

PLATFORMA Position - The next Multiannual Financial Framework (MFF) and the role of Local and Regional Governments in financing for external action

On 12 February 2025, the European Commission published its [communication on the next Multiannual Financial Framework \(MFF\)](#), setting out the roadmap for the EU’s financial priorities from 2028–2034. The document outlines key areas of focus, including the EU’s security, prosperity, and sustainable development and highlights the need to work for a simpler, more impactful and more flexible budget.

Through this paper, PLATFORMA’s coalition presents its position and vision for the future of EU budget’s financing for external action, highlighting the opportunities and needs that lie ahead for local and regional governments (LRGs) and the role they can – and should – play in delivering an enabling environment for sustainable development and competitiveness.

Leveraging the role of LRGs is not only essential for the sustainability of infrastructure investments of Global Gateway initiatives, LRGs also have a key role to play in catalysing economic prosperity for human and social development. Working together with LRGs is critical for the respect of core EU values, such as: democracy, peace and security for all, sustainable development, solidarity, inclusion and mutual respect among people, free and fair trade, eradication of poverty and the protection of human rightsⁱ including achieving the SDGs and Agenda 2030ⁱⁱ.

As actors with a **track record in delivering localised and pragmatic solutions to international problems**, having a hand on the pulse of the most pressing challenges, we outline how European LRGs and their associations can act as crucial assets to support the EU in delivering its objective for a democratic, prosperous and competitive Europe, whilst also cooperating with its partners abroad and upholding its fundamental values. ⁱⁱⁱ

Context

The new EU mandate and negotiations on the next long-term budget are taking shape in a moment in which there are mounting questions and pressures on the multilateral system, in tow with concerns about the EUs’ capacity to act as an attractive and effective partner in the face of growing geopolitical pressures, and the influence and volatility of global actors, such as the USA, China and Russia. The [political guidelines of the new Commission](#) and the [Strategic Agenda of the European Council for 2024-2029](#), and most recently the [MFF communication](#), have highlighted a challenging context where **the EU must prioritise its policy choices in external action, and at the same time ensure domestic competitiveness and security at home.**

Across the globe, we are experiencing an ongoing shift where communities’ needs are increasingly urgent and financially strained. Resources for international cooperation and development are scarcer, noted in the significant reduction of national development budgets across the globe. These resources are being redirected towards security and defence spending with the private sector seen as an essential partner in bridging the [\\$4 trillion financing gap for partner countries](#). The European Commission has further underscored the role of the private

sector as paramount to deliver its external action in the [mission letter](#) of its new Commissioner for International Partnerships, as well as in its political guidelines under which it has defined its approach as a new **'economic foreign policy' with the [Global Gateway](#) at its heart.**

EU Member States are concerned by global tensions exacerbated by the impact of geopolitical competition. Securing their digital, just and green transitions and strategic autonomy, through assets such as critical raw materials, ensuring stability in its immediate neighbourhood, continuing support in fragile contexts and delivering on the Global Gateway through Team Europe, all remain imperatives in the construction of the next MFF 2028-2034.

As the first port of call for citizens, investing in LRGs can generate a more **impactful, targeted and sustainable approach which is aligned to the strategic interests** of EU's external action and strategic agenda.

The importance of LRGs as key actors in development cooperation

LRGs are not only policy-makers – they are actors benefiting from a political democratic mandate.^{iv} They design adapted territorial policies, implement them and monitor the results on the ground. They are held accountable by their inhabitants and play a crucial role in territorial development. Given their legal competences, they also contribute to sectoral policies and decentralised service delivery and overall local development, coordinating different tiers of government and bringing an extensive experience in delivering technical exchanges and assistance.

