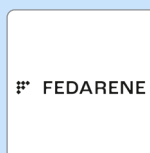
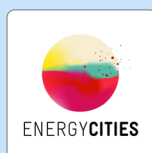




POSITION PAPER ON MULTILEVEL GOVERNANCE IN
THE MULTIANNUAL FINANCIAL FRAMEWORK

Shared governance of strategies, priorities and policies for an efficient use of EU Budget and implementation of EU priorities



INTRODUCTION

The Local Alliance – a coalition of Europe's leading local and regional governments: [ACR+](#), [CEMR](#), [Climate Alliance](#), [Energy Cities](#), [Eurocities](#), [FEDARENE](#), [ICLEI Europe](#) and [POLIS](#), – is an informal coalition aiming at ensuring that our constituencies have the competencies and resources to implement and reinforce Europe's resilience, competitiveness and decarbonisation.

The Local Alliance – a coalition of Europe's eight leading city and regional networks – share a vision for the next EU budget (2028–2034) to become a strong, comprehensive tool for a democratic, just, climate-neutral, secure and competitive Europe. This position paper has been developed in the framework of the European Commission's consultations on the next EU budget ([EU's next long-term budget \(MFF\) – implementing EU funding with Member States and regions](#)) and represents the above-mentioned networks' joint position.

Local and regional governments* are key partners in the implementation of the EU budget and are essential to achieving a prosperous Europe, where people want to live, work and thrive. As Europe faces unprecedented challenges, including climate change and geopolitical threats, the Local Alliance makes it clear that closer collaboration across all levels of government is critical for success.



* The terms local and regional governments, local and regional authorities as well as subnational governments are being used interchangeably for the purpose of this paper. The named networks represent local and regional (subnational) governments, including provinces and metropolregions as well as local and regional authorities and their associated agencies.



WHY IS A STRONG INTRO NEEDED IN THE MULTIANNUAL FINANCIAL FRAMEWORK?

The next Multiannual Financial Framework (MFF) will be negotiated in a context of broadened priorities but stretched resources. New imperatives such as energy security, competitiveness and strategic autonomy join long-standing goals like social cohesion and decarbonisation. As Europe navigates these imperatives, it is clear that no single level of government can succeed alone. Local and regional governments are on the front lines of implementation – from climate adaptation projects and energy transition to social infrastructure and innovation hubs – and thus must be recognised as key partners in EU budget delivery.

The Local Alliance contends that in a rapidly changing world, an **effective and orderly EU budget is achievable only through genuine multilevel governance** that reduces administrative burdens and ensures the right feedback loops, dialogue and structures for sharing responsibilities, resources and capacities at every stage of the process, from planning to implementation and monitoring. This is also a prerequisite for the full implementation of the subsidiarity principle enshrined in the EU Treaties¹. **Therefore, for the next MFF to deliver its European value, multilevel governance must become a standard operating principle across all EU funding programmes. Multilevel governance refers to coordinated action by the EU, national, regional, intermediate (such as provinces) and local governments, each operating within their competences but working together toward common goals.** Applying multilevel governance to the Multiannual Financial Framework means ensuring that the decision-making regarding the design, implementation and monitoring of Union expenditure is performed in a coordinated manner among the European Union, its Member States and local and regional governments.

A stronger multilevel governance structure in the next Multiannual Financial Framework will help the EU address the priorities expressed in The European Commission Communication "The Road to the next Multiannual Financial Framework"²:

Enhanced implementation of EU policies:

Empowering local and regional governments enables effective transposition, implementation and enforcement of EU law. The long-standing and higher commitments of initiatives such as the Covenant of Mayors-Europe³, Mission for 100 Climate- Neutral and Smart Cities, Adaptation Mission are enabling thousands of cities and regions who are members of the Local Alliance networks to implement policies and reforms in line with EU energy and climate objectives.

A "New Steering Mechanism": Multilevel Governance answers the Commission's call for a new steering mechanism which reinforces the link between overall policy coordination and the EU budget, addressing Europe's challenges by working "*in partnership with national, regional and local authorities*".

EU Reforms and the Rule of Law: Guaranteeing multilevel governance towards EU objectives could safeguard necessary reforms and respect the Rule of Law. Through safeguards to ensure that if national authorities fail to deliver policy reforms, such as under the rule of law conditionality, regional and local governments can still access EU funding, in

¹ <https://eur-lex.europa.eu/EN/legal-content/glossary/principle-of-subsidiarity.html>

² <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:52025DC0046>

³ <https://eu-mayors.ec.europa.eu/en/Multilevel-Governance>



respect to their roles and responsibilities, to maintain progress on the EU's long-term strategic priorities and goals.

