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# Sovereign Green Bond: Allocation Report

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JULY 2025  
GOVERNMENT OF ROMANIA

# Romania Sovereign Green Bond Allocation Report

*July 2025*

Prepared by

Inter-Ministerial Sustainable Finance Committee

Public Debt and Treasury Flows Management Department

Ministry of Finance, Romania

This document was prepared by the Government of Romania, through the Inter-Ministerial Sustainable Finance Committee (the “Committee”) established by Government Decision no. 547/2023, comprising representatives from:

- Ministry of Finance
- Ministry of the Environment, Waters and Forests
- Ministry of Transport and Infrastructure
- Ministry of Investments and European Projects
- Ministry of Economy, Digitization, Entrepreneurship and Tourism
- Ministry of Energy
- Ministry of Agriculture and Rural Development
- Ministry of Health
- Ministry of Labor, Family, Youth and Social Solidarity
- Ministry of Education and Research
- Ministry of Development, Public Works and Administration

The document was submitted and approved by the Inter-Ministerial Sustainable Finance Committee, represented by line ministries and coordinated by the Ministry of Finance

The Government of Romania’s (“Romania” or the “Government”) allocation and impact report was developed with technical assistance from the World Bank<sup>1</sup>.

The Government engaged S&P Global Ratings Europe Limited, to review the projects financed with proceeds from the sovereign green bonds and provide an assessment as to whether they meet the use of proceeds criteria and whether the Romania complied with the reporting commitments outlined in its sovereign green bond framework (the “Framework”).

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<sup>1</sup> The World Bank Group does not guarantee the accuracy, completeness, or timeliness of the data included in this report and does not assume responsibility for any errors, omissions, or discrepancies in the information, or liability with respect to the use of or failure to use the information, methods, processes, or conclusions set forth.

# Table of Contents

Sovereign Green Bond: Allocation Report .....	0
Table of Contents .....	2
ACRONYMS AND ABBREVIATIONS .....	3
EXECUTIVE SUMMARY .....	4
Awards and Recognition .....	7
Future Issuances .....	7
1. INTRODUCTION .....	8
2. DETAILS OF ISSUANCES AND SELECTION PROCESS OF THE BUDGET PROGRAMS AND ELEGIBLE PROJECTS.....	11
Governance process for allocation of proceeds.....	14
Environmental and Social Risk /Impact Management .....	15
3. ALLOCATION REPORT .....	16
3.1 Overview.....	16
3.2 Green Project Category Expenses.....	16
4. PROJECT HIGHLIGHTS - CASE STUDIES .....	20
ANNEXES .....	31
Annex 1. Amount allocated by budget program and ministry in the 1st and 2nd issuance (RON million) .....	31

# ACRONYMS AND ABBREVIATIONS

CO<sub>2</sub>e Carbon dioxide equivalent

EU European Union

ESG Environmental, social and governance

GBP Green Bond Principles

GHG Greenhouse gas

ICMA International Capital Markets Association

kWh Kilowatt-hour

LTS Long-term Strategies

NRRP National Recovery and Resilience Plan

SNDDR 2030 National Strategy for the Sustainable Development of Romania 2030

SDGs Sustainable Development Goals

RRF Recovery and Resilience Facility

IFI International Financial Institutions

# EXECUTIVE SUMMARY

The Government of Romania is pleased to present the first allocation report of its green bond issuances, fulfilling its commitment to transparency outlined in Romania's Sovereign Green Bond Framework<sup>2</sup> (the "Framework"). Both green bonds issued in 2024 are part of the broader efforts Romania is making to align its funding strategy with its commitment to the Paris Agreement, its environmental priorities, and the achievement of the UN SDGs. The issuances of the green bonds, and the Government's continued commitment on expenditures towards overcoming the challenges, showcases Romania's potential to be a leader in sustainable finance at a regional, European and international level.

The green bonds are enabling the financing of projects which consider the objectives and targets highlighted in the Framework. These objectives and targets are also reflected in the national government documents, including but not limited to: "National Strategy for Disaster Risk Reduction (2023-2035)", "Romania's Long Term Strategy (LTS) for reducing Greenhouse Gas Emissions", "National Forest Strategy 2022-2031"<sup>3</sup> and the "National Strategy for Sustainable Development 2030"

Romania's inaugural EUR 2 billion sovereign green bond was issued by the Ministry of Finance in February 2024, followed by a JPY 33 billion (EUR 200 million) sovereign samurai green bond in October 2024. Romania's green bond issuances have been integrated into its debt management profile and are in accordance with the Government Decision No.83<sup>4</sup> published on 9 February 2024 in the Official Gazette of Romania.

The inaugural green Eurobond issue ("**Delta**") with a maturity of 12 years attracted a volume of EUR 2 billion with a yield of 5.734% and an interest rate of 5.625% per annum, with a total demand of EUR 9 billion from more than 250 investors and pricing with a negative new issue concession (-15 bps), implying a greenium of 10 bps.

Romania's debut Samurai bond issuances ("**Makuake**") had purchase orders from investors totalling JPY 34.1 billion. 34 purchase orders were placed during the issue, of which approximately 31% of the issued value is held by public funds, 7% by pension funds, 10% by investment funds and approximately 50% by offshore investors. The transaction was undertaken in three tranches, comprising JPY 22 billion with a maturity of 3 years (yield of 2.10% per annum), JPY 3.6 billion with a maturity of 5 years (yield of 2.63 % per annum) and JPY 7.4 billion with a maturity of 7 years (yield of 3.14% per annum).

The net proceeds from these two green bond issuances ("**Delta**" and "**Makuake**"), which amounted to RON 10.85 billion (EUR 2.18 billion), have been fully allocated to eligible green project categories, as defined under the Framework. The allocation period covers budgetary expenditures from January 2021 to December 2024. The funds were directed towards five eligible green project categories, as described in Table 1.

The allocation report provides an overview of the allocated budgetary expenditures from January 2021 to December 2024 and the portfolio is accurate as of the date of the Allocation report release [...].

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<sup>2</sup> <https://mfinante.gov.ro/en/web/trezor/obligatiuni-verzi>

<sup>3</sup> <https://mmediu.ro/domenii/mediu/evaluare-impact/evaluare-de-mediu-pentru-strategii-planuri-programe/strategia-nationala-a-padurilor-2022-2031/>

<sup>4</sup> Government Decision No. 83 titled "*The framework related to the financing of projects that are intended to protect the environment and combat climate change*".

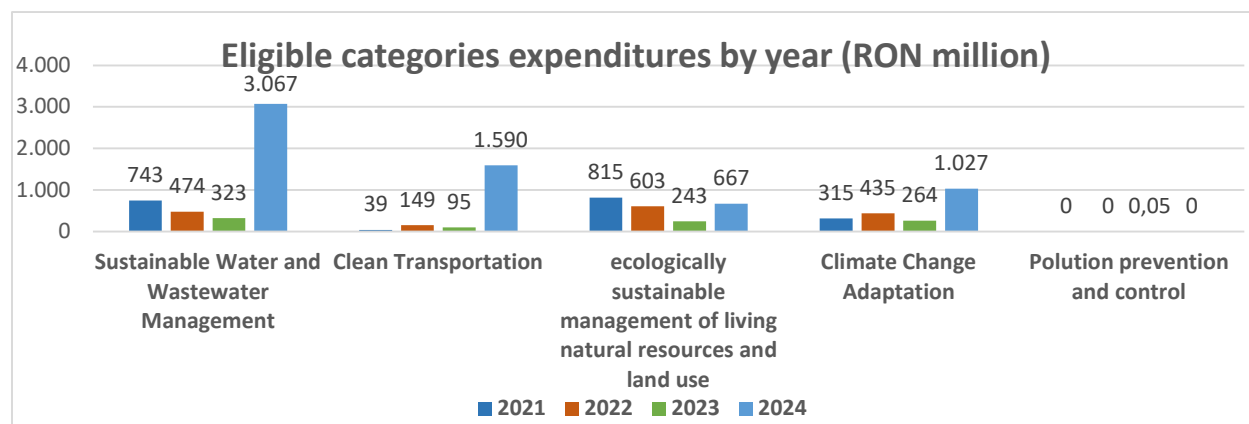
After the date of this report, in the event that a project/projects no longer meets the eligibility criteria as provided by the green bond framework, the Ministry of Finance will proceed to replace them, as there is an additional available pool of eligible projects in this regard.

