

**ORDINANCE**  
**On Licensing Credit Agencies to Manage Funding for Micro-Credit**

Pursuant to Art. 107, paragraphs (1) and (3) of the Constitution of Romania, and of Art. 1, letter B, item 30 of Law No.206/1999 on giving Government powers to issue ordinances

The Government of Romania issues this Ordinance.

**Chapter I**

**General Provisions**

**Art. 1.** This Ordinance aims to provide the principles, legal framework and procedures that would allow government agencies to provide funds from public finance to credit agencies for on-lending as micro-credit to applicants operating in Romania.

**Art. 2.** The principles for providing funds from public finance to credit agencies for micro-credit lending are the following:

- (a) putting the conditions in place for any eligible credit agency as regulated herein to be awarded by government agencies public finance for micro-credit lending, in compliance with the principles of free competition;
- (b) transparency of lending operations by supplying all the information that is available on how funds from public finance are awarded by government agencies to credit agencies for micro-credit lending;
- (c) equal treatment of credit agencies by government agencies through a non-discriminating application of the selection criteria, and of micro-credit applicants by credit agencies;
- (d) confidentiality, by guaranteeing the protection of the trade secret and intellectual property of both credit agencies and small entrepreneurs who apply for micro-credits.

**Chapter II**

**Definitions**

**Art.3.** For the purpose of this Ordinance, the meanings of the following terms are defined as:

- (a) *public finance* - public financial resources to be used for micro-credit, lending, in compliance with the law, and managed by government agencies;
- (b) *government agencies* – public central and local institutions the heads of which have the authority of main credit coordinators, institutions that manage public finance for micro-credit lending;

- (c) *credit agencies* – legal entities, non-profit organizations, established or recognized in compliance with the law, licensed as provided herein to manage the public funding for micro-credit awarded by government agencies from public funding, by competitive bidding so as the law requires;
- (d) *funds for micro-credit* – public finance awarded by government agencies to credit agencies by competitive bidding so as the law requires, for micro-credit lending;
- (e) *micro-credit* – repayable loan with or without interest, made to applicants, of up to 10,000 EURO-s nominal value, granted in Romanian Lei at the NBR exchange rate on the day preceding the release of the loan, with a payback period of up to 36 months, with or without a grace period, to be used for the purchase of fixed assets, raw materials, inputs, energy, fuel, as well as other services required in the implementation of the project with a view to undertake a commercial activity for which it was authorized;
- (f) *applicants* – legal entities, incorporated businesses with less than fifty employees under a collective employment contract, licensed self-employed and family associations established under Decree-Law No. 54/1990 or under other normative documents, as well as any natural person who submits a well-founded business plan for starting or developing business;
- (g) *micro-credit recipients* – legal entities, incorporated businesses with less than fifty employees under a collective employment contract, licensed self-employed and family associations established under Decree-Law No. 54/1990 or under other normative documents, as well as any natural person who submits a well-founded business plan, under the terms it is authorized in compliance with the law;
- (h) *micro-credit scheme* - the whole set of rules and procedures to be followed by government agencies, through the approval of which the following are regulated as stipulated herein: objectives of the scheme; type of micro-credit recipients; guidelines for selecting credit agencies; contents and terms of the contract between the government agency and the credit agency; accepted risk level in the recovery of the public funds awarded by government agencies to credit agencies for micro-credit lending; proposed duration and financial circuit of the fund; interest level, as applicable; management of public funds awarded to credit agencies as funds for micro-credit lending;
- (i) *credit agencies licensing* – designation, under the terms of this ordinance, and in compliance with the criteria set out in the micro-credit scheme, of the non-profit legal entities established or recognized in compliance with the law, that may be awarded funds from public finance by government agencies to manage for micro-credit lending, subject to annual auditing in view of renewal of their authorization;

## Chapter III

### Government Agencies

**Art. 4.** (1) Government agencies that manage public finance are given powers to award funds, through competitive bidding organized in compliance with the law, to credit agencies to manage for micro-credit lending.

(2) The fund for micro- credit lending, awarded to a credit agency to manage may not exceed the equivalent in Romanian Lei of 1 million EURO-s, calculated at the exchange rate indicated by NBR on the day preceding the signing of the contract.

(3) The total level of the funds to be awarded each year by government agencies is to be approved first by the Ministry of Finance and the National Bank of Romania.

(4) The government agency shall take over all the obligations resulting from the management of the funds for micro-credits granted to a credit agency, should the contract with that agency be terminated, and it shall be responsible for the management of the relevant funds until another credit agency is designated, through competitive bidding, to manage such funds.

**Art. 5.** The micro-credit scheme developed by government agencies within thirty days of approval of the state budget, of the state social insurance budget, and, depending on the date of approval of the local budget, endorsed by the Inter-Ministerial Commission, shall be approved by Government Decision at the proposition of the government agency.

## Chapter IV

### Credit Agencies

**Art. 6.** In order to be licensed as credit agencies by government agencies, non-profit legal entities established or recognized in compliance with the law, must meet the following requirements as a minimum:

- (a) the scope of activity defined in their statute should include funds management for micro-credit lending;
- (b) they should have skilled and specially trained staff, with an experience of min. 3 years in banking-finance activity, without criminal record for such offences as: fraudulent management, bribery, fraudulent bankruptcy;
- (c) to have been in operation for at least three years, evidenced by at least two reports cleared by the Inland Revenue Authority;
- (d) to bring evidence of a good performance activity in credit lending with a credit recovery rate of 85% as a minimum, that can be demonstrated by results;
- (e) to submit letters of guarantee issued by a bank or by a guarantee fund, for an amount of minimum 10% of the micro-credit fund they applied for.

