

# Assessment of Romania’s operational programmes

## Introduction

Romania’s allocations under the EU’s Cohesion Policy for the 2021 to 2027 period amount to approximately EUR 31.14 billion.<sup>1</sup>

Romania will use these financial resources to fund investment priorities set out in eight national operational programmes (Sustainable Development; Just Transition; Transport; Health; Smart Growth, Digitalisation and Financial Instruments; Education and Employment; Inclusion and Social Dignity) and eight regional operational programmes (one for each of the eight development regions of Romania).

The distribution of the resources between all European funds and across all policy objectives can be summarised as follows:

Policy objective	European Regional Development Fund (ERDF)	Cohesion Fund	European Maritime, Fisheries and Aquaculture Fund (EMFAF)	European Social Fund Plus (ESF+)	Just Transition Fund (JTF)	Total
<b>1. Smarter Europe</b>	EUR 4.36 billion					EUR 4.36 billion
<b>2. Greener Europe</b>	EUR 6.70 billion	EUR 1.09 billion	EUR 104.9 million			EUR 7.90 billion
<b>3. Connected Europe</b>	EUR 2.85 billion	EUR 2.36 billion				EUR 5.22 billion

For more information

**Laura Nazare**  
National campaigner  
Bankwatch Romania  
[laura.nazare@bankwatch.org](mailto:laura.nazare@bankwatch.org)

Learn more: [bankwatch.org](https://bankwatch.org)



<sup>1</sup> [Partnership Agreement – Romania](#) was sent to the European Commission for evaluation in May 2022.

<b>4. Social Europe</b>	EUR 2.25 billion			EUR 7.03 billion		EUR 9.29 billion
<b>5. Europe closer to citizens</b>	EUR 1.16 billion		EUR 34.1 million			EUR 1.20 billion
<b>JTF specific objectives</b>					EUR 2.13 billion	EUR 2.13 billion
<b>Total</b>	EUR 17.97 billion	EUR 3.53 billion	EUR 162.45 million	EUR 7.33 billion	EUR 2.13 billion	

According to the Partnership Agreement calculations, 38.64 per cent of the European Regional Development Fund (ERDF) and 31.73 per cent of the Cohesion Fund will be allocated to Policy Objective 2 – A greener Europe.

This briefing will focus on the operational programmes that address environmental and climate issues: Sustainable Development, Just Transition and the regional operational programmes.

### Summary of Romania’s operational programmes

- I. **The Sustainable Development Operational Programme (SDOp)** will finance climate change adaptation investments such as: increasing energy efficiency in the industry sector and developing smart energy systems, storage capacities and solutions for the adequate functioning of the national energy system; water and wastewater infrastructure; circular economy; biodiversity conservation; air quality; decontamination of polluted sites; and risk management.

**The financial resources available through SDOp amount to EUR 5.51 billion, consisting of: EUR 1.17 billion – Cohesion Fund; EUR 3.09 billion – ERDF; and EUR 1.24 billion – national contribution.**

These resources are distributed across four priority areas:

- **Priority 1:** Development of water and wastewater infrastructure and the transition to a circular economy – **EUR 3.54 billion** (EUR 2.18 billion – ERDF; EUR 637.5 million – Cohesion Fund; EUR 728.6 million – national contribution)
- **Priority 2:** Environment protection, biodiversity conservation, air quality and management of contaminated sites – **EUR 213.4 million** (EUR 160 million – ERDF; EUR 53.4 million – national contribution)
- **Priority 3:** Promoting adaptation to climate change, prevention and risk management – **EUR 587.3 million** (EUR 440 million – ERDF; EUR 147.1 million – national contribution)

- **Priority 4:** Promoting energy efficiency, smart energy networks and reducing greenhouse gas emissions – **EUR 1.05 billion** (EUR 315 million – ERDF; EUR 536.3 million – Cohesion Fund; EUR 199 million – national contribution)

The interventions included in this operational programme will allow almost 45.88 per cent of ERDF resources to support climate change objectives and 92.92 per cent to support environmental aims. In the case of the Cohesion Fund, only 23.52 per cent will contribute to climate change objectives and 61.14 per cent will go towards environmental targets.

