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### **LEGISLATIVE ACTS AND OTHER INSTRUMENTS**

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Subject: COUNCIL IMPLEMENTING DECISION amending the Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Romania

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## COUNCIL IMPLEMENTING DECISION

of ...

### **amending the Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Romania**

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 Romania on 31 May 2021, the Commission proposed its positive assessment to the Council. On 29 October 2021, the Council approved the positive assessment by means of an implementing decision ('the Council Implementing Decision of 29 October 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 8 September 2023, Romania submitted a modified 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 29 October 2021 in accordance with Article 21(1) of Regulation (EU) 2021/241 considering the RRP to be partially no longer achievable due to objective circumstances. The modifications to the RRP submitted by Romania concern 56 measures.

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<sup>1</sup> See documents ST 12319/2021 and ST 12319/2021 ADD 1 at <http://register.consilium.europa.eu>.

- (5) On 14 July 2023, the Council addressed recommendations to Romania in the context of the European Semester. The Council recommended that Romania, inter alia, pursue fiscal policies in line with the Council Recommendation of 18 June 2021 with a view to bringing an end to the situation of an excessive government deficit in Romania by 2024, and to strengthening Romania's external position. It also recommended Romania to wind down the energy support measures in force, using the related savings to reduce the government deficit, as soon as possible in 2023 and 2024. Should renewed energy price increases necessitate new or continued support measures, the Council recommended Romania to ensure that these are targeted at protecting vulnerable households and firms, fiscally affordable, and preserve incentives for energy savings. The Council further recommended that Romania preserve nationally financed public investment and ensure the effective absorption of grants under the Recovery and Resilience Facility established by the Regulation (EU) 2021/241 (the 'Facility') and of other Union funds, in particular to foster the green and digital transitions. It also recommended to ensure effective governance and strengthen the administrative capacity in order to allow for a continued swift and steady implementation of the RRP and proceed with the speedy implementation of cohesion policy. In addition, the Council recommended that Romania reduce reliance on fossil fuels and accelerate the energy transition, in particular by deploying renewable energy faster and improving grid capacity in order to allow new capacity to operate in the market and increase energy efficiency and the ambition of building renovation efforts, including by providing better access to information and sustainable finance options. Finally, it recommended Romania to step up policy efforts aimed at the provision and acquisition of the skills needed for the green transition.

- (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 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.

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

- (7) The modified RRP submitted by Romania updates eight measures to take into account the updated maximum financial contribution. Romania has explained that because the maximum financial contribution decreased from EUR 14 244 851 992<sup>1</sup> to EUR 12 125 664 294<sup>1</sup>, several investments were modified, transferred or their level of required implementation compared to the original RRP was reduced, for a total amount of EUR 2 119 187 698, corresponding to the decrease of the maximum financial contribution.

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<sup>1</sup> This amount corresponds to the financial allocation after deduction of Romania'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.

- (8) Those modifications concern measures under components C2 – Forests and biodiversity protection, C4 – Sustainable transport, C6 – Energy, C7 – Digital transformation, C10 – Local fund, C12 – Healthcare, and C15 – Education. In particular, targets 25 and 26 in investment C2.I1 – Afforestation and reforestation national campaign, including urban forests – have been reduced with regard to their level of required implementation; milestones 72 and 73, and targets 74 and 75 of investment C4.I1 – Modernisation and renewal of railways infrastructure – have been modified; target 173 of investment C7.I8 – Qualified electronic identity card and digital signature – has been reduced with regard to its level of required implementation and target 174 has been modified to reflect the updated content of the measure; targets 302, 305 and 306, and milestone 304, of investment C10.I1 – Sustainable urban mobility – have been removed, while target 303 has been reduced with regard to its level of required implementation; targets 367 and 372 of investment C12.I1 – Development of pre-hospital medical infrastructure – have been reduced with regard to their level of required implementation; target 377 of investment C12.I2 – Development of public hospital infrastructure – has been reduced with regard to its level of required implementation; milestone 458 and target 459 in investment C15.I2 – Setting up, equipping and operationalising 412 complementary services for disadvantaged groups – have been reduced with regard to their level of required implementation.

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

- (9) The amendments to the RRP submitted by Romania because of objective circumstances concern 48 measures.

