February 28, 2012

H.E. Bogdan Alexandru Dragoi
Minister of Public Finance
Ministry of Public Finance
Bucharest, Romania

Re: Romania Japan PHRD Technical Assistance Grant to Support Disability and Development (TF010417): Improved Policy-Making and Institutional Framework for Persons with Disability Project

Excellency:

In response to the request for financial assistance made on behalf of Romania ("Recipient"), I am pleased to inform you that the International Bank for Reconstruction and Development ("World Bank"), acting as administrator of grant funds provided by the Government of Japan under the Japan Policy and Human Resources Development (PHRD) Technical Assistance (TA) program, proposes to extend to the Recipient a grant in an amount not to exceed one million seven hundred and fifteen thousand United States Dollars (U.S.$1,715,000) ("Grant") on the terms and conditions set forth or referred to in this letter agreement ("Agreement"), which includes the attached Annex, to assist in the financing of the project described in the Annex ("Project"). This Grant is funded out of the abovementioned trust fund for which the World Bank receives periodic contributions. In accordance with Section 3.02 of the Standard Conditions (as defined in the Annex to this Agreement), the Recipient may withdraw the Grant proceeds subject to the availability of such funds.

The Recipient represents, by confirming its agreement below, that it is authorized to enter into this Agreement and to carry out the Project in accordance with the terms and conditions set forth or referred to in this Agreement.

Please confirm the Recipient’s agreement to the foregoing by having an authorized official of the Recipient sign and date the enclosed copy of this Agreement, and returning it to the World Bank. Upon receipt by the World Bank of this countersigned copy, this Agreement shall become effective as of the date of the countesignature; provided, however, that the offer of this Agreement shall be deemed withdrawn if the World Bank has not received the countersigned copy of this Agreement within sixty (60) days after the date of signature of this
Agreement by the World Bank, unless the World Bank shall have established a later date for such purpose.

Very truly yours,
INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT

By: François Rantrua
Country Manager

AGREED:

ROMANIA

By
Authorized Representative

Name: Bogdan Alexandru Dragoi
Title: Minister of Public Finance
Date: April 25, 2012

Enclosures:

✓ (2) Disbursement Letter of the same date as this Agreement, together with World Bank Disbursement Guidelines for Projects, dated May 1, 2006.
Article I
Standard Conditions; Definitions

1.01. **Standard Conditions.** The Standard Conditions for Grants Made by the World Bank out of Various Funds dated July 31, 2010 ("Standard Conditions") constitute an integral part of this Agreement.

1.02. **Definitions.** Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the Standard Conditions or in this Agreement.

(a) "Social Inclusion Project" or "SIP" means the Social Inclusion Project financed through Loan No 4825 RO between Romania and the World Bank dated July 4, 2006, as amended.

(b) "PMU SIP" means the Project Management Unit established within the Ministry of Labor, Family and Social Protection (MoLFSP) for the implementation of SIP, in charge also with procurement, disbursement and financial reporting for this PHRD Grant.

(c) "The Recipient" means Romania, represented by the Ministry of Public Finance.

Article II
Project Execution

2.01. **Project Objectives and Description.** The objective of the Project is to assist the Ministry of Labor, Family and Social Protection (MoLFSP) develop a more effective protection of persons with disabilities through improved disability assessment and better information on persons with disabilities for policy-making.

The Project consists of the following parts:

Part 1 - **Capacity building for the design and implementation of the harmonized assessment criteria of disability and unified institutional structure**

Provide support to MoLFSP to: (i) assess the current systems of disability pensions and disability allowances; (ii) develop proposals for harmonized assessment criteria (medical and functional) and a description of the business processes required for the implementation of the criteria and related guidelines; (iii) develop a proposal for a unified institutional structure; (iv) conduct staff in-country training; and (v) carry out improvements of the National Electronic Register for Persons with Disability.

