

# Sovereign Green Bond Framework

GOVERNMENT OF ROMANIA

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This document was prepared on behalf of the Government of Romania by an Inter-Ministerial Committee comprising:

- a) Ministry of Finance
- b) Ministry of the Environment, Waters and Forests
- c) Ministry of Transport and Infrastructure
- d) Ministry of Research, Innovation and Digitization
- e) Ministry of Investments and European Projects
- f) Ministry of Economy, Entrepreneurship and Tourism
- g) Ministry of Energy
- h) Ministry of Agriculture and Rural Development
- i) Ministry of Health
- j) Ministry of Labor and Social Solidarity
- k) Ministry of Family, Youth and Equal Opportunities
- l) Ministry of Education
- m) Ministry of Development, Public Works and Administration

The Government of Romania's (Romania or the Government) Sovereign Green Bond Framework was established with technical assistance from the World Bank.

**Acronyms and abbreviations**

<b>ASC</b>	Aquaculture Stewardship Council
<b>BAP</b>	Best Aquaculture Practices
<b>CO2e</b>	Carbon dioxide equivalent
<b>EU</b>	European Union
<b>ESG</b>	Environmental, social and governance
<b>EV</b>	Electric vehicle
<b>FSC</b>	Forest Stewardship Council
<b>GBP</b>	Green Bond Principles
<b>GHG</b>	Greenhouse gas
<b>ICMA</b>	International Capital Markets Association
<b>IPCC</b>	Intergovernmental Panel on Climate Change
<b>IT&amp;C</b>	Information Technology and Communications
<b>kWh</b>	Kilowatt-hour
<b>LTS</b>	Long-term Strategies
<b>MSC</b>	Marine Stewardship Council
<b>NZEB</b>	Nearly Zero-Energy Buildings
<b>NECP</b>	National Energy and Climate Plans
<b>NRRP</b>	National Recovery and Resilience Plan
<b>PEFC</b>	Program for the Endorsement of Forest Certification
<b>SNDDR 2030</b>	National Strategy for the Sustainable Development of Romania 2030
<b>SDGs</b>	Sustainable Development Goals
<b>UNFCCC</b>	United Nations Framework Convention on Climate Change



# 1. Introduction

Over the past decade, Romania has achieved a remarkable track record of high economic growth, sustained poverty reduction, and rising household incomes. A European Union (EU) member since 2007, the country's economic growth was one of the highest in the EU during the period from 2010-2020. Although the COVID-19 pandemic and Russia's invasion of Ukraine have tested the resilience of the Romanian economy, economic growth was robust in 2022 at 4.8 percent, driven by strong private consumption and a pick-up in investment. As an EU Member State, Romania is committed to the United Nations (UN) 2030 sustainable development agenda. Furthermore, the EU and its Member States are determined to implement the Paris Agreement on climate change, adopted in December 2015 and entered into force in November 2016. The EU has called for the acceleration of global efforts in this regard, given the latest scientific information published by the IPCC. Moreover, the European Council has endorsed the objective of achieving a climate-neutral EU by 2050, in line with the objectives of the Paris Agreement.

Romania is addressing the 2030 Agenda for Sustainable Development through its National Strategy for Sustainable Development 2030 (SNDDR 2030) and National Action Plan for implementing the SNDDR 2030<sup>1</sup>. These documents establish the national framework for the implementation of the 17 UN SDGs, including the challenges of climate change. These policies are in line with the goals of the Paris Agreement and the Sendai Framework for Disaster Risk Reduction, as well as with EU strategic documents, to ensure policy coherence for sustainable development at the national level for Romania. A series of initiatives have been undertaken to promote and advance the country's sustainable development, as highlighted below.

## 1.1 Romania's Long-Term Strategy

EU Member States' long-term strategies (LTS) are crucial instruments for enabling the economic transformation needed to achieve the SDGs, as well as for moving towards the long-term goal set by the Paris Agreement – holding the increase in the global average temperature to well below 2°C above pre-industrial levels and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels. Regulation (EU) 2018/1999 of the European Parliament and of the Council of 11 December 2018 on the Governance of the Energy Union and Climate Action, with all its subsequent amendments, sets out the process for drafting the LTS every 10 years (starting from 2020) and, where necessary, updating them every five years. The LTS should be consistent with the Member States' integrated national energy and climate plans (NECP) and with the relevant national strategies and plans.

Romania released its LTS<sup>2</sup> in November 2023. It aims to become climate neutral in 2050, reaching 99% net GHG emissions reduction in 2050, compared to the 1990 level, according to the Romania (RO) Neutral scenario. Romania already started the decarbonization process by reducing emissions in 2019 by 62% as

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<sup>1</sup> <https://dezvoltaredurabila.gov.ro/files/public/10000001/Romania-Sustainable-Development-Strategy-2030-en.pdf>;  
[https://dezvoltaredurabila.gov.ro/files/public/10000001/planul\\_national\\_de\\_actiune\\_pentru\\_implementarea\\_snddr\\_2030\\_hg.pdf](https://dezvoltaredurabila.gov.ro/files/public/10000001/planul_national_de_actiune_pentru_implementarea_snddr_2030_hg.pdf)

<sup>2</sup> <http://www.mmediu.ro/app/webroot/uploads/files/Long%20Term%20Strategy%20of%20Romania.pdf>

compared to 1990. According to Romania's LTS, the first milestone to reach is reducing emissions by 78% in 2030 relative to the 1990 level. The Government is committed to putting in place necessary policies and measures in each sector and adhering to the goals set forth in each of them in order to achieve the RO Neutral scenario goals.

