DGB Position

on the European Commission Proposal for a Regulation Establishing a European Fund for Economic, Social and Territorial Cohesion, Agriculture and Rural, Fisheries and Maritime, Prosperity and Security Within the 2028–2034 MFF

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German Trade Union Confederation

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Key Demands

- **Minimum shares in the Multi-Fund:** At least 50% of the resources from the Multi-Fund must flow into the Cohesion Funds, of which 25% must be ringfenced for the ESF+ to maintain at least the current level of funding.
- **Preserve and strongly finance the ESF+:** Ensure adequate funding and autonomy; sufficiently financed technical assistance; binding minimum quotas for training and qualification, gender equality, and support for disadvantaged groups; EaSI must be maintained and adequately funded.
- **Do not cut technical assistance:** The planned reduction from 4% to 3% would be a massive cut, weakening administrative structures and existentially threatening trade union ESF+ projects.
- **Catalyst Europe:** The proposed EUR 150 billion should be used to strengthen regional development and be provided as grants, not loans.
- **Limit fund consolidation to closely related policy areas:** Measures in the fields of security and migration must not be bundled with cohesion programs in a Multi-Fund, as this would risk permanent distribution conflicts to the detriment of long-term cohesion programs.
- **Mandatory regional chapters:** In federal countries like Germany, which implement structural policy regionally, the introduction of regional chapters must be mandatory.
- **Maintain a proactive approach:** Continue the Just Transition Fund or establish a dedicated subheading with fixed resources for transition regions within the Multi-Fund.
- **Capacity building for social partners:** A sufficiently high share of ESF+ resources must be allocated for capacity building of social partners, regardless of country-specific recommendations under the European Semester.
- **Strong participation rights for social partners:** Social partners must be mandatorily involved in fund management and funding decisions, including veto rights and sanction mechanisms in cases of insufficient involvement by the national level.
- **Real results orientation instead of Recovery and Resilience Facility (RRF) 2.0:** Short-term programs and long-term measures such as

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cohesion policy require clearly separated performance and impact indicators. Plans to anchor the European Semester more strongly in future EU structural policy through unrelated macroeconomic conditionalities are rejected by the DGB. Reform obligations must always align with the objectives of the respective fund and ensure its effective management.

- **Social conditionality:** Resources from the Multi-Fund must be tied to criteria of decent work, such as collective bargaining coverage, site development, employment security, and qualification strategies.

Background

On 16 July 2025, the European Commission presented its proposal for the next Multiannual Financial Framework (MFF) for the period 2028–2034, thereby initiating what is expected to be a complex and controversial multi-year negotiation phase. This statement focuses on a comprehensive assessment of the Commission's proposal for the so-called "Multi-Fund". It also takes into account the guidance document on the regulation that the Commission published in mid-November following massive resistance in the European Parliament. In addition, a fundamental assessment of the size and orientation of the MFF is provided.

The next EU budget must strike a difficult balance: the funds from the recovery instrument "Next Generation EU" (NGEU) will expire at the end of 2026, while around EUR 25 billion in pandemic-related debt must be repaid annually. At the same time, pressure is mounting to financially secure new priorities such as competitiveness, economic resilience, defense, and security – while simultaneously closing the enormous investment gaps in socially just decarbonization and digital transformation.

The European Commission's proposal envisages fundamental changes compared to the status quo. It combines only a very moderate and, from a trade union perspective, insufficient increase in the overall budget with far-reaching reforms in the use of funds and governance. The number of budget headings is to be reduced, significantly more flexibility introduced across all spending areas, and traditional financing blocks such as EU cohesion policy abolished in their current form. Thus, in the upcoming funding period, the EU cohesion funds are to be merged with funds in the areas of agriculture, fisheries, migration, and security into a new centralized Multi-Fund. The principle of shared management risks being undermined by a new governance structure – the National and Regional Partnership Plans (NRPPs). At the same time, disbursements are to be increasingly linked to unrelated reform requirements and pre-defined investment targets.

