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Resolution of the European Committee of the Regions in view of the next MFF

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THE EUROPEAN COMMITTEE OF THE REGIONS (CoR)

The EU long-term budget at a crossroads

1. welcomes the European Commission's intention to have a more focused, more policy-based, simpler and more flexible budget with greater impact as outlined in the Communication on *The road to the next multiannual financial framework (MFF)*, as well as the launch of an EU-wide public consultation;

2. points out that many recent reports (Letta, Draghi, Niinistö) have underlined that the EU suffers from **a huge investment gap in terms of delivering on its increasing ambitions**, from civil and climate resilience, security, defence and military preparedness/readiness to the need to regain competitiveness and to implement green and digital objectives; emphasises that regions and cities see the crucial role they play in realising the policy goals of a competitive EU;

3. strongly asserts that new priorities must mean new funding, given that the needs of cohesion policy, financed by current European programmes, continue to exist and should be a priority; therefore urgently calls on the **EU to equip itself with sufficient financial means** in order to meet its highly important new objectives in a challenging geopolitical context, without putting in danger its long-standing priorities and Treaty goals;

4. believes that the EU budget should be increasingly financed by **new sources of financing identified by the Own Resources Roadmap** ([1]); urges the Council to reach an agreement, without any further delay, on the package of proposals put forward by the Commission;

5. calls for an extraordinary additional effort to adjust public spending in the EU. Europeans must clearly perceive that their resources are managed with the utmost efficacy and that the EU institutions are austere and efficient. Therefore, before talking openly about new additional resources to increase revenues, institutions must be shown to be frugal;

A post-2027 MFF built with local and regional authorities as strategic partners

6. stresses that the MFF post 2027 must reflect the principle **of active subsidiarity and take into account better law-making**; believes it can be the expression of a **new culture of trust**, in which local and regional authorities (LRAs) are seen as trustworthy and indispensable partners in delivering the EU's strategic agenda because of their unique understanding of local investment needs;

7. opposes, therefore, any direct or indirect measure of centralisation within cohesion policy and stands ready to explore any legal means, especially as provided for under Protocol No 2 on the application of the principles of subsidiarity and proportionality and in Article 263 of the TFEU, to block any attempt in this direction; advocates establishing more legal guarantees in the post-2027 framework to ensure greater decentralisation and the comprehensive involvement of local and regional authorities in decision-making processes; endorses, in this regard, the Commission's public commitment that EU priorities must be determined and delivered together with Member States and regions shaping investments on the ground; in particular, this single national plan must be negotiated between the Commission, the Member State and the region. The experience from the Recovery and Resilience Facility shows that central planning reinforces design rigidities, sets targets outside regional needs and makes it impossible to transfer resources from undemanded lines of action to successful ones;

([1]) Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (OJ L 433 I, 22.12.2020, p. 28).

8. stresses that for the **partnership principle to be fully and properly applied**, it must be implemented in three dimensions in parallel: horizontally (involving all relevant programme partners, including civil society and socio-economic actors); vertically (through genuine multilevel governance, ensuring the active involvement of all levels of government, particularly local and regional authorities), and territorially (through coherent coordination and synergies between all EU programmes operating in the same geographical area, avoiding silos and enhancing integrated territorial development);

9. is concerned that relying on the Competitiveness Coordination Tool or the European Semester process **as steering mechanisms to link EU priorities with the EU budget** could lead to further centralisation and sideline subnational governments, undermining local ownership and therefore the quality of implementation; reiterates its call issued in previous opinions for a code of conduct for the involvement of local and regional authorities in the context of the European Semester. The European Semester should become more transparent, inclusive and democratic by involving local and regional authorities;

10. reaffirms its position that **a European Partnership Pact** as defined in previous CoR opinions ([2]) should be a binding and strategic tool to ensure the effective application of the partnership principle and to create synergies between EU policies and the financial action of the EU;

