

## SYNCHRONIZING THE EUROPEAN SEMESTER WITH EU FUNDS ALLOCATION: ROMANIA'S CASE IN DRAFTING THE NATIONAL RECOVERY AND RESILIENCE PLAN

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### **Abstract:**

Since its introduction in 2010, the European Semester has generated an extensive process of synchronizing EU policies with the domestic policy agendas of the Member States. This has contributed to the Europeanization of domestic public policies in the Member States. In this context, the article analyses how, during the drafting phase of Romania's National Recovery and Resilience Plan, the synchronization of the European Semester with the internal agenda of reforms and investments was achieved. Structured in four sections, the article begins with an overview of the context in which the European Semester emerged and the evolution of the Open Method of Coordination. It then analyses the transition from the OMC to the European Semester, highlighting changes in the coordination of Member States. The third section explores the alignment of the European Semester with the allocation of European funds in the first year of the Recovery and Resilience Facility. The final section provides a case study on the development of Romania's NRRP, highlighting challenges and lessons learned.

### **Keywords**

European Semester; country-specific recommendations (CSRs); Recovery and Resilience Facility (RRF); National Recovery and Resilience Plan (NRRP); open method of coordination (OMC)

## 1. INTRODUCTION

In 2010, by amending EC Regulation 1466/1997, which established the Stability and Growth Pact (SGP), the European Semester was introduced as a central instrument for monitoring and coordinating the economic, fiscal, and social policies of the Member States. Its initial objective was to prevent macroeconomic and budgetary imbalances, but gradually its scope expanded to include dimensions related to social inclusion, the fundamental values of the European Union (EU) from a social perspective, as well as the achievement of sustainable development goals.

Starting in 2019, the European Semester underpins a new approach to EU budget planning, influencing both the financial projection for the 2021–2027 period and the architecture of instruments such as the RRF or the Social Climate Fund. Moreover, the integration of the EU's requirement to address the country-specific recommendations for 2019 and 2020 in the NRRPs has reactivated the use of the OMC, providing a more coherent governance framework for implementing EU objectives at the national level, even in areas until recently considered the exclusive competence of Member States. In the case of some Member States, including Romania, where in recent years the processes of public policy formulation have been marked by institutional dysfunctions and a lack of coherent strategic vision, the requirement to synchronize the European Semester with the programming of European funds has played a catalytic role, contributing both to energizing the internal decision-making process and the convergence with the priorities and strategic approaches of the EU.

The 2024 revision of the European Semester (Regulation (EU) 2024/1263) has strengthened multilateral surveillance, evaluating the economic policies of Member States in relation to the EU's strategic priorities. The focus is on analyzing fiscal-budgetary plans, in accordance with the Stability and Growth Pact. In case of deviations, corrective measures can be applied promptly. Nevertheless, the European Commission's communications of January 29, 2025, regarding the competitiveness compass, and of February 11, 2025, regarding the future multiannual financial framework (MFF), highlight the success of integrating the Semester with the allocation of RRF funds and propose its

inclusion in a new competitiveness coordination instrument, aiming to align public and private budgets with EU priorities and to focus on social and demographic objectives (European Commission 2025a; European Commission 2025b).

Given that the European Semester will be revised again in the coming years to continue efforts to synchronize with the process of allocating European funds, it is timely to analyse how the first synchronization exercise unfolded in 2020–2021 in the context of Member States designing their own NRRPs. Therefore, in this article, I analyse how, during the drafting phase of Romania’s NRRP, the synchronization of the European Semester with the internal agenda of reforms and investments included in this provisional financing instrument was ensured. As methodology, the research uses comparative analysis and case study. Comparative analysis is used to highlight the evolution of the European Semester and how Member States relate to this instrument, as well as to synthetically describe the key stages of designing Romania’s NRRP from the perspective of ensuring the implementation of CSRs. The study is based on desk research, using documents, normative acts, and data collected from primary sources, professional experience<sup>1</sup>, and secondary sources such as academic literature and grey literature reports.

The analysis is structured in four sections. The first section outlines the initial framework that allowed the emergence of the European Semester in 2010. The main evolutionary moments of the OMC are briefly described, as well as the considerations that underpinned the strengthening of this method. The second section describes the transition from the OMC to the European Semester, capturing the phenomenon of changing the way Member States are coordinated through the European Semester. The process of synchronizing the European

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<sup>1</sup> The professional experience derives from the fact that between September 2020 and October 2021, I was directly involved in the design and development of Romania’s NRRP, both as an expert and as the national technical coordinator for the development and negotiation of the plan with the European Commission. Thus, in this process, one of my responsibilities was to ensure the synchronization of the European Semester with the reforms and investments proposed by Romania in its recovery and resilience plan.

Semester with the allocation of European funds is analysed in the third section, with emphasis on the particularities identified in the first year of RRF implementation. The fourth section develops the case study on how the synchronization of the European Semester with the processes of developing Romania's NRRP was ensured. A series of challenges and lessons learned from this complex process are presented and discussed.

