



# Fiscal Decentralisation Outlook in Europe

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The state of subnational finance  
in Europe and the EU  
Multiannual Financial  
Framework 2028-2034



# The Council of European Municipalities and Regions (CEMR)

We are Europe's **first and broadest association** of local and regional governments.

**1951**

Foundation of CEMR

**60**

National associations of local and regional governments

**41**

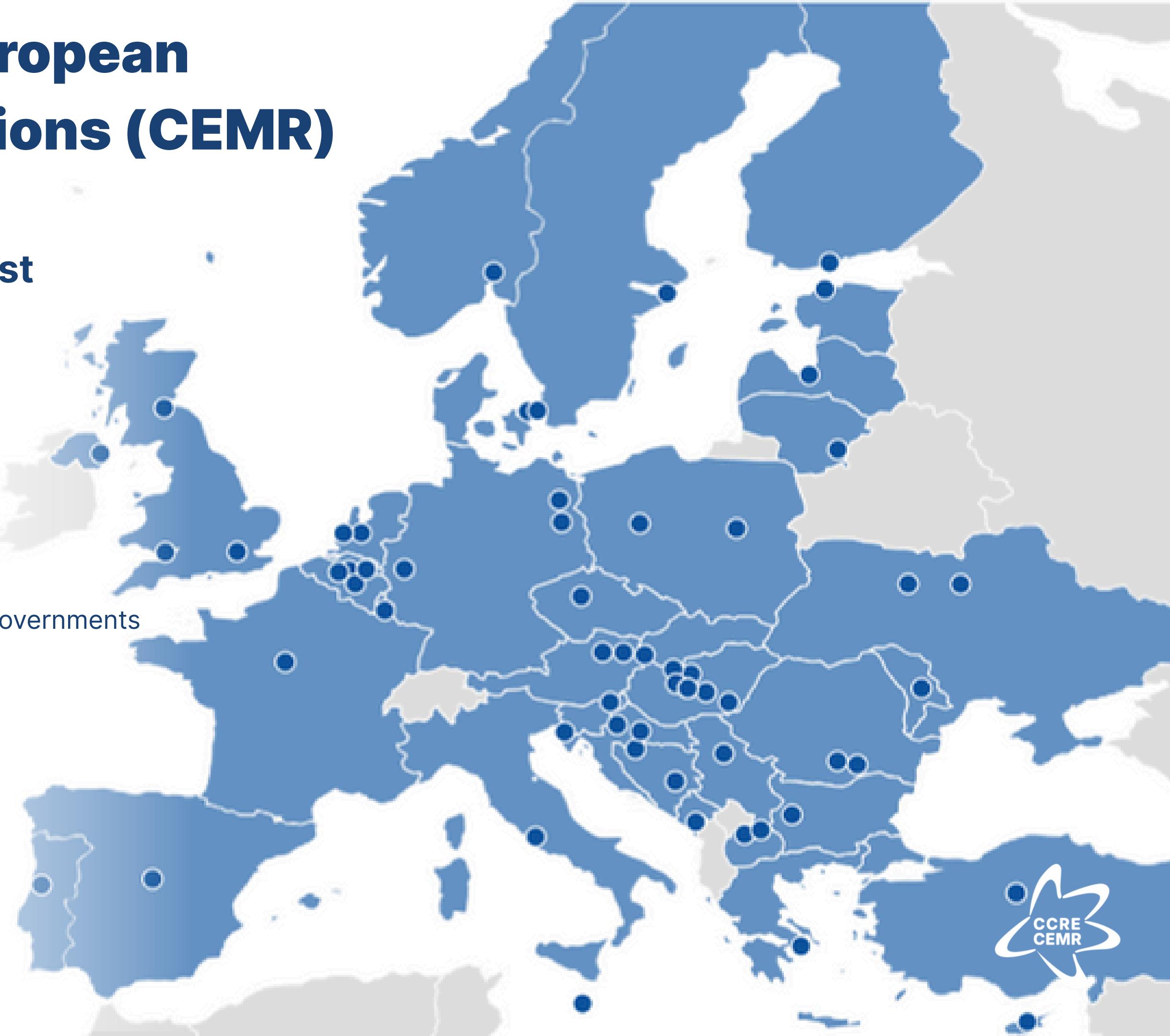
Countries

**110,000**

Local and regional governments

**1,000,000**

Locally elected representatives