- II. The **Just Transition Operational Programme (JTOp)**<sup>2</sup> will address investments aimed at promoting the economic diversification of the most affected regions. In addition, measures will be taken for the retraining and active inclusion of workers while supporting the overall transition to a climate neutral economy.

Six regions have been notified by the Commission that they will receive financial help through the JTOp and are required to outline a Territorial Just Transition Plan. The updated version of the JTOp identifies eight types of activities eligible for finance for each of the six regions:

1. Development of micro, small and medium-sized enterprises' productive activity – **EUR 1.1 billion**
2. Support for the creation of new enterprises by way of business incubators/accelerators and other business support structures – **EUR 1.1 billion**
3. Upgrading skills and/or retraining jobseekers, as well as support services and active employment measures for them – **EUR 199 million**
4. Increasing the capacity of the County Employment Agency to define and permanently update the sectoral training needs, as well as developmental measures, and to equip vocational training centres to diversify and increase the scope of the training services offered – **EUR 94 million**
5. Development of small capacities for the production, transport and storage of renewable energy (photovoltaic, wind or geothermal, including heat pumps) required for public buildings – **EUR 325 million**
6. Installation of photovoltaic/photothermal panels at the household level – **EUR 304 million**
7. Development of green public transport through the purchase of clean vehicles and charging stations – **EUR 158 million**
8. Remediation or decontamination and conversion of contaminated sites or derelict industrial buildings to create sustainable jobs – **EUR 32 million**

---

<sup>2</sup> Ministry of European Investments and Projects, [SFC2021 Program sprijinit din FEDR \(Investitii pentru ocuparea forței de muncă și creștere economică\), FSE+, Fondul de coeziune și FEPAM – articolul 21 alineatul](#), June 2022.

The total financial allocation available through the Just Transition Operational Programme amounts to EUR 2.5 billion, including the national contribution.

### III. **Regional operational programmes (ROp)**

The organisation of the structural funds for the period from 2021 to 2027 envisages the creation of eight regional operational programmes for each of Romania’s development regions, instead of a single national programme for all regions as has been the case from 2007 until now.

All eight regional operational programmes will prioritise: investments that increase the level of competitiveness of the regions through innovation, digitalisation and dynamic enterprises; investments in energy efficiency measures for public and residential buildings, including alternative systems for the production of electricity and/or heat for their own consumption (heat pumps, solar thermal panels, photovoltaic panels); green infrastructure; biodiversity protection; sustainable urban and regional mobility; improving access to education services, and investments in sustainable territorial development with a focus on tourism or natural patrimony.

In terms of complementarity with other funds, the investments in the energy efficiency of buildings will also be financed through the recovery and resilience plan and/or JTOp, and a mechanism will be put in place to avoid the double-financing of projects.

**Table: Thematic concentration of regional operational programmes**

<b>Name</b>	<b>Percentage of funding in ROp that will support climate change objectives</b>	<b>Percentage of funding in ROp that will support environmental objectives</b>
<b>ROp West</b>	30.00%	19.38%
<b>ROp Muntenia South</b>	28.81%	22.21%
<b>ROp Oltenia South West</b>	30.04%	19.45%
<b>ROp North West</b>	33.41%	21.50%
<b>ROp North East</b>	32.84%	17.59%

<b>ROp South East</b>	30.03%	24.54%
<b>ROp Central Region</b>	30.00%	21.57%
<b>ROp Bucharest - Ilfov Region</b>	38.40%	20.15%

### Application of the ‘do no significant harm’ principle

The compliance of the analysed operational programmes with the ‘do no significant harm’ principle is hard to gauge, as the official assessment of this, which was submitted for evaluation together with the final version of the operational programmes, is not available to the public. However, all the operational programmes mention that the types of eligible actions included were compatible with the ‘do no significant harm’ principle or that the ‘do no significant harm’ principle will be taken into consideration regarding the selection of future projects.

A strategic environmental assessment was conducted for all regional operational programmes. Most of the programmes have received an environmental permit, but the Sustainable Development Operational Programme will be issued its environmental permit concurrently with the last public hearing on this assessment. Overall, public discussion sessions were arranged during this process, but it is not clear how the comments and suggestions collected from the public influenced the overall procedure. The authorities failed to provide a detailed report on how they addressed all the observations, which is not in line with the Aarhus Convention requirements.

