

MUNICIPAL BONDS – A VIABLE FUNDING OPTION FOR ORADEA LOCAL PUBLIC ADMINISTRATION (ROMANIA)

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Abstract

In a market economy government resources are often insufficient to cover all the public budget needs. Public capital collecting process presents a particular interest considering the need of getting them with lower costs. The options for collecting public resources are characterized by diversity and complexity. One of them is based on municipal bonds funds. This paper explores the potential of public bonds issued at a local level in raising capital for infrastructure investments in Romanian public administration. This paper is not meant to be an empirical study at national level because sub-sovereign bonds market in Romania is not very developed. This paper is limited to a case study of public financing methods for a Romanian local public administration. Local authorities from Oradea have no other possibility without one of borrowing to achieve the objectives proposed. Thus, it resorted to a set of internal and external loans. Our study contents a comparative cost analysis of public financing by loans. The analysis lead to the result that the cheapest source of financing is the loan offered by the European Investment Bank, followed by municipal bonds issuing.

Resumen

En una economía de mercado, los recursos gubernamentales son a menudo insuficientes para cubrir todas las necesidades del presupuesto público. El proceso de captación de capital público presenta un interés particular teniendo en cuenta la necesidad de acceder al mismo con menores costes. Las opciones para la recaudación de los recursos públicos se caracterizan por la diversidad y complejidad. Uno de ellos se basa en los fondos de bonos municipales. Este trabajo explora el potencial de los bonos públicos emitidos en el ámbito local para obtener capital para inversiones en infraestructura en la administración pública de Rumania. El documento no pretende ser un estudio empírico a nivel nacional ya que el mercado de bonos sub-soberanos en Rumanía no está muy desarrollado. El artículo se limita al estudio de un caso de métodos de financiación pública para una administración pública local Rumana. Las autoridades locales de Oradea no tienen otra posibilidad que solicitar préstamos o créditos para lograr los objetivos propuestos. Para ello, se recurrió a un conjunto de préstamos internos y externos. Nuestro estudio incluye un análisis comparativo del coste de la financiación pública por medio de préstamos. El análisis realizado da lugar al resultado de que la fuente más barata de financiamiento es el préstamo ofrecido por el Banco Europeo de Inversiones, seguido por la expedición de ~~los~~ bonos municipales.

Jel Codes: H74

Introduction

Whenever we move into a city we should observe the changes that were taking place: a road or bridge has been repaired or built, maybe a school building is in progress or a new building is emerging on the horizon. All these examples of projects can be done by issuing bonds. The public funds may be insufficient even if each person pays his tax liability to the state. The reason is that in the most cases the economic situation does the public money to be insufficient or they are not spent on a right destination. As a result, issuance of bonds is a tool for borrowing money.

Bonds play a key role in daily economic life of Europe and of the whole world. Calling the financial resources obtained by the central government or by local ones it is a universally valid practice applied by all countries. It can be noted the large share of governmental bonds in total bonds issued in a country, municipal bond having a relatively low weight. The phenomenon of globalization and increasing number of European bonds' markets had created a range of opportunities for investors. Although the global bond market has been dominated traditionally by the U.S., the U.S. bond market currently attracts less than half the size of the market, about 44%. In Europe, 60% of the bond market is held by government bonds.¹

This paper is structured in four parts. The first part contains some general aspects about world bonds market and some issues about Romanian sub-sovereign bonds market. The main part of the paper includes a case study on financing methods for Oradea local public administration from Romania. In the second part we detailed the bonds issues of Oradea and their implications and in the third part of the paper we made a review of the loans contracted by the Romanian local authority for infrastructure investments and their particularities. The last part is a comparative cost analysis with the aim to find the cheapest public funding source.

Contents

1.- General aspects concerning local debenture issues

Currently, the international bond market size amounts to about 45 trillion dollars, with an optimistic outlook. U.S., Britain and the eurozone countries are those that dominate this market. U.S. bond market is the best in the world, accounting for more than half of the world market.² Spectacular growth of bond market has recorded in Asian countries like India and China.

