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## ***A Strong Europe Needs A Strong Cohesion Policy***

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### Local demands for a future-proof Multiannual Financial Framework 2028-2034

The Multiannual Financial Framework (MFF) 2028-2034 sets the financial and political guidelines for the European Union (EU) in a phase of profound transformation. Geopolitical disruptions, tight public budgets, economic structural change, consequences of climate change and climate adjustments, the asylum and refugee situation and the issue of digitalisation do not just put pressure on local authorities from multiple directions, they also burden the financial capacity of the EU. Simultaneously, the new MFF must continue enabling a cohesion policy that sustainably supports the economic, social and territorial cohesion in EU member states and therefore creates a clear added value to local authorities as well as citizens.

Cohesion policy is not a secondary compensation instrument, but a core component of the EU and anchored in primary law (Article 174 of the TFEU). It contributes greatly to the strengthening of the economic and social convergence, regional diversity, and territorial cohesion. It is consequently the most important investment instrument of the EU at local level.

As associations of local authorities of Bavaria and Baden-Württemberg<sup>1</sup>, we represent over 3,000 cities and municipalities, 106 counties and 7 districts. In light of the Commission's proposal for the new MFF from 16 July 2025 and the ongoing negotiations in the Council and the European Parliament, we are expressing our joint positions and demands to the EU:

#### **Assessment of the commission's proposal from 16 July 2025**

With its proposal for the MFF 2028-2034 the European Commission wants to induce a profound structural change of the EU's financial architecture. The local authorities recognise the relevance of new political priorities in the areas of defence and competitiveness. However, the proposal questions the EU's multi-level governance and thus the partnership principle and the shared management of cohesion funds. Especially the planned bundling of key policy areas – in particular the cohesion and agricultural policy – in so-called National and Regional Partnership Plans (NRPP), as well as the coupling of funds disbursements to reform milestones signify a problematic paradigm shift. Furthermore, the economic, social, and territorial cohesion receives merely secondary attention. It is at risk of completely subordinating itself to other political objectives.

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From a local point of view this approach is to be critically assessed:

- **The proposal entails the risk of a factual centralisation and renationalisation of EU policies.**
- **The role of regional and local authorities remains unclear and legally insufficiently secured.**
- **The necessary planning security for long-term local investments is being weakened.**

The legally non-binding proposals put forward by president of the European Commission von der Leyen on 9 November 2025 show a step into the right direction – but not nearly far enough to effectively address local concerns. The Council and the European Parliament are now requested to position themselves. The planned realignment of budgetary priorities from the original proposal benefits above all the areas of research, competitiveness and security, primarily reaching national and transnational actors. However, such programmes are seldom relevant to local authorities in terms of content, and the vast majority of local authorities can only make limited use of programmes in aforementioned areas, e. g. Horizon Europe, due to high entry barriers and intense competition. Furthermore, there is a threat of misuse of funds that have so far been available for cohesion policy, through a merging with the common agricultural policy into one fund.

**It is crucial for local authorities that a cohesion policy, that is independent, efficient, and decentralised in design, remains a primary instrument for investments for municipalities, cities, counties, and districts.**

#### **Local priorities:**

- **We call for a legally binding multi-level governance and the strict adherence to the partnership principle**

Multi-level governance and the partnership principle are central factors of success for the European cohesion policy. They assure the integration of all relevant actors – especially the local authorities – in planning, programming, implementation and evaluating EU funds. It is the close integration of the local level that makes the added value of EU projects visible and noticeable for citizens. The proposals of the European Commission contradict this and are incompatible with the principle of subsidiarity and the notion of a ‘Europe of the regions’. Against this backdrop, we call for legally binding, direct, and continuous negotiations with the European Commission on a possible National Partnership Plan as well as its regional chapters. Local authorities must be integrated in this process in order to preserve the principle of subsidiarity and the partnership principle. Multi-level governance and the joint management of funds must remain intact. We believe that appropriate legal security measures are necessary for this purpose. According to the current proposals, the member states are not obliged to implement regional chapters. The improvements subsequently (and non-bindingly) promised by EU Commission President von der Leyen on 9 November 2025 – such as a greater involvement of regions and local authorities in the NRPP – are not legislative in nature and do not alter the Commission’s proposal of 16 July 2025. Therefore, we appeal to Members of the European Parliament as well as to Member States in the Council, to include provisions for an effective and joint management of funds in the legislative

procedure. The local level should be directly involved in the planning and implementation of NRPP in the regions and not be on the same level as other, non-governmental stakeholders.

▪ **We call for the inclusion of all regions in the cohesion policy from 2028 onwards and the targeted support of transition regions**

The proposed regulation for the '[Fund](#)' lists sustainable prosperity in all regions as the first of its five specific objectives in Article 3 lit. a – and rightly so. The EU can only become stronger if the more developed regions stay strong and are supported in their transformation efforts. In the face of the global competition as well as the challenges posed by the green and digital transformation, which primarily affect economically strong regions, support is needed more than ever. Even Bavaria and Baden-Württemberg are facing profound transformation processes that generate enormous investment requirements. Cohesion policy from 2028 onwards must therefore continue to include all European regions in structural and investment funding and provide targeted support to regions undergoing transformations.

