



Towards an inclusive EU agenda for cities of every size and context

CEMR input paper for the new EU agenda for cities
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Local &
Regional
Europe

Background

Cities, municipalities, and regions are where EU policies have the most direct impact. From implementing energy-saving measures during the energy crisis to investing in sustainable transport systems and waste treatment facilities, local and regional governments are at the forefront in responding to global challenges. Their initiatives, including managing health and housing crises, receiving and supporting migrants, serve as European, and even global examples of timely and effective governance.

Their proximity to citizens allows cities and municipalities to build trust and effectively address local needs. Each local area has its own specific needs, determined by its social, economic and territorial conditions and governance arrangements. Investment priorities, therefore, cannot be dictated solely by EU or national objectives. Cities and municipalities of all sizes must retain the autonomy to respond swiftly and effectively to the evolving needs of their communities and territories.

CEMR strongly supports the development of a new EU agenda for cities. This agenda must fully embrace the rich diversity across the EU, recognising the realities of small and medium-sized towns, cities, and large metropolitan areas alike. It must avoid furthering territorial divides, especially in the implementation of EU policies, where local governments, regardless of size, play a critical role. Over 70% of EU legislation is implemented at local and regional levels, underscoring the essential role of subnational governments, including regions, intermediate bodies, institutionalised metropolitan areas and agglomerations. These entities hold key competences in areas such as urban planning, transportation, and local economic development, all of which are fundamental for sustainable urban futures.

A robust agenda for cities should move beyond traditional urban-centric perspectives and embrace a broader understanding of current and future challenges. It should include an integrated urban-rural continuum plan, ensuring that every European has both the right to move and the right to stay, with equal access to quality of life, essential services, and socio-economic and cultural opportunities regardless of where they live. Sustainable long-term investments and efficient public services are crucial for enabling local and regional governments to lead the green and digital transitions.

Moreover, the agenda must support achieving Sustainable Development Goal 11, which aims to make cities and human settlements inclusive, safe, resilient, and sustainable. This also requires fostering strong local democracy through participatory processes, building resilient local and regional administrations, and ensuring the protection of local elected representatives. Such measures are vital for enhancing trust in EU institutions and improving democratic governance at all levels.

Finally, cities and regions are engines of innovation, local economic development, and regional competitiveness. The new agenda should recognise and support this role by

ensuring that cities can access resources such as the competitiveness fund, enabling them to effectively drive forward sustainable and inclusive growth.

From principles to practice: a structured and inclusive governance mechanism

Subnational governments play a crucial role in delivering a wide array of public policies and services across Europe. Over the past decade, territorial reforms have significantly reshaped their functions, often expanding their responsibilities. For instance, in 2015, the Netherlands decentralized the provision of social and health services, assigning municipalities increased responsibilities, particularly in child and elderly care, as well as employment. Similarly, since 2018, Portugal has transferred a broad set of competences to the local level, including in education, health, and social policy. Such decentralisation strategies have proven effective in fostering democratic governance, balanced economic development, and stronger regional competitiveness—all of which contribute directly to improving the quality of life for citizens. Subnational governments are now responsible for 53% of total public investment across the EU¹, a share that rises to 69% for climate-related public investments.

To ensure the quality and effectiveness of EU policy development and its implementation at territorial level, it is essential to reinforce structured and ongoing dialogue between subnational authorities, the EU institutions, and national decision-makers. The Urban Agenda for the EU marked an important step in this direction by introducing a new approach to multi-level governance aimed at improving the design and delivery of EU policies and legislation. However, its full potential has not yet been realised due to limited political engagement, insufficient funding, and a lack of integration into the EU's broader multiannual policy framework.

The forthcoming EU agenda for cities presents a timely opportunity to build on the achievements of the Urban Agenda. It should reinforce multi-level governance and strengthen the involvement of cities and municipalities of all sizes in EU decision-making. Crucially, this means establishing a clearer connection between the work of thematic partnerships and the uptake of their recommendations by EU institutions. To make real progress, the new EU agenda for cities must go beyond principles and deliver a systemic and institutionalised governance framework that embeds multi-level cooperation into the very fabric of EU policymaking. This means enabling cities and regions not just to implement EU legislation, but to help shape it from the outset.