From a trade union perspective, this approach raises serious concerns: the planned reforms massively weaken the regional level, the social partners, and the European Parliament. There is a looming permanent distribution conflict between social justice, regional development, and security policy objectives. EU cohesion policy, as the central driver for sustainable development, social progress, and self-sustaining economic growth, risks running out of fuel in the future MFF. This would undermine the EU's political goals for sustainable prosperity and competitiveness in Europe. The trade unions strongly reject this.

With this policy paper, the DGB contributes to the discussions on shaping the upcoming EU budget, and particularly the proposal for a European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security.

1. The Future Budget Size – Hardly Any Increase Due to Repayments, Cuts in Cohesion Policy and Social Spending

The European Commission's proposal for the MFF 2028–2034 foresees a volume of EUR 2 trillion in current prices. This figure may seem impressive compared to the current MFF volume of EUR 1.2 trillion, but it includes inflation forecasts for the next decade. If 2025 prices are used instead, the overall volume shrinks to €1.76 trillion. This corresponds to 1.26% of the EU's Gross National Income (GNI). The current MFF (2021–2027) amounts to 1.13% of GNI.

In addition, the proposed volume of EUR 1.76 trillion includes repayments of NGEU amounting to EUR 149 billion (in 2025 prices). Deducting these repayments leaves only 1.15% of GNI – a very modest increase of 0.02 percentage points compared to the current budget period.

Moreover, taking into account that the fiscal resources of the current MFF, together with the NGEU recovery fund – a special vehicle outside the regular MFF – effectively amount to 1.8 % of EU GNI, the picture is not one of a moderate increase but rather of an EU that will have less room to finance its support programs and investment priorities in the future.

Massive cuts in cohesion policy

An even more critical picture emerges when examining how funds will be allocated across budget headings and program objectives. In the current MFF, spending on structural policy and the Common Agricultural Policy (CAP) totals around EUR 779 billion. About 32% of this – EUR 392 billion – goes to cohesion funds (ERDF, ESF+, Cohesion Fund, JTF).

In the future, cohesion funds will be bundled into a comprehensive Multi-Fund, which will also include the Common Agricultural Policy (CAP), the Migration Fund, Interreg, the Maritime, Fisheries and Aquaculture Fund, and the Social Climate Fund. Implementation will take place through National and Regional Partnership Plans (NRPPs). In total, EUR 865 billion (in current prices) will be available for the Multi-Fund, of which EUR 783 billion for the NRPPs.

The Multi-Fund will be supplemented by a budgetary reserve ("EU Facility") of EUR 72 billion, intended for projects with particular European added value, technical assistance for NRPP implementation, and as a crisis reserve to respond to unforeseen challenges.

In addition, EUR 150 billion will be provided under “Catalyst Europe,” a newly created EU loan facility offering credit to Member States for implementing NRPPs.

For budget heading 1, which covers the cohesion funds, the following allocation applies:

<table>
<tr><td rowspan="3">Multi Fund</td><td>National and Regional Partnership Plans (NRPPs)</td><td>ERDF
ESF+
Cohesion Fund
CAP
Migration, Security, Borders
Maritime, Fisheries and Aquaculture Fund</td><td>EUR 783 billion</td></tr>
<tr><td colspan="2">Interreg</td><td>EUR 10 billion</td></tr>
<tr><td colspan="2">Social Climate Fund</td><td>EUR 50 billion</td></tr>
<tr><td colspan="3">EU Facility</td><td>EUR 72 billion</td></tr>
<tr><td colspan="3">Catalyst Europe</td><td>EUR 150 billion</td></tr>
</table>

In the current MFF, 64% of the budget is allocated to the CAP and the cohesion funds. In the future MFF, this share would decrease by 20 percent to around 44%. Part of this can be explained by increased allocations in other areas (e.g., the Competitiveness Fund), but in other cases it represents actual cuts.

Under the Commission’s proposal, €295 billion would be firmly allocated (ring-fenced) for CAP Pillar I – up from €270 billion in the current Multiannual Financial Framework (MFF). On the other hand, only EUR 218 billion would be firmly allocated to cohesion policy in the future, compared to EUR 392 billion in the current MFF – and exclusively for less developed regions.