**Table 1: Expenditures by Eligible Green Project Categories (RON)**

Eligible Green Project Category	Amount allocated per expense category (RON)	Amount allocated per expense category (EUR equivalent)
Clean transportation	1,873,335,055.00	376,617,891.68
Sustainable Water and Wastewater Management	4,607,190,967.00	926,236,096.38
Climate Change Adaptation	2,040,910,506.00	410,307,494.02
Environmentally Sustainable Management of Living Natural Resources and Land Use	2,328,511,811.00	468,127,261.41
Pollution prevention and control	51,660.00	10,385.80

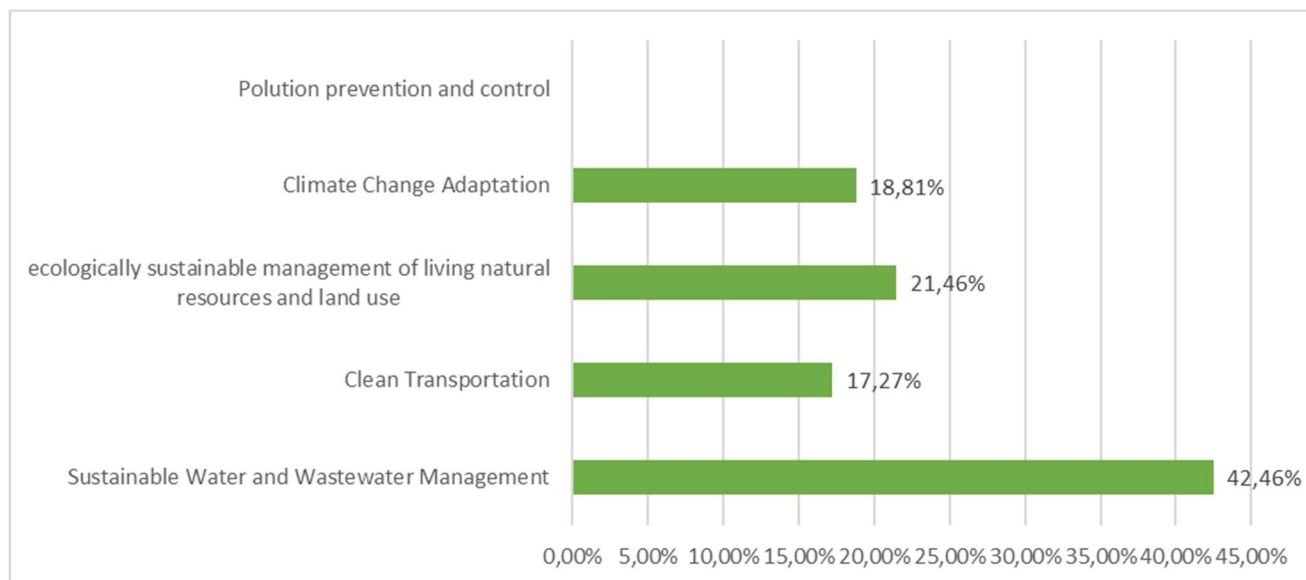
A breakdown of expenditures by eligible green project categories according to the fiscal calendar year has been provided below (Figure 1)

**Figure 1: Eligible green project categories expenditure by year (RON million)**

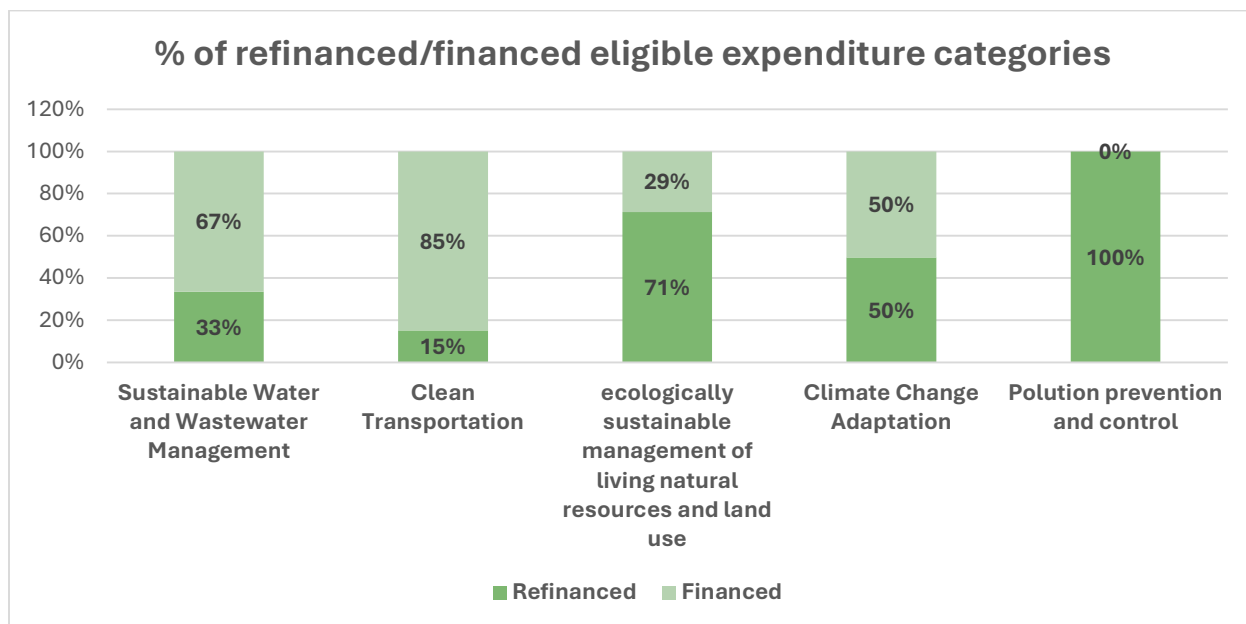


The charts below also indicates the split of the overall green bond proceeds across the eligible project categories (Figure 2) and the finance/ refinancing split across eligible green project categories (Figure 3).

**Figure 2: Percentage of expenditures by eligible green project categories (in %)**



**Figure 3: Percentage of refinanced/financed expenditures by eligible green project categories (%)**





The allocations prioritize sectors not extensively covered by other funding sources like the RRF and IFIs, which typically focus on renewable energy, energy efficiency, and green buildings.

All projects are subject to environmental impact assessment in accordance with Law no. 292/2018 which pertains to the assessment of the impact of public and private projects on the environment. The projects considered for allocation from the green bond proceeds underwent an appropriate assessment study on a case-by-case basis, in accordance with specific Romanian 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 in Romania.

#### Awards and Recognition

Romania's inaugural green bond received the "Top Deal" award from CMD Portal. The award recognized that Romania's Eurobond issuance was the largest issuance by a Central and Eastern European ("CEE") issuer, with a 4x orderbook oversubscription and 45% participation from socially responsible investors. The transaction's performance was considered by CMD Portal as noteworthy, having achieved the lowest level of new issue premium by a sovereign issuer in the CEE area since 2015 till the date of its issuance.

Romania's debut green samurai bond received the "Cross-border Yen Bond of the Year" award from DealWatch.

#### Future Issuances

The Government of Romania and the Ministry of Finance intend to maintain a constant presence on the international financial markets, including through future green bond issuances, and will maintain flexibility in timing of access, volume, and currency of issuance, accounting for the associated costs, risk considerations, as well as the evolution of demand from international and domestic investors.

# 1. INTRODUCTION

The Government of 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. 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 European Green Deal, to ensure policy coherence for sustainable development at the national level for Romania. Over the past three decades, Romania has made progress toward its climate goals. Its net domestic GHG emissions, including the land use, land use change and forestry sector, were 75.1 percent lower than 1990 levels.

To continue the momentum on the progress made, Romania intends to mobilize sustainable finance towards priority areas of investment and allocation, which will be critical to facilitate the transition to a low-carbon economy and advance the SDGs. The National Recovery and Resilience Plan (NRRP), 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.

The issuance of the inaugural green bond in February 2024 in the Eurobond format marked a milestone in Romania's sustainable finance agenda. A second transaction was issued in October 2024 in the Japanese bond market (Samurai bonds).