## **2. THE ROLE OF THE OMC IN THE ESTABLISHMENT AND DEVELOPMENT OF THE EUROPEAN SEMESTER**

In the specialized literature, the origins of the European Semester are treated mainly from the perspective of the evolution of the SGP established in 1997. The mechanism institutionalized by the SGP focused more on structured coordination from the perspective of the budgetary policies of the Member States (Mariotto 2021). In the context of preparing for the transition to the single currency and ensuring budgetary discipline, it was necessary to order and synchronize the EU policy cycle with national budget planning cycles, as well as macroeconomic and fiscal policies. This source of institutionalization of the Semester was based more on the method of intensive transgovernmentalism, which involved a hard law regulatory regime, much more rigid and with deeper coordination of the Member States that joined the Economic and Monetary Union (EMU). However, before the introduction of the European Semester in 2010, there were precursor elements to this instrument. These did not derive only from the SGP, but also from the application of the OMC, especially in the field of social and employment policies (Barcevičius et al. 2014; Zeitlin and Vanhercke 2017; Maricut and Puetter 2018). The OMC can thus be considered the second main source of inspiration for defining the framework of economic and fiscal governance and upward convergence. Therefore, the current analysis highlights the contribution of the OMC to the establishment and subsequent development of the European Semester.

Since the 1970s, in the context of defining the strategic priorities of the EEC in areas such as the environment, education, research etc., the OMC was used, being borrowed from the working techniques of the OECD (Wallace and Reh 2020, 100). Officially, the OMC was established at the EU level only at the end of the 1990s in the form of soft law regulatory techniques. The Lisbon Strategy promoted the OMC as a viable alternative to the Community method for addressing sensitive social issues at the level of Member States (Goetschy 2005, 68). It focused on identifying and defining at the level of the EU Council the objectives to be achieved in areas where Member States have full control in accordance with the principle of attribution of competences as defined in Article 5 of the Treaty on European Union. Thus, by defining and adopting common instruments for monitoring, evaluation, and mutual learning, Member States were able to coordinate their policies (Barcevicius, Weishaupt, and Zeitlin 2014, 19-20) that fell within complementary competences. In this context, the European Commission had the possibility to monitor and comparatively evaluate the performance achieved by each Member State. It also promoted at the EU level the practices that proved efficient and effective. Promotion was also carried out through EU funding programmes, both those specific to cohesion policy (such as the European Regional Development Fund or the European Social Fund), and those under EU's direct management (such as the Erasmus Programme, Employment and Social Innovation Programme, and others).

Over time, OMC favored the introduction on the supranational agenda of topics of common interest, both in the area of macroeconomic and fiscal governance at the EU level specific to the SGP, and in that of the EU's complementary competences. It also contributed to deepening cooperation between Member States and in the case of areas that fall under shared competences (environment, energy, trans-European transport networks, etc.) or even exclusive ones. For example, Regulation (EU) 1379/2013 on the common fisheries policy was based on the use of the OMC in the exchange of information and best practices between Member States in the field of aquaculture (European Parliament 2014, 2).

Unlike the SGP, by adjusting national agendas with the supranational agenda, the OMC did not require Member States to introduce or amend national

legislation, but left it to their discretion how to achieve the intended results and effects. Consequently, in matters of shared competences, results were obtained gradually, iteration by iteration, and EU institutions had the role of facilitating and, where appropriate, coordinating the harmonization processes between Member States. For example, the current development of the European Education Area would not have been possible if, in previous decades, Member States, together with the European Commission, had not established a structured dialogue and policy coordination framework. This was achieved through the Bologna Process, established in 1999, and the Copenhagen Process, established in 2002, which are emblematic for the OMC.

Since its introduction as a policy-making method at EU level, the OMC has contributed to educating Member States to accept the intensification and deepening of cooperation in policy areas where more time and effort were needed to harmonize between Member States. As a result, the OMC led to increased competition among policy stakeholders for sequencing the agenda so that the resulting topics better respond to their needs and interests. Also, to ensure that priorities are efficiently managed, including from the perspective of social acceptance, the use of the OMC generated the phenomenon of topic fragmentation, especially in the case of complex problems or topics with a high degree of divergence between Member States (such as environment, employment, social inclusion). Consequently, the internal capacity of Member States to individually respond to identified challenges has been constantly diluted in favor of mechanisms for collectively addressing challenges and in thematic consortia. Moreover, in association with the SGP, over time the concept of synchronizing the financing of investments from European funds in exchange for delivering economic and social performance through the implementation of structural reforms at the level of public policies and systems in Member States, as well as the adjustment of Member States' fiscal-budgetary policies, has crystallized. Against this background, starting in the mid-2000s, EU cohesion policy funds could be allocated to Member States based on the conditionality of implementing transition reforms that would not normally derive from the EU's exclusive competences. Conditionalities have evolved progressively, from recommendations to explicit conditionality through the possibility of applying

non-compliance sanctions, as in the case of ex-ante conditionalities specific to the 2014–2020 financial period.

