



**Local & Regional  
Europe**

# **Multiannual Financial Framework post-2020**

**An EU budget from local and regional governments'  
perspective**

CEMR Position paper

January 2018

## Foreword

The reflection on the future EU Multiannual Financial Framework (MFF) takes place within the broader context of the debate on Europe's future, the impact of Brexit and the commitment to place citizens' needs and expectations at the heart of the EU. It also comes at a strategic time when the EU is reflecting on how to implement the 2030 Agenda for Sustainable Development adopted by the United Nations, and the Paris Agreement on climate. We hope that its adoption will take place before the end of the current mandate of Members of the European Parliament and European Commissioners in order to ensure a sound transition from the current one.

CEMR's position paper on the Future of Europe<sup>1</sup> explored the major questions currently facing Europe and the EU. It is evident that the MFF for the EU post-2020 must be underpinned by a clear vision of the EU's policy priorities and demonstrate a commitment to its implementation.

A key element in the reflection on the MFF post 2020 concerns the extent to which EU funding delivers European added value (EAV) i.e. financing of initiatives and policies that provide important benefits at the EU level that would otherwise either be underfunded or overlooked. Financing decisions of local and regional governments on a daily basis also contribute to the creation of EAV. Therefore, EU level funding must not only be relevant to the needs of European citizens, but also be more pertinent than equivalent funding initiatives at national, regional or local level. The coming months are crucial to ensure the preparation of an appropriate financial framework that will enable sub-national governments to contribute to EU priorities effectively.

From a local and regional governments' perspective, discussions on the next financial framework should take into consideration the following concerns:

1. Ensuring a budget focused on policies that deliver European Added Value and that can adapt to an evolving global, economic, social, environmental and technological context;
2. A budget, guided by the principles of subsidiarity and proportionality and tailored to enable easy access by municipalities and regions, and – where possible - delivered as close to the citizens' needs.
3. A simplified budget, where the priorities identified should fit closely with those of local and regional governments as they are key partners for achieving those EU priorities.

## Context

CEMR advocates a future EU budget that is fit for purpose, both in the short and long-term perspective. The departure of the UK, so far a net contributor, will have important repercussions on the future size of the EU budget, even if it decides to continue to contribute in order to have future access to certain EU programmes. The EU's budget post 2020 will require a targeted approach to spending, where bold decisions will be needed on how to deliver European aspirations. In our view, this will be achieved by focussing on policies that demonstrate an EU added value, and observing key cross-cutting principles.

### 1. Ambitious policies require an adequate budget: local and regional priorities beyond 2020.

CEMR considers that several future policies are particularly worth highlighting, given their importance for addressing common EU challenges that lie ahead, their potential far-reaching consequences for local and regional governments' contribution and action, and the need to ensure effective policy management through shared governance arrangements. Future EU policies should continue to make important contribution towards addressing market failures.

#### Smart and inclusive growth

- We call for an **ambitious budget for cohesion policy through the structural funds** to achieve the objectives set out in the Treaties. Cohesion policy contributes to a majority of EU priorities; however, its main goal should remain economic, social and territorial cohesion<sup>1</sup>. We also advocate for an **enhancement of the territorial dimension**, thereby strengthening delivery instruments such as the Integrated Territorial Investments which allow devolvement and integration of funds at the local level. We note the importance of financial instruments, but insist that these should be in addition to, rather than a replacement for structural funds.
- In our view **European Territorial Cooperation programmes** represent significant European added value, given their usefulness in aiding the development of joint strategies and common solutions, facilitating mutual learning and their ability to inspire a sense of belonging to the European Union.
- The European Social Fund should remain part of structural funds and is key to shaping and encouraging local and regional policies to support the acquisition of skills by unemployed people. In addition, investments are also needed to foster the development of **human capital**, enabling spending on training and education to help citizens adapt to changing demands of the labour market. The new economy with its ongoing digitalisation requires a revision of skills and competences. For the EU to remain competitive with other parts of the world, it needs an updated approach. Therefore, CEMR urges the introduction of an EU Human Capital Agenda, defined by a strong territorial dimension, the demands of the local and regional labour markets to be taken into account.
- The principles of the **European Pillar of Social Rights** need the appropriate support from EU funds. In particular, funding should focus on activities that have been positively evaluated in the framework of the European Semester and have demonstrated their added value. As a result, those local and regional authorities enjoying the relevant competences should be closely involved in the discussion process between the European Commission and Member States.
- **Social dialogue** is essential to promoting competitiveness and fairness in Europe; therefore, CEMR deems that the post-2020 MFF should maintain the existing funding to support the activity of European and national social partners' organisations and to strengthen their capacity building.
- The Common Agricultural Policy, and in particular, Pillar II on **rural development** should remain an essential driver of socio-economic development, diversification, innovation and preservation of

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<sup>1</sup> CEMR position on the future of cohesion policy:

[http://www.ccre.org/img/uploads/piecesjointe/filename/CEMR\\_position\\_paper\\_future\\_of\\_cohesion\\_policy\\_EN.pdf](http://www.ccre.org/img/uploads/piecesjointe/filename/CEMR_position_paper_future_of_cohesion_policy_EN.pdf)

rural areas. The community and place-based approach of the Community-Led Local Development (CLLD) should continue receiving support in the future, with more technical assistance for local stakeholders.

