

Fiscal Decentralisation Outlook in Europe

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**

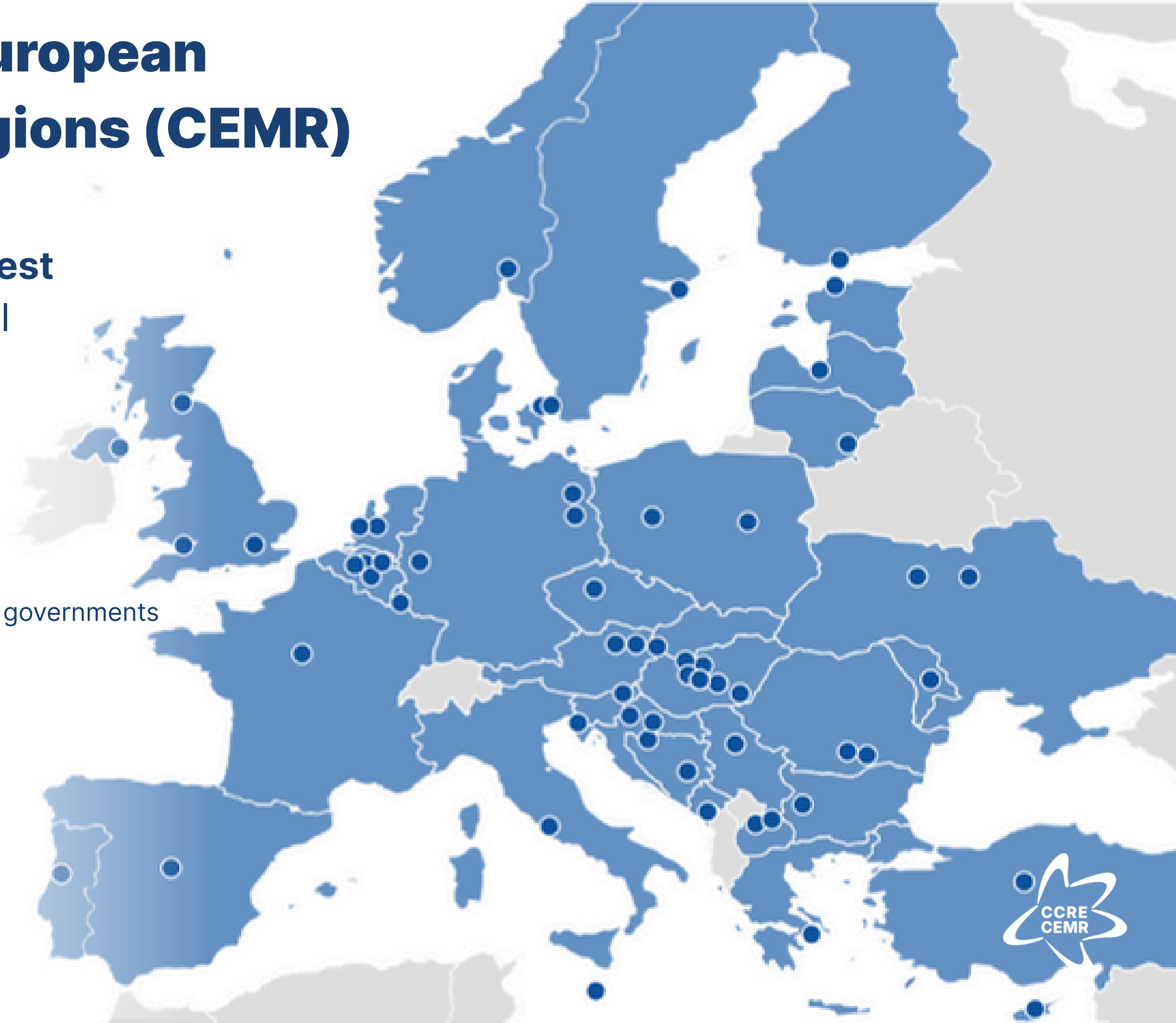
Countries

● **110,000**

Local and regional governments

● **1,000,000**

Locally elected representatives

