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LOAN NUMBER 9713-RO

# Loan Agreement

(Romania Fiscal Management and Green Growth Development Policy Loan)

between

ROMANIA

and

INTERNATIONAL BANK FOR RECONSTRUCTION  
AND DEVELOPMENT

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## **LOAN AGREEMENT**

AGREEMENT dated as of the Signature Date between ROMANIA (“Borrower”) and INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT (“Bank”) for the purpose of providing financing in support of the Program (as defined in the Appendix to this Agreement). The Bank has decided to provide this financing on the basis, *inter alia*, of: (i) the actions which the Borrower has already taken under the Program and which are described in Section I of Schedule 1 to this Agreement; and (ii) the Borrower’s maintenance of an adequate macroeconomic policy framework. The Borrower and the Bank therefore hereby agree as follows:

### **ARTICLE I — GENERAL CONDITIONS; DEFINITIONS**

- 1.01. The General Conditions (as defined in the Appendix to this Agreement) apply to and form part of this Agreement.
- 1.02. Unless the context requires otherwise, the capitalized terms used in this Agreement have the meanings ascribed to them in the General Conditions or in the Appendix to this Agreement.

### **ARTICLE II — LOAN**

- 2.01. The Bank agrees to lend to the Borrower the amount of five hundred ninety-nine million one hundred thousand Euro (€ 599,100,000), as such amount may be converted from time to time through a Currency Conversion (“Loan”).
- 2.02. The Front-end Fee is one quarter of one percent (0.25%) of the Loan amount.
- 2.03. The Commitment Charge is one quarter of one percent (0.25%) per annum on the Unwithdrawn Loan Balance.
- 2.04. The interest rate is the Reference Rate plus the Variable Spread or such rate as may apply following a Conversion; subject to Section 3.02(e) of the General Conditions.
- 2.05. The Payment Dates are January 15 and July 15 in each year.
- 2.06. The principal amount of the Loan shall be repaid in accordance with Schedule 2 to this Agreement.
- 2.07. Without limitation upon the provisions of Section 5.05 of the General Conditions, the Borrower shall promptly furnish to the Bank such information relating to the provisions of this Article II as the Bank may, from time to time, reasonably request.

### **ARTICLE III — PROGRAM**

- 3.01. The Borrower declares its commitment to the Program and its implementation. To this end, and further to Section 5.05 of the General Conditions:
- (a) the Borrower and the Bank shall from time to time, at the request of either party, exchange views on the Borrower's macroeconomic policy framework and the progress achieved in carrying out the Program;
  - (b) prior to each such exchange of views, the Borrower shall furnish to the Bank for its review and comment a report on the progress achieved in carrying out the Program, in such detail as the Bank shall reasonably request; and
  - (c) without limitation upon paragraphs (a) and (b) of this Section, the Borrower shall promptly inform the Bank of any situation that would have the effect of materially reversing the objectives of the Program or any action taken under the Program including any action specified in Section I of Schedule 1 to this Agreement.

### **ARTICLE IV — REMEDIES OF THE BANK**

- 4.01. The Additional Event of Suspension consists of the following, namely that a situation has arisen which shall make it improbable that the Program, or a significant part of it, will be carried out.
- 4.02. The Additional Event of Acceleration consists of the following, namely that the event specified in Section 4.01 of this Agreement occurs and is continuing for a period of sixty (60) days after notice of the event has been given by the Bank to the Borrower.

### **ARTICLE V — EFFECTIVENESS**

- 5.01. The Additional Condition of Effectiveness consists of the following, namely that the Bank is satisfied with the progress achieved by the Borrower in carrying out the Program and with the adequacy of the Borrower's macroeconomic policy framework.
- 5.02. The Effectiveness Deadline is the date one hundred eighty (180) days after the Signature Date.

### **ARTICLE VI — REPRESENTATIVE; ADDRESSES**

- 6.01. The Borrower's Representative is the Minister of Finance.
- 6.02. For purposes of Section 10.01 of the General Conditions:
- (a) the Borrower's address is:

Ministry of Finance  
16 Libertatii Boulevard, district 5  
Bucharest, 050706  
Romania; and

(b) the Borrower's Electronic Address is:

Facsimile:	E-mail:
402 1312 6792	cabinet.ministru@mfinante.gov.ro

6.03. For purposes of Section 10.01 of the General Conditions:

(a) the Bank's address is:

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

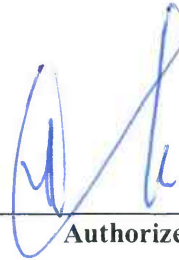
(b) the Bank's Electronic Address is:

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

AGREED as of the Signature Date.

**ROMANIA**

By



Authorized Representative

Name: MARCEL-IOAN BOLOS

Title: MINISTER OF FINANCE

Date: AUGUST 1, 2024.