11. asks the **Commission to explicitly recognise the specific features of LRAs**, which are far more than mere stakeholders or beneficiaries of EU funds, and to also recognise European territorial cooperation as a priority and the epitome of European added value and strengthen it in the next MFF ([3]), as failure to do so hampers LRAs' ability to contribute effectively to achieving the EU's objectives; particularly geographically and economically disadvantaged regions with demographic decline very often lack the resources and/or administrative capacity to implement these objectives;

12. believes that competent local and regional authorities must be explicitly recognised in the Financial Regulation and systematically involved throughout the programming, implementation and monitoring of all EU funds with a territorial dimension, including those under direct management ([4]);

13. insists that the core question **remains the design and delivery mechanisms of the various multiannual financial programmes embedded in the MFF**; maintains that the number of programmes under all forms of management should not be artificially predetermined upfront but rather developed according to the appropriate policy context and optimal territorial level, while avoiding a proliferation of programmes and budgetary initiatives;

14. agrees with the **need to consolidate programmes, as long as this effectively** reduces overlaps and contributes to a genuine simplification, including in respect of reporting requirements, based on beneficiaries' needs and capacities;

15. believes that the next MFF should further facilitate **the combination, coordination and complementarity of multiannual programmes, and synergies between regional, national and EU policies and sources of funding,** in order to enhance the overall impact and coherence of the EU's financial support;

16. emphasises that the MFF must not support projects or measures that contradict the Union's climate and environmental objectives or its long-term political goals, such as climate neutrality by 2050, and calls for robust safeguards to ensure coherence across all funding instruments;

([2]) COTER-VII/030. *The future of Cohesion Policy post-2027*. Rapporteurs: Emil Boc (RO/EPP) and Vasco Alves Cordeiro (PT/PES). Adoption on 29 November 2023 (OJ C, C/2024/1041, 9.2.2024, ELI: http://data.europa.eu/eli/C/2024/1041/oj) and COTER-VII/41 EU budget and place-based policies: proposals for new design and delivery mechanisms in the MFF post-2027. Rapporteur Marie-Antoinette Maupertuis (FR/EA). Adoption 19 November 2024 plenary (OJ C, C/2025/279, 24.1.2025, ELI: http://data.europa.eu/eli/C/2025/279/oj).

([3]) See point 52 of opinion COTER-VII/040 (OJ C, C/2025/285, 24.1.2025, ELI: http://data.europa.eu/eli/C/2025/285/oj).

([4]) COTER-VII/041. EU budget and place-based policies: proposals for new design and delivery mechanisms in the MFF post-2027. Rapporteur Marie-Antoinette Maupertuis (FR/EA). Adoption19 November 2024 plenary (OJ C, C/2025/279, 24.1.2025, ELI: http://data.europa.eu/eli/C/2025/279/oj).

17. believes that harmonisation of rules across the funds under **a single framework could be beneficial, irrespective of the number of funds, on the condition that such harmonisation does not harm the multi-level governance of the future cohesion policy**;

18. points out that the **implementation of a further developed results-oriented approach in the next MFF** requires robust, evidence-based, and impact-driven political decision-making, supported by better data collection, analysis, and evaluation at European, national, and regional levels, to ensure that territorial diversity is reflected in investment targets and evaluation indicators, as well as the integration of strategic foresight and the promotion of dynamic place-based innovation ecosystems in programming; stresses that local and regional authorities must not be held accountable for failure to achieve national targets, particularly where they do not have the necessary competences, resources or decision-making powers to influence outcomes;

19. warns against an approach whereby **speeding up the financial execution of the EU budget** would be the main objective; regrets the sharp increase in the proportion of spatially blind centrally-managed multiannual financial programmes under the 2021-2027 MFF; underlines the fact that, by the end of the programming periods, there are no significant differences in budget execution between funds under shared management and funds under direct management despite the fact that funds under shared management have a different budget execution timeline;