The process of allocating the amounts obtained from the two green issues, to projects considered eligible, was finalized by the decision of the Inter Ministerial Committee (the Committee) established by Government Decision No. 547/2023 of June 2023 and in accordance with the Romanian Sovereign Green Bond Framework (the "Framework") published on the website<sup>5</sup>.

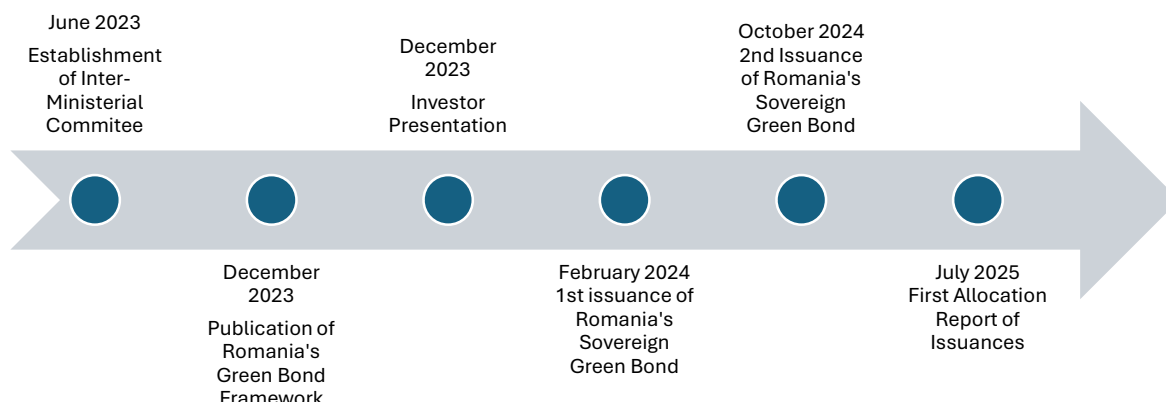
The publication of the first allocation report fulfils the obligations set out in the Framework, providing transparency on the results achieved in both the first and second issuance (Figure 4). A comprehensive impact report will be released subsequently, detailing environmental benefits and estimated impact metrics derived from the projects. The impact report is being developed to ensure accuracy and will be made publicly available, reinforcing the commitment to sustainable finance and accountability. The report is aligned with the recommendations of the Harmonized Framework for Impact Reporting administered by the International Capital Markets Association (ICMA) and published in June 2024<sup>6</sup>

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<sup>5</sup> <https://mfinante.gov.ro/en/web/trezor/obligatiuni-verzi>

<sup>6</sup> ICMA [Handbook - Harmonized Framework for Impact Reporting \(June 2024\)](#)

**Figure 4: Timeline of Romania's Sovereign Green Bond Program**



Source: Government of Romania

The Framework, published in December 2023, guides the issuance of sovereign debt instruments backed by budgetary expenses that directly contribute to promoting the country's climate and sustainable development goals. The Framework outlines Romania's key public policies and commitments to climate and sustainable development, its alignment with international market practices, the categories of eligible expenses related to social and/or environmental benefits, the process of evaluating and selecting eligible expenses, the management of resources and the best practices on transparency and impacts generated. The document was externally verified by S&P Global Ratings, which issued a Second Party Opinion (SPO)<sup>7</sup> regarding the environmental benefits of the Framework and its alignment with international standards and market principles.

The first issuance, carried out in February 2024, had an issued amount of EUR 2 billion with a 12-year maturity at a reoffer yield of 5.734% and a coupon of 5.625%. The proceeds obtained from this issuance were settled on 22<sup>nd</sup> of February 2024. The Eurobond was oversubscribed more than four times, benefiting from a very diversified investment base both geographically and from the perspective of the types of investors. The execution strategy allowed the cost of the new tranches to be reduced compared to the announced level, in line with the increase of the order book, leading to the initial indicative yields being reduced by 45 basis points for the 12-year maturity.

The Government of Romania subsequently issued its first JPY-denominated green bond (a Samurai green bond) on October 4, 2024. The JPY 33 billion (EUR 200 million equivalent) was undertaken in three tranches, comprising ¥ 22 billion with a maturity of 3 years (yield of 2.10% per annum), ¥ 3.6 billion with a maturity of 5 years (yield of 2.63 % per annum) and ¥7.4 billion with a maturity of 7 years (yield of 3.14% per annum). This subsequent issuance further diversified Romania's investor base, while addressing the interest of Japanese investors in sustainable investments in Romania.

The Green Bond Issuances were facilitated through Government Decision no. 353/2023. This decision enabled the application of the Government Emergency Ordinance no. 64/2007 regarding public debt, approved with amendments by Law no. 109/2008, with subsequent amendments and additions, to accommodate provisions allowing it to issue green bonds in international markets and hire external reviewers to fulfil related market requirements. The decisions also allow the Government of Romania to issue social, sustainability or sustainability-linked bonds in the future.

<sup>7</sup> S&P Global Ratings (2023) - <https://mfinante.gov.ro/en/web/trezor/obligatiuni-verzi>

The next section of this report reviews the two issuances and the process of evaluating and selecting eligible green projects according to commitments stated the Framework. Subsequently, the allocation report section presents details of the allocation by expense category. As stated earlier, the impact report, which will provide a non-exhaustive list of indicators by categories of eligible expenditures as reported in the allocation report, will be released separately at a later date.

## 2. DETAILS OF ISSUANCES AND SELECTION PROCESS OF THE BUDGET PROGRAMS AND ELEGIBLE PROJECTS

Since the publication of Romania's Green Bond Framework (The "Framework") in December 2023, the Government of Romania has issued a total of RON 10.953 billion equivalent in the international market through two green bonds, the first issued in Euros ("Delta") and the second issued in Japanese yen ("Makuake"). These green bond issuances aligned with best practices for the use and management of the proceeds associated with the issuance, as outlined in the Framework. An overview of the issuances can be found in Table 2, highlighting the net proceeds available for allocations to eligible green projects.

**Table 2: Green Bonds Issuance - An Overview**

	1 <sup>st</sup> ISSUANCE Delta	2 <sup>nd</sup> ISSUANCE Makuake		
Issuance date	Feb 2024	Oct 24		
Maturity	Feb 2036	Oct 27	Oct 29	Oct 31
CUSIP/ ISIN	Reg S: XS2770921315 144A: XS2771480139	JP564200AQA4	JP564200BQA2	JP564200CQA0
Coupon	5.625%	2.10%	2.63%	3.14%
Yield rate	5.734%	2.10%	2.63%	3.14%
Amount issued (currency million)	EUR 2,000	JPY 22,000	JPY 3,600	JPY 7,400
Net proceeds from issuance	EUR 1,979.46	JPY 32,928.48		
Exchange rate (EUR/RON and 100 JPY/RON)	4.9741	3.0457		
Net proceeds from issuance (RON million)	9,846.03	1,002.9		

Transparency in the allocation of the net proceeds and the impacts generated is an essential element related to the issuance of green bonds. The Government of Romania is fulfilling its commitment, as set out in its Framework, to prepare and publish an allocation and impact report to investors and stakeholders on an annual basis. For the allocation of proceeds, the report includes 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

While the first issuance was issued more than one year ago, and the second bond issued less than a year ago, this report consolidates allocation information from both operations, detailing the individualized allocation for each reported green sovereign bond. The timing of the publication at the end of July aims to adhere to best reporting practices and enhance transparency. For subsequent reporting and issuances, future reports will also be unified for both issuances and any subsequent ones, maintaining an annual reporting schedule.

The Government of Romania's issuances in the international market of green bonds, conducted in February 2024 and October 2024, indicated estimated amounts of use of proceeds to be allocated across project categories, as disclosed in the investor presentation published in December 2023.

The funds obtained from the 2 issues were allocated exclusively to the financing and refinancing of eligible green projects identified by the line ministries. Any eligible green project financed and/or refinanced by another dedicated source or by another government agency will be excluded to ensure adequate oversight and to avoid double counting.

Under the Framework, the Government of Romania committed to allocate an amount equivalent to the net proceeds of each issuance across eight categories of eligible green expenses (Table 3), adhering to the use of proceeds criteria<sup>8</sup>.

