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## **LEGISLATIVE ACTS AND OTHER INSTRUMENTS**

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Subject: COUNCIL IMPLEMENTING DECISION amending Implementing Decision of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Lithuania

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## **COUNCIL IMPLEMENTING DECISION**

**of ...**

**amending Implementing Decision of 28 July 2021**

**on the approval of the assessment of the recovery and resilience plan for Lithuania**

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility<sup>1</sup>, and in particular Article 20(1) thereof,

Having regard to the proposal from the European Commission,

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<sup>1</sup> OJ L 57, 18.2.2021, p. 17.

Whereas:

- (1) Following the submission of the national recovery and resilience plan ('RRP') by Lithuania on 14 May 2021, the Commission proposed its positive assessment to the Council. On 28 July 2021, the Council approved the positive assessment by means of an implementing decision ('the Council Implementing Decision of 28 July 2021')<sup>1</sup>.
- (2) Pursuant to Article 11(2) of Regulation (EU) 2021/241, the maximum financial contribution for non-repayable financial support of each Member State was to be updated by 30 June 2022 in accordance with the methodology provided for therein. On 30 June 2022, the Commission presented the results of that update to the European Parliament and to the Council.
- (3) On 30 June 2023, Lithuania submitted a modified national RRP, including a REPowerEU chapter in accordance with Article 21c of Regulation (EU) 2021/241, to the Commission.
- (4) The modified RRP also takes into account the updated maximum financial contribution in accordance with Article 18(2) of Regulation (EU) 2021/241 and includes a reasoned request to the Commission to make a proposal to amend the Council Implementing Decision of 28 July 2021 in accordance with Article 21(1) of Regulation (EU) 2021/241 on the grounds that the RRP is partially no longer achievable because of objective circumstances. The modifications to the RRP submitted by Lithuania concern 46 measures and sub-measures.

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<sup>1</sup> See documents ST 10477/21 INIT and ST 10477/21 ADD 1 at <http://register.consilium.europa.eu>.

- (5) On 14 July 2023, the Council addressed recommendations to Lithuania in the context of the European Semester. The Council recommended that Lithuania, inter alia, take action to wind down emergency energy support measures, reduce reliance on fossil fuels and accelerate the deployment of renewables, strengthen healthcare, social services and improve social housing and continue the rapid implementation of the RRP and cohesion policy programmes.
- (6) The submission of the modified RRP followed a consultation process, conducted in accordance with the national legal framework, involving local and regional authorities, social partners, civil society organisations, youth organisations and other relevant stakeholders. The summary of the consultations was submitted together with the modified national RRP. Pursuant to Article 19 of Regulation (EU) 2021/241, the Commission assessed the relevance, effectiveness, efficiency and coherence of the modified RRP in accordance with the assessment guidelines set out in Annex V to that Regulation.

Loan request based on Article 14 of Regulation (EU) 2021/241

- (7) The modified RRP submitted by Lithuania includes a request for loan support to support six measures.

- (8) In component 2 (Green Transformation of Lithuania), Lithuania proposed to add a reform aiming to mobilise public and private finance to meet climate change mitigation and adaptation objectives and to increase Lithuania's attractiveness for investors in green financial products. This is expected to be achieved through the Lithuanian Green Finance Action Plan 2023-2026. Additionally, the Green Finance and Knowledge Centre, which is an implementing action of the Green Finance Action Plan 2023-2026, aims to contribute to the development of a sustainable labelling ecosystem in Lithuania on the basis of international practices, ensure the dissemination of relevant sustainability-related information, coordinate cooperation between the public and private sectors and academia and promote Lithuania in the field of sustainable finance.
- (9) In component 5 (Higher Education, a Coherent Framework for Stimulating Research and Innovation and High Value-Added Business), Lithuania proposed to add an investment providing for the setting up of a financial instrument with the aim to provide either syndicated and subordinated loans or direct loans to, among others, enterprises for the development of green industrial technologies and high value-added industrial development. The relevant investment targets businesses and aims to support social and territorial cohesion as well as smart, sustainable and inclusive growth.
- (10) In component 6 (Efficient Public Sector and Preconditions to Recover After The Pandemic), Lithuania proposed to add a reform to improve centralized public procurement via the Central Purchasing Organization, and a new investment in the form of a capital injection of EUR 150 million to INVEGA (Lithuanian National Promotion Institution) which is expected to improve the access to finance in Lithuania.

- (11) In component 7 (More Opportunities for Everyone to Actively Build National Well-Being), Lithuania proposed to add a reform aiming to reduce the fragmentation of the planning and delivery of social, employment and other related services as well as to enhance the competences of social workers
- (12) In component 8 (REPowerEU), Lithuania proposed to add an investment consisting of the implementation of a financial instrument to promote the deployment of renewable energy. The investment consists of a public investment in a Fund to provide loan support to private entities, as well as to public sector entities engaged in similar activities, for the roll-out of solar and wind onshore electricity production capacity.

Updates based on Article 18(2) of Regulation (EU) 2021/241

- (13) The modified RRP submitted by Lithuania updates two sub-measures to take into account the updated maximum financial contribution which decreased from EUR 2 224 195 119<sup>1</sup> to EUR 2 099 135 822<sup>1</sup>. In accordance with Article 21c(2) of Regulation (EU) 2021/241, Member States that are subject to a decrease in the maximum financial contribution may also include in the REPowerEU chapters measures included in the already adopted Council implementing decisions without having them scaled-up, up to an amount of estimated costs equal to that decrease.

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<sup>1</sup> This amount corresponds to the financial allocation after deduction of Lithuania's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Article 11 of that Regulation.

- (14) On that basis, two targets from one sub-measure and one target of another sub-measure under component 2 (Green Transformation of Lithuania) are modified by Lithuania. In particular, this modification concerns target 23 and target 24 on the creation of new electricity generation capacity from renewable energy sources (RES) (Support for the construction of onshore RES plants (solar and wind power) and individual storage facilities) as part of investment B.1.1.2 and target 49 on the area of demonstration buildings renovated with the aim to reduce energy consumption (Update and testing in practice of building renovation packages and standards and creation of a methodology for the development of sustainable cities) as part of investment B.1.3.1. Targets 23 and 24 should be removed from sub-measure B.1.1.2. and introduced to sub-measure H.1.3.2 (REPowerEU). In addition, target 49 should be removed from sub-measure B.1.3.1. and introduced to sub-measure H.1.1.1 (REPowerEU). The Council Implementing Decisions of 28 July 2021 should be amended accordingly.

Amendments based on Article 21 of Regulation (EU) 2021/241

- (15) The amendments to the RRP submitted by Lithuania because of objective circumstances concern 44 measures and sub-measures.