**Art. 7.** Credit agencies are authorized to grant applicants micro-credits to the ceiling of 10,000 EURO-s equivalent in Romanian Lei, calculated at the exchange rate indicated by the National Bank of Romania on the day preceding the release of the funds,

with a repayment period of maximum 36 months, with or without a grace period, under the terms set out in the micro-credit scheme approved as regulated herein.

**Art. 8.** The exchange rate difference that may result from the repayment of the micro-credit by the recipients will be added to or deducted from the awarded public fund, as the case may be.

**Art. 9.** (1) Public finance awarded to credit agencies as funds for micro-credit lending is managed under a contract made with the government agency, following selection by competitive bidding and in conformity with the law.

(2) Credit agencies shall be subject to yearly re-evaluation by government agencies, based on an external audit.

**Art. 10.** Breaches of contracts between government agencies and credit agencies leads to contract termination and are punishable by civil or criminal law, as the case may be.

## Chapter V

### Micro-Credit Lending

**Art. 11.** (1) Applicants may apply to credit agencies for micro-credits to purchase fixed assets, raw materials, inputs, energy, fuel, and other services required in the implementation of the project with a view to undertake a commercial activity for which it was authorized.

(2) Credit agencies shall grant applicants micro-credits that may not exceed the amount of the micro-credit funds they are managing, in compliance with the criteria set out in the approved micro-credit scheme.

(3) Credit agencies shall accept or reject applications for micro-credits within 30 days from the date of registration of the application.

**Art. 12.** (1) Recipients shall repay micro-credits to the credit agencies in Romanian Lei, at the exchange rate indicated by the National Bank of Romania on the day preceding the day of payment, in compliance with the contractual provisions.

(2) The commission due to the credit agency for the micro-credit fund management shall be covered by the government agency from public funds, as they are defined herein, if not otherwise provided for in the law on the approval of public funds.

(3) The interests charged to micro-credit recipients, for which management costs are not covered from public funds may not exceed the amount of the commission due to the credit agency for the respective operations.

(2) **Art. 13.** (1) The credit agency shall grant micro-credits to applicants under a contract the provisions of which shall comply with the micro-credit scheme approved.

(3) The contract, the real and the personal guarantees are enforceable.

**Art. 14.** Infringements of the provisions of the contract between the credit agencies and the micro-credit recipients are punishable by the civil or criminal law, as the case may be.

**Art. 15.** Operations in Lei for micro-credit granting by credit agencies are performed through the State Treasury, and the interests on reserves shall be added to the relevant public fund, if not otherwise provided for in the law on the approval of the public fund.

**Art. 16.** Operations in foreign currency for awarding micro-credit funds to credit agencies by government agencies are performed through a commercial bank, and the interests on the forex amounts available from the micro-credit fund shall be added to the relevant fund, if not otherwise stipulated by the law.

## Chapter VI

### Inter-Ministerial Micro-Credit Committee

**Art. 17.** (1) The Inter-Ministerial Micro-Credit Committee is the body in charge of the assessment, evaluation and endorsement of the micro-credit schemes requested by government agencies, that manage public funds for micro-credit lending.

(2) The Inter-Ministerial Micro-Credit Committee will hold its meetings at the Ministry of Finance.

**Art. 18.** (1) The Inter-Ministerial Committee one representative each of the Ministry of Finance, Ministry of Labour and Social Protection, Ministry of Industry and Trade, Ministry of Agriculture, Ministry of Transports, National Agency of Employment and Training, the Small and Medium-Sized Enterprise Agency, the National Agency for Regional Development, the National Agency for the Development and Implementation of Mining Area Rehabilitation Programmes, the National Bank of Romania, Romania's Chamber of Trade and Industry and the National Council of Small and Medium-Sized Enterprises.

(2) The members of the Committee shall be appointed through the Prime Minister's decision, at the suggestion of the heads of the institutions listed under paragraph (1) of above;

(3) The representative of the Ministry of Finance will chair the Commission;

(4) The secretariat of the Commission will be provided by the Ministry of Finance;

(5) The Commission will function according to its own set of rules to be sanctioned by an order of the Minister of Finance;

(6) The Inter-Ministerial Commission for micro-credits shall function at the Ministry of Finance.

**Art. 19.** (1) The Commission shall meet on request from the government agencies interested in the approval of micro-credit schemes, in compliance with its rules of operation.;

(2) Every year, the Commission shall submit to the Government an evaluation report on the micro-credit lending activity.

## **Chapter VII**

### **Transitory and Final Dispositions**

**Art. 20.** Micro-credit schemes approved through normative documents preceding this Ordinance shall continue to be implemented, till completion of the scheme, on the basis of the normative documents through which they were approved.

**Art. 21.** Should this Ordinance run counter Romania's obligations under international treaties or agreements duly ratified by a relevant law, the latter shall prevail.

**Art. 22.** The funds for micro-credit lending awarded to credit agencies to be managed in accordance with contract provisions shall be repaid, till the completion of the micro-credit scheme, to the government agency, which will return them to the budgets they were awarded from, if the law does not otherwise provide for.

**Art. 23.** For this Ordinance to be implemented, the Ministry of Finance and the government agencies shall issue orders to be published in the "Official Gazette " (Monitorul Oficial) Part I.

**PRIME MINISTER**

**MUGUR ISARESCU**