



# Romania

## Investor Presentation

February 2025



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# Overview



# Snapshot of Romania's Economy



## Overview

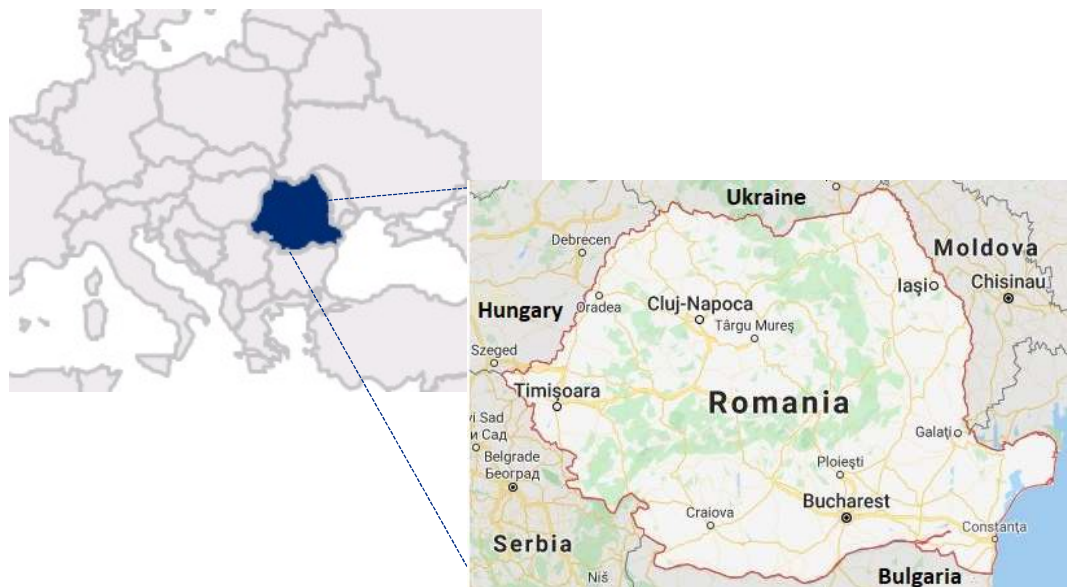
## GDP Growth

## Fiscal Policy

## Public Debt Management

## EU Funding

Area	238,397 sq. km
Population (2024)	19.06 <sup>(1)</sup> mn
Average RON/EUR rate (2024)	4.9746
GDP (2024 current prices)	RON 1,764.5 <sup>(2)</sup> bn
GDP (2024 current prices)	EUR 354.7 <sup>(2)</sup> bn
GDP per Capita (2024)	EUR 18.60 <sup>(2)</sup>
GDP Growth (2024, y-o-y)	0.9% <sup>(2)</sup>
Average Inflation (2024)	5.59%
Annual Inflation Rate (January 2025)	4.95%
Unemployment <sup>3</sup> (December 2024)	3.28%
Public Debt / GDP <sup>4</sup> (November 2024)	54.3%



## Current Credit Ratings

**S&P Global**

**BBB- / Negative**

*since May 16, 2014;  
outlook revised on  
January 24, 2025*

**FitchRatings**

**BBB- / Negative**

*since July 4, 2011;  
rating affirmed on  
February 21, 2025*

**MOODY'S**

**Baa3 / Stable**

*since October 6, 2006;  
rating affirmed on  
November 3, 2023*



**BBB/ Stable**

*since March 18, 2016  
rating affirmed on April  
15, 2024*

Source: National Institute of Statistics ("NIS"), Eurostat, National Bank of Romania, Map data ©2020 Google, GeoBasis-DE/BKG (©2009).

(1) Provisional data according to NIS Press Release No. 223 from 30 August 2024; (2) Signal data according to NIS Press Release No. 37 from 14 February 2025; (3) Registered unemployment rate; (4) According to EU methodology

# Key Features of Romania's Credit Profile



## Overview

## GDP Growth

## Fiscal Policy

## Public Debt Management

## EU Funding

### Macroeconomic Framework

- After joining the EU, real convergence expressed in GDP per capita in PPS significantly improved from 39.4% in 2006 to 78.5 %<sup>(1)</sup> in 2023 of EU average.
- In 2023 the GDP registered an increase of 2.4% compared to the previous year. The gross fixed capital formation, with an outstanding performance of 14.5% has represented the main pillar of the economic growth.
- In 2024<sup>(2)</sup> the GDP registered an increase, in real terms, of 0.9% compared to the previous year.

### Well Capitalized and Liquid Banking Sector

- NPL ratio <sup>(3)</sup><sup>(4)</sup> showed a sustained downward trend (3.8% at the end of 2020, 3.4% at the end of 2021, 2.7% at the end of 2022, 2.4% at the end of 2023 and 2.4% in November 2024).
- No public money used to support local banks and their recapitalisation.
- Very well capitalized banking sector (total capital adequacy ratio of 23.4% at the end of 2022, 23.6% at the end of 2023 and 24.9% in September 2024).
- Relatively stable exchange rate.

### Public Debt

- 54.3% government debt/GDP according to EU methodology at end November 2024. 48.9% debt/GDP at end of 2023<sup>(5)</sup>.

(1) Source: Eurostat; (2) Signal data according to NIS Press Release No. 37 from 14 February 2025; (3) Under the EBA Methodology; (4) National Bank of Romania, "Aggregate Indicators for Credit Institutions"; (5) Data updated according to the Fiscal Notification from October 2024.



**GDP Growth**



# Romania's Economy: Macroeconomic Indicators



Overview	GDP Growth		Fiscal Policy		Public Debt Management		EU Funding
	2020	2021	2022	2023	2024	2025	
<i>Macroeconomic Indicators</i>					<i>Estimate</i>	<i>Forecast</i>	
Real GDP (% y-o-y)	(3.7)	5.5	4.0	2.4	0.9 <sup>b</sup>	2.5 <sup>b</sup>	
Inflation rate (% , e.o.p.)	2.1	8.2	16.4	6.6	5.1 <sup>e</sup>	3.8 <sup>b</sup>	
Inflation rate (% , annual average)	2.6	5.1	13.8	10.4	5.6 <sup>e</sup>	4.4 <sup>b</sup>	
Budget balance (% GDP, cash)	(9.6)	(6.7)	(5.8)	(5.7)	(8.6) <sup>g</sup>	(7.0) <sup>g</sup>	
Budget balance (% GDP, ESA 2010)	(9.2)	(7.1)	(6.2)	(6.6)	(8.6) <sup>g</sup>	(7.0) <sup>g</sup>	
Government debt (% GDP, EU methodology)	46.6 <sup>a</sup>	48.3 <sup>a</sup>	47.9	48.9	54.9 <sup>c</sup>	57.8 <sup>c</sup>	
Exports of goods (% , y-o-y)	(9.9)	20.2	23.1	1.2 <sup>f</sup>	(0.4) <sup>b</sup>	3.1 <sup>b</sup>	
Current account balance (% GDP)	(5.1) <sup>d</sup>	(7.2) <sup>d</sup>	(9.5) <sup>d</sup>	(6.6) <sup>d</sup>	(7.9) <sup>b</sup>	(7.4) <sup>b</sup>	
<i>Interest And Exchange Rates</i>							
NBR policy rate (% , e.o.p)	1.50	1.75	6.75	7.00	6.50	6.50	
Credit facility rate	2.00	2.50	7.75	8.00	7.50	7.50	
Deposit facility rate	1.00	1.00	5.75	6.00	5.50	5.50	
Average exchange rate (RON/EUR)	4.84	4.92	4.93	4.95	4.97	5.01 <sup>b</sup>	
<i>Labor Market Indicators</i>							
ILO unemployment rate (%)	6.1 <sup>d</sup>	5.6	5.6	5.6	5.4 <sup>b</sup>	5.3 <sup>b</sup>	