- (10) Romania has explained that 16 measures are no longer totally achievable within the timeline envisaged in the original RRP because of supply-chain constraints, combined in some cases with high inflation. Those concern: targets 5, 6, 7, and 8 of investment C1.I1 – Expansion of water and sewerage systems in agglomerations of more than 2 000 population equivalents, prioritised by the Accelerated Plan for Compliance with European Directives; targets 11 and 12 of investment C1.I2 – Collection of waste water in agglomerations of less than 2 000 population equivalent that prevent the achievement of good status of water bodies or affect protected natural areas; target 13 of investment C1.I3 – Supporting the connection of the low-income population to existing water and sewerage networks; targets 14, 15, 17 and milestone 16 of investment C1.I4 – Adaptation to climate change by automation and digitalisation of water disposal and storage equipment of existing accumulations to ensure ecological flow and increase the security of water supply to the population and reduce the risk to floods, under component C1 – Water management; target 58 of investment C3.I3b – Air quality, radioactivity and noise monitoring equipment for the National Environmental Protection Agency, under component C3 – Waste management; milestones 95 and 96, and targets 101, 102, 103, 104, 105 and 106 of investment C5.I1 – Establishment of a renovation wave fund to finance works to improve the energy efficiency of the existing building stock, under component C5 – Renovation wave; milestones 129 and 130, and targets 131 and 132 of investment C6.I2 – Distribution infrastructure of renewable gases (using natural gas in combination with green hydrogen as a transitional measure), as well as green hydrogen production capacities or its use for electricity storage, under component C6 – Energy;

targets 295 and 296 of investment C10.I1 – Sustainable urban mobility; targets 318 and 319 of investment C10.I2 – Construction of housing for youth and for professionals in health and education; targets 321 and 322 of investment C10.I3 – Moderate rehabilitation of public buildings to improve public service delivery by administrative territorial units; targets 324 and 325 of investment C10.I4 – Development/updating in GIS format of spatial planning and urban planning documents, under component C10 – Local fund; milestone 336 and target 337 of investment C11.I2 – Modernisation/creation of museums and memorials; milestone 340 of reform C11.R2 – Framework for the operationalisation of cycling routes at national level; milestone 342 and target 343 of investment C11.I4 – Implementation of 3 000km of cycling routes, under component C11 – Tourism and culture; targets 486, 487 and 488 of investment C15.I10 – Green-schools network development and purchase of green minibuses; targets 503, 504, 505 and 506 of investment C15.I17 – Ensuring university infrastructure (homes, canteens, recreation facilities), under component C15 – Education. On this basis, Romania has requested that the timeline for the implementation of these measures be extended and the level of required implementation of some of the corresponding milestones and targets be reduced. The Council Implementing Decision of 29 October 2021 should be amended accordingly.



- (11) Romania has explained seven measures are no longer totally achievable because of supply-side constraints such as unexpected delays in finalising the tendering procedures or insufficient demand. Those concern: target 18 of investment C1.I5 – Appropriate endowment of river basin administrations for flood monitoring, prevention and emergency response, under component C1 – Water management; target 39 of investment C2.I4 – Integrated investments for the ecological reconstruction of habitats and the conservation of species related to meadows, aquatic and water-dependent areas, under component C2 – Forests and biodiversity protection; milestones 135 and 136 and targets 137, 138 and 139 of C6.I4 – Industrial chain of production or assembly or recycling of batteries, cells and photovoltaic panels (including auxiliary equipment), as well as new electricity storage capacities, and target 141 of investment C6.I5 – Ensuring energy efficiency in the industrial sector, under component C6 – Energy; milestone 334 and target 335 of investment C11.I1 – Promotion of the 12 touristic/cultural routes, under component C11 – Tourism and culture; targets 466 and 467 of investment C15.I4 – Supporting educational establishments with high risk of drop-outs and target 482 of investment C15.I9 – Ensuring digital technology equipment and resources for schools, under component C15 – Education. On this basis, Romania has requested that the level of required implementation of the corresponding milestones and targets of these measures be reduced, that some intermediary targets be removed, or that the description of the measures be modified. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

- (12) Romania has explained that 21 measures have been modified to implement better alternatives in order to achieve the original ambition of the measures. Those concern: milestone 41 of investment C2.I5 – Integrated flood risk mitigation systems in forest river basins, under component C2 – Forests and biodiversity protection; milestone 45 of reform C3.R1 – Improving waste management governance to accelerate the transition to the circular economy; targets 48, 49, 52 and 53 of investment C3.I1 – Development, modernisation and completion of integrated municipal waste management systems at county level or at city/municipality level under component C3 – Waste management; milestones 59, 60 and 66, and target 64 of reform C4.R1 – Sustainable transport, decarbonisation and road safety; milestones 86 and 87 and targets 88 and 89 of investment C4.I4 – Development of the underground transport network in the municipalities of Bucharest and Cluj-Napoca, under component C4 – Sustainable transport; milestone 167 of investment C7.I5 – Digitalisation in the field of the environment under component C7 – Digital transformation; milestone 209 of reform C8.R5 – Establishment and operationalisation of the National Development Bank; milestone 214 of reform C8.R6 – Reform of the public pension system; and milestone 231 and target 232 of investment C8.I4 – Implementation of electronic customs, under component C8 – Tax and pensions reforms; milestone 246 of investment C9.I1 – Digital platforms on legislative transparency, de-bureaucratisation and procedural simplification for business; targets 267 and 269 of investment C9.I4 – Cross border and multi-country projects – Low Power Processors and Semiconductor Chips; target 283 of investment C9.I7 – Strengthening excellence and supporting Romania’s participation in partnerships and missions in Horizon Europe, under component C9 – Business support, research, development and innovation;