In addition, there are another EUR 237 billion that are currently not firmly allocated and can be distributed across all policy areas of the Multi-Fund approach depending on the priorities of the respective Member States. It is not yet foreseeable whether any share will ultimately flow into cohesion policy areas and how large that share will be. The amount from the EU Facility that will be available for cohesion policy is also not yet clearly quantifiable. According to the regulation, however, the focus of these funds will be primarily on maritime affairs, fisheries, and CAP, alongside a few ESF+ programs.

EUR 6.8 billion are to be allocated to the Internal Security Fund (ISF). With this, the EU aims to better address issues of internal security, resilience, and emergency preparedness.

Massive Cuts in Social Investments

In the upcoming MFF, the ESF+ is no longer planned as an independent fund with its own budget. Instead, 14% of expenditures from the NRPPs, the EU Facility, and Catalyst Europe are to be reserved for social investments. Since Catalyst Europe consists of loans that Member States must repay, their actual use is highly uncertain given the strained national budgets. Moreover, many social investments previously financed through ESF+ do not generate a classic return on investment – making it unlikely that they will be supported through loan instruments. For project promoters, this means they cannot firmly rely on funds from Catalyst Europe.

Trade unions therefore reject the Commission's calculation that includes Catalyst Europe as a fixed component of resources for social purposes. For a comparison of future versus current funding levels, the NRPPs and the EU facility are therefore particularly decisive. After deducting expenditures for the Climate Social Fund and CAP, which are not to be included in social investment funding, the **future ESF+ volume amounts to EUR 72 billion**. Compared to EUR 98.5 billion under ESF+ in the current funding period, this represents drastic **cuts of around 26%**.

Additionally, the definition of social investments in the Performance Framework Regulation (Regulation 2025/0545) is very broad and goes far beyond the political objectives of the current ESF+. The 14% quota refers to this broad definition and will result in even fewer funds being available for the core goals of ESF+.

Although officially defined as a minimum threshold, it is more likely that this will represent the maximum future funding volume. This is evident, among other things, in the Commission's requirement that the ESF+ allocation must ensure a balanced approach – between the Union's strategic interest in investing in people to strengthen workforce quality and social progress, and the investment needs in other specific target areas under Article 3 of the NRPP Regulation.

Changes in ESF Co-Financing Rates

Regarding co-financing rates, the Multi-Fund regulation provides hardly any changes compared to the current legal framework. However, no separate intervention rates are foreseen anymore for supporting the most disadvantaged persons. Under these conditions, projects aimed at supporting the most disadvantaged persons will hardly be implementable in the future.

Assessment and Demands of the DGB

More Funds for EU Cohesion Funds in Line with Investment Needs

With total spending on security and defence in the future MFF set to more than quintuple, it is clear that the increased funding for defence capabilities, given the only modest rise in the overall MFF, will come at the expense of programs for economic and social cohesion. Given the already unmet enormous investment needs for the green and digital transformation as well as for strengthening competitiveness (according to the latest estimates by Mario Draghi, EUR 1.2 trillion annually[1]), the planned massive cuts to cohesion funds must be rejected as neither strategically sound nor economically sustainable.

Especially in view of the manifold challenges and the geopolitical situation, the Commission's proposal is counterproductive. It inevitably leads to massive distribution conflicts between different policy areas and pits them against each other.

EU cohesion policy is a key instrument for strengthening the internal market, as it supports competitiveness and investments in all regions – including those particularly affected by current transformation challenges – and thus creates a level playing field for businesses. Cuts would therefore be disastrous, as they would exacerbate regional disparities, undermine investment incentives, and ultimately threaten the economic performance of the internal market.[2]

Looking at Germany, it is clear that, despite the need for reform in European cohesion policy, ERDF funding in recent years has contributed to increasing employment and productivity, strengthening regional research capacity, supporting innovative and small businesses, and boosting GDP.[3] It undermines the credibility of European policy if successful funding programs that demonstrably contribute to overarching political goals and the visibility of the EU on the ground are to be drastically cut.

At the same time, the ESF+ – the key instrument for addressing skills shortages in emerging sectors and ensuring a fair, inclusive transition – is facing cuts that could drastically reduce its effectiveness. Many essential training and upskilling programs, along with support for labour market integration, could simply cease to exist. This would be politically counterproductive.