The OMC has long been perceived as more of a competitor to the Community method, and less to the intensive transgovernmentalism method. Thus, the OMC has often been criticized, both by Member State governments and by expert communities. The criticisms are mainly due to limited transparency and the procedural parallelism applied in policy areas that are the competence of Member States. Also, even though compared to other EU policy-making methods it is less intrusive at the level of Member States, due to the diversity of Member States and regions as well as the heterogeneity of national preferences, it has been difficult to compare indicators of socio-economic reforms (Wallace and Reh, 2021, p. 101) at the level of Member States. The existence and persistence of these limitations have not ensured a unified approach to action, nor the achievement of objectives according to the established targets.

### **3. FROM COORDINATION TO SUPERVISION: THE EMERGENCE AND DEVELOPMENT OF THE EUROPEAN SEMESTER**

In the last decade, research interest in the use of the OMC in the implementation of EU policies has declined. Nevertheless, even after 2010, the method continued to be developed, nuanced, and integrated into various mechanisms for defining and implementing EU policies. The revitalization of the use of OMC also led to its adjustment during the crises that began in 2008. Thus, through successive iterations of contextual adjustment, the OMC lost its character as a coordination tool in the form of soft law and massively adopted arrangements specific to intensive transgovernmentalism developed within the SGP as part of the EMU. As a result, the OMC became much more intrusive on issues related to ensuring sustainable budgetary balances by the Member States, including the use of procedures to condition Member States in order to correct imbalances. The intrusive character also aimed to stimulate, at the level of Member States and,

where appropriate, their regions, reforms to ensure, including through the adequate allocation of budgetary resources, the transposition into domestic public policies of the EU's strategic approaches in areas such as education, employment, social inclusion, energy efficiency, etc. For both aspects of intrusion, Member State governments showed significant resistance and invoked various national preferences in order to limit the increasing of the EU institutions' powers, especially the European Commission, in coordinating sectors corresponding to shared or complementary competences.

As a result of the sovereign debt crisis, in the context of the 2010 revision of the SGP (Regulation (EC) 1466/1997), the European Semester was introduced. The purpose of the Semester was to facilitate the application of preventive and corrective arms and to strengthen and make more efficient the coordination, guidance, and supervision of Member States in achieving the targets assumed in the context of coordinating economic, budgetary, fiscal, and social policies. The European Semester followed the tradition of implementing the objectives of the Lisbon Strategy through the OMC (Maricut and Puetter 2018, 193). Thus, this instrument becomes the main means of annual structuring of the agenda at EU level and of ordering topics according to context and their transposition at the level of Member States. In other words, based on the experience gained from the application of the OMC, the European Semester has become an instrument for educating Member States in achieving progressively higher levels of convergence.

Within the Semester, Member States receive advice and guidance from EU institutions with the aim of developing their national reforms and stability and convergence programs. The latter are, in fact, documents through which Member States commit to remedy development gaps or to innovate public policies in order to achieve a higher level of real and upward convergence. The main role of the European Commission is to evaluate the degree of implementation of the reforms and programs. To correct macroeconomic imbalances or to reduce, in the case of some Member States, excessive budget deficits, EU institutions issue country-specific recommendations for defining economic, employment, educational, and other relevant policies that are the subject of the 17 sustainable development goals. Over time, through successive

iterations, CSRs have been transformed into elements of conditionality and direction for interventions financed through the 2021-2027 multiannual financial framework, as well as through the additional NextGenerationEU (NGEU) package.

The particularity of the European Semester lies in the fact that, through its annual cyclicity, it establishes a predetermined flow of topics ordered on three fundamental pillars: a) economic and fiscal governance; b) monitoring the competitiveness of imbalances; and c) implementing structural reforms to strengthen competitiveness and growth potential at the level of Member States. The Semester becomes the main instrument for ordering the agenda at EU level (de la Porte and Heins 2014, 164), but also an authoritative supervision by EU institutions of Member States in the internal implementation of policies and reforms derived from contextual priorities (Verdun and Zeitlin 2018, 138; Haas et al. 2020, 331). However, in the case of certain areas of intervention (such as health, education, social inclusion, etc.), there is no effective transfer of competences from national to supranational level, but rather a deepening of cooperation and mutual exchange of experience and good practices. In the case of Eurozone Member States, as well as those that have benefited from macroeconomic assistance, the authoritative nature of supervision has also involved coercive methods of compliance. Thus, unlike the OMC, the European Semester has gradually acquired a prescriptive, intrusive, and coercive character (de la Porte and Heins 2014, 170; Zeitlin and Vanhercke 2018, 151), especially regarding the stability and predictability of Member States' macroeconomic and fiscal policies. The level of coercion has varied, from general ex-ante conditionality—in the case of programming European funds—to the gradual sanctioning of states that deviate from budgetary discipline and the application of corrective and coercive measures. Therefore, in monitoring and evaluating the policies and reforms carried out by Member States, to ensure budgetary and fiscal discipline, EU institutions have the characteristics of a state authority.