Source: NIS (GDP data for 2020-2022 are final data; semi-final data for 2023 according to Press Release No. 268/10 October 2024 and Autumn Forecast, December 2024)

Notes: Budget balance (% of GDP cash and ESA2010) for the 2019-2020 period is estimated at the moment of the 2019 Budget adoption. 2020 estimates are part of budget planning for 2020 and the medium-term. Revised 2013 – 2019 data in the context of common European benchmark revision 2019; (a) Data updated according to Fiscal Notification from October 2024; (b) NCSP Autumn Forecast, December 2024; (c) MoF estimates; (d) NBR Revised 2020-2023 data in the benchmark methodology 2024, 13 January 2025; (e) NIS Press Release No. 10 from 14 January 2025; (f) NIS Revised data, Press Release no. 263 from 10 October 2024; (g) 2024 budget execution according to the Ministry of Finance



# Growth Supported by Domestic Demand and Capital Formation



Overview

GDP Growth

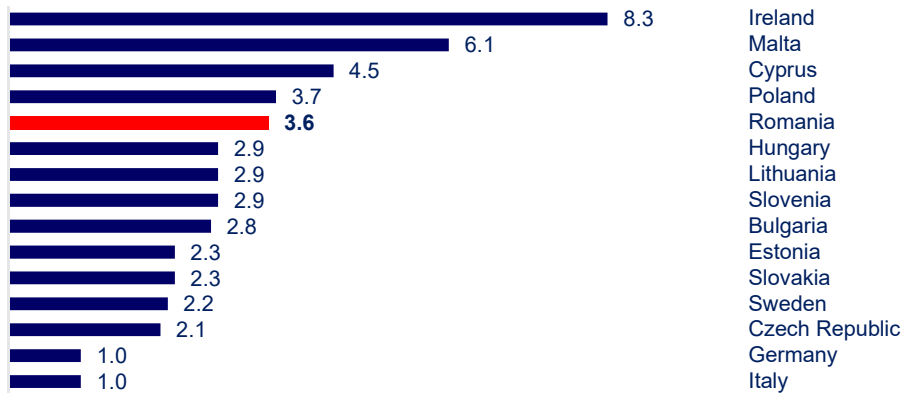
Fiscal Policy

Public Debt Management

EU Funding

## Romania is One of the Fastest Growing Economies in the EU

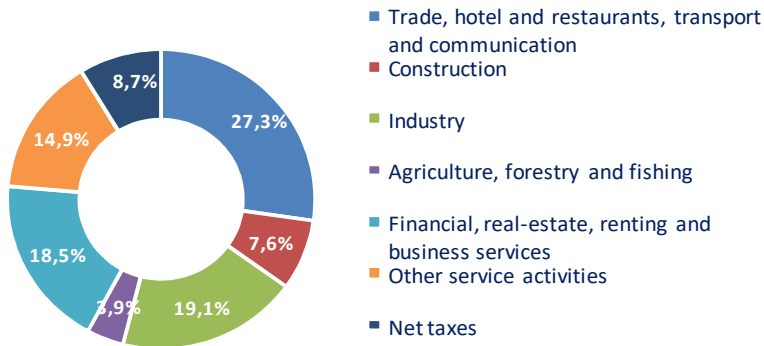
% GDP Growth, Average 2015–2023



Source: Eurostat

## The Romanian Economy is Diversified

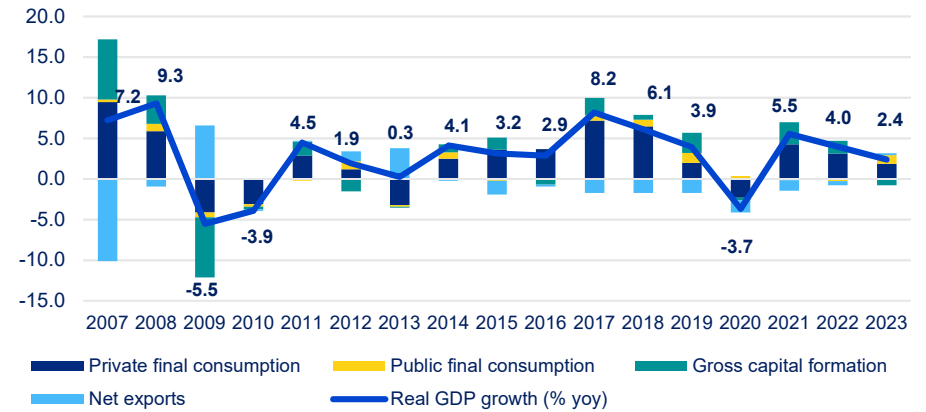
Structure of Gross Domestic Product by Sectors in 2023, %



Source: NIS

## GDP Growth is Underpinned by Domestic Demand

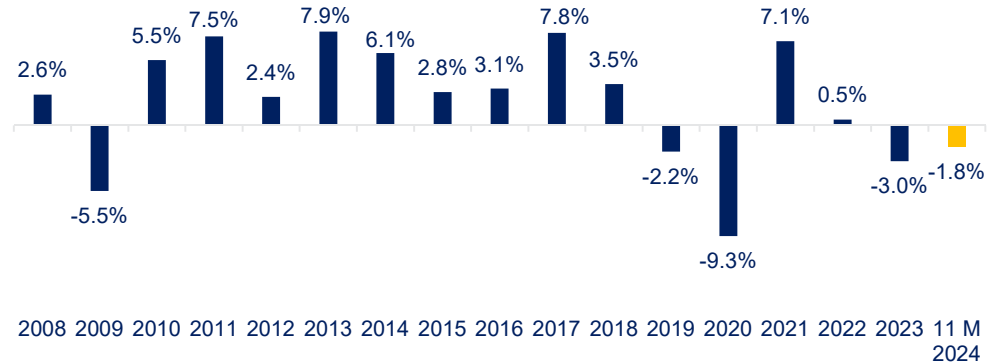
GDP Components, %



Source: NIS

## Industry, in the Negative Territory

Real Change in Industrial Production, y-o-y, (base year 2021)