- (16) Lithuania has explained that five measures and sub-measures are no longer totally achievable, because of high inflation. Both price and wage inflation in Lithuania have been consistently high between late 2021 and late 2022, which resulted in increased costs, for example of construction and equipment thus affecting the timelines and level of ambition of projects under the RRP. This concerns target 20 of sub-measure A.1.3.3 (Modernisation of emergency departments and resuscitation units in regional hospitals) under Component 1 (A Resilient and Future-proof Health System), targets 53 and 54 of sub-measure B.1.3.4 (Support for faster renovation of buildings in line with up-to-date building renovation standards), targets 55 and 56 of measure B.1.4 (Increasing GHG absorption capacity) under Component 2 (Green Transformation of Lithuania), target 98 of sub-measure D.1.1.4 (Strengthening the competences of pedagogical staff) under Component 4 (Quality and Accessible Education for the Entire Life-Cycle) and target 189 of sub-measure G.1.2.2 (Increasing the scope and diversity of employment support measures, contributing to the goals of digital and green transformation and promoting the circular economy) under Component 7 (More Opportunities for Everyone to Actively Build National Well-Being). On this basis, Lithuania has requested that those milestones and targets be amended. The Council Implementing Decision of 28 July 2021 should be amended accordingly.



- (17) Lithuania has explained that three measures and sub-measures are no longer totally achievable, because of supply chain disruptions. Supply chain disruptions and the corresponding difficulties in obtaining components for the implementation of projects have strongly affected the production and operation of biofuels and green hydrogen, the roll-out of very high capacity networks and the development of innovative solutions in transport. This concerns target 46 and target 47 of sub-measure B.1.2.4 (Support to develop RES fuels sector (biomethane gas, second generation liquid biofuels for transport, and green hydrogen) under Component 2 (Green Transformation of Lithuania), targets 86, 87 and 88 of sub-measure C.1.5.2 (Further development of very high capacity networks) and target 90 of sub-measure C.1.5.3 (Innovation in mobility) under Component 3 (Digital Transformation for Growth). The proposed amendments to sub-measure C.1.5.2 (Further development of very high capacity networks) also represent a manifestly better alternative way to implement the project. On this basis, Lithuania has requested that the timeline of those milestones and targets be amended and that those changes be made. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

- (18) Lithuania has explained that three measures and sub-measures are no longer totally achievable within the initial timeframe due to an unforeseen need for developers to review their initial RRP in order to safeguard the quality and safety of the project. This concerns milestone 7 of sub-measure A.1.1.7 (Creation of Centre for Advanced Therapies), milestone 10 of sub-measure A.1.1.9 (Establishment of a Health Professionals Competence Platform) and target 11 of sub-measure A.1.1.10 (Development of healthcare quality assessment model) under Component 1 (A Resilient and Future-proof Health System). On this basis, Lithuania has requested that the implementation timeline of those milestones and that target be extended. The Council Implementing Decision of 28 July 2021 should be amended accordingly.
- (19) Lithuania has explained that three measures and sub-measures are no longer totally achievable, because of changed market demand. For instance, the interest of municipalities in participating in projects such as specific cashless infrastructure for payments in schools, the demand for language courses for foreign students or the number of universities participating in international networks turned out to be lower than expected. This concerns targets 124 and 125 of sub-measure E.1.1.3 (Strengthening the international competitiveness of higher education institutions), target 130 of sub-measure E.1.2.2 (Increasing the demand for innovation in Lithuania by exploiting the potential of public procurement) under Component 5 (Higher Education, a Coherent Framework for Stimulating Research and Innovation and High Value-Added Business) and targets 159 and 160 of sub-measure F.1.4.4 (Financially literate future taxpayers) under Component 6 (Efficient Public Sector and Preconditions to Recover After The Pandemic). On this basis, Lithuania has requested that those milestones and targets be amended. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

(20) Lithuania has explained that six measures and sub-measures are no longer (totally) achievable within the initial timeframe, because of delays in the procurement process outside of the control of national authorities. Such delays are the result of, for example, unforeseen obstacles in procuring the needed materials, unforeseen energy price increases combined with a lack of local renewable energy production, or a lack of market participation justifying the need to amend the scope of the public procurement procedure. This concerns target 19 of sub-measure A.1.3.2 (Modernisation of Centres of expertise in the cluster of infectious diseases) under Component 1 (A Resilient and Future-proof Health System), target 22 of sub-measure B.1.1.1 (Preparatory work for the development of offshore wind power plants and related infrastructure), milestone 30 of measure B.1.2 (Moving without polluting the environment), target 52 of sub-measure B.1.3.3 (Promoting the supply of construction products and services that speed up the renovation of buildings) under Component 2 (Green Transformation of Lithuania), milestone 138 of sub-measure F.1.1.1 (Modernization of human resources management system in the public sector) under Component 6 (Efficient Public Sector and Preconditions to Recover After The Pandemic) and target 187 of sub-measure G.1.2.1 (Optimization and improvement of employment service operational processes, ensuring systematic customer orientation) under Component 7 (More Opportunities for Everyone to Actively Build National Well-Being). On this basis, Lithuania has requested that those milestones and targets be amended. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

- (21) Lithuania has explained that for 24 -measures and sub-measures the proposed revisions constitute a manifestly better alternative way to implement the project. More efficient ways were found to implement the same measures, as a result of which costs were cut, deadlines were frontloaded or the scope and ambition of measures was increased. This concerns milestone 1 of sub-measure A.1.1.1 (Legislative framework regulating the organisation, management and provision of ambulance services), the description of sub-measure A.1.1.11 (Digitalisation of the healthcare sector) under Component 1 (A Resilient and Future-proof Health System), targets 31, 32 and 33 of sub-measure B.1.2.1. (Support for the purchase of clean vehicles by the public sector and business), target 36 of sub-measure B.1.2.2 (Support for the purchase zero-emission public transport vehicles), target 41 of sub-measure B.1.2.3 (Installation of vehicle charging/alternative fuel filling infrastructure) and target 51 of sub-measure B.1.3.2 (Tools to facilitate building renovation coordination and technical assistance) under Component 2 (Green Transformation of Lithuania), milestones 59 and 60, targets 61, 62 and 63 of sub-measure C.1.1 (Transformation of public information technology governance), target 67 of sub-measure C.1.2 (Ensuring the effectiveness of data management and open data), the description of sub-measure C.1.3 (Customer-oriented services), milestone 74 and target 75 of sub-measure C.1.4.1 (Development of Lithuanian language technological resources), milestone 76 and target 77 of sub-measure C.1.4.2 (Digitisation and accessibility of cultural resources), and target 82 of sub-measure C.1.4.5 (ICT Centre of Excellence) under Component 3 (Digital Transformation for Growth), the description of measure D.1.1 (Modern General Education – Background to Competitive Competences), milestone 99 of sub-measure D.1.1.4 (Strengthening the competences of pedagogical staff), milestone 115 of sub-measure D.1.4.2 (Assessment of competences) under Component 4 (Quality and Accessible Education for the Entire Life-Cycle),