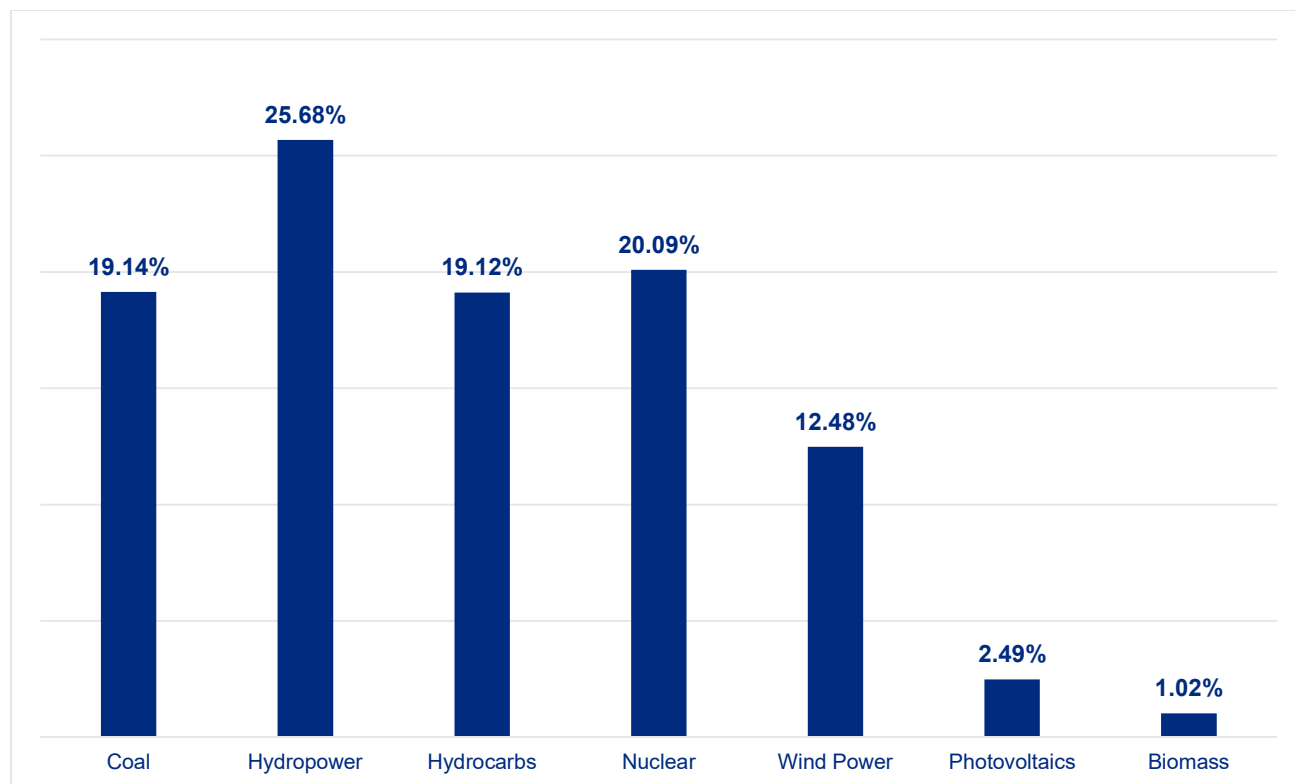
## 1.2 Social Impact of Romania's LTS

An important benefit of the decarbonization process is the creation of green jobs. According to Romania's LTS, more than 100,000 new green employment opportunities will be created by the year 2050 in the RO Neutral scenario. Most newly generated green jobs will be direct jobs and will be due to the manufacturing, construction, installation, operation, and maintenance of the green/low carbon technologies/solutions required for the deployment of the LTS. The greening of the economy will also be facilitated through indirect jobs that do not require specialized green knowledge or duties.

## 1.3 Romania's Current Energy Mix

Romania has a balanced energy mix. Low carbon energies constitute over 60% of the total energy mix.

Figure 1: Romania Energy Mix Breakdown as of 31st December 2022



Source: Romania Ministry of Energy

Under all scenarios of Romania's LTS, all natural gas-powered plants will be 100% ready for renewable gases (green hydrogen) by 2036 and all coal and lignite-powered capacities will be closed by 2031.

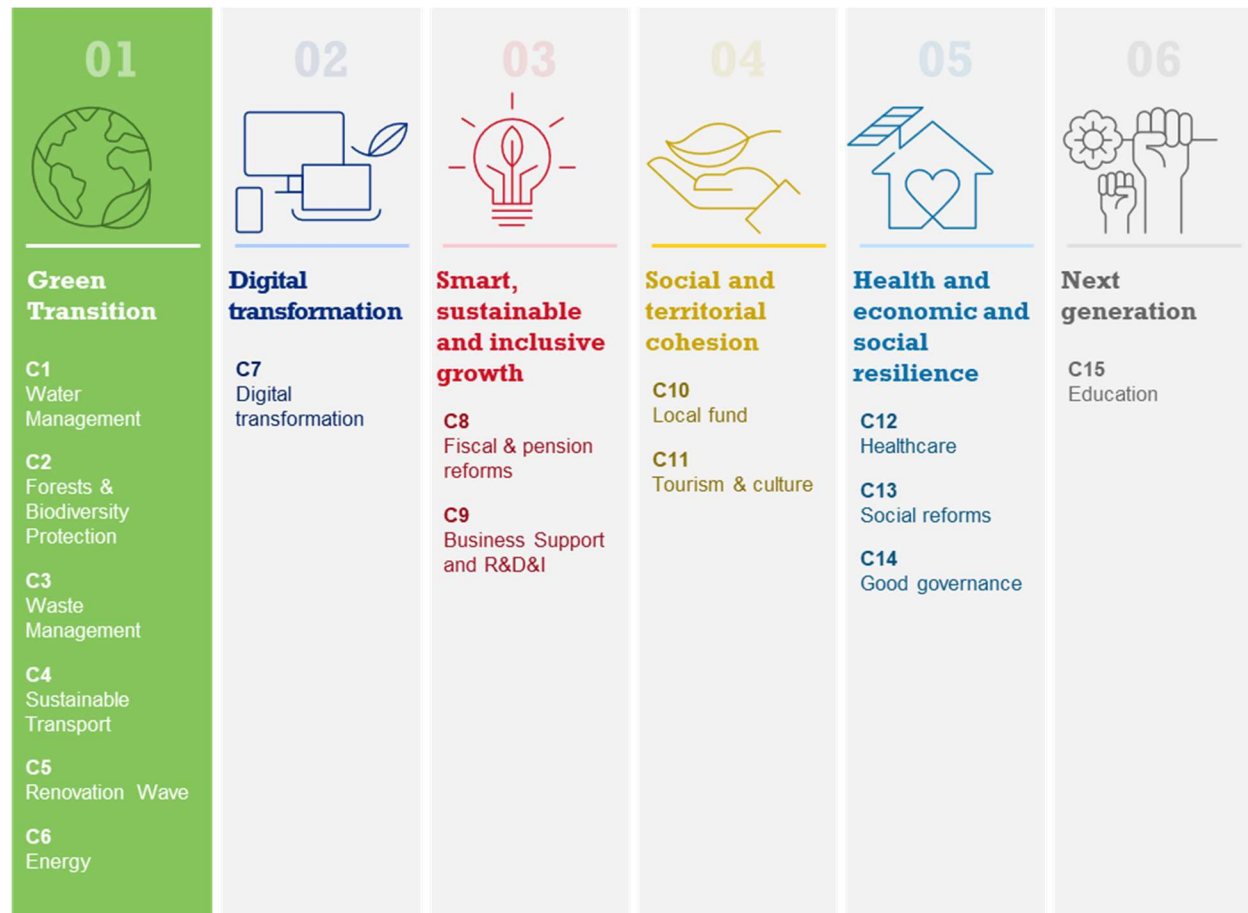
## 1.4 Priority Areas for Investment in the Country

The **National Recovery and Resilience Plan (NRRP)<sup>3</sup>, 2021-2026** details the priority areas for investment in Romania. It maps the key reforms and public investments to be carried out by the Government by 2026, supported by the EU Recovery and Resilience Facility. The NRRP prioritizes green and digital transitions, with 41% of the plan supporting green transition and 20.5% supporting digital transition. Figure 2 highlights the key green contributions of the NRRP to Romania's climate objectives.