**Table 3: Eligible categories under Romania's Green Bond Framework**

Eligible project categories	Environmental Objective	UN SDG
Renewable Energy	Climate Mitigation	7 (include icons)
Energy Efficiency	Climate Mitigation	7, 9
Pollution Prevention and Control	Pollution Prevention and Control Transition to a Circular Economy	12
Clean Transportation	Climate Change Mitigation Pollution Prevention and Control	11
Sustainable Water and Wastewater Management	Sustainable Use and Protection of Water and Marine Resources	6, 11
Climate Change Adaptation	Climate Change Adaptation	13
Green Buildings	Climate Change Mitigation Climate Change Adaptation	11
Environmentally Sustainable Management of Living Natural Resources and Land Use	Protection and Restoration of Biodiversity and Ecosystems	15

The Public Debt and Treasury Flows Management Department within the Ministry of Finance is 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).

For any projects to which funds were allocated are removed from the portfolio, Romania will strive to find suitable replacements on a best-effort basis within 12-24 months. Pending full allocation, the Public Debt and Treasury Flows Management Department will manage the unallocated proceeds of green bonds

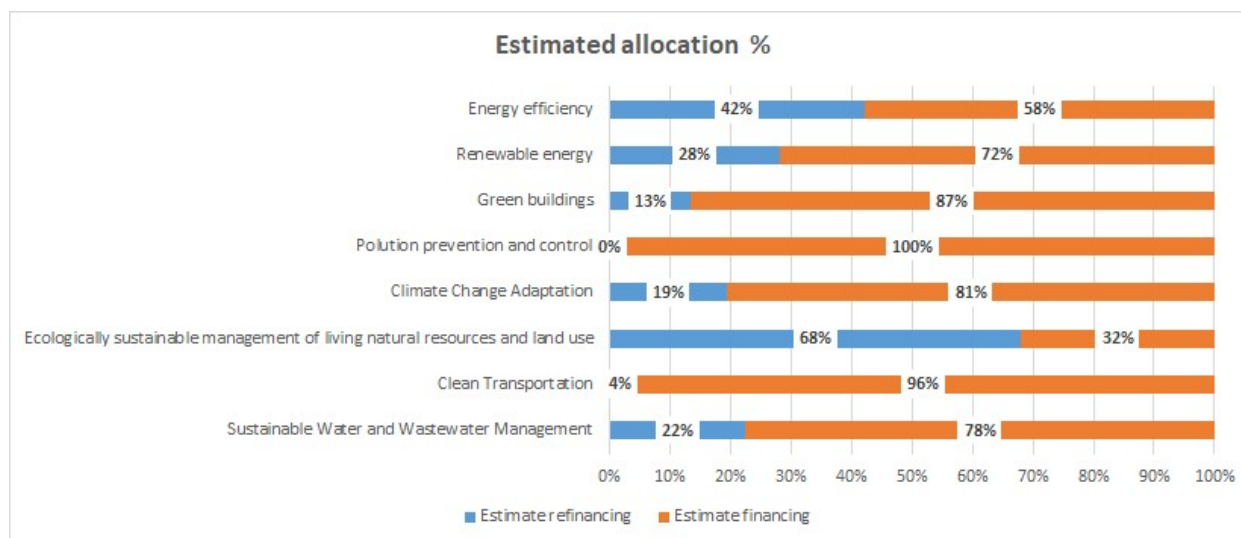
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<sup>8</sup> Additionally, the Framework mentions **seven project activities** that classify certain projects that will not be considered as Eligible Green Projects and will be excluded from being allocated to from the net proceeds of the Sovereign Green Bonds Issued. This has also been adhered to.

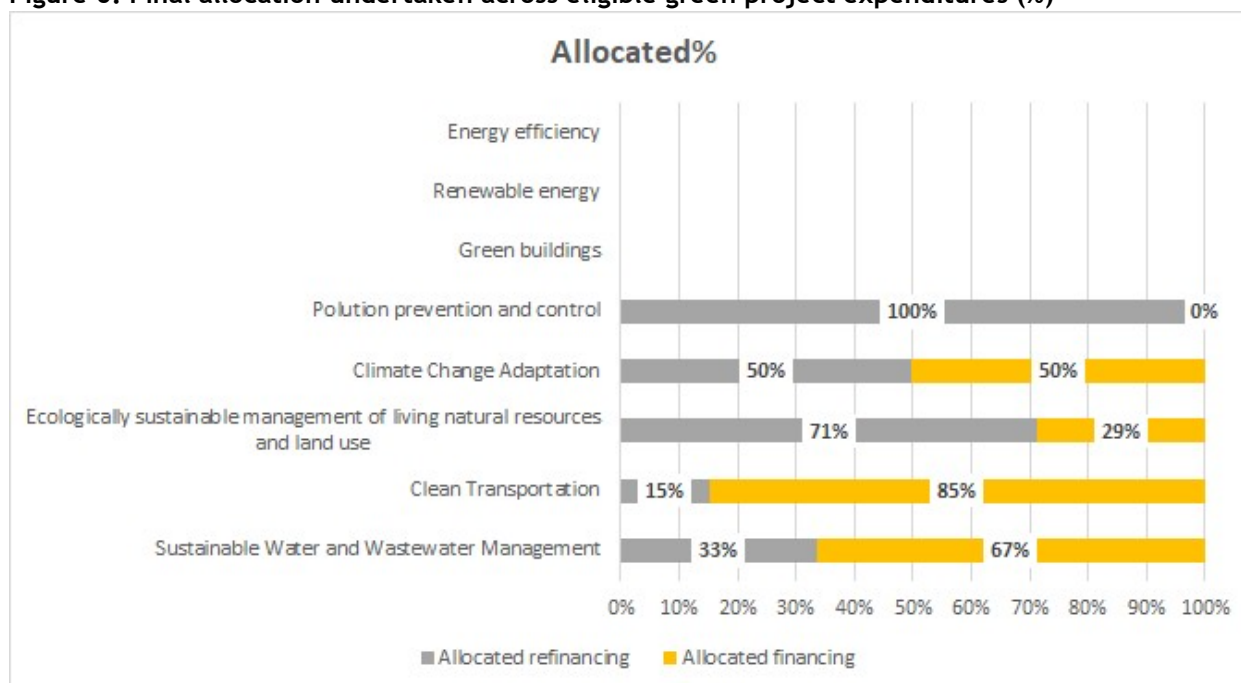
according to prudential liquidity policies appropriate to a sovereign such as Romania. Unallocated funds will not be invested in any of the activities in the Framework's exclusion list.

At the Inter-Ministerial Committee meeting on 20 January 2025 the line ministries finalized the selection of eligible green expenditures totalling RON 11.921 million. The final project allocation (Figure 6) varies from the preliminary estimates published in December 2023 (Figure 5). This difference was due to the committee's efforts in selecting projects which were ready to receive the funds.

**Figure 5: Preliminary estimates of the allocation across eligible green project expenditures (%)**



**Figure 6: Final allocation undertaken across eligible green project expenditures (%)**



On 04 May 2025, the Inter-Ministerial Committee approved the allocation report. Proceeds from the two green bonds (Delta and Makuake), were allocated to the following categories: clean transportation, Environmentally Sustainable Management of Living Natural Resources and Land Use, Climate Change Adaptation, Sustainable Water and Wastewater Management and Pollution Prevention and Control.

#### Governance process for allocation of proceeds

The Government of Romania published its allocation through the Inter-Ministerial Sustainable Finance Committee, established by Government Decision no. 547/2023 and responsible for the governance, oversight, evaluation, and selection of projects/expenditures intended to protect the environment and combat climate change. The Committee oversaw and approved 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 is led by the Vice President, represented by the Secretary of State within the Ministry of Finance, coordinator of the Public Debt and Treasury Flows Management Department. Committee members are represented by the State Secretary or management staff up to the level of head of department.

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.

To define the budget programs to be reported, the line ministries present to the Committee the budget lines they consider compliant with the Framework for evaluation. From this, the Committee monitored the budget execution of these selected lines from the line ministries. This process is ensured that the budget programs reported as backing for the bonds are eligible and impactful.

Thus, the preparation and publication of this report were the responsibility of the Committee, which approved the allocations as eligible under the Framework.



