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A multiannual financial framework for a strong cohesion policy for tomorrow

The Multiannual Financial Framework (MFF) sets out the financial guidelines for the EU's development after 2027. In view of global upheaval, growing geopolitical uncertainties and the repayments due from 2028 as part of the Corona Recovery Fund, the MFF is also under considerable pressure from several directions. As associations of Local Authorities from Bavaria and Baden-Württemberg, we are therefore addressing our demands to the political decision-makers in the European institutions on behalf of over 3,000 cities and municipalities, 106 counties and 7 districts. We expressly share the EU Commission's goal of prioritising the strengthening of European security and defence capabilities as well as the improvement of the EU's competitiveness.

The MFF and cohesion policy require clear European answers - answers that can be directly felt by citizens on the ground in cities, municipalities, counties and districts. Cohesion policy must continue to pursue the goal of promoting economic, social and territorial cohesion in the EU Member States (Art. 174 TFEU). At the same time, we recognise that reforms and, in particular, simplifications are necessary in order to make cohesion policy fit for the future. That is why we are:

- **In favour of maintaining and strengthening multi-level governance**
Multi-level governance is essential for the effective, local and citizen-centred implementation of cohesion policy.
- **In favour of legally strengthening the partnership principle**
The partnership principle guarantees a needs-based, transparent and efficient cohesion policy.
- **For the targeted consideration of transformation challenges in strong regions**
Economically strong regions also need targeted support for the green and digital transformation.

Especially with a view to the upcoming MFF, it is crucial to get the compass right: with shared management, functioning multi-level governance and a place-based approach. These principles are an expression of subsidiarity and European cohesion - and must not be undermined by short-term prioritisation. A EU that is resilient in all areas of life can only succeed with strong local authorities.

In favour of maintaining and strengthening multi-level governance

Close cooperation between the four political levels of the EU is a central element of cohesion policy. It ensures that European projects are implemented in a citizen-centred, needs-based and effective manner. Especially in our municipalities and cities, counties and districts, this form of cooperation is indispensable for successfully implementing European projects on a large scale. Only, and above all, the close involvement of the local level makes the concrete added value of EU projects visible and

tangible for the people on the ground. To ensure that this continues to be successful, the legal framework conditions must be defined in good time at the start of the new funding period from 2028. This is the only way for the regional and local level to get involved in programming, project development and implementation at an early stage and for European added value to take effect directly on the ground. Experience from the current 2021-2027 funding period shows that delays at the beginning of the period have impaired the effectiveness of the programmes. Against this backdrop, we believe that a mid-term evaluation in 2025 is not very meaningful - especially as the actual duration of the programmes (including the N+2 rule) will actually extend until 2029.

In favour of legally strengthening the partnership principle

The partnership principle ensures the involvement of all relevant stakeholders - particularly at local and regional level - in the planning, programming and implementation of funding. It ensures greater transparency, greater efficiency and better local customisation of measures - in line with the place-based approach. In order to make cohesion policy effective and legitimate in the long term, this principle must be enshrined in law and consistently developed further in the new MFF period. This applies all the more if a more centralised approach to cohesion policy is pursued in the future.

For the targeted consideration of transformation challenges in strong regions

Even economically strong regions such as Bavaria and Baden-Württemberg are facing far-reaching challenges - particularly as a result of the green and digital transformation and international competition. Our cities, municipalities, counties and districts are already making huge investments in sustainable infrastructure, digitalisation, climate protection and energy efficiency. Targeted support, sufficient resources and the active involvement of the local level are needed for this transformation to succeed. It is precisely these services at local level that make a fundamental contribution to increasing the competitiveness of the EU in these transition regions. Cohesion policy after 2027 must therefore take these requirements into account - by focusing more strongly on transition regions with an industrial base, for example via the ERDF or a further developed successor instrument to the Just Transition Fund. Rural areas, urban-rural interdependencies and cross-border programmes such as INTERREG play a central role in territorial cohesion - especially in the border regions of Bavaria and Baden-Württemberg. In addition to GDP, other suitable socio-economic indicators that better reflect the specific regional challenges should be for a fairer distribution of funds.

Local perspective on the mid-term review of the 2021 to 2027 funding period

On 1 April 2025, the EU Commission adopted a communication on the mid-term review of the current cohesion period. By 2027, the funds are to be focused more strongly on new political priorities such as competitiveness, defence, security, decarbonisation, affordable housing, water infrastructure and the energy transition. We are very critical of this reorientation. The political claim to cohesion policy expressed here to serve additional policy areas without any counter-financing must be rejected. This is because in many regions - including Bavaria and Baden-Württemberg - the available funds are already tied up in ongoing and planned projects: This is clear evidence of decentralised structures as a guarantee for the success of effective cohesion policy. These form the basis for a rapid and effective outflow of funds. New prioritisation, however, weakens cohesion policy. Strengthening defence capabilities is undoubtedly an important European objective. Nonetheless, this must not come at the expense of local resilience and the strengthening of economic, social and territorial cohesion in the EU, which is enshrined in primary law.