



EU Budget proposals risk cutting out cities and regions

Local Alliance Press Release

Brussels/ Frankfurt am Main, 17 July 2025. The Local Alliance – a coalition of eight leading networks of local and regional governments – is raising the alarm over the European Commission's proposal for the next EU budget, warning it could sideline cities and regions and undermine the delivery of key EU priorities.

The Commission's proposal for the 2028-2034 Multiannual Financial Framework, presented on 16 July, introduces new 'National and Regional Partnership Plans', intended to simplify EU funding and reduce disparities. However, the Local Alliance argues that this approach risks centralising the EU budget, weakening Cohesion Policy, and marginalising local and regional governments in the policy design and implementation.

Without a clear earmarking of Cohesion Funds for all territories, including cities, and robust multilevel governance, local and regional authorities are unlikely to access the tools they need to implement EU priorities on the ground. Building on the **Court of Auditors' warnings** of the limited impact and quality of projects funded through Recovery Funds, the Local Alliance fears that this new structure of National- Regional Plans might not be able to respond to the real transition and cohesion needs of communities.

The proposal also fails to clarify how cities and regions would be affected if national governments fall short on reform commitments or breach horizontal conditions such as the Rule of Law. This could jeopardise progress on critical local goals, from clean transport and affordable housing to inclusive communities, creation of jobs and quality public services, while weakening democratic governance and the principle of multilevel democracy.

The Alliance welcomes the proposed European Competitiveness Fund and the FP10 Framework Programme for Research and Innovation, recognising their potential to address productivity and innovation gaps across regions. However, both instruments must ensure meaningful involvement of cities and regions in priority setting and delivery, as competitiveness and cohesion are two sides of the same coin, as highlighted in the Letta Report.

As the budget negotiations move forward, the Local Alliance calls on the European Parliament and the European Council to seize this crucial opportunity to strengthen the role of cities and regions, safeguard cohesion policy, and ensure the EU budget delivers tangible results for people across Europe.

Ahead of the EU budget negotiations, local leaders call for:

- Reforms and investments to be defined through a multilevel governance approach. Safeguards must be included in the National and Regional Partnerships Plans to ensure mandatory cooperation with local governments in the design and implementation of the plan.
- The territorial chapter of these plans must be clearly stated as an obligation and not as an option left to the discretion of central governments.
- Clear and enforceable safeguarding mechanisms to ensure that local and regional authorities can directly access EU funds, especially in cases where national governments delay or restrict disbursements.
- Concrete institutionalised cooperation with cities and regions in the European Competitiveness Fund (ECF) and FP10, and we urge the EU institutions to involve local and regional governments as partners in setting priorities and strengthening place-based innovation.

György Laki, Mayor of Kájárpéc, Hungary and Board Member of the Climate Alliance, said: "This proposed budget, which is meant to carry the EU into the next decade, simply doesn't take local governments both large and small seriously as key beneficiaries. Our cities and towns are where the majority of the EU's targets are realised, where key programmes get implemented and where real climate action takes place - often despite national level developments to the contrary. Attempts at simplification in the current proposal also risk alienating Europe's smaller towns and villages, which make up the vast majority of all municipalities in the EU and which are thus critical to both EU competitiveness and climate objectives."

The Local Alliance represents the eight leading networks of European local and regional governments, ACR+, CEMR, Climate Alliance, Energy Cities, Eurocities, FEDARENE, ICLEI Europe and POLIS working together to ensure the next EU budget 2028- 2034 delivers for people by empowering local and regional governments in delivering the transition on the ground.



Further quotes:

Jakub Mazur, Deputy Mayor of Wrocław, Poland and Member of ICLEI Europe's Regional Executive Committee, said:

"While local governments are leading the way on climate action – from clean energy to sustainable mobility and housing – the new EU budget proposal overlooks our crucial role. We need an earmarked Cohesion Policy for all of our territories and a stronger partnership principle to ensure that local governments can act as strategic partners in shaping and delivering EU priorities."

Mayor of Leuven, Belgium, President of Energy Cities, Mohamed Ridouani said:

"The EU budget, proposed by the Commission, aims at better aligning EU funding to strategic objectives: resiliency, preparedness, European independence and EU democracy. We welcome these priorities, in line with what citizens are asking us every day. Nonetheless it is important that municipalities are recognized as key partners in the design and implementation of the EU funding. Active participation by municipalities will enhance the democratic process and strengthen support for the allocation of public funding."