target 131 of sub-measure E.1.2.3. (Fostering the development of the start-up ecosystem) under Component 5 (Higher Education, a Coherent Framework for Stimulating Research and Innovation and High Value-Added Business), the description of measure F.1.1. (An Efficient Public Sector), milestone 139 of sub-measure F.1.1.2 (Establishment of a centralised training system for developing competences in the public sector), milestone 140 and target 141 of sub-measure F.1.1.3 (Establishment of a framework for the development of strategic competences in the public sector), milestones 148 and 149 of sub-measure F.1.3.1 (Improvements to the budgetary framework), milestone 150 of sub-measure F.1.3.2 (Spending reviews), milestone 154 of sub-measure F.1.3.5 (Consolidation of the national development institutions) under Component 6 (Efficient Public Sector and Preconditions to Recover After The Pandemic), milestone 164 of measure F.1.5 (Tools available to business to manage insolvency risk) under Component 6 (Efficient Public Sector and Preconditions to Recover After The Pandemic) and milestone 184 of sub-measure G.1.1.2 (Additional measures to increase adequacy and sustainability of social benefits) under Component 7 (More Opportunities For Everyone to Actively Build National Well-Being). On this basis, Lithuania has requested that those milestones and targets be amended and that those changes be made. The Council Implementing Decision of 28 July 2021 should be amended accordingly.

- (22) The Commission considers that the reasons put forward by Lithuania justify the update pursuant to Article 18(2) of Regulation (EU) 2021/241 and the amendment pursuant to Article 21(2) of that Regulation.

## Corrections of clerical errors

- (23) Clerical errors have been identified in the text of the Council Implementing Decision of 28 July 2021, affecting nine milestones and targets and 17 measures and sub-measures. The Council Implementing Decision of 28 July 2021 should be amended to correct those clerical errors that do not reflect the content of the RRP submitted to the Commission on 14 May 2021, as agreed between the Commission and Lithuania.

Those clerical errors relate to milestone 2 of sub-measure A.1.1.2 (Development of digital health system facilitating the secondary use of health data), milestone 4 of sub-measure A.1.1.4. (Establishment of a basic public health service delivery model), target 8 and target 9 of sub-measure A.1.1.8 (Creation a representative collection of reference genome data within the health project ‘Genome Europe’), measure A.1.2 (Provision of long-term care services) and milestone 15 of sub-measure A.1.2.1 (Adoption of the long-term care model) under Component 1 (A Resilient and Future-Proof Health System), sub-measure C.1.4.3 (Production of digital education content and resources), sub-measure C.1.4.4 (Financial instruments for business creation and digital innovation), sub-measure C.1.5.1 (5G roadmap), sub-measure D.1.1.3. (Millennium School programme), sub-measure D.1.1.7 (Improving early childhood education and care), measure D.1.4. (Competences for Green and Digital Transformation Acquired in Vocational Education and Training), sub-measure D.1.4.1. (National Platform for the progress of Vocational Education and Training) and sub-measure D.1.4.4. (Mobility programme) under Component 4 (Quality and Accessible Education for the Entire Life-Cycle), target 123 of sub-measure E.1.1.2 (Improving the efficiency of the higher education network by refining the missions of universities and colleges) under Component 5 (Higher Education, a Coherent Framework for Stimulating Research and Innovation and High Value-Added Business), milestone 153 of sub-measure F.1.3.4 (Promoting public-private partnerships), milestone 175 of sub-measure F.1.7.1. (Creation of a solution to enable e-receipts) under Component 6 (Efficient Public Sector and Preconditions to Recover after the Pandemic) and milestone 180 of sub-measure G.1.1.1 (Study on the minimum income scheme and related changes to the legislation) under Component 7 (More Opportunities for Everyone to Actively Build National Well-Being). Those corrections do not affect the implementation of the measures concerned.

The REPowerEU chapter based on Article 21c of Regulation (EU) 2021/241

- (24) The REPowerEU chapter includes one reform and three investments.
- (25) The reform (H.1.3.) aims at improving the investment environment for developers of renewable energy sources. In particular, the reform aims at streamlining and speeding up permitting and other administrative processes, including by reducing the number of required permits, shortening the timeframe for obtaining them and regulating hybrid power plants (H.1.3.1.). Additionally, the reform is expected to contribute to reaching full electricity generation from renewable energy sources in Lithuania by analysing various modelling scenarios and developing a transformation model of the Lithuanian electricity sector. Furthermore, the reform aims to provide support to either legal entities, farmers, renewable energy communities or citizen energy communities for the acquisition and installation of onshore solar and wind power plants, prioritising self-consumption, farming or economic needs (H.1.3.2.). The reform effectively contributes to the REPowerEU objectives set out in Article 21c(3), points (b) and (e), of Regulation (EU) 2021/241 through proposals on necessary actions to further develop the Lithuanian renewable electricity generation capacity, proposals to achieve an equivalent of 100 % of total national electricity consumption generated from renewable energy sources, and by providing support for the creation of additional renewable energy generation capacity.
- (26) The REPowerEU chapter increases the funding for renovation of multi-apartment buildings, which improves the energy efficiency of buildings and reduces heating costs for residents. In this way, it contributes to an extent to reducing the energy poverty often experienced by socio-economically disadvantaged groups.



- (27) The new investments under the REPowerEU Chapter include: (a) support for accelerating the renovation of buildings (H.1.1), (b) support for the purchase of clean inland water vehicles (H.1.2.), (c) loan support to increase the generation capacity from RES (H.3.1.). The first investment (H.1.1.) contains two elements: (a) update and testing in practice of building renovation packages and standards (H.1.1.1.); and (b) support for renovation of multi-apartment buildings to increase energy efficiency (to class A) (H.1.1.2.). The first element (H.1.1.1) consists of green renovation demonstration projects, using new, industrialised heat-assembled insulation systems from organic raw materials, as well as building information modelling technologies that combine all construction processes. Under the second element (H.1.1.2.), support is provided in the form of compensation of on average at least 30 % of works expenditure, compensation for loans having an interest rate above 3 %, and 100 % compensation for expenditure incurred for technical assistance, which includes the preparation, administration and maintenance costs of projects. The second investment (H.1.2.) supports the purchase and delivery of equipment necessary for zero-emission inland waterway transport. The third investment (H.3.1.) consists of loan support to business entities (including public entities engaged in similar activities as the private entities) to invest in projects supporting the creation of additional renewable energy sources generation capacity (solar and wind).

- (28) The aforementioned investments are expected to contribute to supporting the objectives in Article 21c(3), points (b), (c) and (e), of Regulation (EU) 2021/241, by providing support for zero-emission transport solutions and by providing loan support for the creation of additional renewable energy sources generation capacity.
- (29) The Commission has assessed the modified RRP, including the REPowerEU chapter, against the assessment criteria laid down in Article 19(3) of Regulation (EU) 2021/241.