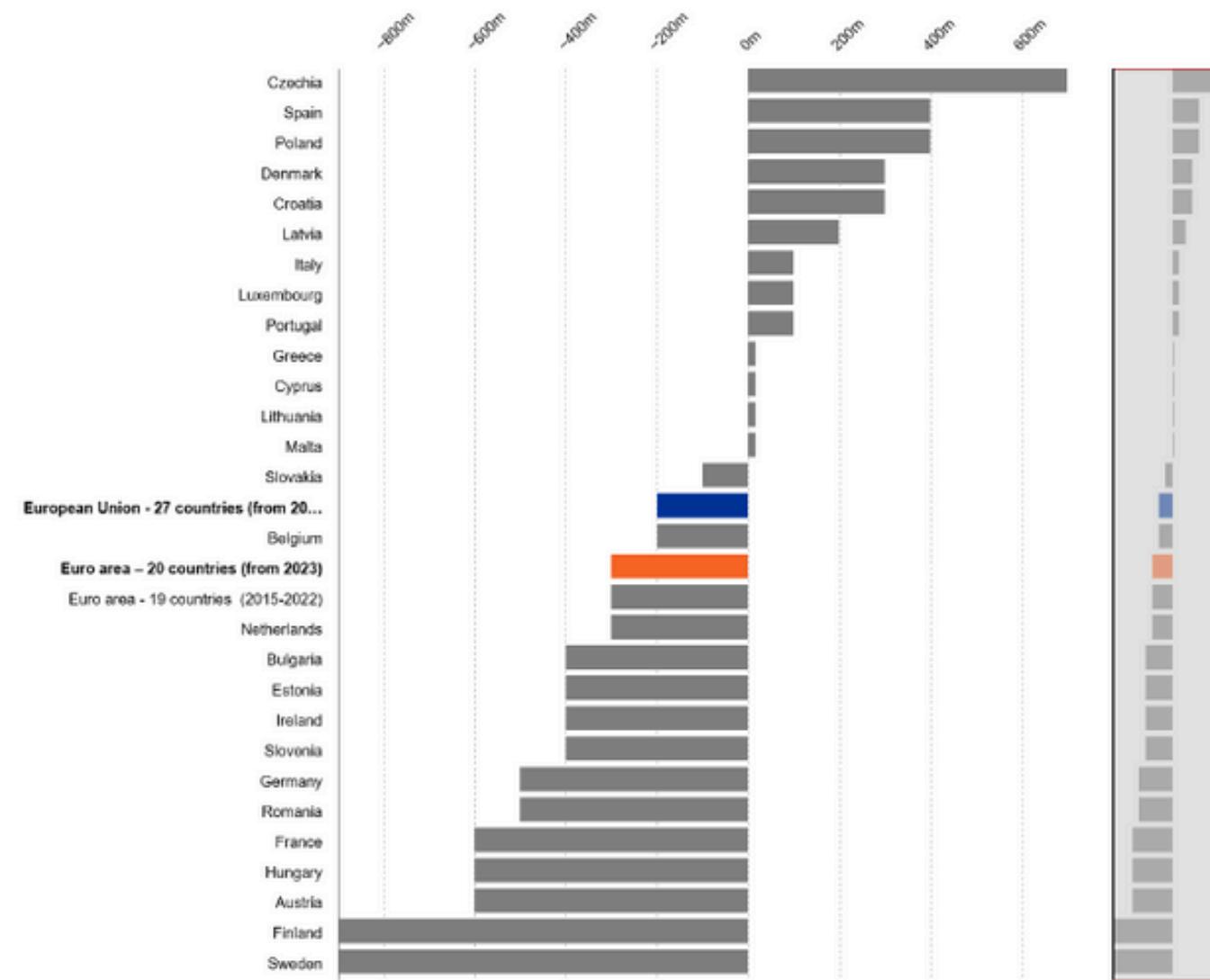


# The state of subnational finance in Europe

## Highlights from CEMR expert group on local finances

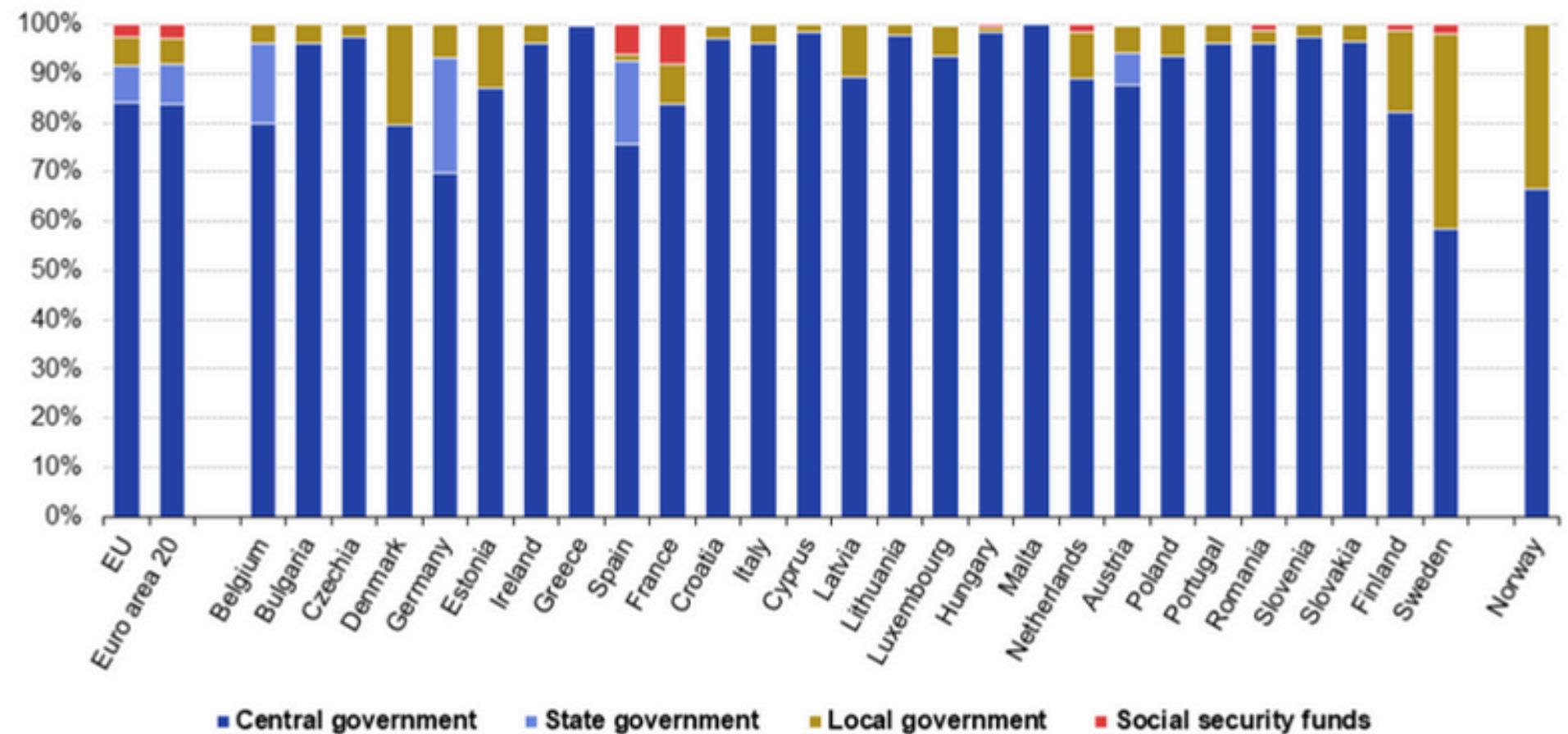
### Government deficit/surplus, debt and associated data

Time frequency: Annual Unit of measure: Percentage of gross domestic product (GDP) Sector: Local government  
 National accounts indicator (ESA 2010): Net lending (+)/net borrowing (-) Time: 2024



### 1) Worsening fiscal conditions and investment backlog

#### General government gross debt by subsector, percentage of total gross debt, non-consolidated between subsectors, 2023