Part 2 - **Piloting of the new service delivery model, operating using harmonized assessment criteria / unified institutional framework in 3 to 4 regions (judets)**

Provide support to MoLFSP to: (i) conduct pilot projects in 3 to 4 regions on revised disability criteria, assessment tools and personal plan; and (ii) organize workshops and in-country training for the preparation and implementation of the pilot projects.
Part 3 - Monitoring and Evaluation

Provide support to MoLFSP to: (i) conduct monitoring and evaluation activities of the pilot projects; and (ii) implement the new service delivery mode regarding the delivery of services based on unified institutional structure and harmonized medical assessment criteria.

Part 4 - Public information campaign

Provide support to MoLFSP to inform the public on the new set of criteria/ institutions for persons with disability through different media channels.

Part 5 - Project Management and Administration

Provide support to MoLSPF for the overall management of the Project

2.02. Project Execution Generally. The Recipient, through MoLFSP, declares its commitment to the objectives of the Project. To this end, the Recipient shall carry out the Project through MoLFSP in accordance with the provisions of: (a) Article II of the Standard Conditions; (b) the “Guidelines on Preventing and Combating Fraud and Corruption in Projects Financed by IBRD Loans and IDA Credits and Grants”, dated October 15, 2006 and revised in January 2011 (“Anti-Corruption Guidelines”); and (c) this Article II.

2.03. Institutional and Other Arrangements. The Recipient, through MoLFSP, shall implement the Project in accordance with the Operational Manual to be issued for the implementation of the Grant by not later than forty-five (45) days after the date of countersignature of this Agreement under terms satisfactory to the World Bank.

2.04. Project Monitoring, Reporting and Evaluation. (a) The Recipient, through MoLFSP, shall monitor and evaluate the progress of the Project and prepare Project Reports in accordance with the provisions of Section 2.06 of the Standard Conditions and on the basis of the indicators set forth below in paragraph (b) of this Section. Each Project Report shall cover the period of one calendar semester, starting at the beginning of the second year of grant implementation, and shall be furnished to the World Bank not later than one month after the end of the period covered by such report.

(b) The performance indicators referred to above in paragraph (a) are presented in the Annex 2 herein enclosed.

(c) The Recipient, through MoLFSP, shall prepare the Completion Report in accordance with the provisions of Section 2.06 of the Standard Conditions. The Completion Report shall be furnished to the World Bank not later than six months after the Closing Date.

2.05. Financial Management. (a) The Recipient, through MoLFSP, shall ensure that a financial management system is maintained in accordance with the provisions of Section 2.07 of the Standard Conditions.

(b) The Recipient through MoLFSP shall ensure that interim unaudited financial reports for the Project are prepared and furnished to the World Bank not later than forty five (45) days after the end of each calendar quarter, covering the quarter, in form and substance satisfactory to the World Bank.
(c) The Recipient, through MoLFSP shall have its Financial Statements audited in accordance with the provisions of Section 2.07 (b) of the Standard Conditions. Each audit of the Financial Statements shall cover the period of one fiscal year of the Recipient. The audited Financial Statements for each such period shall be furnished to the World Bank not later than six months after the end of such period.

2.06. Procurement

(a) General. All goods, non-consulting services and consultants’ services required for the Project and to be financed out of the proceeds of the Grant shall be procured in accordance with the Procurement plan agreed with the World Bank and in accordance with the requirements set forth or referred to in:

(i) Section I of the “Guidelines: Procurement of Goods, Works and Non-consulting Services under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Procurement Guidelines”), in the case of goods, works and non-consulting services;

(ii) Sections I and IV of the “Guidelines: Selection and Employment of Consultants under IBRD Loans and IDA Credits and Grants by World Bank Borrowers” dated January 2011 (“Consultant Guidelines”) in the case of consultants’ services; and

(iii) the provisions of this Section, as the same shall be elaborated in the procurement plan prepared and updated from time to time by the Recipient for the Project in accordance with paragraph 1.18 of the Procurement Guidelines and paragraph 1.25 of the Consultant Guidelines (“Procurement Plan”).