Balanced response contributing to the six pillars

- (30) In accordance with Article 19(3), point (a), of, and Annex V, criterion 2.1, to, Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter represents to a large extent (rating A) a comprehensive and adequately balanced response to the economic and social situation, thereby contributing appropriately to all six pillars referred to in Article 3 of that Regulation, taking into account the specific challenges faced by, and the financial allocation for, the Member State concerned.

(31) The Commission considers that the modified RRP, including the REPowerEU chapter, positively impacts the contribution of the RRP to the first pillar on the green transition, as the REPowerEU chapter contributes nearly 100 % to the green objectives. For the other pillars, the nature and extent of the proposed modifications to the RRP do not have an impact on the previous assessment of the RRP, representing to a large extent a comprehensive and adequately balanced response to the economic and social situation, or on its appropriate contribution to all six pillars referred to in Article 3 of Regulation (EU) 2021/241. Regarding the green transition pillar, Lithuania's modified RRP, including the REPowerEU chapter, further addresses green challenges, in particular under Component 2 (Green Transformation of Lithuania) and the newly added Component 8 (REPowerEU chapter). Under Component 2, the modified RRP increases the ambition of some existing investments, namely in the field of transport. The component further includes a new reform on the promotion of green finance through a Green Finance Action Plan. The reform also includes the creation of a Green Finance Knowledge and Competence Centre. Under Component 8, measures on permitting procedures, renewable energy deployment, multi-apartment building renovations and green pilot projects for building renovations, as well as clean inland waterways transport, contribute to achieving the Union's 2030 climate targets and to the objective of Union climate neutrality by 2050.

Addressing all or a significant subset of challenges identified in country-specific recommendations

- (32) In accordance with Article 19(3), point (b), of, and Annex V, criterion 2.2, to, Regulation (EU) 2021/241, the modified RRP, including the REPowerEU chapter, is expected to contribute to effectively addressing all or a significant subset of challenges (rating A) identified in the relevant country-specific recommendations addressed to Lithuania, including fiscal aspects thereof, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.
- (33) In particular, the modified RRP takes into account country-specific recommendations formally adopted by the Council prior to its submission. As the size of the RRP increased following an additional loan request, all 2022 and 2023 structural recommendations are considered in the overall assessment.
- (34) Having assessed progress in the implementation of all relevant country-specific recommendations at the time of submission of the modified national RRP, the Commission finds that the recommendation on consolidating research and innovation implementing agencies (2019 recommendation 3.8) was fully implemented. Substantial progress has been achieved with respect to the recommendations on mitigating the impact of the crisis on employment (2020 recommendation 2.1), on enhancing investment to boost growth potential (2021 recommendation 1.3), on expanding public investment for the green and digital transitions and for energy security (2022 recommendation 1.2) and on ensuring sufficient capacity of energy interconnections (2022 recommendation 4.5).

- (35) The modified RRP includes an extensive set of mutually reinforcing reforms and investments that contribute to effectively addressing all or a significant subset of the economic and social challenges outlined in the country-specific recommendations addressed to Lithuania by the Council in the context of the European Semester. Although the modified RRP proposes some changes in the substance of the current measures, they do not affect the previous assessment of the coverage of a significant subset of the challenges identified in the country-specific recommendations of 2019 and 2020.
- (36) The key measures in the modified RRP, including in the REPowerEU chapter, contribute to reinforcing the ambition of the RRP with regard to 2022 recommendation 4 to reduce overall reliance on fossil fuels by accelerating the deployment of renewables, increasing energy efficiency and the decarbonisation of industry, transport and buildings, and ensure sufficient capacity of energy interconnections, and with regards to 2023 recommendation 4 to further reduce reliance on fossil fuels and imported energy by accelerating the deployment of renewables, and step up policy efforts aimed at the provision and acquisition of the skills needed for the green transition.

(37) In particular, the new investments and reforms aim at addressing the key challenges related to reducing the reliance on fossil fuels and promoting the take-up of renewable energy sources. The investment in the financial instrument aiming at increasing the production capacity from RES should contribute to the sufficient capacity of energy interconnections through increased electricity generation within the country. Legislative changes proposed in the reform of the REPowerEU chapter aiming at streamlining and speeding up permitting and other administrative processes, including by reducing the number of required permits, shortening the timeframe for obtaining them and regulating hybrid power plants should contribute towards ensuring sufficient grid capacity and access. Moreover, the scaled-up investment to support multi-apartment building renovations will significantly contribute to increasing the energy efficiency and decarbonisation of buildings, thus also contributing to an extent to energy poverty reduction. Finally, the modified RRP includes an investment in clean mobility targeting the purchase of clean inland water vehicles which is expected to contribute to the decarbonisation of transport.

- (38) In addition to the REPowerEU chapter, the modified RRP also includes several new reforms aimed at addressing to a certain extent a subset of the 2022 and 2023 recommendations. First, with regard to the recommendation on increasing the quality and improving planning and delivery of social services, the RRP includes a reform aimed at improving the quality, integration and personalisation of social and employment services. Second, with regard to the 2022 recommendation 1 on fostering co-operative public procurement at central government and municipality levels, the RRP includes a reform aimed at expanding the product list that could be purchased via the Central Purchasing Organisation and preparing a plan for centralization of public procurement of health institutions and agencies.

Contribution to growth potential, job creation and economic, social and institutional resilience

- (39) In accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to have a high impact (rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of Lithuania, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union.

- (40) The initial assessment of the RRP, in accordance with Article 19(3), point (c), of and Annex V, criterion 2.3, to Regulation (EU) 2021/241 found that the RRP is expected to have a high impact (rating A) on strengthening the growth potential, job creation, and economic, social and institutional resilience of Lithuania, contributing to the implementation of the European Pillar of Social Rights, including through the promotion of policies for children and youth, and on mitigating the economic and social impact of the COVID-19 crisis, thereby enhancing the economic, social and territorial cohesion and convergence within the Union.
- (41) Stylised simulations by the Commission services show that, compared to the baseline scenario in the original RRP, the new interventions funded by the Recovery and Resilience Facility loan will result in a higher GDP level of 0,4 % on average over the period 2024-2027, independent from the positive impact that the included structural reforms or other new measures funded by the grant may have. The latter effects were incorporated in the Lithuania's projections and, according to the information presented in Lithuania's amendment request, the new interventions included in the modified RRP will result in a higher GDP level of 0,97 % on average, or EUR 492,5 million per year, over the period 2023-2027. Lithuania's projections also show a modest positive social impact of the new measures included in the modified RRP (the employment rate is projected to increase by 0,32 %) and a slightly negative fiscal impact (the effect on the general government budget balance is estimated to be -0,27 % of GDP) over the 2023-2027 period.



