

AMENDMENT NO. 1
TO THE REIMBURSABLE ADVISORY SERVICES AGREEMENT ON
SUPPORTING THE OPERATIONALIZATION OF SOCIAL PROTECTION REFORMS
IN THE NATIONAL RECOVERY AND RESILIENCE PLAN (P178551)

This Amendment is made on _____, between the MINISTRY OF LABOUR AND SOCIAL SOLIDARITY OF ROMANIA ("Client"), and the INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (the "Bank") (jointly referred to as "the Parties") to the Reimbursable Advisory Services Agreement on Supporting the Operationalization of Social Protection Reforms in the National Recovery and Resilience Plan (P178551) between the Parties countersigned on March 1, 2022 (the "Agreement"). This Amendment is made in accordance with paragraph 14 of the Annex to the Agreement.

The Parties agree to amend the Agreement as follows (revisions are in *italics* and **bold**):

1. The description of activities in paragraphs 4.2 and 4.3 under Section A of the Schedule to the Agreement is hereby modified to read as follows:

"4.2 Providing support to inform the Client's preparation of *the* drafting of *the revised* law governing the pension system (*replacing the provisions in law 127/2019 and taking into account the provisions in the CID*), through: (i) close coordination with the National House for Pension and Other Social Insurance Rights to understand the structure of the databases and available data, identify the precise data needs for pension modeling, and facilitate transmission of data, including cohort data and individual anonymized data for active pension system participants and beneficiaries, to the Client and the Bank for data analytics and pension modelling, evaluation of the financial impact of proposed pension system reforms, and analysis of special pension expenditures under Activity 4.3 below; (ii) preparing data analytics to assure the integrity and consistency of the data for purposes of pension system financial analysis; (iii) providing *proposals on reform options to the legislative framework* to inform the Client's *preparation of the revised pension law*, including *preparation of analysis of reform options, and an impact assessment on up to two comprehensive reform options selected by the Client*; (iv) *as part of the impact assessment*, analyzing the sensitivity of the relevant parameters with financial impact proposed to be included by the Client in the revisions to the legislative framework in relation to the objectives of the reform, in particular the need to correct systemic inequities within the pension system; (v) providing support to the Client in organizing stakeholder consultations by delivering a presentation to explain technical aspects of the reform proposals developed by the Client; and (vi) providing advisory input on the draft amendments to the legislative framework prepared by the Client.

4.3. Providing *proposals on reform options* of the legislative framework in order to reduce special pension expenditure (special pensions include, *but are not limited to*, pensions for *state employees of all branches*, military, intelligence service and police, for some arduous and hazardous jobs, and for other *special indemnities*) through: (i) coordination with the National House for Pension and Other Social Insurance Rights

to identify needed data regarding current and potential future recipients of special pensions, provided that relevant data for the security sector (military and police) is made available by the Client; (ii) reviewing and assessing the methodology and data used in preparation of the 2021 EC Ageing Report; (iii) organizing discussions with the relevant stakeholders to review available data for a special pensions impact assessment based on a modelling approach that takes into account the applicable time frame for activities under this RAS and the sophistication of available data; (iii) *developing proposals of reform options*, and an impact assessment on *up to two comprehensive reform options selected by the Client* for reducing special pension expenditures *to inform the Client's preparation of changes to the legal framework* based on the agreed upon data and modelling techniques; and (iv) the provision of microsimulation training to the Client's staff and other public officials who may be invited by the Client in the use of the Bank's microsimulation model in order to independently conduct spending reviews and other relevant pension reform activities in the future."

2. The Timetable for Pillar 4 Deliverables under the Section B of the Schedule to the Agreement is hereby modified to read as follows:

PILLAR 4 SUPPORTING THE REFORM OF THE PUBLIC PENSION SYSTEM		
Deliverable 4.1 Report on analysis of the Client's proposals to reform the Defined Contribution Pension Plan, including feedback from the online consultations conducted by the Client, and recommendations for changes to the defined contribution system	One (1) month after the Effective Date	250,000
Deliverable 4.3 (a) Report on analysis, <i>impact assessment</i> , and recommendations for reform of special pensions	Eight (8) months after the Effective Date	400,000
Deliverable 4.2 Report on analysis, <i>impact assessment</i> , and recommendations for reforms to the public pension system and recommendations for improvement of data flows	Ten (10) months after the Effective Date	700,000
Deliverable 4.3 (b) Report on results of microsimulation training	Fifteen (15) months after the Effective Date	150,000

3. A new sub-paragraph (f) is added in paragraph 21 (*Definitions*) to read as follows and the following sub-paragraphs are renumbered accordingly:

"(f) The acronym "CID" means the Council Implementing Decision adopted by the Council of the European Union on November 3, 2021 (ST 12319/21; 12319/21 ADD1), on the approval of the assessment of the recovery and resilience plan for Romania, including its annex."

All other terms and conditions of the Agreement, except as amended herein, shall remain unchanged.

This Amendment shall become effective as of April 11, 2022, once it has been duly signed by both Parties.

IN WITNESS WHEREOF, the Parties hereto, acting through their duly authorized representatives, have caused this Amendment to be signed in their respective names as of the day and year indicated below.

MINISTRY OF LABOUR AND SOCIAL
SOLIDARITY OF ROMANIA

INTERNATIONAL BANK FOR
RECONSTRUCTION AND
DEVELOPMENT

By: Dragos Iorut
Authorized Representative

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Authorized Representative

Name: BĂNESCU

Name: Ann Akhalkatsi

Title: SECRETARY GENERAL

Title: Country Manager

Date: 24 May 2022



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