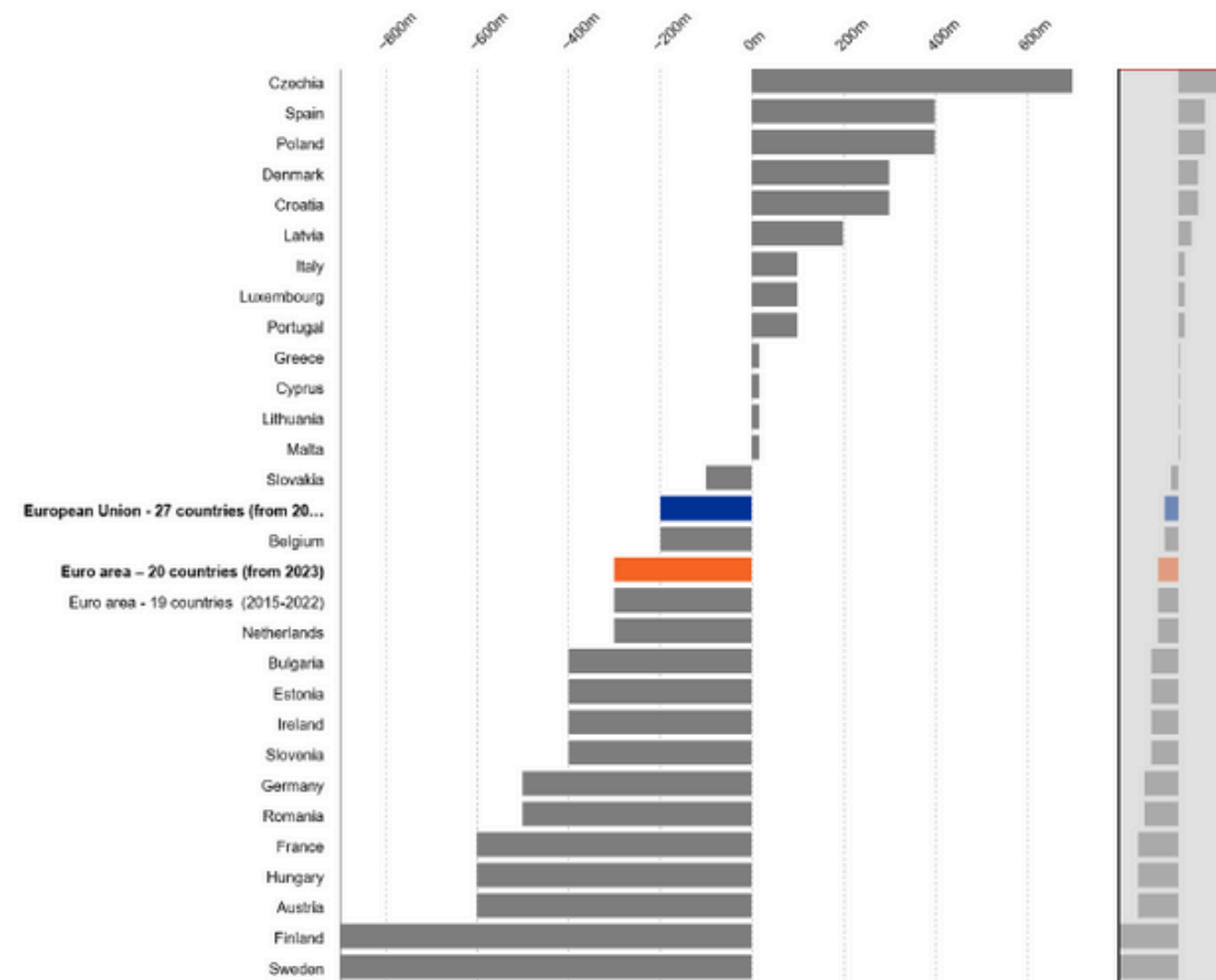


The state of subnational finance in Europe

Highlights from CEMR expert group on local finances

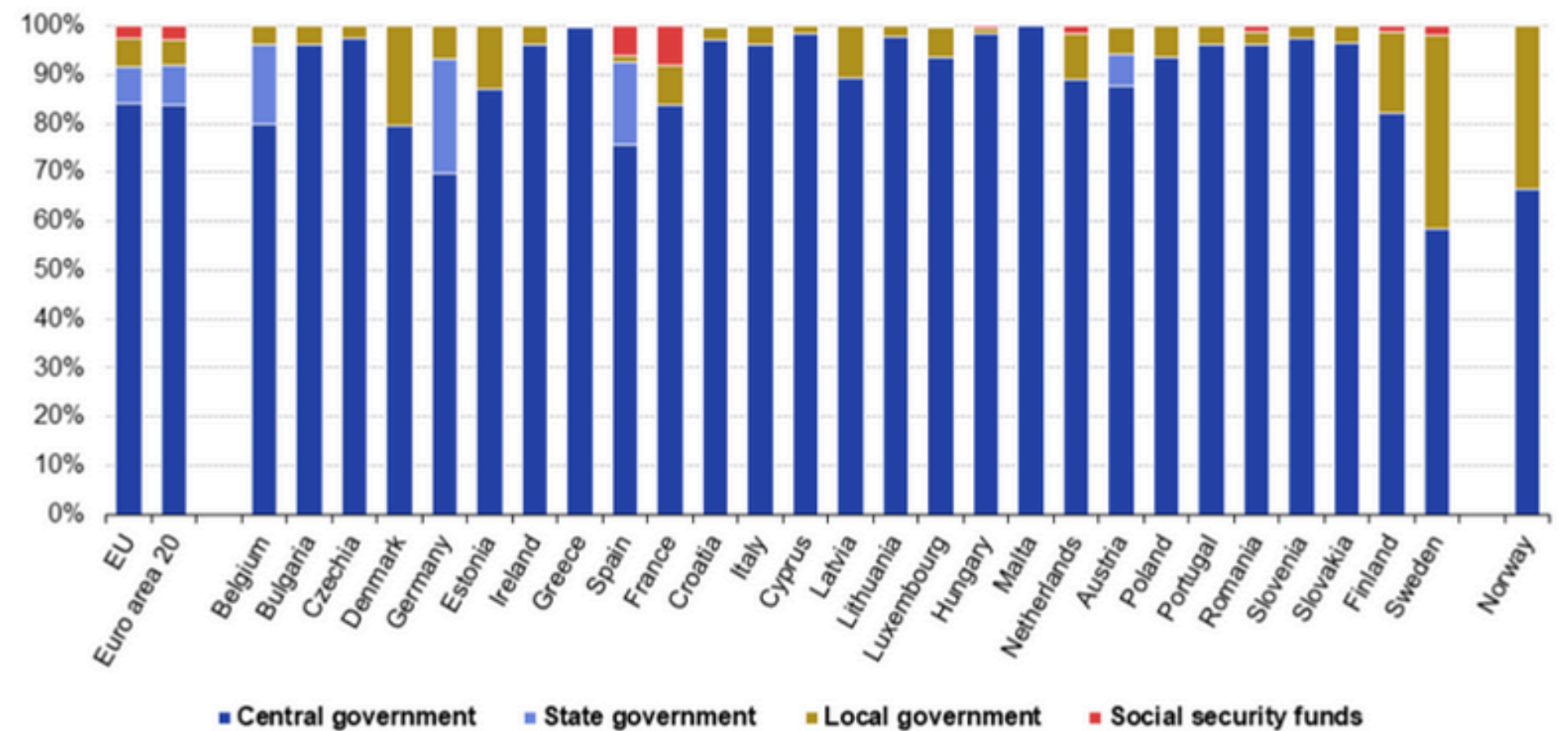
Government deficit/surplus, debt and associated data

