July 26, 2017

His Excellency
Ionuț Mișa
Minister of Public Finance
Bucharest, Romania

Re: Health Sector Reform - Improving Health System Quality and Efficiency Project
(Loan No. 8362-RO)
Amendment to the Loan Agreement and Action Plan

Dear Mr. Minister:

We refer to the Loan Agreement between Romania (the Borrower) and the International Bank for Reconstruction and Development (the Bank) (the Loan Agreement) for the above-referenced Project, dated June 17, 2014. We also refer to your letter dated June 9, 2017 requesting certain amendments to the Loan Agreement and agreeing to an Action Plan to be implemented by the Borrower upon the effectiveness of this amendment letter.

We hereby propose to amend the Loan Agreement as follows:

1. The description of Part A and B of the Schedule 1 to the Loan Agreement are merged to read as follows and Parts C and D are renumbered accordingly:

   Part A. Strengthening Health Service Delivery

   Rationalization of the health care service delivery network by strengthening key hospitals that will become the backbone of the hospital networks, support secondary ambulatory and primary care, and different types of long-term care currently being provided as regular hospital services through the following activities:

   (a) Improving selected medical services, including surgery rooms, intensive care units, burn units, radiotherapy units, emergency services (including emergency telemedicine systems) and diagnosis (medical imaging) services. Carrying out rehabilitation works within the existing medical facilities;

   (b) Redefining the hospital’s role in the health care system, merge services and reduce the number of single specialty hospitals, and move from multi-building settings into single buildings with integrated diagnostic and interventional platforms;

   (c) Developing of public centers for ambulatory diagnostic and treatment services;

   (d) Transforming local hospitals into centers for ambulatory diagnostic and treatment;
Improving cancer screening networks by, among others, establishing additional cancer screening centers, creating eight (8) mobile units for cancer screening and strengthening the technical capacity of regional pathology and cytology laboratories; and

strengthening and expansion of public palliative care

2. A new section E is added to the Section I of Schedule 2 to the Loan Agreement to read as follows:

“E. Action Plan

Except as the Bank shall otherwise agree, the Borrower, through MOH, shall carry out the Project in accordance with the Action Plan, and except as the Bank shall otherwise agree, not amend, abrogate, waive, or permit to be amended, abrogated, or waived, the aforementioned, or any provision thereof, without the prior written agreement of the Bank.

The Borrower shall monitor the implementation of the Action Plan and the Borrower and Bank shall regularly and throughout the implementation of the Action Plan, exchange views on its implementation”.

3. A new section F is added to the Section I of Schedule 2 to the Loan Agreement to read as follows:

“F. Commitments by the Borrower

The Borrower shall by not later than March 31, 2019, or such other later date a to be agreed with the Bank, provide evidence satisfactory to the Bank that is has committed at least forty-five percent (45%) of the total amount of the Loan for the purposes of the implementation of the Project in accordance with the terms of this Agreement.

4. A new definition is added as number (1) and all other definitions are renumbered accordingly as follows:

“1. “Action Plan” means the plan prepared by the Borrower on June 9, 2017 to delineate the various milestones and steps that need to be accomplished under the Project, under Section I.E of Schedule 2 to this Agreement.”

All other provisions of the Loan Agreement except as amended through this Amendment Letter shall remain in full force and effect.

We attach to this Amendment Letter the Action Plan that was agreed by the Borrower and the Bank to implement the Project.
H.E. Ionuț Mișa  

July 26, 2017

Please confirm your agreement with the foregoing, on behalf of Romania, by signing, dating and returning to us the enclosed copy of this letter. This Amendment Letter will become effective upon receipt of the countersigned copy of the letter.

Sincerely,

Tatiana Proskuryakova  
Country Manager  
World Bank Romania

AGREED:  
ROMANIA

By_ IONUT MISA  
Authorized Representative

Title _MINISTER OF PUBLIC FINANCE_  
Date _July 31, 2017_

Attachment: Action Plan

Cc: H.E. Florian-Dorel Bodog, Minister of Health, Bucharest, Romania  
Mr. Rareș Trîscă, Secretary of State, Ministry of Health, Bucharest, Romania  
Mr. Sorin Zaharcu, Interim Director, PMU, Ministry of Health, Bucharest, Romania  
Ms. Boni Cucu, General Director, Ministry of Public Finance, Bucharest, Romania  
Ms. Carmen Ghiță, Head of Unit, Ministry of Public Finance, Bucharest, Romania
## Action Plan dated June 9, 2017

<table>
<thead>
<tr>
<th>Milestones</th>
<th>Timeline</th>
</tr>
</thead>
</table>
| 1. Project Management Unit (PMU) adjusted in size and form acceptable to the Bank (comprising of no more than 10 permanent fiduciary staff: Procurement, FM)  
- Bid opening for Radiotherapy equipment for 5 hospitals” G/C1/3.1  
- Contract awarded for “Upgrading Hospitals Emergency Departments and other equipment and ECG and defibrillators for ICU” G/C1/1.2  | Not later than July 31, 2017 |
| 2. Contracts awarded for Feasibility studies and technical design for: Targu Mures CS/1/2; Timisoara CS/1/3, 3. 3; Grigore Alexandrescu Hospital; and Bagdasar Arseni Hospital  
- Bid opening for “Diagnostic Imaging Equipment” G/C1/2.1  | Not later than September 30, 2017 |
| 3. Contract awarded for Equipment for operating rooms - G/C1/6.1  
- Contract awarded for “Mobile units for Cancer screening” – G/C2/8  | Not later than December 15, 2017 |
| 4. Contract awarded for TAs to update DRG system and Payment system  
- Contract awarded for “Emergency telemedicine system” G/C1/4  | Not later than June 30, 2018 |
| 5. Ministerial order implementing recommendations of TA on HTA  
- Mobile units for cancer screening fully operational  | Not later than December 15, 2018 |

If one or several milestones are not achieved by the Borrower, and unless the Action Plan is reviewed by mutual agreement by the Bank and the Borrower, the Bank reserves the right to trigger the suspension and cancellation of the Loan in total or in part in line with the terms of the Loan Agreement and the General Conditions applicable to the Loan. It is understood by the parties that in the event of a non-compliance of a specific milestone, the Bank may consider triggering the suspension and cancellation of twenty million euro (€20,000,000) from the Loan.