

The information contained in this summary is based on the documents COM(2021) 608 final and SWD(2021) 276 final, which are the authentic documents representing the Commission's assessment of the plan.

Summary of the Commission's assessment of the Romanian recovery and resilience plan

Grants: EUR 14 239 689 750; Loans: EUR 14 942 153 00

171 measures: 64 reforms and 107 investments divided into 15 components

Number of milestones and targets: 507

Climate target: 41 %

Digital target: 20.5 %

1. Summary of the Commission's assessment of the recovery and resilience plan

Criterion	Commission assessment	Rating A-C
2.1	<p>The plan follows a holistic approach to achieve recovery and increase potential growth, while enhancing socio-economic and institutional resilience. The plan contains mutually reinforcing and coherent reforms and investments that refer to policy areas of European relevance, structured around the six pillars.</p> <p>The plan has a strong focus on the green transition pillar with energy and climate related measures, with flagship reforms on the phasing-out of coal and the decarbonisation of road transport. The reforms and investments are expected to significantly decarbonise the energy sector and unlock the potential for renewables deployment. The strong focus on energy efficiency of private and public buildings, digitalisation of road and rail transport and deployment of electric charging infrastructures, climate change adaptation and circular economy, will also facilitate the green transition in all sectors of the economy.</p> <p>The plan also contributes to the digital transition. Measures contributing to the digital objectives are present throughout the plan, across the different components and focus on the digitalisation of the public administration (including health, justice, environment, employment and social protection) and businesses, as well as connectivity, cybersecurity and digital skills.</p> <p>Several components in the plan have the potential to foster smart, sustainable and inclusive growth. These measures, also through the use of new financial instruments and the creation of a National Development Bank, are expected to support private investments, including for small and medium-sized enterprises (SMEs), thereby increasing the capacity of the country to attract investments and create new businesses and jobs. The plan also aims to reinforce fiscal sustainability through important reforms of the tax administration, tax framework, fiscal management and the pension system.</p> <p>The plan envisages to strengthen social and territorial cohesion through structural measures on the labour market and important reforms and investments targeting both urban and rural development, which are expected to reduce territorial disparities at regional, intra-regional and intra-county level.</p> <p>The proposed reforms and investments are expected to strengthen the overall resilience of the health system, including its digitalisation. Finally, measures in the plan aim to help the next generations mainly by addressing challenges in terms of quality, equity and infrastructure in the educational system. The upgrade of school and university infrastructure in urban and rural areas, the digitalisation of education and a system of grants to reduce the drop-out rate are</p>	A

	the main measures to address these challenges.	
2.2	<p>The reforms and investments underpinning the plan can be expected to contribute to addressing all or a significant subset of the 2019 and 2020 country-specific recommendations (CSRs). The plan focuses on reforms and investments facilitating the twin green and digital transitions, but also on reforms and investments to address the challenges identified in sustainability of public finances and pension system, healthcare, public administration, judiciary, business environment, education. Evidence-based decision making, long-term planning and public consultations and measures aimed at improving the public procurement process, reinforcing the effectiveness and independence of the judicial system and fighting corruption will contribute to improving the quality and effectiveness of the public administration.</p> <p>Furthermore, the plan commits to reforms related to coal phase-out, minimum wage setting, corporate governance of state-owned enterprises, social dialogue, early-childhood education and care system.</p>	A
2.3	<p>The aims of the plan are in line with the flagship areas identified by the 2021 annual sustainable growth survey for their potential to create jobs and growth and help reap the benefits from the green and digital transitions. Model simulations conducted by the Commission services using the QUEST model show that the plan, together with the rest of the measures of the European Union Recovery Instrument, has the potential to increase the GDP of Romania by 1.8 % to 2.9 % by 2026. This scenario does not include the possible positive impact of structural reforms, which can be substantial.</p>	A
2.4	<p>All measures in the plan have passed the <i>ex-ante</i> assessment of the 'do no significant harm' principle. In addition, for some measures, the 'do no significant harm' principle has been reflected in the milestones and targets specified in the Annex to the Commission Proposal for a Council Implementing Decision.</p>	A
2.5	<p>The measures in the plan have the potential to accelerate the green transition and protect the environment. They are expected to support Romania's decarbonisation and energy transition objectives, as set out in its 2030 national energy and climate plan, and are a step forward in achieving climate neutrality by 2050. The plan includes reforms on the phase out of coal and lignite power production, which is crucial for the decarbonisation of the energy sector and to unlock the potential for renewables deployment. The plan also commits to promote sustainable transport by decarbonisation of road transport, green taxation, incentives for zero-emission vehicles, modal shift to railways and water transport, and measures to promote road safety. The plan also has a strong focus on energy efficiency of private and public buildings. The introduction of green budgetary planning, digitalisation of road and rail transport and the deployment of electric charging infrastructures, climate change adaptation and circular economy, is expected to also facilitate the green transition in all sectors of the economy.</p> <p>With several reforms and investments in the forestry sector, such as the adoption of the National Forest Strategy and the ecological reconstruction of habitats and the conservation of species, the plan is also expected to contribute to biodiversity conservation and restoration. The implementation of reforms and investments on resource efficiency, material reuse and reducing waste, aim to ensure Romania's transition to a circular economy by 2030.</p>	A