As part of NRRP, Romania adopted a law regarding the decarbonization of the energy sector, committing to phase out coal by 2032<sup>4</sup>.

The NRRP is expected to lift Romania's gross domestic product by 1.8% to 2.9% by 2026<sup>5</sup>. This boost to the economy is expected to create jobs for up to 90,000 citizens. Romania will also benefit from the Recovery and Resilience Plans of other Member States, for instance through exports. These spill over effects are expected to account for 0.2% of gross domestic product in 2026.

Figure 2: Romania NRRP Pillars



<sup>3</sup> <https://mfe.gov.ro/pnrr/>

<sup>4</sup> <https://mfe.gov.ro/wp-content/uploads/2022/04/e6d481b413db9e7384a946c92e833d45.pdf>

<sup>5</sup> [European Commission website](https://ec.europa.eu/economy_finance/)

**According to the European Commission, the NRRP has positively and consistently addressed the identified climate challenges.**

According to the Systematic Country Diagnostic Update<sup>6</sup> published by the World Bank in April 2023, municipal infrastructure, including water, street lighting, solid waste management, the transport sector and E-mobility requires significant investments. The energy sector is the main contributor to GHG emissions in Romania (about 66%). While Romania's vulnerability to climate change and natural disasters is relatively high, it has been strengthening its legislative and organizational framework for disaster mitigation, preparedness, and response.

## 1.5 Romania's Climate Commitments

The Government of Romania is mainstreaming its climate policies and actions with the aim of transitioning to a society in which social, economic, and environmental policies and actions are interlinked and designed to ensure sustainable development with high living standards for all by 2050.

Romania is party to the main international multilateral environmental agreements, having committed to climate action objectives laid out by the United Nations Framework Convention on Climate Change (UNFCCC), the Paris Agreement (ratified by Romania under Law No. 57/2017), the Sendai Framework for Disaster Reduction, the Minamata Convention, the Ramsar Convention and the 2030 Agenda for Sustainable Development. Romania's decarbonisation targets were enshrined in EU law by the adoption of the European Climate Law (Regulation (EU) 2021/1) in July 2021.

Apart from the NRRP, Romania has created other legal, policy and institutional frameworks for implementing climate action aimed at achieving its targets under international commitments:

- **Limiting Climate Change and its Impact: an Integrated Approach for Romania<sup>7</sup>** – The report developed by a climate change working group created under the Presidential Administration as part of its efforts to advance climate action, outlines 7 key challenges in limiting climate change and a set of measures to address them.
- **The Hydrogen Law<sup>8</sup>** (under the Strategic Environmental Assessment procedure at this moment) aims to increase the country's energy production capacity and strengthen energy security, thus achieving the targets set by Romania's NRRP for regulating the hydrogen market in Romania. This Hydrogen Law is aligned with both the National Hydrogen Strategy and the European strategies for hydrogen development and REPowerEU. The Hydrogen Law aims to use green hydrogen in sectors that are difficult to decarbonize by other methods, ensuring economic growth through sustainable development of technologies for industries that are difficult to decarbonize, stimulating investments in the economy, using hydrogen and Power-to-X solutions to optimize integration of renewable energy sources (RES).

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<sup>6</sup> [World Bank Document](#)

<sup>7</sup> <https://www.presidency.ro/ro/presa/clima-si-sustenabilitate/raport-limitarea-schimbarilor-climatice-si-a-impactului-lor-o-abordare-integrata-pentru-romania>

<sup>8</sup> <https://energie.gov.ro/wp-content/uploads/2023/05/EN-Proiect-National-Hydrogen-Strategy.pdf>



- **National Climate Change and Low Carbon Green Growth Strategy for 2016-2030**<sup>9</sup>: A strategy to mobilize and enable public and private actors in Romania to reduce GHG emissions from economic activities in alignment with EU targets, and to adapt to the effects of climate variability and change, both current and future.
- **The Ministry of Environment's Prevention, Protection against and Reduction of Flooding and Flood Risk Management initiatives**<sup>10</sup> include projects covering the period 2007-2023 according to the EU Floods Directive<sup>11</sup>, 2<sup>nd</sup> cycle 2016-2021 and 3<sup>rd</sup> cycle 2022-2027. Directive 2007/60/EC<sup>12</sup> on the assessment and management of flood risks requires all EU countries to assess all areas that are vulnerable to significant floods.
- **Strategy for mobilizing investments in the renovation of residential and commercial buildings existing at national level, both public and private, 2017-2030**<sup>13</sup>: Objective is (i) to stimulate debate between stakeholders involved in the development and implementation of the strategy in order to reach consensus concerning the steering of policies and initiatives aimed at enhancing the energy performance of buildings; and (ii) to encourage all stakeholders to adopt ambitious and adequate attitudes aimed at the improvement of the quality of residential and business premises in order to ensure immediate and long-term benefits for building owners and to support the economy.
- **The long-term national renovation strategy to support the renovation of the national stock of residential and non-residential buildings**<sup>14</sup> approved through Government Decision 1034/2020 and its Action Plan (approved by Government Decision no. 10/2023) is dedicated to renovation of buildings to support the renovation of the national stock of residential and non-residential buildings, both public and private and its gradual transformation into a building stock with a high level of energy efficiency and decarbonization by 2050.
- **Integrated National Energy and Climate Plan for 2021-2030 (INECP)**<sup>15</sup> approved through Government Decision 1076/2021 lays out the national contributions to reach the EU climate objectives. It addresses the five dimensions of the EU Energy Union: decarbonization, energy efficiency, energy security, internal energy markets and research, innovation, and competitiveness. The main national objectives for 2030 outlined in the INECP target the reduction by 78% of GHG emissions, compared to the 1990 level.
- **The National Energy Strategy for 2019-2030**<sup>16</sup> – with the perspective of 2050, this plan was put in public consultation in August 2022. It defines the vision for the long-term development of the energy sector around building new non-polluting capacities, modernization of existing capacities in line with environmental norms, strengthening transport and distribution networks, supporting decentralization of

