



RRF 1st payment request – Lithuania

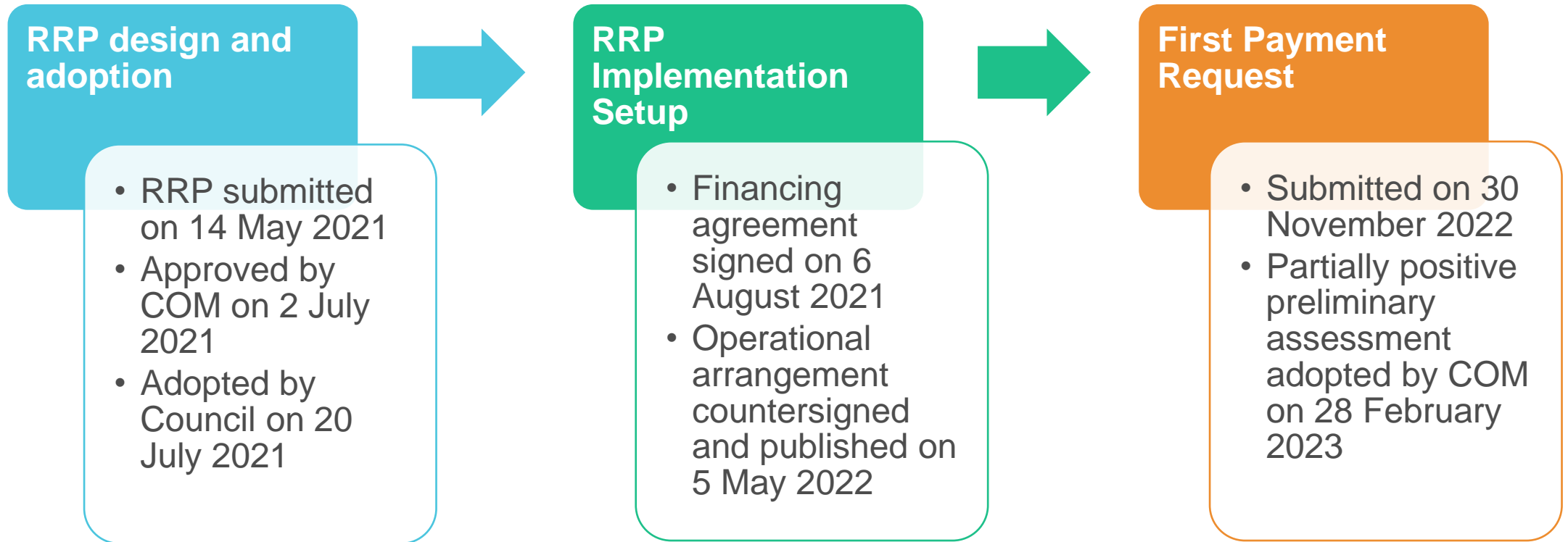
Preliminary positive assessment by the Commission of 31 out of 33 milestones