- (42) The newly introduced reforms and investments in the modified RRP contribute to accelerating the green transition and energy independence, which is expected to have a positive impact on Lithuania's growth potential as well as on its economic and institutional resilience. The modified RRP including the REPowerEU chapter introduces under Investment 2 of component E.2 a financial instrument providing loans to enterprises to acquire and develop green and high-added value technologies for industrial development. As the measure is expected to primarily target small and medium-sized enterprises and larger enterprises in sectors with difficulties in obtaining financial aid from traditional financial institutions, it should mobilise the necessary funding and strengthen the production capacity of the Lithuanian industry.
- (43) As regards the social impact of the modified RRP, the key reform focused on social services is Reform 1 of component G.3 on improving the quality of social and employment services. With its aim to reduce the fragmentation of the planning and delivery of such services, the reform is expected to tackle a weakness of the current social protection system. The reform as a whole is expected to reinforce the social impact of the RRP and increase its contribution to social cohesion.

Do no significant harm

- (44) In accordance with Article 19(3), point (d), of and Annex V, criterion 2.4, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to ensure that no measure (rating A) for the implementation of reforms and investments projects included in this RRP does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852 of the European Parliament and of the Council<sup>1</sup> (the principle of ‘do no significant harm’).

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<sup>1</sup> Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (OJ L 198, 22.6.2020, p. 13).

- (45) The modified RRP including the REPowerEU chapter is assessed to be compliant with the principle of ‘do no significant harm’ following the methodology set out in the technical guidance provided in the Commission Notice entitled ‘Technical guidance on the application of “do no significant harm” under the Recovery and Resilience Facility Regulation’<sup>1</sup>. The assessment is done systematically for each modified reform and investment following the two-step approach. The assessment concludes that for all modified measures, there is either no risk of significant harm or, where a risk is identified, a more detailed assessment is performed demonstrating the absence of significant harm. Lithuania has reported on the detailed assessment for the new measures, including those in the REPowerEU chapter. None of the measures in the REPowerEU chapter required a derogation from the principle of ‘do no significant harm’. Where needed, the requirements of the ‘do no significant harm’ assessment are enshrined in the design of a measure and specified in a milestone or target of this measure. Based on the information provided, it can be concluded that no measure is expected to do significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852.

#### Contribution to the REPowerEU objectives

- (46) In accordance with Article 19(3), point (da), of and Annex V, criterion 2.12, to Regulation (EU) 2021/241, the REPowerEU chapter is expected to effectively contribute to a large extent (rating A) to energy security, the diversification of the Union’s energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030.

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<sup>1</sup> OJ C 58, 18.2.2021, p. 1.

- (47) The objective set out in Article 21c(3), point (b), of Regulation (EU) 2021/241 on boosting energy efficiency in buildings and critical energy infrastructure, decarbonising industry, increasing the production and uptake of sustainable biomethane and of renewable or fossil-free hydrogen, and increasing the share and accelerating the deployment of renewable energy is expected to be addressed by reform H.1.3.1. that aims at streamlining and speeding up permitting and other administrative processes, including by reducing the number of required permits, shortening the timeframe for obtaining them and regulating hybrid power plants, thus accelerating the deployment of renewables. Furthermore, reform H.1.3.2. aims to provide support to either legal entities, farmers, renewable energy communities or citizen energy communities for the acquisition and installation of onshore solar and wind power plants, prioritising self-consumption, farm or economic needs, thus also accelerating the deployment of renewables. Additionally, the REPowerEU chapter contains an investment (H.3.1.) providing loan support to business entities (including public entities engaged in similar activities as the private entities) to invest in projects supporting the creation of additional RES generation capacity (solar and wind), thus accelerating the deployment of renewables. The REPowerEU chapter further contains an investment (H.1.1), which aims to increase the pace of the building renovation process through the update and testing in practice of building renovation packages and standards, and support for the renovation of buildings, thus boosting energy efficiency in buildings.

- (48) The objective set out in Article 21c(3), point (c), of Regulation (EU) 2021/241 on energy poverty is expected to be addressed by a measure providing support for the renovation of multi-apartment buildings, which improves the energy efficiency of buildings and reduces heating costs for residents. It contributes to an extent towards reducing energy poverty often experienced by socio-economically disadvantaged groups.
- (49) The objective set out in Article 21c(3), point (e), of Regulation (EU) 2021/241 on addressing internal and cross-border energy transmission and distribution bottlenecks, supporting electricity storage and accelerating the integration of renewable energy sources, and supporting zero-emission transport and its infrastructure, including railways is expected to be addressed by reform H.1.3.1., which is expected to contribute to reaching 100 % of the electricity generated from renewable energy sources in Lithuania by analysing various modelling scenarios and developing a transformation model of the Lithuanian electricity sector, thus contributing to addressing internal and cross-border energy transmission and distribution bottlenecks. Additionally, the REPowerEU chapter contains an investment (H.1.2.) expected to reduce the use of road transport of goods by encouraging an alternative and cleaner transport of goods and other types of cargo over water, thus supporting zero-emission transport and its infrastructure.
- (50) The REPowerEU measures are aimed at reducing greenhouse gas emissions and increasing the share of renewable energy sources. The measures also reinforce those included in the original RRP on energy efficiency and renovation of buildings and are expected to contribute to increased RES deployment and reduced energy demand.

- (51) The reform in the REPowerEU chapter aiming to simplify the administrative requirements for the deployment of new renewable energy capacity is expected to reinforce Lithuania's energy security through amendments to the Law on Electricity and the Law on Renewable Energy. The most relevant amendments are the definition and regulation of hybrid power plants, the streamlining of permitting procedures for RES deployment as well as the shorter timeframe to obtain them. Lithuania's reform of the renewable energy project permitting system is expected to reduce administrative barriers and contribute to decreasing its dependence on fossil fuels.
- (52) Additionally, the measures in the REPowerEU chapter are coherent with the efforts of Lithuania's original RRP to promote the decarbonisation of the economy by scaling up the deployment of renewable energy capacity, the building renovation process, and the decarbonisation of the transport sector.
- (53) Electricity grid capacity and flexibility is a bottleneck for the integration of renewables and increasing the efficiency, reliability and security of the power supply. Therefore, the investments into the construction of onshore renewable energy source plants and individual storage facilities from Lithuania's REPowerEU chapter are expected, to a large extent, to make the grid better suited for integrating renewables and supplying firm, flexible and fast-responding energy.
- (54) For all the above considerations, the modified RRP, including the REPowerEU chapter, is expected to effectively contribute to a large extent to energy security, the diversification of the Union's energy supply, an increase in the uptake of renewables and in energy efficiency, an increase of energy storage capacities or the necessary reduction of dependence on fossil fuels before 2030.

