EU budget 2028-2034

MAIN CHANGES, CHALLENGES AND OPPORTUNITIES FOR LOCAL AND REGIONAL GOVERNMENTS

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	HEADING 2
Resilience, cohesion and economic governance Single National Plan including Home funds and EU envelope CAP + Cohesion NextGenerationEU + EU Facility	Strengthening competitiveness, strategic autonomy and values European Competitiveness Fund Including Horizon Europe + Connecting Europe Facility (CEF) + Erasmus

HEADING 3	HEADING 4
Global Europe Strategic Funding approach	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. ENSURING EFFECTIVE MULTILEVEL GOVERNANCE AND MEANINGFUL PARTNERSHIP ACROSS THE NEXT MFF

- Embed **permanent multilevel governance platforms** in NRPPs and the European Semester to give LRGs a formal role in shaping priorities, reforms, and investments.
- Apply a **binding partnership framework** to all EU funds, ensuring meaningful involvement of smaller municipalities, civil society, and social partners throughout the policy cycle.
- Establish **engagement platforms** across the ECF, NRPPs, and other MFF programmes to avoid duplication and deliver integrated strategies.
- Strengthen the role of LRGs in **Global Europe**, including dedicated focal points and structured participation within EU Delegations.

2. PUTTING COHESION AND TERRITORIAL BALANCE AT THE CORE OF THE NEXT MFF

- Increase investment in **cohesion and territorial development** to ensure equal opportunities across all regions and communities.
- Make **regional and territorial NRPP chapters mandatory**, co-designed with LRGs to guarantee balanced territorial coverage.
- Introduce a **15% earmark for sustainable territorial development,** supporting climate adaptation, mobility, and innovation.
- **Strengthen ESF+** for social inclusion, youth engagement, and integration, and establish a safeguarding mechanism to protect LRG access to funds in case of national non-compliance.

3. GUARANTEEING FAIR ACCESS TO EU FUNDING FOR LRGS ACROSS ALL EU PROGRAMMES

- Simplify procedures, lighten reporting, and expand **small-scale grants** to ensure all municipalities—especially smaller ones—can access EU funding.
- Recognise LRGs as **key beneficiaries of the ECF and Horizon Europe**, with instruments tailored to territorial needs.
- Build on **S3 and Regional Innovation Valleys** to align research, investment, and reforms with local strengths and ecosystems.
- Ensure the territorial dimension is fully reflected across major programmes to unlock Europe's competitiveness and innovation capacity.