▪ **We call for a cohesion policy in its own right: urban and rural areas should be supported adequately and in a balanced way, not be mixed up with other policy areas**

Strong territorial cohesion requires a balanced support for cities, rural areas, and their interconnections. It needs to be stressed that EU primary law sets out clear policy goals regarding territorial cohesion according to Article 174 TFEU. These are however not sufficiently and clearly reflected in the European Commission's proposal. According to the plans of the European Commission, the programmes relevant to local authorities concerning rural areas or sustainable urban development are now competing with other programmes within the national consideration of the Member States, and for which no guarantees have been made. However, cohesion policy is not simply a policy field 'among many' and thus, deserves guaranteed autonomy:

- In accordance with Article 174(1) TFEU, we call for better and legally binding support for territorial cohesion in the EU. In this regard, we welcome the European Commission's proposal for a new [ERDF](#) regulation (Article 5), which allows for the promotion of sustainable urban development and, connected to this, also explicitly includes support for links between urban and rural areas. However, this does not result in an obligation for future NRPPs. Furthermore, we criticise the fact that, unlike previously, a minimum funding target of 8 % for sustainable urban development is no longer intended. Sustainable urban development that delivers concrete benefits for territorial cohesion must however be adequately and safely funded.
- In accordance with Article 174(3) TFEU, we further call for a substantial strengthening of rural development and, in this context, a firm commitment to the LEADER programme. However, the current proposal by the European Commission does not guarantee funding for this, whereas € 218 bn for the less developed regions and € 296 bn for direct payments to the agricultural sector have been earmarked in advance ('ringfencing'). This is fatal, as successful CLLD measures such as LEADER, through its bottom-up approach, play a key role in making European projects and the related European benefits visible and tangible for citizens on the ground. The funds promised by the EU Commission in November 2025, for example through a 'rural target' of 10 % for rural areas, still do not guarantee that they cannot be used for other priorities in the Common Agricultural Policy. EU primary law obliges the EU to give special attention to rural areas. We therefore call on the EU institutions to commit themselves to this responsibility and to explicitly set a target of at least 10 % for rural development in the regulations.

▪ **We call for a fair cofinancing and simplification**

We demand a substantial simplification of administrative procedures. The proposals by the European Commission however appear to focus primarily on a supposed reduction in bureaucracy primarily within the European Commission itself. New NRPP requirements raise concerns about increased coordinative and administrative burdens on all levels of Member States. In the spirit of a comprehensively designed '[local omnibus](#)', we plead for the EU to consistently consider the implementing level on the ground when drafting the new MFF. The reduced co-financing rate of 40 % often prevents potential applicants from submitting funding applications due to a lack of budgetary resources, thereby undermining the basis for selecting innovative, high-quality and future-oriented projects. In order to enable local investments in more developed regions, we call for:

- raising the EU-co-financing rate from 40 % back to at least 50 %
- a consequent simplification of funding, e. g. through the use of simplified cost options such as standard unit costs for personnel costs or flat rates for residual costs, as well as less bureaucracy, streamlined procedures and practical audit and control systems
- more legal security in cases of small irregularities
- compliance with state aid rules as a mandatory requirement for EU funding
- establishing general and low-threshold access to EU funding instruments at EU level, e. g. by avoiding too high minimum funding amounts per local authority (e. g. in the case of AMIF)

▪ **We call for long-term planning security instead of milestone logic and “money for reforms”**

Long-term local investments – e. g. in infrastructure, Public Services and Services of General Interest, climate protection or urban development – need reliable and predictable financing conditions. The intended linking of payments to reform milestones through a performance-based approach carries considerable risks. The local authorities clearly reject this. The European Commission's proposal threatens to lead to a significant and contractually unjustified expansion of the European Commission's competences, while also increasing bureaucratic burdens. The resulting politicisation of the allocation of funds generally contradicts a cohesion policy that is based on partnership and designed at regional and local level. Furthermore, this would create unresolved domestic liability questions and pose an enormous risk for local budgets. A performance-based approach additionally risks creating a selection bias, especially in the social sector. Projects with high probability of success or easily measurable goals would be favoured, while more complex and riskier projects would be systematically disadvantaged. This creates the risk of undermining the EU's cohesion policy objective – particularly to the expense of disadvantaged groups. Cost-based billing and uncomplicated, simplified cost options must therefore remain possible.

▪ **We call for that the MFF preserves investments in people through sustainable funding of the ESF**

The European Social Fund Plus (ESF+) is the most successful labour market instrument in Bavaria and Baden-Württemberg, making it the EU's most important funding source for targeted investment in people. The regional ESF working groups are particularly well received in Baden-Württemberg, as they operate locally and their work is clearly visible on the ground. Through them, regional needs can be identified as they arise and addressed within the context of existing networks. A continuation of these established and successful labour market instruments however requires a minimum level of funding that must not be lower than the current level. Therefore, an autonomous budget line is necessary for the ESF+. We strictly reject a spending target for social

issues as it is intended by the European Commission's proposed 'social target' of 14 %, which can be met without the implementation of ESF objectives (e. g. through social housing construction). There is a need for greater clarity for all parties involved, along with a reduction in reporting and administrative burdens due to EU requirements.

The current proposal by the European Commission does not meet the requirements for a citizen-oriented, balanced, and sustainable EU financial policy. The proposed improvements by the President of the European Commission are welcomed but will have no effect without legal certainty.

We therefore urge the German Federal government in the Council and the Members of the European Parliament, especially from Bavaria and Baden-Württemberg, to fundamentally revise the Commission's proposal, to strengthen the role of local and regional authorities, and thus to advocate for a future-proof Multiannual Financial Framework 2028-2034.

A strong Europe needs strong local authorities. The Multiannual Financial Framework from 2028 onwards must take this principle into account.