Measures having a cross-border or multi-country dimension or effect

- (55) In accordance with Article 19(3), point (db), of, and Annex V, criterion 2.13, to, Regulation (EU) 2021/241, the measures included in the REPowerEU chapter are expected to a large extent (rating A) to have a cross-border or multi-country dimension or effect.
- (56) The REPowerEU chapter contributes to reducing dependency on fossil fuels and to reducing energy demand. In particular, the majority of the measures included in the REPowerEU chapter have a multi-country or cross-border dimension or effect. Investment support to increase the capacity for generating renewable energy sources and an accompanying study on Lithuania's electricity system's transition to 100 % renewable energy will ultimately reduce reliance on electricity imports and dependency on fossil fuels. Measures are also expected to reduce Lithuania's transport sector reliance on fossil fuels. Investment support should be provided to establish the necessary infrastructure for clean inland waterway transport of heavy goods, which is expected to contribute towards the reduction of traffic congestion and the reduction of demand of imported fossil fuels. Additionally, investment support should be provided for the renovation of multi-apartment buildings, thus improving the energy efficiency of Lithuania's housing sector. This is expected reduce energy demand of such buildings and in turn dependency on fossil fuels.
- (57) The estimated costs of these measures having a cross-border or multi-country dimension or effect included in the REPowerEU chapter represent 100 % of the estimated total costs of the REPowerEU chapter and justify rating the measures included in the REPowerEU chapter as expecting to have, to a large extent, a cross-border or multi-country dimension or effect.

## Contribution to the green transition including biodiversity

- (58) In accordance with Article 19(3), point (e), of, and Annex V, criterion 2.5, to, Regulation (EU) 2021/241, the modified RRP, including the REPowerEU chapter, contains measures that contribute to a large extent (rating A) to the green transition, including biodiversity, or to addressing the challenges resulting therefrom. The measures supporting climate objectives account for an amount which represents 40 % of the RRP's total allocation, and 99 % of the total estimated costs of measures in the REPowerEU chapter calculated in accordance with the methodology set out in Annex VI to Regulation (EU) 2021/241. In accordance with Article 17 of that Regulation, the modified RRP including the REPowerEU chapter is consistent with the information included in the National Energy and Climate Plan 2021-2030.
- (59) The modified RRP contains reforms and investments that are expected to significantly contribute to the green transition, including biodiversity, addressing the country specific recommendation as well as the achievement of the Union climate target by 2030 and climate neutrality by 2050. For instance, environmental and climate adaptation measures in the RRP will finance the reduction of greenhouse gas emissions from peatlands, sustainable transport and resource efficiency. In addition to the measures in the original RRP, measures in Lithuania's REPowerEU chapter focus on accelerating the deployment of renewable energy sources, increasing energy efficiency and the sustainability of transport and the overall transition towards energy independence. These measures are expected to have a lasting impact on the green transition by accelerating the phase out of fossil fuels towards a sustainable renewable energy system in Lithuania.



## Contribution to the digital transition

- (60) In accordance with Article 19(3), point (f), of, and Annex V, criterion 2.6, to, Regulation (EU) 2021/241, the modified RRP contains measures that contribute to a large extent (rating A) to the digital transition or to addressing the challenges resulting from it. The measures supporting digital objectives account for an amount which represents 23 % of the modified RRP's total allocation, including loans, calculated in accordance with the methodology set out in Annex VII to Regulation (EU) 2021/241.
- (61) The positive assessment of the contribution to the digital transition provided in the Council Implementing Decision of 28 July 2021 remains valid. The modified RRP entails the scaling up of the measures aimed at strengthening the cybersecurity capabilities of the State. The measures include the adoption of a National Cybersecurity Development Programme, the establishment of a cybersecurity monitoring system and strengthening the capacity to investigate cybercrime. These measures are complemented by an investment in increasing the level of education in cybersecurity of staff working in the public sector. All other measures regarding the digital transition remain unaltered in the modified RRP.

## Lasting impact

- (62) In accordance with Article 19(3), point (g), of and Annex V, criterion 2.7, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is expected to have a lasting impact on Lithuania to a large extent (rating A).
- (63) The initial assessment of the RRP, in accordance with Article 19(3), point (g), of, and Annex V, criterion 2.7, to, Regulation (EU) 2021/241 found that the RRP was expected to have a lasting impact on Lithuania to a large extent (rating A).
- (64) New investments included in the modified RRP including a REPowerEU chapter are expected to have a long-lasting impact on Lithuania as they will address structural challenges identified by the country specific recommendations. The investments under the REPowerEU chapter focus on building additional renewable energy source capacities, improving the energy efficiency of buildings and supporting the purchase of net-zero transport. The measures are expected to have a lasting positive impact on Lithuania's green transition, by improving long-term energy security and affordability.

- (65) New reforms included in the modified RRP including a REPowerEU chapter are expected to have a long-lasting impact on Lithuania, as they will address structural challenges identified by the country specific recommendations. The added reforms in the areas of RES permitting green finance are expected to have a lasting impact on Lithuania's green transition, by facilitating and accelerating the roll-out of its generation capacity. The social service reform is also expected to contribute to increasing the quality and personalisation of the country's social services.

#### Monitoring and implementation

- (66) In accordance with Article 19(3), point (h), of, and Annex V, criterion 2.8, to, Regulation (EU) 2021/241, the arrangements proposed in the modified RRP including the REPowerEU chapter are adequate (rating A) to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.
- (67) The initial RRP proposed adequate arrangements to ensure effective monitoring and implementation of the RRP, including the envisaged timetable, milestones and targets, and the related indicators.

- (68) The nature and extent of the modifications to Lithuania's RRP do not have an impact on the previous assessment of the effective monitoring and implementation of the RRP. The overall organisational arrangements to assess the adequacy of the implementation of the RRP ensure a correct monitoring of progress and reporting remains unchanged. The milestones and targets of the modified RRP including the REPowerEU chapter enable an adequate monitoring of the implementation of the RRP. Each of the new reforms and investments introduced under the REPowerEU chapter includes at least one target or milestone that contains the key elements of the measure and allows for the assessment of the achievement of its objectives. The milestones and targets are clear and realistic, and the proposed indicators chosen for the implementation of milestones and targets remain relevant, acceptable and robust.

#### Costing

- (69) In accordance with Article 19(3), point (i), of, and Annex V, criterion 2.9, to, Regulation (EU) 2021/241, the justification provided in the modified RRP including the REPowerEU chapter on the amount of the estimated total costs of the RRP is to a medium extent (rating B) reasonable and plausible, is in line with the principle of cost efficiency and is commensurate to the expected national economic and social impact.
- (70) The original assessment of the RRP determined that Lithuania had provided estimated costs for each investment included in the RRP, with generally detailed and well-substantiated cost breakdowns. The justification provided by Lithuania on the amount of the estimated total costs of the RRP was, to a medium extent, reasonable and plausible, in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.