Source: Eurostat (online data codes: gov\_10dd\_cgd, gov\_10dd\_slgd, gov\_10dd\_logd, gov\_10dd\_ssfd)

eurostat

Source: Eurostat

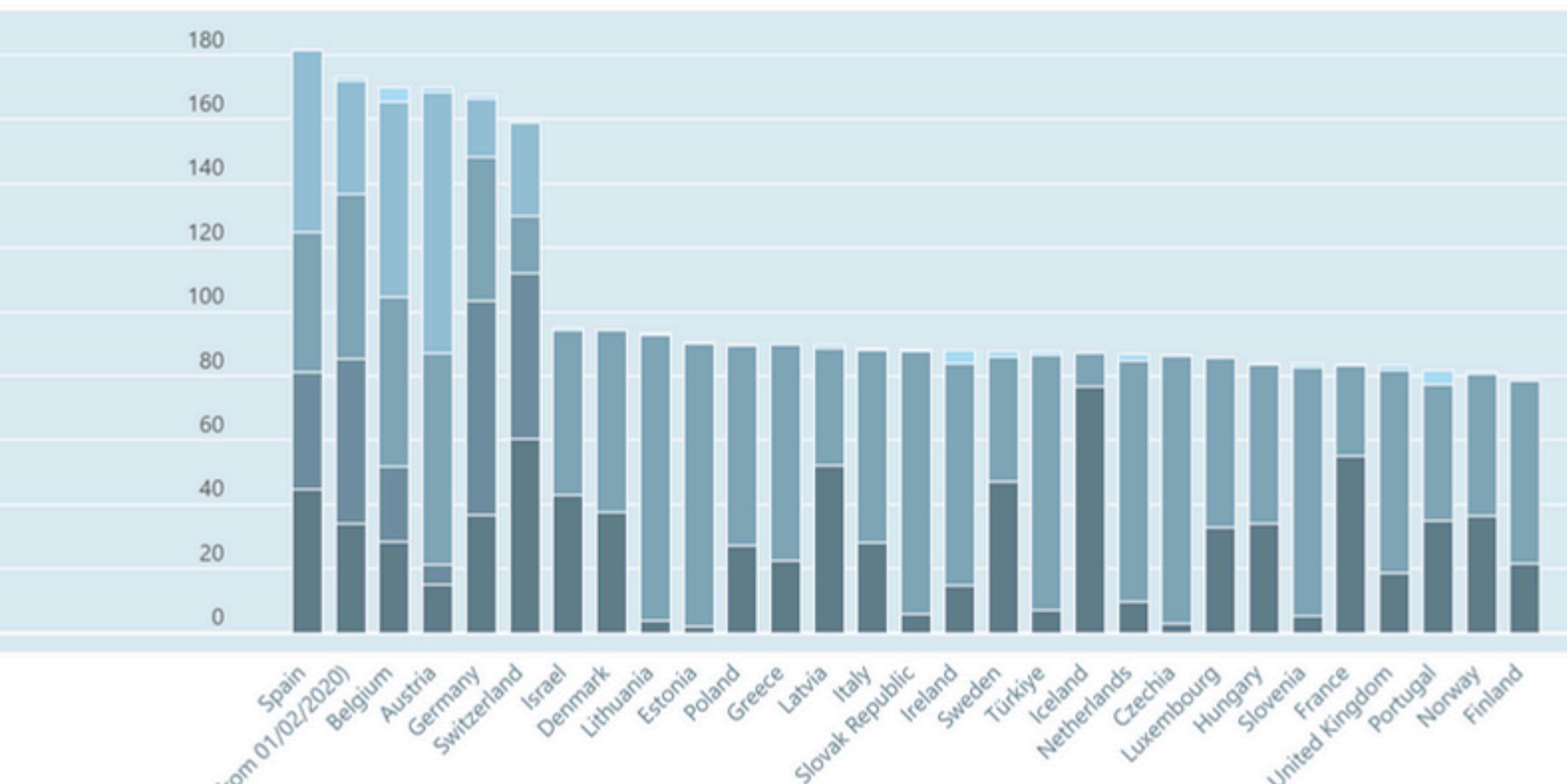
# The state of subnational finance in Europe

## Highlights from CEMR expert group on local finances

### Subnational government revenue by category i

Time period: 2023

Combined unit of measure: Percentage of revenues in the same institutional sector



### 2) Dependence on transfers and shrinking local fiscal autonomy

Especially increase of earmarked transfers

### 3) Impact of reforms and unfunded mandates

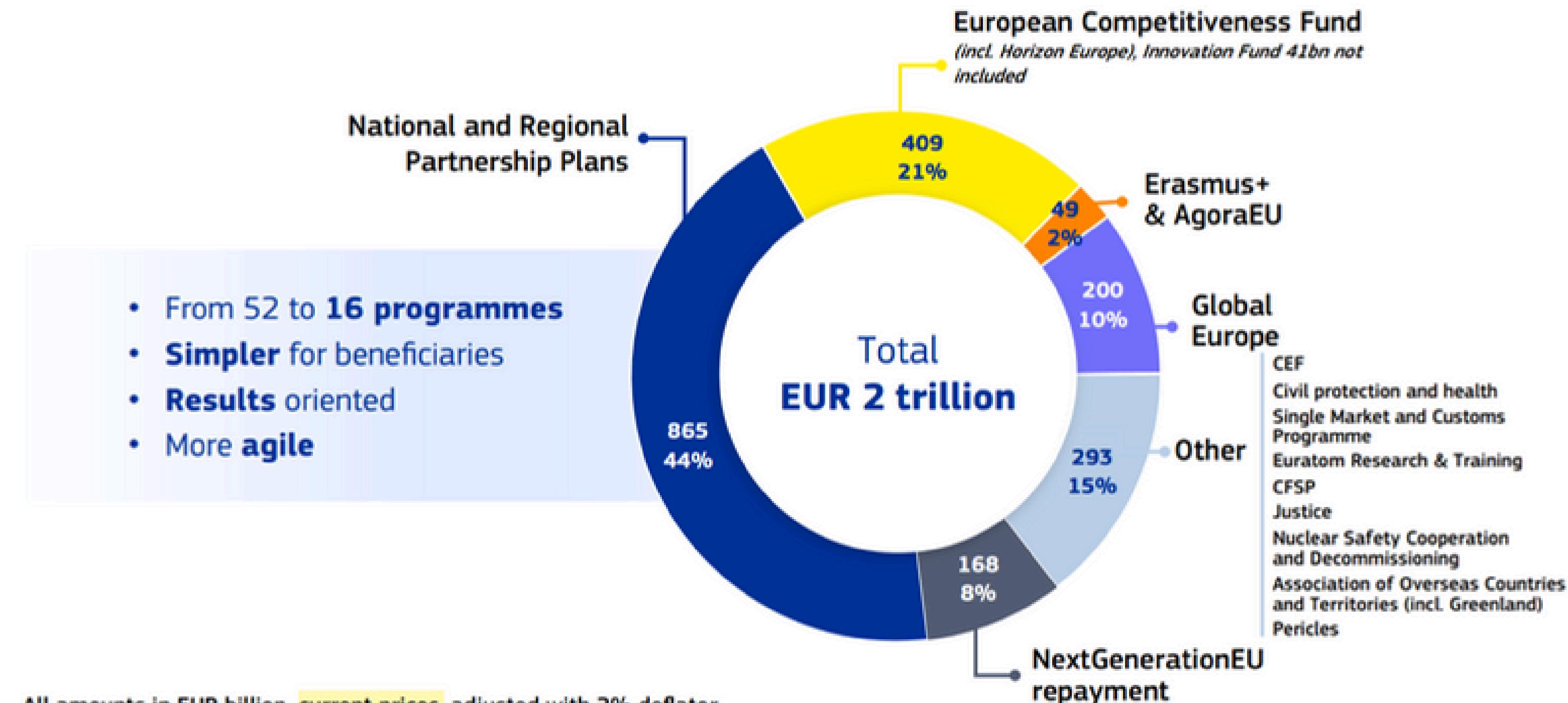
### 4) impact of digitalisation and demographic change

