



For a Europe of Cities, Towns and Regions

**Recommendations of the German-Austrian URBAN Network
on the draft Multiannual Financial Framework (MFF)
2028–2034 of the European Union**



These recommendations were drawn up in spring 2026 by the member cities of the German-Austrian URBAN Network, with the participation of partners from federal and state ministries, in response to the draft Multiannual Financial Framework (MFF) 2028–2034 published by the European Commission. The positions derived from this are based in particular on previous experience of implementing the urban dimension in the EU Structural Funds in Germany and Austria.

Our Recommendations at a Glance

Recommendations to the EU institutions

- Ensure that the urban dimension is firmly embedded within an integrated territorial development framework.
- 'Multi-level governance' as a mandatory requirement in the drafting and implementation of national plans.
- Introduce tangible simplifications for local authorities.
- Retain the N+3 rule.
- Ensure local access to the Competitiveness Fund in all regions.
- Systematically strengthen capacities and planning certainty.
- Integrated projects must be given priority.

Recommendations to the federal governments of Germany and Austria

- Ensure that the urban dimension is politically safeguarded in territorial development.

Recommendations to the federal states

- Ensure that the urban dimension is firmly embedded in regional development strategies.
- Simplify administrative and monitoring systems.
- Ensure that co-financing and complementary funding are realistic.

1 BACKGROUND: PROPOSALS FOR THE NEW MULTI-ANNUAL FINANCIAL FRAMEWORK 2028-2034 ARE CHANGING THE RULES OF THE GAME

The draft proposals¹ for the European Union's Multiannual Financial Framework 2028–2034 (MFF 2028+ for short) mark a radical shift in the EU's funding architecture. Accordingly, future cohesion policy is to be more tightly focused, programmes consolidated, and governance brought more closely into line with a reform and performance-based approach. All of this has direct implications for the federal government, the Länder and local authorities.

From an urban development perspective, the **proposed changes to the MFF 2028+** are particularly far-reaching. With the removal of the binding minimum allocation for the 'urban dimension' at national level (previously 8% of ERDF funds), a key safeguard that has ensured planning certainty and the visibility of integrated urban development projects within the framework of EU structural policy is being lost. The future implementation of the 'urban dimension' of EU cohesion policy will be shifted to national and regional negotiation processes. Without a binding urban quota, there is a risk of a crowding-out effect, as integrated urban development competes with other political priorities. The fact that investment in urban infrastructure is a key prerequisite for the performance of entire interconnected regions is overlooked in this context.

At the same time, the new programming logic of the National and Regional Partnership Plans (NRPPs) shifts the previous regional programmes into 'regional chapters' within a national framework. The European Commission is also proposing a shift to milestone- and target-based disbursements ('Milestones'/'Targets') and wishes to shorten the deadlines for the forfeiture of funds to one year (previously $n+3$). It is primarily the European Commission that benefits from the promised simplification, flexibility and results-orientation of the new programming logic. At national and regional level, however, the plans will lead to increased bureaucracy, as extensive coordination between the federal government and the Länder will be required – not only when drawing up programmes, but also whenever changes are made to them. The **administrative burden** on the Länder, regions and beneficiaries will therefore remain high, as the European Court of Auditors rightly points out in its opinion of 24 February 2026².

¹ See URL: <https://eur-lex.europa.eu/legal-content/DE/TXT/HTML/?uri=CELEX:52025PC0571>, (accessed on 11.02.2026)

² See URL: <https://www.eca.europa.eu/de/publications/OP-2026-09>, (accessed on 02.03.2026)

The new funding framework entails risks at several levels. At **Member State level**, it may lead to centralisation, leaving less scope for prioritisation at regional and local level. At the same time, the focus on outcomes and milestones complicates construction and investment projects, whose planning, approval, procurement and implementation processes are complex.

For **cities and local authorities**, risks are mounting at the operational level. Shortened deadlines jeopardise the quality of integrated approaches that rely on carefully coordinated participation, consultation and cross-sectoral solutions, as well as the feasibility of multi-year construction projects. These are inherently subject to careful planning and approval processes, as well as adjustments to the construction schedule, such as delays and reallocations of funds. Finally, it remains unclear how local needs will be integrated into a more competition-oriented funding framework.