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

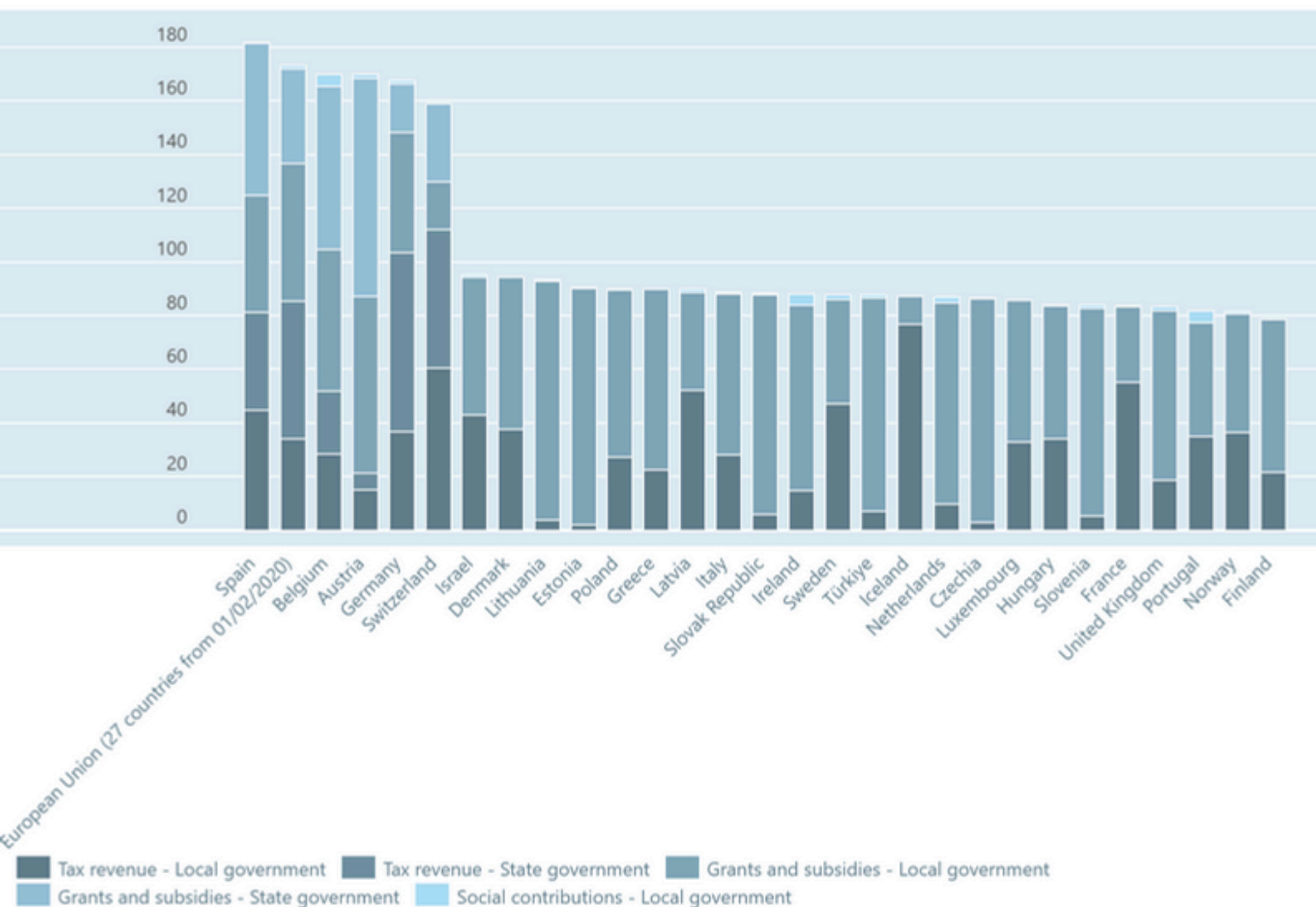
The state of subnational finance in Europe

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Subnational government revenue by category

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

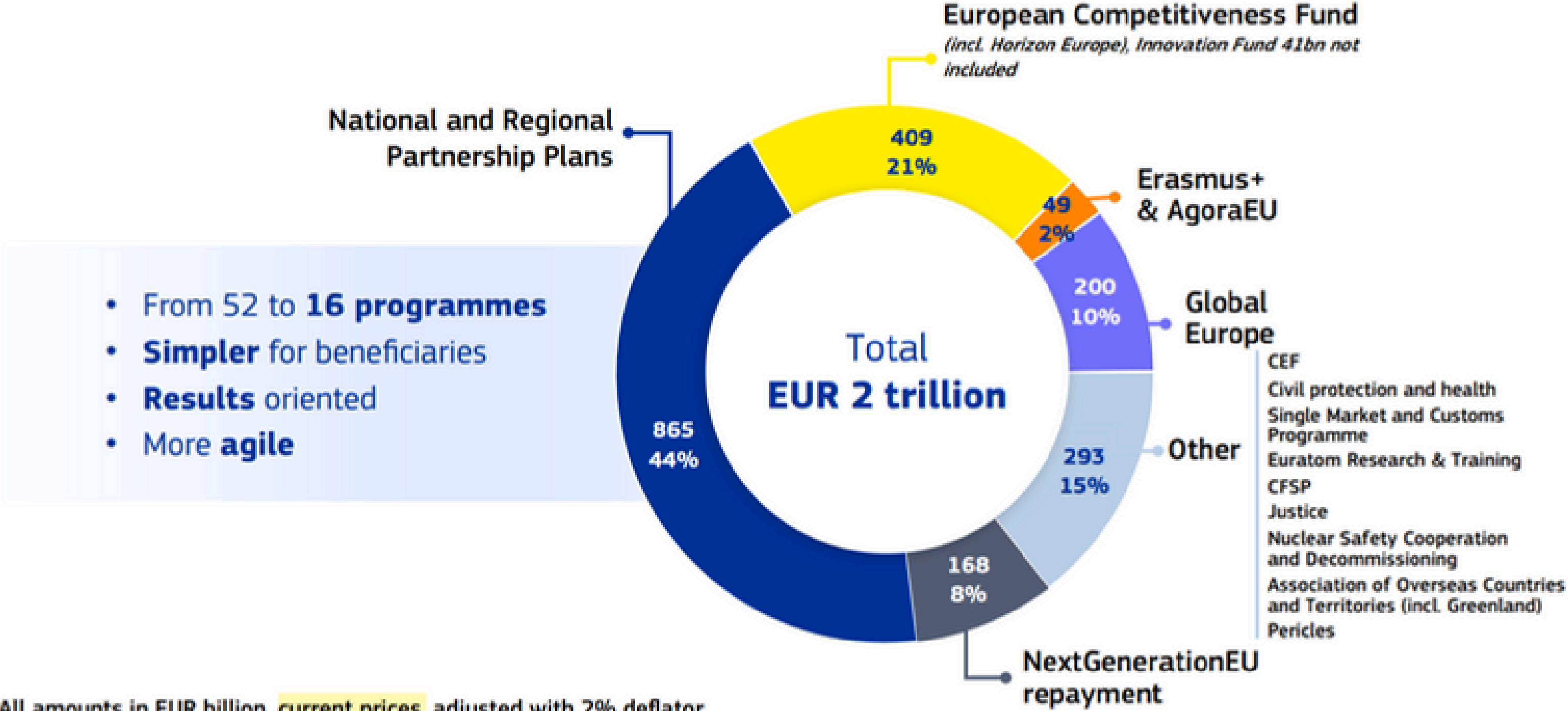
3) Impact of reforms and unfunded mandates

