500
55	7-Jun-17	Consultant 34	romana	EURO	4.500	4.500	-	4.500
56	7-Jun-17	Consultant 35	romana	EURO	4.500	4.500	-	4.500
57	7-Jun-17	Consultant 36	romana	EURO	4.500	4.500	-	4.500
58	7-Jun-17	Consultant 37	romana	EURO	4.500	4.500	-	4.500
59	12-Jun-17	Auto K9	romana	Lei	2.987	649	649	-
60	13-Jun-17	Certsign SA	romana	Lei	196	43	43	-
61	22-Jun-17	Consultant 38	romana	EURO	4.500	4.500	-	4.500
62	22-Jun-17	Consultant 39	romana	EURO	5.000	5.000	-	5.000
63	22-Jun-17	Consultant 1	romana	EURO	3.000	3.000	-	3.000
64	27-Jun-17	Eurolingua	romana	Lei	4.980	1.083	1.083	-
65	14-Jul-17	Certsign SA	romana	Lei	226	49	49	-
66	24-Jul-17	Auto K9	romana	Lei	2.745	597	597	-
67	25-Jul-17	Sama Consul	romana	Lei	11.763	2.557	2.557	-
68	31-Jul-17	Consultant 40	romana	EURO	5.616	5.616	-	5.616
69	31-Jul-17	Consultant 41	romana	EURO	3.348	3.348	-	3.348
70	31-Jul-17	Consultant 42	romana	EURO	6.372	6.372	-	6.372
71	31-Jul-17	Consultant 43	romana	EURO	7.884	7.884	-	7.884
72	31-Jul-17	Consultant 44	romana	EURO	4.860	4.860	-	4.860
73	31-Jul-17	Consultant 45	romana	EURO	4.860	4.860	-	4.860
74	31-Jul-17	Consultant 46	romana	EURO	1.836	1.836	-	1.836
75	31-Jul-17	Consultant 47	romana	EURO	5.616	5.616	-	5.616
76	31-Jul-17	Consultant 48	romana	EURO	7.128	7.128	-	7.128

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No.	Contract Date	Contractor Name	Nationality	Contract Currency	Contract value incl. VAT	Contract value in EUR	Amount paid to date (EUR) December 31, 2017	Amount remaining to be paid to date (EUR) December 31, 2017
1	3	4	5	6	7	9	10	11
77	31-Jul-17	Consultant 49	romana	EURO	5.616	5.616	-	5.616
78	31-Jul-17	Consultant 50	romana	EURO	3.348	3.348	-	3.348
79	31-Jul-17	Consultant 51	romana	EURO	2.592	2.592	-	2.592
80	31-Jul-17	Consultant 52	romana	EURO	4.860	4.860	-	4.860
81	31-Jul-17	Consultant 53	romana	EURO	4.104	4.104	-	4.104
82	31-Jul-17	Consultant 54	romana	EURO	4.860	4.860	-	4.860
83	31-Jul-17	Consultant 55	romana	EURO	1.080	1.080	-	1.080
84	31-Jul-17	Consultant 56	romana	EURO	4.104	4.104	-	4.104
85	31-Jul-17	Consultant 57	romana	EURO	7.128	7.128	-	7.128
86	31-Jul-17	Consultant 58	romana	EURO	6.372	6.372	-	6.372
87	31-Jul-17	Consultant 59	romana	EURO	4.104	4.104	-	4.104
88	31-Jul-17	Consultant 60	romana	EURO	4.860	4.860	-	4.860
89	31-Jul-17	Consultant 61	romana	EURO	4.104	4.104	-	4.104
90	31-Jul-17	Consultant 62	romana	EURO	1.080	1.080	-	1.080
91	31-Jul-17	Consultant 63	romana	EURO	4.104	4.104	-	4.104
92	31-Jul-17	Consultant 64	romana	EURO	1.080	1.080	-	1.080
93	31-Jul-17	Consultant 65	romana	EURO	4.860	4.860	-	4.860
94	31-Jul-17	Consultant 66	romana	EURO	3.348	3.348	-	3.348
95	31-Jul-17	Consultant 67	romana	EURO	4.104	4.104	-	4.104
96	31-Jul-17	Consultant 68	romana	EURO	6.372	6.372	-	6.372
97	31-Jul-17	Consultant 69	romana	EURO	3.348	3.348	-	3.348
98	31-Jul-17	Consultant 70	romana	EURO	2.592	2.592	-	2.592
99	31-Jul-17	Consultant 71	romana	EURO	3.348	3.348	-	3.348
100	31-Jul-17	Consultant 36	romana	EURO	6.372	6.372	-	6.372
101	31-Jul-17	Consultant 72	romana	EURO	1.836	1.836	-	1.836
102	31-Jul-17	Consultant 73	romana	EURO	4.104	4.104	-	4.104
103	31-Jul-17	Consultant 74	romana	EURO	2.592	2.592	-	2.592