The Ministries identified and compiled a list of potential green expenditures/projects based on the eligibility criteria set out in the framework 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 included metrics to best define their environmental impact. The Committee evaluated the submitted projects on a quarterly basis in alignment with the Framework. Public Debt and Treasury Flows Management Department in the Ministry of Finance tracked the projects with input from the Inter-Ministerial Committee, other relevant Government departments, and line ministries expenses related to the projects.

### Environmental and Social Risk /Impact Management

All projects are subject to environmental impact assessment in accordance with Law no. 292/2018, which pertains to 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.

## 3. ALLOCATION REPORT

### 3.1 Overview

This section provides details on the allocation of proceeds from the first and second green bond issuances of Romania, issued in February 2024 and October 2024 respectively. The period covered for the allocation from the budgetary expenses is from January 2021 to December 2024, covering the financial years 2021, 2022, 2023, and 2024. This section also outlines the amounts allocated by issuance, by current/future expenses and recent expenses, by the nature of expense and by expense category (green project categories), ensuring compliance with the Framework. The ministries responsible for executing the expenses, which were represented in the Committee, provided and verified the detailed granular information provided on the activity categories and budgetary actions.

### 3.2 Green Project Category Expenses

A total of RON 10.85 billion from the budgetary expenditures of the financial year 2021, 2022, 2023 and 2024 was allocated to eligible expenses from the two green bond issuances conducted by the Public Debt and Treasury Flows Management Department of the Ministry of Finance<sup>9</sup>. Of this total, RON 9,846.03 billion is associated with the Green **Delta** Project, corresponding to 100% (all of the amount was allocated) of the overall net proceeds available from the first green bond issuance. The amount RON 1,002.9 billion is associated with the **Makuake** Project, corresponding to 100 % of the net proceeds raised from this second issuance (Table 4)

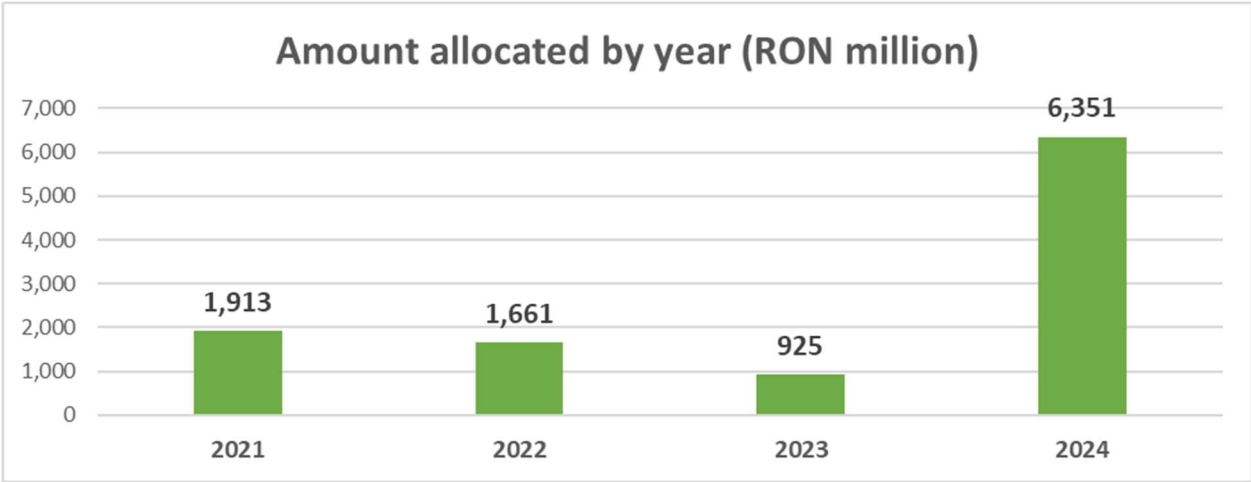
**Table 4: Summary of Allocation of Proceeds from Bond Issuances (RON billion and %)**

	1 <sup>st</sup> ISSUANCE -Delta Project		2 <sup>nd</sup> ISSUANCE - Makuake Project	
	RON billion	% of the net proceeds from issuance	RON billion	% of the net proceeds from issuance
<b>Allocated</b>	<b>9,846.03</b>	<b>100.0 %</b>	<b>1,002.9</b>	<b>100,0%</b>
<b>Available proceeds from issuance</b>	<b>9,846.03</b>	<b>100.0%</b>	<b>1,002.9</b>	<b>100.0%</b>

Figure 7 represents a breakdown distribution by years (2021, 2022, 2023 and 2024) of the amount of RON 10.85 billion from the budgetary expenditures. The rationale of this breakdown discussed and agreed by the Committee was to use the proceeds to allocate to all identified eligible budgetary expenses from 2021 and 2022 and 2024 and just partially to those identified for 2023 in order to limit the share of the proceeds used for refinancing. The eligible expenses still available after this allocation for 2023 will be used for allocation of proceeds obtained from future green bonds issues according to the Green Bond Framework

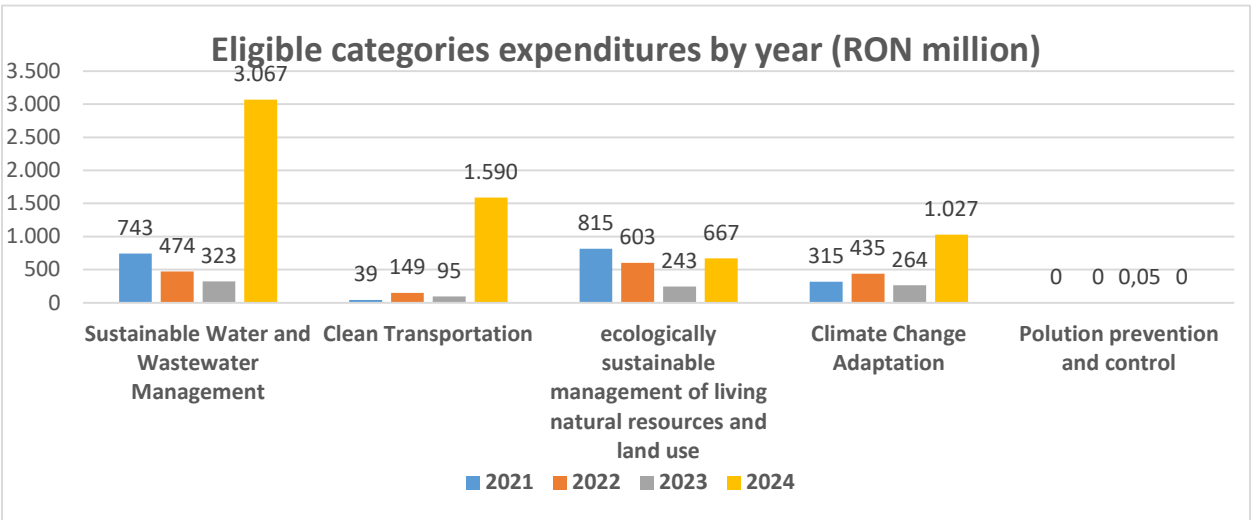
<sup>9</sup> Although the issuances were made in Euros (EUR) and Japanese Yen (JPY), the amounts have been reported in this report considering the expenses incurred in Romanian Leu (RON), and in accordance with the disclosed amount presented in Table 5.

Figure 7: Breakdown of allocations by year (RON million)



The main sectors financed through green Eurobond issuances are those that had the highest impact in terms of environmental protection, respectively sustainable water and wastewater management, clean transportation, ecologically sustainable management of living natural resources and climate change adaptation. Moreover, considering the projects financed through RRF and IFI's which mainly finance projects from renewable energy, energy efficiency and green buildings sectors the amounts allocated from these two issuances were directed mainly to sectors that do not benefit from funding from these other sources.

