



2017

PARTNERING WITH ROMANIA



THE WORLD BANK GROUP

The World Bank Group (WBG) is the leading international development organization that provides financial and technical assistance to countries around the world. The institutional mission is to **eradicate extreme poverty by 2030** and **boost shared prosperity for the poorest 40 percent of people**. Established in 1944, the World Bank Group is headquartered in Washington, D.C, has more than 10,000 employees in more than 120 offices worldwide representing 189 member states. The World Bank Group consists of five institutions.

IBRD

The **International Bank for Reconstruction and Development** provides assistance to middle income countries.

IBRD obtains most of its funds through the sales of bonds in international capital markets.

Romania joined IBRD in 1972.

www.worldbank.org/ibrd

IDA

The **International Development Association** assists the poorest countries by providing interest-free loans, technical assistance and policy advice.

Romania joined IDA as a donor in 2014.

www.worldbank.org/ida

IFC

The **International Finance Corporation** promotes growth in client countries by financing private sector investments.

Romania joined IFC in 1991.

www.ifc.org

MIGA

The **Multilateral Investment Guarantee Agency** helps encourage foreign investment by providing guarantees to foreign investors against loss caused by non-commercial risks, thereby creating investment opportunities.

Romania joined MIGA in 1992.

www.miga.org

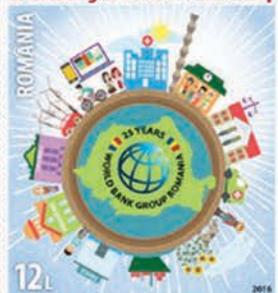
ICSID

The **International Centre for Settlement of Investment Disputes (ICSID)** provides facilities for conciliation and arbitration of international investment disputes between foreign investors and their host countries.

Romania joined ICSID in 1974.

www.worldbank.org/icsid

Celebrating 25 Years of Partnership



Aniversăm 25 de ani de parteneriat

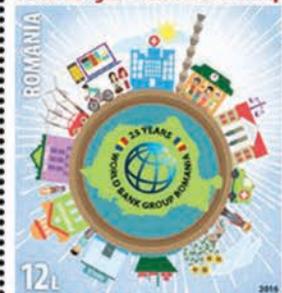
THE WORLD BANK GROUP CELEBRATING 25 YEARS OF PARTNERSHIP WITH ROMANIA

Over the past two and a half decades, the World Bank has touched every sector of the Romanian economy. Its support was central to help the country stabilize its economy in the early 1990s, lay the foundations for EU membership in 2007, and promote faster convergence and a more inclusive growth in Romania over the past decade of EU membership. Investments from IFC have stimulated job creation for thousands of Romanians, fostered private sector growth, and investors' confidence in the Romanian economy.



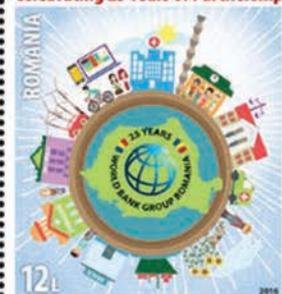
The World Bank Group's current priority is to support Romania unleash its full potential to achieve sustainable and inclusive growth that capitalizes on private sector-led development and maintains a focus on people. The World Bank's mission is to address poverty and social exclusion that continues to touch over 40 percent of Romanians, in particular the Roma community. As of September 2017, the World Bank has provided over \$13.6 billion in financing for 117 IBRD loans, guarantees and grants, while IFC investments amounted to \$2.5 billion in long-term financing for over 80 projects.

Celebrating 25 Years of Partnership



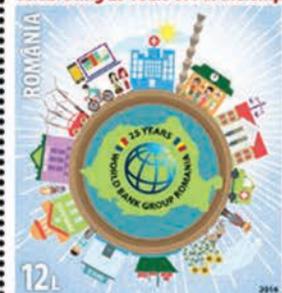
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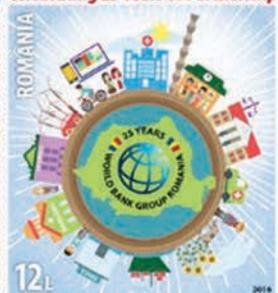
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Celebrating 25 Years of Partnership



Aniversăm 25 de ani de parteneriat

Celebrating 25 Years of Partnership



Aniversăm 25 de ani de parteneriat

THE WORLD BANK GROUP – THE STRATEGY CYCLE

Systematic Country Diagnostic

Prioritizes key areas that require support to fully unlock the country's development potential with a focus on inclusive, sustainable and dynamic growth.