Enhanced absorption of EU funds: Direct involvement of local and regional governments and authorities in the design and implementation of EU funding plans enables them to plan capacities accordingly, preventing inconsistencies between local/regional/national plans, policies and procedures which slow down funding. Such involvement would also facilitate preparing in advance larger project pipelines with the support of aggregators such as regional/local energy agencies.

Agility: With the right framework conditions, multilevel governance could create more agile

funding structures, with feedback loops enabling allocation of funds to evolving local and regional needs. Multilevel monitoring of EU funds enables regular feedback and quick adjustments of funding priorities and procedures, early identification of risks, consistent simplification and streamlining of procedures, embedding therefore flexibility and resilience in the funds management.

Democracy: Local and regional leaders are instrumental in bridging European action with local communities' needs and expectations. Furthermore, they have the highest level of citizens' trust among all levels of governments in the EU⁴. Multilevel governance ensures ownership upon all actors and brings the European project to life in all of our territories.

GOING BEYOND THE CURRENT SHARED MANAGEMENT AND PARTNERSHIP PRINCIPLE TO UNTAP THE FULL POTENTIAL OF MULTILEVEL GOVERNANCE

The **partnership principle**—requiring close cooperation across EU, national, regional and local levels – is enshrined in Cohesion Policy regulations. EU rules (e.g. the Common Provisions Regulation and the European Code of Conduct on Partnership) mandate that Member States involve local and regional governments, civil society, and other stakeholders in planning, implementing, and evaluating EU funds⁵. In practice, this has led to broad stakeholder participation in most countries. Both managing authorities and partner organisations report that stakeholder involvement in cohesion funding **improved compared to previous periods**, especially after the 2014 introduction of the European Code of Conduct on Partnership.

Despite the formal requirements, the implementation of the partnership principle is **uneven**, and in some cases remains superficial. Many local and regional governments also experienced that presence does not mean participation. For instance, according to the Eurocities' survey on the urban dimension of Cohesion Policy⁶, cities' experiences with multilevel governance and the partnership principle reveal mixed perceptions. While some cities report positive outcomes and continuous improvement, others face challenges: 50% of surveyed cities rated the

partnership principle as good or very good, while the remaining cities found it sufficient or insufficient. This shows a clear need to revise, strengthen and future-proof the partnership principle, and move towards a real multilevel governance.

The most striking challenge to multilevel governance in the current EU budget cycle has been the **Recovery and Resilience Facility (RRF)**. The RRF – created in 2021 to drive post-COVID recovery – lacked any binding partnership requirements, with national governments largely designing Recovery Plans on their own. While consultation processes had to be organised by Member States to develop their RRF plans, in practice, most local and regional governments had **minimal say** in the plans. The joint survey from the European Committee of the Regions

⁴ <https://feature.cor.europa.eu/soteulocal2024>

⁵ https://www.eca.europa.eu/lists/ecadocuments/rw23_01/rw_rff_and_cohesion_funds_en.pdf#:~:text=The%20cohesion%20policy%E2%80%99s%20partnership%20principle,apply%20the%20partnership%20principle%20in

⁶ <https://eurocities.eu/resources/eurocities-report-outlook-on-the-urban-dimension-of-cohesion-policy>



and CEMR⁷ reminds that almost half of local elected representatives surveyed were *neither involved in nor informed about* RRF-funded projects in their area. The centralised governance of the RRF even enabled some national authorities to **bypass or marginalise certain regions or cities**. Furthermore, lack of local input meant RRF investments sometimes failed to account for territorial realities – as CEMR assessment highlights the "*lack of a territorial dimension in the RRF*" risks increasing disparities within Member States.

Overall, the RRF experience has been a **cautionary tale**: when shared governance is neglected, it leads to a less effective programme, weaker ownership by local actors, potential misalignment of projects with local needs, and concerns about fairness and transparency in fund allocation. **As a result, a real multi-level governance – where EU, national, regional and local actors jointly steer investments – has not yet been consistently fulfilled across the EU budget.**

RECOMMENDATIONS ON HOW TO ENSURE ACHIEVING EU'S OBJECTIVES FOR AND IN ALL TERRITORIES

The Local Alliance therefore urges a step-change in how multilevel governance is applied to the EU budget. Multilevel governance should be fully **mainstreamed across all relevant elements of the next EU budget** – from the earliest design of the MFF, through program planning and implementation, to monitoring and evaluation. In the sections below, we present our recommendations for embedding multilevel governance in the next MFF for effective action towards the EU's long-term priorities such as decarbonisation and competitiveness.