Source: NIS

# Labour Market Conditions Supportive of Long-Term Growth



Overview

GDP Growth

Fiscal Policy

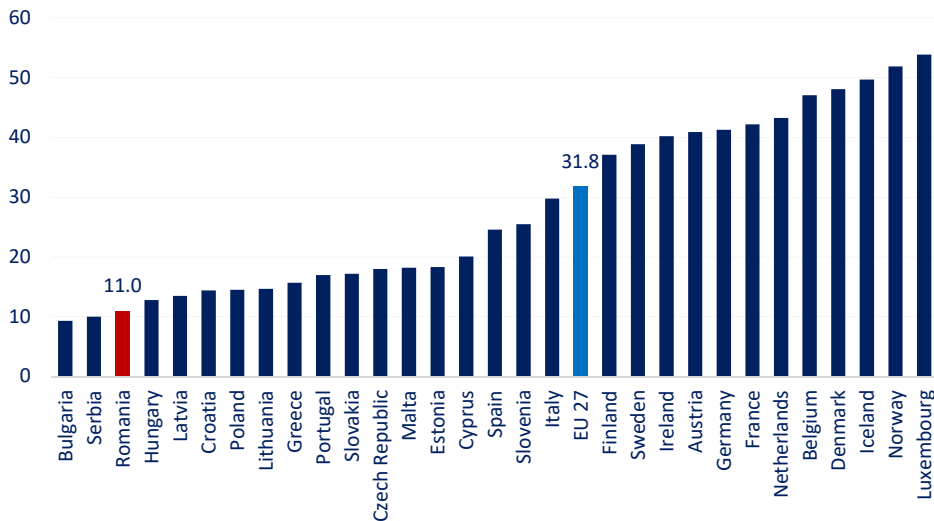
Public Debt Management

EU Funding

- Highly educated workforce as evidenced by the United Nations' Human Development Indicators 2020: skilled employees constitute 81.7% of the Romanian labour force and 70.7% of the population are internet users. The country ranked **#49 / #189**, according to the current Human Development Index.
- Romanian labour costs per hour remain among the most competitive in the EU.
- Romania's unemployment rate (ILO methodology) is nevertheless below the EU27 average and remains one of the lowest among the member states to date, respectively 5.2% in December 2024.

## Labour Costs in Romania are Sustained at one of the Lowest Levels in the EU

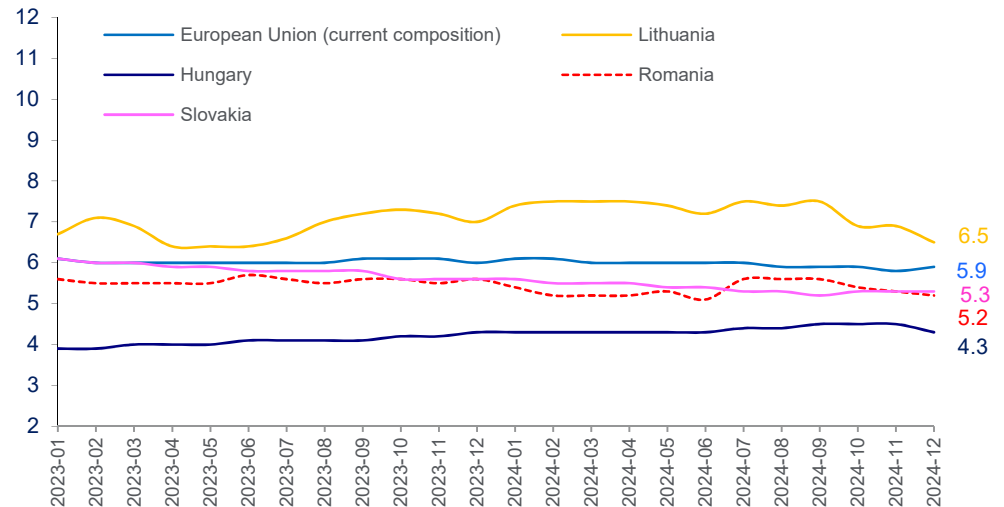
Annual data as of 2023, EUR



Source: Eurostat. Data according to ESA 2010 methodology

## Unemployment Rate Below the EU Average

Unemployment rate (monthly, seasonally adjusted), %



Source: Eurostat, ILO Methodology



# Fiscal Policy



# National medium-term fiscal-structural plan (1/3)



Overview

GDP Growth

Fiscal Policy

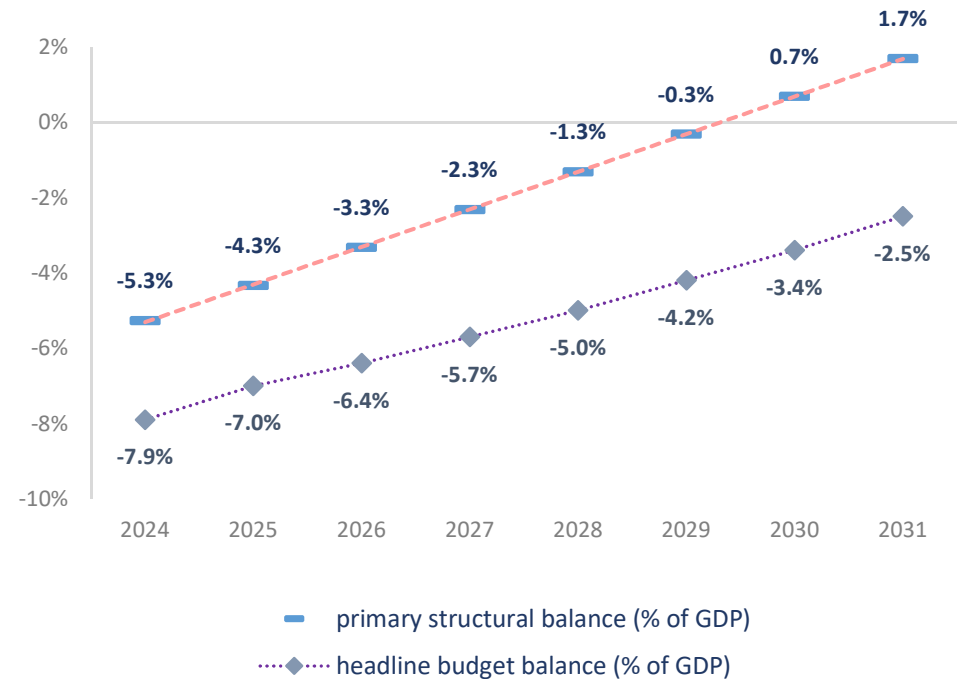
Public Debt Management

EU Funding

Fiscal consolidation is expected to be achieved over a seven-year timeframe

- The budget deficit adjustment trajectory begins with an estimated budget deficit of 7.9% (ESA) in 2024, aiming to reach 2.5% of GDP by 2031.
- Fiscal consolidation relies primarily on reducing spending, projected to decrease by nearly 5 percentage points of GDP. Revenue is expected to increase by 2 percentage points of GDP, driven by tax measures and improved collection efforts.
- The trajectory also reflects an average annual adjustment in the primary structural deficit of around 1 percentage point of GDP over the 7-year extended period.

Trajectory of headline budget balance and primary structural balance



# National medium-term fiscal-structural plan (2/3)



Overview

GDP Growth

**Fiscal Policy**

Public Debt Management

EU Funding

## Main investments and reforms supporting 7-year extended period for fiscal adjustment

- The set of reforms and investments underpinning an extension of the adjustment period consists of several commitments from the Recovery and Resilience Plan (RRP), along with some new reforms and investments.

<b>Tax reform</b>	<b>Reform of the public sector remuneration system</b>
<b>Reform of the taxation of micro-enterprises</b>	<b>Reform of the expenditure system of state/local economic operators (state-owned enterprises, SOEs)</b>
<b>Reform of the tax administration</b>	<b>Financing system for businesses</b>
<b>Reform of the public expenditure system</b>	<b>Investments in Romania's irrigation infrastructure to mitigate the impact of climate change</b>
<b>General pension reform and reform of special pensions</b>	<b>Investments in green transition, digitalization, and technological modernization in the manufacturing industry</b>
<b>Minimum wage reform</b>	

# National medium-term fiscal-structural plan (3/3)



Overview

GDP Growth

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EU Funding

## Key fiscal measures implemented in 2025

- The most significant impact on the budget deficit comes from measures aimed at controlling spending (estimated impact is not comparable with the 2024 expenditure base).