### 5) Worries about future of EU budget

Source: OECD Data explorer

# The Multiannual Financial Framework (MFF) 2028-2034

## Possible impacts on subnational finance and investments



# The Multiannual Financial Framework (MFF) 2028-2034



2028-2034 MFF overview

Commitments, € billion, 2025 prices

**Total amount proposed: €1.763 trillion**



Comparison of the 2021-2027 and the 2028-2034 MFF  
Commitments, € billion and EU GNI %, 2025 prices

2021-2027 MFF

2028-2034 MFF



# The Multiannual Financial Framework (MFF) 2028-2034

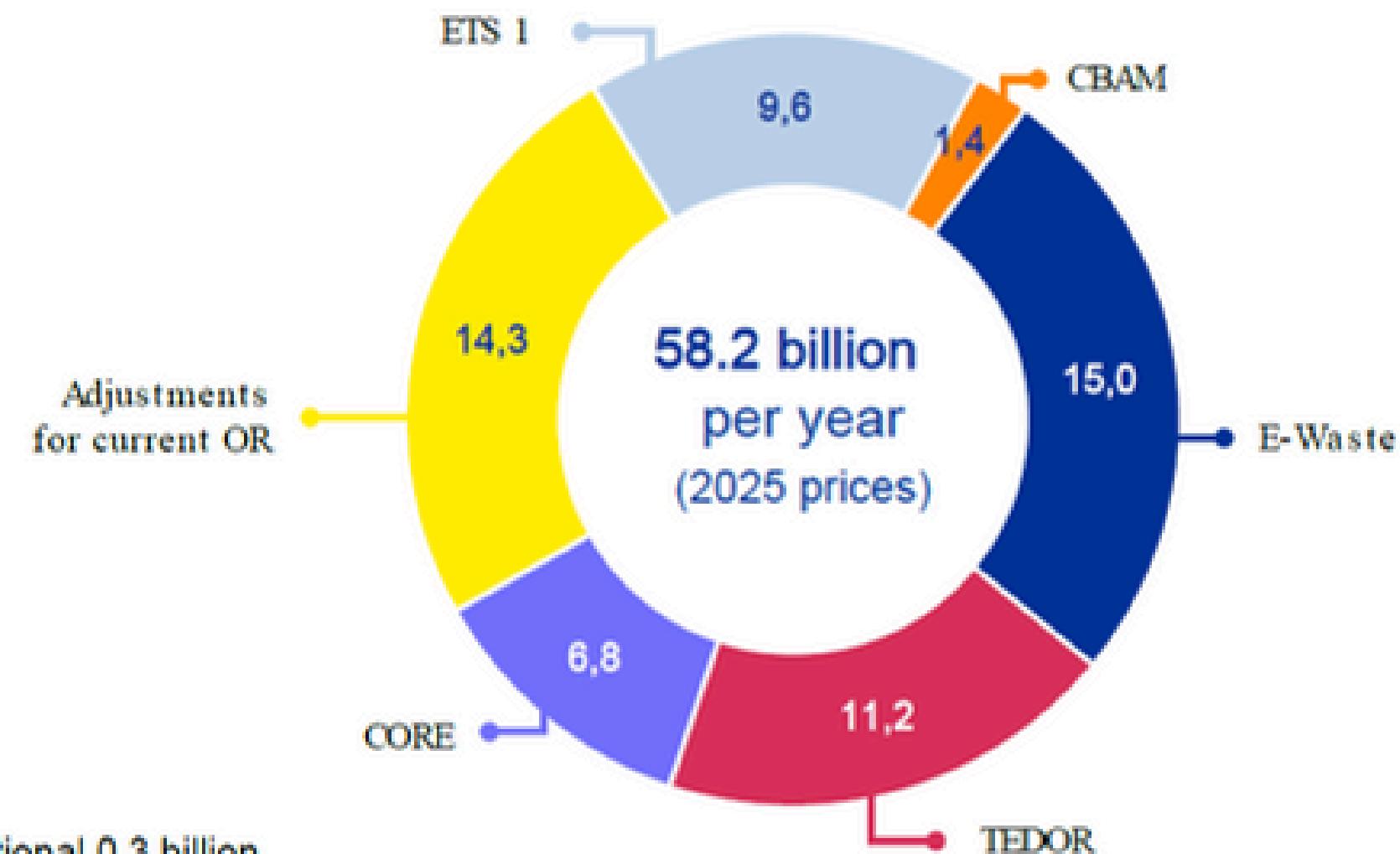


## Additional revenue generated by the new Own Resources Decision

### Potential impact on local finances

- New taxation on E-waste

2025 prices, annual average over 2028 - 2034 - Revenue in EUR billion