20. considers that the next MFF should assess and identify the right **means and incentives to attract private capital, develop public-private partnerships and encourage collaboration between the public and the private sectors in order to leverage EU funding to achieve the policy objectives**; calls on the Commission to present an exhaustive assessment of the various kinds of blending mechanisms implemented so far, taking notably into account their accessibility and their impact for all types of LRAs;

A new MFF based on cross-cutting principles that respect place-based circumstances

21. welcomes the introduction of **cross-cutting principles mainstreamed in all funds** under the current MFF 2021-2027 (climate, biodiversity, gender, SDGs) but believes that measuring the impact of these principles on various geographical areas can be further improved; calls for the continuation of the 'do no significant harm' principle and for clear measures to be introduced to detect and prevent greenwashing practices in the implementation of EU funding programmes;

22. points out that, according to Article 3 TEU, 'economic, social and territorial cohesion' is a fundamental objective of the EU; underlines the fact that, while the Commission has put into the public debate the **'do no harm to cohesion'** principle, it has so far failed to operationalise it; calls on the Commission to systematically use Territorial Impact Assessments and rural-proofing and mainstream cross-cutting principles such as gender and non-discrimination when designing and implementing post-2027 multiannual funding programmes;

23. supports the Commission's view that not a single euro should be spent on activities where the **principles of the rule of law or the protection of the financial interests of the EU** are not safeguarded; insists on the strict implementation of the Rule of Law Conditionality Regulation [Regulation (EU, Euratom) 2020/2092 ([5])], and in particular the provisions of Article 5(2) thereof which require Member State authorities to continue implementing the programmes affected by the suspension of EU funding, thus protecting the final beneficiaries at regional and local level; in this regard, insists that safeguarding the principles of the rule of law and protecting the financial interests of the EU are in fact two sides of the same coin, so that the higher the democratic standards of the Member States, the greater the guarantees that the EU's financial interests will be protected;

Agility of the post-2027 MFF

24. shares the Commission's overall assessment that **the EU budget needs to be more agile to respond** more rapidly to unforeseen events and changing political priorities; underlines, however, that greater flexibility must go hand in hand with transparency, accountability, and the early involvement of local and regional authorities to ensure that responses remain territorially balanced;

([5]) Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (OJ L 433 I, 22.12.2020, p. 1).

25. agrees that the current in-built flexibility mechanisms both at the level of the MFF Regulation itself and at the level of each multiannual programme (where relevant) must be reviewed;

26. proposes therefore that a **bigger emergency fund and an increased general flexibility reserve package** be built into the MFF Regulation from the outset to respond to unforeseen shocks and emerging challenges; underlines in this context that cohesion policy must remain focused on its long-term development objectives and must not be used as a crisis management instrument;

27. underlines that when responding to unforeseen shocks and new challenges there should be no reliance **on existing policies and funds such as cohesion and agriculture as an adjustment variable, as is currently the case**, which undermines the achievement of their Treaty-based objectives and regulatory stability to the detriment of the managing authorities and beneficiaries;

28. agrees that, bearing in mind the geopolitical context, there is a need to find a new balance **between flexibility and stability within the MFF**; is open to innovative solutions, as long as programmes supporting long-term investments and objectives are preserved and not subject to recurrent legislative changes and repurposing;

Forging a sustainable future together: cohesion for a competitive and inclusive Europe ([6])

29. calls for **cohesion policy to remain a fundamental pillar of the EU growth model** and the core long-term, decentralised investment policy for all regions in the post-2027 MFF, with a higher financial allocation in real terms than the one under the current MFF; emphasises that its priorities have always been aligned to the EU's overall priorities; reiterates its previous recommendations for a comprehensive reform of cohesion policy in order to strengthen its forward-looking role without putting into question its core principles; underlines that the delivery of cohesion policy is already subject to a very sophisticated performance framework, and believes that the performance-based approach, aimed at fostering societal innovation and sustainable progress, can be further strengthened to make the policy even more relevant, efficient and impactful, blending its territorial dimension with a greater focus on results ([7]);