Revenue measures	Main expenditure measures
<b>Reduction of the micro-enterprise revenue ceiling:</b> from 500 thousand euros to 250 thousand euros in 2025 (and to 100 thousand euros in 2026). Estimated impact: RON 0.75 billion.	<b>Employment freeze in government sector-</b> aiming to limit the increase in personnel spending (23.8% YoY in 2024).
<b>Increase in dividend tax:</b> the dividend tax rate has been raised from 8% to 10%. Estimated impact: RON 1.4 billion.	<b>Freeze in all pensions and social assistance rights, including child allowances and student scholarships, limiting student travel subsidies.</b> Estimated impact: RON 23 billion.
<b>Removal of PIT exemptions</b> (granted for a gross monthly income of up to RON 10 000) in the construction, agriculture, food industry and computer software sectors. Estimated impact: RON 4 billion.	<b>Freeze in base wages, bonuses, food allowances, paid overtime and compensations in public sector, 50% cut in holiday vouchers.</b> Estimated impact: RON 35 billion.
<b>Special construction tax:</b> a 1% tax rate will be applied to the value of taxpayer's assets (excluded from property taxation). Estimated impact: RON 1 billion.	<b>Rescheduling investments under the national financed programs and suspending new investment commitments/procurement on non critical local infrastructure.</b>
	<b>Other measures-</b> limiting wage increases in non-performing SOEs, limiting payment of medical leaves and healthcare services reimbursement. Estimated impact: RON 5 billion.

Source: Ministry of Finance



**Projection:** a cash budget deficit of **7.0% of GDP**

### Revenues:

- expected to increase by 0.35 percentage points of GDP against the 2024 comparable base (excluding one-offs), reflecting the impact of recently adopted fiscal measures: reduction of the micro-enterprise revenue ceiling, increase in dividend tax, removal of PIT exemptions, and special construction tax.

### Expenditures:

- adjustments (as % GDP) in personnel spending (-0.5 percentage points), goods and services (-0.4 percentage points), and nationally funded investment projects/non-EU investment (-0.5 percentage points);
- social assistance is envisaged to remain nearly unchanged due to the carryover effect of pension recalculation;
- spending measures, mainly: employment freeze in government sector, freeze in base wages, bonuses, and food allowances etc, freeze in all pensions and social assistance rights, rescheduling of investments under the nationally funded programs and the suspension of new investment commitments/procurement on non-critical local infrastructure.

## Macroeconomic assumptions for 2025 budget

Indicators	2023	2024	2025
Nominal GDP (billion Lei)	1604.6	1764.5	1912.6
Real GDP growth (%)	2.4	1.0	<b>2.5</b>
GDP deflator (%)	12.8	8.8	5.8
Private consumption (%)	3	5.4	2.5
Government consumption (%)	6.3	-1.0	0.4
Gross fixed capital formation (%)	14.5	2.1	5.9
Export of goods and services (%)	-0.3	-0.9	0.8
Import of goods and services (%)	-0.6	1.5	1.6
Consumer Price Index (annual average)	10.4	5.6	4.4
Average gross wage (%yoy)	15	15.2	6.2



## January 2025 Budget Execution – Deficit of 0.58% of GDP

- Revenues to the general consolidated budget, in the amount of RON 46.75 billion, decreased by 1.4% in nominal terms compared to the same period of last year.
  - Increases in the collection of: wage and personal income tax (+62.4%), social security contributions (+9.2%) compared to the same period of the previous year;
  - Revenues from VAT amounted to RON 10.54 billion at the end of January 2025 (11.9% less than the level recorded in the same period of 2024);
  - Decrease in the collection of excises (-20.1%) YoY compared to the same period of last year;
  - Non-tax revenues remained at a similar level (RON 4.06 billion) compared to same period of last year
  - Reimbursements from the EU: RON 1.7 billion, down by 59% compared to the level registered in the same period of the previous year.
- The expenditures of the general consolidated budget, in the amount of RON 57.76 billion, increased in nominal terms by 4.5% YoY compared to the same period of last year.
  - Personnel expenditure increased by 18.6%, compared to the same period of the previous year;
  - Goods and services expenditure increased by 3.9%, while the expenditure for social assistance increased by 12.8%;
  - Interest expenditure amounted to RON 3.84 billion, up by RON 2.19 billion than the same period of 2024;
  - Subsidy expenditure amounted to RON 0.8 billion;
  - Expenditure on projects financed from non-reimbursable external funds (including subsidies from the European Union related to agriculture) amounted to RON 2.49 billion.
  - Investment expenditure amounted to RON 5.3 billion at the end of January 2025, down by 28.15% compared to the same period of 2024.





