



To: Heads of State and Government of EU Member States

Brussels, 15.06.2026

Subject: Making the next EU budget deliver *competitiveness, cohesion and trust*: strengthening the **European Competitiveness Fund** and the **National and Regional Partnership Plans** through genuine multilevel governance

Dear Heads of State and Government,

On behalf of the **Local Alliance**, *the informal coalition of Europe's leading networks representing local and regional governments (ACR+, CEMR, Climate Alliance, Energy Cities, Eurocities, FEDARENE, ICLEI Europe and POLIS)*, we write ahead of the European Council meeting of 18-19 June, where you will be discussing the next **Multiannual Financial Framework (MFF) 2028–2034**.

Local and regional governments are indispensable to delivering EU priorities on the ground. They translate EU objectives into actual projects, services and investments, making the European project beneficial and visible to people wherever they live. This is why the Local Alliance has consistently called for a next EU budget that is **place-based, grounded in multilevel governance, and designed to deliver** our shared goals, including competitiveness and the green transition.

Ahead of the European Council meeting, we welcome the political momentum created by the adoption of the European Parliament's MFF interim report and the publication of the draft reports on the European Competitiveness Fund and on the National and Regional Partnership Plans. We encourage you to reflect the Parliament's key recommendations in your Council's discussions and positions. In particular:

On the overall Multiannual Financial Framework:

- We support the EP interim report position to **clarify budget allocations** for different key funds for subnational governments, including the overall amount dedicated to Cohesion Policy, and the budget for ERDF, ESF, and other programmes such as LIFE; as this would prevent uncertainty and undesirable competition between the different policy priorities, including the Common Agricultural Policy, and provide more predictability for beneficiaries.
- Regarding the rule of law, we also support the EP recommendation **to ensure final beneficiaries will not be penalised** in case of suspension of funds to the Member States.

On the National and Regional Partnership Plans Regulation and the Fund

- We support the EP draft position for Member States to **include regional and territorial chapters in their NRP Plans**. The Local Alliance calls for mandatory regional and

territorial chapters to ensure all European territories continue to benefit from EU Cohesion policy and investments that support structural infrastructures and services, resilience and sustainable transition, as well as innovation and competitiveness of European regions, cities and municipalities.

- We strongly welcome the European Parliament's **safeguards on partnership and multilevel governance** in the draft NRPP report, including the requirement for the direct involvement of competent regional and local authorities in the design, implementation, monitoring and evaluation of measures, and for Member States to demonstrate effective involvement of local and regional governments.
- We particularly value the draft NRPP report approach to make partnership and multilevel governance enforceable, by embedding it among the **horizontal principles** and by introducing a dedicated requirement on respect for partnership and multilevel governance. This is essential to ensure Plans remain place-based and delivery-oriented across all territories.
- We welcome the draft NRPP report recognition that delivery capacity is a precondition for results, notably by providing for an **appropriate share of resources to strengthen the administrative capacity** of regional and local authorities, including through technical assistance. This will improve absorption, quality of investments, and policy outcomes.
- We strongly welcome the draft NRPP report commitment **to protect integrated territorial and urban delivery tools**, notably by ensuring that a minimum share of ERDF is allocated to integrated territorial and urban development strategies, and by improving the enabling framework for such tools (including more favourable co-financing conditions for integrated territorial/urban development and community-led local development). This is crucial to turn EU priorities into visible local results.

On the European Competitiveness Fund

- We welcome the co-legislators' ongoing efforts to make the European Competitiveness Fund a delivery-oriented instrument that strengthens Europe's competitiveness. To achieve this, the ECF should explicitly recognise local and regional governments, and their agencies and public service providers, as eligible beneficiaries and implementation partners. Cities, regions and municipalities are essential to turning European competitiveness priorities into investment pipelines, public services, industrial transformation, clean energy deployment and visible results for citizens.
- We call on the Council to ensure that territorial innovation tools and mechanisms can continue to contribute to the ECF's objectives across the relevant funding windows. Existing territorial innovation capacities, including smart specialisation strategies, place-based innovation ecosystems, local and regional project pipelines, and the deployment of solutions developed under EU Missions, should be better connected with ECF programming and delivery. This would help improve project quality, absorption and

impact, avoid duplication with National and Regional Partnership Plans, and support the deployment of innovation and industrial transformation across Europe's diverse territories.

- We also urge the Council to safeguard and reinforce Coordination and Support Actions as a core delivery layer of the ECF. Market uptake, technical assistance, capacity building for public authorities, replication across cities and regions, standardisation, awareness-raising and networking are indispensable to overcome non-technological barriers to clean energy, energy efficiency, building renovation, industrial decarbonisation and clean technology deployment. As these actions do not generate commercial returns and are often delivered by local and regional authorities, energy agencies and community organisations, they require workable funding conditions.
- We encourage the Council to integrate local and regional authorities as part of the governance of the ECF, in particular for the definition of the work programmes, as experts of the implementation of the Fund, having strong knowledge on what should be financed and with which tools on the ground.

In June, you have an opportunity to set a clear direction for an EU budget that delivers competitiveness, cohesion and trust across all territories. We therefore encourage you to uphold the European Parliament's key recommendations on multilevel governance, territorial delivery and predictable funding under the NRPPs and ensure the continuation of the territorial innovation and competitiveness tools as well as predictable innovation, scale up and investment funding for cities and regions under the ECF, as you shape the Council's position on the next MFF and the related instruments.

The Local Alliance, through the signatories of this letter, stands ready to support your work with practical evidence from cities and regions and to contribute to a structured dialogue on implementation.



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Deputy Mayor of
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8. Municipality of Bornova
9. Municipality of Brest Metropole
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