



Enhancing competitiveness through better regulation

Empowering local and regional governments for stronger policies and implementation

CEMR recommendations for a multilevel governance framework that delivers results

May 2025

CEMR key messages

- 1. Embed LRG engagement for coherent EU policy impact**
- 2. Establish a structured consultation framework for LRGs in EU policy implementation**
- 3. Make territorial and governance impact assessments a core component of EU legislation**
- 4. Enhance LRGs' political recognition and role in EU decision-making**

Background

Local and Regional Governments (LRGs) are uniquely positioned to improve the success of EU policies by addressing territorial diversity, engaging citizens and ensuring coordinated implementation. The evolving Better Regulation framework has created opportunities for local and regional governments to contribute more meaningfully to EU policy processes. Amid economic and geopolitical uncertainty, revitalising Europe's competitiveness has become a top priority. However, LRG participation in policy design and implementation remains inconsistent despite their crucial role in tackling Europe's challenges.

The European Commission's [Communication](#) from earlier this year on implementation and simplification highlights the need for stronger LRG engagement. Now is the time to strengthen their role in policy design and implementation. LRGs implement over 70 per cent of EU policies and CEMR is committed to building on the current momentum to ensure LRGs are recognised as key players in delivering effective, future-proof policies.

Empowering LRGs for more effective policy delivery

In its *Communication on Competitiveness for the EU*, the European Commission outlines a strategic direction for the next five years, setting out priority actions to restore Europe's economic dynamism. Local and regional governments play a crucial role in this effort, given their undeniable contribution to financing public investment and their responsibility for implementing policies within their sphere of competence

Recent experiences with the Digital Decade and the Green Deal have underscored the considerable challenges LRGs face in implementing these complex policy packages. The layering of rules across multiple governance levels has created increasing complexity and hindered effective execution. CEMR's publication, '[Local Green Transition](#)' illustrates these difficulties, which LRGs frequently encounter in their crucial role as implementers of the Green Deal. A notable trend in EU policymaking is the introduction of broad legislative packages with numerous interlinkages between individual proposals. However, during negotiations, these proposals often become fragmented into separate trilogue agreements, resulting in inconsistencies, varying implementation deadlines, and responsibilities split across different government departments.

To address gaps or ambiguities, the European Commission frequently issues guidance documents during the implementation phase. While intended to clarify, these documents add further complexity and consume valuable time that could otherwise be spent on implementation. One example is the procurement obligations, which have dispersed across numerous sector-specific directives and regulation, creating confusion and administrative burden. Similarly, obligations related to the renovation of public buildings have been spread across the Energy Efficiency Directive (EED), Renewable Energy Directive (RED), and the Energy Performance of Buildings Directive (EPBD), further complicating compliance for LRGs.

For LRGs to effectively implement EU legislation on the ground, a more coherent, streamlined and coordinated approach is needed to reduce fragmentation and ensure greater clarity in legislative requirements.

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Reforming multilevel governance in a changing policy landscape

The European Commission has identified amongst others two key horizontal enablers essential for enhancing competitiveness across all sectors:

1. Streamlining the EU's regulatory environment: Enhancing Efficiency, Flexibility and Implementation.

The Commission has announced its intention to stress test the entire 'acquis communautaire' of existing legislation during this mandate, with a stronger focus on implementation, a crucial aspect that has often been overlooked in the policy cycle. These implementation reviews must ensure greater clarity, coherence, and practical applicability. In addition, simplification efforts should reduce red tape, reporting obligations, and recurring administrative costs, easing the burden on local and regional governments and businesses alike.

We welcome the Commission's commitment to simpler, more effective regulations. However, to ensure that new and existing legislation works efficiently on the ground, it is essential to integrate Territorial Impact Assessments, Rural proofing, and Urban Impact Assessments more systematically into the legislative process. These tools already exist and LRGs – given their deep local knowledge and access to real-time data – are well placed to support the Commission in refining policies based on practical realities.

2. Enhancing policy coordination—strengthening alignment between EU, national and local levels.

The Commission's renewed focus on implementation dialogues, stakeholder engagement, reality checks, and annual reporting creates concrete opportunities for local and regional governments (LRGs) to advocate for stronger territorial considerations in EU policymaking. By leveraging their place-based knowledge, LRGs can highlight how sectoral EU legislation impacts regions differently and ensures that implementation challenges are addressed early.