# Public Debt Management



# Public Debt Indicators



Overview

GDP Growth

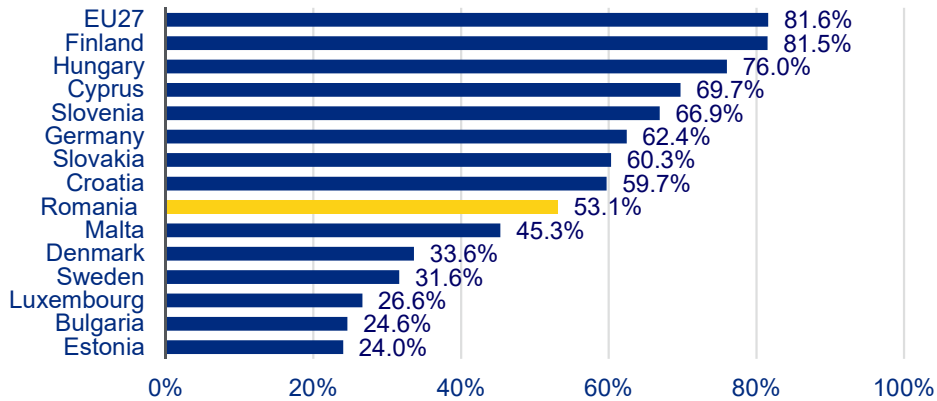
Fiscal Policy

Public Debt Management

EU Funding

## Romania has one of the lowest Debt / GDP Ratios in the EU

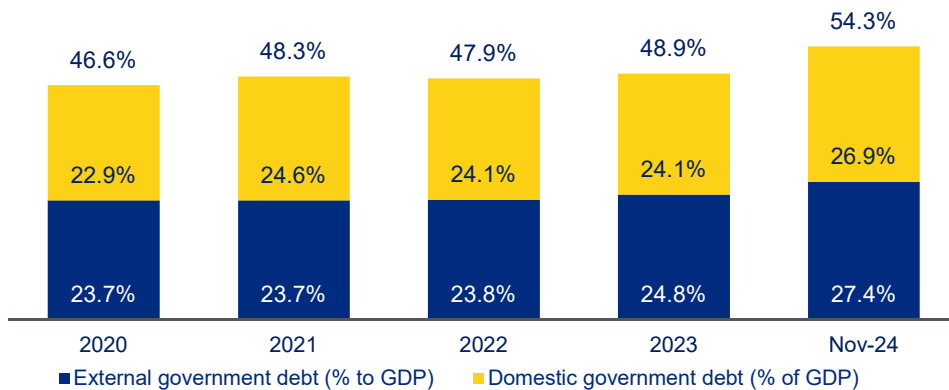
General Government Debt / GDP, Q3 2024



Source: Eurostat – Euro Indicators 22 January 2025

## Debt / GDP Ratio is relatively low...

General Government Debt / GDP ESA 2010<sup>(2)</sup>, November 2024



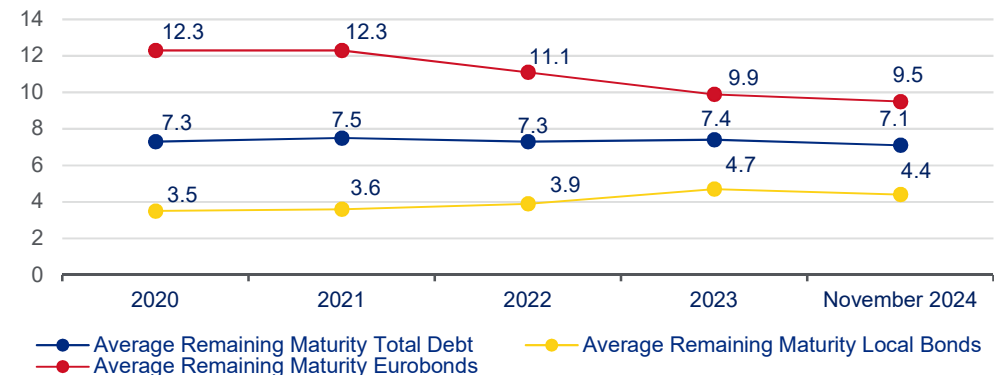
Source: Ministry of Finance – (EU Methodology).

(% of GDP)	2021	2022	2023	2024	2025 F
<b>Gross Financing Needs, Out of which<sup>(1)</sup>:</b>	11.1%	10.7%	12.7%	15.6%	12.1%
– Budgetary Deficit	6.7%	5.8%	5.7%	8.6%	7.0%
– Refinancing of Public Debt <sup>1</sup>	4.4%	4.9%	7.0%	7.0%	5.1%

(P) Provisional. (F) Forecasted.

## ...with a Prudent Maturity Profile

Average Remaining Maturity in years



Source: Ministry of Finance.

(1) Ministry of Finance (own calculation); (2) Ministry of Finance - according to EU methodology, the debt to GDP ratio was calculated taking into consideration the sum of GDP for the last four quarters. Preliminary data as of end November 2024.

# Government Borrowing Profile



Overview

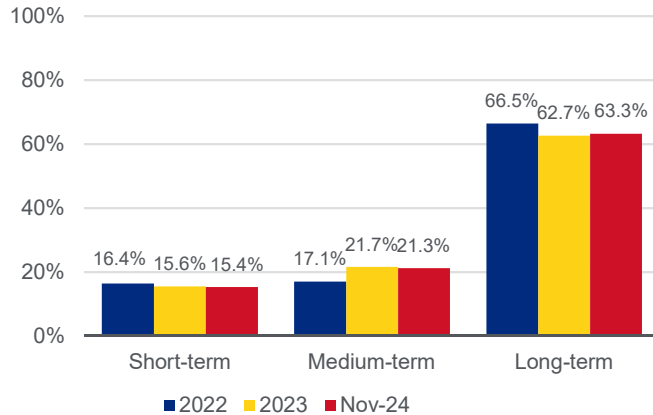
GDP Growth

Fiscal Policy

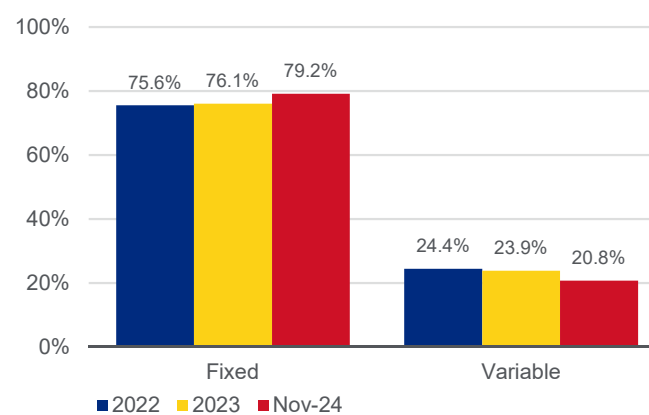
Public Debt Management

EU Funding

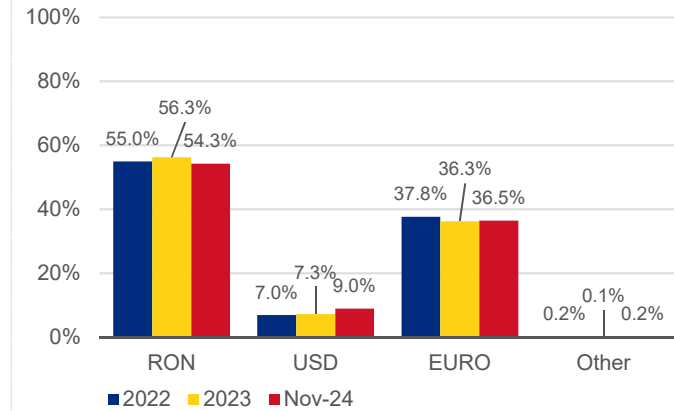
## Increasingly Long Tenor Borrowings...



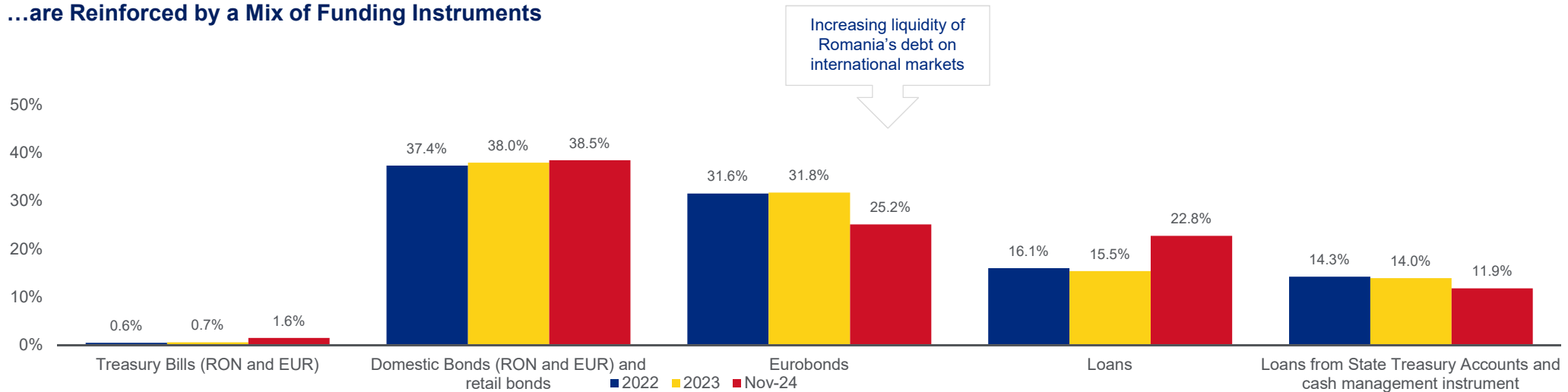
## ...Mostly Paying Fixed Interest...



## ...Primarily in RON and EUR...



## ...are Reinforced by a Mix of Funding Instruments



Source: Ministry of Finance. Historical compilation of the Public Debt Bulletin, at the end of November 2024.