milestone 420 of reform C14.R4 – Developing of a fair unitary pay system in the public sector, under component C14 – Good governance; milestone 452 of reform C15.R1 – Elaboration and adoption of the legislative package for the implementation of the ‘Educated Romania’ project; target 457 of investment C15.I1 – Construction, equipping and operationalisation of 110 crèches; milestone 479 of reform C15.R5 – Adoption of the legislative framework for the digitalisation of education; milestones 489 and 490 and targets 491 and 492 of investment C15.I11 – Provision of facilities for pre-university classrooms and school laboratories/workshops; milestone 495 of reform C15.R7 – Reform of the governance of the pre-university education system and professionalisation of management; milestone 498 of investment C15.I15 – Online School: Assessment platform and content development; milestone 501 of investment C15.I16 – Digitisation of universities and their preparation for the digital professions of the future; and target 507 of investment C15.I18 – Training and coaching programme for school managers and inspectors, under component C15 – Education. On this basis, Romania has requested to that the description of the measures and of the corresponding milestones and targets be modified. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

- (13) Romania has explained that one measure is no longer totally achievable within the initially planned timeline or is delayed and changes are needed to secure compliance with amended legal requirements. That concerns: milestone 349 and target 350 of investment C11.I7 – Accelerating the digitalisation of film production and distribution, under component C11 – Tourism and culture. On this basis, Romania has requested that the timeline for their implementation be extended or that the description of the measures and of the corresponding milestones and targets be modified. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

- (14) Romania has explained that two measures are no longer achievable within the timeline and estimated costs of the original RRP due to lack of demand resulting from high inflation, and the uncertain economic context provoked by Russia's war of aggression against Ukraine. Those concern: target 285 of investment C9.I9 – Support for the holders of certificates of excellence received in the Marie Skłodowska Curie Individual Fellowship Award, under component C9 – Business support, research, development and innovation; target 330 of reform C11.R1 – Operationalisation of Destination Management Organisations (DMOs), under component C11 – Tourism and culture. On this basis, Romania has requested that the timeline for their implementation be extended, the description of the measures be modified and the corresponding milestones and targets be decreased. The Council Implementing Decision of 29 October 2021 should be amended accordingly.
- (15) Romania has explained that one measure is no longer totally achievable due to unfavourable energy market conditions following Russia's war of aggression against Ukraine to ensure electricity security of supply taking into account the provisions in the Decarbonisation Law assessed under milestone 113 in the context of the second payment request. This concerns targets 115 and 119 of reform C6.R1 – 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, under component C6 – Energy. On this basis, Romania has requested that the description of the measure and of the corresponding targets be modified. The Council Implementing Decision of 29 October 2021 should be amended accordingly.

- (16) Romania has further requested to use the resources freed up by the removal or downsizing of measures under Article 21 of Regulation (EU) 2021/241, for a total amount of EUR 577 082 830, to include two new measures under component 16 – REPowerEU: investment C16.I6 – Pilot project for the installation of 20 MW of floating solar panels on irrigation channels; and investment C16.I7 – Grant Voucher Scheme to make energy efficiency improvements to households.
- (17) The Commission considers that the reasons put forward by Romania 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

- (18) 17 clerical errors have been identified in the text of the Council Implementing Decision of 29 October 2021, affecting 17 milestones and targets and 16 measures. The Council Implementing Decision of 29 October 2021 should be amended to correct those clerical errors that do not reflect the content of the RRP submitted to the Commission on 31 May 2021, as agreed between the Commission and Romania. Those clerical errors relate to: target 55 of investment C3.I2 – Development of infrastructure for manure and other compostable agricultural waste management, under component C3 – Waste management; milestone 79 of reform C4.R2 – Performance-based quality management in transport – Improving institutional capacity and corporate governance, under component C4 – Sustainable transport; target 134 of investment C6.I3 – Development of flexible and high-efficient gas-fired combined heat and power generation (CHP) in district heating to achieve deep decarbonisation, under component 6 – Energy;