1. INCLUDE LOCAL AND REGIONAL GOVERNMENTS IN THE MFF DESIGN AND DECISION-MAKING

To ensure the next MFF is responsive and effective, local and regional governments must help shape it **from the outset**. The Local Alliance recommends the following actions to strengthen local and regional governments' involvement in planning and designing the MFF:

✧ **Apply multilevel governance in the MFF preparation phase:** The European Commission needs to actively involve bodies representing local and regional governments when developing its MFF proposal and related policies. Such engagement should happen through structured, result-oriented dialogues **before** proposals are finalised, not merely via public consultation on already-drafted plans. Early input will ensure that

EU budget priorities reflect ground realities across Europe's territories.

✧ **Enshrine multilevel governance as a core principle in budget governance:** Multilevel governance should become a general principle governing the entire MFF. We call for the next MFF Regulation (the legal act establishing the 2028–2034 budget framework) to **formally recognise and mandate multilevel governance** in its provisions. Concretely, an article in the MFF Regulation should commit the EU to partnership and structured dialogues across levels, and subsequent sectoral regulations for funds should include clear requirements for working with all competent subnational governments. This legal anchoring would establish a culture of cooperation and make partnership practices enforceable across all EU funding streams.

✧ **Strengthen the Partnership Principle across all EU funds:** The partnership principle – currently a requirement in Cohesion Policy – should be **expanded and made mandatory consistently for all EU-funded programmes**, including the national plan. Member States should be required (as an ex-ante conditionality) to establish partnership arrangements with regional and local governments

⁷ <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024IR1372#:~:text=its%20barometer%20revealed%20that%20nearly,RRF%20to%20cohesion%20is%20only>



as a condition to access funds. In practice, this means before any national plan is approved, evidence must show that cities, regions, and other stakeholders have been genuinely consulted, their needs considered and taken into account. Such a requirement will drive a more place-based approach in all areas of the EU budget, improving implementation, feedback loops and between all levels of governments.

- ★ Require Member States to include a **dedicated territorial chapter in each of the 27 national plans**, with **earmarked funding for locally-led projects** that contribute directly to delivering EU objectives on the ground.

By involving local and regional governments in the **design phase**, the EU will benefit from on-the-ground knowledge and innovative ideas, leading to a more strategic and accepted MFF. It also lays the foundation for smoother implementation later, since those who must execute projects will have had a hand in shaping the programs and rules. Making multilevel governance a formal cornerstone of the MFF's architecture is a **systemic reform** that will yield dividends in policy coherence and impact.

2. EMPOWER LOCAL GOVERNMENTS IN IMPLEMENTATION AND MONITORING OF EU FUNDS

Designing a good plan is only half the battle – delivering results requires robust cooperation during implementation. To translate the EU budget into tangible outcomes, all relevant levels of governments need to be engaged throughout execution. The Local Alliance recommends the following measures to apply multilevel governance in the **implementation and monitoring** of the MFF:

- ★ **Establish permanent and consistent multilevel governance structures:** Rather than ad-hoc or one-off consultations, Member States should set up **permanent multilevel platforms or working groups** that bring together national, regional, and local representatives consistently for each major EU funding instrument (e.g. cohesion policy funds,

one- single plan, competitiveness fund etc.). These structures would facilitate continuous and consistent co-creation and coordination – from jointly developing national allocation plans and guidelines, to adjusting measures in response to implementation feedback. In countries where such collaborative forums do not exist, the EU should require their creation and provide support to develop related capacities. This ensures a sustained dialogue and joint problem-solving between levels of government.

- ★ **Build local capacity and resources:** Local and regional governments must be **empowered with the skills and resources** to manage EU funds. The MFF should allocate dedicated funding for capacity-building programs, technical assistance, and sufficient administrative resources to enable local and regional governments to act as effective managing authorities or implementers.

- ★ **Inclusive public participation via local channels:** When gathering input from the broader public and stakeholders (businesses, social partners, NGOs, youth organizations, etc.), national authorities should **work with local and regional governments** to design and carry out these consultations. Local governments are often closest to citizens and civil society and can help ensure outreach is effective and inclusive. By co-organising public consultations or stakeholder forums, authorities can obtain richer data and feedback to inform implementation. This also reinforces the transparency and accountability of EU funding, as communities see their local leaders involved in decision processes alongside national authorities.

By implementing these steps, the EU can turn the principle of shared management into a real multilevel governance structure and bring the practice beyond traditional cohesion policy. Empowering local governments in implementation will **accelerate project delivery, improve the quality of investments, and boost public trust** in EU funding and the EU governance structures overall. It also means that when the MFF is evaluated, we will have a true picture of how policies performed across Europe's regions – and local insights to guide future improvements.