2.6	<p>As regards the digital transition, the measures contributing to digital objectives account for 20.5 % of the financial allocation. Component 7 (Digital Transformation) is fully dedicated to the digital transition. All the plan's components include measures directly contributing to the digital transformation or addressing related challenges. The key components are the digital transformation, followed by education, sustainable transport and business support and R&D&I. The measures contributing to the digital transformation are expected to improve the effectiveness of the public administration, lowering the administrative burden, increasing the competitiveness of the businesses and equipping parts of the population (notably students, teachers and civil servants) with basic and advanced digital skills. The digital dimension is strengthened by a cross-border dimension, as Romania is expected to participate in a multi-country project on low power processors and semiconductor chips planned as an Important Project of Common European Interest.</p>	A
2.7	<p>The implementation of the envisaged measures is expected to have a lasting impact. The plan is fully aligned and integrated with the National Reform Programme. This is expected to help ensure that the implementation of the plan is well coordinated and lasting. The plan includes several measures and policies that are expected to lead to structural changes in pension system, social benefits, public administration, healthcare, education, digitalisation and green policies.</p>	A
2.8	<p>The milestones and targets are clear and realistic and the proposed indicators for those milestones and targets are relevant, acceptable and robust. The milestones and targets constitute an appropriate system for monitoring the plan's implementation. The verification mechanisms, data collection and responsibilities described by Romania appear sufficiently robust to justify in an adequate manner the disbursement requests once the milestones and targets are assessed as completed.</p>	A
2.9	<p>Romania has provided individual cost estimates for the measures in the plan. The estimates and supporting documents show that the costs are justified, reasonable, plausible and commensurate, in line with the principle of cost-efficiency. The amounts proposed for financing were in general deemed appropriate and seen as establishing the plausibility of the cost estimates to a medium extent. The avoidance and prevention of double funding is expected to be ensured through robust procedures structured within the plan.</p>	B
2.10	<p>Romania's control and audit system is adequate to prevent, detect and correct potential fraud, corruption and conflicts of interest, and avoid double funding.</p> <p>The system presents a robust process and structure, where the roles and responsibilities are clearly defined and the relevant control functions are appropriately segregated. The proposed measures give assurance that there is an adequate level of control to prevent, detect and correct irregularities identified when using funds provided by the Recovery and Resilience Facility. Romania committed in specific milestones to having in place an efficient repository system and to having allocated sufficient administrative capacity to perform such audits by the time of the first disbursement request.</p>	A

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2.11	The plan is structured around six pillars. Each pillar is built around components including measures mutually reinforcing, as investments are accompanied by reforms that aim to address underlying structural challenges. There is an adequate balance between investments and reforms in view of the main challenges to be addressed, and between investments in different territories.	A
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2. Horizontal principles and additionality

Horizontal principle	Commission assessment
Complementarity with EU programmes 2021-2027	The Plan acknowledges significant complementarities with cohesion policy funds 2021-2027. In particular, the plan specifies that its structure will complement the projects supported by the Cohesion policy to optimise the use of EU funds allocated to Romania for the 2021-2027 period. Complementarities are particularly relevant for areas where reforms or investments will be kick-started with the Recovery and Resilience Facility support, such as the circular economy, energy, sustainable transport, digitalisation, health, education, social inclusion and protection and employment policies, and health sector.
Principle of additionality	The measures in the plan respect the principle of additionality.
Recurring costs	The plan will finance a limited amount of costs that are recurring but temporary in nature, thus respecting the conditions set out in Article 5(1) of the RRF Regulation. These costs are strictly necessary for the implementation of the measures.