milestones 164 and 166 of investment C7.I4 – Digitalisation of the judiciary, milestone 167 of investment C7.I5 – Digitalisation in the field of the environment, and target 185 of investment C7.I16 – Advanced digital skills training programme for civil servants, under component 7 – Digital transformation; milestone 217 of investment C8.I1 – Facilitating taxpayers’ compliance through the development of digital services, and milestone 226a of investment C8.I2 – Improving tax and tax administration processes, including through the implementation of integrated risk management, under component 8 – Tax and pensions reforms; milestone 241 of reform C9.R1 – Legislative transparency, de-bureaucratisation and procedural simplification for business and milestone 256 of investment C9.I2 – Financial instruments for the private sector, under component 9 – Business support, research, development and innovation; milestone 317 of investment C10.I2 – Construction of housing for youth and for professionals in health and education; milestone 328 of reform C11.R1 – Operationalisation of Destination Management Organisations (DMOs), under component C11 – Tourism and culture; milestone 384 of reform C13.R3 – Implementation of the Minimum Inclusion Income (VMI), under component 13 – Social reforms; milestone 439 of reform C14.R9 – Improving the procedural framework for the implementation of corporate governance principles in state-owned enterprises, under component 14 – Good governance; target 474 of investment C15.I6 – Development of 10 regional consortia and the development and equipping of 10 vocational campuses; target 497 of investment C15.I14 – Equipping of practice workshops in VET schools, under component 15 – Education. Those corrections do not affect the implementation of the measures concerned.

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

- (19) The REPowerEU chapter includes two reforms and seven investments. Romania's REPowerEU chapter is expected to have a lasting impact on reducing fossil fuel consumption and greenhouse gas emissions and increasing the uptake of renewable energy thus contributing to the reduction of vulnerabilities during winter seasons.
- (20) The chapter includes an important reform aimed at facilitating the identification of acceleration areas, which is expected to boost installation of new renewable energy plants. This reform is complemented by two investments aimed at deploying renewable energy. One of them, investment C6.II – New capacities for electricity generation from renewable sources, under component 6 – Energy, was transferred to the REPowerEU chapter in accordance with Article 21c(2) of Regulation (EU) 2021/241.
- (21) The modified RRP also includes a reform to put in place one-stop-shop offices dedicated to providing information and assistance to private persons for renewable energy installations and for energy efficiency renovations, as a first step in addressing those affected by energy poverty and vulnerable energy consumers. This reform is complemented by an investment aimed at deploying rooftop solar energy on residential buildings and two investments to improve energy efficiency in the country by renovating public buildings and private dwellings respectively. The latter investment in energy efficiency renovation of private dwellings prioritises energy poor households and vulnerable energy consumers, thereby addressing energy poverty. The investment consists of a grant voucher scheme covering both energy efficiency renovations and installation of rooftop solar panels. The beneficiaries receive targeted assistance from the one-stop-shops established under a reform.

- (22) The REPowerEU chapter includes also an investment to improve the maintenance, efficiency and cyber security of the electricity transmission network, facilitating the connection of new renewable plants and ensuring better the resilience and reliability of the infrastructure.
- (23) The REPowerEU chapter also includes an investment providing trainings for workers on green energy skills.
- (24) 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

- (25) 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 of the 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.
- (26) The modified RRP, along with the REPowerEU chapter, only impacts the original assessment of the contribution of the RRP to the first pillar on the green transition as set out in the Council Implementing Decision of 29 October 2021. For the other pillars, the nature and extent of the modifications to the RRP do not have an impact on the previous assessment of the RRP, which continues to represent to a large extent a comprehensive and adequately balanced response to the economic and social situation, and on its appropriate contribution to all six pillars referred to in Article 3 of Regulation (EU) 2021/241.



- (27) With regard to the first pillar, the measures in the REPowerEU chapter contribute to achieving the Union's 2030 climate targets and the objective of EU climate neutrality by 2050, aiming to accelerate the deployment of renewables by introducing measures to streamline permitting and administrative procedures. All measures included in the REPowerEU chapter are expected to significantly contribute to the green transition, and to addressing the corresponding challenges.

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

- (28) 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 Romania, including fiscal aspects thereof, and recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 of the European Parliament and of the Council<sup>1</sup>, or challenges identified in other relevant documents officially adopted by the Commission in the context of the European Semester.
- (29) In particular, the modified RRP takes into account country-specific recommendations formally adopted by the Council prior to the assessment of the modified RRP by the Commission. As the maximum financial allocation for Romania has decreased as a result of the update, the 2022 and 2023 recommendations not related to energy challenges are not considered in the overall assessment.

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<sup>1</sup> Regulation (EU) No 1176/2011 of the European Parliament and of the Council of 16 November 2011 on the prevention and correction of macroeconomic imbalances (OJ L 306, 23.11.2011, p. 25).