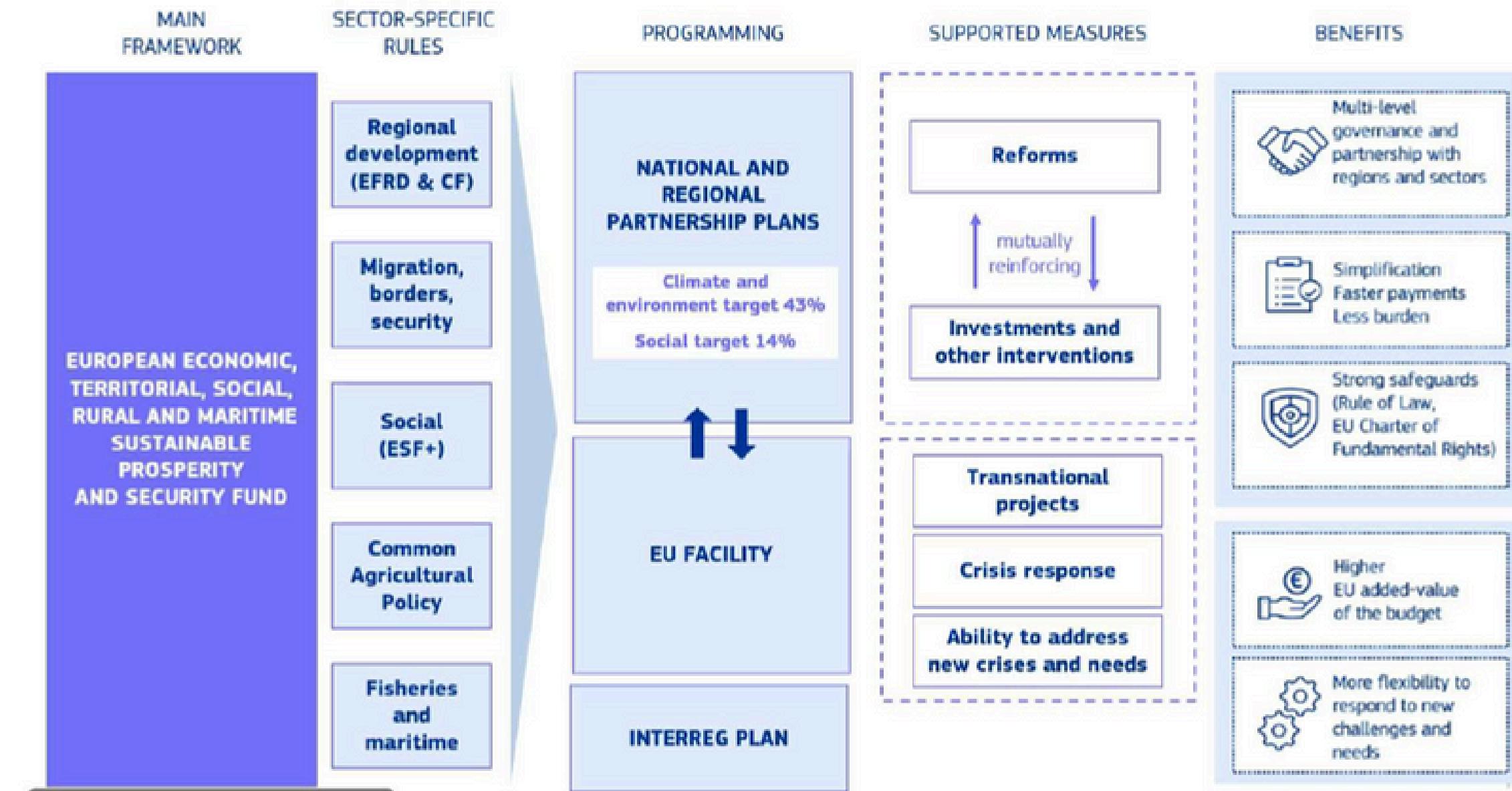
# The Multiannual Financial Framework (MFF) 2028-2034

## Heading 1 : National and Regional Partnership Plans



### Potential impact on local finances

- overall less resources available for LRGs compared to Cohesion Policy current framework
- No more guarantee all regions and territories will receive support from Cohesion Policy
- NRPPs will have to include a agenda for **reforms and investments** based on EU Semester Country Specific Recommendations + explain how they are consistent with the **national medium-term fiscal structural plans** (EU economic governance framework)



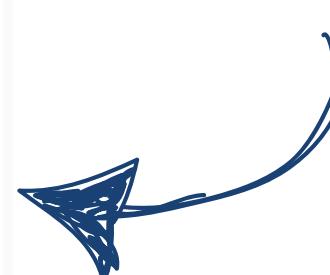
Source: DG REGIO presentation to EP REGI Committee