LRGs are also enablers, amplifiers and multipliers of competitiveness, trade, investment, and cross-border economic cooperation.^v Beyond the crucial task of basic service delivery for water supply and sanitation, transportation and waste management, they are hosts to strategic economic sectors, territorial values chains, strategic corridors and creating attractive business ecosystems; these include infrastructure, governance, innovation, public policy, education, transport, logistics, and energy, which are essential to economic development.^{vi}

LRGs are competent to decide on infrastructure investments in their municipality or region to ensure coherence in the choice of one investment site instead over another and guarantee accountable and transparent processes to the community and people concerned by such investments. They are also tasked with ensuring territorial cohesion, coordinating policies through urban and regional development planning, the issuance of permits, delivery of procurement processes, as well as maintenance, and building capacities that enable long term sustainable local economic development. In this regard, LRGs and their associations are natural partners for [Team Europe](#) in the delivery of Global Gateway and the EU's priorities for external action.

LRGs can deliver on the 360-degree approach, the Global Gateway and the EU's Values-Based Offer

As discussions evolve around the next MFF, PLATFORMA's coalition of partners wishes to underscore how LRGs and their associations, both in Europe and partner countries, act as invaluable and much needed assets in delivering on the EU's 360-degree approach within the Global Gateway and translating Europe's Values-Based offer.^{vii}

As a package, [Global Europe](#) would benefit from accessing partnership networks, territorial ecosystems, including local and regional hubs of expertise, who deliver actions which are **co-designed, co-owned and tailored to local needs**. Through decentralised cooperation, EU LRGs have a unique capacity to localise global challenges and raise citizens' awareness, with Global Citizenship Education (GCE) initiatives as one of its key modalities^{viii}. **LRGs and their national and sub-national associations, ensure that the EU's external action is not only outward-looking but also anchored in a community-driven and a values-based foundation**. The Global Gateway's 360-degree approach can boost its effectiveness if it is supported by informed and engaged citizens.

LRGs and their partners are especially relevant in contexts of fragility^{ix} where, when conditions permit, they operate as the last layer of government towards whom citizens can turn to, remaining in charge of humanitarian relief, emergency and disaster risk reduction, including the restoration and continuous delivery of basic public services, implementing equitable and sustainable recovery and reconstruction processes.^x Decentralisation reforms have enhanced the resilience of LRGs in response to ongoing conflicts ensuring they have structures capable of actively safeguarding the well-being of their citizens by sustaining essential service delivery and addressing community needs, even amid challenging circumstances. Furthermore, **LRGs have maintained open channels of communication during highly polarised political climates**, through effective practices of city diplomacy supported by their national and sub-national associations.

To ensure EU financing for external action remains responsive to global shocks and volatility, continuing to address urgent crises, whilst maintaining continuity of ongoing geographical and thematic programmes, **it will be crucial to keep separate financial allocations and instruments**. Increasing efficiency and simplification in the future budget is key, however, to ensure multi-annual programming is not deprioritised in the face of emerging crises, the next MFF should ensure separate channels for humanitarian and emergency response, including Pre-accession Assistance (IPA), as well as for Ukraine. **Fostering closer ties between candidate countries by empowering LRGs through dedicated support for decentralisation reforms and decentralised cooperation has showcased how targeted support can accelerate economic and social integration in complex settings**.

While we have welcomed past financial allocations for LRGs under geographic and thematic pillars of the Neighbourhood, Development and International Cooperation Instrument (NDICI)^{xi}, when focusing on considerations of a 360-degree approach that prioritises an enabling environment for investments, it is essential to further elaborate and **provide entry points on how LRGs can concretely be a part of the equation to ensure effective territorial development and policy coherence**.^{xii} LRGs and their associations in partner countries alongside their EU counterparts have a track record in developing programming which is adapted to the specific realities of each territory; mechanisms should be created to ensure that **LRGs can directly accompany Global Gateway interventions, including the identification, planification, implementation and monitoring of flagship projects, and the 360-degree approach to ensure their success, sustainability and inclusivity**.