Figure 8: Breakdown of allocation by eligible categories

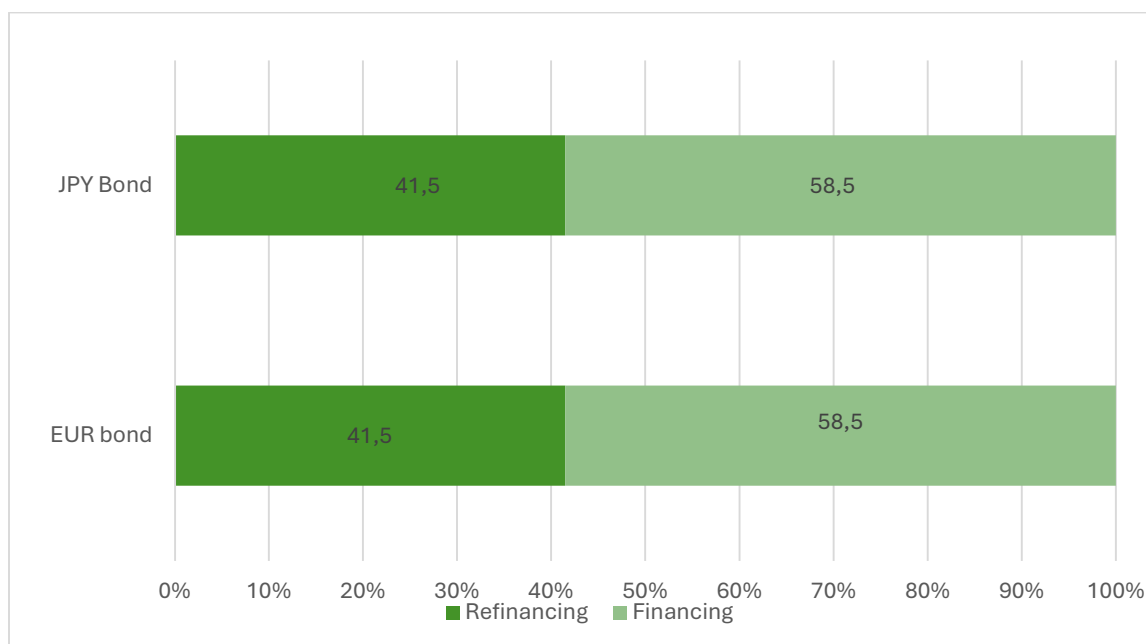


**Table 5: Total expenditures related to green bond projects in 2021-2024 (RON)**

	2021 (RON)	2022 (RON)	2023 (RON)	2024 (RON)	TOTAL (RON)	TOTAL (EUR equivalent)
<b>Sustainable Water and Wastewater Management</b>	743,277,311	473,529,412	323,157,353	3,067,226,891	4,607,190,967	926,236,096
<b>Clean Transportation</b>	39,381,931	149,186,704	94,644,703	1,590,121,717	1,873,335,055	376,617,892
<b>Ecologically sustainable management of living natural resources and land use</b>	815,114,802	602,861,006	243,202,764	667,333,239	2,328,511,811	468,127,261
<b>Climate Change Adaptation</b>	315,295,713	435,253,489	263,788,426	1,026,572,878	2,040,910,506	410,307,494
<b>Polution prevention and control</b>	0	0	51,660	0	51,660	10,386
<b>TOTAL</b>	<b>1,913,069,757</b>	<b>1,660,830,611</b>	<b>924,844,907</b>	<b>6,351,254,725</b>	<b>10,850,000,000</b>	<b>2,181,299,129</b>

The total amount of green expenses incurred during the period 2021 - 2024 was RON 11.92 billion, of which the amount of RON 10.85 billion is allocated through this allocation report. The difference will be allocated from the net proceeds of future green bond issues.

**Figure 9: Share of financing and refinancing proceeds for each bond issuance**



None of the reported programs from the budget included other funding sources other than budgetary resources.

In accordance with the "Use of Proceeds" section of the framework, Annex 1 (excel file) provides further details on the eligible green project expenditures, detailing the total reported amounts and percentages by category. Against the eight eligible project categories, allocation was undertaken for only five project categories in this report. The approach taken here has been a portfolio approach, where proceeds from both the first and the second bond issuance has been combined to highlight expenditures across all project categories.

#### 4. PROJECT HIGHLIGHTS - CASE STUDIES

##### Ministry of Development, Public Works and Administration

##### Examples of water supply and wastewater projects

The project aiming to establish a sewer system and waste water treatment plant in the town Berbești, county Vâlcea (*Înființare rețea de canalizare și stație de epurare în Orașul Berbești, județul Vâlcea*), financed from the Anghel Saligny investment programme, consists of: sewerage networks and discharge pipes from pumping stations, undercrossings of the county road and of the local rivers, streams and water drains, sewerage connections for households. Household wastewater from Berbești and its constituent localities will be collected by the sewerage network and transported to the treatment plant, with a debit of 800 m<sup>3</sup> / day, where after treatment it will be discharged into the Tărăia stream. The sewerage network built is 15,489 m long and 543 sewerage connections for households were made. The total value of the investment (including VAT) was 29,381,484 lei, out of which 28,880,471 lei were financed by the Ministry of Development, Public Works and Administration. The investment was finalized recently, as the final reception of the works was made on the 18<sup>th</sup> of December 2024. Berbești Town has delegated the management of the water supply and sewerage service to the delegated operator SC Gospodărire Locală Berbești SRL, according to the local council decision no. 40 of 10<sup>th</sup> of March 2025.



The project aiming to extend and modernize the waste water treatment plant in the commune Ștefăneștii de Jos, Ilfov county (*Lucrări de extindere și modernizare stație de epurare ape uzate în comuna Ștefăneștii de Jos, județul Ilfov*), aims to fully modernise the technological flow and extend the treatment capacity to a total of 10,500 population equivalent. The outfall for the treated water is the Boltașu Accumulation Lake on the Pasărea River. The average debit is 1,200 m<sup>3</sup>/day, with a maximum debit of around 160 m<sup>3</sup>/hour.



The wastewater treatment plant is organised on two major technological lines:

- Water line: mechanical treatment (gratings, pumping station, degreasing), biological treatment (activated sludge tanks, secondary settling tanks, aeration system) and tertiary treatment with UV disinfection.
- Sludge line: includes storage, mechanical dewatering and lime stabilisation with supernatant recirculation.

The installations are automated and monitored by SCADA system. The equipment is designed to run in parallel, providing operational redundancy and flexibility in operation. The total value of the investment (including VAT) was 25,506,426 lei, out of which 13,306,328 lei were financed by the Ministry of Development, Public Works and Administration.



The project works are in an advanced state and will likely be finalized in 2025.

### **Example of cycling lane investments**

Among the I1.4 investment projects on the provision of infrastructure for green transport - bicycle (and other light vehicles) lanes at local and metropolitan level, there is the project for the construction of a bicycle lane with a lane width of 1.5 m, totalling 5.87 km, in the municipality of Țuțora in Iasi County.

The cycle path connects points of local interest such as the local dispensary, the Țuțora school, the town hall and the local church. The long-term aim of the project is to reduce the amount of GHG emissions in the municipality. Also, increasing the number of bicycle users is a clear objective of the investment, while also aiming to reduce the volume of car traffic in the commune.

The cycle path infrastructure involves concrete paving slabs, markings over existing asphalt, side roads, property accesses, utility manholes).

The contract came into effect on the 22nd of December 2022 and had an implementation period of 40 months. The works have been completed, and the bicycle lane was accepted on the 29<sup>th</sup> of January 2025.



## II. Ministry of Agriculture and Rural Development

### Rural Investment Financing Agency (AFIR)

As regards the interventions financed by the EAFRD, contained in the Allocation Report, namely: DR01, DR06, DR09, DR10 and DR11, the support granted aims at compensating farmers, in whole or in part, for additional costs and income foregone related to natural or other specific constraints in the area concerned, thus reducing the risk of abandonment of (higher) agricultural activities in these areas. Additional costs and income foregone shall be calculated, in respect of areas with natural or other specific constraints, in comparison with areas not affected by natural or other specific constraints.



In addition, intervention support is intended to encourage the continuation of agricultural activities in those areas, together with compliance with conditionality standards. Thus, it is ensured that at least some minimum maintenance activities of agricultural land with a beneficial impact on soil protection are maintained. In areas identified as affected by natural or other specific constraints it is important to maintain the environmental balance established between farming practices and natural conditions. The continuation of agricultural activity in these areas also plays an important role in preserving environmental factors (biodiversity, soil, water, air), including in maintaining traditional landscapes, and can serve as a basis for economic development through rural tourism.