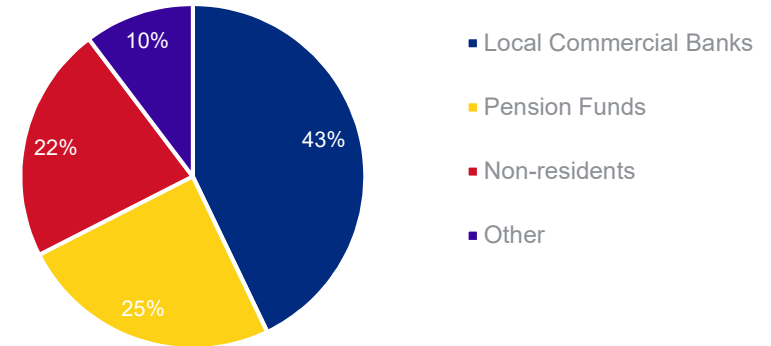
Note: Based on national legislation.



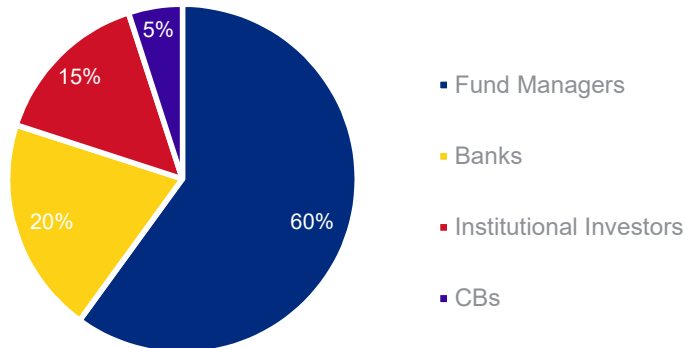
## Domestic Capital Markets Instruments

- Interbank market:
  - ✓ government securities with maturities between 6 months and 15 years,
  - ✓ liquid benchmarks to an equivalent of about EUR 2.5-3 bn.
  
- Retail market:
  - ✓ two programs for bond issuance with 1 to 5 years maturity via treasury offices, postal units and banks (via the Bucharest Stock Exchange in EUR and local currency).

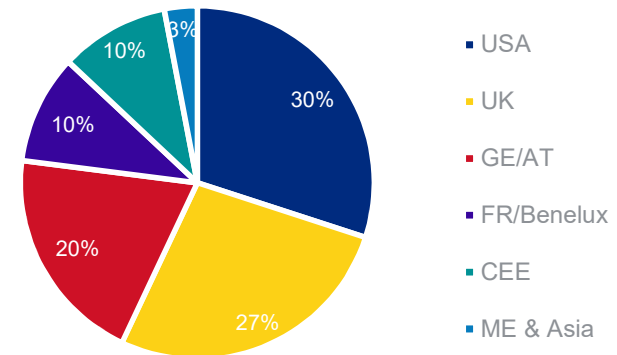
## Holders of domestic market government securities



## Average Eurobonds Distribution by Investor Type



## Average Eurobonds Distribution by Geography



Note: statistics for longer tenors, 10Y+



## Legal Framework and Governance

- The Framework *for the Issuance of Bonds Intended to Finance the Protection of the Environment and Combat Climate Change* launched in December 2023.
- The Interministerial Committee approving the list of eligible projects/expenditures, approving the Green Bond Framework and the annual allocation and post-issuance impact reports prepared by the Ministry of Finance.
- TA provided by World Bank
- The Framework follows international best practices, evaluated by S&P Global Ratings (S&P).
- S&P’s Second Party Opinion (SPO) confirms the alignment of the Framework with (ICMA)’s Green Bond Principles.
- „**Medium green**” Framework.

## Green Bonds

- February 15, 2024 inaugural successful **Green Bond** on the international markets, a 12-year tranche of EUR 2 billion. Total demand of EUR 9 billion from more than 250 investors. Negative new issue concession (-15 bps), implying a greenium of 10 bps. Around 45% of the investors were socially responsible investors (SRI) / with green-ESG mandates or known to use socially responsible investment principles/green investment principles.
- October 4, 2024, inaugural **Green Samurai** transaction with JPY 33bn multi-tranche across 3 years, 5 years and 7 years



- In 2025, the gross financing requirements are RON 232 billion (from RON 252 billion in 2024), driven by a lower budget deficit target. As of February 28, 2025 approximately 24% of the 2025 financing needs were covered.
- The gross financing needs will cover the budget deficit of 7% of GDP (approximately RON 135 billion) and the refinancing of the public debt (RON 97 billion).
  - Domestic market volume of around RON 145-150 billion, with a maturity structure of approx. 15-20% / 85-80% (short term vs medium and long term).
  - Domestic market issuance conducted via interbank government bond auctions and retail bond issuances.
  - International markets volume of around EUR 16-17 billion, out of which around EUR 12-13 billion via Eurobonds and private placements, EUR 3 billion are disbursements from the European Commission within the Facility of Recovery and Resilience and EUR 1 billion drawings from loans contracted from IFIs.
- Maintaining a constant presence in EUR and USD markets via Eurobond transactions and private placements.
- Considering launching green bonds on the domestic market, based on Romania's Sovereign Green Bond Framework adopted by the Government. A green bond issuance on the international markets will also be taken into consideration.
- Planning the second Samurai bond transaction, to be launched in 2025, for investor base diversification.