(b) Definitions. The capitalized terms used in the following paragraphs of this Section to describe particular procurement methods or methods of review by the World Bank of particular contracts, refer to the corresponding method described in Sections II and III of the Procurement Guidelines, or Sections II, III, IV and V of the Consultant Guidelines, as the case may be.

(c) Particular Methods of Procurement of Goods and Non-consulting Services

(i) Except as otherwise provided in sub-paragraph (ii) below, goods and non-consulting services shall be procured under contracts awarded on the basis of International Competitive Bidding.

(ii) The following methods, other than International Competitive Bidding, may be used for procurement of goods and non-consulting services for those contracts specified in the Procurement Plan: (A) National Competitive Bidding, subject to the additional provisions set forth in Annex 1 of this Agreement; (B) Shopping; and (C) Direct Contracting.

(d) Particular Methods of Procurement of Consultants’ Services

(i) Except as otherwise provided in item (ii) below, consultants’ services shall be procured under contracts awarded on the basis of Quality- and Cost-based Selection.

(ii) The following methods may be used for the procurement of consultants’ services for those assignments which are specified in the Procurement Plan: (A) Quality and
(e) **Review by the World Bank of Procurement Decisions.** The Procurement Plan shall set forth those contracts which shall be subject to the World Bank’s Prior Review. All other contracts shall be subject to Post Review by the World Bank.

### Article III

**Withdrawal of Grant Proceeds**

3.01. **Eligible Expenditures.** The Recipient, through MoLFSP may withdraw the proceeds of the Grant in accordance with the provisions of: (a) the Standard Conditions; (b) this Section; and (c) such additional instructions as the World Bank may specify by notice to the Recipient (including the “World Bank Disbursement Guidelines for Projects” dated May 2006, as revised from time to time by the World Bank and as made applicable to this Agreement pursuant to such instructions), to finance Eligible Expenditures as set forth in the following table. The table specifies the categories of Eligible Expenditures that may be financed out of the proceeds of the Grant (“Category”), the allocations of the amounts of the Grant 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 Grant Allocated (expressed in USD)</th>
<th>Percentage of Expenditures to be Financed</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) Goods</td>
<td>150,000</td>
<td>100%</td>
</tr>
<tr>
<td>(2) Consultants’ services</td>
<td>1,545,000</td>
<td>100%</td>
</tr>
<tr>
<td>(including <em>inter alia</em></td>
<td></td>
<td></td>
</tr>
<tr>
<td>consultants for project</td>
<td></td>
<td></td>
</tr>
<tr>
<td>management), in-country</td>
<td></td>
<td></td>
</tr>
<tr>
<td>training, workshops and audit</td>
<td></td>
<td></td>
</tr>
<tr>
<td>(3) Operating costs</td>
<td>20,000</td>
<td>100%</td>
</tr>
<tr>
<td>TOTAL AMOUNT</td>
<td>1,715,000</td>
<td></td>
</tr>
</tbody>
</table>

For the purposes of this Section:

(i) the term “in-country training and workshops” means expenditures incurred in connection with in-country training and workshops activities under the Project, including purchase and publication of materials, rental of facilities, course fees, and travel and per diem.
(ii) the term “operating costs” means the costs incurred by MoLFSP on account of Project implementation, comprising: communication (including postage and internet); procurement related costs, including translations and advertising cost; local transportation; fuel; operating, maintenance and insurance costs for vehicles; rent of the office accommodation; office supplies, maintenance and insurance of the office equipment; Project related travel and per diem allowances including accommodation and local transportation; and banking charges.

3.02. **Withdrawal Conditions.** Notwithstanding the provisions of Section 3.01 of this Agreement, no withdrawal shall be made for payments made prior to the date of countersignature of this Agreement by the Recipient.

3.03. **Withdrawal Period.** The Closing Date referred to in Section 3.06 (c) of the Standard Conditions is three (3) years after the date of signature of this Agreement by the Recipient, or such later date as the Bank shall establish.