4) impact of digitalisation and demographic change

5) Worries about future of EU budget

The Multiannual Financial Framework (MFF) 2028-2034

Possible impacts on subnational finance and investments

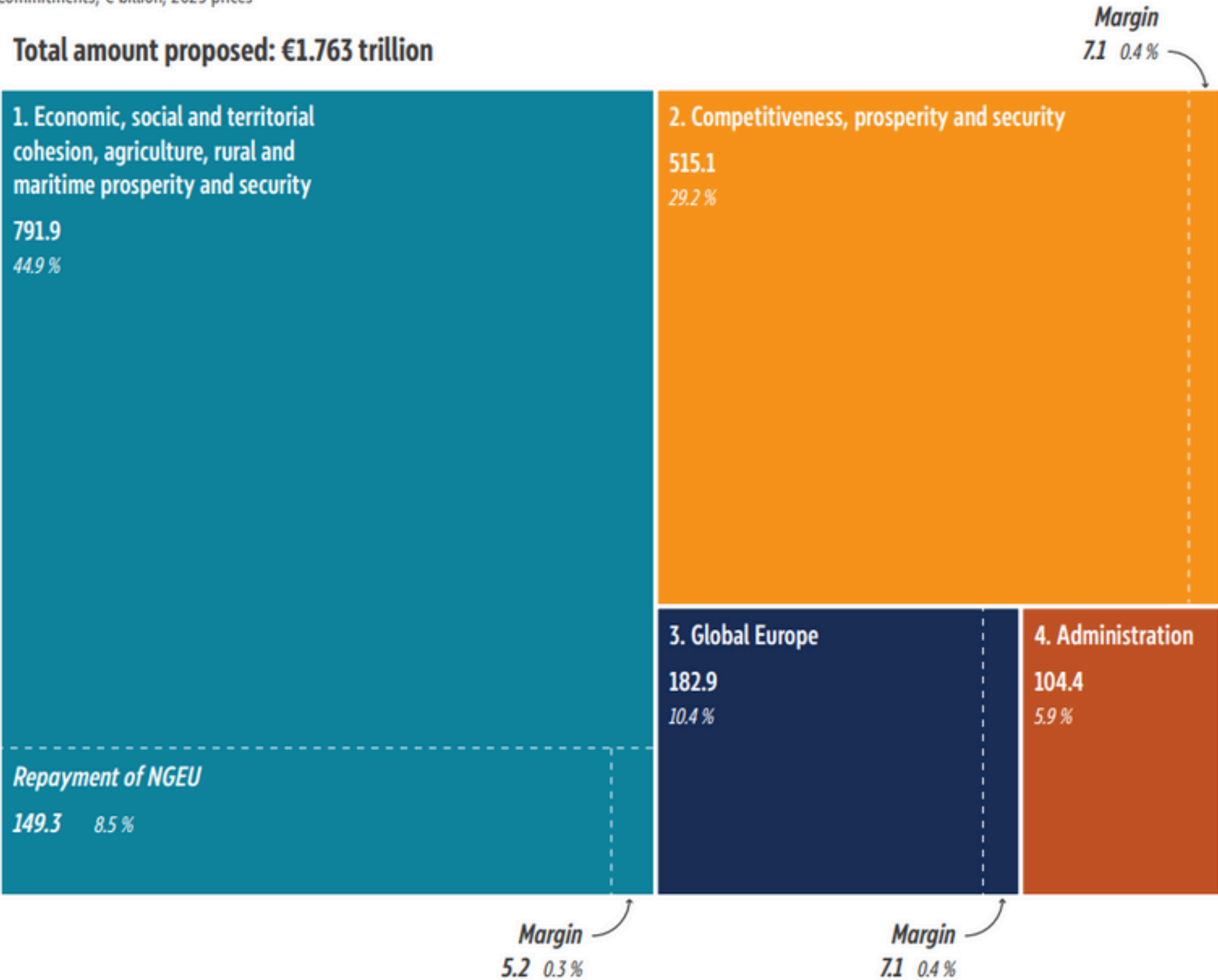


The Multiannual Financial Framework (MFF) 2028-2034

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



The Multiannual Financial Framework (MFF) 2028-2034