### Partnership principle compliance – consultations, comments and suggestions addressed

The first versions of the operational programmes were published in 2020 and were subject to public consultation. However, these public consultations were not enough to ensure the partnership principle was fully implemented, as the consideration of and feedback on stakeholder input was insufficient in the final drafts. Monitoring committees were also established in 2020, but did not meet until 2022.

The monitoring committee for implementing the Partnership Agreement as well as the monitoring committees for each operational programme were set up following a call for applications addressed to social partners (associations, foundations, trade unions, employers or other organisations) and economic partners. The evaluation and selection of members took place between 20 May and 5 June 2020, in accordance with selection criteria such as the relevance of the organisation’s activities for the areas of intervention of European funds, previous experience, an integrity declaration, and demonstrated support for key EU policies.

The working versions of the Partnership Agreement and operational programmes were given public consultation in August 2020, and the consultations followed the partnership structures set up for these

programming documents. Due to the COVID-19 pandemic, these consultations were organised online, with the participation of over 900 representatives from public institutions, academia and economics, and civil society. Other comments on or suggestions to these documents were submitted in writing to representatives of the Ministry of Investments and European Projects.

During the public consultation sessions, we advocated for the exclusion of fossil-gas-based investments; the inclusion of non-profit organisations and associations in the category of eligible beneficiaries; a more efficient implementation of projects dedicated to the redevelopment of local communities; and the reconfiguration of the output and outcome indicators for the planned investments to more clearly reflect the investments' contribution to climate and energy objectives. Moreover, we specifically asked that the investments regarding energy efficiency for residential buildings also target the part of the population that suffers from energy poverty. In most cases, the national programmes for increasing the energy efficiency of buildings have not targeted vulnerable consumers. Unfortunately, these suggestions were not taken into consideration or included in the documents sent for evaluation to the European Commission.

### Synergies with the recovery plan

The operational programmes refer to the synergies with Romania's recovery plan, and clear distinctions are made between investments financed through the cohesion policy and those covered by the Recovery and Resilience Facility. For instance, for each priority area of the SDOp and the regional operational programmes, coherence with the recovery plan is detailed which of the investments fall under which financial source is specified.

### Do the operational programmes align with the objectives of the European Green Deal?

The operational programmes analysed do not offer information on their contribution to the Green Deal objectives. The investment priorities only reference the National Energy and Climate Plan (NECP), which is not consistent with the newly updated energy and climate objectives under the Fit for 55 package. This clearly signals a lack of ambition, which is reflected in the planned investments as analysed below.

### Energy efficiency

Concerning investments in energy efficiency for public or private buildings, the regional operational programmes base their investment priorities on the National Long-Term Renovation Strategy (NLRS), which amounts to approximately EUR 1.25 billion. The recovery plan allocates almost EUR 2 billion to support investments in the renovation of buildings, but this is insufficient to mobilise the full investment needs, which are estimated at EUR 12.8 billion for the period from 2020 to 2030.<sup>3</sup> The biggest disparity between the NLRS and the EU funds allocations is in the area of energy poverty – specifically low performance buildings, which alone is estimated to require EUR 3 billion by 2020, including a high amount of grants.

---

<sup>3</sup> European Commission, [Commission staff working document: Analysis of the national long-term renovation strategies](#), 6 December 2021.

All regional operational programmes will finance and implement moderate renovation measures for the residential sector, and the deep renovation will target only public buildings. The energy efficiency activities covered will address the thermal insulation of the buildings, the rehabilitation and modernisation of the district heating systems connected to the buildings, and their lighting and energy management systems. Unfortunately, investments in renewable energy sources for energy production dedicated exclusively to the building's consumption are only planned for public buildings; the potential of residential buildings to produce renewable energy, which could have been an appropriate solution to the increasing energy bills and energy poverty, remains untapped. Energy poverty affects at least 19 per cent of the population in Romania (according to the NLRs) and this number is expected to grow with the increased energy prices and cost of heating. In many cases, the category of socially vulnerable users overlaps with the worst performing buildings. This, in turn, shows the importance and benefits of targeted financial schemes and technical assistance support for energy poor households. So far, the only measure taken into consideration when implementing energy efficiency measures consists of reducing the co-financing rate for vulnerable households, which will not be a sufficient measure to increase their ability to access EU funding.