With the evolution of the European Semester, the coordination method has been perfected and adjusted to the context of economic governance at EU level. Thus, a regime of meta-coordination has been established, as well as the extension of the OMC to other new areas of intervention, such as the implementation of the

principles of the European Pillar of Social Rights or the implementation of the UN Sustainable Development Goals. By applying the Semester, as well as the extension of the OMC, the sequencing of the agenda has become much more orderly. At the same time, the areas included in the European Semester framework are subject to the need to ensure the sustainability of public finances and the coordination of macroeconomic policies, so as to more easily achieve real and upward convergence, especially in aspects such as: establishing adequate minimum wages at EU level; establishing a European child guarantee, improving the efficiency and effectiveness of health systems, or those relating to the adequacy and sustainability of pension and retirement systems.

The dynamics of successive adjustments of the OMC and the European Semester show the willingness of Member States to intensify cooperation to address challenges that lead to imbalances at their internal level, but also at the level of the EU as a whole. Moreover, successive adjustments indicate the EU's capacity to integrate mechanisms that ensure coherent and coordinated management of policies, approaches, and EU concepts in their transposition at the level of Member States. Until the enabling condition was met, Member States hesitated to comply with the EU's conception regarding the symbiosis of public investments with reforms and with budgetary-fiscal supervision mechanisms.

The 2024 revision of the Semester, through Regulation (EU) 2024/1263, strengthened the process of conducting the Semester. Thus, the approach of multilateral surveillance was introduced, through which the economic policies of Member States are evaluated comparatively and coherently at EU level from the perspective of their alignment with EU strategic approaches. This supervision is based on common indicators, reliable statistics, and in-depth analyses of the macroeconomic and structural situation in each Member State. Also, an essential role is played by the evaluation of national fiscal-budgetary plans, especially in light of the rules provided in the Stability and Growth Pact. The European Commission thus analyses the compatibility of national budgets with EU objectives, making recommendations in order to correct deviations from the EU's strategic guidelines. In case of non-compliance, corrective procedures can be triggered much more promptly than in the previous arrangement.

In its communication of 29 January 2025 regarding "A Competitiveness Compass for the EU," the European Commission highlights the success of synchronizing the European Semester with the allocation of funds granted to Member States through the RRF (COM(2025) 30 final, 23-24). Thus, based on the findings and recommendations of the Draghi Report, the Commission proposes that the European Semester be integrated into a new Competitiveness Coordination Tool, which aims to align EU priorities with national and European budgets, thus consolidating the union of public and private investments. The intention is thus to rationalize the Semester, which seems set to return to its initial mission derived from the OMC, namely to encourage Member States to modernize their employment, protection, and social inclusion systems, as well as to adjust pension systems to encourage the extension of working life and support active aging.

#### **4. THE CONDITIONALITY REFERRING TO SYNCHRONIZING THE EUROPEAN SEMESTER WITH THE ALLOCATION OF EUROPEAN FUNDS**

Since its introduction, the European Semester has evolved from a technical tool for monitoring budgetary rules to a political mechanism for guiding the reforms and economic policies of Member States, marking the transition from the strict application of fiscal rules to an approach based on negotiation and political discretion (Bartolucci 2025, 41). By its nature, the European Semester must ensure at the level of Member States a predictable and preventive process for designing and implementing domestic public policies in line with the CSRs. Through successive reforms of the European Semester, efforts have been made to improve the implementation of CSRs derived from annual exercises. However, in the absence of explicit incentives or conditionalities, most Member State governments have developed a mimetic behavior of merely reporting progress in implementing these recommendations.

The way CSRs are formulated has made it difficult to effectively transpose the recommendations into domestic public policies at Member States level. Thus, even if they are ordered according to the three pillars of the instrument, in most cases, the recommendations are vaguely formulated, with statements that are extremely broad and varied in terms of policy-making implications. For example, in the case of Romania's CSRs for 2019 and 2020, the recommendations contain between 2 and 7 statements, with an average of 3.5 statements per recommendation. Moreover, even though CSRs derive from the findings of country reports, with the most essential being recorded in the recital part of the European Commission's annual communications, they do not specifically indicate what change should be achieved within a certain timeframe. There has also been a lack of a unified and clear methodological approach regarding how to address the findings from country reports and CSRs.

Unlike previous experiences of coordinating public policies through the OMC, within the European Semester, the services of the European Commission have acted increasingly discretionarily and intrusively towards Member States, depending on their profile and their degree of convergence with EU strategic approaches. In the absence of clear financial incentives, through the introduction of the monitoring and reporting system, the European Semester began to be perceived as more rigid and constraining.