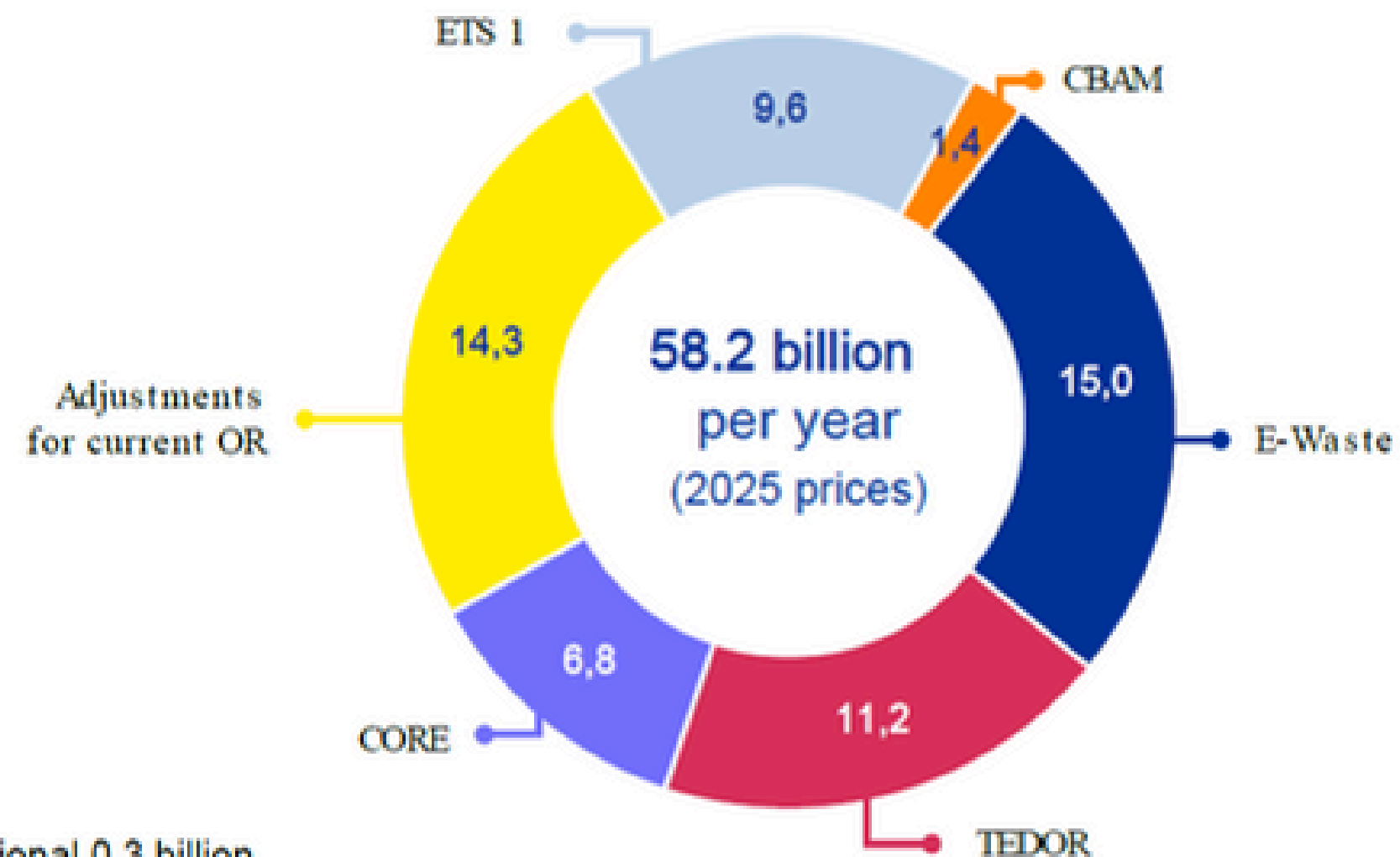


Additional revenue generated by the new Own Resources Decision

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

Potential impact on local finances

- New taxation on E-waste



ETIAS generates additional 0.3 billion

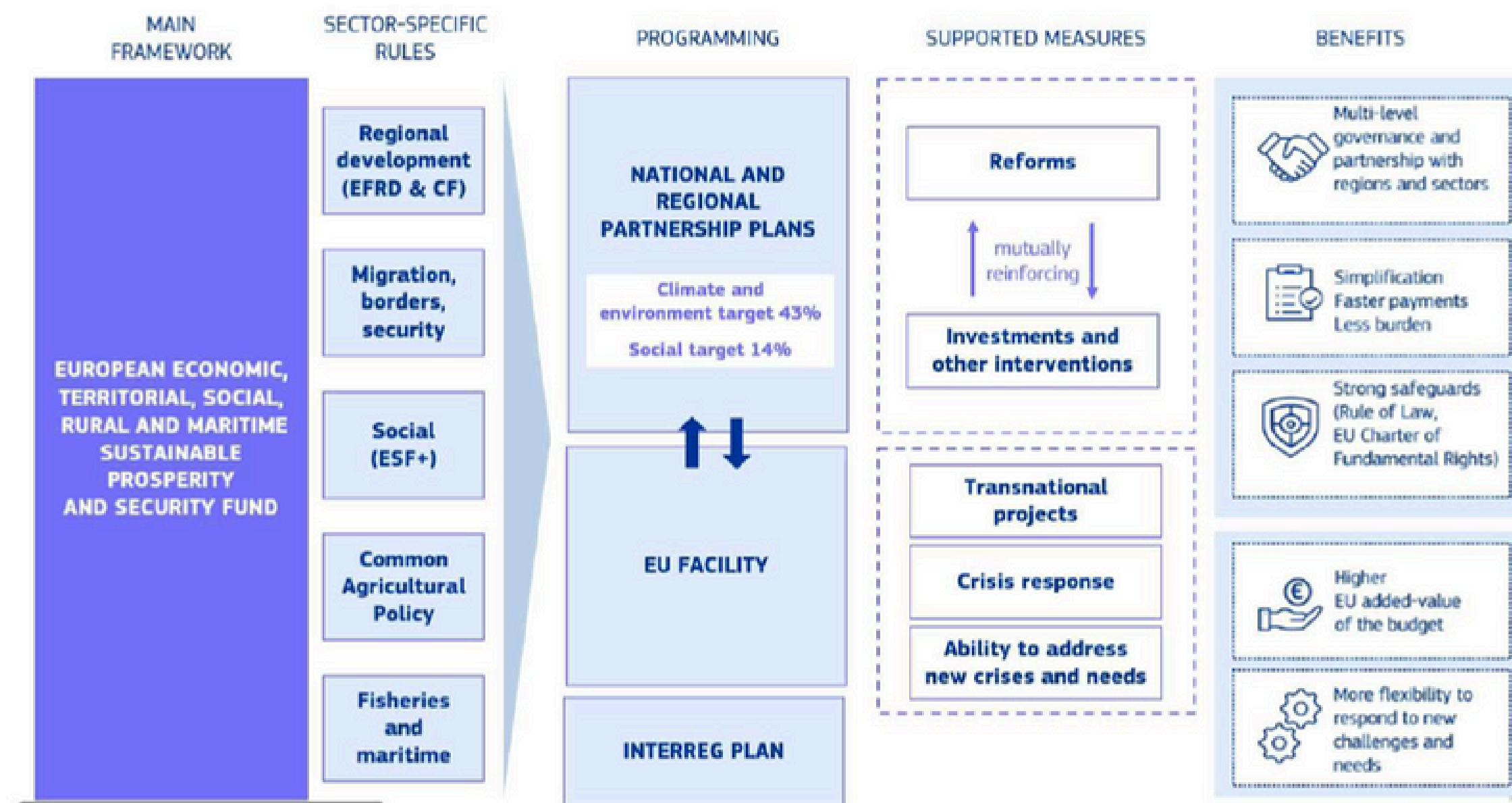
The Multiannual Financial Framework (MFF) 2028-2034