Country Partnership Framework

Focalizes World Bank Group engagement by aligning with the country's development goals and drawing a comprehensive diagnostic, which incorporates the views of stakeholders through extensive consultations and dialogue.

Performance and Learning Review

Main vehicle to draw lessons from implementation, introduce mid-course adjustments, as needed.

Completion and Learning Review

An assessment exercise completed in partnership with the client country and other key stakeholders, which is subject to an independent internal evaluation process.

The Systematic Country Diagnostic for Romania will be completed by Spring 2018, followed by a new five-year Country Partnership Framework.

THE WORLD BANK GROUP – INSTRUMENTS

KNOWLEDGE

- ADVISORY SERVICES AND ANALYTICS (ASA)
- REIMBURSABLE ADVISORY SERVICES (RAS)
- IFC ADVISORY SERVICES

FINANCING

- INVESTMENT
 - PROJECT FINANCING (IPF)
- DEVELOPMENT POLICY LENDING (DPL)
- CATASTROPHE DPL DEFERRED DRAWDOWN OPTION (DPL DDO)
- IFC INVESTMENTS
- GUARANTEES
- PROGRAM FOR RESULTS (PforR)
- TRUST FUNDS
- CARBON FINANCING

CONVENING

- CONFERENCES
- SOUTH-SOUTH EXCHANGE
- PARTNERSHIPS

FINANCIAL PRODUCTS AND SERVICES

- IBRD FLEXIBLE LOAN
- LOCAL CURRENCY LOANS
- FINANCING FOR SUBNATIONALS
- CONTINGENT FINANCING

ADVISORY SERVICES

Description: The World Bank Group provides advisory services that support reforms needed to advance a country's development goals. Our wide-ranging knowledge and skills are used to help countries build accountable, efficient public sector institutions. Bank staff offer advice and support client governments in improving public policy outcomes, including through assisting with draft legislation, institutional development plans, country-level strategies, and implementation action plans.

Example: StAR (Stolen Asset Recovery Initiative) Engagement (2013-14) – These advisory services supported the Government of Romania to develop expertise in tracing and recovering stolen assets. The engagement developed a cadre of trainers in the judiciary sector, developed training materials on asset recovery, established a structure and process for inter-agency cooperation and helped prepare the asset management framework.

Description: In collaboration with client countries and key development partners, the World Bank helps evaluate data, policies and institutions to assist countries in their efforts to strengthen institutions and improve policies.

Example: Romania Road Safety Capacity Review (2015-17) – This activity targeted improvements in road safety management in Romania with a focus on identification of key sectoral challenges, provision of advice on strategy development and development of short and medium-term actions to improve Romania's road safety management. World Bank assistance addressed aspects of institutional planning and coordination, alongside analysis of crash data and integrating road safety issues into road infrastructure improvements.



INVESTMENT PROJECT FINANCING (IPF)

Description: Investment Project Financing (IPF) provides financing in the form of IBRD loans and guarantees or IDA credits, grants, and guarantees to governments. IPFs can finance a wide range of activities that focus on improving socio-economic infrastructure and systems critical to poverty reduction and sustainable development. They are guided by the World Bank's fiduciary and safeguard policies and offer the opportunity to mobilize private financing to mitigate potential payments risks.

Example: Romania Judicial Reform Project (2005-17) - Through a US\$130 million loan to the Romanian Government, the World Bank supported critical investments in court infrastructure, administration and institutional development. The Judicial Reform Project's objectives focused on increasing the efficiency of the Romanian courts and improving the accountability of the judiciary with a focus on reducing corruption and building a more transparent justice sector. To support justice sector efficiency and accountability, the project addressed the following aspects: (i) upgrading court infrastructure and automation; (ii) reforming court administration, including a program of case delay reduction and reorganization of internal working arrangements in courts; and (iii) building capacity for the main judicial governing bodies: Superior Council of Magistracy, High Court of Cassation and Justice of Romania and the Ministry of Justice.

DEVELOPMENT POLICY LENDING (DPL)

Description: This instrument finances the general budget of the government. The disbursement of loan proceeds or issuance of guarantees is against prior actions with a strong focus on policy results. DPLs focus on medium-term programs that strengthen the institutions and policies needed to achieve sustainable development outcomes. DPLs require the existence of an adequate macro-economic framework and attention to governance, fiduciary and environmental risks.