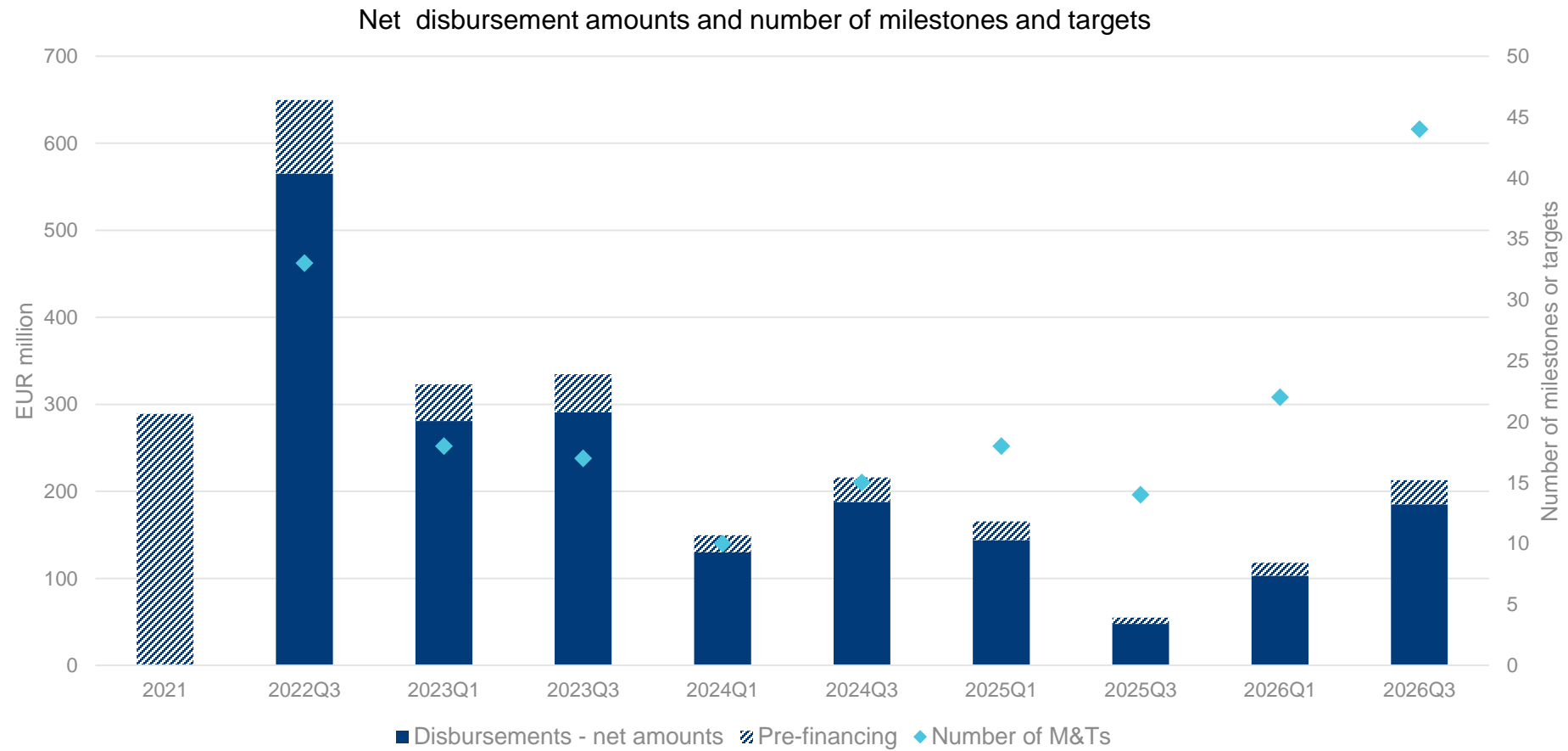
EFC meeting – 27/03/2023

Process and state of play

Timeline of Lithuania's RRP implementation



Milestones & targets per instalment



Outcome of the assessment

- I. Positive preliminary assessment for the 31 out of 33 milestones that are satisfactorily fulfilled:
 - Shared with the EFC and the European Parliament
 - Followed by the EFC opinion and adoption by comitology, including on the amount to be paid out

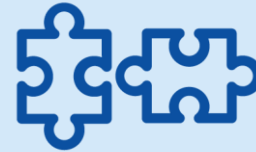
- II. Letter to LT on payment suspension outlining the reasons for the Commission finding that 2 milestones are not satisfactorily fulfilled, the application of the suspension methodology and the resulting amount:
 - Shared at the request of LT with the EFC and the European Parliament
 - Starts a bilateral process between Commission and LT

Lithuania's first payment request: overview

Overview of the request



33 milestones
(no targets)



28 reforms and
5 investments



measures with an
indicative timeline
of up to **Q2 2022**

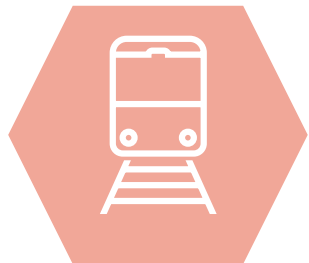


€ 649.54 m grants

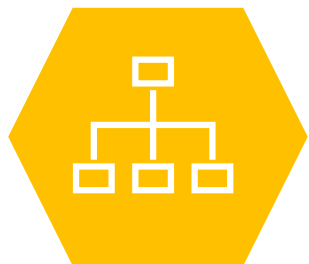
Green transition



[M 21] Entry into force of the legislation to improve institutional and legal mechanisms to promote the production, transmission and consumption of electricity from renewable sources



[M 29] Setting-up a Sustainable Mobility Fund that shall finance the development of alternative fuels and vehicle infrastructure



[M 37] Entry into operation of an information system for recharging points for electric vehicles

Digital transition

[M 83] Assigned radio frequencies for the deployment of 5G networks



[M 70] Entry into operation of competence centre for open data and digital transformation



[M 84] Entry into force of legislative amendments to enable faster installation of electronic communications infrastructure



Education



[M 93] Entry into force of the amendments to the rules on the establishment of a network of schools conducting formal education programmes & [M 94] Plans for the transformation of the network of general education schools prepared and approved by municipalities in accordance with the newly approved rules for the development of the network of schools implementing formal education programmes



