## **Executive Summary**

The assessment of the implementation of Priority 2 of the South East Regional Programme 2021-2027 (SERP) highlights both the progress made and the challenges encountered.

The structural challenges that underpinned PRSE interventions, in particular in the green transition, remain. The region continues to be affected by high energy consumption, seismic vulnerability and climate risks, in a context of limited progress in building renovation and consolidation. The severe floods in Galati (2024) underline the need for further risk prevention and management measures.

Priority 2 interventions are aligned with **the 2019-2024 Country-Specific Recommendations,** which remain mostly valid. P2 contributes to the 2022 CSR, 2023 CSR3 and 2019 CSR2 on **energy efficiency** through significant investments in the renovation of public and residential buildings. As regards the 2024 recommendations, P2 responds to the recommendation aimed at accelerating the implementation of cohesion policy programmes through effective governance and administrative capacity building by providing for actions to strengthen the administrative capacity of beneficiaries in the area of energy efficiency.

Priority 2 supports the environmental energy efficiency objective of the Integrated National Energy and Climate Change Plan, namely two policies and measures with a total allocation of EUR 169.45 million, namely *Improving the energy performance of public buildings at local level* and *Renovation of residential buildings.*

Prority 2 indirectly supports the achievement of the targets of the European Pillar of Social Rights by integrating the principles of equal opportunities, non-discrimination and accessibility for persons with disabilities as horizontal requirements in the implementation of projects.

Progress in achieving the specific objectives differs according to each component of the Priority. For SO2.1 the contracting rate is high, reaching 47% of the total allocation, but the actual implementation is much delayed, with authorised expenditure representing only 0.45% of the contracted amount. Contracted projects could cover around 74% of the final targets set for improving the energy performance of public buildings and 15% for improving the energy performance of housing.

For SO2.4, which deals with climate risk prevention and adaptation, only one project was contracted, representing 2% of the allocation, with the selected operation showing a 29% ownership of the final target.

In the case of SO2.7, which supports biodiversity protection and green infrastructure, there are no projects contracted so far. Although a major project for the Danube Delta ITI is in preparation, it is facing delays due to administrative difficulties and the complexity of the coordination process between the actors involved.

The evaluation highlights that the Danube Delta ITI mechanism has a low absorption of available funds. Although EUR 43 million has been allocated to this area, only 8% of the total contracted under Priority 2 comes from ITI DD.

The low degree of progress is generated by a number of challenges specific to the whole programme. Particular difficulties are noted in the case of small and medium-sized ATUs with limited resources. At the selection stage, the shortage of specialised energy efficiency evaluators and the still unclear guides for some beneficiaries make it difficult for beneficiaries to apply. In the implementation and monitoring phase, delays in procurement, reliance on pre-financing, rising prices of construction materials and limited market capacity of consultants and contractors put additional pressure on beneficiaries.

In order to improve the implementation of the programme, it is recommended to:

* Accelerate the implementation of contracted projects by introducing contractual clauses for penalties for exceeding the deadlines set out in the repayment schedules.
* Reorientation of OS2.4 funding towards climate risk prevention measures given the low interest in forest curtains and the urgent need for flood interventions.
* Monitoring of the SO2.7 project. The Natura 2000 site in preparation, mobilising authoritative stakeholders to unlock the complex processes related to preparing for its submission and implementation.
* Strengthening the administrative capacity of beneficiaries, especially those in small and medium-sized urban areas, through dedicated training and tailor-made technical support.
* Reducing the evaluation, selection and contracting period by mobilising additional resources at the top of project submissions, creating teams of own evaluators, including through the development of skills in the field of energy efficiency.