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[1] https://table.media/europe/thema-des-tages/eu-wettbewerbsfaehigkeit-draghi-will-keine-ausreden-mehr-hoeren

[2] EU Commission (2024). Ninth report on economic, social and territorial cohesion, https://ec.europa.eu/regional_policy/sources/reports/cohesion9/9CR_Report_FINAL.pdf.

[3] GEFRA, ifo Institut, Ramboll Management Consult & ZWE (2025). Evaluation der EFRE-Programme in der Förderperiode 2014-2020 in Deutschland.

Considering the continued rise of anti-democratic and anti-European forces, such cuts would also be fatal, as EU cohesion policy counteracts political polarization.[4]

From the DGB's perspective, this fiscal policy is dangerous: it ignores the scientifically established investment needs while simultaneously neglecting key employment and structural policy objectives.

The trade unions therefore demand significant improvements from the European Commission: The Multiannual Financial Framework, including the EU cohesion funds, must be increased in the next funding period in line with actual investment needs, or at least maintained at the current level. For this reason, the DGB calls for **at least 50% of the funds under the proposed Multi-Fund approach to flow into the structural funds, with 25% allocated to ESF+**. These amounts should be understood as minimum thresholds.

The literature largely agrees that an investment-oriented and future-proof EU budget, which simultaneously enables the repayment of NGEU, can only be realized with a growing budget.[5] The proposed volume of EUR 1.763 trillion is insufficient for this purpose. The cuts to the cohesion funds must be reversed.

Catalyst Europe: Grants for Regional Development Instead of Loans

Catalyst Europe represents a step in the right direction. The proposed ÊUR 150 billion should be used to increase funding for regional development. The facility should provide additional grants rather than loans. Alternatively, the loan facility must be designed in such a way that it is fiscally attractive for Member States to make use of it. Similar to the SAFE (Security Action for Europe) loan facility, these loans should be treated preferentially within the fiscal framework. Specifically, it must be ensured that the loans are excluded from the calculation of the permissible net expenditure path under Article 2, as well as from the safeguard mechanisms set out in Articles 7 and 8 of Regulation 2024/1263.[6]

More Funds for the Multi-Fund: Making Member State Contributions Fiscally Attractive

Another way to increase the volume of the cohesion funds is provided in Article 11 of the Multi-Fund regulation. Member States should be allowed to make additional contributions to the Multi-Fund which would then be recorded as external assigned revenue. This regulation could provide an incentive for a more strongly coordinated European investment and cohesion policy. However, it will only be attractive for Member States if these possible additional contributions to the Multi-Fund are treated preferentially under EU fiscal rules.

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[4] Gold, R., & Lehr, J. (2024). Paying off populism: How regional policies affect voting behavior (No. 2266). Kiel Working Paper.

[5] cf. e.g. Jacques Delors Centre (2025); IMF (2025); Bruegel (2025); OECD (2025).

[6] Koch, C./Biegon D. (2025): Public investment in the proposed 2028-2034 EU-Budget. Needs, Gaps and Options. FEPS Policy Brief. November 2025.

Article 2(2) of Regulation 2024/1263 offers a loophole that could be used politically: According to this provision, "expenditures for Union programs that are fully offset by revenues from Union funds" do not fall under the definition of net expenditure under EU fiscal rules. EU lawmakers are urged to provide clarity and to create a regulation that makes it fiscally attractive for Member States to increase their contributions to the Multi-Fund.

Fundamental Reforms Needed

From the trade unions' perspective, there is no way around fundamental reforms. EU fiscal rules must allow growth-enhancing investments through an expansion of borrowing at the national level. In addition, the continuation of issuing joint EU bonds (similar to the Next Generation EU package) to finance growth-enhancing investments in the Member States is urgently required.

The establishment of a permanent debt-based fund is now being called for by many organizations and institutions, such as the IMF[7]. The DGB has developed a concept for this purpose: the **EU Future Fund**[8].

Strengthening EU Own Resources: CORE, Digital Tax, and Financial Transactions

The proposal by the European Commission to increase EU own resources is fundamentally sound. The planned levy is moderate. To ensure that large companies with high turnover contribute more, the proposed graduated CORE levy for companies with a net annual turnover of at least EUR 100 million should not be capped at a threshold of EUR 750 million but should continue upward. Companies that particularly benefit from the European internal market should also contribute to financing the future MFF through such a levy.

