

The EU's Next Multiannual Financial Framework Must Recognize the Growing Importance of Cities – The Role of Cities in EU Policy Preparation Must Be Significantly Increased

Europe's Future is Built Together with Cities.

Urban engagement in the EU has grown significantly during Finland's EU membership. EU legislation has direct impacts on cities and their residents, while major cities, in turn, implement EU objectives through their urban strategies. Cities serve as platforms for public-private cooperation networks that drive innovation. In urban innovation ecosystems, EU competitiveness policy and urban policy measures can be aligned through growth agreements based on shared, ambitious goals and visions between cities and the state. Finland's national EU policy preparation processes, such as committees that influence urban development, must include representation from major cities. The perspectives of cities must be considered in discussions on the EU's upcoming 2028–2034 financial framework.

1. **Funding for Urban Development strengthens EU competitiveness and economic growth.** Most new innovations and businesses emerge in major cities, which also serve as hubs for culture, diversity, services, and international trade. EU structural funding must be maintained in cities at least at its current level (8%) to support sustainable growth, digitalization, and innovation. Funding should also be directed toward developed regions within the EU, as cities face significant internal development disparities. Preventing segregation and inequality creates the foundation for competitiveness and economic activity.
2. **Housing support should focus on structural and sustainable reforms.** Housing funding should be directed toward structural reforms in cities and sustainable housing solutions that address long-term housing challenges and help prevent social exclusion. The potential impact of EU-level instruments on, for example, Finnish cities' municipal rental housing corporations must be assessed.
3. **A dedicated EU-level instrument must be ensured for transport infrastructure.** The development of the TEN-T network and urban nodes, as well as the financing of sustainable urban transport solutions, must continue with strong EU-level support to better integrate Finland's largest cities into the European transport network. Urban regions, national transport systems, and the TEN-T network must be better coordinated. Funding criteria should prioritize international accessibility, core network corridor infrastructure, and the impact of projects on competitiveness, resilience, and sustainable transport.
4. **The research and innovation program must remain independent, and competition based.** Sixteen percent of Finland's total EU funding comes from the current Horizon Europe program, with a significant share allocated to major cities and regional actors. The FP10 R&I framework program must be maintained as a separate funding instrument to ensure financing for collaboration between cities and businesses, as well as for European research and innovation efforts. In strengthening the EU's competitiveness, the role of cities must be recognized as central hubs of innovation ecosystems and as integrators of economic, social, and environmental perspectives. Cities should be involved in the planning of funding programs.
5. **Cities' climate and environmental work require adequate funding.** Achieving sustainability goals and transitioning away from carbon dependence require direct funding channels for cities' climate actions. EU budget negotiations must consider investments in sustainable urban infrastructure, such as energy-efficient buildings, renewable energy, and circular economy projects. These investments create significant economic and competitive opportunities for businesses and industries to develop new solutions for international markets. The EU Mission for 100 Climate-Neutral Cities is a crucial tool for urban climate action, and its funding must be secured until the end of the 2030 program period.
6. **Cities' crisis preparedness must be supported in line with the comprehensive security approach.** EU funding must support cities' preparedness for economic, health, and geopolitical crises. It is essential to ensure that cities have the capacity to operate effectively in all situations, including facing hybrid threats, emergency conditions, or the implementation of emergency legislation.