In the U.S. there are over 9,000 municipalities that have completed public offerings of bonds, in general even more of an issue, with more than one maturity, until 2040. CUSIP (Committee on Uniform Securities Identification Procedures) requires the identification codes of issues consisting in nine digits, or about 1.5 million issuer, coupon and maturity combinations. The amount of municipal issues reached 2.7 trillion U.S. dollars in a typical day (2/2/2010) U.S. \$ 12.6 billion were traded in 46,261 transactions and 15,897 issues.³ U.S. has a highly developed market of municipal bonds, which may be issued by a varied number of public bodies such as governmental, cities, school districts, regions, airports and public ports.

Banking credit crisis gave a helping hand to municipal bonds issues in France. French local authorities can finance using capital market issues by the way of bond issues or cash tickets. But in France, they are rare compared with other countries such as Italy or the U.S. In 2008 only two local authorities have issued tickets for cash, Levallois cities and Lyon. A bond issue worth 50 million Euros was made in October 2008 by the regional council of Nord-Pas de Calais for a period of 15 years. The largest region in France, 25% involved the creation of France GDP, Ile de France, has issued bonds worth 200 million Swiss francs (126 million euros) with a 3% fixed annual remuneration for a period for six years.⁴

¹ http://www.investinginbondseurope.org/Pages/LearnAboutBonds.aspx?folder_id=464

² <http://finance.mapsofworld.com/bond-market/outlook.html>

³ <http://content.municipalbonds.com/2010/04/03/lesson-ten-choices-choices/>

⁴ <http://www.impots-locaux.net/pourquoi-votre-ville-emet-des-obligations/>

The state is one of the leading exponents of the financial resources demand. Public financial resources management refers to choosing the appropriate financial mechanisms so as to help ensuring profitability and efficiency of the state, to reduce risks of public resources failure. The main purpose of it is to participate to public capital formation by lower costs.

The reasons why public authorities contract loans are either in need of cash or in need of balanced budget.⁵ The bonds are credit instruments, on medium and long term, issued by companies, government or local authorities.⁶ Bonds certifies the holder the right to receive interest and to recover the amount invested in every maturity or in installments over the life of the loan. The bond market is an efficient alternative to call money lent by the fact that the contract does not require a loan negotiation.

Oradea is a medium-sized urban area in terms of number of population and economic activities complexity in Romania. Archaeological discoveries prove the existence of a population since the Upper Paleolithic. Oradea had formed as a city through various stages, from stage settlements clustered around the city, each with their own administration, to the unified city. With a population of approximately 207,000 inhabitants, the city is located south of Forest Mountains, in Bihor county. Population and economy of the city does not develop independently of one another. Compared with other cities in Romania, the unemployment rate in Oradea in late June 2009 was 4,2%, ie 11 968 people do not had a job.

At the same time the greatest number of people without a job are recorded in rural areas by 7,838 people. Bihor country ranks fifth after Ilfov, Bucharest, Timisoara and Constanta among counties with the highest unemployment rate. Moreover, in February 2010, the unemployment rate reached 8.3%, according to press releases of the National Agency for Employment. In 2005 Oradea Metropolitan Area was established as an association of nine local authorities (currently 11), in order to implement joint projects for economic development zone. Oradea Metropolitan Area has 246,000 residents, most of them (207,000) belonging to Oradea.

Oradea local public resources funding know a downward trend from year to year, the city's dependence on the state budget is amplified, but the state budget is affect by the crisis. Local authorities from Oradea have no other possibility without the one of borrowing to achieve the objectives proposed. Thus, it resorted to a series of internal and external loans. The year 2008 brought a double borrowings to 55.7 million RON from 28.1 million RON in 2007. The support of foreign resources has continued to expand in 2009, reaching 71.66 million lei. Internal and external loans budget for 2010 provides borrowed funds by 13% lower than in 2010.

2.- Debenture loan – a financing method of Oradea local public administration

In 2003 Oradea provided to Romanian investors the first municipal bond issue worth 10 million lei, ie 100 000 debentures with a face value of 100 lei / title. Local authorities gave a variable yield, the interest rate paid is calculated by the formula $[(BUBOR3M+BUBID3M)/2]+0.98\%$, quarterly determined. For the first calculation period the rate was 17% per year.⁷ The issue was mediated by BCR Securities SA. The offer was made known to the general public through a tender advertisement in two newspapers of national circulation for three consecutive days. Mortgage bond repayment was made in two equal installments of 50 lei in 2005 and 2006 from the resources available to local public authority, except transfers from state budget purposes. Income that is under warranty and which are received from the local budget are subject to override any other third party claim by Oradea City Hall. Funds raised through the bond loan has funded a project to rehabilitate and modernize the streets of Oradea. Financing cost of this bonds issue consist in the brokerage fee in the amount of 3500 lei - fixed brokerage fee and 0.4% applied to the amount subscribed (closing value of the offer) – variable brokerage fee and sales commissions received by the sales group: 0.6% applied to every operation of cash receipts, but not less than 1 RON/operation and a 0.5% fee waiver for each cash transaction.

