



EUROPEAN COMMISSION

DIRECTORATE-GENERAL

REGIONAL AND URBAN POLICY

Directorate E - Administrative Capacity Building and Programmes Implementation II

The Director

Brussels
REGIO.E.2/FT/KK

Subject: Acceptance of the Annual Implementation Report for year 2021

Ref.: Large Infrastructure Operational Programme
CCI No. 2014RO16M1OP001
Annual Implementation Report for year 2021

Dear Mrs Arat,

On 31 May 2022, the services of the European Commission received the annual implementation report for the year 2021 relating to Large Infrastructure Operational Programme as approved by the monitoring committee.

On 2 June 2022, the services of the European Commission declared the annual implementation report admissible.

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

We take note of the progress in the project selection rate at the programme level, up from 180% of the allocation at the end of 2020, to 194% at the end of 2021. Similarly, the amount of total expenditure declared by beneficiaries to the managing authority increased from 43% of the programme allocation at the end of 2020, to 58% at the end of 2021. While the project selection rate may constitute a significant basis for funds absorption for most of the programme priorities, implementation must be significantly accelerated to ensure the full use of funds and reaching the planned results by the end of the programme period. This is also acknowledged by the Managing Authority (MA) in the annual report for most of the priorities.

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

Mrs. Oana Arat, General Director
Managing Authority for the Large Infrastructure Operational Programme Ministry of EU funds, Bucharest, Romania
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In eight out of the nine priority axes (PAs), the financial indicator is below 60% of the allocation. Only for PA 1 is the value of this indicator higher than 65%. On this basis, the implementation can be considered poor and needs significant improvement. As regards the output indicators, 8 out of 15 have a value lower than 35% of the final target. Based on the level of achievement of the performance framework indicators, the Commission considers that priorities 3, 4, 5, 6, 7-CF and 8 are at risk of serious failure by the end of the programme period.

Therefore, we proposed the following bilateral monitoring mechanism between the Commission and the MA to be put in place for the remaining of the 2014-2020 implementation period, to follow-up more closely implementation progress, swiftly identify the bottlenecks and address them:

The MA is invited to provide a monthly report to the Commission by the 15th of each month containing the below listed information. The first such report should be submitted in September 2022 with the cut off date for information of 31 August 2022.¹:

- For approved projects (by programme priority, by project and by source of programme period, i.e., phased 2007-13 or new 2014-20):
 - Amount of eligible expenditure in the signed financing agreements with beneficiaries.
 - Estimated additional amount to be added for cost increase, planned date for amendment of the financing agreement.
 - Eligible amount of works contracted
 - Amount declared by the beneficiary to the MA and level of physical execution
 - Disbursements schedule for the remaining of the project timeframe/ implementation
- For ongoing and planned calls / non-competitive selection:
 - Detailed timetable of the call, assessment steps, planned dates for signing of agreements with beneficiaries
 - Expected payment profile for the call, as soon as available replaced by data from selected projects / signed agreements
 - Updated planning of tenders, where applicable, with associated amounts and expected eligible expenditure by the end of 2023
 - Targets for the next reporting cut-off dates
- For each major project:
 - Planned submission of a modification request or the confirmation that a modification is not planned
 - Phasing plans, including most up-to-date amounts per phase (where applicable)
 - List of any decided / likely changes in scope which could be relevant for the modification
- Indicative plan for use of flexibilities (transfer between priorities etc.)
- Any other risks to absorption, quantified and explained (e.g., possible significant financial corrections)

¹The CORINA report can be used for this purpose, provided the information is complete and up to date.

- Amount at risk of decommitment (based on figures above + assessment by MA of the likely underperformance)

Last but not less important, I would like to refer to the indication in the AIR regarding the low institutional capacity of the beneficiary National Agency for Protected Natural Areas (ANANP) under priority axis 4. This is particularly worrying if one considers the role of ANANP in the implementation of the 2021-2027 Sustainable Development programme, currently under negotiations. Therefore, the issue of the technical and administrative capacity needs of ANANP should be urgently addressed to ensure efficient and effective implementation in the 2021-2027 period.

The annual implementation report for year 2021 is hereby accepted. Please indicate your concurrence for the monitoring mechanism proposed in the paragraphs above to REGIO-ROMANIA@ec.europa.eu no later than one month from the receipt of this letter.

My services remain available to support you in your efforts.

Yours sincerely,

(e-signed)
Sofia Alves

c.c.: Permanent Representation of Romania to the European Union
Units E1, F1 of DG REGIO, Unit E3 in DG ENV