3. Reply to the European Parliament's questions

Contribution to equality and gender equality: the plan describes existing challenges and briefly explains which reforms and investments contribute to overcoming the challenges identified. Several measures are expected to contribute to addressing challenges related to gender equality and equal opportunities for all. The plan refers notably to addressing the needs of people with disabilities, including in relation to accessibility to transport, buildings and digital public services; to equalising the retirement age over time; to the introduction of a mandatory minimum threshold of 50% for women's participation in training, education or digital literacy programmes; to promoting equal treatment and opportunities between men and women, and to improving the representation of women in decision-making positions of state-owned enterprises; and providing social housing for disadvantaged or vulnerable people including for persons with disabilities, older persons, as well as Roma or other ethnic minorities. With regard to monitoring and reporting, data on participants benefiting from interventions or institutional or policy implementation developments will be disaggregated by variables such as sex, age, disability and, where possible, membership of a minority group.

Contribution to high-quality employment creation: the plan contains investments and reforms expected to boost the economic growth and jobs potential. Benefits for growth and jobs are expected from the investments and reforms related to strengthen the business environment and support of private investments, particularly for SMEs, energy efficiency, energy and transport decarbonisation and an improved health system. Investments and policies to accelerate digitalisation are expected to

improve productivity, as well as create jobs. Improving skills and bridging the gap between education provision and labour market needs is expected to address bottlenecks to growth.

Contribution to the implementation of the European Pillar of Social Rights: the plan addresses a number of employment and social policy challenges relevant for the implementation of the European Pillar of Social Rights. To foster equal opportunities and access to the labour market, a particular focus is given to expand the availability of good quality early childhood education and care and improve access for the most disadvantaged that should help pupils achieve better learning outcomes and parents to join, more easily, the labour market. Similarly, measures targeted at reducing early school leaving will have an impact on marginalised communities, whose children are most at risk of abandonment. Reforming vocational education and training (VET), coupled with measures such as the introduction of a skills forecasting mechanism, will provide better career prospects and skills for VET graduates (many of which are also part of disadvantaged communities). The delivery of the minimum inclusion income reform is expected to bring a positive impact on employment, due to the accompanying activation measures, and education outcomes. The introduction of a voucher system has the potential to increase female labour force participation and access to social services for the newly engaged workers. Health reforms aim to strengthen primary care and foster access to services in rural and small urban areas, including vulnerable communities. Reforms envisage to further develop e-Health services, improve the efficiency of public spending in the healthcare system, and increase the shift to outpatient care.

Addressing regional disparities: the plan includes measures that are expected to reduce disparities between different territories. In particular, component 10 (Local Fund), targeting both urban and rural development, aims to provide the necessary framework for the development of the regional level through investments in local infrastructure that are expected to support the resilience and green transition of urban and rural areas, as well as to reduce territorial disparities at regional, intra-regional and intra-county level. Future investments aim to support vulnerable people, build a sustainable economy and address potential threats at local level. In addition, by providing the basic transport infrastructure in currently poorly connected regions of the country, it is expected to support the economic development of the economy in general and those specific regions in particular. Similarly, the broadband investment will provide coverage of very high-speed internet access to areas where market cannot deliver these services on its own and will enable everyone to take part in the upward social and economic convergence driven by digitalisation.

Contribution to upward economic and social convergence: The plan contains several measures in priority areas, namely the environment, energy and resource efficiency, education, health, transport infrastructure and fleets, access to finance for businesses, making labour market more flexible by increasing skills, including digital, and developing sectoral policies that are expected to contribute to upward economic and social convergence. For example, the reforms related to fiscal management and pension system should support the improvement of the business environment by facilitating relations with the tax administration, and allow for more room to respond to income inequalities and poverty rates. Measures aiming at supporting disadvantaged groups in the education system should increase equal opportunities and therefore also help provide a better match between labour market demand and supply for skills. These measures can improve Romania's long-term growth potential and foster inclusive growth by reducing disparities, fostering potential spill-over effects into the labour market and the business sector, particularly in terms of digitalisation skills. Growth and jobs will be further supported by the digital component of the Plan that provides for digital skills for all.