3. ALIGN MULTILEVEL GOVERNANCE STRUCTURES BETWEEN SECTORAL LEGISLATION AND MFF

The EU's long-term objectives cohesion, competitiveness, resilience and decarbonisation **demand seamless integration of policy and funding** across governance levels. The next MFF spans a critical period for climate action – it should support achieving the EU's 2030 climate and energy targets and pave the way to climate neutrality by 2050. To succeed, Europe's climate and energy policies and how they are financed through the MFF should be better aligned, planned and executed, with strong vertical coordination. The Local Alliance recommends:

- ✦ **Better alignment in the multilevel governance structures for sectoral legislation and MFF planning:** In recent years, Member States have been required to establish multilevel dialogues on energy and climate (as per the Governance Regulation of the Energy Union). These forums – which bring together national, regional, and local stakeholders to discuss climate and energy plans – should be connected to MFF implementation. For example, if a country's NECP identifies a need for local renewable energy projects or adaptation measures, the MFF allocations (across cohesion, agricultural, transition funds, etc.) should reflect and support those needs. In this regard, the reforms needed to be implemented to access EU funds should also reflect the *balance of competences* between national and subnational governments. Also the transport sector requires this alignment: Sustainable Urban Mobility Plan implementation under the TEN-T legislation - applicable to the Functional Urban Area and involving competent authorities for different transport networks require appropriate MLG approaches.

4. ENSURE EFFECTIVE FUNDING DELIVERY AND ACCESSIBLE FINANCE AT THE LOCAL LEVEL

Even the most well-designed EU programmes can only achieve their full potential if resources effectively reach the territories and projects where they are most needed. Local Alliance emphasises

the need for concrete mechanisms to guarantee that **resources flow to local and regional levels** and are used effectively for their intended purpose. Our recommendations include:

- ✦ **Safeguard cohesion and shared management mechanisms:** Cohesion Policy funds (ERDF, ESF+, etc.) remain the EU's most powerful tools for balanced territorial development and should continue to be implemented under improved shared management (as part of multilevel governance as presented in this paper) between the EU, national, and regional/local governments. It is crucial that the next MFF **protects these funds and their decentralised management model**. The success of cohesion investments in reducing disparities is linked to local involvement and ownership. Thus, the MFF must ensure that an adequate budget is allocated to these programs and that their partnership-based shared governance is improved, so money effectively reaches municipalities, regions, and local stakeholders who need it most.
- ✦ **Introduce safeguarding mechanism:** As a part of guaranteeing multilevel governance towards EU objectives, the EU must introduce safeguards to ensure that if national authorities fail to deliver policy reforms, such as under the rule of law conditionality, regional and local governments can still access EU funding, in respect to their roles and responsibilities, to maintain progress on the EU's long-term strategic priorities and goals. If, for example, mid-term reviews show that certain allocations (say for climate action or social infrastructure) are not being disbursed to local projects as planned, there should be mechanisms to intervene – such as reallocation of resources, reinforced technical assistance, or requirements for corrective action by managing authorities.

As the Commission President Ursula von der Leyen said, "status quo is no longer an option". The next Multiannual Financial Framework is a key opportunity to reshape Europe's financial governance in a way that empowers every level of society to contribute to our shared future. By institutionalising multilevel governance, driving systemic reforms in how we plan and work together, aligning funding with our greatest challenges, and focusing relentlessly on implementation, the EU can greatly increase the impact of each euro spent. In a time of climate emergency, rapid technological change, geopolitical



stresses and pressing social needs, we cannot afford business-as-usual silos or top-down governance structures that leave local potentials untapped.

This Local Alliance position paper charts a course for a more inclusive and effective EU budget. Its

recommendations reflect not only the experiences and aspirations of cities and regions across Europe, but also the urgent direction provided by experts in integrated governance and climate action. The message is clear: Europe's strengths and success will be built from the ground up.

This position paper has been developed in the framework of the European Commission's consultations on the next EU budget ([EU's next long-term budget \(MFF\) – implementing EU funding with Member States and regions](#)) and represents the above-mentioned networks' joint position. It is complemented by two other position papers:

- ✧ *Better Reforms: Reinventing public support for a grounded Europe*
- ✧ *Reinforcing European industry's competitiveness and strategic autonomy through a place-based approach*





WHO ARE WE ?

The Local Alliance — a coalition of local and regional governments made of ACR+, CEMR, Climate Alliance, Energy Cities, Eurocities, FEDARENE, ICLEI Europe and POLIS, — is an informal coalition aiming at ensuring that our constituencies have the competencies and resources to implement the European Green Deal and reinforce Europe's resiliency.

May 2025