Alongside a further tiering of the CORE contribution, additional revenue sources – such as a European digital tax and a financial transactions tax – should be considered to ensure the EU budget is financed in a fair and sustainable manner.

The trade unions expect the German federal government to take account of the real investment needs and the resulting necessary increase in the EU budget, and to position itself accordingly in the negotiations. The federal government must abandon its blocking stance regarding a successor instrument to NGEU and new EU own resources. This is also in line with the demand formulated by the federal government in June 2025 to adequately fund cohesion policy.

Adjustment of EU Co-Financing Rates Needed

The DGB also criticizes the lack of adjustment to EU co-financing rates. From the trade unions' perspective, EU co-financing rates should be raised to at least **50% for more developed regions and at least 75% for less developed**

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[7] IMF (2025). Making the EU's Multiannual Financial Framework Fit for Purpose. WP/25/114.

[8] DGB (2024). An EU Future Fund to promote sustainable competitiveness and social cohesion. [Publikationen der Stiftung / An EU future fund: why and how?]

regions. The currently low co-financing rates remain one of the biggest obstacles to a full and timely absorption of funds.

Provide More Resources for Staffing in the ISF

The focus on agencies and technological systems within the ISF falls short. Security structures are not created solely through networking or digital infrastructure, but through adequately staffed operational authorities in the Member States. The Internal Security Fund (ISF) must therefore be equipped with more resources for personnel and qualification needs, particularly in structurally overburdened regions.

Proposed Amendments to the Regulation Text

Proposed Text by the Commission	DGB Amendment Proposal
Article 10	**Article 10**
2 (a) (i) At least EUR 217 798 000 000 for less developed regions by establishing minimum amounts per Member State based on the methodology set out in Annex II.	2 (a) (i) **At least 50% of the financial envelope referred to in paragraph 2** shall be dedicated to meeting the Union's objectives under Art. 2(a) and (b), of which at least EUR 217 798 000 000 for less developed regions **and 20% for transition regions** based on the methodology set out in Annex II.
(4) An amount of EUR 150 000 000 000 of loan support shall be available to Member States for the implementation of their Plans.	(4) An amount of EUR 150 000 000 000 of ***grant*** support shall be available to Member States for the implementation of their Plans.
(5) At least 14 % of the financial envelope referred to in paragraph 2 and of the amount referred to in paragraph 4 shall be dedicated to meeting the Union's social objectives, calculated by using the coefficients referred to in Article 6(1) of Regulation (EU) [Performance Regulation].	(5) At least ***25 %*** of the financial envelope referred to in paragraph 2 and of the amount referred to in paragraph 4 shall be dedicated to meeting the Union's objectives ***under the European Social Fund+***, calculated by using the coefficients referred to in Article 6(1) of Regulation (EU) [Performance Regulation].

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2. The Strategic Orientation of the Multi-Fund – Competition for Resources and Lack of Coherence

One of the main objectives of the Commission's proposal for the MFF 2028–2034 is an EU funding policy that contributes more effectively to the implementation of common priorities. To strengthen coherence between EU priorities and national as well as regional measures, the European Commission intends to merge 14 existing funds into a single Multi-Fund.

The currently more than 540 funding programs are to be reduced to 27 National and Regional Partnership Plans and one Interreg Programme. This new, integrated programming approach is intended to enable a targeted focus on country-specific challenges and promote synergies between different policy areas.

The overarching objectives of the funds are defined by the European Commission as:

- Reducing regional disparities and promoting the development of disadvantaged regions as well as European territorial cooperation (in line with ERDF and the Cohesion Fund)
- Promoting high-quality employment, education, training, and social inclusion (within the framework of ESF+)
- Supporting the implementation of the CAP and fisheries policy
- Strengthening democracy in the European Union

For each of the overarching fund objectives, specific sub-objectives are also formulated. In selecting these sub-objectives and allocating funds to them, Member States will in the future be granted significantly more flexibility. Only for certain expenditure blocks does the European Commission set minimum requirements (see Section 1). Moreover, the specific objectives are highly diverse and go far beyond the political goals currently defined in the overarching regulation for the cohesion funds.