The implementation of CSRs has also become cumbersome due to the gradual expansion of sectoral areas covered, such as energy, transport, tourism, access to essential living conditions, etc. At the same time, the lack of interest in voluntarily applying CSRs was also maintained by the fact that implementing the recommendations interrupts the linear flow of domestic policies by introducing new institutional arrangements. Thus, political actors are encouraged not to comply with CSRs because the oscillations generated by implementing the recommendations bring significant electoral losses, especially during election campaigns (Mariotto 2022, 45; Guardiancich et al. 2025).

The lack of interest in voluntary application led to the successive establishment of conditionality mechanisms through the revision of the EU's distributive method. Therefore, in the process of allocating European funds specific to the EU's cohesion policy within the 2014-2020 MFF, attempts were made to connect

CSRs with national public policies through 36 ex-ante policy conditionalities. However, as Zeitlin, Bokhorst, and Eihmanis (2024, 5) emphasize, this effort, as well as the stronger orientation of European cohesion policy funds towards performance, yielded weak results. Due to ambiguous formulation and the lack of clear objectives, the recommendations formulated in the first cycles of the Semester were not effectively integrated into the logic of intervention for operations programmed in the 2014-2020 MFF.

It was only from 2018 that a first concrete attempt to synchronize the European Semester with the programming of financial allocations from European funds crystallized. Initially, the attempt targeted funds allocated through cohesion policy for the 2021-2027 period. However, in 2020, with the onset of the Covid-19 crisis, this was also applied to the RRF, when Member States designed and negotiated their recovery and resilience plans. As required by Regulation (EU) 2021/241, Member States that sought support from the RRF had to provide packages of reforms and investments in response to challenges identified in the context of the European Semester and thus implement CSRs resulting from the 2019 and 2020 cycles. This created a much stronger mechanism for conditioning Member States to implement CSRs, based on financial incentives for reforms (Corti and Vesan 2023; Toderas 2024a; Toderas and Costachescu 2024; Guardiancich et al. 2025). At the same time, synchronizing the European Semester with the allocation of funds through the RRF also established a comprehensive monitoring system for Member States (Becker 2024, 7), which determined the implementation degree of the reforms derived from CSRs. Based on this consolidated monitoring regime, penalties for noncompliance can be applied, both within the RRF and the cohesion policy.

According to the arrangements established by the RRF, Member States that opted to use only grant allocation were required to address a significant part of the CSRs. In contrast, Member States that also requested loan allocations, as was the case with Romania, had to address all CSRs and ensure their complete transposition in the design of their plan components. The conditionality mechanism particularly targeted recommendations to which national governments showed strong resistance. Thus, the hypothesis stated by Borghetto, Quaglia, and Guardiancich (2025, 2), namely that national

governments' formulation of NRRP strategies depended both on the scope of their reform agendas and on the amount of EU funding received as incentives, also applies to Romania. A pronounced emphasis was placed on conditionality regarding the rule of law and countering democratic backsliding, especially in Member States where significant regressions were recorded in these areas, such as Poland (Danilă et al. 2023) and Hungary (Kubas 2023). Thus, at the risk of becoming, over time, a powerful intrusive and discretionary instrument for allocating European funds, the RRF became an attractive and fully accepted instrument for some Member States, especially those that in 2020 were highly dependent on European funds.

When Member States began formal procedures to negotiate their plans with the European Commission's services, the lack of clarity and ambiguity of CSRs generated a context of misunderstanding regarding how CSRs could be addressed within reforms and investments. On the one hand, in the spirit of mutual exchanges (Toderas 2024a, 58), the European Commission's services requested that the reforms and investments proposed in the plans be ambitious and indicate a clear change towards achieving real and upward convergence at the EU level. On the other hand, national governments considered this requirement to be too intrusive in areas that fall under Member State competences.

The greatest fear was that, once established, the RRF would provide EU institutions with a precedent for changing the approach to the design and implementation of future multiannual financial exercises. Thus, based on the RRF experiment, EU institutions and certain Member States that are net contributors to the EU budget have the possibility to reform the way European funds are distributed through shared management, such as the European Regional Development Fund (ERDF), the European Social Fund (ESF), or the European Agricultural Fund for Rural Development (EAFRD). Starting in 2023, this fear proved justified, as the first signals regarding the future of EU cohesion policy indicated a profound reform in the sense of adopting the RRF model of conditioning investment reforms (Toderas 2024a). Moreover, in February 2025, in the context of launching its public consultation on the future post-2027 financial period, the European Commission officially presented its proposal to

adopt certain key elements from the RRF into the next multiannual financial framework. The main proposal concerns providing financial support from the EU budget, including for cohesion policy, based on a plan for each country containing essential reforms and investments (COM/2025/46 final). The communication also emphasizes the intention to simplify the European Semester and focus it at the Member State level, as well as the need to correlate EU and Member State policies with budgetary priorities, to ensure that the Union's budget effectively supports European public investments, especially those with cross-border impact.

