EU budget 2028-2034

MAIN CHANGES, CHALLENGES AND OPPORTUNITIES FOR LOCAL AND REGIONAL GOVERNMENTS

CCRE CEMR Local & Regional Europe

Budget overview

- Total budget: **€1.982 trillion** (up from €1.2 trillion).
- Equivalent to **1.26% of Gross National Income (GNI)** (excluding NGEU: €1.816 trillion, 1.15%).
- Reinforced **flexibility reserves**
  - 25% of national allocations unprogrammed.

New structure

HEADING 1

Resilience, cohesion and economic governance.

Single National Plan including Home funds and EU envelope.

CAP + Cohesion

NextGenerationEU + EU Facility

HEADING 2

Strengthening competitiveness, strategic autonomy and values.

European Competitiveness Fund.

Including Horizon Europe + Connecting Europe Facility (CEF) + Erasmus

HEADING 3

Global Europe.

Strategic Funding approach.

HEADING 4

European public administration.

+ Integrated tracking and performance system: harmonised indicators + single funding portal.

Shift in priorities

- **Increased:** Defence, industry, competitiveness, Erasmus and other EU dimension programmes.
- **Decreased:** Common Agricultural Policy (CAP) and Cohesion (historic pillars, shared management).
- **Migration and Security:** New **European Fund and Facility** (Asylum, Migration and Integration Fund (AMIF), Integrated Border Management Fund (IBMF), Internal Security Fund (ISF).

Ukraine and EU neighbours

- Treated as **candidate for membership and key partner in recovery.**
- **€100bn loan** outside EU budget (protects other priorities).
- **€43.2bn** (≈21% of Global Europe instrument) dedicated to EU neighborhood and enlargement policies.

Positive aspects

SIMPLIFICATION:

- **One single rulebook:** harmonised and common rules across multiple EU funding programmes — including Cohesion Funds and the European Competitiveness Fund (ECF) — to simplify, streamline, and clarify how EU funds are accessed, managed, and disbursed.
- **Single audit principle:** unified control mechanisms across funds to ensure consistency and reduce the administrative burden.
- **One gateway to funding:** a single access point for applicants, replacing multiple programme-specific entry points.

MORE FUNDING:

- Increased funding for Horizon, Erasmus+ and AgoraEU (CERV, Culture).
- Solidarity incentives to support **migration** and **humanitarian** admission efforts.
- Flexible cushion fund under **Global Europe**: a financial reserve to respond flexibly to unforeseen needs.
- More responsive **Instrument for Pre-accession Assistance** (Phase III) IPA III: enhanced flexibility to better tailor EU financial and technical support for countries on the path to joining the EU.

Negative aspects

- The combined share of the **CAP and Cohesion Policy drops from two-thirds to just 44% of the EU budget**, with Cohesion Policy accounting for approximately 23%.
- **Expanded eligibility for Cohesion funds**: large companies are now eligible to access cohesion funding — previously limited to small and medium-sized enterprises (SMEs) — potentially reducing resources from local and regional governments (LRGs).
- **Dynamic budget**: flexibility reduces predictability for long term projects.

Possible risks for LRGs

- Centralisation of decision-making with the introduction of the **National and Regional Partnership Plans** (NRPP).
- LRGs are not formally recognised as level of governments, but treated as **partners**— same as NGOs /SMEs.
- **No safeguards** for LRGs funding: there are no mechanisms ensuring that LRGs continue to receive funding if member stats fail to deliver on reforms expected.
- **Earmark for less developed regions**: many regions and towns fall outside this category.
- **Less funding for ESF+** : risks for long-term inclusion actions.
- **Competitiveness fund**: no specific budget allocation for environment and biodiversity (former LIFE), and no dedicated chapter for youth in ERASMUS +.
- **Global Europe**: no earmarking for decentralised cooperation, and no dedicated budget line for local and regional governments — putting their access at risk.
- LRGs are absent in **enlargement** and **neighbourhood** frameworks.

CEMR key asks

1. REINFORCING PERMANENT MULTILEVEL GOVERNANCE ACROSS THE NEXT EU BUDGET

- **Introducing permanent multilevel governance platforms** in **NRPP**. They must bring together all levels of government to shape priorities, align reforms and coordinate investments.
- **Reforming the European Semester** to integrate **multilevel governance**. Formally involve LRGs in designing and implementing country-specific recommendations and national reform programmes.
- **Aligning priorities and funding across EU funds and instruments**. Creation of engagement platforms between the ECF, NRPPs and other EU budget programmes to avoid duplication and deliver integrated strategies for competitiveness, climate neutrality and social inclusion.
- **Strengthening local involvement in the Global Europe programme**. Restoration of LRGs focal points within EU delegations for systematic involvement of local actors in the EU's external action.

2. STRENGTHENING THE PARTNERSHIP PRINCIPLE IN THE ENTIRE EU BUDGET

- A **binding framework** to be applied to all funding lines (both shared management and direct funds) to ensures participation of **all relevant actors** —including smaller municipalities, civil society organisations, and social partners— **throughout the entire policy cycle**. Partnership must be treated as a **continuous process**, not a one-off consultation, with adequate **capacity-building support**.