# Financing Plan (2/2)



Overview

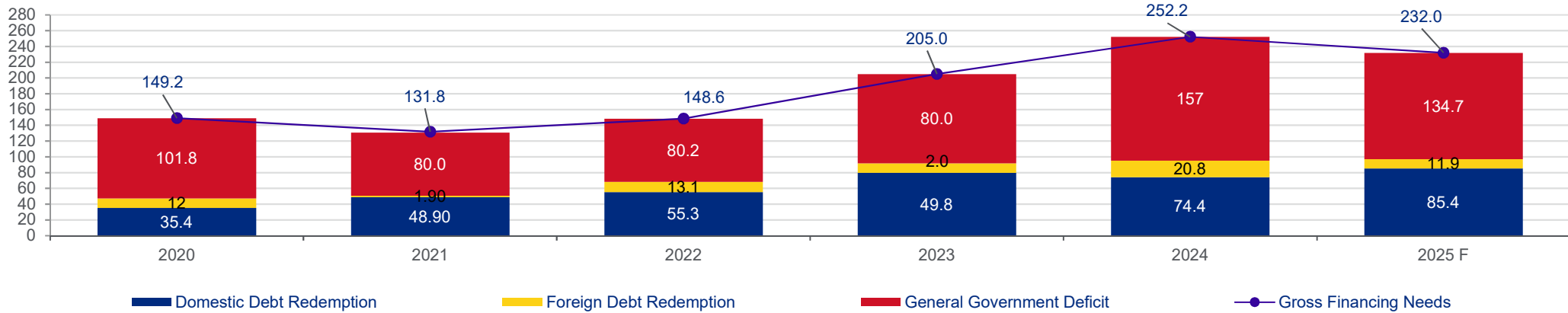
GDP Growth

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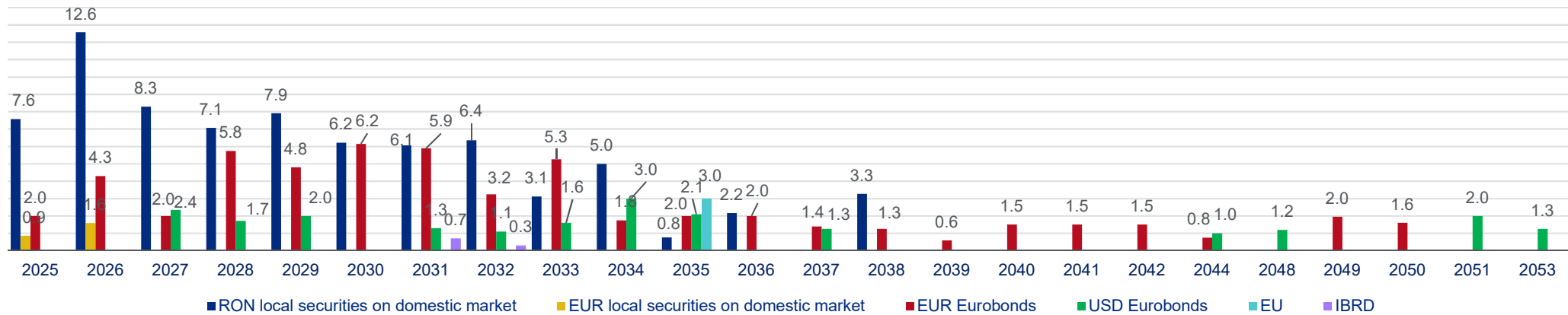
## Government Financing Needs, RON bn



Source: Ministry of Finance (own calculation)

## Government Debt Maturity Structure is Well Distributed across a Long Horizon

### Redemption Profile of Government Securities and External Loan Facilities, EUR bn



(1) Including the partial prefinancing of 2025

Source: Ministry of Finance. Data as of February 28, 2025.

# Debt Management Policy



Overview

Long Years of Uninterrupted GDP Growth

Sustainable Fiscal Policy

**Prudent Public Debt Management**

EU Funding

## Sovereign Debt Risk Management Targets

	Parameters <sup>1</sup>	Levels as of November 30, 2024	Levels as of December 31, 2023	Indicative Targeted Min / Max Ranges (2024–2026) <sup>2</sup>
Currency Risk	■ Share of domestic currency debt, % of total	48.1	49.2	45 (Min) – 55
	■ Share of EUR debt out of total foreign-currency denominated debt, %	79.8	83.0	80 (Min) – 90
Refinancing Risk	■ Debt maturing in one year, % of total	10.0	11.0	10 – 20 (Max)
	■ Local currency debt maturing in one year, % of total	16.0	15.0	15 – 25 (Max)
	■ ATM <sup>3</sup> for total debt, years	7.1	7.4	7.0 (Min) – 8.0
	■ ATM <sup>3</sup> for local currency debt, years	4.7	5.1	4.5 (Min) – 5.5
Interest Rate Risk	■ Debt re-fixing in one year, % of total	10.0	11.0	10 – 20 (Max)
	■ Local currency debt re-fixing in one year, % of total	15.0	13.0	15 – 25 (Max)
	■ ATR <sup>4</sup> for total debt, years	7.0	7.3	7.0 (Min) – 8.0
	■ ATR <sup>4</sup> for local currency debt, years	4.7	5.1	4.5 (Min) – 5.5

## Objectives of the Debt Management Strategy

- Covering the funding needs of the central government, while minimizing medium- and long-term debt costs.
- Limiting risks for the government public debt portfolio.
- Developing the domestic market for government securities.

## Strategic Guidelines During 2024–2026

- Financing mainly in local currency, with the objective of ensuring net financing (covering the budget deficit) mainly from domestic sources from 2024 onwards
- Pursuing a smooth redemption profile
- Maintaining a foreign currency buffer
- FX funding mostly in EUR and USD
- Maintaining the exposure to interest rate risk under control
- Using IFIs and EU funding in order to benefit from the favorable terms and conditions attached to those instruments

(1) According to national legislation excluding temporary financing; (2) Risk indicators calculated according to national legislation, excluding loans from availabilities of the State treasury account (temporary financing); (3) ATM – average time to maturity; (4) ATR – average time to re-fixing.

Source: Ministry of Finance: Historic compilation of the Public Debt Bulletin and Government Public Debt Management Strategy.





**EU Funding**



# EU Funds Absorption has Accelerated in the Past Years



Overview

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Operational Program	Development Objective	Allocation 2007–2013	Absorption Rate (Amount Requested to EC) (%)										
			Dec 2014	Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	December 2024
		EUR bn	%	%	%	%	%	%	%	%	%	%	%
<b>RO Program<sup>(1)</sup></b>	Economic, social, balanced and sustainable regional development	3.71	57	64	85	93	100	100	100	100	100	100	100
<b>SOP<sup>(2)</sup> Environment</b>	Protect and improve the environment and living standards	3.98	42	62	79	84	94	94	94	94	94	94	94
<b>SOP Transport</b>	Modernization and development of European priority transport axes within Romania and the national transport infrastructure as a whole	3.76	57	62	77	81	92	92	92	92	92	92	92
<b>SOP Increase of Economic Competitiveness</b>	Fostering growth towards a knowledge-based economy	2.54	57	76	105 <sup>3</sup>	100	100	100	100	100	100	100	100
<b>SOP Human Resources Development</b>	Open, knowledge-based society through provision of conditions facilitating human resources development	3.20	47	55	73	91	91	91	91	91	91	91	91
<b>OP Administrative Capacity Development</b>	Help increase the responsiveness of Romania's public administration and judicial system	0.21	72	89	99	100	100	100	100	100	100	100	100
<b>OP Technical Assistance</b>	Strengthening the capacity of beneficiaries to prepare and implement EU financed projects	0.17	55	81	113 <sup>3</sup>	100	100	100	100	100	100	100	100
<b>Total</b>		<b>17.57<sup>4</sup></b>	<b>52</b>	<b>63</b>	<b>83</b>	<b>89</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>	<b>95</b>

Note: The final absorption rate can be calculated after the acceptance by the EC of the final documents for closure, that were submitted by the Member States up to March 31, 2017. The OP Technical Assistance is the only programme officially closed.

(1) Abbreviations: Regional Operational; (2) Abbreviations: Sectoral Operational Program; (3) Includes amount requested through top-up mechanism; (4) The 2007–2013 allocation was modified due to the amounts decommitted.

Source: Ministry of Investments and European Projects

# EU Funds Absorption under the 2014–2020 Programming Period



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Operational Program	Funds Allocated, EUR bn	Absorption Rate (Amount Requested to EC) (%)									
		Dec 2015	Dec 2016	Dec 2017	Dec 2018	Dec 2019	Dec 2020	Dec 2021	Dec 2022	Dec 2023	Dec 2024**
OP Technical Assistance	0.33	0	0	23.28	37.29	56.90	59.92	67.37	75.40	84.66	111.48
OP Competitiveness	2.38	0	0	6.48	17.01	25.38	23.31	25.82	54.02	77.94	101.12
OP Human Capital (including Youth Employment Initiative: EUR 0.15bn)	4.60	0	0	0.09	14.87	25.28	43.00	52.75	60.41	84.50	97.72
OP Administrative Capacity	0.56	0	0	4.15	12.95	23.23	33.56	47.07	63.04	88.70	101.58
OP Large Infrastructure	9.34	0	0	10.13	17.77	25.24	38.85	52.85	70.57	96.40	103.05
OP Regional	6.86	0	0	0.41	12.78	22.86	34.86	49.83	65.14	85.28	102.27
OP for SME's Initiative*	0.10	0	0	93.09	-	-	-	-	-	-	-
OP's for European Territorial Cooperation	0.48	0	0.54	1.76	9.56	21.19	33.27	54.84	67.42	81.85	99.30
OP Aid for the Most Deprived	0.49	0	0.97	17.37	17.35	30.27	48.24	54.21	54.21	82.48	93.18
<b>Total</b>	<b>25.04</b>	<b>0</b>	<b>0.02</b>	<b>5.62</b>	<b>15.65</b>	<b>24.87</b>	<b>37.48</b>	<b>49.51</b>	<b>65.16</b>	<b>88.53</b>	<b>101.49</b>

- As of December 2024, the total amounts received from the European Commission, pre-financing and reimbursements related to the operational programs financed by the Cohesion Policy, are at approx. EUR 23.94 bn, which means 99.4% of the EU allocation for these programs (about EUR 24.1 bn).