- (30) Having assessed progress in the implementation of all relevant country-specific recommendations as part of the 2023 European Semester, the Commission finds that 2020 recommendation 3.1 on ensuring liquidity support to the economy benefitting businesses and households was fully implemented. Substantial progress has been achieved with regard to 2020 recommendation 2.1 on providing adequate income replacement and 2019 recommendation 2.1 on safeguarding financial stability and the robustness of the banking sector.
- (31) 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 Romania by the Council in the context of the European Semester, in particular in the field of sustainability of public finances and pension system, healthcare, public administration, business environment, education, and green and digital transition. By addressing the aforementioned challenges, the modified RRP is expected to also contribute to correcting the imbalances that Romania is experiencing, as identified in recommendations made pursuant to Article 6 of Regulation (EU) No 1176/2011 in 2019, 2020 and 2023, in particular with regard to external accounts, linked to large government deficits.
- (32) Since Romania still maintains to a significant extent the ambition of the investments and reforms, the modifications to Romania's RRP do not change the previous assessment that the RRP is contributing to effectively addressing all or a significant subset of the country-specific recommendations. In addition, the REPowerEU chapter reinforces the ambition of the RRP as regards most of the relevant country-specific recommendations in the field of energy (2023 recommendation 3 and 2022 recommendation 3), in particular to reduce reliance on fossil fuels and to accelerate the energy transition.

- (33) Several measures included in the REPowerEU chapter (component C16) aim at deploying renewable energy faster. These include both reforms C16.R1 – Creating a legal framework for the use of state land as acceleration areas for RES investments and C16.R2 – Setting up one-stop-shops (OSS) to provide energy advisory services for energy efficiency renovations and energy production from renewable sources for prosumers, and investments C16.I2 – New capacities for electricity generation from renewable sources, C16.I4 – Grant Voucher Scheme to accelerate the deployment of renewable energy by households and C16.I6 – Pilot project for the installation of 20 MW of floating solar panels on irrigation channels. Moreover, reform C16.R1 – Creating a legal framework for the use of state land as acceleration areas for RES investments, and investment C16.I5 – Digitalisation, efficiency and modernisation of the national electricity transmission network aim at improving grid capacity to allow the new-built capacity to be connected to the network faster. Measures C16.R2 – Setting up one-stop-shops (OSS) to provide energy advisory services for energy efficiency renovations and energy production from renewable sources for prosumers, C16.I3 – Boosting energy efficiency of public buildings, and C16.I7 – Grant Voucher Scheme to make energy efficiency improvements to households, help increase the pace and ambition of renovations to advance the energy efficiency of the building stock. The introduction of renovation offices under C16.R2 – Setting up one-stop-shops (OSS) to provide energy advisory services for energy efficiency renovations and energy production from renewable sources for prosumers specifically addresses the recommendation to provide better access to information and sustainable finance options. Finally, investment C16.I1 – Training for green energy skills contributes to the provision and acquisition of skills and competences needed for the green transition.

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

- (34) 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 Romania, 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.
- (35) The modified RRP, including the REPowerEU chapter, continues to contribute to economic cohesion and to address vulnerabilities of the economy in line with the original assessment. Besides the measures included in the original RRP, measures in the REPowerEU chapter are also expected to contribute to sustainable growth. It is the case for instance for the support to green skills and the development of renewable energy sources.
- (36) The modifications to the RRP do not affect the RRP's contribution to social cohesion. The modified RRP continues to include measures to address long-standing social challenges, including the responsiveness and accessibility of healthcare and long-term care services, and the access to services for children in vulnerable communities and persons with disabilities. The measures in the modified RRP are expected to continue helping deliver on the implementation of the European Pillar of Social Rights Action Plan endorsed at the Porto Summit of 7 May 2021 and are expected to contribute to improving the levels of the indicators of the Social Scoreboard.

## Do no significant harm

- (37) 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 investment projects included therein 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’).
- (38) The modified RRP assesses compliance with the ‘do no significant harm’ principle 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>2</sup>. Changes introduced in measures through the modification of the RRP do not affect the assessment carried out for the original version of the RRP, which remains the same.
- (39) For the new reforms and investments introduced Romania provided a systematic assessment of each measure against the principle of ‘do no significant harm’. Where necessary, specific safeguards to ensure compliance with the ‘do no significant harm’ principle are included in the relevant milestones and targets. The information provided by Romania allows to conclude that the modified RRP is expected to ensure that none of the measures does significant harm to environmental objectives within the meaning of Article 17 of Regulation (EU) 2020/852.

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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).

<sup>2</sup> OJ C 58, 18.2.2021, p. 1.

- (40) No measure under the REPowerEU chapter falls under Article 21c(3), point (a) of Regulation (EU) 2021/241.

#### Contribution to the REPowerEU objectives

- (41) 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.
- (42) Romania's REPowerEU chapter is expected to have a lasting impact on reducing fossil fuel consumption and greenhouse gas emissions and increasing the uptake of renewable energy by boosting the installation of new renewable energy source (RES) capacities and energy efficiency renovations, including energy poor and vulnerable energy consumers. This is complemented by one-stop-shop offices dedicated to providing information and assistance to prosumers. These measures are expected to contribute to the objectives laid down in Article 21c(3), points (b), (d) and (e), of Regulation (EU) 2021/241.