**INTERNATIONAL BANK FOR  
RECONSTRUCTION AND DEVELOPMENT**

By



Authorized Representative

Name: ANN AKHALIKATSI

Title: COUNTRY DIRECTOR, EU COUNTRIES

Date: AUGUST 1, 2024

## SCHEDULE 1

### Program Actions; Availability of Loan Proceeds

#### Section I. Actions Taken Under the Program

The actions taken by the Borrower under the Program include the following:

- (1) To improve the long-term fiscal sustainability and increase equity of the pensions system, the Borrower has: (i) taken measures to reform the general public pensions, including by ensuring that the pension point value increases by up to the average annual inflation rate plus fifty (50) percent of real wage increases, by eliminating the correction index, and by gradually increasing the retirement age for women to that of men, as evidenced by the enactment of the Law no. 360/2023; and (ii) revised the service pensions regimes to gradually align retirement age and reduce the replacement rate, as evidenced by the enactment of the Law no. 282/2023.
- (2) To increase revenue collection, the Borrower has: (i) reduced the number of products and services to which the reduced value added tax (VAT) rates of five (5) percent and nine (9) percent apply; (ii) introduced the payment of health contributions for the economic sectors that were previously exempt (i.e. construction, agriculture, food) and the payment of personal income tax for the information technology (IT) sector; and (iii) increased excises for tobacco and alcoholic drinks, as evidenced by enactment of the Law no. 296/2023.
- (3) To incentivize green transportation and increase revenue collection, the Borrower has adopted measures to increase excises for fossil fuels, as evidenced by the approval of the Emergency Ordinance no. 115/2023.
- (4) To incentivize green transportation and increase revenue collection, the Borrower has introduced a new tax policy for vehicles in accordance with the “polluter pays” principle, which includes a new distance-based toll system for heavy duty vehicles (trucks), as evidenced by the enactment of the Law no. 226/2023.
- (5) To mobilize resources for green public investment, the Borrower has adopted the framework for sovereign green bonds, as evidenced by the approval of the Government Decision no. 83/2024.
- (6) To enable and incentivize the development of offshore wind farms for the production of renewable electricity in the Romanian exclusive economic zone of the Black Sea, the Borrower has adopted the relevant legislation, including the establishment of the applicable procedures, institutional roles, and the rights and obligations of developers and stakeholders, as evidenced by the enactment of Law no. 121/2024.
- (7) To improve the bankability of new renewable energy projects, the Borrower has developed the secondary legislation defining the governance and functioning of contracts for differences for low-carbon technologies for electricity production, as evidenced by the approval of the Government Decision no. 318/2024.

- (8) To incentivize investments in the production of green hydrogen, the Borrower has approved a state aid mechanism to support investments in electrolyzers for the production of green hydrogen, as evidenced by the adoption of the Order of the Minister of Energy no. 923/2023.
- (9) To facilitate investments in energy efficiency of industries and public institutions through energy service companies (ESCOs) and to develop the ESCOs' market, the Borrower has: (i) established the framework for energy service contracts to increase transparency and ensure energy savings and final customers' rights; and (ii) created the national registry of ESCOs that identifies energy service providers by beneficiaries of energy services, as evidenced by the approval of the Government Decision no. 1329/2023.
- (10) To increase mobilization of private investment for energy efficiency in the industrial sector, the Borrower has established the standards for financial instruments supporting energy efficiency in industry, as evidenced by the approval of the Emergency Ordinance no. 119/2023.
- (11) To increase private capital mobilization in infrastructure, the Borrower has: (i) removed the upper limit for the amount of co-financing by public partners in public-private partnerships (PPP) co-financing structures, as evidenced by the enactment of the Law no. 7/2024; and (ii) simplified the requirements for pre-feasibility and feasibility studies for PPPs and concession arrangements, as evidenced by the approval of the Government Decision no. 1116/2023.

**Section II. Availability of Loan Proceeds**

- A. General.** The Borrower may withdraw the proceeds of the Loan in accordance with the provisions of this Section and such additional instructions as the Bank may specify by notice to the Borrower.
- B. Allocation of Loan Amounts.** The Loan is allocated in a single withdrawal tranche, from which the Borrower may make withdrawals of the Loan proceeds. The allocation of the amounts of the Loan to this end is set out in the table below:

<b>Allocations</b>	<b>Amount of the Loan Allocated (expressed in EUR)</b>
(1) Single Withdrawal Tranche	599,100,000
<b>TOTAL AMOUNT</b>	<b>599,100,000</b>

**C. Withdrawal Tranche Release Conditions.**

No withdrawal shall be made of the Single Withdrawal Tranche unless the Bank is satisfied: (a) with the Program being carried out by the Borrower; and (b) with the adequacy of the Borrower's macroeconomic policy framework.

**D. Deposit of Loan Amounts.**

The Borrower, within thirty (30) days after the withdrawal of the Loan from the Loan Account, shall report to the Bank: (a) the exact sum received into the account referred to in Section 2.03(a) of the General Conditions; and (b) the record that an equivalent amount has been accounted for in the Borrower's budget management systems.

