

**The World Bank**INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT  
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April 6, 2011

His Excellency  
Gheorghe Ialomitianu  
Minister of Public Finance  
Ministry of Public Finance  
Bucharest, Romania

Your Excellency,

**Romania Social Inclusion Project (Loan No. 4825-RO)****Amendment to the Loan Agreement****Revised Performance and Monitoring Indicators**

We refer to the Loan Agreement between Romania (the Borrower) and the International Bank for Reconstruction and Development (the Bank) (the Loan Agreement) and the Supplemental Letter no. 2 on Performance and Monitoring Indicators (the Supplemental Letter), for the above-referenced Project, dated July 4, 2006. We also refer to your requests on behalf of the Borrower contained in the Borrower's letters dated July 29, 2010 and December 14, 2010 to amend the Loan Agreement.

We are pleased to inform you that, after careful consideration, we have acceded to the aforementioned requests and hereby propose to amend the Loan Agreement as follows:

**1. Schedule 1** is amended as follows:**1.1.** The Project Objective is amended to read as follows:

“The objectives of the Project are to: (i) improve the living conditions and the social inclusion of the most disadvantaged and vulnerable people in Romania; and (ii) strengthen the administration of social assistance benefits.”

**1.2.** Part I is amended in order to increase the number of poor settlements from one hundred (100) to one hundred and sixteen (116). Consequently, the first part of the

sentence is amended to read as follows (modifications are shown *in italics*):

“Support to RSDF to improve living conditions and social inclusion for Roma living in about one hundred *and sixteen (116)* poor settlements through [...]”

**1.3.** In Part III, a new sub-paragraph 4 is added to read as follows:

“4. Social Assistance Cash Transfer Program

Support to MLFSP and other relevant governmental institutions in its subordination and/or coordination to increase the efficiency in the administration and monitoring of the social assistance benefits through inter alia: (i) upgrading of the Management Information System (MIS) for the National Agency for Social Benefits (NASB) with modules for the family support allowances and the Guaranteed Minimum Income (GMI); (ii) harmonization of the means-testing procedures for the eligibility of social assistance benefits; (iii) harmonization of disability assessment criteria and of the institutional framework for disability benefits and invalidity pensions; (iv) developing institutional capacity and tools to prevent and combat error and fraud; (v) promoting public information campaigns to present the proposed reforms for the efficiency and targeting of the social assistance system, and (vi) implementing monitoring and evaluation activities to assess: (a) the incidence of the social assistance transfers and their impacts; and (b) the savings gained from the consolidation of social assistance benefits and from the simplification of social assistance benefits administration.”

**2.** The Table set forth in **Section IV.A** of **Schedule 2** is amended in order to operate the reallocations of the proceeds of the Loan, as requested.

Accordingly, the revised table in paragraph 1 of the Schedule 1 of the Loan Agreement is indicated in the attached Annex 1 to this letter.

**3.** In **Schedule 2, Section IV.B.2** is amended to read as follows (modifications are shown *in italics*):

“2. The Closing Date is February 1, 2013.

**4.** The **Appendix** is modified as follows:

**4.1.** Paragraph 14 is modified to read as follows:

“14. “MLFSP” means the Borrower’s Ministry of Labor, Family and Social Protection, or any successor thereto.”

Accordingly, all references in the Loan Agreement to the “MLSSF” shall be replaced by “MLFSP”.

**4.2.** A new paragraph 2 is added to read as follows:

“2. “NASB” means the Borrower’s National Agency for Social Benefits, or any legal successor thereto.”

**4.3.** A new paragraph 9 is added to read as follows:

“9. “GMI” means Guaranteed Minimum Income.

**4.4.** A new paragraph 13 is added to read as follows:

“13. “MIS” means the NASB (as hereinafter defined) Management Information System.

All paragraphs in the Appendix will be re-numbered accordingly following an alphabetical order. A revised Appendix is attached to this amendment letter of the Agreement (Annex 2).

The revised Supplemental Letter is provided separately.

Please confirm your agreement with the foregoing, on behalf of Romania, by signing, dating and returning to us the enclosed copy of this letter, as well as the revised Supplemental Letter. These amendments will become effective upon receipt of the countersigned copies of the two letters.

Sincerely,

/s/ Peter Harrold  
Director  
Central Europe and the Baltic Countries  
Europe and Central Asia

AGREED:

ROMANIA

By /s/ Bogdan Dragoi  
Authorized Representative

Title: Secretary of State

Date: April 28, 2011

Cc.: H.E. Ioan Botis  
Minister of Labor, Family and Social Protection  
Ministry of Labor, Family and Social Protection  
Bucharest, Romania

Mr. Nicolae Ivaschescu  
Secretary of State  
Ministry of Labor, Family and Social Protection  
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Mr. Bogdan Dragoi  
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Ms. Angela Carabas  
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Mr. Ruud Treffers  
Executive Director  
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***Distribution:*** Romania DL; ECSHD Sector Staff; ECACA Sector Staff; ECAVP Managers; loa-eca; WBDocs

## ANNEX 1

## SCHEDULE 1

## Withdrawal of the Proceeds of the Loan

<b>Category</b>	<b>Amount of the Loan Allocated (expressed in EUR)</b>	<b>Percentage of Expenditures to be financed</b>
(1) Goods, works, consultants' services, Training, Incremental Operating Costs and grants for Part I of the Project as identified in the Annual Development Plans for such Part I of the Project	13,700,000	85%
(2) Goods, works, consultants' services, Training and Incremental Operating Costs for Part II of the Project as identified in the Annual Development Plans for such Part II of the Project	6,100,000	85%
(3) Goods, works, consultants' services, Training, Incremental Operating Costs and grants for Part III of the Project as identified in the Annual Development Plans for such Part III of the Project	27,200,000	85%
(4) Goods, works, consultants' services, Training and Incremental Operating Costs for Part IV the Project as identified in the Annual Development Plans for such Part IV of the Project	200,000	85%
<b>TOTAL AMOUNT</b>	<b>47,200,000</b>	