- (43) Moreover, a measure in the REPowerEU chapter aims to improve the maintenance, efficiency and cyber security of the transmission network, facilitating the connection of new renewable electricity generation plants and ensuring better resilience and reliability of the infrastructure. This is expected to contribute to the objectives laid down in Article 21c(3), point (b) and (e), of Regulation (EU) 2021/241. The introduction of grant voucher schemes to make energy efficiency improvements to households and deploy renewable energy generation, which should prioritise vulnerable households, is expected to contribute to the objective of addressing energy poverty, laid down Article 21c(3), point (c), of Regulation (EU) 2021/241.
- (44) The REPowerEU chapter is also expected to contribute to an accelerated requalification of the workforce towards green skills, as laid down in Article 21c(3), point (f). of Regulation (EU) 2021/241, with a focus on developing skills in clean technologies needed for the use of renewable energy sources.

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

- (45) 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.

- (46) The REPowerEU chapter is expected to contribute to reducing dependence on fossil fuels and energy demand. In particular, several measures in the REPowerEU chapter support the deployment of renewable energy sources and reduction of energy demand in buildings. In particular, the chapter includes a reform aimed at facilitating the identification of acceleration areas, which is expected to boost installation of new renewable energy plants and an investment aimed at deploying renewable energy. The chapter also includes a reform to put in place one-stop-shop offices, dedicated to providing information and assistance to private persons for installing renewable energy equipment and conducting energy efficiency renovations. This reform is complemented by an investment aimed at deploying solar energy on residential buildings and two investments to improve energy efficiency in the country by renovating public and private buildings respectively.
- (47) The estimated costs of the measures included in the REPowerEU chapter expected to have a cross-border or multi-country dimension or effect represent 96,5 % of the total estimated costs of the chapter.



## Contribution to the green transition, including biodiversity

- (48) 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 44,1 % of the RRP's total allocation and 96,5 % of the total estimated costs of measures in the REPowerEU chapter calculated in accordance with the methodology set out in Annex VI to that Regulation. In accordance with Article 17 of Regulation (EU) 2021/241, the modified RRP including the REPowerEU chapter is consistent with the information included in the National Energy and Climate Plan 2021-2030.
- (49) The climate ambition of the modified RRP without the REPowerEU chapter decreases slightly compared to the original RRP, mainly due to the reduction in the level of required implementation of some measures following the decrease in the maximum financial contribution available to Romania, and stands at 40,1 % of the modified RRP, compared to 41 % for the original RRP.

- (50) However, the REPowerEU chapter includes nine measures which aim to accelerate the deployment of renewable energy sources, the pace of energy efficiency renovations and the requalification of the workforce towards green skills. Therefore, the climate change contribution of the RRP, including the REPowerEU chapter, exceeds the minimum climate target of 37 % as set out in Regulation (EU) 2021/241. The measures related to the green transition, including biodiversity, in the modified RRP including the REPowerEU chapter have a lasting impact as the measures aim at structural changes to reduce Romania's overall reliance on fossil fuels and at increasing energy savings by shifting to green technologies, in particular those related to renewable energy sources, energy storage, energy efficiency and industrial decarbonisation. As a result, they also contribute to achieving the 2030-2050 targets and the objective of the EU climate neutrality by 2050.

#### Contribution to the digital transition

- (51) 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 represent 21,8 % of the modified RRP's total allocation calculated in accordance with the methodology set out in Annex VII to that Regulation.

- (52) The modification to the RRP did not impact its contribution towards the digital transition with regard to the modified measures. The modified RRP continues to contribute significantly to the digital transition, including by developing the necessary infrastructure (building up connectivity, cloud and improving cybersecurity) both for businesses and the public administration.
- (53) The REPowerEU chapter is expected to contribute to the digital transition and to addressing the resulting challenges through one reform and two sub-investments. The reform aims to support, inter alia, the digitalisation of the State Domains Agency. One sub-investment aims to provide digital solutions improving the efficiency and speed of interventions on the electricity transmission network to reduce outages. The second one aims to limit the risk of cyber-attacks on the electricity transmission network operator's IT infrastructure. In accordance with Article 21c(5) of Regulation (EU) 2021/241, reforms and investments in the REPowerEU chapter are not to be taken into account when calculating the RRP's total allocation for the purpose of applying the digital target requirement set by that Regulation.

#### Lasting impact

- (54) 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 Romania to a large extent (rating A).

- (55) Overall, the changes included in the modified RRP do not have a material impact on the previous assessment of the RRP regarding the lasting impact of reforms to deliver long-term results and structural change.
- (56) The RRP also maintains investments expected to have a lasting impact, supporting the green and digital transitions of the economy. The digital-related measures in the RRP are designed to increase the level of digitalisation of relevant institutions, which is expected to have a lasting impact on the quality of services, the business environment and the optimal use of government data.
- (57) Finally, Romania's REPowerEU chapter is also expected to have a lasting impact and shape Romania's energy policy beyond the lifespan of the RRP by helping reduce fossil fuel consumption and greenhouse gas emissions and increase decarbonisation and the uptake of renewable energy.