30. highlights the fact that other major global actors have recently adopted **large scale place-based policies to reinforce their industries**; believes that the Commission should build on recent OECD initiatives such as *Place-based policies for the future* and *Recommendation of the OECD Council on effective public investment across levels of government* ([8]) to develop EU guidelines on public investment across all levels of government, deliver effective decentralisation and devise guidelines for effective place-based and future-proofed funding;

31. considers it necessary to focus the MFF and the funding instruments of the common policy on those areas in which a high level of European added value can be created; points out in this context that cross-border, transnational and interregional cooperation programmes are of particular importance for the creation of European added value;

32. stresses the need to intensify efforts to **develop place-based research and innovation ecosystems** to support resolving innovation disparities and close the innovation divide both within Europe and between the EU and the US, as well as with China and other emerging regions; emphasises the need for a differentiated approach based on each region's needs, with support for excellence and structural support; stresses the importance of retaining the proven competitive procedure based on the principle of excellence in EU research funding; highlights the need for the EU's long-term budget to invest in smart programmes aiming to support the creation of thriving local and regional economies, based on interregional industrial value chains and strengthened regional innovation ecosystems; in this regard, points out that 'smart specialisation strategies' (S3/S4) are a powerful factor of excellence for regional and local innovation ecosystems, and that the strategic programming of R&I support in Europe must create more effective interfaces with these strategies; points to the need for targeted support to ensure market upscaling and uptake of key enabling technologies, such as clean tech products, and innovative materials in the circular economy;

([6]) Report of the High-Level Group on the Future of Cohesion Policy, https://op.europa.eu/en/publication-detail/-/publication/c6e97287-cee3-11ee-b9d9-01aa75ed71a1/language-en.

([7]) COTER-VII/40. *A renewed Cohesion policy post 2027 that leaves no one behind*, rapporteurs: Emil Boc (RO/EPP) and Vasco Alves Cordeiro (PT/PES). Adoption on 20 November 2024.

([8]) https://legalinstruments.oecd.org/en/instruments/OECD-LEGAL-0402.

33. recalls the continuing need for strong and ambitious EU instruments including Social Climate Fund, LIFE and pre-accession assistance programmes as part of future-oriented MFF to continue on the path towards climate neutrality by 2050, while ensuring that all citizens, business and territories receive adequate assistance in the transition;

34. Furthermore, emphasises the pivotal role of research and innovation (R&I) in enhancing European competitiveness, as consistently demonstrated by the R&I Framework Programmes (FP) over four decades. **Calls for a standalone FP10 programme with increased budget and support for regional ecosystems**, prioritising the completion of the European Research Area (ERA) through continued development of ERA hubs, free movement of researchers, and structured involvement of local and regional authorities in ERA governance, notably via the ERA Forum. Advocates promoting innovation and cross-border collaborations, upholding the principle of smart specialisation (S3) and its synergies with other EU funds;

35. supports the European Parliament's call ([9]) to significantly improve the design and implementation of the EU Missions, such as the Mission on Climate-Neutral and Smart Cities; stresses that the current approach lacks sufficient focus on fostering breakthrough and bottom-up R&I ideas and that the EU Missions must be reoriented to stimulate creativity, experimentation, and novel research that directly addresses pressing societal challenges; emphasises that the active involvement of LRAs is key to the success of the EU Missions, given their role in implementing place-based solutions and engaging local stakeholders; draws attention to the need to focus on practical, measurable outcomes, as these initiatives can drive systemic transformation while strengthening the EU's global competitiveness;

36. with regard to the creation of a European Competitiveness Fund as an essential element of the next EU budget, calls for the inclusion of regions in the design and management of this Fund, considering that regional authorities are genuine channellers of projects with great driving capacity and to generate added value;

37. points out that all areas in the EU are in the midst **of a triple transition** (green, digital and demographic); believes that the next MFF must be based on **an integrated and holistic just transition strategy** adapted to the needs and specific circumstances of each area and endowed with sufficient funding; underlines the asymmetric impact of these transitions at subnational level and calls for tailor-made and additional support, notably in those regions and cities dependent on energy-intensive industries such as the automotive sector, and in other regions suffering from significant transition challenges; stresses the need to provide LRAs with adequate resources for implementation on the ground;