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<sup>9</sup> [http://mmediu.ro/app/webroot/uploads/files/SNASC\\_SEA\\_2022.pdf](http://mmediu.ro/app/webroot/uploads/files/SNASC_SEA_2022.pdf)

<sup>10</sup> <https://inundatii.ro/en/projects/>

<sup>11</sup> [https://environment.ec.europa.eu/topics/water/floods\\_en](https://environment.ec.europa.eu/topics/water/floods_en)

<sup>12</sup> <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32007L0060>

<sup>13</sup> [https://energy.ec.europa.eu/system/files/2018-07/ltrsenromania\\_0.pdf](https://energy.ec.europa.eu/system/files/2018-07/ltrsenromania_0.pdf)

<sup>14</sup> [https://energy.ec.europa.eu/system/files/2021-04/ro\\_2020\\_ltrs\\_en\\_version\\_0.pdf](https://energy.ec.europa.eu/system/files/2021-04/ro_2020_ltrs_en_version_0.pdf)

<sup>15</sup> [https://energy.ec.europa.eu/system/files/2020-04/ro\\_final\\_necp\\_main\\_ro\\_0.pdf](https://energy.ec.europa.eu/system/files/2020-04/ro_final_necp_main_ro_0.pdf)

<sup>16</sup> <https://energie.gov.ro/transparenta-decizionala/strategia-energetica-a-romaniei-2019-2030-cu-perspectiva-anului-2050/>

energy production and internal consumption under conditions of energy efficiency, ensuring an equitable transition and strengthening Romania's role as provider of energy security in the region.

- **National Strategy for Sustainable Development 2030**<sup>17</sup> – adopted through Government Decision 877/2018, along with the National Action Plan for the Implementation of the National Strategy for Sustainable Development, the Strategy lays out the legal framework for the implementation and monitoring of the 17 SDGs of the 2030 Agenda. This process is coordinated by the General Secretariat of the Government, through the Department for Sustainable Development. Following implementation of measures included in the National Action Plan, Romania has become the first EU Member State to recognize “sustainable development expert” as a professional occupation and is currently in the process of training 2000 experts in sustainable development by 2026.
- **National Strategy for Circular Economy**<sup>18</sup> – adopted through Government Decision 1172/2022, the Strategy sets out the strategic vision for the transition to circular economy for 14 key economic sectors in terms of potential for circularity, including sectors such as energy, water, and waste. Main lines of action are aimed at reducing the consumption of virgin raw materials through more sustainable extraction; recycling and recovery activities; reducing consumption of goods by extending the life of products; reducing the environmental impact of production activities; waste and wastewater management; and improving policy coherence and governance and collaboration between authorities at all levels. An Action Plan for implementation is under development, to set out concrete objectives, actions, and financial resources.
- **National Strategy on Adaptation to Climate Change for the period 2023-2030 with the perspective of 2050** and the National Action Plan for the implementation of the Strategy – under preparation by the Ministry of Environment, Waters and Forests, in alignment with the new legal framework on climate change adaptation at EU level.
- **National Strategy for Education on Climate Change and the Environment for 2023-2030**<sup>19</sup> – developed by the Ministry of Education and the Ministry of Environment, Waters and Forests. It lays out actions aimed at introducing climate related topics in the national curricula, centering on the implementation of a national education program for climate and environment; the creation of educational resources and training of human resources; and infrastructure development and rehabilitation of green schools.
- **National Strategy for the Reduction of Disaster Risk for 2023-2035** and the National Action Plan for the implementation of the Strategy – under preparation by the Inspectorate General for Emergency Situations within the Ministry of Interior.
- **Romania's LTS according to the Governance of the Energy Union and Climate Action Regulation** as detailed in Section 1.1.
- Additionally, climate change and development measures are outlined in several other national sectorial strategies and plans such as the National Strategy for Forests for 2022 – 2031 (2022)<sup>20</sup>, the National

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<sup>17</sup> <https://www.edu.ro/sites/default/files/Strategia-nationala-pentru-dezvoltarea-durabila-a-Rom%C3%A2niei-2030.pdf>

<sup>18</sup> [https://circulareconomy.europa.eu/platform/sites/default/files/national\\_strategy\\_for\\_the\\_circular\\_economy\\_in\\_romania.pdf](https://circulareconomy.europa.eu/platform/sites/default/files/national_strategy_for_the_circular_economy_in_romania.pdf)

<sup>19</sup> <https://www.edu.ro/sites/default/files/SNEM.pdf>

<sup>20</sup> <http://www.mmediu.ro/categorie/strategia-nationala-a-padurilor-2022-2031/386>

Strategy for the Rehabilitation and Expansion of the Irrigation Infrastructure (2019)<sup>21</sup>, the National Defence Strategy for 2020 – 2024 (2020)<sup>22</sup>, National Long-Term Strategy for Renovation (2020)<sup>23</sup>, the National Management Plan for Disaster Risk Management (2020)<sup>24</sup> and National Transport Master Plan (2016)<sup>25</sup>.

- At the local level, cities and municipalities have accelerated climate action by developing action plans or taking part in EU-wide climate initiatives. Twelve cities applied for the European Commission’s flagship Program on “100 Climate Neutral Cities by 2030,” and three (District 2 of Bucharest, Cluj-Napoca, and Suceava) were selected to be part of the initiative, with monetary and advisory support to be provided to them in the coming years. Several others have developed action plans for Sustainable Energy and Climate as signatories of Covenant of Mayors for Climate and Energy, the European Commission initiative aimed at supporting local authorities in achieving 2030 EU climate and energy objectives.

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<sup>21</sup> <https://www.madr.ro/proiecte-de-acte-normative/5519-strategia-nationala-de-reabilitare-si-extindere-a-infrastructurii-de-irigatii-din-romania.html>

<sup>22</sup> [https://www.presidency.ro/files/userfiles/National\\_Defence\\_Strategy\\_2020\\_2024.pdf](https://www.presidency.ro/files/userfiles/National_Defence_Strategy_2020_2024.pdf)

<sup>23</sup> [https://energy.ec.europa.eu/system/files/2021-04/ro\\_2020\\_ltrs\\_en\\_version\\_0.pdf](https://energy.ec.europa.eu/system/files/2021-04/ro_2020_ltrs_en_version_0.pdf)

Alternative link: [https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/long-term-renovation-strategies\\_en#national-long-term-renovation-strategies-2020](https://energy.ec.europa.eu/topics/energy-efficiency/energy-efficient-buildings/long-term-renovation-strategies_en#national-long-term-renovation-strategies-2020)

<sup>24</sup> [https://www.igsu.ro/Resources/COJ/ProgrameStrategii/pdf24\\_merged.pdf](https://www.igsu.ro/Resources/COJ/ProgrameStrategii/pdf24_merged.pdf)

<sup>25</sup> <https://www.mt.ro/web14/strategia-in-transporturi/master-plan-general-transport/documente-master-plan/1/1379-master-planul-general-de-transport>





# Romania's Sovereign Green Bond Framework



# 2. Romania's Sovereign Green Bond Framework

The Government of Romania intends to utilize green bonds to fund expenditures that will be critical to facilitate the transition to a low-carbon economy and advance the SDGs, as outlined in the previous section. This Sovereign Green Bond Framework (the Framework) describes the criteria and the governance process established by the Government for the issuance of sovereign green bonds in adherence to best practices in the market.