**Article IV**

**Recipient’s Representative; Addresses**

4.01. **Recipient’s Representative.** The Recipient’s Representative referred to in Section 7.02 of the Standard Conditions is the Minister of Public Finance, or whomever the minister designates.

4.02. **Recipient’s Address.** The Recipient’s Address referred to in Section 7.01 of the Standard Conditions is:

17, Apolodor Street, sector 5,
Bucharest
Romania

Telephone: 4021 311 23 76
Facsimile: 4021 312 67 92

4.03. **World Bank’s Address.** The World Bank’s Address referred to in Section 7.01 of the Standard Conditions is:

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

Cable: INTBAFRAD
Telex: 248423 (MCI) or 64145 (MCI)
Facsimile: 1-202-477-6391
Annex 1

Mandatory Provisions for Procurement under Bank-Financed Contracts Subject to National Competitive Bidding

Contracts for goods for which the Grant Agreement allows procurement under paragraphs 3.3 and 3.4 of the Procurement Guidelines may be procured in accordance with the provisions of national laws and regulations with the following exceptions:

A. Procedures

An open competitive procedure shall be followed in all cases, irrespective of contract value. For foreign firms shall not be excluded and eligibility requirements shall be common for national and foreign bidders, with no preference of any kind given to national bidders or bidders from any regional market. Invitations to bid shall be advertised in at least one (1) widely circulated national daily newspaper or the Official Gazette, allowing a minimum of thirty (30) days for the preparation and submission of bids. Adequate response time shall be provided for preparation and submission of bids.

B. Assessment of Bidders’ Qualifications

Prior registration shall not be required to participate in bidding procedures. The qualifications of the bidder who is recommended for contract award shall be assessed by post-qualification, applying minimum experience, technical and financial requirements which shall be explicitly stated in the bidding documents. All qualification criteria so specified in the bidding documents and only such qualification criteria, shall be used to determine whether a bidder is qualified.

C. Participation by Government-owned Enterprises

Government-owned enterprises in Romania shall be eligible to participate in bidding only if they can establish that they are legally and financially autonomous, operate under commercial law and are not a dependent agency of the Purchaser. Furthermore, they will be subject to the same bid and performance security requirements as other bidders.

D. Bidding Documents

Procuring entities shall use the appropriate standard bidding documents for the procurement of goods or services, which shall contain draft contract and conditions of contract acceptable to the Bank. The bidding documents shall provide clear instructions on how bids should be submitted, how prices should be offered, and the place and time for submission and opening of bids. Standards and technical specifications quoted in bidding documents shall permit the broadest possible competition, and wherever national standards are specified, the bidding documents shall also state that equipment, material, or workmanship meeting other standards, which promise at least substantial equivalence, will also be accepted. Bidding instructions shall clearly stipulate that discount, if any, must be stated by the bidder either in a cover letter or in the bid form. In case of joint ventures, bidding conditions shall stipulate joint and several liability of all the partners of the joint venture.
E. Evaluation Criteria

Evaluation criteria shall be clearly specified in the bidding documents, and evaluation criteria other than price shall be quantified in monetary terms. All evaluation criteria so specified, and only such criteria, shall be taken into account in bid evaluation.

F. Bid Submission, Opening and Evaluation of Bids, Award of Contract

(a) Bids shall be submitted in a single envelope containing the bidder's qualification information, technical and price bids, which shall be opened at the public bid opening. Should bids be submitted in two (2) or more envelopes, all envelopes shall be opened at the public bid opening.

(b) Bids shall be opened in public immediately after the deadline for submission of bids. Except for late bids, no bid shall be rejected during bid opening. The name of the bidder, the total amount of each bid, and any discounts shall be read aloud and recorded in the minutes of the public bid opening. Any discount not mentioned in the cover letter or bid form shall not be taken into account in the evaluation.