#### Monitoring and implementation

- (58) 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.

- (59) The modified RRP clearly describes the arrangements in place which ensure effective coordination and implementation. The Ministry for Investment and European Projects (the ‘MIPE’) maintains its role as national coordinator in charge with the overall implementation of the RRP. Since the adoption of the Council Implementing Decision of 29 October 2021, the MIPE has reinforced the administrative capacity of its specialised structure, through an internal reorganisation and increasing the number of staff. The high-level coordination continues being ensured by the Inter-ministerial Committee for the Coordination of the RRP, working in close cooperation with MIPE.
- (60) While the initial implementation arrangements remain in place, the REPowerEU chapter includes several new implementing bodies alongside others which already have a hands-on experience with the specificities of the Facility, taking into account that, in particular the ambition of the RRP, the implementation remains challenging and needs to be closely monitored.
- (61) The monitoring and reporting mechanism is adequate and reliable. MIPE continues to be responsible for monitoring the progress achieved for each milestone and target, as well as reporting on the achievement of milestones and targets based on the information provided by the implementing bodies. All modified measures in the RRP and in the additional REPowerEU chapter include an adequate number of milestones and targets, realistic and clearly defined to ensure that progress in implementing the modified RRP can be robustly monitored. Milestones and targets are also relevant for measures already completed which are eligible under Article 17(2) of Regulation (EU) 2021/241. The satisfactory fulfilment of these milestones and targets over time is required to justify a disbursement request.

## Costing

- (62) 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 with the expected national economic and social impact.
- (63) Romania has provided individual estimated costs for all new measures in the REPowerEU chapter. Apart from the measures in the REPowerEU chapter there are no new measures. Overall, assumptions used by Romania to estimate the costs of the new measures provide reasonable explanations and methodology. The justification provided for the new measures is to a medium extent (rating B) reasonable and plausible, in line with the principle of cost efficiency and is commensurate with the expected national economic and social impact. For part of the new measures, further justifications and detailed information on estimations could have increased the level of assurance that costs are reasonable and plausible. Since, for those cost estimates, the methodology used is not sufficiently well explained and the link between the justification and the cost itself is at times not fully clear, the rating for the costing assessment criterion is medium. In the case of modified measures, sufficient information has been provided to justify the proportionality of the changes in the cost estimates or related targets. The assessment on the reasonability and plausibility of the costs of measures, which are now modified, has not changed from the initial assessment of these measures. The total cost of the modified RRP is commensurate with the expected social and economic impact of the envisaged measures. Finally, the estimated total cost of the modified RRP is in line with the principle of cost efficiency and commensurate with the expected national economic and social impact.

## Protection of the financial interests of the Union

- (64) 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 are adequate (rating A) to prevent, detect and correct corruption, fraud and conflicts of interest 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 line with Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council<sup>1</sup>.
- (65) The original assessment had concluded on the adequacy of the control and audit arrangements proposed by Romania (rating A) under criterion 2.10 of Annex V to Regulation (EU) 2021/241, subject to the timely fulfilment of two milestones pertaining to a repository system for monitoring the implementation of the RRP and adoption of the legal mandate for the main institutions in Romania involved in the implementation of the RRP. The MIPE has overall responsibility for the implementation of the RRP and for replies on behalf of all implementing bodies for the operational and administrative aspects of the RRP. The Audit Authority from the Court of Accounts is responsible for performing audits regarding applications for funds and the documentation and fulfilment of targets and milestones.

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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).

- (66) Since the original assessment, the Commission has had access to information on the actual implementation of Romania's audit and control system. This includes the preliminary findings of the audit on the protection of the financial interests of the Union performed by the Commission in Romania.
- (67) In light of this information, the Commission considers that the internal control system of the Romania's RRP is adequate overall.

#### Coherence of the RRP

- (68) 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.



- (69) The modifications do not affect the overall coherence of the RRP. For all key areas included in the RRP – green economy, education, business environment, health, social inclusion, public administration and digitalisation – components are built around consistent packages of both reforms and investments, with measures that are mutually reinforcing or complementary. Synergies also exist across the various components and no measure contradicts or undermines the effectiveness of another. The main focus of Romania’s RRP is unchanged, as green transition and digital transformation remain at its core, where the green reforms and investments included in the original RRP components are boosted by the new measures in the REPowerEU chapter. Digital reforms and investments remain focused on supporting areas with the largest investment gaps such as digitalisation of public services and schools. The measures in the REPowerEU chapter are consistent with Romania’s policies aimed at reducing greenhouse gas emissions and increasing the share of renewable energy sources. These measures also reinforce those included in the original RRP on energy efficiency and strengthening the electricity network as they aim at increasing the share of renewable energy production and decreased energy demand.