- (71) Lithuania has provided individual estimated costs for all the new measures that entail a cost in the RRP including the REPowerEU chapter, as well as individual justifications for all the measures whose modifications entailed a change in the cost estimates or a related target. The cost information provided by Lithuania is mostly sufficiently detailed and substantiated. Lithuania provided estimates and assumptions on costs using the standard template table, which was intended to summarize the key information and evidence on costing, including the methodology underlying the cost calculations. Lithuania also submitted additional documents and materials intended to clarify costing estimates and provide costing data and benchmarks on comparable investments done in the past or in other countries for most of the new measures. These documents include descriptions and explanations of the main drivers and changes in the costs of the modified measures and their proportionality. The assessment of the cost estimates and supporting documents shows that the majority of the costs of the new measures are well justified, reasonable and plausible. Moreover, the changes in the cost estimates of the modified measures are sufficiently justified and proportional. Finally, the estimated total cost of the RRP is in line with the principle of cost-efficiency and commensurate to the expected national economic and social impact.
- (72) Lithuania has provided sufficient information and evidence that the costs for all new and REPowerEU measures will not be funded at the same time by other Union funding sources. The commitment to put in place safeguards which are meant to prevent double funding remains and has not been altered by the modification of the RRP.

## Protection of the financial interests of the Union

- (73) In accordance with Article 19(3), point (j), of, and Annex V, criterion 2.10, to, Regulation (EU) 2021/241, the arrangements proposed in the modified RRP including the REPowerEU chapter and the additional measures contained in this Decision are adequate (rating A) to prevent, detect and correct corruption, fraud and conflicts of interests when using the funds provided under that Regulation, and the arrangements are expected to effectively avoid double funding under that Regulation and other Union programmes. This is without prejudice to the application of other instruments and tools to promote and enforce compliance with Union law, including for preventing, detecting and correcting corruption, fraud and conflicts of interest, and for protecting the Union budget in accordance with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council<sup>1</sup>.
- (74) The assessment of the original RRP, in accordance with Article 19(3), point (j), of and Annex V, criterion 2.10, to Regulation (EU) 2021/241, considered the arrangements proposed therein to be adequate (rating A) to prevent, detect and correct corruption, fraud and conflicts of interest.

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<sup>1</sup> Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433 I, 22.12.2020, p. 1).

(75) The modified RRP comprises an update of the audit and control framework. In addition to the responsibilities entrusted to the managing and administering authorities, the proposed modifications to Lithuania's management and internal control system assign the role of coordinating body to the Central Project Management Agency (CPMA) alongside the Ministry of Finance. Furthermore, Lithuania's modified RRP foresees the use of existing national information systems to store the data referred to in Article 22(2), point (d)(iii), of Regulation (EU) 2021/241, until INVESTIS becomes fully operational. INVESTIS is a single information system dedicated to the management of the RRP and other EU funds for 2021-2027 period. The nature and extent of these modifications do not have an impact on the original assessment of the effective monitoring and implementation of the RRP.

#### Coherence of the RRP

(76) In accordance with Article 19(3), point (k), of and Annex V, criterion 2.11, to Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter includes to a high extent (rating A) measures for the implementation of reforms and public investment projects that represent coherent actions.

(77) The modified RRP including the REPowerEU chapter modifies the seven existing components and adds the REPowerEU chapter as an additional component (Component 8). It continues to address long-standing structural challenges and increases the resilience of the Lithuanian economy. The proposed modifications do not alter the overall coherence of the RRP , considering that the components are made up of consistent packages of reforms and investments which are mutually reinforcing and complementary. The RRP is further enriched by measures supporting the green transition and the newly added REPowerEU chapter. Furthermore, additional investments into cybersecurity will reinforce the digital transition by ensuring the effectiveness of data management as well as enhancing Lithuania’s cybersecurity capabilities.

Any other assessment criteria

(78) The Commission considers that the modifications put forward by Lithuania do not affect the positive assessment of the RRP set out in the Council Implementing Decision of 28 July 2021 regarding the relevance, effectiveness, efficiency and coherence of the RRP against the assessment criteria laid down in Article 19(3), point (j), of Regulation (EU) 2021/241.



## Consultation process

- (79) Lithuania held targeted consultations with relevant stakeholders in relation to the preparation of the modified RRP including the REPowerEU chapter. Social and economic partners at local and regional level were involved. Ministries consulted their partners in their field and extracted activities that directly contribute to the achievement of the REPowerEU objectives. Consulted stakeholders highlighted the importance of reinforcing investments in renewable energy production and energy independence. Additionally, a month-long consultation was launched by the Ministry of Finance on 7 December 2022, open to the general public. The public was informed beforehand about the proposed changes in several press releases published on the Ministry of Finance's website and in a press conference attended by the finance and energy ministers on the day of the launch. Furthermore, the public was invited to express their views on social media accounts of the Ministry of Finance. The Lithuanian government received only one proposal on the possible development of the education sector through the public consultations. To ensure ownership by the relevant actors, it is crucial to involve all local authorities and stakeholders concerned, including social partners, throughout the implementation of the investments and reforms included in the modified RRP including the REPowerEU chapter.

## Positive assessment

- (80) Following the positive assessment of the Commission concerning the modified RRP including the REPowerEU chapter, with the finding that the RRP satisfactorily complies with the criteria for assessment set out in Regulation (EU) 2021/241, in accordance with Article 20(2) of, and Annex V to, that Regulation, this Decision sets out the reforms and investment projects necessary for the implementation of the modified RRP including the REPowerEU chapter, the relevant milestones, targets and indicators, and the amount made available from the Union for the implementation of the modified RRP including the REPowerEU chapter in the form of non-repayable financial and loan support.

## Financial contribution

- (81) The estimated total costs of the modified RRP including the REPowerEU chapter of Lithuania is EUR 3 849 237 823. As the amount of the estimated total costs of the modified RRP is higher than the updated maximum financial contribution available for Lithuania, the financial contribution calculated in accordance with Article 11 of Regulation (EU) 2021/241 allocated for Lithuania's modified RRP including the REPowerEU chapter should be equal to the total amount of the financial contribution available for Lithuania's modified RRP including the REPowerEU chapter. This amount is equal to EUR 2 099 135 822.