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)



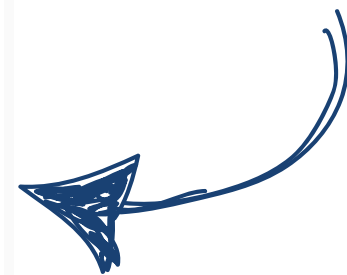
Source: DG REGIO presentation to EP REGI Committee

The Multiannual Financial Framework (MFF) 2028-2034

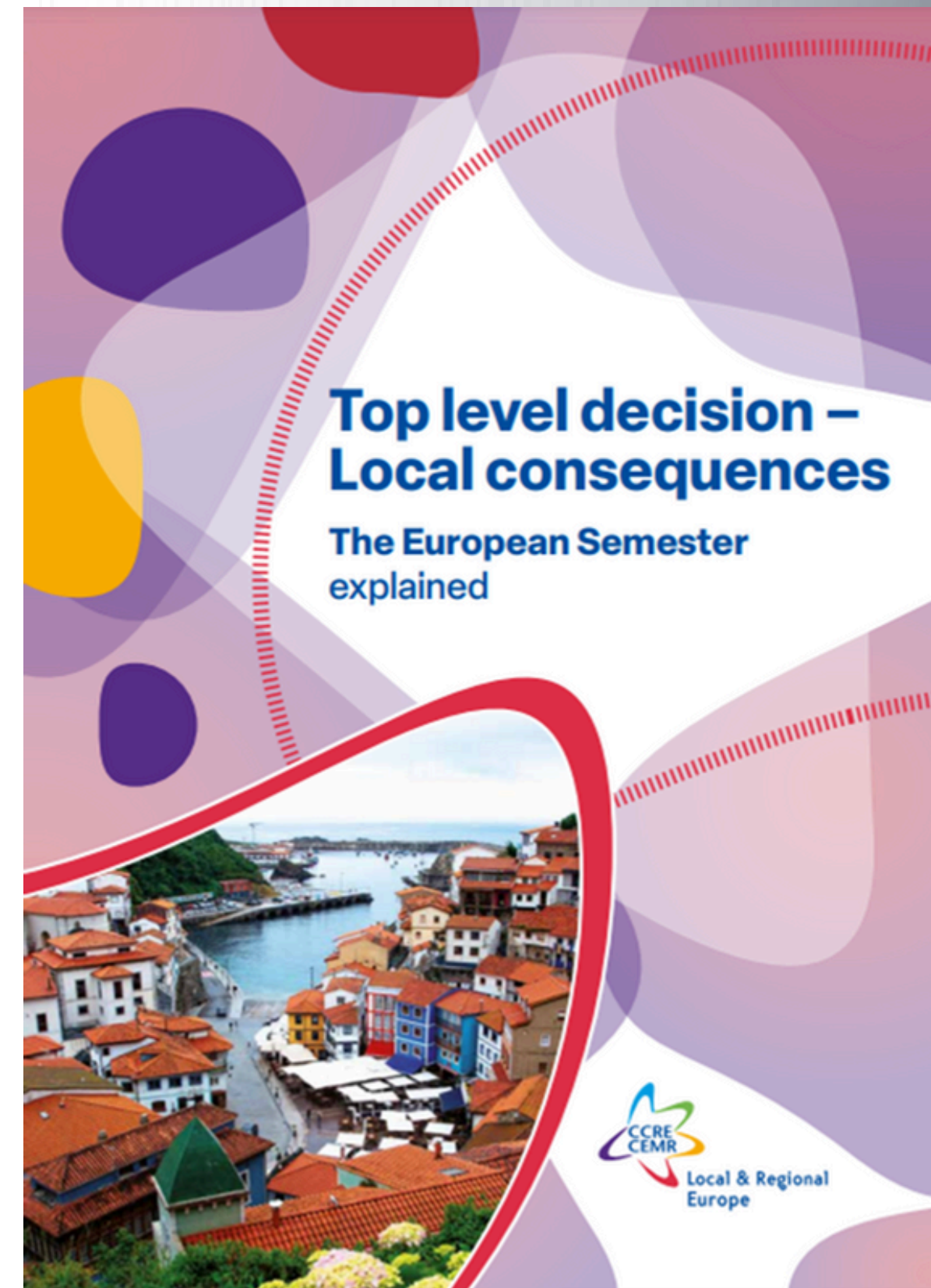
Increased role of EU Semester



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the publication



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



The Multiannual Financial Framework (MFF) 2028-2034



