

Romania
Second Fiscal Effectiveness and Growth Development Policy Loan
Chair Summary*
December 15, 2016

Executive Directors approved the proposed loan in the amount of EUR 500 million (US\$ 558.3 million equivalent) to Romania for the Second Fiscal Effectiveness and Growth Development Policy Loan (DPL) on the terms and conditions set out in the President's Memorandum.

Directors expressed support for the operation, which aims to advance government's growth and social inclusion agenda in a post-crisis environment. They welcomed the focus of the operation on key structural reforms to: (i) strengthen fiscal management and the performance of state-owned enterprises (SOEs); (ii) improve the functioning of energy, property, and capital markets; and (iii) ensure that the programs better include the most vulnerable. Directors recognized that these objectives are aligned with the World Bank Group's CPF for Romania, in particular with regards to boosting growth and improving the efficiency of public spending. They welcomed that this operation leverages a combination of instruments, including a multi-disciplinary reimbursable advisory services program.

Directors noted that this second DPL builds on the lessons learned from the first operation; they recognized that it is an important instrument for the implementation of structural reforms for growth, crowding in private sector, institutional capacity building and climate change mitigation. Directors also took note of the political and macroeconomic risks to this operation, emphasized the importance of implementation and better monitoring to ensure sustainable results. Finally, Directors welcomed the complementarity and close collaboration with other partners, including IFC, IMF, and the European Commission.

* This summary is not an approved record