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No.	Contract Date	Contractor Name	Nationality	Contract Currency	Contract value incl. VAT	Contract value in EUR	Amount paid to date (EUR) December 31, 2017	Amount remaining to be paid to date (EUR) December 31, 2017
1	3	4	5	6	7	9	10	11
104	31-Jul-17	Consultant 75	romana	EURO	4.860	4.860	-	4.860
105	31-Jul-17	Consultant 76	romana	EURO	6.372	6.372	-	6.372
106	31-Jul-17	Consultant 77	romana	EURO	4.860	4.860	-	4.860
107	31-Jul-17	Consultant 78	romana	EURO	2.592	2.592	-	2.592
108	31-Jul-17	Consultant 79	romana	EURO	4.860	4.860	-	4.860
109	31-Jul-17	Consultant 80	romana	EURO	2.592	2.592	-	2.592
110	31-Jul-17	Consultant 81	romana	EURO	7.128	7.128	-	7.128
111	31-Jul-17	Consultant 82	romana	EURO	3.348	3.348	-	3.348
112	31-Jul-17	Consultant 83	romana	EURO	2.592	2.592	-	2.592
113	31-Jul-17	Consultant 29	romana	EURO	3.348	3.348	-	3.348
114	31-Jul-17	Consultant 84	romana	EURO	4.104	4.104	-	4.104
115	31-Jul-17	Consultant 85	romana	EURO	3.348	3.348	-	3.348
116	31-Jul-17	Consultant 86	romana	EURO	4.104	4.104	-	4.104
117	31-Jul-17	Consultant 87	romana	EURO	3.348	3.348	-	3.348
118	31-Jul-17	Consultant 88	romana	EURO	2.592	2.592	-	2.592
119	31-Jul-17	Consultant 89	romana	EURO	5.616	5.616	-	5.616
120	31-Jul-17	Consultant 28	romana	EURO	2.592	2.592	-	2.592
121	11-Aug-17	2M Training & Consulting	romana	Lei	2.975	647	647	-
122	29-Aug-17	Chrome Computers	romana	Lei	78.464	17.057	16.546	-
123	4-Sep-17	Splendid Holiday	romana	Lei	74.438	16.182	10.602	-
124	14-Sep-17	Professional Event Solutions	romana	Lei	7.056	1.534	1.461	-
125	21-Sep-17	Consultant 90	romana	EURO	24.150	24.150	-	24.150
126	29-Sep-17	Consultant 5	romana	EURO	7.800	7.800	-	7.800
127	29-Sep-17	Consultant 17	romana	EURO	4.400	4.400	-	4.400
128	29-Sep-17	Consultant 19	romana	EURO	17.800	17.800	-	17.800
129	29-Sep-17	Consultant 8	romana	EURO	23.800	23.800	-	23.800

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1	3	4	5	6	7	9	10	11
130	29-Sep-17	Consultant 21	romana	EURO	11.000	11.000	-	11.000
131	29-Sep-17	Consultant 13	romana	EURO	24.000	24.000	-	24.000
132	29-Sep-17	Consultant 9	romana	EURO	13.600	13.600	-	13.600
133	29-Sep-17	Consultant 18	romana	EURO	4.400	4.400	-	4.400
134	29-Sep-17	Consultant 10	romana	EURO	13.200	13.200	-	13.200
135	9-Oct-17	Auto K9 RMV SRL	romana	Lei	1.933	420	420	-
136	9-Oct-17	ILDA Service Group SRL	romana	Lei	766	166	166	-
137	25-Oct-17	Team Relocations Grup	romana	Lei	7.735	1.682	1.682	-
138	2-Nov-17	Eurolingua	romana	Lei	755	164	164	-
139	07-Nov-17	ILDA Service Group SRL	romana	Lei	357	78	78	-
140	28-Nov-17	Ricadi 92 Com Serv SRL	romana	Lei	108.178	23.517	19.513	4.004
141	28-Nov-17	Consultant 91	romana	Lei	1.200	261	-	261
142	07-Dec-17	Renault Commercial Roumanie SRL	romana	Lei	72.233	15.703	15.703	-
143	12-Dec-17	Auto K9	romana	Lei	579	126	126	-
144	14-Dec-17	Sama Consul	romana	Lei	9.932	2.159	2.159	-
		TOTAL			1.260.989	878.506	247.996	592.509