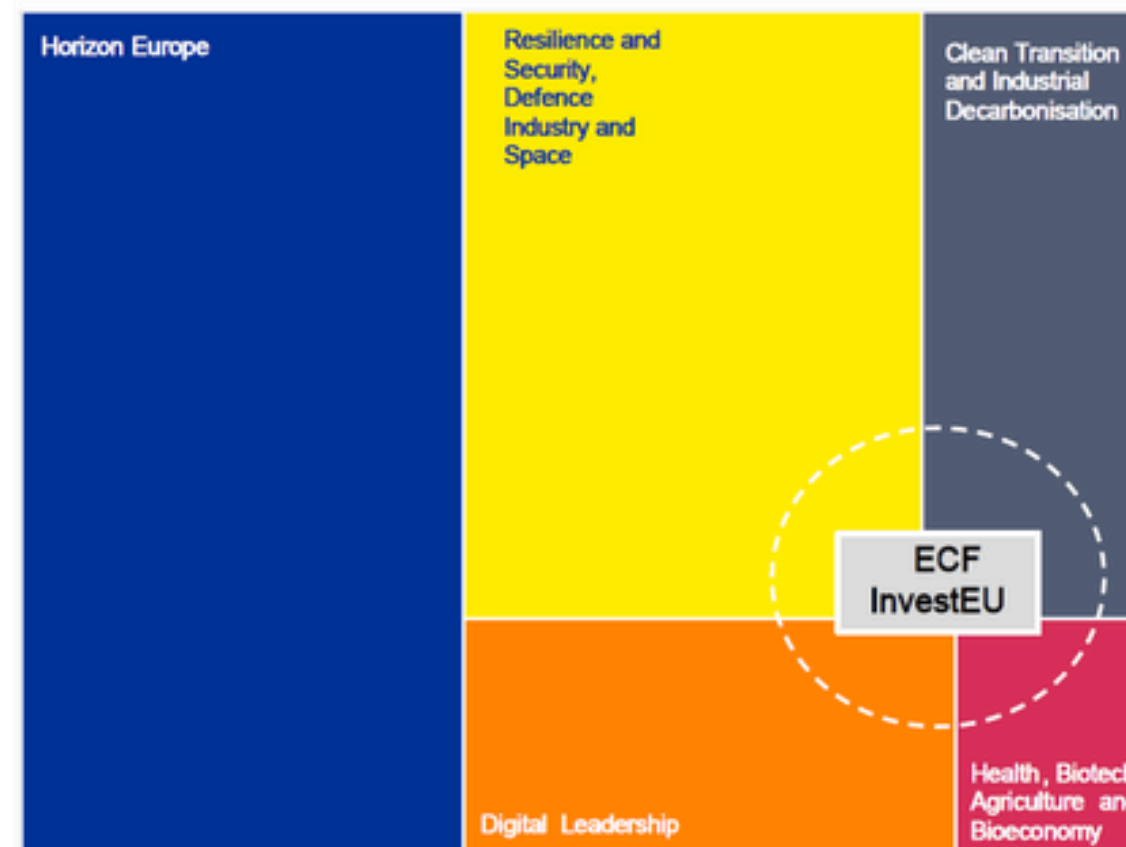
Heading 2 : Competitiveness

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



FOCUSED

Steered towards EU's industrial and technological priorities

SIMPLER

One rulebook
Single portal
Common rules for project promoters

IMPACTFUL

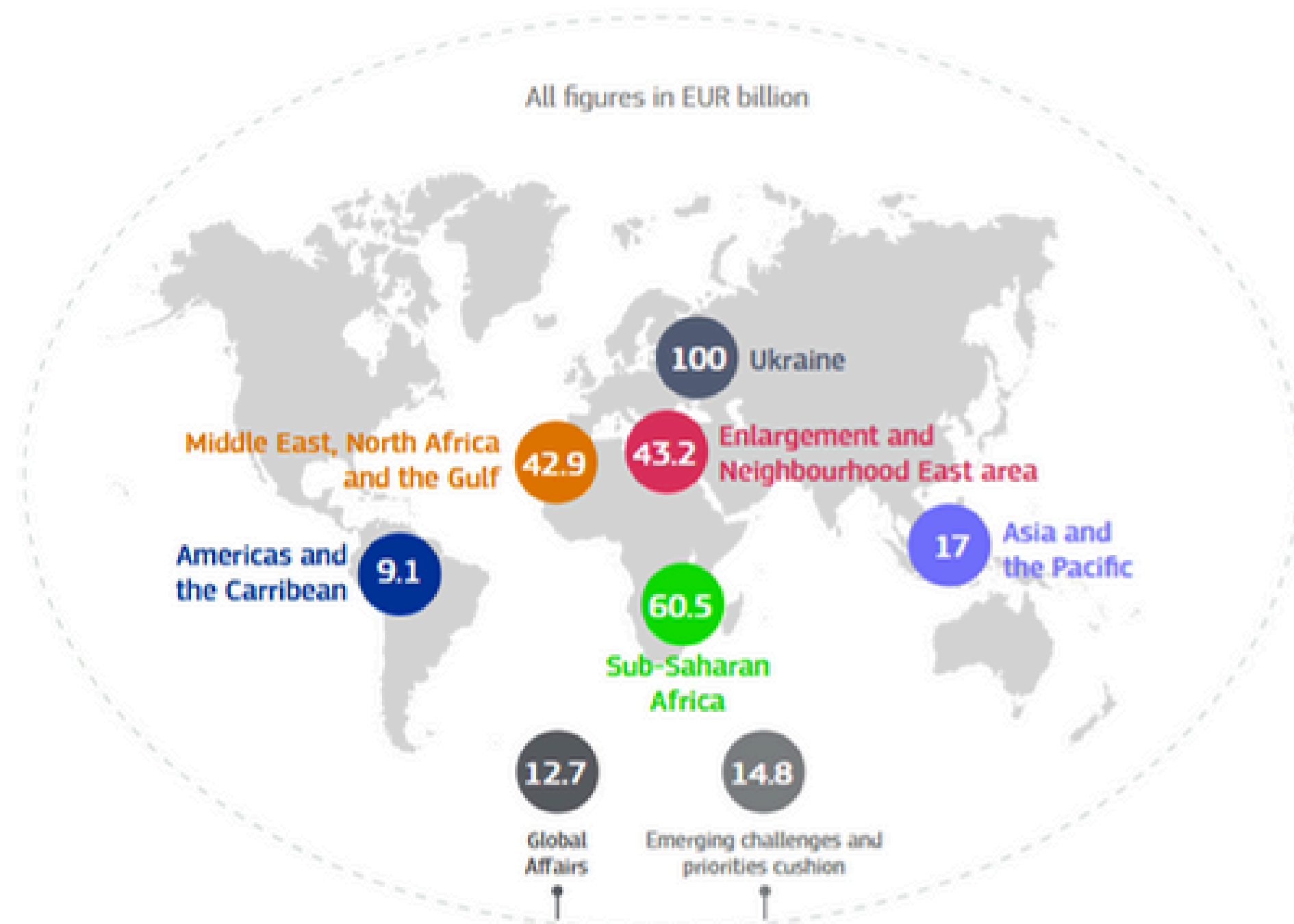
Support from research to scale-up
Unlocking private funding with more leverage on EU budget (ECF InvestEU Instrument)