The contribution of this intervention is essential for the creation of a fully functional system that can meet the objective of maintaining the quality of the environment and, implicitly, of the rural area.

Therefore, for these interventions it is not possible to talk about a specific project but about some measures applied at national level, which contribute and support the achievement of climate and environmental objectives, as follows:

- **DR-01 - Agri-environment-climate on permanent grassland**

Intervention DR-01 - Agri-environment-climate on permanent grassland aims to continue the efforts made in the previous programming periods for the large-scale application of general extensive farming methods that meet the specific conservation needs of a wide spectrum of species or habitats (e.g. those found in the HNV area). Also, in areas representative of certain biodiversity elements (e.g. butterfly or wild bird species), the intervention proposes some commitments adapted to the ethological specificity, to ensure the achievement of the proposed objectives. In addition, some types of commitments proposed will ensure better management of natural resources in the context of the risks associated with agricultural activities.

The intervention shall contribute to achieving the following objectives<sup>10</sup> of the European Union:

-SO4 Contribute to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and improving carbon sequestration, as well as promoting sustainable energy;

-SO5 Promoting sustainable development and efficient management of natural resources such as water, soil and air, including by reducing chemical dependence;

-SO6 Contributing to halting and reversing biodiversity loss, enhancing ecosystem services and preserving habitats and landscapes

The result indicators of this intervention are as follows:

-R.14 Share of utilised agricultural area (UAA) under supported commitments to reduce emissions or maintain or improve carbon storage (including permanent grassland, permanent crops with permanent green cover, agricultural land in wetlands and peatlands)

-R.20 Share of utilised agricultural area (UAA) under supported commitments to reduce ammonia emissions

R.21 Share of utilised agricultural area (UAA) under supported commitments for the quality of water bodies

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<sup>10</sup> Established by Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013

-R.22 Share of utilised agricultural area (UAA) under supported commitments related to improved nutrient management

-R.24 Share of utilised agricultural area (UAA) under supported specific commitments leading to a sustainable use of pesticides to reduce risks and impacts of pesticides, such as pesticide leakage

-R.31 Share of utilised agricultural area (UAA) under supported commitments supporting biodiversity conservation or restoration, including high nature value farming practices

-R.33 Share of total Natura 2000 area under supported commitments

With a view to contributing to SO4 (contributing to climate change mitigation and adaptation, including by reducing greenhouse gas emissions and increasing carbon sequestration capacity, as well as promoting sustainable energy), SO5 (promoting sustainable development and efficient management of natural resources such as water, soil and air, including by reducing dependence on chemicals) and SO6 (contributing to halting and reversing biodiversity loss, improving ecosystem services and preserving habitats and landscapes), the intervention aims at encouraging landowners to adopt or maintain extensive practices of maintaining High Nature Value (HNV) areas, areas important for wild bird and butterfly species, agricultural practices based on input reduction, water protection (to reduce nitrate pollution from agriculture) or climate change adaptation, reducing the risk of agricultural intensification in selected areas and possible conversion of High Nature Value land or grasslands important for birds or butterflies in arable or intensively used land.

This aims to achieve the objective that biodiversity recovery by 2030 benefits people, the planet, the climate and the economy of the EU 2030 Strategy, also in convergence with the 2030 Agenda for Sustainable Development and the objectives of the Paris Agreement on climate change. The proposed intervention also aims at contributing to the objectives set by the EU Farm to Fork Strategy to reduce the use of pesticides and fertilisers.

## **DR-06 - Animal Welfare**

Animal welfare intervention may be applied in all holdings rearing and exploiting poultry and pigs authorised for veterinary health purposes on the territory of Romania.

The Animal Welfare intervention aims to stimulate the application of higher animal welfare standards in pig and poultry farms, which go beyond the mandatory minimum standards, responding to food safety and food quality needs by improving animal health following the adaptation of feeding, watering and housing conditions. This ensures the health of the population, responding to consumers' interest in pigmeat and poultry products raised under higher welfare conditions, against the background of their current preference for a higher quality of these products.

**The intervention shall contribute to achieving the following objectives<sup>11</sup> of the European Union:**

SO9 Improving the response of EU agriculture to societal demands on food and health, including high-quality, safe, nutritious and sustainably produced food, reducing food waste, as well as improving animal welfare and combating antimicrobial resistances.

The result indicators of this intervention are as follows:

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<sup>11</sup> Established by Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013

-R.43 Share of livestock units (LU) covered by supported actions to limit the use of antimicrobials (prevention/reduction)

-R.44 Share of livestock units (LU) covered by supported actions to improve animal welfare

The impact on animal health and welfare resulting from the application of higher welfare standards relates to issues aimed at reducing the incidence of disease and mortality on farms, decreasing the incidence of fighting for food correlated with the reduction of cases of abnormal behaviour and traumatic injuries, decreasing the incidence of the use of medicines, vaccinations and other types of medication, which ultimately leads to improved production and reproduction performance, improved food safety and public health, but also improved environmental factors (resulting from the reduction of water pollution and gas emissions).

#### **DR-09 - Areas affected by natural constraints - Mountain Area**

The support granted by this intervention aims at economic compensation of the disadvantages faced by farmers in carrying out agricultural activities, related to the low production capacity of agricultural land and the additional costs involved in maintaining agricultural activities in these areas, thus reducing the risk of abandonment of agricultural activities (higher in these areas). By encouraging the continuation of agricultural activities in these areas, together with the application of eco-conditionality standards, it is ensured that at least minimum maintenance activities of agricultural land with a beneficial impact on soil protection are maintained.

**The intervention shall contribute to achieving the following objectives<sup>12</sup> of the European Union:**

-SO1 Support reliable farm incomes and resilience of the agricultural sector across the Union to enhance long-term food security and agricultural diversity, as well as to ensure the economic sustainability of agricultural production in the Union

-SO6 Contributing to halting and reversing biodiversity loss, enhancing ecosystem services and preserving habitats and landscapes

The result indicators of this intervention are as follows:

- R.4 Share of utilised agricultural area (UAA) covered by income support subject to conditionality

- R.7 Percentage of additional support per hectare in areas with higher needs (compared to average)

Support under this intervention aims to compensate farmers for all or part of the additional costs and income foregone related to the natural or other specific constraints in the area concerned, thereby reducing the (higher) risk of abandonment of farming activities in these areas. Additional costs and income foregone shall be calculated, in respect of areas with natural or other specific constraints, in comparison with areas not affected by natural or other specific constraints.

In addition, intervention support will encourage the continuation of agricultural activities in these areas, together with the application of conditionality standards. Thus, it is ensured that at least some minimum maintenance activities of agricultural land with a beneficial impact on soil protection are maintained. In mountain areas it is important to maintain the environmental balance established between farming practices and natural conditions.

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<sup>12</sup> Established by Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013

#### DR-10 - Areas affected by significant natural constraints

In Romania, the main biophysical factor leading to the emergence of areas with natural constraints is the climatic one, linked to the occurrence of drought. There are also other areas characterised by a number of soil features (clay or sandy soils - leading either to stagnation or very rapid drainage of water), climate (low temperatures), etc. The identification and designation of areas other than mountainous areas facing significant natural constraints is based on the analysis of bio-physical criteria, both in terms of intensity (thresholds) and in terms of expansion (share of utilised agricultural area).

Areas affected by natural constraints have a significant share of 50.02%, which have unfavourable environmental characteristics, as a result of the existence of bio-physical factors (climatic, edaphic, relief) that limit the usual agricultural activity by obtaining low yields, shortening the vegetation period, increasing production costs, etc.

**The intervention shall contribute to achieving the following objectives<sup>13</sup> of the European Union:**

-SO1 Support reliable farm incomes and resilience of the agricultural sector across the Union to enhance long-term food security and agricultural diversity, as well as to ensure the economic sustainability of agricultural production in the Union

-SO6 Contributing to halting and reversing biodiversity loss, enhancing ecosystem services and preserving habitats and landscapes

The result indicators of this intervention are as follows:

-R.4 Share of utilised agricultural area (UAA) covered by income support subject to conditionality RO 783 RO

-R.7 Percentage of additional support per hectare in areas with higher needs (compared to average)

#### DR-11 - Areas affected by specific natural constraints

Large areas of Romania have natural limitations of agricultural productivity leading to low agricultural yields, which are due to climatic and biophysical conditions unfavourable to the optimal performance of agricultural activities. These areas can be found especially in the area of the Carpathian Mountains and the Danube Delta, as well as in other areas with specificities of climate, soil or land conditions. At the same time, a large part of these areas is usually also associated with a high biodiversity value but are threatened by the phenomenon of abandonment of agricultural activities, a phenomenon that can affect both the viability of rural areas and local environmental factors (biodiversity, soil or landscapes).