¹ OECD, [Subnational government's structure and finance](#), 2024

To achieve this, the agenda must establish a permanent process that ensures subnational governments are involved at every stage of the EU policy cycle - from early design and consultation to implementation and evaluation. This requires shifting from fragmented, project-based engagement to structured and inclusive governance mechanisms. In this context, we propose the following concrete measures:

- **A dedicated multi-level governance consultation process** for key EU frameworks such as the European Semester and the Competitiveness Compass, given their growing link between investments and reforms and their direct impact on subnational governments². This process should ensure that the voice of local and regional authorities is heard early and consistently.
- **A mandatory governance impact assessment** for all new EU legislative proposals, aimed at identifying territorial and, where relevant, urban impacts. This assessment should determine the responsible level of governance—national, regional, intermediate, or local—in each Member State. To be effective, all Commission services and Directorates-General must be aligned with, and recognise the structures of, the new EU agenda for cities.
- **A new steering group hosted by the Commission Secretariat-General** to provide an overarching view of the EU legislative agenda and to coordinate multi-level governance consultations for each new initiative relevant to subnational governments. This group should bring together representatives of the European Commission, national governments (e.g. trio Presidencies), subnational authorities (through national associations and European networks such as CEMR and Eurocities), and the Committee of the Regions. It would also act as a central reference point for understanding local and regional competences across Member States, drawing on tools such as the CEMR TERRI report³, and would recommend targeted consultations with specific associations, municipalities, or regions where appropriate.

² CEMR, Top level decision – local consequences: The European Semester explained, 2024: <https://ccre-cemr.org/wp-content/uploads/2024/11/EU-Semester-Study-2024.pdf>

³ CEMR TERRI Report – Territorial Governance, Powers and Reforms in Europe: <https://terri.cemr.eu/en/>

Bridging the gap: ensuring effective local implementation of EU policies

Subnational actors remain central to delivering key EU priorities such as the Green Deal Industrial Plan and the Competitiveness Agenda. Yet despite their pivotal role, many face severe financial constraints. They must navigate the conflicting demands of different EU policy agendas—for example, being required to both limit net expenditure growth and increase investments in green and digital transitions. CEMR’s analysis of the European Semester⁴ illustrates this contradiction. In the context of tightening local budgets across Europe, dedicated EU support is urgently needed to ensure effective implementation of EU legislation at the local level.

A new focus on “Better Implementation” could complement the existing “Better Regulation” agenda, forming a key pillar of the new EU agenda for cities. This would help ensure that subnational governments are equipped with the necessary resources to carry out their legal and policy obligations. Looking ahead to the post-2027 budget period and building on the reforms component of national recovery and resilience plans, the EU should establish a mechanism to assess the capacity of subnational governments to implement newly adopted EU regulations. Member States could be required to include specific measures in their national reform plans aimed at strengthening administrative capacities, skills, and human resources at the subnational level. In parallel, the European Commission could direct more targeted support from the Technical Support Instrument to benefit local and regional authorities.

We therefore propose the following measures:

- **A capacity-building component within the “reforms” pillar of the next EU structural and investment funds**, requiring Member States to assess the resource needs of subnational governments for the implementation of EU regulations. Where gaps are identified, instruments like the Technical Support Instrument should be mobilised to help ensure local and regional authorities have the administrative and financial capacity to comply.
- **Regular Implementation Dialogues** with subnational government representatives (including European and national associations), designed to monitor progress, assess policy delivery on the ground, and co-create solutions to practical implementation challenges. These dialogues would support the EU in building more responsive, effective legislation.

⁴ CEMR, [Top level decisions – local consequences: The European Semester explained](#), page 8

- A "one-stop shop" or integrated platform for subnational governments, improving visibility and access to EU initiatives, funding opportunities, and capacity-building tools. This platform would streamline access to resources, reduce administrative burdens, and help identify overlaps or gaps in the existing support architecture.

Ultimately, the goal is to move from fragmented, project-based engagement to a well-resourced, institutionalised system that fully integrates subnational governments into the governance of the EU, both in shaping EU policy and ensuring its successful delivery on the ground.

