

C N A D N R - S . A .	
INTRARE	Nr. 92/36107
IESIRE	
Data	11/10/2007

The World Bank
 INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT
 INTERNATIONAL DEVELOPMENT ASSOCIATION

1818 H Street N.W.
 Washington, D.C. 20433
 U.S.A.

(202) 473-1000
 Cable Address: INTBAFRAD
 Cable Address: INDEVAS

10 October, 2007

His Excellency
 Ludovic Orban
 Ministry of Transport
 Bucharest, Romania

Dear Mr. Minister:

*Re: Romania Transport Restructuring Project (Loan No. 4757-RO)
 Romania Transport Sector Support Project (Loan No. 4842-RO)
 Noncompliance with Financial Management Covenants*

As you know, in accordance with the terms of Section 4.01 of the Loan Agreement for the Transport Restructuring Project (Loan No. 4757-RO), the Romanian National Company for Motorways and National Roads (RNCMNR) and the National Railway Company of Romania (CFR) are required to submit audit reports within six months of the end of each calendar year during the implementation of the Project. As of October 10, 2007 the Bank has received only (i) the 2006 Project audited financial statements; (ii) the CFR consolidated audited financial statements, but without the management letter detailing internal control issues; and (iii) the draft RNCMNR audited financial statements.

Based on the previous assurances from the Minister of Transport, the Bank had agreed to receive the 2006 final audit reports, acceptable to the Bank, by September 30, 2007 without taking any remedial actions. Please be advised that if acceptable audit reports are not received by October 31, 2007, they will become four months overdue. When acceptable audited financial statements are four months overdue, the Bank may withhold further advances of amounts of the loan, or discontinue disbursements based on summary statements of expenditures or interim financial reports.

I trust that all necessary measures will be taken by RNCMNR, CFR and the Ministry of Transport to provide the 2006 final audit reports acceptable to the Bank by October 31, 2007.

Sincerely,



Myla Taylor Williams
 Acting Country Director
 South Central Europe
 Europe and Central Asia Region

October 10, 2007

cc: H.E. Varujan Vosganian
Minister of Economy and Finance
Ministry of Economy and Finance

Mr. Sebastian Vladescu
Secretary of State
Ministry of Economy and Finance

Mr. Septimiu Buzaşu
Secretary of State
Ministry of Transport

Mr. Stefan Nanu
General Director
Ministry of Economy and Finance

Ms. Liliana Barna
General Director
Ministry of Transport

Mr. Claudiu Dumitrescu
General Director, Railways Directorate
Ministry of Transport

Mr. Mihai Grecu
General Director
Romania National Company for Motorways and National Roads (RNCMNR)

Mr. Constantin Măneă
General Director
National Company for Railway Infrastructure (CFR)

Mr. Tiberiu Angelescu
Deputy Director General
National Company for Railway Infrastructure (CFR)

Mr. Gabriel Daniel Mocanu
General Director
Metrorex

Mr. Herman Wijffels
Executive Director
The World Bank