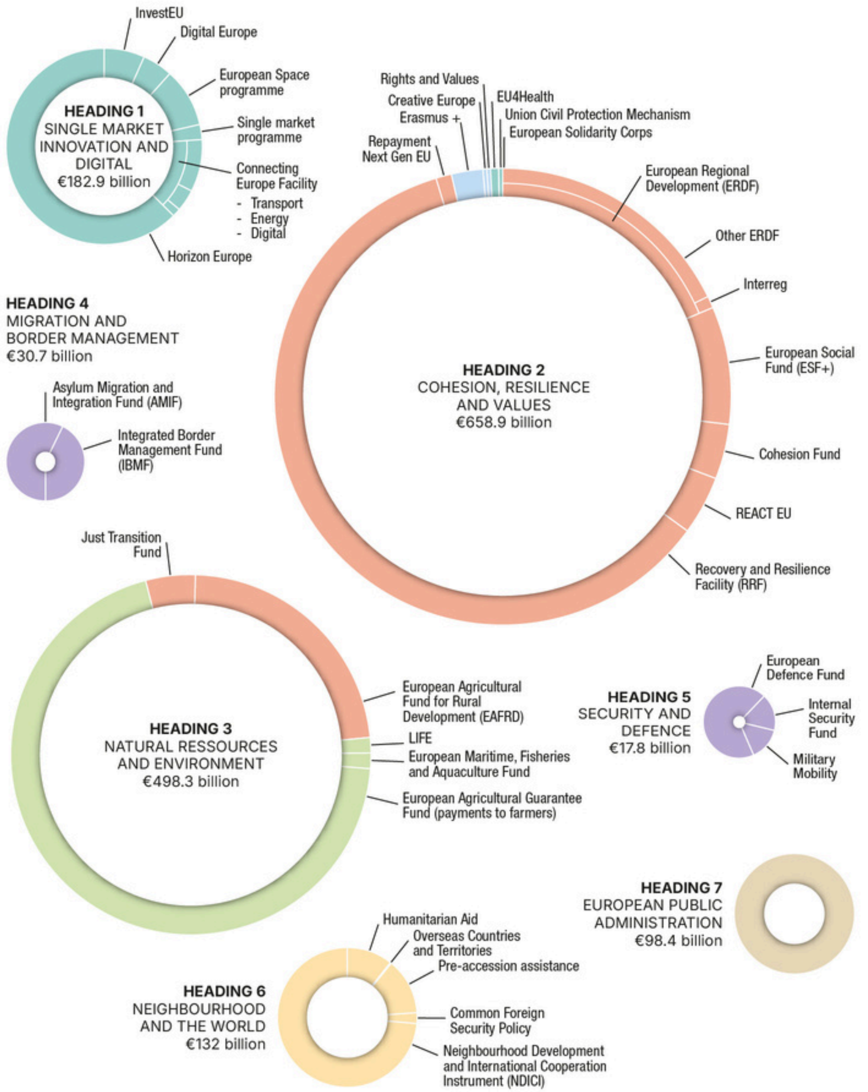
4. REINFORCING LOCAL DEMOCRACY IN THE NEXT MFF

- Support **citizens' assemblies, Youth Councils, participatory budgeting,** and other local democratic innovations through a dedicated EU initiative.
- Embed support for **local media, civic education,** and independent journalism to sustain informed participation and combat disinformation.
- Tie EU funding to **democratic values,** including media freedom, inclusivity, and minority rights.
- Strengthen the capacity of LRGs and their associations as key actors in **multilevel democratic governance.**

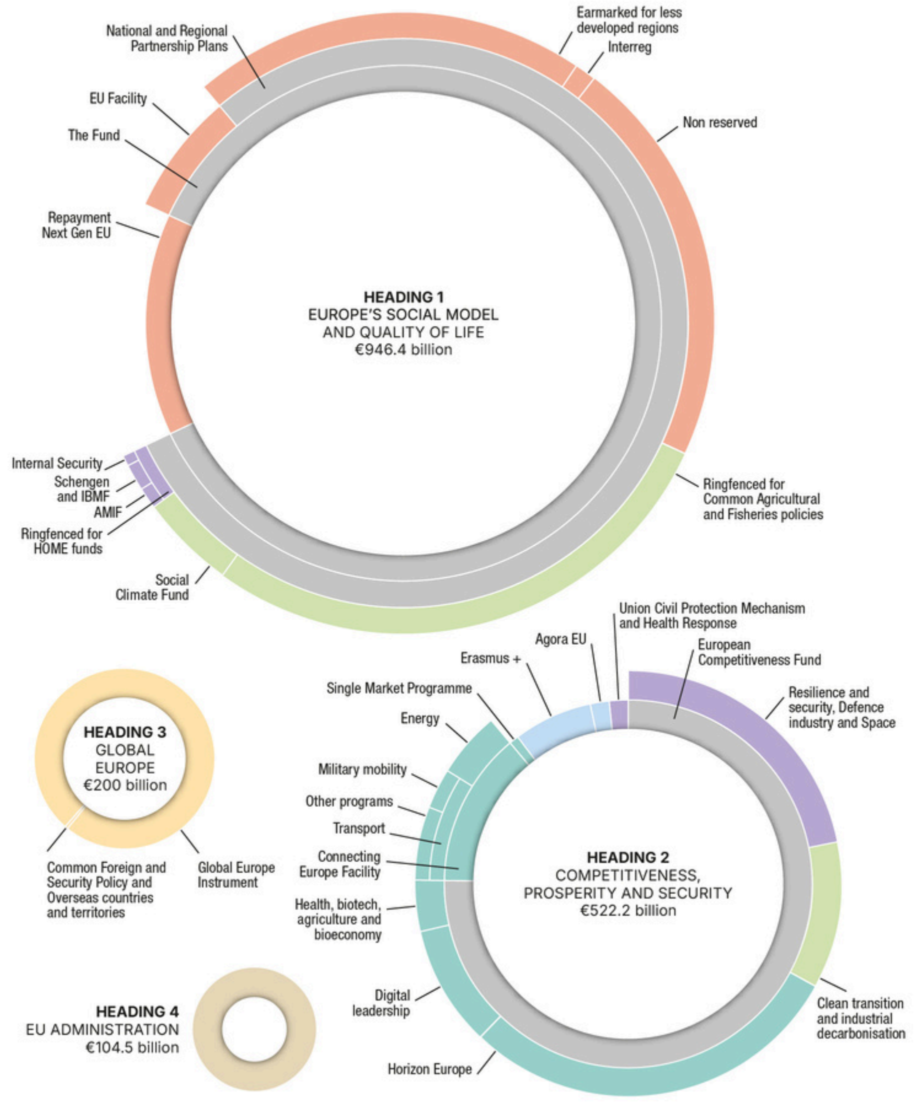
5. ENHANCING SUPPORT FOR LRGS IN EU ENLARGEMENT PROCESS AND ACCESSION OF CANDIDATE COUNTRIES

- Involve LRGs **from the start** of the enlargement process in the co-design and implementation of reforms and investments.
- Strengthen territorial capacity through **twinning, decentralised cooperation,** and scaled-up training schemes (e.g. an "Erasmus for local administrations").
- Ensure **territorial needs shape reforms** in areas such as public services, green and digital transitions, rule of law, and anti-corruption.
- Embed cities and regions into the **accession process** to improve funding effectiveness, boost democracy, and support long-term cohesion and stability in an enlarged Union.

