



RRF 2nd Payment request – Romania

Preliminary positive assessment by the Commission



EPC meeting – 07/07/2023

Process and state of play

Timeline of Romania's RRP implementation

RRP design and adoption

- RRP submitted on 31 May 2021
- Approved by COM on 27 September 2021
- Adopted by Council on 29 October 2021
- Entered into force on 3 November 2021

RRP Implementation Setup

- Financing agreement signed on 12 November 2021 and Loan Agreement signed on 15 December 2021
- Operational arrangement countersigned on 25 May 2022 and published on 13 June 2022

Second Payment Request

- Submitted on 16 December 2022
- Agreement to extend the assessment period by one month (16 December 2022 - 15 January 2023) and assessment suspended for three months (18 January - 19 April 2023)
- Positive preliminary assessment adopted by COM on 27 June 2023

Assessment of milestones and targets

Romania submitted evidence in line with the CID and the Operational Arrangements (OA) via FENIX:

- **Summary documents** duly justifying how the milestones/targets were satisfactorily fulfilled
 - Recalling the description of the milestones and targets in the CID and the objective of the measure
 - Listing the supporting documents provided
 - Explaining how the evidence provided addressed the requirements set out in the CID
- **Supporting documents** such as: copy of legal acts, official documents, public calls for tender, signed contracts, etc

COM assessed the submitted evidence against the CID requirements

- Measures taken fulfil the description of the objectives of the measure and the milestone/target criteria (CID description and milestones/targets description) and further specification (OA Annex I), if applicable

Structure of the adopted document

- The Communication:
 - ✓ Endorses the overall positive preliminary assessment
 - ✓ Authorises ECFIN Director General to transmit the assessment to the EFC
 - ✓ Takes note that the assessment will be made available to the EP
- The Annex 1 to the Communication presents the summary of the positive preliminary assessment of each relevant milestone and target, including:
 - ✓ Context (short description of measure and of milestone/target)
 - ✓ Description of the evidence provided by the Member State
 - ✓ Analysis on how the evidence provided duly justifies that the milestone/target is satisfactorily fulfilled
 - ✓ Final Commission preliminary assessment for each milestone/target:

Second payment request: overview

Romania's second payment request: overview

	Milestones	Targets	Total
Non-repayable support	28	1	29
Loan support	21	1	22
Total	49	2	51

- The second payment request concerns 51 milestones and targets out of 507 milestones and targets in Romania's plan.
- The second instalment amounts to €2.8 billion (€1.9 billion in grants and €0.9 billion in loans) net of pre-financing.
- **Key reforms** concern green and digital transition, coordination of public policy delivery, improving water management, promoting tourism and culture, management of healthcare human resources, improving tax administration and the sustainability of the pensions system, modernizing the infrastructure in education, ensuring the independence of the judiciary and stepping-up the fight against corruption, improving road safety and investments to financially support the private sector.
- **The investment targets** concern the sites that shall be included in the cultural routes and educational establishments awarded with the grant scheme (Lot 1). These targets required sampling.

Documents adopted: 2 parallel but distinct processes for positive assessment and suspension

- I. A positive preliminary assessment for those milestones and targets that are satisfactorily fulfilled:
 - Shared with the EFC and the European Parliament
 - Followed by the EFC opinion and adoption of Commission implementing decision by comitology, including on the amount to be paid out.

- II. A letter to RO on payment suspension, outlining the reasons of the Commission finding that 2 milestones are not met, the application of the suspension methodology and the resulting amount:
 - Not shared with EFC or the European Parliament (unless RO does it)
 - Starts a bilateral process with RO = 1 month to submit observations
 - Commission will adopt a specific suspension decision (no involvement of EFC)
 - The suspension will be lifted if RO completes these milestones within 6 months

**I. Satisfactory fulfilment of
49 out of 51 milestones**

Green transition



[M95] Establishing a national support scheme for **energy and efficiency renovation** and integrated renovation of multifamily residential buildings; and public buildings [M96]; and calls for proposals [M97 and M98]



[M114] Entry into force of the **Decarbonisation law** adopting the coal/lignite phase-out calendar



[M124] Call for tender for projects for the production of **energy from wind and solar**



[M413] Operationalisation of an **Inter-Institutional Climate Committee**

Digital transition

[M147] Call for tender for the authorisation of telecommunications operators to grant 5G licences



[M144] Entry into force of the law for the governance of cloud services for the government area



[M189] Launch of the call for 'Grant Support for Digital Skills'



Fiscal issues, pensions and administration



[M401] Entry into force of the methodologies and procedures to improve public policy rationale and planning and administrative simplification

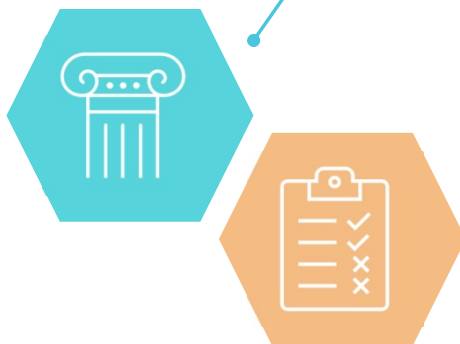


[M195] Operationalization/approval of the Joint Action Plan between the National Agency for Fiscal Administration and Labour Inspection to **prevent and limit grey/black work**



[M213] Entry into force of the amendments to the regulatory framework to ensure the sustainability of Pillar 2 pensions