(c) The evaluation of bids shall be done in strict adherence to the monetarily quantifiable criteria specified in the bidding documents and a merit point system or scoring on the basis of "technical and economical financial achievements" shall not be used. A bid containing material deviations from, or reservations to, the terms, conditions, or specifications of the bidding documents shall be rejected as not substantially responsive. A bidder shall not be permitted to withdraw material deviations or reservations once bids have been opened. Bidders shall not be eliminated from the detailed evaluation on the basis of non-material, minor deviations or reservations.

(d) Extension of bid validity shall be allowed once only for a maximum of thirty (30) days. No further extensions should be requested without the prior approval of the Bank.

(e) Contracts shall be awarded to qualified bidders having submitted the lowest evaluated substantially responsive bid.

(f) There shall be no negotiations, even with the lowest evaluated bidder, without the Bank's prior concurrence. A bidder shall not be required, as a condition of award, to undertake obligations not specified in the bidding documents or otherwise to modify the bid as originally submitted.

(g) The Borrower shall publish the following information on contract award on a free and open access website when it becomes operational or on another means of publication acceptable to the Bank: (i) name of each bidder who submitted a bid; (ii) bid prices as read out at bid opening; (iii) name and evaluated price of each bid that was evaluated; (iv) names of bidders whose bids were rejected and the reasons for the rejection; and (v) name of the winning bidder, price it offered as well as the duration and summary scope of the contract awarded. This publication will be updated at least quarterly.

(h) The Borrower shall declare a firm ineligible, either indefinitely or for a stated period, to be awarded a contract financed by the Bank and the Government, if it at any time determines that the firm has, directly or through an agent, engaged in corrupt, fraudulent, collusive or coercive practices in competing for, or in executing, a Bank-financed contract.
G. Suppliers

Bidding documents and contracts shall include a provision requiring bidders to permit the Bank to inspect their accounts and records relating to the bid submission and contract performance and to have them audited by auditors appointed by the Bank, if so required by the Bank.

H. Price Adjustment

Contracts of long duration (e.g. more than eighteen (18) months) shall contain an appropriate price adjustment clause.

I. Rejection of All Bids

(a) All bids shall not be rejected and new bids solicited without the Bank’s prior written concurrence.

(b) When the number of bids received is less than two (2), re-bidding shall not be carried out without the Bank’s prior concurrence.

J. Securities

No advance payments shall be made to suppliers without a suitable advance payment security. The wording of all such securities shall be included into the bidding documents and shall be acceptable to the Bank.

K. Complaints by Bidders

The Borrower shall establish an effective bid protest mechanism related to the procurement process and contract award, acceptable to the Bank that allows for bidder protests and the timely handling of such protests. The procedures to receive and handle complaints shall be disclosed in the bidding documents.
### Annex 2

#### Monitoring Indicators

<table>
<thead>
<tr>
<th>Indicators</th>
<th>Core</th>
<th>Unit of Measure</th>
<th>Baseline</th>
<th>YR 1</th>
<th>YR 2</th>
<th>YR 3</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Indicator One:</strong> Improved, harmonized medical and functional criteria for the assessment of disability in place, applied to all persons with disability</td>
<td>x</td>
<td>Yes/No</td>
<td>No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
</tr>
<tr>
<td><strong>Indicator Two:</strong> Reduction in the application costs by beneficiaries by 15% compared to the current system</td>
<td>x</td>
<td></td>
<td>0</td>
<td>0</td>
<td>15%</td>
<td></td>
</tr>
<tr>
<td><strong>Indicator Three:</strong> National database of persons with disability operating and producing regular monthly monitoring reports</td>
<td>x</td>
<td>Yes/No</td>
<td>No</td>
<td>No</td>
<td>Yes</td>
<td></td>
</tr>
</tbody>
</table>

- Yes/No: Indicates progress towards meeting the target values.
- X: Indicates that the indicator is being monitored regularly.

Cumulative Target Values##