Senna Maatoug, Deputy Mayor for Mobility, Energy and Climate for the municipality of Utrecht and Chair of the European Mobility Network POLIS said:

"Urban mobility is where European ambitions become reality – from the Trans-European Transport Network to alternative fuels infrastructure, digitalisation, and the EU Cycling Strategy. Yet in this MFF proposal, the urban dimension is once again structurally overlooked. Funding instruments like the Connecting Europe Facility fail to adequately support what cities need. As it stands, local implementation is too dependent on national decision-making, and key EU resources may never reach the local level. If cities are expected to lead the transition, they must also have direct access to the tools and funding to make it happen. I encourage the European Parliament and the Council to improve the MFF so that cities are empowered to act."

Susanne Schilderman, Deputy Mayor of Utrecht (NL), responsible for Climate Adaptation, Circular Economy, Public Space, Finance and Economic Affairs and Member of ICLEI Europe's Regional Executive Committee, said :

"We welcome the Commission's efforts to put competitiveness and innovation at the centre of the next EU budget proposal. Yet, competitiveness and cohesion are two sides of the same coin, as cities and regions are key enablers of clean industrial transitions and strategic autonomy at the local level."



We drive the development of lead markets, support the rollout of AI-enabled infrastructure, promote collaboration among businesses, and serve as real-world laboratories for innovation and circular economy. Successful competitiveness policies and funding require embedding cities into the core of the EU Competitiveness Fund and Horizon Programme, with guaranteed funding access and a meaningful role in decision-making.”

Christoph Schnaudigel, Co-President of CEMR; Vice-President of the German Section of CEMR (RGRE); President of the County of Karlsruhe, German County Association said:

“After analysing the European Commission’s proposal for the EU budget, it is clear that local and regional governments across Europe must mobilise. The proposal fails to uphold economic, social, and territorial cohesion as a core objective. As a result, the share of the budget allocated to Cohesion Policy – including social and territorial development – has been reduced, with real consequences for the quality of life across Europe. Furthermore, centralising decision-making towards member states will not help address the realities and challenges of the territories, making EU funding less efficient. We must act decisively in the coming months to reverse this and defend a strong, inclusive Cohesion Policy, as well as the respect of multilevel governance”.

Julje Domac, President of FEDARENE, CEO of North-West Croatia Energy and Climate Agency said:

The times call for a strong European Union capable of rising to the global challenges our continent faces. This requires a budget that supports our ambitions for a competitive and decarbonised EU. Make no mistake, embracing decarbonisation as a driver for competitiveness requires all the expertise our continent can muster. This will only be achieved by mobilising local and regional energy agencies through forward-looking partnerships. A more resilient, prepared and sustainable EU is possible, as long as the right actors implement it. These local and regional experts must be involved in the governance of the new European Competitive Fund to lay the ground for its implementation and secure the competitiveness and resilience of our territories.

Jevgeni Ossinovski, Mayor of Tallinn and Eurocities Shadow Commissioner for Climate Finance said:

“While it is positive that the EU has taken steps to simplify the next seven-year EU budget, the European Commission’s proposals do not give cities guarantees that they will receive the effective support they need to deliver a just, sustainable and prosperous future for the people of Europe. We call on the EU institutions to build



on the European Commission's proposal, working alongside city leaders to ensure that the final budget agreement truly serves Europe's future."

Jaume Collboni, Mayor of Barcelona and Vice President of Eurocities said:

*"We the cities stand ready to be part of the negotiations for the MFF following yesterday's proposal by the European Commission. We believe we are still far from a budget that fully addresses our needs, namely the housing crisis. We will build upon the crucial work of mayors in the **Mayors4Housing Alliance** to ensure that bold action in housing for cities is reflected in the EU budget.*

"We will also work for the inclusion of mandatory urban chapters in the 27 national and regional plans and cohesion funding that is specifically for city governments. If the EU is to show the first-ever EU Policy Agenda for Cities is not just a political gesture, they must ensure that the budget gives cities the dedicated resources they need to bring a real change."

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THE CLIMATE ALLIANCE

For over 30 years, Climate Alliance member municipalities have been acting in partnership with indigenous rainforest peoples for the benefit of the global climate. With over 2,000 members spread across more than 25 countries, Climate Alliance is Europe's largest city network dedicated to comprehensive and equitable climate action. Recognising the impact our lifestyles can have on the world's most vulnerable people and places, Climate Alliance pairs local action with global responsibility. climatealliance.org