The proposed changes to the MFF 2028+ require **clear guidelines** that continue to **safeguard cities' capacity to act**, thereby creating the conditions necessary for EU priorities such as competitiveness, climate protection and adaptation, social cohesion, resilience and security to take effect at local level for citizens. Cities have been and remain key strategic platforms for implementing transformations and investments. Sustainable urban development is a driving force behind European Structural Funds policy. More than almost any other type of project, sustainable urban development initiatives address all of the EU's strategic objectives and make Europe visible and tangible at the local level. **Integrated strategies for urban and functional areas must therefore continue to be clearly visible, binding and financially secure within the NRPPs.** The transfer of cohesion funds into a single national plan without binding detailed budgetary requirements for territorial and urban approaches would effectively amount to abandoning the steering effect of the funding instruments in terms of content. Without clear commitments and minimum quotas, investment decisions would primarily follow national priorities; European objectives would only be taken into account where they coincide with these. It is precisely this binding European steering effect – the targeted alignment of public investment with overarching European transformation goals – that underpins the added value of cohesion policy in more developed Member States. If this steering effect is lost, funding is reduced to a general financial transfer lacking any independent integration policy value and, given the high administrative burden involved, would be difficult to justify on substantive grounds.

At the same time, EU cohesion policy must not pit urban and rural areas against one another, but must view and take into account their complementary nature. Cities and central towns provide essential public services for their surrounding areas and act as infrastructure and

innovation hubs for their wider regions. A decline in urban development reduces the performance of entire regions and ultimately affects rural areas as well. Against this backdrop, we refer to the following recommendations for the federal government and the federal states in Germany and Austria.

2 RECOMMENDATIONS TO THE EU INSTITUTIONS

2.1 Ensuring the urban dimension is reliably safeguarded within the framework of integrated territorial development

Cities provide essential public services and support functions for their regional catchment areas and rural sub-regions. This applies, among other things, to the sectors of education, health, mobility, the labour market, culture and social participation. At the same time, cities face a wide range of transformative challenges, such as demographic change, the impacts of climate change, crisis preparedness, and processes of social and economic displacement. To tackle new social challenges such as intra-EU poverty migration in cities, the next EU financial framework requires a significant increase in the funds previously provided by the ESF+. Integrated urban and regional development requires realistic timeframes for planning, participation, approval, procurement, implementation and impact assessment. EU rules on implementation and commitment deadlines must be designed in such a way that innovative investments in sustainable urban development, intended for long-term use, are not structurally disadvantaged compared to simple supply services. EU structural policy must continue to specifically facilitate integrated urban development projects in core cities and functionally linked urban regions. To this end, sufficient funding for an urban dimension within the framework of integrated territorial development must be provided for in the NRPPs. The target figure is at least the level of funding allocated to sustainable urban development in the 2021–27 Multiannual Financial Framework.

2.2 ‘Multi-level governance’ as a mandatory requirement in the drafting and implementation of national plans

NRPPs must include mandatory regionalised chapters that specifically address the potential use of territorial instruments (e.g. ITI/CLLD/others). Regions must be involved at an early stage, on an ongoing basis and in a meaningful way. At the same time, the autonomy of the regional level in the preparation and implementation of ERDF and ESF+ funding should be legally and financially safeguarded in the texts of the regulations. Transparent democratic control mechanisms and accountability must be strengthened in order to avoid centralisation in future cohesion policy – with the negative consequences for the local level that occurred during implementation under the Recovery and Resilience Facility (RRF).

2.3 Introduce tangible simplifications for local authorities

Procedures and control mechanisms must be designed in such a way that even smaller and rural local authorities remain capable of acting within functional areas. Proven national systems should be prioritised, and EU mechanisms should only be introduced as a supplement where they offer demonstrable added value. Performance-based billing should be restricted exclusively to measures suitable for this purpose and should not become the standard for complex investment projects. This also includes waiving the requirement for approval of territorial development strategies and maintaining the principle of reimbursement of expenditure.

The simplification measures announced as part of the Agenda for Cities published in December 2025 are welcomed. Particular mention should be made of the planned initiatives designed to make cities' access to EU advisory services and calls for proposals clearer and more accessible, for example through the expansion of the 'EU Cities Portal', the establishment of a 'Cities Helpdesk' and the creation of an 'EU Cities Platform', which is intended to bring together and make accessible the various EU support initiatives for cities. Close coordination with existing initiatives and platforms is required here in order to leverage synergies and avoid duplication of structures.