- **Digitalisation** has the potential to become the most influential policy area of our time, causing profound changes in our societies, and local and regional governments are key facilitators at the territorial level. Therefore, CEMR advocates the access of local authorities to EU-funding through grants from the European Structural and Investment Funds (ESIF) and the Connecting Europe Facility (CEF). Furthermore, access should be tailored to relevant public local and regional investments.
- **Demographic change** is increasingly a major policy challenge in Europe, as certain territories face falling population levels or ageing population, whilst others become more densely populated. Also globalisation-induced industrial decline or rapid technological change is concentrated in certain areas and in turn can foster scepticism and anti-EU sentiments. In addition, challenges arise for local and regional governments in these areas, linked to the quality of their public services.
- In recent years the **urban dimension** has been afforded a priority focus and this should remain in the future, taking into account the recommendations formulated by the partnerships of the Urban Agenda for the EU. However, the EU must give further consideration to urban-rural linkages and the need for enhanced living conditions in both rural and urban areas.
- Local governments make an undeniable contribution to Europe's global competitiveness by facilitating **technological and social innovation**. They support investments in local research and innovation centres and drive the market forward through public procurement policies. As key partners, helping to achieve the objectives of EU innovation policy, it is vital that their participation in programmes such as Horizon2020 be boosted.
- Europe is confronted by major upheavals on a recurring basis and this is unlikely to change in the years to come. The reformed budget therefore, should avail itself of **a level of reserves outside the Cohesion budget**, which can be drawn upon and assigned to deal with emerging issues or unexpected crises.

### Sustainable growth

- The post-2020 MFF should be designed as a driver for sustainable development, particularly with a larger and clearer focus on financing the **transition towards a green economy**. The implementation of circular economy policies at local level have demonstrated their contribution to a sustainable and responsible use of resources and needs to be clearly supported by EU funding programmes. This in turn can boost recycling, improve waste management at local level, build capacity and encourage cooperation between different stakeholders, in pursuit of enhanced sustainability outcomes.
- The global challenge of **climate change** impacts directly on local and regional authorities and local governments have already shown clear leadership in addressing this challenge, as highlighted by results of initiatives, such as the Covenant of Mayors. However, a more consistent approach with related initiatives<sup>2</sup> is needed. Furthermore there remains a lack of appropriate financing addressing measures to tackle mitigation and adaptation to climate change. Energy efficiency, particularly energy efficiency in buildings, is a domain where the subnational level is urgently in need of support.

### Integration and citizenship

- The future EU budget should also take account of Europe's need for a comprehensive and workable **EU migration policy**, which integrates a more even distribution of asylum seekers and refugees and which fully recognises and supports the increasing role of Europe's local governments in receiving and integrating asylum seekers and refugees. Therefore, an increase in the resources available to support integration activities, including microfinance and blending

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<sup>2</sup> such as ManagEnergy and Smart Cities and Communities

facilities, is necessary. Funding should also be earmarked for local and regional governments to enable them to fulfil their legal responsibilities.

- **Europe for Citizens** is a unique programme whose objective is to bring the EU closer to its citizens. While the programme is heavily subscribed, only about 15% of applications submitted end up being selected to receive funding, highlighting the lack of available resources. It is essential to ensure a sufficient budget available to match the interest of local governments<sup>3</sup>, in order to improve and strengthen a sense of EU identity and to stimulate the active participation of citizens in the EU decision-making process. CEMR strongly supports the European Parliament's proposal to increase the budget up to 1 euro per citizen.
- **Young people** are our future and the EU must make their education needs a priority. Funding for the **ERASMUS+ programme** should be secured in order to increase its accessibility, especially for groups with a limited access to mobility.