In 2004 Oradea launch the largest bond issue in Romanian in history worth 15 million lei, a loan with a maturity of six years. Public offer was made via a syndicate consisting in BCR Securities SA and CA-IB Securities SA. Building a union for intermediation was wanted to be a mitigation measure. Between the intermediation sindicat and local authorities have been signed an agreement whereby they undertake to buy, in equal measure, the bonds remaining unsubscribed. This issue came with the novelty of a

⁵ Ungureanu M. (coord.), *Finante publice*, Editura Conphis, Rm Vâlcea, 2007, pg. 134.

⁶ Anghelache G., *Piata de capital în context European*, Editura Economică, Bucuresti, 2009, pg. 112

⁷ Initial public offering prospectuses of municipal bonds issued by Oradea 1 available on the site www.kmarket.ro

nominal value of 150 lei per title, instead of a nominal value of 100 lei/title used until 2004. Moreover, this issue is different in terms of interest calculation $(ROBOR3M+ROBID3M)/2+3\%$, higher than the interest rate offered to an earlier issue made in Romania, ie 1-2 percentage above the average rate of the liabilities and assets to three months maturity.⁸ In 2004, Oradea bonds offered to investors a rate of 23% while the banking market interest lay between 14-17%. Through a press release dated 18.02.2010, Oradea City Hall announced the payment of the 13th coupon at a rate of 13% per year, the rate being 1.6611 RON / bond.

Funds arising from issuance of bonds were used to finance the investment project: "Rehabilitation and streets of Oradea - Phase II." Mortgage bond repayment was made in three equal installments of 50 lei in 2008, 2009 and 2010. Brokerage commissions consisted of 6.000 lei fixed fee for preparing the documentation of the offer and obtaining the opinion of the Securities Commission, charged by BCR Securities SA, acting manager of the union mediation, and a variable fee of 0.75% applied to the amount subscribed (closing value of the offer) - sales and brokerage commission public offering, which was distributed among members of the union investment company, brokerage sites.

Authorities from Oradea have guaranteed the principal repayments and interest payments from the two bond issues to maturity, with all their power to tax under the law by a guarantee agreement signed by the mayor. This guarantees the full payment of principal and interest with some of the city claims that it has received, claims which are current income and deducted from the income tax rates related to local budgets for the years 2003 to 2010. Issues transparency was provided by publication at the end of each financial year and quarterly budget execution account. The main financial report of a local authority is the budget execution. Also, this financial report is the primary point of departure in analyzing the financial status of local authority, it is not the most important tool to analyze the issuer's financial situation.

3. Bank loan – an other option in financing a local public administration

Oradea local authorities has focused attention on bank borrowing in RON or other currencies since 2002. In the past 10 years Oradea municipality was established as a recipient of the following credits, completed by 2010:

- *Credit Agreement ABN AMRO Bank Romania.* In 2002 Oradea municipality has obtained an internal reimbursed funding worth EUR 300,000 to be used for modernization of the municipal baths, with a maturity of June 2003. Cost of financing included an interest rate of 2.5% over EURIBOR 1 month, an administrative fee of 1800 euros and a commitment of Euro 4500.
- *ING Bank credit agreement.* In October 2002, City Council entered into a credit agreement with ING Bank for 7 million RON to ensure the funding sources needed to carry out investment business ring road in Oradea. The amount was repaid in three equal installments in June, September and December 2004. ROBOR1M + rate was 4% paid monthly, the grace period was 2 months, 0.30% commitment fee.
- *Credit agreement Raiffeisen Bank Romania.* In July 2003 Oradea Local Council entered into a credit agreement with Raiffeisen Bank Romania of 2 million lei to ensure funding sources needed to carry out investment in the same ring road in Oradea. Repayment was made quarterly, from 2004 until 2007. The interest rate paid by the municipality was ROBOR1M + 0.5% monthly, the grace period of six months, management fee of 0.30% on loan balance at the end of the semester, the commitment fee was 0.75% of credit amount. Raiffeisen Bank Romania is an old partner of Oradea local authorities. In 2003, through public-private partnership were obtained funds for the rehabilitation of 9986 km railway running to the tram, amounting to 4,854,756 euros. Funding has been accompanied by a rate of 960,049 euros, paid quarterly, the grace period expired in 2004, maturity in 2011. In October 2004, Oradea has obtained an internal loan worth 985,000 euros from Raiffeisen Bank Romania, used for financing Municipal Olympic Basin. The loan was accompanied by a rate of 2.6% over EURIBOR 1 month, a grace period of six months, until maturity in 2007, 0.30% administration fee on balance and commitment fee of 0.5% to credit. Loan was for the benefit of property Oradea Patrimonial Administration.
- *Volksbank Romania credit agreement.* In August 2003 the City Council entered into a credit agreement of 2.7 million lei Volksbank Romania to provide the necessary financial resources to purchase equipment to increase intake of Oradea Local Council in association with SC Road Town SA. Repayment was made on a quarterly basis from March 2004 to 2008. The interest rate

⁸ Initial public offering prospectuses of municipal bonds issued by Oradea 2 available on the site www.kmarket.ro

paid was ROBOR1M + 0.825%, grace period of four months, the commitment fee of 0.30% to 0.15% of the loan and the balance amount.

According to data published by the Department of Oradea Economic, Accounting Heritage Service, Department of Public Debt, on 06/30/2009 Oradea municipality contracted repayable grants were:

Table no. 1 Bank loans ongoing for Oradea 2010

Loan	Lender	Contract date	Loan period		Intrest rate	Commission
			Grace period	Repayment period		
80.000.000 RON	BCR	1.06.2005	01.06.2005 - 01.06.2015	01.06.2015- 25.04.2025	(Robid3M+ Robor3M)/2 + 1,5%	0,25%*credit balance
26.350.000 EUR	DEXIA	20.03.2008	20.03.2008 - 20.06.2011	20.06.2011 -20.12.2020	EURIBOR6M +1,15%	0,5% at each draw
16.350.000 EUR	BEI	12.09.2008	12.09.2008- 12.09.2011	12.09.2011- 12.03.2021	EURIBOR6M +0,206%	11.500 EUR
15.000.000 EUR	BRD	16.09.2009	16.09.2009- 25.10.2012	25.10.2012- 25.04.2022	EURIBOR6M +3,75%	- 0,65% flat; - 0,5% at yearly balance

Source: Local Council Oradea www.oradea.ro

- *Dexia Credit Agreement Kommunalcredit Bank AG*⁹. In 2008 was approved by City Council decisions some acquisition of 10 trams and 20 buses for urban passenger transport and finance acquisitions through bank loans. Foreign loan amounting to EUR 26.35 million contracted with Dexia Kommunalcredit Bank AG to finance the purchase of streetcars. It was refinanced in part (sum of 14.3 million euros) through a euro loan contracted by the European Investment Bank (EIB).
- *Credit Agreement European Investment Bank*. In September 2008 Oradea authorities signed a Financing Agreement and Assignment of Income Contract with the EIB. 16.35 millions euro grant amount did not exceed 50% of the VAT of 10 trams and 20 buses. This was the first EIB loan that is granted directly, without government guarantee, a municipality in Romania.
- *Romanian Commercial Bank Credit Agreement*. In June 2005 municipal authorities have obtained an internal financing worth 80 millions lei reimbursed, for rehabilitation, modernization and expansion of municipal infrastructure.
- *B.R.D.-G.S.G. Credit Agreement*. In September 2009, were signed two debt instruments, The City of Oradea in relationship with BRD Groupe Societe Generale. Oradea has obtained a repayable grant of 15 millions euros needed to conduct local public investment. The drawing amounts are made in two installments: EUR 2,661,193.42 12,338,806.58 euros in 2009 and 2010.

Statement of balances of these loans in progress can be viewed at any moment on the website of Oradea City.

4.- Cost analysis of financing methods - Oradea local public administration

We intend to do a comparison between bonds and bank credit loans in order to identify the criteria underlying the government decision to seek a grant of two ways, through an approach based on the cost of financing:¹⁰

⁹ Credit agreement no. 100625/20.03.2008 available on www.oradea.ro

¹⁰ The background of this analysis supposes a large quantity of calculations. We believe that they are not relevant and we will presents the results of our analysis.