**ANNEX 2****APPENDIX****Definitions**

1. “Annual Development Plan” means each of the four documents (i) prepared by RSDF, MER, MLSSF and NAR, with respect to Part I, Part II, Part III and Part IV of the Project, respectively, which include the list of activities to be carried out in each calendar year under the respective Part of the Project, as well as the implementation plan, the procurement and monitoring arrangements and the budget relating to such activities; and (ii) agreed between the Borrower and the Bank pursuant to Part A.1 of Section II of Schedule 2 to this Agreement.
2. “Category” means a category set forth in the table in Section IV of Schedule 4 to this Agreement.
3. “Consultant Guidelines” means the “Guidelines: Selection and Employment of Consultants by World Bank Borrowers” published by the Bank in May 2004.
4. “Disabilities Sub-projects” means the grant financed projects, selected and implemented in accordance with the provisions of the Operational Manual, to improve short and long term care for persons with disabilities including inter alia the financing of restructuring and rehabilitation of existing institutions, the construction and equipment of smaller-scale infrastructure facilities aligned to EU standards, and the de-institutionalization process accompanied by the provision of community-based services.
5. “Domestic Violence Sub-projects” means the grant financed projects, selected and implemented in accordance with the provisions of the Operational Manual, to support the victims of domestic violence consisting in the financing of the rehabilitation of existing infrastructure or the construction of new buildings for multi-functional centers that will provide integrated social services to such victims and their dependents.
6. “ECE” means Early Childhood Education.
7. “EU” means the European Union.
8. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for Loans”, dated July 1, 2005.
9. “GMI” means Guaranteed Minimum Income
10. “Guidelines for Environmental Analysis of the Sub-Projects” means the document dated March 14, 2006, satisfactory to the Bank, describing the environmental procedures to be complied with at the stages of the identification, feasibility and design completion of the Priority Interventions Sub-projects, Disabilities Sub-projects, Youth at Risk Sub-projects and Domestic Violence Sub-projects.
11. “Law No.7” means the Borrower’s Law No. 7/2005, as may be subsequently amended.
12. “Law No. 129” means the Borrower’s Law No. 129/1998, republished in the Borrower’s Official Gazette, Part I, No. 483, dated June 8, 2005, as may be subsequently amended.

13. “MER” means Ministry of Education and Research of the Borrower, or any successor thereto.
14. “MIS” means the ANPS (as hereinafter defined) Management Information System.
15. “MPF” means the Ministry of Public Finance of the Borrower, or any successor thereto.
16. “MLSSF” means the Ministry of Labor, Social Solidarity and Family of the Borrower, or any successor thereto.
17. “NAFP” means the National Agency for Family Protection of the Borrower, established pursuant to the Borrower’s Law No. 217/2003 as amended by the Borrower’s Ordinance No. 95/2003, and referred to in Part III.3 of Schedule 1 to this Agreement
18. “NAPH” means the National Authority for Persons with Handicap of the Borrower, established pursuant to the Borrower’s Ordinance No. 14/2003, as amended, and referred to in Part III.1 of Schedule 1 to this Agreement.
19. “NASB” means the Borrower’s National Agency for Social Benefits, or any legal successor thereto.”
20. “NAR” means the National Agency for Roma of the Borrower, established pursuant to the Law No. 7, as a special central public administration body with legal personality.
21. “NGO” means a non-governmental organization, established and operating under the laws of the Borrower,
22. “Operational Manual” means the manual setting describing procedures for implementation of the Project and including, inter alia: (i) procedures governing administrative, procurement, accounting, financial management, and monitoring and evaluation arrangements; (ii) sample formats of Annual Development Plans and Project Reports; (iii) the eligibility criteria, selection procedures, terms and conditions and procurement arrangements for the provision of grants under the Priority Interventions Sub-projects, Disabilities Sub-projects, Youth at Risk Sub-projects and Domestic Violence Sub-projects programs; and (iv) the Guidelines for Environmental Analysis of the Sub-Projects.
23. “Priority Interventions Sub-project” means the grant financed projects, selected and implemented in accordance with the provisions of the Operational Manual, to improve living conditions and social inclusion of Roma living in poor settlements including inter alia the financing of technical assistance for sub-project preparation, the construction or rehabilitation of small infrastructure, the provision of community-based social services and training, and environmental activities.
24. “Procurement Guidelines” means the “Guidelines for Procurement under IBRD Loans and IDA Credits” published by the Bank in May 2004.
25. “Procurement Plan” means the Borrower’s procurement plan for the Project, dated May 4, 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.
26. “RSDF” means the Romanian Social Development Fund, established under the Law No. 129, as a public-interest, non-profit entity with legal personality and enjoying administrative autonomy.

27. "Steering Committee" means the committee to be established by the Borrower, with membership and terms of reference satisfactory to the Bank, and referred to in Part B.1 of Section I of Schedule 2 to this Agreement.
28. "Subsidiary Agreements" means the RSDF Subsidiary Agreement and the NAR Subsidiary Agreement referred to in Parts A.1 and A.2 of Section I of Schedule 2 to this Agreement pursuant to which the Borrower shall make part of the proceeds of the Loan available to RSDF and NAR, respectively.
29. "Youth at Risk Sub-project" means the grant financed projects, selected and implemented in accordance with the provisions of the Operational Manual, to facilitate the social and professional integration of the youth aged 18 year old and more who ceased to be eligible for the child protection system consisting in the financing of multi-functional centers that will provide integrated social services to such youth aged 18 year old and more.