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OPINION

on “The ESC’s Proposals on the European Union’s New Multiannual Financial Framework for 2028–2034”

The European Union is facing unprecedented social, environmental, demographic, and technological challenges, which are unfolding against the backdrop of a profound crisis in multilateralism and a lack of stable economic performance. These developments highlight the urgent need to strengthen Europe’s strategic autonomy and build a more resilient, competitive, and sustainable European economy.

In this context, the new Multiannual Financial Framework (MFF) for 2028–2034 must become the primary strategic instrument through which the European Union strengthens its economic competitiveness, social cohesion, and capacity to respond to the structural transformations affecting the labor market and the European economy. The new set of priorities guiding the new Multiannual Financial Framework (MFF) must be supported by adequate funding in order to be credible and to produce results.

Key reports commissioned by European institutions (Letta, Draghi) clearly document structural shortcomings in the Single Market and, more broadly, in the European project, highlighting the urgent need for greater and more flexible fiscal space within the next Multiannual Financial Framework after 2028, in order to address both immediate and long-term challenges. Investments in human capital, skills, social dialogue, innovation, and labor productivity must be treated as strategic European investments, essential to the Union’s competitiveness and resilience.

Furthermore, the EU budget must accommodate competing financial pressures: the NextGenerationEU recovery instrument expires in 2026, debt repayments incurred during the

pandemic are coming due, traditional priorities (such as cohesion policy and the CAP) must be maintained, and new priorities such as competitiveness, economic resilience, defense, and security require adequate funding. The MFF, the architecture of the funds, state aid rules, and national investment strategies should be closely aligned to ensure greater overall coherence and efficiency. Highly fragmented spending of EU funds will lead to equally fragmented results.

While we acknowledge the tension between the level of ambition, the allocated resources, and the capacity of Member States to further increase their GNI-based contributions, we believe that new sources of revenue at the EU level could be carefully calibrated – particularly instruments based on the issuance of common debt – to ensure the financial means necessary to achieve strategic objectives. Other new **own resources** should, in principle, be based on revenues linked to EU policies and should neither jeopardize the EU’s competitiveness nor have a de facto regressive impact on certain Member States. In this regard, the **CORE proposal** should be carefully reviewed – it is currently based on turnover rather than profit, and, secondly, it is a fixed rate, which makes it regressive.

We welcome the fact that the new MFF is more focused and flexible; however, the core tasks of each program must remain clearly defined, and any decision to transfer funds should be subject to democratic oversight and the principle of partnership.

We expect a **genuine simplification** of guidelines, control systems, and administrative burdens for beneficiaries, while ensuring that adequate checks and balances are in place to prevent fraud and misuse, for the benefit of all beneficiaries, and without compromising social, environmental, and transparency standards. We therefore propose expanding the use of financing not linked to costs (FNLC), simplified cost options, and lump-sum funding. Simplification and streamlining should also be fully reflected at the regional and local levels.

Cohesion Policy has long proven its role as a central EU instrument for promoting a resilient and competitive internal market, balanced regional development, and shared prosperity. Similarly, the European Social Fund Plus (ESF+) has proven indispensable for investing in people, developing a highly skilled workforce, boosting productivity and innovation, and strengthening the European social market economy. It can continue to fulfill this role and also help counter growing political polarization and strengthen public support for the EU.

Although the effectiveness of Cohesion Policy can be improved, **we reject the proposal to merge the resources allocated to Cohesion Policy, the ESF+, the CAP, fisheries, migration,**

and security into a single fund, in its current form. Such a structural change could fuel conflicts over resource allocation in relation to cohesion, social, and rural development objectives and would undermine planning certainty and stable funding structures.

The ESC calls for a thorough and structural review of the multi-fund architecture to ensure the predictability and autonomy of core spending programs. This should guarantee the effective and genuine application of the partnership principle, including in the implementation of the **National and Regional Partnership Plans (NRPP)**. Although the NRPP can serve as useful roadmaps for defining strategies, planning, and monitoring the implementation of national objectives and funds, they must build on the lessons learned from the implementation of the NRPP to ensure respect for subsidiarity and the territorial dimension. Furthermore, although in theory they can be used as tools to promote structural reforms in line with the new architecture of the European Semester, reform conditionalities risk profoundly affecting investments in disadvantaged communities and increasing social tensions, as they involve difficult political decisions. Any form of macroeconomic conditionality applied to NRPP should also be avoided.