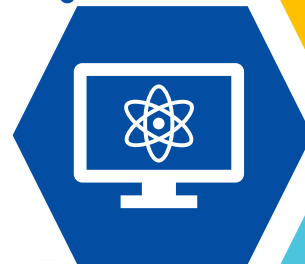
[M 95] Entry into force of legislation on the Millennium School Progress Programme



[M 110] Entry into force of the Government Resolution on the procedures regulating the career guidance system

Innovation and science

[M 128] Entry into force of the revised legislation on innovative activities



[M127] The entry into force of the resolution of the Government creating the **Innovation Agency** and transferring innovation promotion functions from other agencies

[M 132] Entry into force of the **revised smart specialisation concept**

(1) Public sector and taxation: 3 milestones completed



[M 146] Delivery of the study on the effectiveness of personal income taxation and social insurance contributions in reducing poverty and income inequality



[M 152] Amendments to the rules on the preparation and implementation of public-private partnerships



[M 168] Completion of automation of two business processes carried out by the State Tax Inspectorate

(2) Public sector and taxation: 2 milestones not satisfactorily fulfilled



[M 142] Delivery of the proposals made on the basis of an in-depth analysis for the **withdrawal of tax exemptions and special tax regimes** to the parliament



[M 144] Delivery of the proposals to **expand environmental taxes and taxation of other sources less detrimental to economic growth** on the basis of an in-depth analysis to the parliament

Reducing inequality and employment support



[M 182] Introducing an additional benefit for disabled and elderly single persons



[M 185] Setting up an accreditation scheme for social care



[M 188] Entry into force of the legislation governing the employment support schemes promoting entrepreneurship and support for learning that provides high value-added qualifications and competences, with a focus on digital and green transition

Audit & Control



[M 179] **Repository system: information for monitoring implementation of RRP:**
audit report confirming repository system functionalities

- ✓ An **unqualified opinion** on the temporary repository system (pending completion of the new IT tool INVESTIS) has been issued by LT's audit authority
- ✓ However, as the audit body was not able to test the real data in the system, the **functioning of temporary systems was verified by requesting data under Article 22.2.d.i to 22.2.d.iii of the RRF Regulation** for selected measures and an online demonstration of the repository system
- ✓ In order to ensure continuous compliance with the milestone as well as Lithuania's obligations under the Financing Agreement **future commitment, to be fulfilled by the next payment request, has been agreed with Lithuania** – in line with the practice followed for several other Member States before

How do the milestones under the 1st payment request relate to future milestones/targets?

- 26 out of 33 milestones represent initial steps of reforms or investments and have one or more milestones or targets in the future;
- 1 milestone (M179) is the only step and completes the measure F.1.9 on the "Repository system for audit and controls"
- The remaining 6 milestones are the only milestones of the sub-measure:
 - [M 21] Entry into force of the legislation to improve institutional and legal mechanisms to promote the production, transmission and consumption of electricity from renewable sources
 - [M 126] Entry into force of the legal act establishing the science policy implementing agency
 - [M 132] Entry into force of the revised smart specialisation concept
 - [M 155] State Tax Inspectorate and Customs obtain data on vehicle owners from the vehicle owners' accounting system
 - [M 168] Completion of automation of two business processes carried out by the State Tax Inspectorate
 - [M 185] Setting up accreditation scheme for social care

Next steps in the implementation of the Lithuanian RRP

Two parallel processes: positive assessment and suspension

Planned calendar for positive assessment

EPC discussion	Monday 13 March (<i>done</i>)
EFC discussion	Monday 27 March
Comitology meeting	late April

- The Commission has sent its preliminary assessment of Lithuania's fulfilment of the milestones and targets to the EFC. The EFC's opinion is to be delivered within four weeks.
- Taking the EFC opinion into account, the Commission will adopt a decision that will authorise the partial payment of the instalment, including the amount.
- The examination comitology procedure will be used for this adoption.

Planned calendar for suspension

- LT has **one month** to submit observations to COM on its preliminary assessment that 2 milestones are not satisfactorily fulfilled (*done*)
- Subject to LT's observations, the Commission would adopt a specific **suspension decision** (no involvement of EFC or comitology)
- The suspension would be lifted if LT completes these milestones within 6 months

Looking ahead: 2nd payment request

	Milestones	Targets	Total
Non-repayable support	16	2	18

- The second payment request covers milestones and targets due in Q3-Q4 2022. There are 16 milestones and 2 targets in this payment request, out of the 191 in the Lithuanian plan; 16 relate to reforms and 2 relate to investments.
- The second instalment (non-repayable support), amounts to EUR 322.8 million
- The milestones and targets are linked to key steps in the implementation of reforms and investments. Notably, they concern the areas of energy efficiency, education and health care, digitalisation in public and private sectors as well as taxation.

Thank you

More information: [Commission webpage on the RRF](#)

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