Aligning EU funding opportunities with local needs

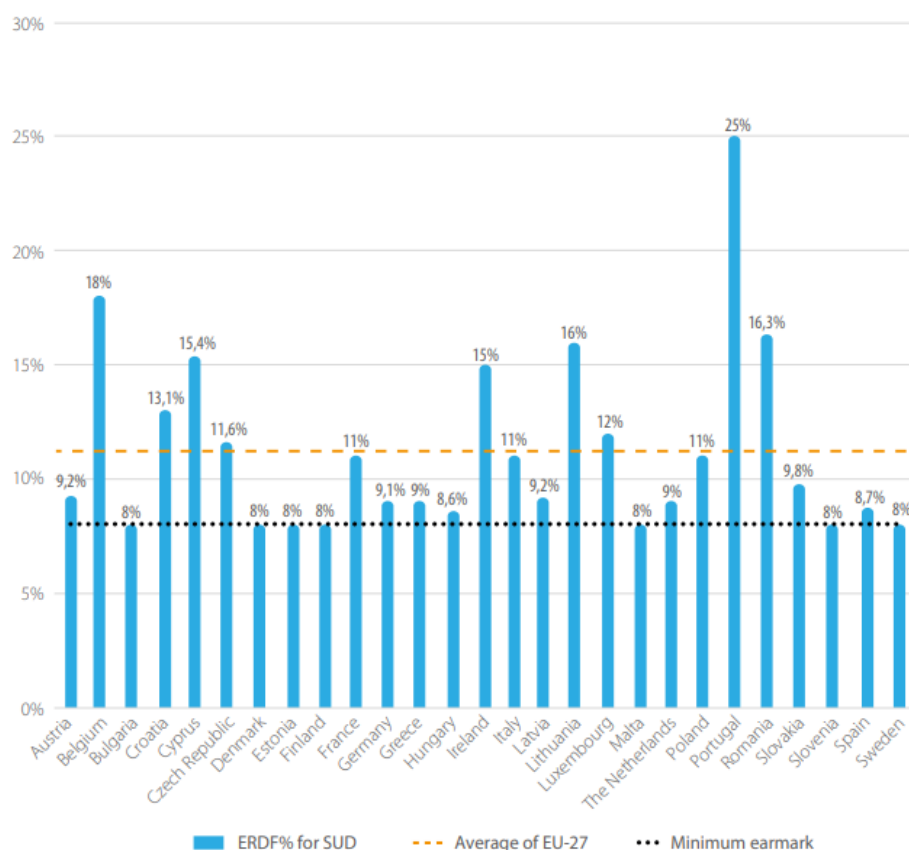
The European Union offers a wide range of initiatives, programmes, and funds to support local and regional governments as well as sustainable urban development. While the diversity of instruments reflects real needs, the growing complexity of EU funding architecture has made it increasingly difficult for subnational governments to navigate. The upcoming new EU agenda for cities presents a key opportunity to clarify the EU's support offer, helping to identify overlaps as well as gaps ahead of the next long-term EU budget. To this end, the new agenda should provide a clear overview of the funding opportunities available to subnational governments. This ranges from "soft" support - such as peer-to-peer learning, networking, planning assistance, capacity building, and technical support - to "hard" funding through programmes that finance infrastructure, transport networks, building renovations, social services, and more, managed either directly or in shared management.

In this variety of opportunities, local and regional governments require support in identifying programmes and calls tailored to their type and size (cities, urban areas, municipal groups, regions, etc.), including clear information on project scale, budget, and timelines. It should also highlight "entry point" programmes, e.g. URBACT, that enable smaller and medium-sized municipalities to build capacity and familiarity with EU funds, preparing them for more complex funding applications such as EUI Innovative Action or Horizon Europe. EU support must be part of a broader European strategy to ensure that each funded project strengthens local and regional administrations in the long term. It is essential that technical skills developed through these projects—such as project management—are retained within local administrations after project completion.

Looking beyond existing initiatives, the new agenda should offer a forward-looking vision aligned with the next EU budget. This includes integrating sustainable urban development support into national and regional investment and reform plans as well as the

competitiveness pillar, recognizing the critical role of cities in driving innovation and economic growth. Notably, the current programming period has seen the ERDF's minimum allocation of 8% for sustainable urban development exceeded, averaging 12% across the EU. Given the potential changes to Cohesion Policy in the next period, the European Commission should propose a more ambitious, yet realistic, minimum earmark of 15% of national investment allocations for sustainable territorial development (covering both urban and rural areas). This should be implemented through proven approaches like Integrated Territorial Investment (ITI) and Community-Led Local Development (CLLD).

Proportion of ERDF dedicated to Sustainable Urban Development



Source: CEMR, *Cohesion Policy funds 2021-2027*

To optimize EU funding for sustainable urban development, we recommend the following:

- **Establish a one-stop shop** consolidating all funding opportunities available to subnational governments.

- **Include a 15% minimum earmark** for sustainable territorial development in the next Multiannual Financial Framework, applying ITI and CLLD methodologies.
- **Guarantee access for cities and regions to the new Competitiveness Funds**, supporting their role in fostering local and regional economic competitiveness.
- **Simplify and clarify programmes and procedures**, and ensure easier access to multi-sources funding, addressing the fragmentation caused by different managing bodies, rules, co-financing rates, and application processes. This complexity imposes significant costs on local administrations, especially smaller ones, often deterring participation.
- **Strengthen national contact points** and advisory services with consistent, transparent, and well-structured support to improve local governments' access.
- **Reduce co-financing barriers** by adapting financial thresholds to the size and capacity of applicants, making funding more equitable.
- **Encourage first-time applicants** through targeted incentives such as flat-rate grants or preparatory vouchers, enabling municipalities with limited experience to enter the funding landscape.
- **Bridge the gap between innovation funding and investment programmes** to better translate innovative ideas into concrete projects. More opportunities are needed to scale up successful practices, including calls explicitly allowing capital expenditure.

By streamlining access, improving guidance, and aligning funding tools with real local needs, the new EU agenda for cities can unlock the full potential of subnational governments in delivering sustainable urban development. A more coherent and ambitious EU support framework will empower cities and regions to drive innovation, resilience, and inclusive growth across Europe.



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