Table no. 2 Bank loan versus municipal bonds issue

	Romanian Commercial Bank Credit Agreement				European Investment Bank Loan			Municipal bonds ORADEA 2 (ORD10) ¹¹				
Funding value	80.000.000 lei				16.350.000 euro 70.305.000 lei			15.000.000 lei				
Repayment period	2005-2025 20 years				2008-2021 12 years			2004 – 2010 6 years				
Grace period	10 years				3 years			4 years				
Interest rate	(BUBID3M + BUBOR3M)/2+1,5% Variable, monthly				EURIBOR6M + 0,206% Variable, half-yearly			(BUBID3M + BUBOR3M)/2 +3% Variable 7%-23%, quartly				
Funding costs	- annual fee of 0.25% during the drawing (200,000 lei) and 0.25% to balance during repayment				- lawyers fee EUR 11.500 (49 450 RON) - 0 lei commission for repayment			- Fixed fee for doing the documentation of the offer and obtaining the opinion of the NSC = 6.000 RON - Variable fee of 0.75% applied to the amount subscribed = 112.500 lei - 1.200 RON processing fee - Listing fee 0.001% of nominal value of bonds = 150 RON - Keeping the transaction fee 0.05% of the nominal value remaining to be reimbursed = 37.709 lei (all 6 years). - Advertising costs 600 euros x 4.3 = 2.580 RON RON - Cost of multiplication and distribution of the bonds issue - Payment interest fee 10 000 lei x 6 years = 60 000 lei (2009 and 2010 10 000 Euro / year) Total cost = 220 209 + other expenses can not be quantified at the time of analysis.				
Repayment	Year	Credit rate	Interest	Commission	Year	Credit rate	Intrest	Rate	Year	Interest rate %	Credit rate	Interest
	2005	80 000 000	3 550 685	200 000	2008	70 305 000	759 997	1	2004	23,00	15 000 000	862 500
	2006	80 000 000	6 509 589	200 000	2009	70 305 000	601 000	2	2004	21,00	15 000 000	787 500
	2007	80 000 000	6 706 849	200 000	2010	70 305 000	876 000	3	2005	20,00	15 000 000	750 000
	2008	80 000 000	8 679 452	200 000	2011	70 305 000	876 000	4	2005	14,00	15 000 000	525 000
	2009	23 077 147	4 512 344	57 693	2012	66 789 750	810 300	5	2005	11,00	15 000 000	412 500
	2010	23 077 147	2 668 652	57 693	2013	59 759 250	722 700	6	2005	10,00	15 000 000	375 000
	2011	23 077 147	2 668 652	57 693	2014	52 728 750	612 960	7	2006	7,00	15 000 000	262 500

¹¹ Initial public offering prospectuses of municipal bonds issued by Oradea available on the site www.kmarket.ro

	2012	23 077 147	2 668 652	57 693	2015	45 698 250	525 360	8	2006	10,00	15 000 000	375 000				
	2013	23 077 147	2 668 652	57 693	2016	38 667 750	437 760	9	2006	11,00	15 000 000	412 500				
	2014	23 077 147	2 668 652	57 693	2017	31 637 250	350 160	10	2006	11,00	15 000 000	412 500				
	2015	23 077 147	2 640 686	57 693	2018	24 606 750	262 560	11	2007	11,00	15 000 000	412 500				
	2016	21 923 285	2 412 327	54 808	2019	17 576 250	174 960	12	2007	10,00	15 000 000	375 000				
	2017	19 615 561	2 145 462	49 039	2020	10 545 750	87 360	13	2007	10,00	15 000 000	375 000				
	2018	17 307 837	1 878 597	43 270	2021	3 515 250	10 800	14	2007	9,00	15 000 000	337 500				
	2019	15 000 113	1 611 732	37 500	Total		7 107 919	15	2008	10,00	15 000 000	375 000				
	2020	12 692 389	1 344 867	31 731								16	2008	12,00	15 000 000	450 000
	2021	10 384 665	1 078 001	25 962								17	2008	13,00	10 000 000	325 000
	2022	8 076 941	811 136	20 192								18	2008	15,00	10 000 000	375 000
	2023	5 769 217	544 271	14 423								19	2009	18,00	10 000 000	450 000
	2024	3 461 493	277 406	8 654								20	2009	17,00	10 000 000	425 000
	2025	1 153 769	38 512	2 884								21	2009	14,00	5 000 000	175 000
	Total		58 085 176	1 492 313								22	2009	11,00	5 000 000	137 500
								Total				9 662 500				
Total cost amount percentage	~ 59.577.489 lei ~ 74,77%				~ 7.157.369 lei ~ 10,18%				~ 9.882.639 lei ~ 65,88%							
	A few formalities							A lot of formalities								
Warranty	Oradea guarantees the loans with its entire fiscal power, with claims that are part of current income and deducted from the income tax rates related to local budgets, through a guarantee agreement signed by the mayor (collateral)															