Example: Romania: Second Fiscal Effectiveness and Growth Development Policy Loan (2015-17) - The Second Fiscal Effectiveness and Growth Development Policy Loan (FEG DPL2) in the amount of Euro 500 million is the second in programmatic series of two DPLs to Romania. This series supports reforms to strengthen fiscal management and performance of state-owned enterprises (SOEs), and improve the functioning of property, energy, and capital markets.

PROGRAM FOR RESULTS (PforR)

Description: Program for Results (PforR) is the newest World Bank instrument. It finances and supports borrower's programs and disburses upon achievement of program results. It has a strong focus on institutional capacity and processes that are needed to ensure the success of client programs. PforRs provide the assurance that Bank financing is used appropriately and that the program's environmental and social aspects are adequately addressed.

GUARANTEES

The **Multilateral Investment Guarantee Agency (MIGA)** provides political risk insurance guarantees to private sector investors and lenders. MIGA's guarantees protect investments against non-commercial risks and can help investors obtain access to funding sources with improved financial terms and conditions.

The **International Bank for Reconstruction and Development (IBRD)** provides guarantees to: i) cover private lenders against the risk of a public entity failing to perform its obligations with respect to a private project; ii) cover private lenders against all risks during a specific period of the financing term of debt for a public investment; iii) help to improve governments' access to capital markets in support of social, institutional, and structural policies and reforms.

IFC INVESTMENTS

Private sector options for financing, direct investment and guarantees provided by IFC.

Examples:

Investments to support the agribusiness sector - IFC provided a Euro 15.5 million loan to the Romanian financial institution Agricover Credit IFN in May 2017 to increase access to finance for farmers in Romania and support the country's important agribusiness sector. Agricover Credit IFN, part of Romania's Agricover Group, is the only financial institution in Romania focused exclusively on financing agriculture. The loan will support Agricover Credit's financing for small and medium enterprises (SMEs) in the agribusiness sector to increase their working capital, expand company portfolio and deepen market penetration. This is the second loan IFC has provided to Agricover Credit INF. In 2012, IFC provided a Euro 12.5 million loan to the company to increase access to finance for farmers. Agricover Credit offers both short-term working capital financing and medium-term investment loans to farmers who actively grow agricultural crops, produce dairy and livestock and are engaged in the agri-processing sector.

Investments to support women-owned or -managed SMEs - IFC provided a Euro 5.5 million loan in May 2017 to Garanti Leasing, part of the financial group Garanti Romania, to finance SMEs owned or managed by women. Following this investment, Garanti Leasing became the first leasing company in Romania directly financing women-owned or -managed SMEs. This is the third agreement signed by IFC with Garanti Group Romania targeting women entrepreneurs and improvements in access to finance. IFC previously provided long-term loans to Garanti Bank in 2011 (Euro 2.5 million) and 2014 (Euro 35 million) for lending to businesses in Romania owned or managed by women.



TRUST FUNDS

Example: Monitoring and Evaluation for Policymaking (2010-15) - The objective of this Institutional Development Fund was to build the institutional and human resources capacity of the Romanian Center of Government, part of the General Secretariat of the Government, to monitor and evaluate public policies. The project developed a framework to monitor and evaluate the strategy and policy implementation progress in the Ministry of Employment, Family and Social Protection and the Ministry of Regional Development and Public Administration.

CARBON FINANCING

Example: Afforestation of Degraded Agricultural Land Proto-Carbon Project (2004-20) - The focuses on reducing greenhouse gas concentrations through carbon sequestration. Through afforestation the project also aims to stabilize degraded sandy agricultural lands through the planting of Robinia sp. and Quercus sp., and other species, and environmental reconstruction of degraded lands in the lower Danube floodplain through planting of native broadleaf species, mostly Populus alba, Populus nigra and Salix sp. The project will also enable Romania to harness the carbon market to catalyze public and private investment flows and contribute to the transformation of the rural economy, from exploiting natural resources to acting as a steward of natural resources.