## Global Europe

- In 2015 the EU committed to implement the **UN Agenda 2030 and the Paris Climate agreement**. We expect the future Multiannual Financial Framework to address accordingly these challenges **in the EU Member-States**. In particular, the Sustainable Development Goals are directly related to the daily work of local and regional governments and policy makers at the local level are best-placed to link the global goals with local communities.
- The Sustainable Development Goals have also revealed clear interdependencies between territories in our globalised world. Tackling common challenges where global public goods are concerned, requires **international cooperation and solidarity**. Therefore, we recommend that the EU intensifies its efforts towards delivering its official Development Aid commitments, beyond migration and security matters.
- The EU has already recognised the added value of local and regional governments' action at the international level and EU funding programmes have shown their value in providing leverage in financing cooperation projects at local level. Therefore, it is critical to continue supporting **external action of local governments**, through dedicated instruments that are specifically tailored to the public authority nature of local and regional governments. Beyond the level of budgetary commitment, we request that future external finance instruments dedicated to development cooperation better take into account the reality and constraints of local and regional authorities and notably their administrative and legal specificities, to enhance their participation in EU programmes for decentralised cooperation.
- As the public entity closest to the citizens, local governments play a crucial role in **raising awareness on global sustainable development** and the importance of development policies. We therefore call on the EU to keep sufficient support to development education and awareness raising activities conducted by local and regional governments in Europe and outside of Europe.

## 2. A future MFF underpinned by cross-cutting principles and increasing its relevance for local and regional governments

In addition to local democracy and sustainable development, CEMR believes that EU's future budget should be particularly underpinned by the following cross-cutting principles that should apply across the different funding streams and programmes.

### A transparent budget closer to citizens' needs

A reformed MFF presents the EU with an exceptional opportunity to demonstrate clearly how the EU finances its actions. The next MFF should make the EU budget more straightforward and

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<sup>3</sup> Position paper on Europe for Citizens programme

[http://www.ccre.org/img/uploads/piecesjointe/filename/CEMR\\_position\\_paper\\_Towards\\_a\\_Europe\\_for\\_citizens\\_EN.pdf](http://www.ccre.org/img/uploads/piecesjointe/filename/CEMR_position_paper_Towards_a_Europe_for_citizens_EN.pdf)

understandable to EU citizens. This will help to restore the faith of citizens in the European project and the legitimacy of its spending priorities and decisions.

⇒ *CEMR calls for the EU to take a fresh approach in its preparations of a revised budget that should be forward-looking and people-centred. To ensure that decisions are taken as closely as possible to the citizen, budgetary commitments related to the EU budget and the resulting programmes and policies should be defined according to the subsidiarity principle and the competences of each level.*

### **Simplified rules for investments**

The Juncker Commission has launched several promising initiatives to simplify the rules for investments with EU grants and revolving funds (e.g. the High Level Group on Simplification post 2020). Nevertheless, CEMR urges the EU institutions to come forward this time with a genuine simplification of the rules. Local and regional authorities often have difficulties accessing EU funding and programmes. One of the reasons identified is the complexity of the rules and procedures, and the mismatch between local needs and the way in which EU funding programmes operate. The other reason is the myriad of EU programmes and initiatives that impact on local and regional governments. Drawing up a strategy to tackle the different needs of a locality requires the alignment of varying policies to achieve multiple aims and being able to combine different pools of funding.

⇒ *The EU budget must have simpler and more aligned rules, and should also streamline the programmes and initiatives, so that they become more understandable and accessible to local and regional governments and stakeholders.*

### **Make the multilevel governance in partnership really matter**

The next MFF will potentially have far-reaching consequences for local and regional governments. To make it more efficient and transparent, the EU budget should be built on a multilevel working partnership between local, regional and central governments and EU institutions. As is the case for social dialogue, the EU structured dialogue on ESI Funds or the partnerships for the EU Urban Agenda. Local and regional governments should be considered equal players in European governance. They contribute to the implementation of European Union policies in their territories, especially in fields as important as cohesion, social inclusion, innovation, the environment or climate. If to be held accountable for macroeconomic governance objectives, as highlighted by Commission President Juncker in his speech on the State of the Union, it is crucial to identify ways to improve involvement of regional and local governments, in EU policy-making and delivery.

⇒ *An enhanced partnership between different levels of government must be applied to ensure an adequate implementation of the budget. We ask for the transversal application of the partnership principle when building and choosing priorities for the post-2020 period in the relevant policies and programmes.*

### **Enhanced consideration of the territorial dimension**

EU policies must be adapted to the prevailing conditions and requirements of each territory in order to contribute more effectively to EU objectives, improve social and economic conditions and requirements for EU citizens across the board. Therefore, EU policies should have an improved territorial dimension by better responding to the potential and challenges of the regions and cities. For CEMR the discussion on a new EU budget presents an opportunity to better take into account the territorial dimension in policy and programme preparation and delivery. This would highlight the EU's acknowledgement of local and regional governments' autonomy and their responsibilities for carrying out their tasks, as well as the diversity of territories.