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

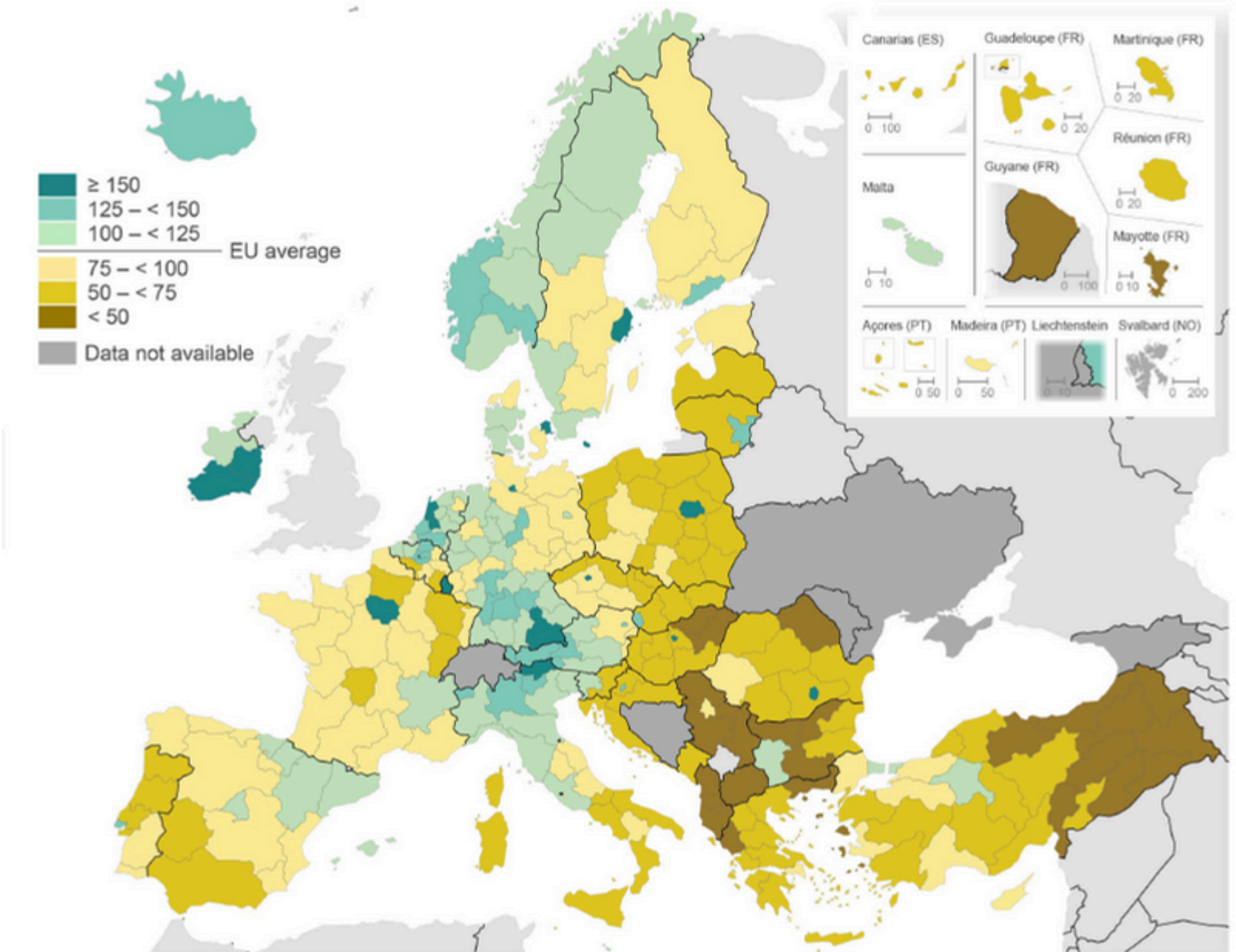


Possible impacts on subnational finance and investments

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

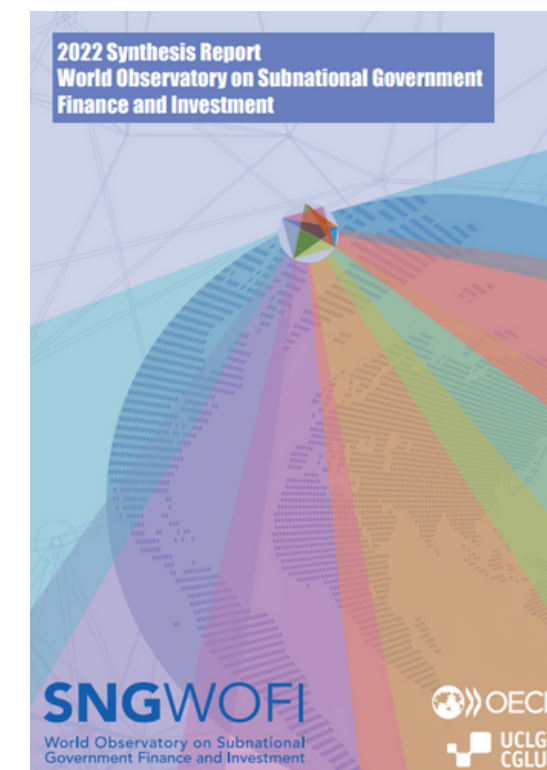


CEMR publications:

- 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 annudal key data on subnational governments structure and finance in OECD countries



Thank you for your attention

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Economic, Social and Territorial Cohesion
Local Finances

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