



**THE NATIONAL COMMITTEE
FOR MACROPRUDENTIAL OVERSIGHT**

**NCMO Recommendation No. R/4/2025 on government credit guarantee
programmes**

Having regard to:

- the provisions of Art. 2 para. (1) and Art. 3 para. (1) let. b) of *Law No. 12/2017 on the macroprudential oversight of the national financial system*;
- The Overall Macroprudential Strategy Framework of the National Committee for Macroprudential Oversight, approved in the NCMO General Board meeting of 21 May 2018, whereby the NCMO, in the pursuit of its ultimate objective, has the intermediate objective of the sustainable growth of financial intermediation;
- NCMO Decision No. D/7/16 December 2024 to establish a Working Group on government credit guarantee programmes;
- The important role of government-backed loans in the portfolio of bank loans to non-financial corporations and the fast dynamics of the non-performing loan ratio of this portfolio;
- The conclusions of the analysis of the NCMO Working Group on government credit guarantee programmes.

Whereas:

- The quality of the government-backed loan portfolio has deteriorated significantly, the non-performing loan ratio in this segment exceeding that recorded by the non-financial corporations sector as a whole;
- It is necessary to increase the effectiveness of government credit guarantee programmes and to support the structural change of Romania's economy;
- A better allocation of funds for investments and strategic areas can generate higher synergies compared to resources invested in guarantee programmes;
- In order to foster the development of strategic sectors, it is necessary to consolidate some systemically important, cross-cutting areas, which should accelerate the digital, industrial and green transition and strengthen the economic resilience;
- In the present context, marked by large deficits and global challenges, public funds should be used efficiently.

Pursuant to:

- the provisions of Art. 3 para. (1) let. e) and the provisions of Art. 4 para. (1) letters a) and b) of *Law No. 12/2017 on the macroprudential oversight of the national financial system*,

The National Committee for Macroprudential Oversight has issued this recommendation:

1. Any government guarantee, granted on an individual basis or within the portfolio schemes, should meet the following requirements:
 - a) be explicitly conditional on the economic viability and bankability of beneficiary projects, so that the guarantee enforcement risk be minimised and the positive impact on the economy be maximised;
 - b) be based on rigorous financial assessment standards and transparent eligibility criteria in the assessment of risk and the selection of guaranteed projects.

The recommendation is addressed to the Government (Ministry of Finance).

Deadline for implementation: 31 December 2025.

2. Government credit guarantee programmes and facilities should target the following areas identified as strategic at national level: (i) food security, (ii) energy security, (iii) defence industry, (iv) high value-added sectors, according to the Annex to this recommendation, and (v) entities that integrate artificial intelligence into their activities. Future programmes cannot be of a general nature.

The recommendation is addressed to the Government (Ministry of Finance, line ministries relevant for strategic sectors).

Deadline for implementation: 31 December 2025.

3. The portfolio guarantee instrument should be used as an effective and sustainable support mechanism of credit risk sharing, to facilitate the access to finance of eligible beneficiaries in sectors identified as strategic, featuring high granularity, and to multiply public funds.

The recommendation is addressed to the Government (Ministry of Finance).

Deadline for implementation: 30 June 2026.

4. The non-repayable EU funds available for strategic sectors (e.g., the Modernisation Fund) should be combined with the instruments granted on behalf and for the account of the government, with a leverage effect. In fact, the financial instruments granted on behalf and for the account of the government should rely on the available financial resources so that the government intervention should be financed by taking into account the fiscal developments in the medium run.

The recommendation is addressed to the Government (Ministry of Finance, line ministries relevant for strategic sectors).

Deadline for implementation: 31 December 2026.

5. A general framework should be set for regulating mandates on behalf and for the account of the government, for any support in the form of guarantees provided by the state, in compliance with the conditions and principles below, the list being neither exhaustive nor prescriptive:
 - a) formulating the strategic goal and the specific objectives of each support measure in the form of government guarantees;
 - b) defining the operational framework and the rollout calendar, *inter alia* by integrating best practices from previous credit guarantee programmes;
 - c) documenting briefly a business case of the programme, which should be based on the expected impact on the real economy, the number of beneficiaries that might access the programme, the estimation of associated costs and the corresponding development of a pricing model;
 - d) providing for the mandatory drafting of both an annual report and a final report assessing the degree of fulfilment of the objectives, to identify the impact and the areas to be improved, as part of the obligations incumbent upon the recipients of national programmes;
 - e) publishing in advance the requirements and the specific terms and conditions for accessing the programmes, as well as the rollout calendar ahead of their implementation; these requirements may contribute to increased predictability and more effective implementation of the programmes;
 - f) setting company selection criteria, as well as portfolio performance key criteria, oversight indicators, incentives or correction mechanisms for financial intermediaries, *inter alia* depending on the level of default rates reported by participating credit institutions;
 - g) ensuring in a transparent manner, upon giving the mandate, the framework in which the Investment and Development Bank can restructure/rearrange, top up or extend the facilities provided in order to address certain situations generated by specific market contexts, etc. This option would allow minimising potential losses by enabling distressed debt restructuring;
 - h) providing an operational mandate to the Investment and Development Bank for easier identification and solving of operational challenges in the programmes.

The recommendation is addressed to the Government (Ministry of Finance).

Deadline for implementation: 30 June 2027.

6. The strategic sectors should be re-assessed by conducting research to identify the specific/sectoral needs, the need for intervention (market failures) and the assessment of access to financing. Market research should also take into consideration the opinions of economic agents.

The recommendation is addressed to the Government (Ministry of Finance, relevant line ministries), National Bank of Romania and the Financial Supervisory Authority.

Deadline for implementation: 31 December 2028.

MUGUR CONSTANTIN ISĂRESCU

Chairman

Annex
NACE division codes used in value-added sectors

NACE rev. 2 code (2, 3 or 4 digits)	NACE divisions
20	Manufacture of chemicals and chemical products
21	Manufacture of basic pharmaceutical products and pharmaceutical preparations
26	Manufacture of computer, electronic and optical products
27	Manufacture of electrical equipment
28	Manufacture of machinery and equipment n.e.c.
29	Manufacture of motor vehicles, trailers and semi-trailers
30	Manufacture of other transport equipment
5821	Publishing of computer games
5829	Other software publishing
61	Telecommunications
62	Computer programming, consultancy and related activities
631	Data processing, hosting and related activities; web portals
71	Architectural and engineering activities; technical testing and analysis
721	Research and experimental development on natural sciences and engineering
85	Education