Based on the output indicators, it is expected that, through the proposed investments, approximately 51,000 dwellings will have improved energy performance by 2029, which account for only 33.1 per cent, or less than half, of the total multi-residential buildings<sup>4</sup> needed to be renovated by 2030. Compared to the total number of buildings needed to undergo renovation, this number accounts for less than one per cent of the total. Single-family houses are not targeted by the regional operational programmes, despite the fact that they represent the biggest share of the national building stock, as represented in the table below. They must also be eligible for financing. Previous financing programmes,<sup>5</sup> which ran from 2010 until 2016, facilitated access to bank loans granted by credit institutions for owners of individual houses with a government guarantee and subsidised interest for thermal rehabilitation works. Since then, this type of building has not benefited from other financing mechanisms.

Similarly, not much money is allocated for interventions on non-residential buildings. The investments will target mainly public service buildings (administration, schools, hospitals) and other social buildings, reaching only 5.09 per cent of the total public buildings. The percentage is even lower if we look at the total number of non-residential buildings, amounting to only 2.39 per cent.

---

<sup>4</sup> European Commission, [Commission staff working document: Analysis of the national long-term renovation strategies](#).

<sup>5</sup> Ministry of Development, Public Works and Administration of Romania, [Programul de reabilitarea termică a clădirilor de locuit cu finanțare prin credite bancare cu garanție guvernamentală](#), accessed 14 July 2022.

Type of building		Dwellings in Romania		Planned renovation under operational programmes		
		Number	Surface area (megametres (Mm <sup>2</sup> ))	Number	Surface area (Mm <sup>2</sup> )	Per cent of the total building stock
Residential buildings	Multi-residential	153,886	210.01	51,000	Unknown	33.1%
	Individual houses	5,165,000	372.26	Not supported	Unknown	Unknown
	Total	5,318,886	582.27	51,000	Unknown	<b>0.96%</b>
Non-residential buildings	Public buildings (administration, schools, hospitals)	75,313	27.57	Unknown	1.48	5.09%
	Others	167,142	34.44	Not supported	Unknown	Unknown
	Total	242,455	62.01	Unknown	1.48	<b>2.39%</b>



Energy efficiency measures are also included in the SDOp, but in this case they only target industrial enterprises through the production of solar energy and other renewable energy sources exclusively for their own consumption. The output indicators estimate that 259 enterprises will be supported by the end of the financing period. These investments represent a continuation of the previous measures financed between 2014 and 2020.

Other energy efficiency investments are planned for the district heating system, prioritising the projects started during the 2014 to 2020 programming period, and new projects will be developed if more financial resources are available. SDOp output indicators estimate that an additional 135 kilometres of the district heating network will be improved by 2029, allocating almost EUR 200 million for these investments, which is not nearly enough to meet the renovation demands of the district heating system. In Bucharest, the primary district heating network covers 954 kilometres of pipeline, of which 771 kilometres needs rehabilitation. Thus, the allocations proposed for this type of intervention represent only a drop in the ocean, as they will not cover all the investment needs.

### Renewable energy

Investments in renewable district heating / electricity production will be financed through SDOp as a continuation of the previous financing available through the former 2014-2020 Large Infrastructure Operational Programme. These investments will target new capacities, or the modernisation of existing capacities, to produce electricity / thermal energy from biomass or biogas. They will also promote the construction of new capacities or the modernisation of existing ones to create thermal energy from geothermal resources. An additional 14 megawatts (MW) of renewable energy production capacity is expected to be installed by 2029. No other investments in renewable energy are prioritised in the operational programmes, as these will be covered by the recovery plan, which aims for 930 MW of wind and solar energy by the end of its implementation period.

Some measures to install alternative renewable energy systems for producing energy and/or heat are mentioned alongside the energy efficiency investments in public buildings, but the indicators do not detail the total capacity of these installations.

The Just Transition Operational Programme is the only programme that prioritises the installation of renewable energy production at the household level, which is expected to combat energy poverty and create energy communities, or increase the numbers of prosumers, across the transition regions. The operational programme also prioritises investments in developing small capacities for producing, transporting and storing renewable energy (photovoltaic, wind or heat pumps) necessary for public buildings. Overall, the output indicators estimate that a total of 27,000 households will have improved energy performance and that nearly 240 MW of additional renewable energy capacity will be installed.