Green bonds are an effective tool to channel financing to projects with clear environmental benefits. By issuing green bonds, the Government intends to align its funding strategy with its commitment to the Paris Agreement, its environmental priorities, and the achievement of the UN SDGs. The issuance of green bonds will also help to diversify Romania's investor base and enhance engagement with existing investors and rating agencies, who are increasingly integrating ESG in investment and rating decisions respectively. The issuance of sovereign green bonds is also expected to contribute to the development of the green bond market.

To enable the issuance of green bonds, the Government has approved Government Decision no. 353/2023 to modify and complete the relevant methodological norms (Government Decision no. 1470/2007). This enables the application of the Government Emergency Ordinance no. 64/2007 regarding public debt, to accommodate provisions that would allow it to issue green, social or sustainability (GSS) bonds in domestic and international markets and hire external reviewers to fulfil related market requirements.

## 2.1 Alignment with Market Principles

The Framework is aligned with the Green Bond Principles (GBP) administered by the International Capital Markets Association (ICMA) and published in June 2021 (with June 2022 Appendix)<sup>26</sup>. The Framework adopts the four core components and key recommendations of the GBP, which are:

1. Use of Proceeds
2. Process for Project Evaluation and Selection
3. Management of Proceeds
4. Reporting

The Framework also follows the recommendations of the GBP regarding External Review.

This Framework may be updated and amended in the manner described in Section 3 ("Amendments to this Framework").

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<sup>26</sup> [ICMA Green Bond Principles \(GBP\) 2021](#) (with June 2022 Appendix 1)



## 2.2 Use of Proceeds and Exclusions

Under this Framework, the Government can issue green bonds, proceeds of which will be exclusively allocated to Eligible Green Projects as described further in this Use of Proceeds section. An amount equal to the net proceeds of the green bonds will be allocated to finance or refinance Eligible Green Projects. Any Eligible Green Project financed and/or refinanced by another dedicated source or other Government agency will be excluded to ensure suitable oversight and to avoid double-counting.


### Eligible Green Projects

- a) may include assets, capital expenditures, operational expenditures including research and development expenses;
- b) promote, in whole or in part and whether directly or indirectly, Romania's transition to a low carbon, climate-resilient and environmentally sustainable economy and contribute to the six environmental objectives (climate change mitigation, climate change adaptation, sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control and protection and restoration of biodiversity and ecosystems) highlighted in the EU taxonomy;<sup>27</sup>
- c) are funded, in whole or in part and whether directly or indirectly, through the public budget, subsidies or tax foregone (or a combination of all or some of the foregoing); and
- d) are limited to those occurring in the three (3) calendar years prior to issuance (look-back period), the calendar year of the issuance and the three (3) calendar years following issuance (look-forward period)

The following is a description of the categories of Eligible Green Projects, a non-exhaustive list of Eligible Green Projects (examples) within these categories and a mapping of the categories to the UN SDGs and the EU Environmental Objectives:

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<sup>27</sup> As a member of the EU, Romania's environmental policies are aligned with European and international objectives within the framework of the European Green Deal, the three Rio Conventions, the Sustainable Development Goals, and the Paris Agreement.

ICMA Eligible Green Project Categories	Eligibility Criteria	UN SDGs	Examples of Eligible Green Projects
<p><b>Renewable Energy</b>  <b>Environmental Objective: Climate Change Mitigation</b></p>	<ul style="list-style-type: none"> <li>• Investments and expenditures (including subsidies/grants) in generation and transmission of renewable energy, including: <ul style="list-style-type: none"> <li>• Solar photovoltaic (PV) and solar thermal heating</li> <li>• Onshore and Offshore wind energy facilities</li> <li>• Hydropower which meets any of the criteria below: <ul style="list-style-type: none"> <li>– Lifecycle GHG emissions of less than 100g CO<sub>2</sub>e/kWh</li> <li>– Power density greater than 5w/m<sup>2</sup></li> <li>– Run of river plant and does not have an artificial reservoir</li> </ul> </li> <li>• Bioenergy derived from biofuel<sup>28</sup> or biomass</li> <li>• Green hydrogen produced using renewable energy which meets the criteria of lifecycle GHG emissions below 100g CO<sub>2</sub>e/kWh</li> <li>• Projects supporting the integration of renewable energy into the power and gas grid: retrofit of gas transmission and distribution networks that enables the integration of green hydrogen and other low-carbon gasses in the network<sup>29</sup>, smart energy grids, smart meters</li> <li>• Research and development of products or technology for renewable energy generation, including the manufacture of wind turbines and solar panels</li> </ul> </li> </ul>		<p>Implementation of a state aid scheme with regards to <b>Contracts for Difference Support Mechanism (CfD)</b>, in support of low-carbon electricity producers (eligible technologies being onshore wind and solar PV).</p> <p><b>ElectricUp - PV Solar System</b> - installation of 1800 photovoltaic panel systems with an installed power between 27 kWp and 100 kWp for the production of electricity necessary for own consumption and the delivery of the surplus to the National Energy System.</p> <p><b>Renewable gas distribution infrastructure</b> (use of natural gas in combination with green hydrogen as a transition measure), as well as green hydrogen production capacities and/or its use for electricity storage.</p>

<sup>28</sup> Production of biofuel feedstock shall not take place on land with high biodiversity, and land with a high amount of carbon shall not be converted for biofuel feedstock production.





