

Gov't approves three-month extension of withdrawal deadline for IBRD healthcare reform loan proceeds

The government approved today the amendment regarding the three-month extension until March 31, 2021 of the deadline for the withdrawal of the proceeds of a 250 million euro IBRD loan granted for the reform of the Romanian healthcare system.

"The Decision of the Finance Ministry was adopted at today's meeting regarding the approval of the amendment agreed between the Government of Romania and the International Bank for Reconstruction and Development to the Loan Agreement to support the healthcare sector reform project - improving the quality and efficiency of the health system. The amendment refers to the temporary extension by three months of the deadline for withdrawing the proceeds of the 250 million euro loan, specifically until March 31, 2021," the Finance Ministry informs in a release on Wednesday.

By a letter dated November 20, 2020, IBRD confirms its acceptance of the temporary extension of the withdrawal deadline by about 3 months, respectively until 31 March 2021. IBRD is now expected to confirm the final extension of the deadline by up to 4 years (until 2024).

The four-year extension would allow the completion of the project activities, including the severe burn care center of the Timisoara County Hospital, which is now in the design phase.

According to the Finance Ministry, the current project will be continued with additional IBRD funding that will be contracted in the near future to allow the construction of another two severe burn care centers, one at the 'Grigore Alexandrescu' Children's Emergency Clinical Hospital, the other at the Targu-Mures County Hospital.

The loan agreement has four components: strengthening the supply of medical services; improving the management and governance of the health sector; strengthening the public health system to respond to the COVID-19 crisis - a component introduced in 2020 in the context of the pandemic-generated needs; and the project management.

"We asked the International Bank for Reconstruction and Development to agree to the extension until 2024 of the deadline for the withdrawal of the proceeds from the 2014 Loan Agreement in amount of 250 million euros. We obtained the agreement for the temporary three-month extension of the deadline, from the initial deadline set forth in the agreement - December 15, 2020, until which just a little over half of the available funds had been accessed. We have thus unlocked another 124 million euros that will be set at the disposal of the Health Ministry to support projects aimed at improving the quality of medical services and the efficiency of the Romanian healthcare system in this period where the financial resources are so important for the best management of the Covid-19 crisis," said Finance Minister Alexandru Nazare.

The Health Ministry has the entire authority and responsibility for the project's implementation.

The 250 million euro Loan Agreement between Romania and IBRD intended for the reform of the healthcare sector was signed on June 17, 2014; the Agreement was ratified by Law No. 179/2014.

About 126 million euros have been withdrawn from the loan so far. The deadline set out in the initial loan agreement was 15 December 2020.

In order to adapt the loan agreement's provisions to the current needs of the sector, the request was referred to the

IBRD on November 3, 2020 for the restatement of the loan agreement as follows: extending the deadline for the withdrawal of the loan proceeds by up to 5 years and increasing the loan by 150 million euros to allow the construction of two large-size severe burn care centers at the 'Grigore Alexandrescu' Children's Emergency Clinical Hospital and the Targu-Mures County Hospital, as well as other medical equipment procurements.

It was agreed with IBRD that the restatement be carried out in 2 phases. The first phase consists of the extension of the current loan withdrawal deadline by 4 years, and in the second phase an additional financing of 150 million euros will be contracted, subject to a separate loan agreement.