### Energy communities / prosumers

Energy poverty is an issue identified in the Just Transition Operational Programme. To address this, the operational programme plans investments for installing photovoltaic/photothermal panels at the household level, which are also expected to influence the creation of the first energy communities in the just transition

regions. In the case of prosumers, energy efficiency projects for the refurbishment of public buildings that include the installation of renewable energy systems for electricity/heat production included in the regional operational programmes are expected to contribute to the expansion of the prosumers sector. However, the number of prosumers that will result from this investment is not specified. Decentralised renewable energy production is a feasible way to address energy poverty. These types of investments should be promoted more and should specifically target the vulnerable consumer category.

### Gas and hydrogen investments

Gas investments are included in the SDOP, with EUR 210.3 million allocated for the construction of a high-efficiency, gas-based cogeneration unit in the municipality of Motru in the Gorj coal region. Investments in expanding and modernising the fossil gas distribution and transmission networks, and preparing these networks for hydrogen take-over, also constitute a priority for SDOP with EUR 323 million going towards this. At the same time, only half of this amount is available for investments in increasing the digitalisation and energy efficiency levels of the electricity networks, where significant updates are needed for the efficient integration of new renewable energy production capacities.

The specific intervention addressed to the municipality of Motru regarding the transition of coal-based district heating systems to gas is one example of an investments that should have considered a different type of solution. The situation in Motru requires emergency measures to address the ongoing challenges with power generation, but the proposal only addresses one type of fuel and does not provide for the possibility to invest in other alternatives for producing thermal energy, such as a combination of renewable energy sources and energy efficiency measures.

For the medium- and long-term decarbonisation of the heating sector in a region already affected by the use of fossil fuels, energy efficiency measures in buildings and the implementation of heating measures using renewable energy electrification must be prioritised. The solutions should be ones that can be applied immediately and generate real carbon savings. Examples of these projects are currently under development in other coal regions, such as the Upper Nitra region in Slovakia; in countries like Spain, they are already working.

Regarding the conversion and modernisation of gas transmission and distribution networks for the addition of hydrogen to the system, allocating considerable financial resources as a means of adapting existing fossil fuel distribution systems for hydrogen transport is a proposal in contradiction with a sustainable and successful energy transition.

Prioritising these investments in transporting a fuel whose production level is not yet certain is a waste of funds that would be better redirected to other green and clean energy investments that have already demonstrated their economic and technical feasibility. The draft document mentions that until sufficient hydrogen production is available, the modernised distribution system will continue to transport fossil gas, but with 'climatic advantages' as the pipelines will reflect the 'hydrogen-ready' standard. This will increase methane emissions and slow down the decarbonisation process at a time when the transition to a climate neutral energy system needs to be accelerated.

## Conclusion

Romania is one of the biggest recipients of EU funds for the 2021 to 2027 programming period, with EUR 31.14 billion available to finance the proper, transformative decarbonisation of its economy and stimulate relevant investments in the green and digital transition that will not have a negative environmental and social impact for the communities and overall population.

Unfortunately, most of the investment priorities in the analysed operational programmes fail to steer away from the business-as-usual scenario and instead deepen Romania's dependence on fossil fuels and neglect its considerable renewable energy potential. Opportunities for energy efficiency and social issues such as energy poverty are also overlooked.

Romania needs to increase the pace of its expansion into sustainable energy production by accelerating the development of renewables, upgrading electricity networks and boosting energy efficiency measures. The following recommendations, if implemented, could amplify Romania's efforts for sustainable national decarbonisation:

- Increase the financial allocations for energy efficiency measures in buildings, consisting of renewable energy installations for energy/heat production for self-consumption, as a solution to energy poverty, in addition to an overall financial increase towards building renovation measures.
- Increase the available funds for the digitalisation and sustainable expansion of electricity grids to facilitate efficient integration of additional renewable energy capacities.
- Remove the financial support for the expansion of fossil gas distribution and transport networks and their modernisation for hydrogen take-over.
- Allocate financial resources for renewable-based alternatives for the district heating sector, especially in fossil-fuel-dependent regions.



*Funded by the European Union. Views and opinions expressed are however those of the author(s) only and do not necessarily reflect those of the European Union or CINEA. Neither the European Union nor the granting authority can be held responsible for them.*