<sup>29</sup> Projects will include mandatory leak detection and repair of existing pipeline and network elements to minimise methane leakage


<p><b>Energy Efficiency</b>  <b>Environmental Objective:</b>  <b>Climate Change Mitigation</b></p>	<p>Investments and expenditures for energy efficiency improvements of infrastructure that result in an energy consumption below the average national energy consumption of equivalent infrastructure.</p> <p>Research and development of products or technology and their implementation that reduces the energy consumption of underlying assets, technology, products, or systems, including LED lights, improved chillers, improved lighting technology, district cooling and heating, smart grids, and heat recovery.</p> <p>Conversion of thermal plants to combined heat and power gas power plants where:</p> <ul style="list-style-type: none"> <li>• Lifecycle emissions are below 100g CO<sub>2</sub>e/kWh; or</li> <li>• until 2030 (date of approval of construction permit) the following verified (annually re-verified) by an independent third party: <ul style="list-style-type: none"> <li>– primary energy savings of at least 10%</li> <li>– direct GHG emissions are &lt;270g CO<sub>2</sub>e/kWh</li> <li>– leads to reduction in emissions of at least 55% of GHG per kWh</li> <li>– Power and heat to be replaced cannot be sufficiently generated using renewable energy sources</li> <li>– Newly installed production capacity does not exceed capacity of replaced facility</li> <li>– Switch to full use of renewable and/or low carbon gaseous fuels to take place by 31 Dec 2035</li> </ul> </li> <li>• Projects will include mandatory leak detection and repair at construction</li> <li>• At operation, physical emissions are reported and any leak is eliminated</li> </ul>	 	<p>Infrastructure provision, including intelligent transport systems and other IT&amp;C infrastructure.</p>
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<p><b>Pollution Prevention and Control</b></p> <p><b>Environmental Objective:</b></p> <p><b>Pollution Prevention and Control</b></p> <p><b>Transition to a Circular Economy</b></p>	<p>Investments and expenditures for projects dedicated to reducing land pollution and waste generation, including waste prevention, waste collection and management, product recycling and re-use, waste to energy activity with materials recovery and recycling prior to incineration and soil remediation.</p> <p>Investments and expenditures for projects dedicated to reducing air pollution, and GHG emissions control.</p>		<p><b>Air quality, radioactivity, and noise monitoring equipment</b> for the National Environmental Protection Agency.</p> <p><b>Building digitized ecological islands</b> serving the apartment block areas of Romania's townships. Digitized ecological islands will ensure separate collection of household waste, especially in apartment block areas, for the following separately collected waste streams: paper and cardboard waste, plastic waste, metal waste, glass waste, biological waste, residual waste. Each ecological island will serve at least 200 inhabitants.</p>
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<p><b>Clean Transportation</b></p> <p><b>Environmental Objective:</b></p> <p><b>Climate Change Mitigation</b></p> <p><b>Pollution prevention and control</b></p>	<p>Investments and expenditures in clean transportation systems and related infrastructure that reduce GHG emissions in transportation, such as:</p> <ul style="list-style-type: none"> <li>• Zero-carbon transport: <ul style="list-style-type: none"> <li>– Investments in passenger and freight vehicles with zero tailpipe emissions, such as electric cars, hydrogen cars, electric trains</li> </ul> </li> <li>• Low-carbon transport: <ul style="list-style-type: none"> <li>– Investments in low-carbon passenger vehicles with tailpipe emissions intensity of max. 50g CO<sub>2</sub>/km until 2025 (from 2026 onwards, only vehicles with emission intensity of 0g CO<sub>2</sub>/km are eligible)</li> </ul> </li> <li>• Investments in infrastructure to support the use of zero-carbon and low-carbon vehicles</li> </ul> <p>Investments in transportation infrastructure for mass transportation (expansion of train/metro networks, projects in relation to capacity improvement, station upgrades)</p>		<p><b>The development of the metro transport network</b> in the Municipalities of Bucharest and Cluj-Napoca, purchase of clean vehicles (trams, trolleybuses, electric/hydrogen buses, electric minibuses).</p> <p><b>EV charging points</b> - installation of 4,000 recharging points of at least 22 kW for electric and plug-in hybrid electric vehicles; stimulating the use of non-polluting means of transport.</p> <p><b>Construction of cycle paths within towns</b> to reduce traffic and pollution.</p> <p><b>Acquisition of new rolling stock / modernization of existing rolling stock</b> to be fully electric.</p> <p><b>Electrification of last-mile railway sections</b> to provide fully electric railway services to main urban areas in Romania (county capitals and other cities above 50,000 inhabitants).</p> <p><b>Electrification of railway depot areas</b> to provide clean air for inhabitants in major urban areas and increase energy efficiency.</p>
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<p><b>Sustainable Water and Wastewater Management</b></p> <p>Environmental Objective:</p> <p>Sustainable Use and Protection of Water and Marine Resources</p>	<p>Investments and expenditures in projects and infrastructure dedicated to reducing water consumption, sustainably managed water resources, and reducing water pollution, including developing and improving water supply and management infrastructure and urban drainage.</p>	 	<p><b>Water supply and water treatment</b> plants, sewage systems and wastewater treatment plants, including storm sewers and rainwater catchment systems.</p>
<p><b>Climate Change Adaptation</b></p> <p>Environmental Objective:</p> <p>Climate Change Adaptation</p>	<p>Investments and expenditures in projects and infrastructure that would reduce risk exposure and/or severity of impacts of physical climate hazards, such as flood early warning systems, flood control systems, drought management projects, infrastructure for disaster resilience, and upgrade of transportation network to higher climate resilient design standards.</p>		<p><b>Rehabilitation of existing defence lines</b> in accordance with the EU Floods Directive and the National Strategy for Flood Risk Management.</p> <p><b>Rehabilitation and/or initiation of the main irrigation and drainage infrastructure.</b></p>
<p><b>Green Buildings</b></p> <p>Environmental Objective:</p> <p>Climate Change Mitigation</p> <p>Climate Change Adaptation</p>	<p>Investments and expenditures in internationally, regionally, and nationally certified green buildings, including construction of new buildings or renovation of existing buildings (including public service, commercial, residential, and recreational), such as but not limited to:</p> <ul style="list-style-type: none"> <li>• obtaining a minimum certification of “BREEAM Excellent,” or “LEED Gold,” or similar recognized standard</li> <li>• having primary energy demand at least 20% lower than the one resulting from the local Nearly Zero-Energy Buildings (NZEB) (for buildings built after December 31, 2020)</li> <li>• having reached at least EPC A level</li> </ul> <p>Investments and expenditures in building retrofits leading to an increase of at least 30% in energy efficiency of the buildings.</p>		<p><b>Increasing the energy efficiency of the stock of buildings</b></p> <p><b>Building NZEB+ housing</b> for young people and health and education professionals.</p>