In the first stage of designing the NRRP (July-December 2020), SG Recover, the European Commission's structure responsible for implementing the RRF at the EU level, did not emphasize a proper and unified explanation of how proposed investments should be connected to reforms and what the link with CSRs should be. Thus, it was not clear whether investments should be an integral part of reforms or not. In January 2021 SG Recover began to guide Member States on how to ensure the connection between CSRs, reforms, and investments. In this regard, a guide for NRRP drafting was developed (SWD (2021) 12 final). However, the guide did not indicate how Member States should treat CSRs from a methodological perspective regarding public programs, such as theory of change. The emphasis was mainly on the fact that reforms should primarily focus on CSRs targeting anti-money laundering and tax evasion, as well as reforms related to improving the business environment, public administration, and judicial systems. An obvious requirement was that the assumed reforms should not involve aggressive fiscal planning and should focus on the harmonious implementation of responsible and predictable fiscal-budgetary policies in the medium term. Thus, the spirit of the RRF was to support a virtuous triangle of development by stimulating the coordinated investment of public funds from European or national sources through structural reforms derived from the European Semester (Toderas 2024a; Toderas and Costachescu 2024).

A distinct feature of the RRF is that, for designing their recovery and resilience plans, Member States were not required to carry out an analytical and methodological programming exercise similar to programs funded by the EU's

cohesion policy. This requirement was left to the discretion of governments, depending on their administrative capacities and available analytical support. Romania used the programmatic approach for designing NRRP components in very few cases, dependent on the level of preparedness of the experts responsible for the components. Also, the tools and guidance processes of the European Commission's services focused only on general components, such as a brief description of the main challenges and proposed sectoral objectives in line with country reports and CSRs, a brief description of the reforms and investments proposed to address the challenges, including an operational plan for achieving the expected results in the form of milestones and targets, as well as a series of information regarding compliance with horizontal requirements (environment, social inclusion, contribution to EU flagship initiatives). From an analytical perspective, the emphasis was mainly on ensuring the achievement of long-term macroeconomic effects, not on ex-ante programming evaluations. In contrast, in cohesion policy, from the program preparation phase, emphasis is placed on designing the theory of change and intervention logic, until 2021 based on ex-ante evaluations, but without conditioning investments to be accompanied by reforms. Thus, in the programming exercise for the 2021-2027 MFF, the process of synchronizing the European Semester with proposed operations for funding was more efficient and coherent. Of course, the advantage was that the experience of designing and negotiating the NRRP could be leveraged. However, the existence of a methodological approach specific to program/change theory and the logic model also mattered greatly.

If, in the case of the RRF, there had been a requirement to develop program/change theories for the proposed reforms and investments, based on ex-ante evaluations, this could have facilitated the drafting of plans by more clearly defining reforms and more coherently and realistically associating investments with them. Such an approach would have required Member States, including Romania, to conduct analyses of social acceptability and sustainability so that, during the implementation stage of reforms and investments, the social shock or resistance would be easier to manage and absorb. Thus, a more effective synchronization of findings from country reports and CSRs with aspects derived from ex-ante evaluations and analyses would have been

ensured. For example, in Romania's case, even though the plan had to be accompanied by an assessment of the macroeconomic and social impact, as well as a presentation of the lasting effects of the proposed reforms and investments in social, budgetary, and financial terms, this requirement could not be fully met. On the one hand, at the governmental level, there were no operational capacities to produce such credible and robust evidence (Toderas 2023, 270) in a very short time. On the other hand, there was no domestic concern for determining the social or economic impact of the pandemic on various public sectors, such as education and digitalization processes in education (Caradaica et al. 2024, 66). The effects of the lack of such capacities and analyses were evident during the implementation stage, when, for a series of planned investments, the corresponding milestones for the first stage objectives could no longer be met.

## **5. ROMANIA'S EXPERIENCE IN THE SYNCHRONIZING THE EUROPEAN SEMESTER WITH THE NRRP**

In Romania's case, the design of the NRRP began in June 2020, initially within a more restricted governmental framework at the level of the Prime Minister's cabinet and the Ministry of European Funds, during which the process focused only on analyzing the opportunities offered by the RRF. From September 2020, the framework was decentralized, but still strongly concentrated at the level of a few sectoral ministries. In the absence of a clear request from the European Commission regarding the justification of the intervention logic through theories of change, in these two phases of Romania's NRRP design, the emphasis was placed on proposing investments that would respond to the CSRs from 2019 and 2020, without also defining concrete reforms. However, from January 2021, the framework for designing Romania's NRRP was significantly broadened, involving almost all ministries and government authorities, including social and economic partners. Until September 2021, when the formal negotiation process with SG Recover was finalized, the synchronization process

was quite intense and involved harmonizing national preferences with the technical requirements of the European Commission.