Contribution to CSRs on taxation: Component 8 (Tax and Pension reforms) of Romania's Plan aims to address the recommendations related to fiscal policy. Strengthening tax compliance and collection will be achieved through a full digitalisation of the tax administration, which in turn will allow to develop services for taxpayers, foster digital inclusion, and implement an integrated risk

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management system to increase the number and the efficiency of tax controls and support the identification of tax risks. The component also includes a gradual phase out of excessive tax incentives, which should broaden the tax base and help establishing a fairer, more efficient, simpler and more transparent tax system. Further measures in the fiscal component aimed at addressing the fiscal policy recommendations are the improvement of the management of public spending to make it more efficient and prioritised (including through regular spending reviews) and the reform of the public pension system..

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Annex

Table 1: Illustration of the plan's contribution to the six policy pillars

	Green transition	Digital transformation		Smart, sustainable & inclusive growth	Social and territorial cohesion	Health, and economic, social and institutional resilience	Policies for the next generation
Pillar I - Green transition							
1 — Water management	●	○			○		
2 — Forests and Biodiversity protection	●						
3 — Waste management	●	○			○		
4 — Sustainable transport	●	●		●	○		
5 — Renovation Wave Fund	●			○	○		
6 — Energy	●			○			
Pillar II – Digital transformation							
7 — Digital transformation		●					
Pillar III Smart, sustainable and inclusive growth							
8 — Tax pension reforms	○	○		●	●	○	
9 — Business Support, research, development and innovation		●		●			
Pillar IV – Social and territorial cohesion							
10 — Local Fund	●	○			●		
11 — Tourism and culture	○						
Pillar V - Health, and economic, social and institutional resilience							
12 — Healthcare	○	○			○	●	
13 — Social reforms	○				●	●	
14 — Good governance						●	
Pillar VI – Policies for the next generation							
15 — Education	○	●		○	○		●

Key: “●” investments and reforms of the component significantly contribute to the pillar; “○” the component partially contributes to the pillar

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Table 2: Mapping of country challenges identified in 2019-20 country-specific recommendations and the Maltese RRP components

Country challenges (as identified in Section 2)	Associated CSR (2019-2020) and European Semester recommendations	Component 1- Water Management	Component 2- Forests and Biodiversity protection	Component 3- Waste management	Component 4- Sustainable transport	Component 5- Renovation Wave	Component 6- Energy	Component 7- Digital transformation	Component 8- Tax and pension reforms	Component 9- Business Support, research, development and innovation	Component 10- Local Fund	Component 11- Tourism and Culture	Component 12- Health	Component 13- Social reform	Component 14- Good Governance	Component 15- Education
Public finances and taxation	2019.1.2, 2019.1.3, 2019.4.2, 2020.1.2, 2020.3.2						○		●			○				
Pension system and long-term fiscal sustainability	2019.2.2, 2019.2.3, 2020.1.2							○	●							
Health	2019.3.7, 2020.1.3												●			
Public administration, business environment and labour market	2019.3.5, 2019.3.6, 2019.4.2, 2019.4.3, 2019.5.1, 2019.5.2, 2020.3.1, 2020.3.3, 2020.4.1, 2020.4.2						○	●	●	●		●		●	●	
Poverty reduction & social inclusion	2019.3.3, 2019.3.4, 2020.2.1, 2020.2.2, 2020.2.3, 2020.3.3, 2020.3.4					○			○		●	○		●		○
Education	2019.3.1, 2019.3.2, 2020.2.5, 2020.2.6															●
R&D&I	2019.4.4									●						
Green Transition	2019.4.1, 2020.3.4, 2020.3.6	●	●	●	●	●	●				○					○
Digital Transition	2020.3.5							●	○	○	○					○

Key: “●” investments and reforms of the component significantly address the challenge; “○” the component partially addresses the challenge