Rule of Law



[M421] Entry into force of the law approving the strategy for the development of the judiciary 2022- 2025

[M422] Entry into force of the law amending the powers of the National Agency for the Management of Seized Assets

Education

[M456] Signature of contracts with public operators for the construction, equipment and operationalisation of 110 crèches

[M485] Entry into force of amendments to the legislative framework to increase the **quality of learning environments**



[M478] Entry into force of the law setting out the profile of the future teacher on **digital competence**

[M500] Signature of contracts for grants for **innovative technology centres in universities**

Employment support, activation and health



[M387] Entry into force of legislation for the domestic workers voucher system

[M398] Entry into force of the amendments to the Law on the social economy and the implementing rules



[M355] Entry into force of the legislative framework establishing the National Agency for Infrastructure Development in Health (ANDIS)

Business support, research, development and innovation



[M 256] Establishment of the financial instrument (“the Fund”), and adoption of the investment policy of the Fund



[M 262] Selection of the scheme administrator (Private sector aid schemes - Aid scheme for the digitalisation of SMEs)



[M 266] Entry into force of the Government Decision allocating the necessary funding of EUR 500 million to provide support to the scale-up of the national capabilities up to the first industrial development and the participation in a multi-country project

II. 2 out of 51 milestones not satisfactorily fulfilled

Energy: 2 milestones not satisfactorily fulfilled



[M 129] Signature of contracts for the construction of at least 100MW of new electrolyzers capacity



[M 133] Signature of contracts for high-efficient gas cogeneration and district heating projects

Methodology for the determination of payment suspension under the RRF Regulation

- As per adopted methodology the basis for the calculation of the suspended amount is the ‘unit value’ of a milestone or target
- **Corrected unit values** are calculated by applying coefficients obtained by assessing the importance of each unfulfilled milestone or target and the depth of the implementation gap they represent:
 - A **coefficient of 0.5** was applied for both milestones as neither concern the entry into force of a reform or the final step for the implementation of a non-legislative reform
 - A **downward adjustment** of the corrected unit value for **M133** was applied, as the applicants were declared successful based on a first-come-first-served call for proposals and one contract appears valid (a coefficient of 0.5 is applied for this case)

Calculation of the amount to be suspended

A	Total loan allocation		14.942.153.000 €
B	No of milestones/targets in the loan component		210
C	Unit value		71.153.110 €
D	Coefficient: interim measures or entry into force		0,5
E	Corrected unit value	= C*D	35.576.555 €
F	Downward adjustment factor (applies to M133 only)		0,5
G	M133	= E*F	17.788.278 €
H	Total suspension	= E+G	53.364.833 €
I	Instalment amount for the second payment (grant and loan component)		3.227.689.472 €
J	Instalment amount after suspension	= I-H	3.174.324.639 €

Next steps

RO 2nd payment request – planned calendar

EPC and EFC discussions	7 July and EFC tbc
Comitology	Mid-September
COM written adoption	Second half of September
Payment	End September

Next steps

In the implementation of the Romanian RRP

Timeline of measures under 2nd payment (1/2)

Measures			
	2	3	4
Sustainable transport, decarbonisation and road safety / Railway infrastructure development and rail traffic management	M65	M66	M71, M59
Electricity market reform, replacement of coal in the energy mix and support for a legislative and regulatory framework for private investment in renewable electricity production	M114	T115	M116
Development of a unitary framework for defining the architecture of a government cloud system	M143, M144, M145		
Transition to EU 2025 connectivity targets and stimulate private investment for the deployment of very high-capacity networks	M147	M148, M149	
Ensuring cybersecurity of public and private entities owning critical value infrastructure		M151	
Reform of the public pension system	M213	M215	M214
Improving tax and tax administration processes, including through the implementation of integrated risk management		T221, T222	T219
Development of pre-hospital medical infrastructure			T367, T368
Stepping up the fight against corruption	M430		T429
Monitoring and implementation of the plan			

Timeline of measures under 2nd payment (2/2)

Measures			
	2	3	4
Reform of the compulsory education system to prevent and reduce early school leaving		M463	T469
Supporting educational establishments with high risk of drop-outs	T465		T466
Strengthening the regulatory framework for the sustainable management of the water and wastewater sector and accelerating public access to quality services under European directives	M2	M3	
Performance-based quality management in transport - Improving institutional capacity and corporate governance		M79	M80
Financial instruments for the private sector - Portfolio guarantee for resilience			T248
Financial instruments for the private sector - Climate Action Portfolio Guarantee			T251
Financial instruments for the private sector - Recovery Venture Capital Fund			
Financial instruments for the private sector - Energy efficiency investment in the residential and buildings sector			T260
Streamline governance of research, development, and innovation		M278	M273

- All measures, except for Financial instruments – Recovery Venture Capital Fund, include subsequent milestones and targets in the next two payment requests

Romania's third payment request: overview

	Milestones	Targets	Total
Non-repayable support	39	5	44
Loan support	33	2	35
Total	72	7	79

- The third payment request is expected to be submitted in November/December and concerns 79 milestones and targets out of the 507 in the Romanian plan
- For the **non-repayable support** (€1.78 bn, net of pre-financing) the third instalment includes 5 targets and 39 milestones
- For the **loan support** (€0.95 bn, net of pre-financing) the third instalment includes 2 targets and 33 milestones
- The milestones are linked to key steps in the implementation of reforms and investments, in the areas of tax and pensions, anti-corruption, sustainable transport and government cloud, among others.

Thank you

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