**E. Closing Date.** The Closing Date is December 31, 2026.



**SCHEDULE 2**

**Commitment-Linked Amortization Repayment Schedule – Bullet Repayment**

The Borrower shall repay the principal amount of the Loan in full on July 15, 2039.

## APPENDIX

### Definitions

1. “Emergency Ordinance no. 115/2023” means the Government’s emergency ordinance no. 115 dated December 14, 2023, on certain fiscal measures in the field of public expenditure, fiscal consolidation, combating tax evasion, amending and supplementing certain normative acts, as well as for the extension of certain deadlines, published in the Official Gazette of the Borrower, part I, no. 1139, on December 15, 2023, as subsequently amended.
2. “Emergency Ordinance no. 119/2023” means the Government’s emergency ordinance no. 119 dated December 14, 2023, on regulating standards for green financial instruments dedicated to supporting energy efficiency improvement measures in industry, as well as amending Law no. 121/2014 on energy efficiency, published in the Official Gazette of the Borrower, part I, no. 1142, on December 18, 2023.
3. “General Conditions” means the “International Bank for Reconstruction and Development General Conditions for IBRD Financing, Development Policy Financing”, dated December 14, 2018 (last revised on July 15, 2023).
4. “Government” means the Government of Romania.
5. “Government Decision no. 83/2024” means the Government’s decision no. 83 dated February 8, 2024, approving the framework for financing projects intended to protect the environment and combating climate change, published in the Official Gazette of the Borrower, part I, no. 117 and 117 bis, on February 9, 2024.
6. “Government Decision no. 1116/2023” means the Government’s decision no. 1116 dated November 16, 2023, amending and supplementing the Government Decision no. 907/2016 on the stages of elaboration and the framework content of the technical-economic documentation related to the investment objectives/projects financed from public funds, published in the Official Gazette of the Borrower, part I, no. 1058, on November 23, 2023.
7. “Government Decision no. 1329/2023” means the Government’s decision no. 1329 dated December 28, 2023, on the approval of measures necessary for the activity of companies providing energy design and performance services, published in the Official Gazette of the Borrower, part I, no. 1192, on December 29, 2023.
8. “Government Decision no. 318/2024” means the Government’s decision no. 318 dated April 4, 2024, on the approval of the general framework for the implementation and functioning of the mechanism of support through contracts for difference for low-carbon technologies, published in the Official Gazette of the Borrower, part I, no. 333, on April 10, 2024.
9. “Law no. 226/2023” means the Borrower’s law no. 226 dated July 14, 2023, on the application of road charges to the network of national roads in Romania, published in the Official Gazette of the Borrower, part I, no. 659, on July 18, 2023.

10. “Law no. 282/2023” means the Borrower’s law no. 282 dated October 19, 2023, amending and supplementing certain normative acts in the field of service pensions and Law no. 227/2015 regarding the Fiscal Code, published in the Official Gazette of the Borrower, part I, no. 950, on October 20, 2023, as subsequently amended.
11. “Law no. 296/2023” means the Borrower’s law no. 296 dated October 26, 2023, on fiscal measures to ensure Romania’s long-term financial sustainability, published in the Official Gazette of the Borrower, part I, no. 977, on October 27, 2023, as subsequently amended.
12. “Law no. 360/2023” means the Borrower’s law no. 360 dated November 29, 2023, on the public pension system, published in the Official Gazette of the Borrower, part I, no. 1089, on December 4, 2023.
13. “Law no. 7/2024” means the Borrower’s law no. 7 dated January 5, 2024, for the approval of Emergency Ordinance no. 39/2018 on public-private partnership, published in the Official Gazette of the Borrower, part I, no. 13, on January 8, 2024.
14. “Law no. 121/2024” means the Borrower’s law no. 121 dated April 30, 2024, on offshore wind energy, published in the Official Gazette of the Borrower, part I, no. 421, on May 8, 2024.
15. “Order of the Minister of Energy no. 923/2023” means the order of the Borrower’s Minister of Energy no. 923, dated July 20, 2023, for the approval of the Specific Guidelines - Specific Conditions for accessing financing from European funds related to NRRP “Support investments in building capacities for green hydrogen production in electrolysis plants”, related to Investment Measure I.2., sub-measure 2.2 of Component C.6 Energy - Pillar I. Green transition from Romania’s National Recovery and Resilience Plan, published on the Ministry of Energy website.
16. “Program” means the program of objectives, policies, and actions set forth or referred to in the letter dated June 17, 2024 from the Borrower to the Bank declaring the Borrower’s commitment to the execution of the Program, and requesting assistance from the Bank in support of the Program during its execution and comprising actions taken, including those set forth in Section I of Schedule 1 to this Agreement, and actions to be taken consistent with the program’s objectives.
17. “Signature Date” means the later of the two dates on which the Borrower and the Bank signed this Agreement and such definition applies to all references to “the date of the Loan Agreement” in the General Conditions.
18. “Single Withdrawal Tranche” means the amount of the Loan allocated to the category entitled “Single Withdrawal Tranche” in the table set forth in Part B of Section II of Schedule 1 to this Agreement.