38. is convinced that the EU budget can bring added value to harvest the full business potential and job market benefits of the clean transition by addressing issues **such as skills development (targeted reskilling and upskilling), lifelong learning, and high-quality jobs**; highlights the fact that several EU regions are facing **demographic challenges**, such as an ageing workforce, brain drain and population decline and supports the '**freedom to stay'** proposal included in the Letta report to spur increased investment in public services to support the well-being of all; also points out the indispensable value of robust cross-border cooperation programmes in tackling these issues in border regions;

39. requests the European Commission to acknowledge the shortcomings of national plans under the **Common Agricultural Policy (CAP)** which have led to less regional focus, less adaptability to territorial differences, and less flexibility to respond to unforeseen crises and events; strongly argues the case for a post 2027 decentralised farmer-focused and sustainable CAP based on regional strategies for food security and rural development with effective green and social conditionalities while allowing all producers to receive fair remuneration for their work; calls for maintaining the link between the first and second pillars of the CAP in order to maintain overall consistency;

40. reaffirms that the principles of multilevel governance and partnership should also be upheld in actions related to **asylum, migration, integration and internal security**; believes that resources for making the EU's external borders and border regions more secure should be increased, and calls for a greater role for LRAs in the **Asylum, Migration and Integration Fund (AMIF)**, which should be designed to address migration-related challenges and support the integration

([9]) European Parliament resolution of 11 March 2025 on the assessment of the implementation of Horizon Europe in view of its interim evaluation and recommendations for the 10th Research Framework Programme (2024/2109(INI)).

of third-country nationals through effective efforts tailored to local needs, including crisis response when necessary; requests that LRAs be consulted when establishing the priorities and actions of the Thematic Facility, especially the ones managed by the European Commission, envisaging support for local and regional authorities in the integration of third country nationals;

41. emphasises the utmost importance of EU financial assistance to **LRAs in candidate and potential candidate countries** for upgrading their administrative capacities, and more generally of instruments supporting **decentralised cooperation** in the EU's external actions;

42. requests that Cohesion policy, as an integral part of the MFF, be firmly anchored in a place-based, multi-level governance approach, built on the principles of shared management and partnership. While we support the Commission's efforts to strengthen regional involvement through national and regional partnership plans, we need to draw lessons from the shortcomings of other recent instruments—such as the Recovery and Resilience Facility and the Brexit Adjustment Reserve—where regional authorities were largely excluded. Ensuring regional participation is essential for improving ownership, effectiveness, and territorial impact;

Building alliances with likeminded institutions and calling for a transparent decision-making process

43. solemnly calls on the European Council and the various Council formations to engage ahead of the next MFF negotiations in a structured and transparent dialogue with local and regional governments; and making full use of the Committee of the Regions as the institutional representative of subnational authorities and a facilitator of multilevel governance;

44. stresses that cross-border, transnational and interregional cooperation is one of the cornerstones of European integration and should therefore be given at least the same attention as at present and sufficient flexibility in its implementation;

45. commits to supporting enhanced collaboration with the European Parliament on its recurrent efforts to make the negotiations more transparent and inclusive;

46. points to the March 2024 Joint call of the #CohesionAlliance for 'A renewed cohesion policy post 2027 that leaves no one behind' and calls on the general public, trade unions, businesses, and non-governmental and civil society organisations to sign it in order to jointly secure a post-2027 MFF that leaves no one behind ([10]);

47. instructs its president to forward this resolution to the European Commission, the European Parliament, the Polish and Danish Presidencies of the Council of the EU and the President of the European Council.

Brussels, 15 May 2025.

The President
of the European Committee of the Regions
Kata TÜTTŐ

([10]) https://dyn.cor.europa.eu/cohesionalliancejointcall/.