<p><b>Environmentally Sustainable Management of Living Natural Resources and Land Use</b></p> <p><b>Environmental Objective:</b></p> <p><b>Protection and Restoration of Biodiversity and Ecosystems</b></p>	<p>Investments and expenditures related to the acquisition, maintenance, and sustainable management of natural resources such as land, water, air, minerals, forests, and wild flora and fauna, including:</p> <ul style="list-style-type: none"> <li>• Certified forests (Forest Stewardship Council (FSC), Program for the Endorsement of Forest Certification (PEFC), or equivalent)</li> <li>• Environmentally sustainable forestry, including afforestation or reforestation, and preservation or restoration of natural landscapes</li> <li>• Sustainable agriculture practices and climate smart farming</li> <li>• Environmentally sustainable fishery and aquaculture certified by a reputable third-party organisation, such as Marine Stewardship Council (MSC), Best Aquaculture practices (BAP) (at least 2 star) and Aquaculture Stewardship Council (ASC)</li> <li>• Biodiversity conservation, protection, and patrol programmes</li> </ul>		<p><b>New areas of urban forests.</b></p> <p><b>Ecologically restored grassland habitats.</b></p> <p><b>Increasing the degree of protection and conservation of biodiversity and restoring degraded ecosystems.</b></p> <p><b>Promotion of traditional, extensive agricultural practices.</b></p> <p><b>Forestry technologies that improve the resilience and environmental value of forest ecosystems.</b></p>
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## Exclusions

Projects that support or promote the following activities will not be considered as Eligible Green Projects under this Framework:

- Burning of fossil fuel for power generation and transportation, except for projects related to combined heat and power gas power plants meeting the criteria described in the Eligible Green Projects
- Rail or other transportation infrastructure dedicated for transportation of fossil fuels
- Renewable energy projects generating energy from biomass using feedstock originating from protected areas
- Landfill projects
- Nuclear power generation
- Transmission infrastructure and systems where 25% or more of electricity transmitted to the grid is fossil-fuel-generated
- Alcohol, defence, tobacco, gambling, or palm oil industries.

## 2.3 Process for Project Evaluation and Selection

### Governance and Oversight

The Government of Romania has adopted Government Decision no. 547/2023 to establish an Inter-Ministerial Committee (the Committee) for the governance, oversight, evaluation, and selection of projects/expenditures intended to protect the environment and combat climate change. The objective of the Committee is to oversee and approve key decisions related to green bonds issued under this Framework. The Committee is headed by the Minister of Finance, as Chairman. In the absence of the Minister of Finance, the Committee will be led by the Vice President, represented by the Secretary of State within the Ministry of Finance, coordinator of the General Directorate of Treasury and Public Debt.

The Committee is composed of representatives of the following ministries:

- a) Ministry of Finance
- b) Ministry of the Environment, Waters and Forests
- c) Ministry of Transport and Infrastructure
- d) Ministry of Research, Innovation and Digitization
- e) Ministry of Investments and European Projects
- f) Ministry of Economy, Entrepreneurship and Tourism
- g) Ministry of Energy
- h) Ministry of Agriculture and Rural Development
- i) Ministry of Health
- j) Ministry of Labor and Social Solidarity
- k) Ministry of Family, Youth and Equal Opportunities
- l) Ministry of Education
- m) Ministry of Development, Public Works and Administration

Committee members are represented by the State Secretary or Director from each ministry. The Committee may create working groups made up of technical experts to support the activities and objectives of the Committee.

The Committee is responsible for:

- a) identifying the priority areas that can be financed by issuing green bonds
- b) approval of the necessary elements in the Framework, including the eligibility criteria for projects that will potentially be financed by issuing green bonds, the mechanism for allocation of proceeds, the impact indicators that will be monitored and reported to investors of green bonds, and the manner of reporting data
- c) approval of any updates to the Framework proposed by the Ministry of Finance
- d) evaluation of the list of potential Eligible Green Projects proposed by the line ministries
- e) analysing, identifying, and developing a portfolio of projects that will be financed through future green bond issuances

- f) facilitating the communication of information from the represented ministries to the entities that carry out the external evaluation of the Framework, as well as other service providers, regarding actions or measures for the Framework
- g) ongoing monitoring of the allocation of the proceeds from the issuance of green bonds and evaluating any necessary changes, such as replacing an expenditure if it no longer meets the eligibility criteria, or has been cancelled, with other Eligible Green Projects
- h) proposing and approving changes to the Framework if necessary, depending on market developments, relevant standards, and internal developments which may impact the Framework
- i) approval of the annual post-issuance allocation and impact reports prepared by the Ministry of Finance based on the data provided by the relevant ministries
- j) ensuring the provision of the necessary information and data for the review and external verification of the allocation of the proceeds from the issuance of green bonds, as needed
- k) informing the Government about the design, implementation and maintenance of the Framework and the associated reporting processes, as well as alignment with existing national strategies and environmental objectives; and
- l) carrying out any other activities related to the Framework and the green bonds issued under it.

Decisions within the Committee are taken with the majority of members present. The President (or Vice President as their substitute) has the right of veto. The agenda of each meeting of the Committee is drawn up by the technical secretariat, based on the proposals formulated and submitted by members and approved by the Committee's management, and its deliberations are recorded in the minutes of the meeting, which are approved after the meeting via e-mail. The Committee can decide to invite other participants to the meetings, depending on the topics on the agenda and with the prior notification to the committee members through the technical secretariat.

The technical secretariat of the Committee is provided by the General Directorate of Treasury and Public Debt within the Ministry of Finance. Members of the Committee's secretariat do not have the right to vote during the meetings.

### **Environmental and Social Risk / Impact Management**

All projects are subject to environmental impact assessment in accordance with Law no. 292/2018 regarding the assessment of the impact of public and private projects on the environment. Projects located in NATURA 2000 sites are subjected to an appropriate assessment study on a case-by-case basis, in accordance with Government Emergency Ordinance no. 57/2007 regarding natural protected areas and conservation of natural habitats, flora and fauna. The impact study also includes a chapter that refers to the social impact, as well as the impact on the population's health.

In accordance with the aforementioned legislation, the environmental impact assessment is carried out before the initiation of any project. Environmental impact studies, as well as appropriate assessment studies, are drawn up by experts certified by a professional association, namely the Romanian Environmental Association in accordance with the Order of Ministry of Environment no 1134/2020. Certified experts are registered in a register that is available to project promoters at <https://www.regexp.ro>.

The objectives of environmental impact assessment are to identify and assess the potential impacts on the environment of the projects on surrounding areas during the construction and operation phases in relation to national/European laws and guidelines, to identify the measures to mitigate negative potential impacts and to monitor the compliance with relevant laws and regulations. Also, throughout the environmental impact assessment procedure, the public is consulted by making documents available on websites and at the end of the procedure, a public debate is held.

A wide range of environmental areas are assessed, including air quality, waste management, water management, noise, land use, biodiversity, natural disaster risks, cultural and social impact, soil and underground water management, and public health.