**The intervention shall contribute to achieving the following objectives<sup>14</sup> of the European Union:**

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<sup>13</sup> Established by Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013

<sup>14</sup> Established by Regulation (EU) 2021/2115 of the European Parliament and of the Council of 2 December 2021 establishing rules on support for strategic plans to be drawn up by Member States under the common agricultural policy (CAP Strategic Plans) and financed by the European Agricultural Guarantee Fund (EAGF) and by the European Agricultural Fund for Rural Development (EAFRD) and repealing Regulations (EU) No 1305/2013 and (EU) No 1307/2013



-SO1 Support reliable farm incomes and resilience of the agricultural sector across the Union to enhance long-term food security and agricultural diversity, as well as to ensure the economic sustainability of agricultural production in the Union

-SO6 Contribute to halting and reversing biodiversity loss, improving ecosystem services and preserving habitats and landscapes.

The result indicators of this intervention are as follows:

-R.4 Share of utilised agricultural area (UAA) covered by income support subject to conditionality

-R.7 Percentage of additional support per hectare in areas with higher needs (compared to average)

### III. Ministry of Transport and infrastructure

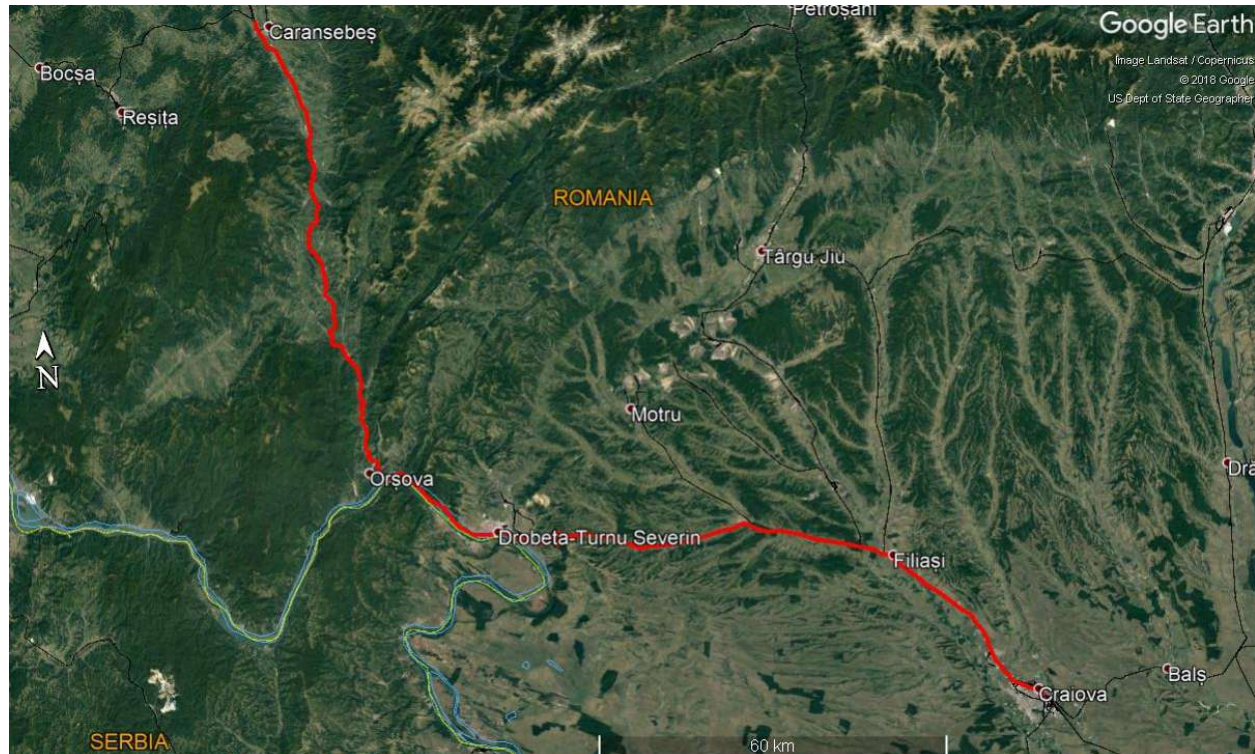
#### National Railway Company CFR-SA

##### Rehabilitation of the railway line Craiova - Drobeta Turnu Severin - Caransebeș

The project aims to achieve the investment objective "Rehabilitation of the railway line Craiova - Drobeta Turnu Severin - Caransebeș", in order to create a railway line that meets the provisions and requirements of technical interoperability specifications on TEN-T network.

The main expected benefits of the projects are:

- Reducing the travel time for the transport of passengers and goods by increasing the traffic speed on the entire section;
- Improving the safety conditions of railway traffic;
- Improving comfort during travel; and
- Reduction of greenhouse gas emissions and the negative impact on the environment;



The project was divided into working lots, as follows:

- LOT 1: CRAIOVA (CAP X) - FILIASI (CAP Y), KM 248+760 - KM 286+735;

- LOT 2: FILIASI (CAP Y) - IGIROASA (CAP Y), KM 286+735 - KM 331+000;
- LOT 3: IGIROASA (HEAD Y) - DROBETA TURNU SEVERIN (Head X), KM 331+000 - KM 362+632, CF Connections of the Route Variant with Prunișor and Drobeta Marfă Stations, Drobeta Marfă CF Station, Dudașu CF Junction;
- LOT 4: CAP X DROBETA TURNU SEVERIN - CAP X BAILE HERCULANE, KM 362+632 - KM 404+250;
- LOT 5: CAP X BAILE HERCULANE - CAP X PO NOU PORTA, KM 404+250 - KM 436+887;
- LOT 6: CAP X PO NEW GATE - CARANSEBES KM 436+887 - KM 474+046,53.

The modernization works on the railway route Craiova - Drobeta Turnu Severin - Caransebeș, currently 225.287 km long, include earthworks, superstructure, works of art (tunnels, viaducts, bridges), buildings, platforms, canopies, ensuring pedestrian access unevenness at the platforms, electrification installations in 27.5 kV system, equipping with electronic signaling installations, implementation ERTMS level II, system communications.

The technical indicators after the completion of the works are as follows:

- 225.287 km c.f. line of which 112.178 km double line + 65.327 km single line c.f. + 47.782 km of double line length variants + 9.602 km of modernized single line length according to TSI
- 225.287 km of electrified railway line with modernized signaling and telecommunications facilities.
- Stations rehabilitated - 15 pcs.
- Shunting halts rehabilitated - 15 pcs.
- New stations - 2 pcs. (4 new buildings)
- Stop points - 18 pcs.
- Level passes - 56 pcs.
- Tunnels rehabilitated on the existing route - 10 pcs.
- 8,315 m of tunnels on different routes
- 970 m of viaducts on different routes
- Bridges - 103 pcs.
- Culverts - 354 pcs.
- New upper passages - 4 pcs.
- New underpasses - 22 pcs.
- ERTMS level 2 (6 RBCs + modernization of OCC Craiova).





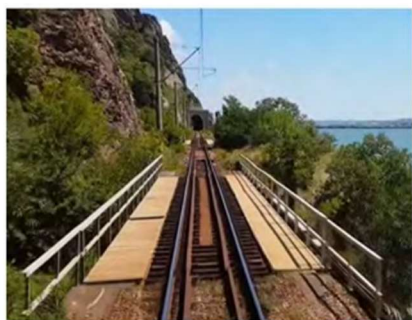




Craiova



Işalnița





## ANNEXES

Annex 1. Amount allocated by budget program and ministry in the 1st and 2nd issuance (RON million)

The Annex has been provided in a separate excel spreadsheet /PDF, which is published along with the allocation report