In parallel to the Global Gateway flagship projects, **support for decentralisation and multilevel governance reforms should be prioritised to enhance technical and budgetary capacity of local authorities, ensuring the sustainability of infrastructure investments.** Currently only a limited number of EU bilateral programmes exist supporting multilevel governance reforms and decentralisation, including the use of decentralised cooperation as tool and modality. Compounded by fewer dedicated engagement structures and funding instruments, LRGs see their capacities diminished in accessing Global Gateway flagships and engaging with EU Delegations together with the private sector.

Establishing ‘public-private dialogues’, or similar engagements with the private sector and financial institutions, can support in developing **clearer entry points for LRGs to support Global Gateway flagships.**^{xiii} Furthermore, **setting up local government development plans with concrete investment catalogues and increasing technical support and capacity building** provided to LRGs to access funds and lending modalities (e.g. financial management, revenue generation, technical proposal and bid writing) should be prioritised. Supporting LRGs in crafting bankable project proposals which target service delivery and take into account community needs, would enable long-term sustainability and returns. Decentralised cooperation represents a tool and has a track record in building those capacities.

Ensuring an institutionalised participation for LRGs with dedicated instruments to access relevant funding opportunities would enable long-term structural changes for LRGs in partner countries. As a complement to programmes targeting decentralisation and multilevel governance, the recreation of tailored and more flexible calls for proposals and instruments, with manageable budgets and targets, including among others, reinstating the Civil Society Organisation-Local Authorities (CSO-LA) budget line, could be solutions. This would formalise LRGs role in the Global Gateway and Team Europe initiatives, contributing to an enabling environment that supports economic and human development whilst maintaining **democratic accountability, transparency, good governance and the delivery of the main sectoral components envisaged by the Global Gateway.**

The next MFF presents an opportunity for the European Union and its institutional and political actors to find a valuable ally in LRGs active in development cooperation. European LRGs and their associations can play a crucial role in localising and delivering EU investments through the Global Gateway.

PLATFORMA’s Coalition will be working in close partnership with other FPAs (Framework Partnership Agreement) signatories looking at leveraging the support of Members States, the European Parliament, and likeminded partners from organised civil society, to support on the continued engagement and inclusion of LRGs in EU external action and its policies.

Key Messages:

- 1. Local Regional Governments (LRGs) and their associations are assets for EU financing for external action, the Global Gateway and Team Europe initiatives.** As the first port of call for citizens, LRGs are best placed to respond to the most pressing needs of their communities and decide on structural changes, service delivery, and investments. EU and partner country LRGs can directly accompany Global Gateway interventions, including the identification,

planification, implementation and monitoring of flagship projects to ensure their success, long-term sustainability and inclusivity. **To boost the enabling environment for Global Gateway investments and achieve a 360-degree approach, LRGs and their associations should be considered as essential stakeholders to deliver the EUs 'values-based' offer.** Through decentralised cooperation European LRGs have a unique capacity to localise global challenges and raise citizens' awareness. Global Europe would benefit from accessing partnership networks, territorial ecosystems, including local and regional hubs of expertise, who deliver actions which are **co-designed, co-owned and tailored to local needs**. It is essential to further elaborate and provide entry points on how LRGs can concretely be a part of the equation to ensure effective territorial development and policy coherence.