### **Project Evaluation and Selection**

Ministries will identify and compile an initial list of potential green expenditures/projects based on the eligibility criteria set out in Section 2.2 (Use of Proceeds and Exclusions) and their level of preparedness (1= Ready for investment, 2= Under Development, 3= Under Conceptualization). Each of the projects will include metrics to best define their environmental impact. On a monthly basis or as needed, the Committee will evaluate the submitted projects to ensure compliance with the Framework. The General Directorate of Treasury and Public Debt in the Ministry of Finance will track with input from the Inter-Ministerial Committee and other relevant Government departments and line ministries any remaining Eligible Green Projects that can be financed in the subsequent year through another issuance.

## **2.4 Management of Proceeds**

The General Directorate of Treasury and Public Debt within the Ministry of Finance will be responsible for the issuance of the green bonds and will manage the allocation of an amount equivalent to the net proceeds of its green bonds on a portfolio approach (an aggregated basis for multiple green bonds).

Romania will commit to achieve a level of allocation to the Green Project Portfolio that matches or exceeds the balance of net proceeds of its outstanding green bonds. If any allocated Eligible Green Projects are removed from the Green Project Portfolio, Romania will strive to substitute those projects with suitable Eligible Green Projects. Replacement of the Green Project(s) will be done on a best effort basis, as soon as possible, and within a reasonable period of 12-24 months.

Pending full allocation, the General Directorate of Treasury and Public Debt will manage the unallocated proceeds of green bonds according to prudential liquidity policies appropriate to a sovereign such as Romania. For avoidance of doubt, unallocated proceeds will not be allocated to GHG emissions-intensive or controversial activities as per the exclusion criteria of the Framework. The General Directorate of Treasury and Public Debt will oversee the allocation and tracking of expenditures on Eligible Green Projects up to an amount equal to the net proceeds of the green bonds.

Payment of principal and interest on green bonds will be made according to the public debt provisions and will not be conditional on the selection or performance of the Eligible Green Projects. The Ministry of Finance will track the green bond proceeds through a Green Financing Register which will include the details of the green bonds, proceeds generated, and allocations made to Eligible Green Projects including information about the Eligible Green Projects (such as a summary of the project details, allocation of proceeds to each project, expected climate impact and the extent of unallocated proceeds, both aggregate as well as project-wise).



## 2.5 Reporting

The General Directorate of Treasury and Public Debt within the Ministry of Finance will be responsible for the preparation and co-ordination of the post-issuance allocation and impact reports, with input from the Inter-Ministerial Committee and other relevant Government departments and line ministries. The following reports will be made available to investors in Green Bonds.

### Allocation Reporting

An Allocation Report will be made available to investors annually until full allocation of an amount equal to the net proceeds of the outstanding green bonds, and include the following details:

- a) total amount allocated to Eligible Green Projects
- b) total amount allocated per Eligible Green Project Category
- c) remaining unallocated total amount
- d) breakdown of refinancing versus new financing

### Impact Reporting

An Impact Report will be made available to investors on the expected environmental and/or social impacts of the Eligible Green Projects on an annual basis, subject to the availability of the relevant data, until full allocation, and in case of material changes, the issuer will update investors on a timely basis.

Romania intends to align, on a best effort basis, with the reporting recommendations as outlined in ICMA's "Handbook – Harmonized Framework for Impact Reporting (June 2023)"<sup>30</sup>.

### Examples of Potential Impact Reporting Metrics

Eligible Green Project Category	Potential Impact Indicators
<b>Renewable Energy</b>	<ul style="list-style-type: none"> <li>• Installed renewable energy capacity (in MW)</li> <li>• Annual renewable energy generation (in MWh)</li> <li>• Annual GHG emissions avoided in tons of CO<sub>2e</sub></li> <li>• Solar power-based energy generated (kwh) for self-consumption</li> </ul> <p>Social Co-Benefits (wherever possible to quantify)</p> <ul style="list-style-type: none"> <li>• Number of households benefitted</li> <li>• Number of under-privileged households benefitted</li> <li>• Number of jobs created</li> </ul>
<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>• Number of energy efficiency equipment and appliances installed</li> <li>• Annual energy savings (in MWh).</li> <li>• Annual GHG emissions avoided in tons of CO<sub>2</sub> emission</li> </ul>

<sup>30</sup> [ICMA, Handbook – Harmonized Framework for Impact Reporting](#) (June 2023)

<b>Pollution prevention and control</b>	<ul style="list-style-type: none"> <li>• Amount of waste reused or recycled (tones or in % of total waste)</li> <li>• Number of households / individuals served by digitized ecological islands</li> </ul>
<b>Clean transportation</b>	<ul style="list-style-type: none"> <li>• Number of people who use new low-carbon / zero-carbon public transport</li> <li>• Number of new electric trains purchased or modernized/retrofitted</li> <li>• Number of km of new electric railway lines created/maintained</li> <li>• Number of active EV charging points</li> </ul>
<b>Sustainable Water and Wastewater Management</b>	<ul style="list-style-type: none"> <li>• Area of land or water conserved/recovered (km<sup>2</sup>)</li> <li>• Area (km<sup>2</sup>) of marine/forest reserves under active monitoring</li> </ul>
<b>Climate Change Adaptation</b>	<ul style="list-style-type: none"> <li>• Number of flood defences built / km of flood defences built</li> </ul>
<b>Green Buildings</b>	<ul style="list-style-type: none"> <li>• Estimated ex-ante annual energy savings (in MWh)</li> <li>• Number of buildings that have been financed</li> </ul>
<b>Environmentally Sustainable Management Of Living Natural Resources And Land Use</b>	<ul style="list-style-type: none"> <li>• Size of land restored and protected (sq km)</li> <li>• Population covered (headcount)</li> <li>• Size of forest covered (sq km)</li> </ul>

## 2.6 External review

S&P Global Ratings has completed an external review (Second-Party Opinion) of the Framework to confirm its alignment with the ICMA GBP. The Second Party Opinion is available at <https://www.spglobal.com/ratings/en/products-benefits/public-reports/second-party-opinions>.

In addition to the pre-issuance Second Party Opinion, the Government of Romania will request on an annual basis, starting one year after issuance and until full allocation (or in case of material changes, on a timely basis) an assurance report on the allocation of green bond proceeds to Eligible Green Projects, provided by an external review provider.

The resulting report/review will be made public on the Ministry of Finance's website (<https://mfinante.gov.ro/en/web/trezor/obligatiuni-verzi>).

# 3. Amendments to this Framework

Romania will review this Framework from time to time, including its alignment to updated versions of the relevant Principles as and when available in the market. Any major update will be subject to the review of S&P Global Ratings or any such other qualified provider of Second Party Opinion. The Inter-Ministerial Committee for the financing of projects/expenditures intended to protect the environment and combat climate change will propose and approve any future updates to the Framework, including expansions to the list of Eligible Categories and new market developments.