# The Multiannual Financial Framework (MFF) 2028-2034

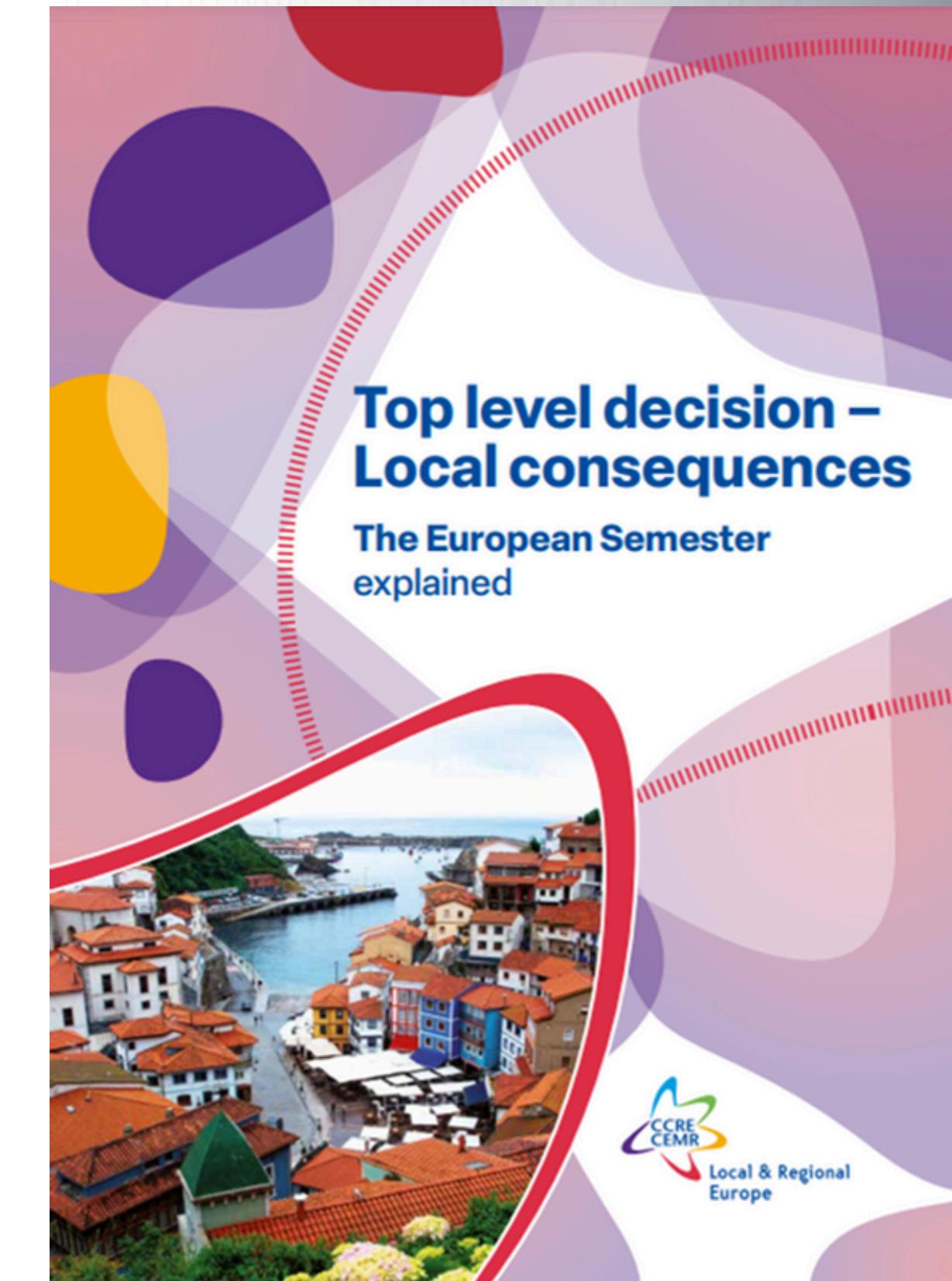
## Increased role of EU Semester



Scan to download  
the publication



Also here : <https://ccre-cemr.org/impactgoal-cohesion/is-the-eu-semester-important>



# The Multiannual Financial Framework (MFF) 2028-2034



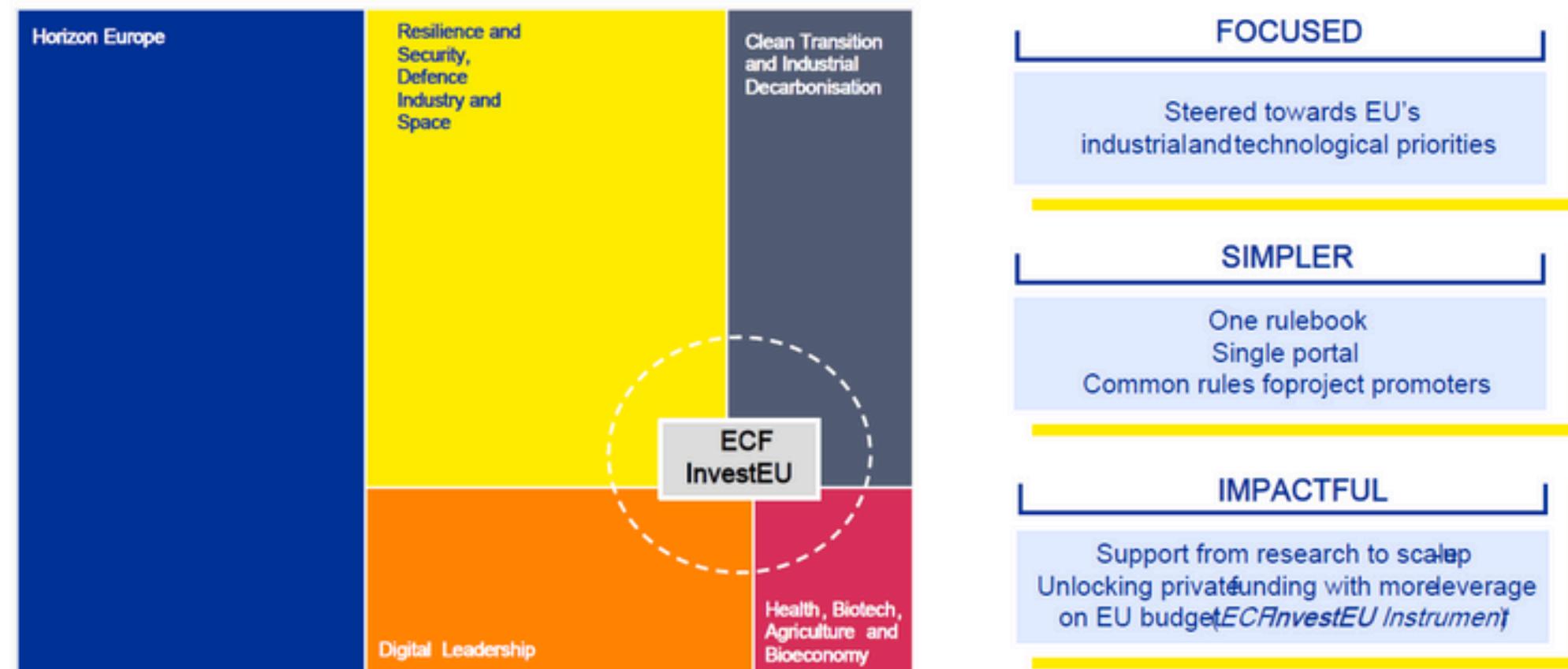
## Heading 2 : Competitiveness

### Potential impact on local finances

- Increased Horizon Europe
- No territorial dimension > risk that investments concentrate in already successful places / industries OR opportunities for LRGs to boost their local/regional economic development ?