CONFERENCES

Description: In 2017 the World Bank Group organized over 30 public events that focused on raising awareness about road safety, addressing integrated nutrient pollution control, tax administration, and supporting Roma slavery research. The World Bank Group supported national-level dissemination of flagship economic reports covering a wide range of sectoral issues and engaged extensively with key stakeholders in the public and private sectors, academia and civil society actors, in supporting propagation of development solutions for Romania

Example:

Tax Administrators Exchange of Global Innovative Practices (TAXGIP) Conference, Bucharest, 2017

Senior tax administrators and tax policy officials from 26 countries in Europe and Central Asia, alongside experts from the World Bank, the Eurasian Economic Commission, the European Commission, the International Monetary Fund, and the Intra-European Organization of Tax Administrators (IOTA) met in Bucharest from May 31 - June 2, 2017. The meeting focused on best practices in Value Added Tax (VAT) policy and administration. The World Bank works with several countries in the Europe and Central Asia region on tax administration and domestic resource mobilization reforms. The World Bank finances tax modernization projects in Romania, Armenia, Tajikistan, Moldova, Kazakhstan and Russia. The Bank also has several engagements focused on delivering technical assistance on specific topics covering tax policy and tax administration.



IBRD's market presence and strong financial policies provide a solid foundation for offering clients a broad menu of financing options at highly competitive market-based terms.

IBRD FLEXIBLE LOAN

Borrowers benefit from long maturities (up to 35 years), transparent LIBOR-based pricing, built-in hedging products to manage financial risks over the life of the loan, and the ability to customize repayment schedules according to project needs or debt management requirements.

LOCAL CURRENCY LOANS

Through options embedded in the IBRD Flexible Loan borrowers have access to local currency at the time of disbursement.

FINANCING FOR SUBNATIONALS

After decentralization and other reforms, many local governments and public enterprises are unable to fill their investment gaps from market sources without multilateral support. The World Bank Group offers sub-nationals two options: IBRD financing and risk management products with a sovereign guarantee on the same terms as national governments, or financing without a sovereign guarantee on commercial terms through the joint IFC-World Bank Subnational Finance program.

CONTINGENT FINANCING

Provides flexibility to rapidly fund financing requirements due to an unexpected shortfall in resources. The IBRD Deferred Drawdown Option – or DDO – is a committed line of credit with similar pricing and the same built-in risk management features and flexibility as the IBRD Flexible Loan.

THE WORLD BANK GROUP – PROJECT CYCLE



1. The Bank and Government agree on initial project concept and identify expected project beneficiaries.

2. The implementing agency prepares project with Bank advice and support.

3. Government and Bank review the adequacy of the project preparation.

4. Government and Bank negotiate draft legal agreements Executive Directors confirm approval for Bank financing.

5. The implementing agency implements the project with WB support.

6. Government and Bank assess project outcomes and lessons learned during implementation.

THE WORLD BANK GROUP – ROMANIA PORTFOLIO

7
Active Projects

US\$2.037 billion
Total Amount

52.9%
Total Disbursement

Social Protection
US\$618 million

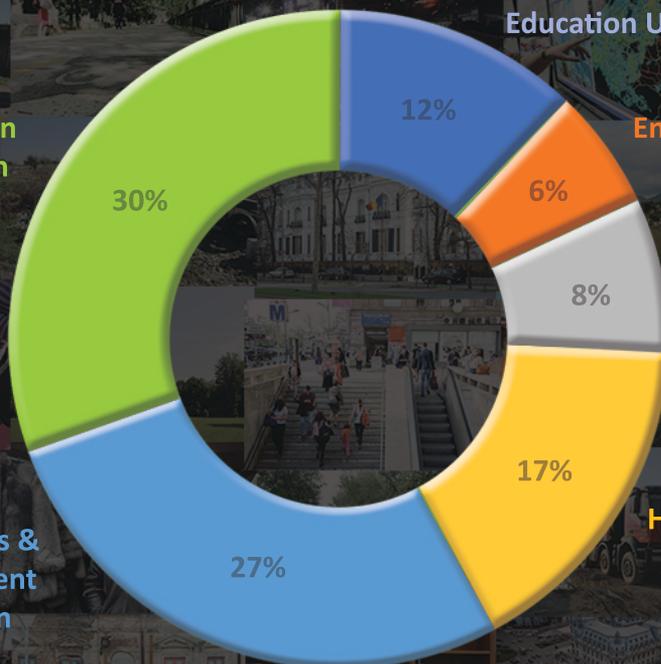
Macroeconomics & Fiscal Management
US\$558 million

Education US\$243 million

Environment US\$120 million

Governance US\$158 million

Health US\$338 million



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THE WORLD BANK

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