



EUROPEAN COMMISSION  
DIRECTORATE-GENERAL  
REGIONAL AND URBAN POLICY  
**Administrative Capacity Building and Programme Implementation II**  
The Director

Brussels  
REGIO.E.2/FT

**Subject: Acceptance of the Annual Implementation Report for year 2020**

Ref.: Large Infrastructure operational Programme  
CCI no. 2014RO16M1OP001  
Annual Implementation Report for year 2020

Dear Mrs Arat,

On 31<sup>st</sup> May 2021, the services of the European Commission received the annual implementation report for the year 2020 relating to Large Infrastructure Operational Programme as approved by the monitoring committee.

On 4<sup>th</sup> June 2021, the services of the European Commission declared the annual implementation report admissible.

The Commission received additional information from the managing authority on 7,8 and 13 July 2021.

The Commission services have now finalised the qualitative assessment of the report with the conclusion that **the report is accepted**.

However, in line with Article 50(7) of Regulation (EU) No 1303/2013, the Commission services ask for your attention regarding the following issues concerning the contents of future report (s):

During the assessment of the report, we noted that the 2020 result reported for indicator 2S17 under priority axis (PA)2, investment priority (IP) 7c, is smaller than the one reported in 2019 (0<2). In subsequent communication, the Managing Authority clarified that this is an error and it should be corrected.

Additionally and taking into account programme performance problems, it would be appropriate also to report in more detailed under point 6 of the report, on measures taken to put in place effective and proportionate anti-fraud measures in relation to ESIF implementation, something that is an obligation for the managing authorities in line with

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CPR Article 125.4(c). The programme could report on specific use of Arachne, 'red flags' or any other measures to identify and address risks. The MA touches upon these points indeed in the introduction of the report, without giving however the necessary details in point 6 of the report.

We also expect that, as we approach the end of the implementation timeframe for the 2014-2020 programme period, the presentations in the next AIRs sections 2 and 3 are more qualitative, linking results and their causes, rather than a mere presentation of numbers.

In line with Article 50(8) of Regulation (EU) No 1303/2013, the Commission services would like to make the following observations concerning issues, which significantly affect the implementation of the programme:

We take note of the further progress in the project selection rate at the programme level, from 125.23% at the end of 2019 to 179.9% end 2020. This strengthens even more the basis for funds absorption. Nevertheless, the actual implementation, seen through the rate of expenditure declared, is lagging behind in all but the Transport related PAs 1 and 2. In eight out of the nine PAs, the financial indicators are below 45% of the target and there is risk not to achieve at least 65% of targets of the indicators in the performance framework in PA3, PA4, PA5, PA6, PA7 CF, and PA 8.

Particularly concerning is the implementation under the PAs 4, 6, and 8 for which, although there was significant progress from 2019 to 2020, this is still not sufficient to provide assurance that objectives will be achieved at the end of the programme period. By end of 2020, the rates for project selection and expenditure declared in these PAs were respectively 72% and 20.4% for PA4, 40% and 11.54% for PA6 and 40% and 8% for PA8. These are priority areas with climate component and impact in clean energy transition, with significantly increased relevance in the context of the recent economic and policy developments, i.e. the need for a green recovery, and the ambitious EU policy in the framework of the EU Green Deal, aimed to decarbonise the European economy by 2050. Under PA 4, there are few projects implementing management plans for protected natural areas and no projects for decontamination of polluted sites have been submitted

We acknowledge the fact that at the end of 2020 under each of the three PAs, there were large numbers of projects under evaluations by the MA. We would like to encourage the programme authorities to accelerate the pace of evaluation and contracting of the eligible projects. At the same time, we would like to ask the Managing Authority to provide, for each of these PAs, a follow-up on the current situation of the project selection and whether and which additional measures are foreseen to accelerate implementation for the selected projects.

With regard to PA3, the rate of expenditure declared was still very low (26.3%) compared to the contract selection rate (182.3%). We note that there were delays and immature projects and a wide range of different problems as described in the report. In the waste sector in particular, a number of phased projects had unsatisfactory progress in relation to the deadline for eligibility of expenditure and new projects did not have a degree of maturity required for submission. We also note that no industrial hazardous and non-hazardous waste management projects have been submitted. In the case of new projects, we note that there is very little progress already in the procurement phase (low interest from bidders due to unattractive quotations with rising prices of construction materials; a shift towards more profitable sectors — e.g. civil engineering), but also in the contracts awarded (lack of labour, certain imported construction materials, etc.).

Please present whether and how the measures taken contributed to accelerate implementation, in particular for the completion of the 7-13 phased projects, and whether these were sufficient or which other measures are considered in 2021 to further accelerate implementation.

The programme authorities should also update Table 27 in SFC to reflect more accurately the number of Major Projects foreseen still to be transmitted to the Commission for this programming period and the date for transmission, as indicated in the AIR.

While the annual implementation report for year 2020 is hereby accepted, in line with Article 50(8) of Regulation (EU) No 1303/2013, you are requested to provide through SFC2014 to the Commission services, no later than three months from the receipt of this letter, the information on the measures addressing the above issues.

For each of the implementation issues identified, please provide the explanation of the reasons behind and a list of all related corrective measures planned, including timing and responsible entities.

My services remain available to support you in your efforts.

Yours sincerely,

(e-signed)

Normunds POPENS

c.c.: Permanent Representation of Romania to the European Union  
Units E1/F1, B2 of DG REGIO