### European Competitiveness Fund

A EUR 451 billion to boost innovation



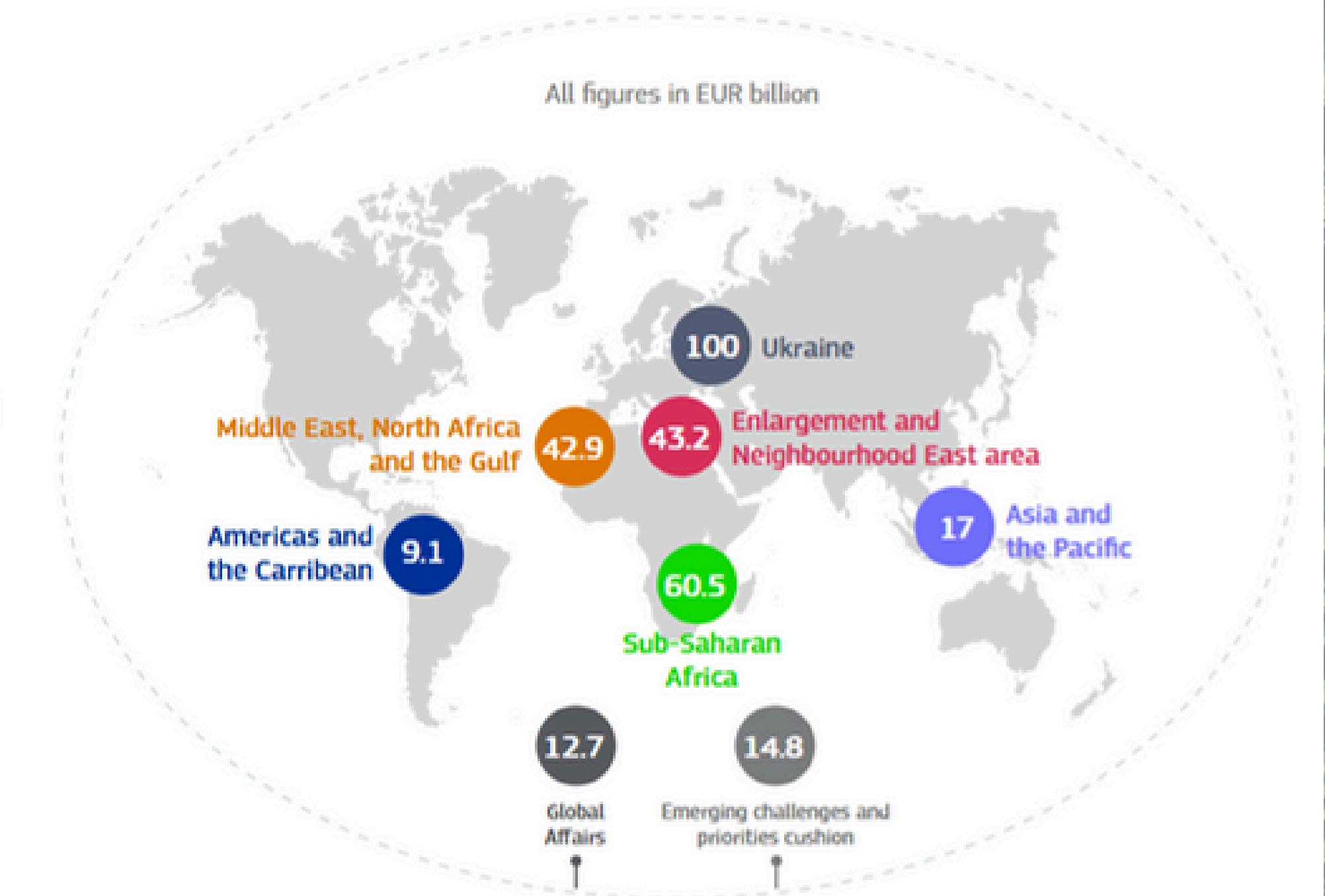
# The Multiannual Financial Framework (MFF) 2028-2034



## Heading 3 : Global Europe

### What does it mean in financial terms?

- ▶ Global Europe will receive €200 billion—a 75% increase—to strengthen global partnerships and advance EU priorities worldwide.
- ▶ €100 billion will be dedicated to Ukraine, outside the MFF ceilings. This underscores a lasting EU commitment to Ukraine's recovery, resilience, and path toward EU membership.



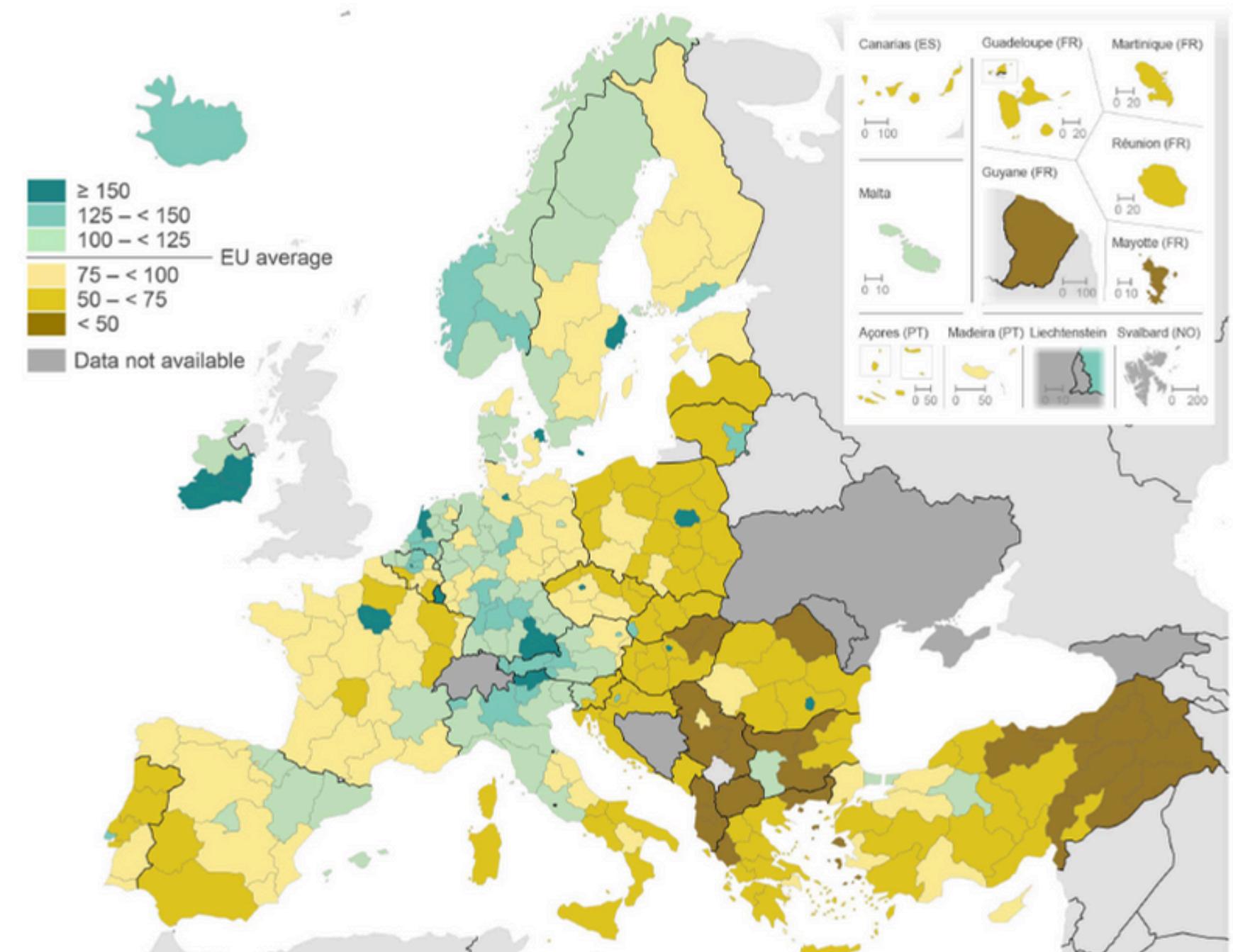
# The Multiannual Financial Framework (MFF) 2028-2034