2.4 Retain the N+3 rule

The European Commission proposes that funding should lapse on 31 October of the year following the year in which the funds were committed. This rule poses significant financial risks at local authority level, particularly in the case of complex investment projects, and jeopardises the achievement of European funding objectives. EU funding must continue to remain available for up to three years after the year in which the funds were committed before the commitment is lifted (n+3).

2.5 Ensure local access to the Competitiveness Fund in all regions

The newly proposed Competitiveness Fund must be accessible to all regions and territorial units in Europe, consistently integrate climate neutrality, climate change adaptation and competitiveness, and support public, public-interest and locally-owned enterprises. The Competitiveness Fund, and Horizon Europe, should therefore remain accessible to local authorities and associations of local authorities as applicants. The status of local administrative units that do not engage in any market-based activities (e.g. strategic urban development, etc.)

but act as beneficiaries in EU funding programmes must finally be clearly clarified under competition law (de minimis, etc.).

2.6 Systematically strengthen capacities and planning certainty

To ensure that complex, reform-related instruments function reliably, administrative and implementation capacities must be expanded in a targeted manner, particularly in the areas of project development, implementation and communication, (co-)financing management, as well as monitoring and indicator-based management. Such capacity-building should also extend to smaller local authorities and structurally weaker regions.

2.7 Integrated projects must be given priority

Integrated urban and regional development requires realistic timeframes for planning, public engagement, approval, procurement, implementation and monitoring of outcomes, and must take account of limited local human resources. EU rules on implementation and commitment deadlines must be designed in such a way that complex, long-term transformation projects are not structurally disadvantaged compared to short-term 'quick-fix' measures.

3 RECOMMENDATION TO THE FEDERAL GOVERNMENT

3.1 Ensure that the urban dimension is politically safeguarded in territorial development

As part of the preparation of the NRPP, the German and Austrian federal governments should make a politically binding commitment to set aside an appropriate minimum proportion of cohesion funds for integrated urban development projects within the framework of territorial development. To effectively underpin this commitment, a national reference framework is recommended, e.g. in Germany an updated national urban strategy or 'Agenda Stadt 2030+', which provides guidance for programming. In doing so, the federal government should explicitly allow the federal states flexibility, drawing on the proven leeway of previous funding periods (2014–2020), in order to accurately reflect regional specificities.

4 RECOMMENDATIONS TO THE FEDERAL STATES

4.1 Ensure that the urban dimension is firmly embedded in regional development strategies

The federal states should set out their own territorial objectives in each regional chapter of the NRPP, thereby explicitly addressing urban and regional functional areas. The focus here is on interdependencies, public services and the role of key towns and cities as important partners for their surrounding areas.

4.2 Simplify administrative and monitoring systems

The federal states should implement European requirements in such a way that inspection standards are as uniform, digital and proportionate as possible. Inspections should be designed to be risk-based, so that integrated projects are not hindered by bureaucratic requirements.

4.3 Ensure that co-financing and complementary funding are realistic

Co-financing rates and national matching funds must be set at a level that ensures integrated projects remain financially viable, including the necessary upfront costs.

We would like to take this opportunity to thank all members and partners of the German-Austrian URBAN Network who contributed to the drafting of this position paper.

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The German-Austrian URBAN Network

Since 1996, the network has been assisting and supporting German and Austrian cities in implementing integrated urban development measures within the framework of the EU Structural Funds and beyond. In 2026, these are the following 15 member cities: Berlin, Bielefeld, Braunschweig, Cottbus/Chósebuz, Dresden, Duisburg, Düsseldorf, Graz, Jena, Leipzig, Mannheim, Meissen, Plauen, Regensburg and Vienna. As a long-standing platform for exchange and a community of interest for urban affairs, the network is also in direct contact with political decision-makers at national and European level. The network is facilitated by the German Association for Housing, Urban and Spatial Development (DV). Further information can be found at: <https://www.deutscher-verband.org/aktivitaeten/netzwerke/urban-netzwerk.html>.

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