The Commission has announced plans to launch implementation dialogues with the Council of Ministers and European Parliament to review legislative effectiveness. These biannual dialogues should begin immediately, with a clear role for LRGs in assessing real-world feasibility and alignment across governance levels.

To improve coordination, the EU should:

- **Ensure LRGs are systematically involved** in early-stage evaluations of directives, regulations, and fitness checks.
- **Align EU funding instruments** with local needs to enhance policy impact.
- **Improve cross-level coordination** in key areas, particularly the green and digital transitions, where implementation is largely local.

By embedding structured coordination mechanisms, the EU can ensure better implementation, reduced inefficiencies, and stronger policy impact. LRGs stand ready to contribute their expertise, ensuring that policies are not only well-designed but also effectively executed—maximising the benefits for local communities and the EU as a whole.

Opportunities for LRGs

With the European Commission now well into its mandate, effective implementation has become a central priority in EU policymaking. The Commission will hold at least two implementation dialogues, alongside reporting obligations, and this provides a key opportunity for LRGs to push for meaningful participation. The Communication on Implementation and Simplification highlights the need for all levels of government to work together to tackle Europe's competitiveness challenges, reinforcing multilevel governance and subsidiarity.

This is why CEMR calls for:

- **Tailored methodologies** ensuring that EU policies reflect territorial diversity, spatial planning, and governance structures.
- **Greater flexibility in policy implementation**, recognising regional disparities and sector-specific needs.
- **Simplification efforts** to address the challenges faced by LRGs and not just those of businesses.

CEMR and its members are committed to building on this momentum to enhance policy design and implementation, and to deepen our engagement with European policymakers. As essential partners, LRGs bridge the gap between ambition and reality, ensuring that policies are implementable, effective and aligned with territorial needs.

The way forward: CEMR's proposals

CEMR has consistently championed governance in partnership, recognising the essential role each tier of government plays in shaping and delivering policy. By pushing forward with CEMR's recommendations, LRGs aim to ensure that EU policies go beyond boosting Europe's competitiveness, a key objective of the current mandate. These policies must also be actionable, fair, and effectively implemented on the ground, fostering positive outcomes at the local level. Looking ahead, CEMR is committed to engaging with policymakers to ensure these discussions continue to inform and influence the Commission's work under its current mandate.

Key recommendations and messages:

1. Embed LRG Engagement for Coherent EU Policy Impact

- Establish a permanent Local and Regional Government (LRG) Advisory Group within the EC's Secretariat General to provide structured guidance across all DGs ensuring LRG perspectives are systematically integrated into EU policymaking. This advisory group should include representatives from diverse subnational governments across Member States.
- Create an LRG Liaison mechanism in the European Parliament, under REGI or ECON to facilitate structured engagement between MEPs and LRGs
- Mandate subnational government validation of investment and reform recommendations (e.g European Semester, Competitiveness Council and the Recovery and Resilience Facility) to ensure local feasibility and relevance.
- Expand EU support for LRG-led initiatives through dedicated funding and a broader platform beyond the Committee of the Regions.

2. Establish a Structured Consultation Framework for LRGs in EU policy implementation

- Create a structured biannual consultation with LRGs as part of the Implementation Dialogues and ensure LRG participation in regulatory fitness and subsidiarity assessments.
- Develop a legally binding consultation framework modelled on best practices from Members States where LRGs effectively contribute to policy implementation.
- Include LRG contributions in the Annual Sustainable Growth Survey and European Semester Country Reports, making their input a required element of the policy evaluation process.

3. Make Territorial and Governance Impact Assessments a core component of EU legislation

- Apply Territorial Impact Assessments (TIAs) consistently in EU policymaking to address regional disparities and implementation challenges.
- Expand TIAs into Territorial and Governance Impact Assessments to identify the appropriate government level for implementation in each Member State.
- Develop methodologies to ensure EU policies reflect territorial diversity, spatial planning and governance structures.
- Build on best practices, such as the Urban Agenda for the EU, to strengthen territorial considerations in policymaking.
- Improve data collection and regional impact evaluations to support evidence-based policymaking at all levels.

4. Enhance LRGs' political recognition and role in EU decision-making

- Recognise LRGs as equal governance partners in EU regulatory processes, for example taking part in relevant Commission expert groups.
- Establish dedicated consultation windows for subnational governments, ensuring that their contributions are properly considered in regulatory reviews.
- Enable LRGs to present strong case studies demonstrating how their involvement improves policy implementation.
- Collaborate with LRGs to enhance Better Regulation practices and strengthen citizen engagement at the local level.

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