- (82) Pursuant to Article 21a(5) of Regulation (EU) 2021/241, on 30 June 2023 Lithuania submitted a request for the allocation of the revenue referred to in Article 21a(1) of that Regulation, shared between Member States on the basis of the indicators set out in the methodology in Annex IVa to that Regulation. The estimated total costs of reforms and investments aiming to contribute to the objectives set out in Article 21c(3), points (b) to (f), of Regulation (EU) 2021/241 included in the REPowerEU chapter is EUR 198 429 642. As this amount is higher than the allocation share available for Lithuania, the additional non-repayable financial support available for Lithuania should be equal to the allocation share. This amount is equal to EUR 193 729 642.
- (83) Additionally, in accordance with Article 4a of Regulation (EU) 2021/1755 of the European Parliament and of the Council<sup>1</sup>, on 1 March 2023, Lithuania submitted a reasoned request to transfer part of its remaining provisional allocation from the resources of the Brexit Adjustment Reserve to the Recovery and Resilience Facility established by Regulation (EU) 2021/241 (the ‘Facility’), amounting to EUR 4 700 000. That amount should be made available to support the reforms and investments in the REPowerEU chapter as additional non-repayable financial support.
- (84) The total financial contribution available to Lithuania should be EUR 2 297 565 464.

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<sup>1</sup> Regulation (EU) 2021/1755 of the European Parliament and of the Council of 6 October 2021 establishing the Brexit Adjustment Reserve (OJ L 357 8.10.2021, p. 1).

## Loan

- (85) Furthermore, in order to support additional reforms and investments, Lithuania has requested a total loan support of EUR 1 551 672 358, in particular, EUR 549 130 737 to support the reforms and investments in the REPowerEU chapter and EUR 1 002 541 621 to support the other reforms and investments in the RRP. The maximum volume of the loan requested by Lithuania is less than 6,8 % of its 2019 gross national income in current prices. The amount of the estimated total costs of the RRP is higher than the combined financial contribution available for Lithuania, including the REPowerEU chapter and the updated maximum financial contribution for non-repayable financial support, the revenue from the emission trading system under Directive 2003/87/EC of the European Parliament and of the Council<sup>1</sup> and from the Brexit Adjustment Reserve.

## REPowerEU Pre-financing

- (86) Lithuania has requested the following funding for the implementation of its REPowerEU chapter: transfer of EUR 4 700 000 from the provisional allocation from the resources of the Brexit Adjustment Reserve, and EUR 193 729 642 from the revenue from the Emissions Trading System under Directive 2003/87/EC, EUR 549 130 737 in the form of loan.

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<sup>1</sup> Directive 2003/87/EC of the European Parliament and of the Council of 13 October 2003 establishing a system for greenhouse gas emission allowance trading within the Union and amending Council Directive 96/61/EC (OJ L 275, 25.10.2003, p. 32).

- (87) For those amounts, pursuant to Article 21d of Regulation (EU) 2021/241, on 30 June 2023 Lithuania has requested pre-financing of 20 % of the funding requested. Subject to available resources, that pre-financing should be made available to Lithuania subject to the entry into force of, and in accordance with, agreements to be concluded between the Commission and Lithuania pursuant to Article 23(1) of Regulation (EU) 2021/241 and pursuant to Article 15(2) of that Regulation.
- (88) The Council Implementing Decision of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Lithuania should therefore be amended accordingly. For the sake of clarity, the Annex to that Implementing Decision should be replaced entirely,

HAS ADOPTED THIS DECISION:

## *Article 1*

The Council Implementing Decision of 28 July 2021 on the approval of the assessment of the recovery and resilience plan for Lithuania is amended as follows:

- (1) Article 1 is replaced by the following:

### *‘Article 1*

#### *Approval of the assessment of the RRP*

The assessment of the modified RRP of Lithuania on the basis of the criteria provided for in Article 19(3) of Regulation (EU) 2021/241 is approved. The reforms and investment projects under the RRP, the arrangements and timetable for the monitoring and implementation of the RRP, including the relevant milestones and targets and the additional milestones and targets related to the payment of the loan, the relevant indicators relating to the fulfilment of the envisaged milestones and targets, and the arrangements for providing full access by the Commission to the underlying relevant data are set out in the Annex to this Decision.’;

(2) in Article 2, paragraphs 1 and 2 are replaced by the following:

- ‘1. The Union shall make available to Lithuania a financial contribution in the form of non-repayable support amounting to EUR 2 297 565 464\*. That contribution includes:
  - (a) an amount of EUR 2 091 774 090, which shall be available to be legally committed by 31 December 2022;
  - (b) an amount of EUR 7 361 732, which shall be available to be legally committed from 1 January 2023 until 31 December 2023;
  - (c) an amount of EUR 193 729 642\*\*, in accordance with Article 21a(6) of Regulation (EU) 2021/241, exclusively for reforms and investments that aim to contribute to the objectives set out in Article 21c(3), points (a) to (f), of that Regulation;
  - (d) an amount of EUR 4 700 000, transferred from the Brexit Adjustment Reserve to the Facility.
2. The Union’s financial contribution shall be made available by the Commission to Lithuania in instalments in accordance with the Annex to this Decision. An amount of EUR 289 145 365 shall be made available as pre-financing in accordance with Article 13 of Regulation (EU) 2021/241.

An amount of EUR 39 685 928 shall be made available as pre-financing in accordance with Article 21d of Regulation (EU) 2021/241. That pre-financing may be disbursed by the Commission in up to two payments.

The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.

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- \* This amount corresponds to the financial allocation after deduction of Lithuania's proportional share of the expenses referred to in Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology set out in Article 11 of that Regulation.
  - \*\* This amount corresponds to the financial allocation after deduction of Lithuania's proportional share of the expenses of Article 6(2) of Regulation (EU) 2021/241, calculated in accordance with the methodology of Annex IVa of that Regulation.;



(3) the following Article is inserted:

*‘Article 2a*

*Loan support*

1. The Union shall make available to Lithuania a loan amounting to a maximum of EUR 1 551 672 358.
2. The loan support referred to in paragraph 1 shall be made available by the Commission to Lithuania in instalments in accordance with the Annex to this Decision.

An amount of EUR 109 826 147 shall be made available as pre-financing in accordance with Article 21d of Regulation (EU) 2021/241. That pre-financing may be disbursed by the Commission in up to two payments.

The pre-financing and instalments may be disbursed by the Commission in one or several tranches. The size of the tranches shall be subject to the availability of funding.

3. The pre-financing referred to in paragraph 2 shall be released subject to the entry into force and in accordance with the agreement pursuant to Article 15(2) of Regulation (EU) 2021/241 (the ‘loan agreement’). Pre-financing shall be cleared by being proportionally deducted against the payment of the instalments.

4. The release of instalments in accordance with the loan agreement shall be conditional on available funding and a decision by the Commission, taken in accordance with Article 24 of Regulation (EU) 2021/241, that Lithuania has satisfactorily fulfilled the additional milestones and targets covered by the loan and identified in relation to the implementation of the modified RRP including the REPowerEU chapter. In order to be eligible for payment, Lithuania shall complete the additional milestones and targets no later than 31 August 2026.’;

(4) the Annex is replaced by the text appearing in the Annex to this Decision.

*Article 2*

*Addressee*

This Decision is addressed to the Republic of Lithuania.

Done at ...,

*For the Council*

*The President*

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