⇒ *Territorial impact assessments should be systematically undertaken to better understand the spatial effects of EU policies and funds and when local self-government powers may be affected. Such an approach should include an early exchange on policies and legislation impact on national and subnational level.*

### **A strengthened integrated approach**

EU territories face multiple challenges in seeking to provide quality environments where their citizens can live and work and where businesses can thrive. Today's EU sectorial approach with different regulations and procedures for investments hinders the place-based approach at local and regional level, and the complementarity with local, regional and national initiatives. In this way, an integrated approach to accessing EU funds would improve the chances of local and regional authorities of being able to combine different funds more easily to address the challenges they face and integrate them in their overall territorial strategy. Policy silos at national and EU levels should be avoided.

⇒ *CEMR requests that a reformed MFF enables a more integrated approach to the use of EU funds. It also calls for a more integrated approach of the funding programmes by the different European Commission's services.*

### **A gender responsive budget**

Equality of women and men is a fundamental right and a core value of the European Union, which is reflected in the Treaties and European legislation. The promotion of this core European value needs to be mainstreamed in all policies of the EU and reflected in the allocation of resources. In particular, gender specific investment in training and in facilities with an economic and structural remit make a significant difference to the wellbeing of our society.

⇒ *The upcoming MFF should be gender-responsive and provide support to pan-European actions to foster awareness raising, peer learning, information exchange, advice and assistance.*

### **Capacity-building**

The lack of capacity has also been identified as an obstacle to the smooth take-up of EU funds and programmes, at local and regional levels. Likewise, the monitoring of results at local and regional level for policy-making purpose is not always easy, as data is often missing in many areas and not disaggregated, for example by age or sex, at local level.

⇒ *There should be dedicated headlines for technical assistance under each budget line in order to boost the technical expertise of local and regional governments in the use of EU funds. The national statistical offices should be asked to collect disaggregated data.*

### **Conclusion**

The discussions on the priorities of the MFF for the period post-2020 come at a crucial moment in the development of Europe. There is much work to be done to make the EU budget perform better, to ensure that it responds more aptly to crises and societal transformations and is more transparent to its citizens. The Council of European Municipalities and Regions welcomes the opportunity to contribute to this debate. Furthermore, we consider ourselves as a strategic partner whose aim is to boost our local and regional authorities. We believe that by achieving the objectives that we have set out in this paper, Europe will demonstrate its value to its citizens and the positive difference it can make to an improved future for all.

## ANNEX: Relevant CEMR Position Papers

### On Europe and the European Union

- [What future for Europe? A vision from a local and regional perspective](#), June 2017
- [Declaration on Brexit](#), July 2016
- [Declaration on the 60th anniversary of the signature of the Treaty of Rome](#), March 2017

### On issues related to inclusion, innovation and sustainability

- [Future of Cohesion Policy](#), June 2017
- [European Pillar of Social Rights](#), June 2017
- [Work-Life Balance](#), June 2017
- [Key messages on the future of the Europe for Citizens Programme](#), June 2017
- [Key Priorities on Gender Equality](#), December 2016
- [Circular economy](#), December 2016
- [Call for a real common European Asylum Policy](#), April 2016
- [Refugee crisis: for a common European Asylum Policy](#), December 2015

### On the role of local and regional governments at global level

- [COP21 Paris Summit on climate change COP21 Paris Summit on climate change](#), December 2015
- [COP22 Marrakesh Summit on climate change](#), December 2016
- [Transatlantic Trade and Investment Partnership \(TTIP\)](#), April 2015
- [Habitat III process and the new Urban Agenda](#), April 2016

### On Local and regional Government in relation to relevant issues

- [Better Regulation for Better Results](#), October 2015
- [An EU Urban Agenda](#), December 2015
- [Reviving local public investments](#), December 2015

### Relevant positions of the PLATFORMA coalition of actors for sustainable development

- [Towards a New European Neighbourhood Policy](#), June 2015
- [Habitat III process and the new Urban Agenda](#), April 2016
- [PLATFORMA declaration on the EU Global Strategy and the 2030 Agenda](#), April 2016
- [PLATFORMA position on the EU's New Partnership Framework with third countries](#), September 2016
- [PLATFORMA position on the Revision of the European Consensus on Development](#), September 2016
- [PLATFORMA's contributions: Fighting inequalities with the local and regional perspective](#), November 2016
- [PLATFORMA's five recommendations to strengthen the local dimension in the re-vised EU Consensus on Development](#), December 2016.

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## About CEMR

The Council of European Municipalities and Regions (CEMR) is the broadest organisation of local and regional authorities in Europe. Its members are over 60 national associations of municipalities and regions from 42 European countries. Together these associations represent some 130,000 local and regional authorities.

CEMR's objectives are twofold: to influence European legislation on behalf of local and regional authorities and to provide a platform for exchange between its member associations and their elected officials and experts.

Moreover, CEMR is the European section of United Cities and Local Governments (UCLG), the worldwide organisation of local government.

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