#### Equality

- (70) The modified RRP still contains a series of measures expected to contribute to addressing the country’s challenges in the area of gender equality and equal opportunities for all. In the REPowerEU chapter, the measure aimed at renovating single-family houses prioritises homeowners affected by energy poverty and vulnerable energy consumers, and are thus expected to contribute to equal opportunities for all groups of the population.

## Consultation process

- (71) In the preparation of the REPowerEU chapter, consultations with relevant stakeholders were held. An inter-ministerial working group was set up to prepare the modified RRP. The draft of the REPowerEU chapter was presented to the RRP monitoring committee composed of representatives of governmental organisations, representative of trade unions and employers, representatives of associations of local public administration (National Union of County Councils of Romania, Association of Romanian Municipalities, Association of Romanian Towns and Association of Communes of Romania ), as well as representatives of the Economic and Social Council. They had the opportunity to make comments. In March, a public consultation was organised, as well as a public event with the participation of business representatives, civil society and stakeholders. Comments and proposals were sent by stakeholders to MIPE. Following these consultations, a new draft of the chapter was prepared.
- (72) 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

- (73) Following the positive assessment by the Commission concerning the modified RRP, including the REPowerEU chapter, with the finding that the modified 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, 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 support should be set out.

## Financial contribution

- (74) The estimated total costs of the modified RRP including the REPowerEU chapter of Romania is EUR 28 511 575 220. As the amount of the estimated total costs of the modified RRP is higher than the updated maximum financial contribution available for Romania, the financial contribution calculated in accordance with Article 11 of Regulation (EU) 2021/241 allocated for Romania's modified RRP including the REPowerEU chapter should be equal to EUR 12 125 664 294.

- (75) Pursuant to Article 21a(5) of Regulation (EU) 2021/241, on 8 September 2023 Romania 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 Regulation (EU) 2021/241. The estimated total costs of the 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 2 017 474 050. As this amount is higher than the allocation share available for Romania, the additional non-repayable financial support available for Romania should be equal to the allocation share. This amount is equal to EUR 1 397 228 597.
- (76) Additionally, in accordance with Article 4a of Regulation (EU) 2021/1755 of the Parliament and of the Council<sup>1</sup>, Romania submitted a reasoned request to transfer all its remaining provisional allocation from the resources of the Brexit Adjustment Reserve to the Facility, amounting to EUR 43 162 623. That amount should be made available to support the reforms and investments in the REPowerEU chapter as additional non-repayable financial support.
- (77) The total financial contribution available to Romania should be EUR 13 566 055 514.

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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).

REPowerEU Pre-financing

- (78) Romania has requested the following funding for the implementation of its REPowerEU chapter: transfer of EUR 43 162 623 from the provisional allocation from the resources of the Brexit Adjustment Reserve, and EUR 1 397 228 597 from the revenue from the emissions trading system under Directive 2003/87/EC of the European Parliament and of the Council<sup>1</sup>.
- (79) For those amounts, pursuant to Article 21d of Regulation (EU) 2021/241, on 8 September 2023 Romania has requested pre-financing of 20 % of the funding requested. Subject to available resources, that pre-financing should be made available to Romania subject to the entry into force of, and in accordance with, an agreement to be concluded between the Commission and Romania pursuant to Article 23(1) of Regulation (EU) 2021/241.
- (80) The Council Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Romania should therefore be amended accordingly. For the sake of clarity, the Annex to that Implementing Decision should be replaced entirely,

HAS ADOPTED THIS DECISION:

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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).

### *Article 1*

The Council Implementing Decision of 29 October 2021 on the approval of the assessment of the recovery and resilience plan for Romania 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 Romania 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, 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 Romania a financial contribution in the form of non-repayable support amounting to EUR 13 566 055 514\*. That contribution includes:
  - (a) an amount of EUR 10 211 538 399, which shall be available to be legally committed by 31 December 2022;
  - (b) an amount of EUR 1 914 125 895, which shall be available to be legally committed from 1 January 2023 until 31 December 2023;
  - (c) an amount of EUR 1 397 228 597\*\*, 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), point (b) to (f), of that Regulation;
  - (d) an amount of EUR 43 162 623, transferred from the Brexit Adjustment Reserve to the Facility.
2. The Union financial contribution shall be made available by the Commission to Romania in instalments in accordance with the Annex to this Decision. An amount of EUR 1 851 159 668 shall be made available as pre-financing in accordance with Article 13 of Regulation (EU) 2021/241.

An amount of EUR 288 078 244 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 Romania'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 Romania'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 Annex IVa of that Regulation.';

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



*Article 2*

This Decision is addressed to Romania.

Done at ...,

*For the Council*

*The President*

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