**As of December 2024, Romania ranked 4<sup>th</sup> among the 27 Member States, in absolute values of EU funds received. The contracting rate of 138% creates a prerequisite for an increase in the absorption rate in the upcoming period.**

*Note: The allocations for 2014–2020 OP's were modified according to the last versions of the approved operational programmes. Consequently, some percentages have been diminished.*

- \*The OP for SME's Initiative was included in the OP Regional by EC approval from 16.10.2018.

- \*\*Includes the amounts declared as overbooking in accordance with EC regulations.

Source: Ministry of Investments and European Projects

# MFF 2021 – 2027 & Next Generation EU



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- The **EU Multiannual Financial Framework 2021-2027 (“MFF”)**, along with the recovery instrument **Next Generation EU (“NGEU”)** are expected to play a central role in Romania’s economic recovery.

MFF 2021-2027 <sup>(1)</sup>		Next Generation EU (NGEU) <sup>(1)</sup>	
Cohesion Policy*	EUR 29.2 bn	<b>Recovery and Resilience Facility (RRF)</b>	EUR 28.5 bn: (EUR 13.6 bn in form of grants, EUR 14.9 bn in form of loans)
Common Agricultural Policy	EUR 20.7 bn	REACT-EU 2021/2022	EUR 1.5 bn (EUR 1.3 bn / 0.2 bn)
		REPowerEU	EUR 1.4 bn
Just Transition Fund (EU Green Deal)	EUR 0.9 bn*	Just Transition Fund	EUR 1.2 bn (p)
		European Agricultural Fund for Rural Development	EUR 0.7 bn
<b>Total MFF</b>	<b>EUR 49.9 bn</b>	<b>Total NGEU</b>	<b>EUR 32.6 bn</b>
<b>Total allocated EU Funds</b>		<b>~ EUR 83.2 bn (p)**</b>	

- **NGEU amount** represents 4%<sup>(2)</sup> of the total value of the fund
- Romania - **5<sup>th</sup> highest allocation of all EU member states**
- In 2021 pre-financing amount of 13% from the RRF grant of EUR 1.851.159.668,
- January 13th, 2022 Romania pre-financing of EUR 1.942.479.890, from the loan RRP’s allocation.
- 2023, revise the RRF and introduce the new RePower EU chapter.
- Payment requests - approved based on a satisfactory assessment on the fulfilment of milestones and targets for each reform and investment
- **NGEU- to address investment needs in the private sector** by providing grants and support programs. The decision aims to ensure working capital measures, by financing investment needs; economic growth measures; companies digitalization schemes and measures to support employment growth.
- **Cohesion Policy** funds through the Partnership Agreement (PA) in 8 regional programmes and 8 sectorial/national programmes: Sustainable Development, Transport, Health, Education and Employment, Inclusion and Social Dignity, Just Transition, Smart Growth, Digitalization and Financial Instruments and Technical Assistance.
- PA and all the 16 programmes approved in 2022.
- As of September 2024, the total amounts received from EC, representing prefinancing for the programmes financed by the Cohesion Policy, are of approx. EUR 1.24 billion which represents approx. 4% of the EU allocation of the programmes.

(1) Current prices; (2) According to current prices the total NGEU envelope amounts to EUR 808 billion; \*included in the Cohesion Policy amount; \*\*(p) Provisional data Source: Ministry of Investments and European Projects, Ministry of Finance

# Key measures of Romania's National Recovery and Resilience Plan



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44.1% of the NRRP total allocation for reforms and investments supports climate objectives

- Urban mobility: infrastructure for a green and more secure urban transport.
- Clean energy production: phasing-out of coal and lignite power production, deployment of renewables as well as related production processes, and hydrogen (**EUR 1.2 billion**).
- Energy efficiency of buildings: energy-efficient renovation and seismic renovation of buildings to reduce CO2 emissions by at least 0.15 million tons in private buildings and 0.075 million tons in public buildings (**EUR 2.9 billion**).

21.8% of the NRRP total allocation for reforms and investments supports digital objectives

- Digitalisation of public administration: digitalising public administration in key areas such as justice, employment and social protection, environment, civil service management and skills development, public procurement, cybersecurity, tax and customs, while building a secure government cloud infrastructure and supporting eID deployment (**EUR 1.4 billion**).
- Digitalisation of health: developing an integrated e-Health system, connecting over 25,000 healthcare providers and telemedicine systems (**EUR 442 million**).
- Digitalisation of education: improving digital pedagogical skills, educational content and equipment and resources, including in universities (**EUR 1.16 billion**).

Measures to reinforce Romania's economic and social resilience

- Social and territorial cohesion: modernising the Romanian social benefits system by implementing the minimum inclusion income reform, a reform of the pension system, measures to improve the employment and digitising social protection digital systems.
- Fiscal sustainability: Reinforced budgetary framework, better expenditure control and review of taxation, pension system reform, state guarantees for SMEs.

# Next Generation EU – Recovery and Resilience Facility



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- The **first payment request** disbursed EUR 2.56 billion by the EC on 27 October 2022 (grant EUR 1.772.317.380 and loan EUR 789.672.460).
- The **second payment request** partially disbursed EUR 2.76 billion on September 29, 2023 (grant EUR 1.87 billion and loan EUR 0.89 billion). 51 milestones and targets included in this payment request.
- In the context of the current geopolitical crisis caused by the war in Ukraine, as well as following the negative revision of EUR 2.11 billion of the non-reimbursable financial support for Romania, the possibility of adjusting the National Recovery and Resilience Plan (NRRP) has emerged. On 27 February 2023, **Regulation (EU) 2023/435** was published amending Regulation (EU) 2021/241 as regards the chapters on EU-PRSPs in the RRF and amending Regulations (EU) Nos. At the same time, the European Commission presented the Communication entitled Guidance on Recovery and Resilience Plan in the context of REPowerEU (C2023/876 - Guidance on Recovery and Resilience Plan in the context of REPowerEU).
- The adjustment of the RRF completed with the formal inclusion of the new chapter REPowerEU in December 2023, and the issuance of the Council Implementing Decision amending the Implementing Decision of 3 November 2021 approving the assessment of Romania's RRF.
- **Payment request no. 3** of EUR 2.66 billion (EUR 1.85 billion in grants and 0.81 billion in loans) conditional on the completion of the adjustment of the plan, contains 74 milestones and targets and currently it is in the assessment process at the EC level. A partial disbursement of EUR 35 million has been made in December 2024.



**Thank you!**