5. ACCOUNTING POLICIES AND RECORDS

Basis of preparation

The special purpose Project Financial Statements are prepared under the historical cost convention, in accordance with and complying with relevant World Bank guidelines. The amounts presented in these financial statements are expressed in EUR. These amounts have been derived by applying the RON/EUR exchange rate as at the time of payment, for the internal payments using NBR exchange rate and for the external payments using auctions exchange rate given by the Bank (Raiffeisen Bank).

Fixed assets

Fixed assets are recognized at acquisition cost under property, plant and equipment category. Following their accounting transfer to the beneficiaries on the basis of the handover minutes, they are recognized on costs (after all documents have been submitted by the vendor).

Liabilities

i) Recording the loan

The loan will be recorded as a use of funds as the withdrawals take place. The entire amount of the loan will not appear as a debt element in the accounting of the Project Management Units.

ii) Acquisition of goods and services

The acquisition of goods and services is recorded as assets and expenditures respectively at the time of the payment, and is allocated between the different sub-projects and activities to which they refer.

Funding

PMU does not record the loan amounts received from the IBRD, this being done at MFP level.

Use of funds

Using of funds represents the amounts paid for the purpose of the Project by the UMEFP, funds pre-financed by the Ministry of Public Finances.

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Foreign currency translation

Project expenditures are pre-funded from the State Budget, and then the eligible expenses are reimbursed from the Loan. The RON amounts were converted into EUR at the exchange rate RON/EUR in force at the date of payment of services/goods suppliers.

6. BANK ACCOUNTS UTILIZED WITHIN THE PROJECT, STATEMENT OF DESIGNATED ACCOUNT

All the funds are received through the State Treasury Account. The internal payments are done through this account and for the external payments the funds are transferred to the bank account from Raiffeisen Bank.

Based on the Order of the Public Finance Ministry no 2004/2013, starting with 01st of January 2014 the UMEFP does not represent a separate entity from the Ministry of National Education in relation to the Treasury account and will only use the following treasury account for the reimbursable funds:

Account No.	RO97TREZ23A650100650100X
Depository Bank	State Treasury Treasury Activity and Public Accounting of the Bucharest Municipality
Branch	Bucharest Municipality
Address	No. 6-8, Splaiul Unirii, 4 th District, 040032
Related loan/credit	Loan no. 8481 – RO
Account Currency	RON

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State treasury account as at 31 December 2017

	IBRD	Total
Opening balance 1 January 2015	-	-
Cash receipts from MoPF for funds approved by funds providers	-	-
Other cash receipts from MoPF:	-	-
- pre-financing for costs to be supported from IBRD funds	-	-
- other	-	-
Total cash receipts	-	-
Total payments from the State Treasury Account	-	-
Closing balance 31 December 2015	-	-
Opening balance 1 January 2016	-	-
Cash receipts from MoPF for funds approved by funds providers	-	-
Other cash receipts from MoPF:	-	-
- pre-financing for costs to be supported from IBRD funds	636,109	636,109
- other	-	-
Total cash receipts	636,109	636,109
Total payments from the State Treasury Account	(636,109)	(636,109)
Closing balance 31 December 2016	-	-
Opening balance 1 January 2017	-	-
Cash receipts from MoPF for funds approved by funds providers	-	-
Other cash receipts from MoPF:	-	-
- pre-financing for costs to be supported from IBRD funds	5,200,572	5,200,572
- other	-	-
Total cash receipts	5,200,572	5,200,572
Total payments from the State Treasury Account	(5,200,572)	(5,200,572)
Closing balance 31 December 2017	-	-

Note

UMEFP uses a treasury account for several projects including the current one. MoPF provides financing according to the budgets requested by the UMEFPs, therefore in case the budgets are not used, the remaining available financing may be reallocated to other projects.