Note: To achieve estimates it was used a rate of 4.3 lei for one euro, the average interest rate for BCR loan was 11%, for EIB loan 1.200%, as of „Debt service estimates of Oradea” available on site www.oradea.ro.

The comparative analysis of the cost of financing through loans lead to the result that the cheapest source of financing is the loan offered by the European Investment Bank, foreign bank lending, which is accompanied by a soft interest, less than 2%, a reasonable fees and not commission during repayment, the cost of financing amounted to less than 10% of funds received. Bond loan involves many formalities and charges of capital market institutions and and an interest ranging from 7-23%. This generated over the six years of providing total cost of about 10 million to 15 million contracted amount, ie a cost of 65.88%. The most expensive source of funding has proven to be the review, internal bank term loan from BCR. This generated a 74.77% cost of financing, over 59 million lei to an outstanding amount of 80 million.

Conclusion

The role of the public sector in infrastructure investment has been recognized for centuries. Long terms investments need huge amounts of money.

The focus of this paper was to underline the potential of bonds in mobilizing long-term finance for romanian public service providers, considering the exemple of Oradea.

This case study is a timely one, there is very little data, information or researches available on the role of these instruments. While Romanian experience with these instruments is generally limited, municipal bonds have been an extraordinarily successful vehicle for about 20 local public administrations in Romania in the last 10 years to raise capital for infrastructure investments.

Bank loans or debentures loans are included in local government debt and they leads to an increased indebtedness. Indebtedness, calculated as the ratio of annual debt service and own revenues, for the municipality of Oradea varies between 2006 - 2010 from 3.23% in 2007 to 10.99% in 2008, not exceeding the legal limit of 30% of own income. In 2009 the municipality of Oradea debt service was worth 23.46 million lei, which fees accounted for 5% (931.295 million), interest 45% (10.49 million lei) and refunds 51% (12.05 million lei).

Agencies evaluate bond quality bonds and rank them according to the risk posed. Scoring process is based on information provided by the issuer and those obtained from other sources deemed reliable. Rating is used to determine the risk premium, which is analyzed as risk-free interest rate used in the issuance of government bonds. Oradea is the only local authority from Romania whose high leverage and ability to pay is assessed periodically by an international rating agency, Fitch. In June 9, 2009, credit rating agency Fitch has assigned Oradea Metropolitan Area (ZMO) rating of 'B +' for long-term debt in foreign currency and RON and "B" short-term debt, stable outlook.¹² Rating agency said that Romania's highly centralized budget system ensures an adequate level of support and control of central government in the context in which the state supervises the accounts and financial statements of local authorities, including approval of contracting debt, is a positive factor for ratings.

The profitable long term alternative for getting financial resources to finance the local romanian authority at low costs remains the European Investment Bank. Where the access of Oradea local public administration to bank loans is restricted by high rates of interest, public authorities can resort to issue bonds, although it is accompanied by high costs. The last option, in deciding what public financial resources to get, remains appealing to private commercial loans from banks willing to give state authorities. Our analysis was focused on the efficiency of this financing methods in terms of costs. We did not take into account other relevant factors to a decision such as the existence of a grace period in case of bank credit or excessive documentation when issuing bonds. Should be highlighted that low creditworthiness remains a fundamental impediment for Romanian municipal bond market development. We believe that the support from central governemnt is crucial. More local public admistration from Romania should follow the exemple of Oradea for funding their long term investments.

In terms of the justification for more research, we should note the lack of information available in Roamnia on these financing mechanisms.

¹² Fitch Rating Press Release, April 28-th, 2009, www.oradea.ro, www.fitchresearch.com .

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