3. PLACING COHESION AND TERRITORIAL BALANCE AT THE CORE OF THE NEXT EU BUDGET

- **Increase the budget allocation for "The Fund"** and in particular for economic, social and territorial cohesion to ensure a truly strong European Cohesion Policy, capable to deliver on Europeans' high expectations for the EU to deliver good quality of life and opportunities, wherever one lives.
- **Making regional and territorial chapters of the NRPPs mandatory**. The Commission's proposal to make these chapters optional opens the possibility that only few cities or regions would benefit from the Fund. Mandatory regional and territorial chapters would ensure each region, city and town is considered under the NRRPs. The chapters must be designed with LRGs.
- **Creating a dedicated 15% earmarking for territorial development**. Achieving the EU's legally binding climate and social targets requires investments. Earmarked resources —covering climate adaptation, environment, biodiversity, TEN-T nodes, urban mobility, and alternative fuels— would support integrated, locally anchored strategies and avoid fragmented interventions.
- **Creating a stronger focus within the ESF+ on integration, inclusion and participation**. While effective border management is vital, sustainable migration policy must also promote integration through access to education, housing, healthcare, employment, and civic participation. Prioritizing youth employment, inclusion, and engagement in ESF+ NRPPs, and maintaining a strong sub-envelope for the European Solidarity Corps, are key to building resilient societies.

4. ESTABLISHING A SAFEGUARDING MECHANISM FOR LRGs TO ACCESS FUNDING FOR THE NRPPS

- A stronger mechanism should ensure that if national governments fail to deliver the policy reforms, LRGs can still access EU funding. Regular assessments of subnational democratic health should guide fund allocation and implementation, enabling effective policy delivery.

5. ENSURING FAIR ACCESS TO EU FUNDING FOR LRGs ACROSS ALL EU PROGRAMMES

- **LRGs must be explicitly recognised as key beneficiaries of the ECF and Horizon Europe**, with tailored instruments supporting place-based innovation. Simplified procedures, lighter reporting, and small-scale grants are essential, especially for smaller towns and cities facing barriers. Although tools like the Smart Specialisation Strategies (S3) and the Regional Innovation Valleys demonstrate that competitiveness depends on territorial conditions created by LRGs, current proposals for the ECF and Horizon Europe overlook the territorial dimension.

6. ENHANCING SUPPORT FOR LRGs IN EU ENLARGEMENT AND ACCESSION OF CANDIDATE COUNTRIES

- **Pre-accession instruments** should **involve LRGs** in co-design and implementation to ensure **reforms address territorial needs**. At the same time, **stronger capacity-building** for LRGs is vital to improve service delivery, rule of law, anti-corruption, and human rights. Involving LRGs in the accession process reinforce democracy, enhance funding effectiveness, and support long-term cohesion and stability.

7. CREATING A DEDICATED EU PROGRAMME TO REINFORCE LOCAL DEMOCRACY

- Democracies face increasing pressures in Europe, making it vital to **strengthen democratic participation at all governance levels**. A structured EU programme to **test, exchange, and scale practices** such as citizens' assemblies or participatory budgeting would help towns, cities, and regions innovate in democratic participation. EU funding should also be tied to respect for **democratic values locally**. Support for local media, civic education, and independent journalism should be embedded in EU programmes.

CEMR events on the next EU budget

8 OCTOBER 2025

11:30 - 13:00

Brussels, Committee of the Regions

Stakeholder consultation of the MFF report

CEMR will participate on the CoR stakeholder consultation in view of Ms Sari Rautio (Kuntaliitto) report on the MFF

CoR

Register here

15 OCTOBER 2025

Brussels, European Parliament

Mayors' strategic dialogue with MEPs of the Parliament's Committee on Regional Development (REGI)

In the context of the Covenant of Mayors annual ceremony, mayors and board members will have the opportunity to exchange views with MEPs in the REGI Committee on the next EU budget. This activity is closed to board members of the Covenant of Mayors.

Covenant of Mayors, in which CEMR participates

15 OCTOBER 2025

14:30 - 16:00

Brussels, Committee of the Regions

A strengthened post 2027 Cohesion Policy for a more democratic Europe

Cohesion Alliance, in which CEMR participates

15 OCTOBER 2025

18:30 - 20:30

Brussels, European Parliament

Shaping the next EU budget with cities

This event will bring together MEPs, mayors, and EU decision-makers through the Urban Forum to call for a budget that strengthens territorial cohesion, embeds multilevel governance, and guarantees that EU investments reflect local needs and capacities.

Local Alliance, in which CEMR participates, in partnership with MEP Ros Sempere

5 DECEMBER 2025

11:30 - 13:20

Malta, Westin Dragonara Resort

CEMR Leaders' Summit political dialogue - Towards a cohesive and competitive Europe: strengthening local and regional voices in the MFF debate

The EU Budget 2028–2034 will be a central theme of the CEMR Leaders' Summit. This session will present the European Commission's proposal for the next MFF and serve as a unique opportunity for an interactive exchange between CEMR's political leadership and Members of the European Parliament on how to ensure the new EU budget reflects both cohesion and competitiveness and remains grounded in Europe's territorial diversity.

Local & Regional Europe

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