2. **Prioritise support for decentralisation and multilevel governance reforms to ensure the long-term sustainability of infrastructure investments.** This requires strengthening technical support and capacity building to improve access to funding and lending opportunities, while also developing local development plans with concrete investment catalogues and bankable project proposals. Additionally, fostering stronger ties with the private sector and leveraging decentralised cooperation and its actors will enhance effective, locally responsive programming that aligns with territorial realities and community development needs.
3. **Recognise the unique role of Local Regional Governments (LRGs) in fragile contexts.** Create dedicated programming for LRGs and their European partners to provide ongoing support to populations in urgent need. Oftentimes LRGs and their partners are the only state apparatus towards whom citizens can turn to. Where the dialogue is fragmented at the national level, LRGs remain in charge of humanitarian relief, emergency and disaster risk reduction and can be invaluable partners in supporting community resilience and recovery, as well as peacebuilding. They contribute to the well-being of their citizens by sustaining essential service delivery and addressing community needs, even amid challenging circumstances. Additionally, LRGs have maintained open channels of communication during a highly polarised political climate, through their subnational and national associations, and through effective practices of city diplomacy.
4. **Maintain dedicated instruments for Pre-Accession and Ukraine's reconstruction, whilst ensuring separate financing channels for urgent crises and ongoing geographical and thematic programmes.** Recognising enlargement as a priority for geopolitical and security investments by the EU, it is essential to maintain distinct financial allocations for Ukraine and Pre-accession Assistance (IPA). In this context, it is important to acknowledge that empowered local and regional governments (LRGs) have a mandate to accelerate economic and social integration, fostering closer ties between candidate countries and the EU. They also play an important role in mobilising the private sector. In addition, the success of decentralised cooperation should be recognised as a catalyst for recovery and an effective integration process.
5. **Enhance EU Delegation's capacity to engage with LRGs and their associations,** particularly to improve decentralisation and investment planning dialogue, policy coherence and peer learning to advance the localisation of the SDGs and the 2030 Agenda. This can be done by

consistently establishing dedicated focal points in all EU Delegations and developing **innovative funding mechanisms which simplify current schemes** to be more flexible and accessible to LRGs. This includes creating local framework partnership agreements (FPAs), simplifying and increasing calls for proposals for better access and adaptation to LRGs needs. **Ensuring structured participation for LRGs and pathways for accessing relevant funding opportunities would enable long-term structural changes for LRGs in partner countries.** As a complement to programmes targeting decentralisation and multilevel governance, the recreation of tailored and more flexible calls for proposals and instruments, with manageable budgets and targets, including among others, the restitution of the Civil Society Organisation-Local Authorities (CSO-LA) could be solutions.

About:

[PLATFORMA](#) is the pan-European coalition of towns and regions – and their national, EU and global associations – active in the field of development cooperation. It gathers 26 partners. Its Secretariat is hosted by the [Council of European Municipalities and Regions](#) (CEMR), Europe’s first and broadest association of Local and Regional Governments. PLATFORMA is co-financed by the European Union since 2008. PLATFORMA signed a Framework Partnership Agreement (FPA) with the European Commission in 2015 with its most recent renewal in 2022.

ⁱ Treaty on European Union (TEU) – Maastricht Treaty (1992)

ⁱⁱ United Nations 2030 Agenda for Sustainable Development (2015)

ⁱⁱⁱ Treaty of Lisbon (2009)

^{iv} [European Charter of Local Self-Government](#) (1982)

^v MDPI - Territorial Cooperation and Cross-Border Development (2023)

^{vi} UTS - [The Role of Local Government in Local and Regional Economic Development](#) (2017)

^{vii} ECDPM - [Global Gateway: Where now and where to next?](#) (2024)

^{viii} PLATFORMA - [Municipalities and Regions Take Action On Global Citizenship Education: The Road Towards 2030](#) (2021)

^{ix} PLATFORMA - [What role can local governments play in fragile or crisis-stricken states? the case of the Syrian crisis](#) (2015)

^x UNDP - [Local Governance in Fragile and Conflict-Affected Settings](#) (2016)

^{xi} PLATFORMA Position – [EU External Financing for Local Authorities Global Gateway, Team Europe and the Neighbourhood, Development and International Cooperation Instrument \(NDICI\) – Global Europe](#) (2024)

^{xii} OECD - [Driving Policy Coherence for Sustainable Development](#) (2023)

^{xiii} UCLG – [Local and Regional Governments' Access to EU Innovative Development Financing: Mechanisms and Opportunities](#) (2021)