It should be noted that the requirement to focus on ambitious reforms accompanied by relevant investments was only defined during the formal negotiation phase of the plan. The significant increase in the level of ambition requested by SG Recover occurred after Romania made known its option to also fully access the loan allocation it was entitled to (Toderas 2024a, 59) – in 2020, the value of the loan allocation was about 15 billion euros. Against the backdrop of the deteriorating domestic economic situation, in the sense that in 2020 Romania was the only Member State in the excessive deficit procedure, the European Commission directed the Romanian authorities involved in drafting the NRRP that reform ambitions should involve, as much as possible, major policy changes, and only in a few cases should reforms target transitional measures. The guidance was provided incrementally, through successive iterations. However, during the process, the impression was created that, unlike other Member States, Romania was asked for more ambition in structural reform, especially regarding recommendations aimed at remedying budgetary and fiscal imbalances, as well as those seeking to ensure upward convergence.

According to the provisions of the RRF Regulation, SG Recover requested that, through its plan, Romania address all nine CSRs, five from the 2019 cycle and four from the 2020 cycle. The nine CSRs were broken down into 33 statements to provide sectoral adequacy as close as possible to the reforms and investments included in Romania's NRRP. Each statement was addressed by one or more reforms or investments. The intensity and approach to each statement was described synthetically in a dashboard, which was attached as an annex to the plan.

Another particularity for Romania is that, due to the internal decision to access the loan component, assumed at that time by the governing coalition, the European Commission was able to request from the Romanian authorities involved in designing Romania's NRRP not only reforms involving marginal changes, but several much deeper structural reforms that had long been delayed – some of these being the subject of transitional periods provided in Romania's EU Accession Treaty, and others had been the subject of CSRs since the early

years of the European Semester's implementation. Thus, in response to the European Commission's requirements, the reforms with major impact on public systems targeted major changes in areas such as, but not limited to:

- a) the public pension system;
- b) governance of state-owned companies;
- c) recruitment, promotion, and remuneration in the public sector;
- d) increasing the efficiency of the tax system and the design and execution of the state budget;
- e) increasing the efficiency of the justice system;
- f) decarbonization of the national energy system.

According to the principle of attribution of competences, these areas fall under the EU's complementary competences, given that Romania is not part of the EMU. Also, these areas are characterized by very high resistance to change, which represented a risk of not being completed on time, even though in the first two years of implementation there were no parliamentary or local elections. By applying the "take it or leave it" principle, the European Commission ensured that, once included in the plan, in order to benefit from each request for payment, Romania would be obliged to implement them regardless of changes in government or the nature of social unrest.

Domestically, the requirement to show ambition in the structural reform of these areas was perceived as an intrusion into domestic policies. Nevertheless, in order to benefit from the full value of the grant and loan (29.2 billion euros), the government authorities involved in the process had to justify the set of major structural reforms by assuming the following three major national objectives:

1. joining the EMU by 2030, provided the convergence process allows this target – in 2020, Romania fulfil only one of nominal convergence criteria that would have allowed it to join the EMU, and entering the excessive deficit procedure in 2019 required the assumption of extensive reforms to reduce public spending and adjust the fiscal framework;
2. admission to the Schengen area – which involved continuing reforms to strengthen the rule of law and reduce corruption;
3. accession to the OECD – which involved the explicit assumption of reforms to change the public management paradigm, such as the

governance of state-owned companies or public administration reform, as well as reforms to improve the business environment and the private pension system.

Even though the structural reforms involved risks of political blockages in terms of electoral losses or social dissatisfaction, their outcome led to the achievement of the three strategic objectives, as well as to social convergence closer to the EU average. However, the reforms stemming from the three political objectives could not be fully popularized and justified at the level of the whole society, because, except for the second political objective, the other two were not among the priorities of the citizens' agenda and did not generate adjacent public support. For example, at the societal level, Romania's accession to the OECD was not a major interest, as citizens know very little about this organization. Regarding the objective of joining the EMU, it was not publicized precisely to avoid fueling public debates about sovereignty and national identity. However, as Cercel (2023, 10) also argues, the national currency is a strong symbol of national identity and maintains a deep sense of community and unity in society; the assumption and public promotion of such a political objective would have harmed any government by risking the loss of electoral support and strengthening sovereignist political movements. In addition to reforms involving behavioral changes at the societal level, such as those for social inclusion, road transport, energy, or water management, political objectives targeting elements of national identity risked increasing euroscepticism and spreading fake news.