## Possible impacts on subnational finance and investments

### Conclusions

- National and Regional Partnership  
Plans: in theory continuity is possible, in practice decision making powers will switch towards Ministries in charge of budget, and prioritisation choices will have to be made
- Increased role of EU Semester process
- Opportunities and risks of new focus on defence and competitiveness

**Map 7.1: GDP per inhabitant**  
(index relative to EU average = 100, by NUTS 2 regions, 2023)



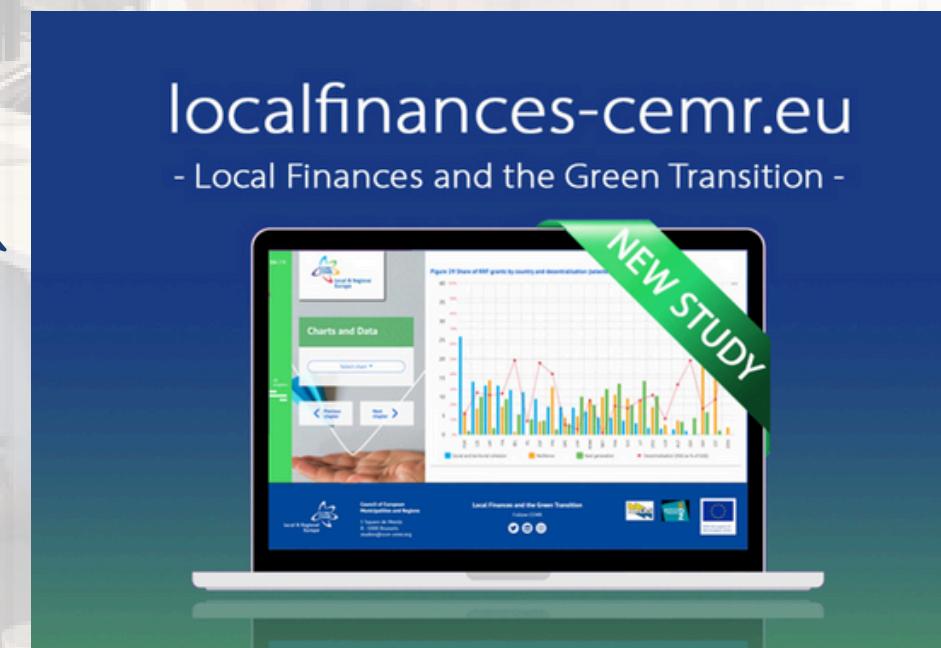
Note: based on purchasing power standards (PPS). Norway and Albania: 2021.

Source: Eurostat (online data codes: [nama\\_10r\\_2gdp](#) and [nama\\_10\\_pc](#))

Source: [Eurostat regional yearbook 2025](#)



# Additional ressources

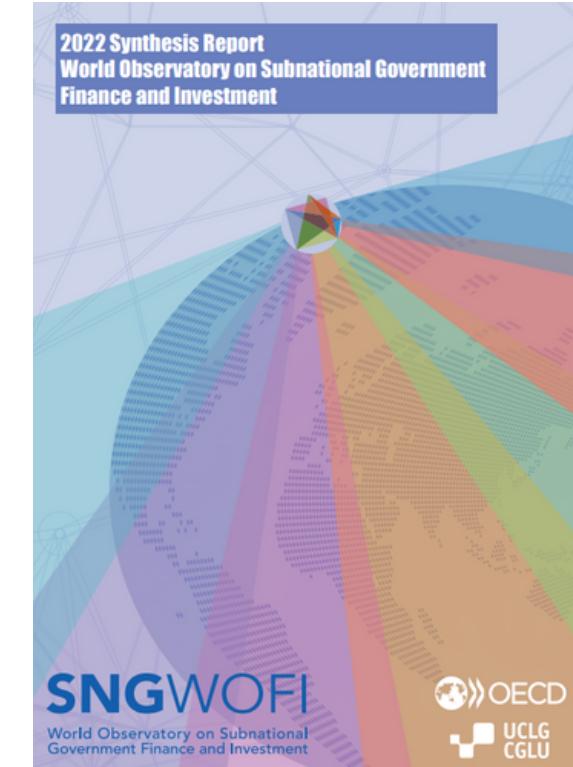


## CEMR publications:

- **Territorial Governance, Powers & reforms in Europe (TERRI report ) 2021**
- **Local Finances and the Green Transition**

## Additional ressources:

- **OECD / UCLG World Observatory on Subnational Government Finance and Investment**
- **OECD annual key data on subnational governments structure and finance in OECD countries**



# Thank you for your attention

## Marine Gaudron

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Economic, Social and Territorial Cohesion  
Local Finances

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