The new link between the **European Semester**, the Competitiveness Coordination Tool, and the proposed future MFF requires in-depth analysis and, based on current experience with the European Semester, simplification.

Romania continues to need massive investments in essential infrastructure – roads, schools, hospitals – as well as in SMEs that can provide decent employment opportunities. These are the backbone of local economies. Cohesion policy is the only tool that can ensure the reduction of socioeconomic disparities.

ESF+ should maintain its distinct and specific characteristics and ensure the resilience of the labor market, a strategic component of European autonomy.

Particularly in light of the new social challenges related to the implementation of the European Pillar of Social Rights, the ESF+ must strengthen its role, including in building the capacity of representative social partners and civil society representatives. The allocation target for social spending of 14% of the NRPPs should be increased to at least 20% and should be established as a distinct objective across all allocated funds. Further strengthening can come from setting clear targets for vocational training and reskilling, poverty reduction, social inclusion, and access to essential services, through a shift from reactive interventions to preventive policies, in close collaboration with representative social partners and civil society representatives. Skills development and vocational reskilling, increased labor productivity, workforce

adaptability, and anticipating skills needs are elements that can support both economic and social objectives. Similar to the other horizontal priorities, the MFF should also include an explicit and ambitious target for spending on gender equality, including in the NRPP. Otherwise, it is unlikely that the programs would allocate funds to activities that promote gender equality, which undermines the EU's commitments in this area.

In order to make a substantial contribution to addressing the new challenges in the labor market, the ESC calls for the maintenance and expansion of dedicated funding lines to strengthen the capacity of representative employer and labor union organizations, including for the development of technical expertise, the digitalization of organizations, participation in the governance of reforms, the development of sectoral labor market observatories, skills forecasting, and the implementation of projects that complement public policies.

In Romania, Cohesion Policy must continue to support the energy transition, fund vocational reskilling, and support carbon-intensive regions through local economic reconstruction programs. Continuing, improving, and expanding the Just Transition Program are crucial for the economic revitalization of vulnerable areas. The Program must take into account the EU's new industrial strategy and address vulnerable sectors.

To protect these regions, it is also necessary to increase allocations for climate and the environment and to set aside a separate allocation for biodiversity protection, in line with the need to adapt to climate change and the climate neutrality target. A significant portion of the proposed funds should be allocated to these expenditures.

The creation of a **European Competitiveness Fund** is an encouraging signal in light of the competitiveness challenge facing the EU; however, the criteria should take into account the existing disparities in development among Member States – including with regard to the private sector – and explore mechanisms to ensure equitable distribution without jeopardizing the overall objectives of European competitiveness.

European funds dedicated to competitiveness must be allocated to productive investments with a high multiplier effect that mobilize private capital and support long-term competitiveness, with a measurable economic impact. At the same time, they must play a role in developing critical infrastructure and strengthening the institutional capacity to manage it.

To maximize access to funds, the simplification of application processes must be genuine, and companies must have access to dedicated technical assistance.

The ECF must ensure the integration of SMEs at every stage – from research and innovation to implementation and market access – by ensuring continued support for SME-led projects, dedicated instruments linking grants, guarantees, and equity, as well as a simplification agenda that goes beyond institutional strengthening to produce measurable operational changes.

Last but not least, the increasingly evident need to strengthen Europe’s defense capabilities has led to the development of the Readiness 2030 plan. The projected security spending of over 800 billion euros must be calibrated to address defense and peacekeeping needs in an integrated manner, drawing on local economies and capabilities, including human capital. It is important that resources derived from loans do not lead to national budget deficits; at the same time, new sources of revenue – derived from national contributions and European policy – are needed so as not to undermine social, economic, and climate objectives. Also in the area of defense, we must support dual-use by design projects that ensure the integration of defense objectives with other EU objectives.

“Digital by design” is another principle that should be widely applied across all pillars of the ECF, ensuring complementarity with the EU’s digital sovereignty objective.

The involvement of representative social partners and civil society representatives must go beyond a formal and consultative level and become an integral part of European economic governance, both during the planning phase and during the implementation and monitoring phases. Access to European funding under the NRPP and the Structural Funds must be conditional on the existence of genuine, verifiable, and transparent mechanisms for the consultation and participation of representative social partners and civil society representatives. It is necessary to introduce European mechanisms to monitor compliance with the principle of partnership.

Considering the principle of partnership, the ESC calls for at least 50% of the members and/or votes in the monitoring committees to come from among representative social dialogue partners and civil society representatives.

**Rapporteur,
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