

## **Position Paper on the implementation of National Recovery Resilience Plan – Funky Citizens**

A significant challenge facing the implementation of programs financed through the Recovery and Resilience Facility (RRF) in Romania is the lack of transparency, caused both by the absence of an implementation platform, as well as by the deficiency in public communication efforts from the public authorities. Moreover, there is a notable lack of an up-to-date vision regarding the overall progress of the RRF, leaving stakeholders and the general public in the dark about current implementation status. Civil society is insufficiently involved by Romanian public authorities in the implementation stages of RRF projects and is deprived of the opportunity to closely monitor and track the (real-time) progress of project implementation.

The main points of interest for our organization are, but not limited to:

- 1) Transparency of the overall implementation of RRF programs;
- 2) The implementation of components C8 – *Tax Reform* and C14 – *Good Governance*;
- 3) The involvement of civil society in the implementation of RRF.

### **1) Implementation transparency**

- The lack of transparency on the implementation of RRF arises from the absence of a comprehensive platform that aggregates all RRF related projects, compounded by a notable deficiency in public communication efforts from the authorities in charge.
- The official website dedicated to RRF monitoring<sup>1</sup> (<https://proiecte.pnrr.gov.ro/#/home>) falls short in its ability to present the implementation stages of the programs in a manner that is both clear and accessible. Although it lists all the project's milestones and targets, it fails to provide an intuitive understanding of the progress across different phases.
- The status of project implementation fails to receive timely updates. Every milestone and target, including those that have been concluded (or were scheduled to be implemented by this time), is inaccurately categorized under an ongoing “in progress” status. This reflects a concerning oversight in accurately reflecting the current state of project completions.
- The platform significantly lacks user-friendliness for the general public. For instance, discerning whether a milestone or target has been started or concluded

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<sup>1</sup> <https://proiecte.pnrr.gov.ro/#/home>

requires insider knowledge about which payment requests the European Commission has approved. This system creates an unnecessary barrier for users seeking straightforward information on project progress.

- The list of the [largest 100 beneficiaries](#) was published in October 2023, but the data is minimal, it is not being updated regularly and offers little information with regards to the actual final recipients (especially because the public procurement information available is also hard to track).
- The only mechanism for detailed monitoring of RRF expenditures is through the analysis of budget executions. Yet, the absorption of the funds appears to be alarmingly low. As of the end of 2022, only 844.2 million lei (approx. 169,7 million euros) had been spent. 5,9 billion lei were spent by the end of 2023, with an additional expenditure of 686.9 million lei recorded in January 2024. Cumulatively, these expenses amount to 7.42 billion lei, equivalent to approximately 1.5 billion euros, which constitutes a mere 5% of the total allocation of RRF funds.
- The current shortfall in transparency regarding the implementation of RRF projects significantly impedes the ability of civil society and the business sector to offer informed contributions. This limitation affects all phases of the project lifecycle, including decision-making, monitoring, and evaluation, preventing these vital stakeholders from enhancing the efficiency and effectiveness of the projects. By improving transparency, we can ensure a more collaborative and successful implementation process, leveraging the unique insights and expertise for both civil society and the business community to achieve the goals of the RRF more effectively.

## **2) The implementation of the *Tax and Pension System Reform* (C8)**

- The general objectives for component C8 encompass the enhancement of public expenditure efficiency and monitoring systems. The fiscal reform targets are designed to increase tax revenue and to implement a strengthened pension framework that ensures its financial sustainability. The execution of this component is structured around 50 specific milestones and targets.
- To date, over half of the milestones and targets of C8 were scheduled for completion by December 2023. Nonetheless, payment approvals have been granted for only 7 of these – the first payment covering 3 milestones due by December 31<sup>st</sup>, 2021, and the 2<sup>nd</sup> payment addressing 4 milestones with deadlines of March 31<sup>st</sup> or June 30<sup>th</sup>, 2022.

- The 3<sup>rd</sup> payment, which had not been yet approved, is expected to address 10 of the milestones/ targets of C8, that were due over a year ago, as of December 31<sup>st</sup>, 2022. Payment 4 is anticipated to cover another 8 milestones/ targets due by March or June 2023.
- Payment 5, yet to be scheduled, is meant to include 7 milestones and targets that should have been completed by the end of December 2023. The targets and milestones planned to be completed by this year's end are covered by payments 6 and 7.
- The data presented above reveals a delay in the progress of milestones and targets aimed at reforming the fiscal and pension systems, with the original timeline not being respected. Furthermore, there remains a lack of clarity regarding whether the milestones linked to completed payments have been conclusively achieved.

### **The implementation of C14 components (Good Governance)**

- Component 14 – *Good Governance* aims to improve public governance, through more transparent and predictable decision-making and by ensuring effective and high-quality public policies and services that prioritize the public interest. This component's implementation is organized on 51 milestones and targets, with deadlines spanning from December 2021 to March 2026.
- Similarly to the case of C8, the milestones/ targets associated with C14 have deviated from the initially approved schedule. The 1<sup>st</sup> and 2<sup>nd</sup> payments managed to address only 10 out of the 51 milestones and targets, with deadlines set for either December 2021 or in March/ June 2022. Payments 3-5 are designated to cover milestones due dates ranging from September 2022 and December 2023, with only the 7<sup>th</sup> payment aimed to cover the targets planned for the current year.

### **3) The involvement of civil society in the implementation of RRF**

- Although the participation of civil society in overseeing the RRF implementation has shown some improvements in limited areas, interactions between the government and civil society often unfold retroactively – following the finalization of decisions and the occurrence of mistakes. The [Monitoring Committee](#) for the NRRP is meeting only twice per year and its role is limited to an update meeting.
- The objective of social and civic dialogue should be to gather and integrate valuable insights from both civil society, trade unions, and the business sector, ensuring a more inclusive and informed decision-making process. Such an approach would resonate with the primary goal of the Good Governance component, which is to

guarantee public involvement and to prioritize public interest, thereby reinforcing the foundation of a transparent and responsive governance framework.

- Moreover, a significant number of regulations are avoiding even the pre-existing framework requirements for transparency in the decision-making process, with limited time allocated for the debate of important pieces of legislation under the pretext of having to meet the NRRP milestones. This goes against the spirit of the NextGenEU framework, but also against the regular public policy standards. As long as the reforms and milestones in the NRRP are very clear, we believe that there should be a very limited use of extra-ordinary or emergency legislating tools (i.e. emergency ordinances or legislative fast-track procedures in the Parliament) and plenty of time should be allocated in order to have a whole of society engagement and acceptance of these reforms.

*\*For a deeper understanding of the RRF effectiveness and encountered challenges, we recommend also reading the [Mid-Term Evaluation](#) published by the European Economic and Social Committee, for which the Funky Citizens representative was rapporteur.*