2021-2027 MFF

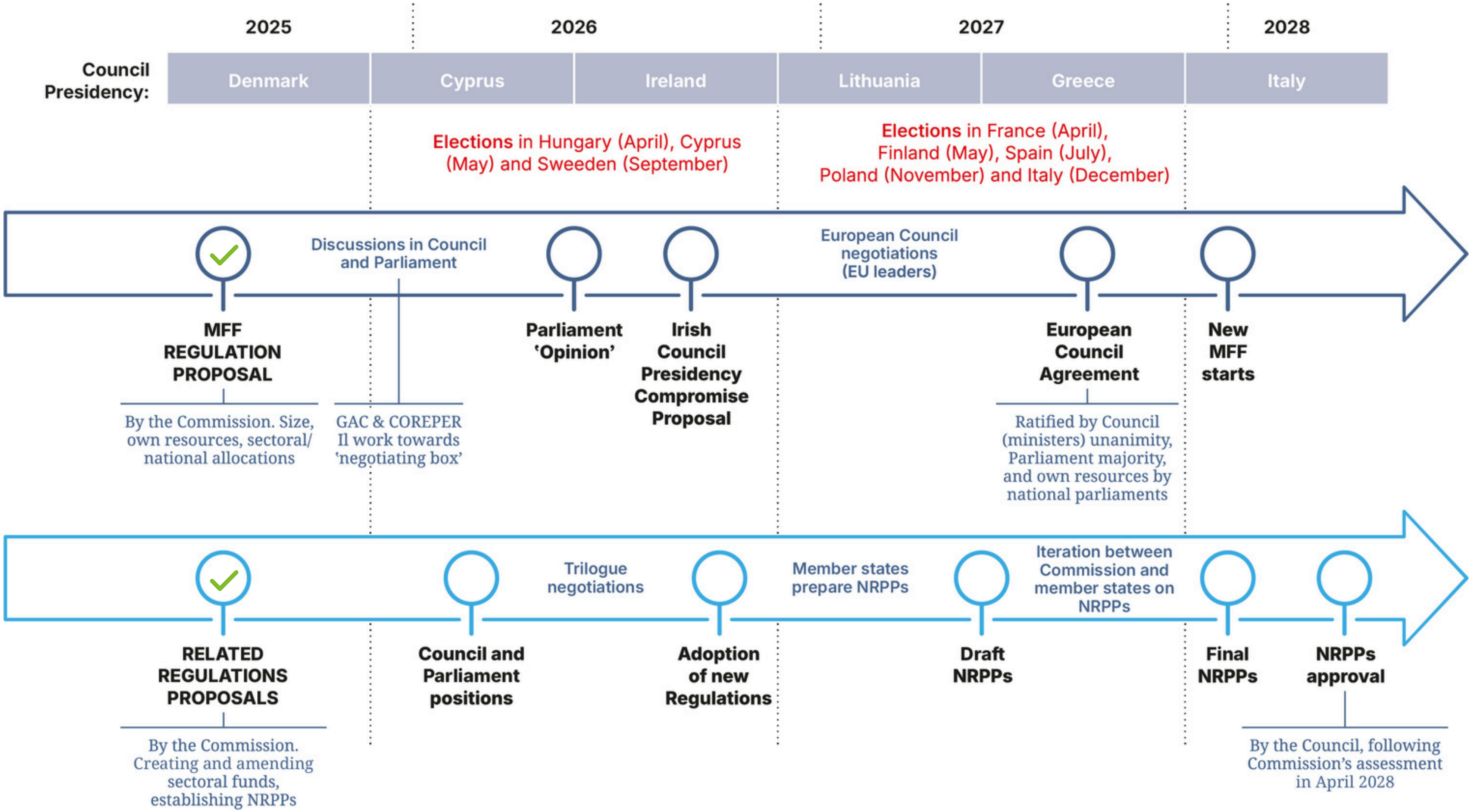


2028-2034 MFF



Tentative timeline for EU budget negotiations

Source: E3G (https://www.e3g.org/publications/steep-politics-will-shape-the-next-eu-budget-and-its-climate-implications/)



Local & Regional Europe

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