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International Monetary Fund  
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### **IMF Announces Staff-Level Agreement with Romania on €12.95 Billion Loan as Part of Coordinated Financial Support**

Mr. Dominique Strauss-Kahn, Managing Director of the International Monetary Fund (IMF), issued the following statement today:

“An IMF staff mission and the Romanian authorities have today reached agreement, subject to approval by IMF Management and the Executive Board, on an economic program supported by a €12.95 billion (about US\$17.51 billion) loan under a two-year Stand-By Arrangement. The Executive Board is expected to meet to discuss the program in the coming weeks. Romania would be able to draw €5 billion (about US\$6.76 billion) upon Board approval.

“We welcome the proactive approach by the Romanian authorities in the face of emerging financial tensions, which puts Romania on a good footing to face potential difficulties ahead. The objective of the policy package is to cushion the effects of the sharp drop in private capital inflows while implementing policy measures to address the external and fiscal imbalances and to strengthen the financial sector.

“Core measures under the program are designed to strengthen fiscal policy further to reduce the government’s financing needs and improve long-term fiscal sustainability, thus preparing Romania for eventual entry into the euro zone. In addition, the program aims to maintain adequate capitalization of banks and liquidity in domestic financial markets; bring inflation within the central bank’s target and maintain it there; and secure adequate external financing and improving confidence. The program contains explicit provisions to increase allocations for social programs, as well as protection under the reforms for the most vulnerable pensioners and public sector employees at the lower end of the wage scale. These strong policies justify the exceptional level of access to IMF resources—equivalent to around 1,127 percent of Romania’s quota—and deserve the support of the international community.

“The IMF has worked in close coordination with the European Union (EU), the World Bank, and regional and other multilateral financial institutions, on supporting Romania. The EU

stands ready to provide a loan of €5 billion (about US\$6.76 billion), following approval by the European Commission and the European Council; and the World Bank has agreed to provide €1 billion (about US\$1.35 billion), subject to approval from its Executive Board.. Support from the European Bank for Reconstruction and Development (EBRD) and other multilaterals provide an additional €1 billion (about US\$1.35 billion).

“In conjunction with Romania’s efforts and multilateral financial support, we are actively consulting with banks and other financial institutions operating in the country so that they will continue to provide adequate financing to Romania,” Mr. Strauss-Kahn said.