The synchronization of the European Semester with Romania's NRRP was also supported through a bottom-up participatory method by organizing a public consultation campaign with civil society, the business environment, and central and local public administration. A total of 1,939 proposals were received, and 20 inter-ministerial meetings as well as 12 thematic public consultations were organized. The results of the public consultations were systematized in a database and later analysed by thematic clusters in accordance with the nine CSRs (Toderas 2024b, 122). On the investment side, this process ensured a series of interventions for expansion, multiplication, or experimentation, which were included in components such as environment, health, social inclusion, good

governance, and education. On the reform side, the process was useful for understanding how processes at the subsidiary level would influence the fulfillment of commitments assumed nationally through the nine CSRs.

After aligning the interests of the European Union with national ones according to the approaches specific to the European Semester, Romania's NRRP was structured into 15 components, which include 64 reforms and over 100 investments. Thus, divided into 507 milestones and targets, Romania's plan is one of the most complex proposed by a Member State under the RRF (Toderas 2024a, 57; Toderas and Costachescu 2024, 256). This complexity is due both to internal political ambitions related to topics of national interest, supported by the three national objectives mentioned above, and to the European Commission's determination to guarantee the correct and irreversible implementation of reforms and investments within the set deadlines and in accordance with the spirit of the CSRs. The synchronization also took into account Romania's administrative capacity needed to meet implementation deadlines, but at that time it was not possible to anticipate the variation in government alternations.

From the perspective of ordering the internal policy flow, it can be concluded that the exercise of synchronizing the European Semester with the reforms and investments proposed in Romania's NRRP was beneficial. The evaluation carried out in September 2021 by SG Recover on Romania's NRRP appreciated that the criterion of addressing the CSRs for 2019 and 2020 was fully met. Consequently, Romania obtained the maximum score for this evaluation criterion. The success of the synchronization was largely due to the desire to benefit from the total allocation (grant and loan) that Romania could receive from the RRF, but also to the 2021 governing coalition's commitment that the reforms should target major structural changes, even if some of them involved the risk of greater European Commission intrusion into domestic policies. In Romania's case, similar commitments were only made in the context of the EU accession negotiations, in the period 2001-2003, or in the negotiation of the €19.95 billion loan granted in 2009 by the IMF, the European Commission, the World Bank, and the EBRD. For the most part, these commitments resulted in

significant structural reforms that contributed to accelerating Romania's development, as well as to approaching the achievement of convergence criteria.

## 6. CONCLUSIONS

This analysis has highlighted that, through the gradual establishment of a disciplinary framework to ensure macroeconomic stability and predictability, the OMC has gradually approached the hard law regulation applied within the EMU. This has thus allowed the convergence of the OMC with the intensive transgovernmentalism used in the case of the EMU. Therefore, with the establishment of the European Semester in 2010, in order to achieve real and upward convergence, policies falling under complementary and shared competences could be coordinated much more efficiently. As a result of successive changes, the Semester has become complex and carries constraints and sanctions applied to Member States.

The allocation of European funds has represented one of the main means of constraining Member States, especially those that are not part of the EMU. In this analysis, I presented how the constraint of synchronizing the European Semester with the allocation of European funds was applied, highlighting some key elements from Romania's experience in drafting its recovery and resilience plan, a process that took place in 2020-2021. The case study demonstrates that, in the context of designing and implementing the RRF, the European Semester has moved far away from the principles and approaches of the OMC. Although it still retains enough elements specific to this method, the fact that voluntary participation and structured dialogue have been replaced by a mechanism of in-depth and comprehensive monitoring means that, in the process of synchronizing the funds allocated through the RRF, arrangements specific to the intensive transgovernmentalism applied in the EMU have been used instead. However, as Wallace and Reh (2020, 101) state, both from the perspective of EU institutions and that of Member States, policy coordination will remain the preferred solution in those areas where cross-border cooperation is imposed by functional pressures, but where the formal delegation of competences to the

supranational level is obstructed by national sensitivities, electoral stakes, and divergent Member State preferences.

From the perspective of the European Commission, the exercise of synchronizing the European Semester with the reforms in the NRRP was a success, with Romania obtaining the maximum score for addressing the CSRs. The internal motivation for fully addressing the nine CSRs included full access to the RRF allocation and the political commitment to major structural reforms for Romania, similar to those from the pre-accession period to the EU. Nevertheless, the synchronization iterations also generated a state of confusion among the authorities involved in drafting the NRRP. On the one hand, it was not clear what scope and intensity of reforms the European Commission expected in order to consider that each statement from the nine CSRs for 2019 and 2020 was fully synchronized and matched the level of ambition deemed appropriate for Romania's situation and potential. The confusion was also caused by the discretionary way in which the European Commission treated Romania's particularities compared to other Member States.

The developed case study provides a premise for continuing the analysis from the perspective of how this synchronization contributed to the implementation of Romania's NRRP. Considering that the conditionality mechanism established by the RRF will also be used for cohesion policy post-2027, it is also worth analyzing whether the synchronization of Romania's NRRP with the European Semester has contributed to improving the internal policy-making flow in correlation with the EU's policies and strategic approaches.

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