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NOTES TO THE PROJECT FINANCIAL STATEMENTS

Note 1. Sources of funds

Application for withdrawal No.	Payment details	Amount requested from State Treasury Account	CCY	Total
1	State Treasury Account	107,740	EUR	107,740
2	State Treasury Account	528,369	EUR	528,369
3	State Treasury Account	1,711,604	EUR	1,711,604
4	State Treasury Account	1,048,311	EUR	1,048,311
TOTAL				3,396,025

Note 2. Expenditure by components

Expenses	Expenses made in October 14, 2015 - December 31, 2015	Expenses made in January 01, 2016 - December 31, 2016	Expenses made in January 01, 2017 - December 31, 2017	Cumulative December 31, 2017
A. School-based and Systemic Interventions	-	372,334	1,929,070	2,301,404
B. University-Level Interventions and Bridge Programs	-	-	2,810,887	2,810,887
C. Project Management, Monitoring and Evaluation	-	263,775	460,515	724,390
TOTAL IBRD financed	-	636,109	5,200,572	5,836,681

Note 3. Legislation and Fiscal Environment in Romania

The legislation and fiscal environment in Romania and their implementation into practice change frequently and are subject to different interpretations. Over recent years, Romania has undergone substantial legal and economic changes.

Therefore, it is not possible to estimate what changes may occur or the resulting effect of any such changes on the Project development or future results of its development.

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NOTES TO THE PROJECT FINANCIAL STATEMENT (CONTINUED)

Note 4. Project financial statements presentation

The special-purpose Project Financial Statements are prepared on the cash basis of accounting. On this basis sources of funds are recognized when received rather than when earned, and uses are recognized when paid rather than when incurred. The special - purpose Project Financial Statements were prepared for complying with the Loan requirements and with the appropriate World Bank guidelines, and are not intended to be a complete presentation of the Project's operations.

Note 5. Going concern

Special purpose financial statements are prepared based on the going concern principle. The budget planned for the first year of implementation (July 2017-June 2018) of Batch 1 from High Schools Grants Scheme (HSGS) was in amount of EUR 7,895,199, out of which the part related to the period up to 31 December 2017 is EUR 4,006,709, representing the first 2 tranches of the budget of the 1st year. In December 2017, around 50% of the budget allocated to high schools from Batch 1 for 2017 was withdrawn at MoPF's request, which led to local implementation difficulties and delays in achieving the objectives set out in the Loan Agreement. During 2017, the UMEFP had three control missions from World Bank representatives, respectively, January 2017, June 2017 and November 2017, in order to analyze the progress of the project. Following these missions, the World Bank representatives issued reports indicating the state of implementation, aspects regarding noticed delays, which may lead to non-compliance with the objectives set out in the Loan Agreement and provided recommendations for their achievement.

Note 6. Subsequent events

Under the Grant Scheme for Universities – Learning Centers, a grant in amount of EUR 199,096 was signed in May 2018. The granted advance was in amount of EUR 59,729. Under the Grant Scheme for Universities, advances have been granted for summer programs, totaling EUR 542,540.75. Furthermore, SOE 5 (01.10.2017-30.11.2017) in amount of EUR 1,048,297.65 was sent to MoPF and cashed on 12 January 2018, SOE 6 (01.12.2018-31.12.2018) – Annex 4a and Annex 4c (UMEFP and University Grants Scheme -UGS) and 12.10.2017-31.12.2017, Annex 4b (HSGS), totaling 1,392,358.56 was sent to MoPF and cashed on 20 April 2018. In progress of drafting, SOE 7, for Annex 4a and Annex 4c (UMEFP and UGS) for the period 01.01.2018-31.05.2018 and Annex 4b (HSGS) for the period 12.10.2017-31.12.2017, totaling EUR 1.100.000

Date: 26 June 2018

Ms. Liliana Preoteasa

Director UMEFP

Ministry of National Education Stamp



Ms. Tatiana Stuparu

Financial Director
UMEFP

A handwritten signature in blue ink, corresponding to the name Ms. Tatiana Stuparu, is written next to her title.