No Dedicated Funds for Regions Under Transformation Stress

In principle, the Multi-Fund Regulation stipulates that all regions in the EU – less developed, transition, and more developed regions – should continue to benefit from EU cohesion policy. However, the focus is explicitly on less developed regions, Just Transition regions, as well as peripheral and border regions. Member States are urged to align their NRPPs specifically with the goal of reducing disparities in these regions – especially where economic and social challenges are most acute due to structural transformation and the transition to a climate-neutral economy.

However, no funds are ringfenced for this purpose, meaning that it is solely up to the Member States to decide whether and to what extent they will continue to support regions in transition. In its handbook from mid-November, the

European Commission merely proposes introducing a safeguard clause in Article 22(2), which would prevent funding for transition regions from being reduced by more than 25% compared to the current programming period.

Furthermore, the Just Transition Fund (JTF), which in the current programming period provided EUR 17.5 billion (at current prices) for regions in transition, is no longer foreseen as a standalone fund with fixed financial commitments in the future MFF.

Assessment and Demands of the DGB

The reduction of cohesion funds and the lack of ring-fencing for regions in transition threaten to undermine the **proactive structural approach that has long distinguished EU cohesion policy and remains urgently needed in light of ongoing transformation processes**. In Germany in particular, many regions are heavily affected by structural change and require continuous structural policy support.[9] National structural funding in Germany cannot compensate for this, as it lacks a comparable proactive approach. The DGB strongly criticizes the lack of ringfencing. Under the future MFF, all regions must continue to benefit from EU cohesion policy. Regions affected by structural change need forward-looking support before value creation and quality jobs are lost or they fall into development traps. To achieve this, the Commission must set binding financial allocations for Member States, ensuring planning security and long-term perspectives for the regions concerned.

The lack of funds for regions in transition cannot be compensated by the fact that Germany might potentially benefit from additional resources under the European Competitiveness Fund, since the funds have different objectives and governance structures differ significantly. For example, the Competitiveness Fund does not include a participatory bottom-up approach that would take regional funding requirements into account.

For this reason, the DGB calls for binding financial allocations for all regions as well as the continuation of the **Just Transition Fund** or, alternatively, the establishment of a dedicated subheading with fixed resources within the Multi-Fund. At least 20% of the Multi-Fund's resources should be reserved for regions in transition in order to maintain the current funding volume. The safeguard clause proposed in the European Commission's handbook is not sufficient. A clear ring-fencing of resources for regions in transition is the best way to ensure that European structural policy retains its proactive orientation in the future.

The DGB also explicitly warns of significant **distributional conflicts** that may arise from the planned merging of several policy areas within the Multi-Fund. Both at the start and during the future programming period, there is a risk of structural competition between the social dimension, regional and rural

[9] cf. Südekum, J./ Posch, D.: Regionale Disparitäten in der Transformation: Braucht es ein Update der deutschen Regionalpolitik?

development, and security and migration policy objectives. There is a danger that resources originally intended for cohesion, participation, and equivalent living conditions will increasingly be reallocated in favor of short-term security and migration policy priorities. This would weaken project promoters, social partners, and regional and civil society actors who depend on planning security and stable funding structures.

Bundling a wide range of heterogeneous policy areas into a single Multi-Fund **undermines – rather than promotes – the Commission's objective of strengthening the coherence and effectiveness of EU funding policy**. The integration of short-term measures, such as those in the field of security and migration policy, cannot be reconciled with the long-term, strategic mandate of Cohesion Policy as laid down in Article 174 TFEU.

Furthermore, the trade unions point out that the lack of earmarked resources not only deprives local project promoters of planning security, but **also significantly weakens democratic oversight by the European Parliament**. This is unacceptable.

From the DGB's perspective, a return to the core tasks of the EU cohesion funds is therefore urgently required.[10] A funding approach that combines short- and long-term programs with divergent objectives not only weakens the effectiveness of cohesion policy but also makes its evaluation more difficult and places an additional burden on regional and national administrative authorities.

Specific objectives such as the completion of the Savings and Investment Union, which have nothing to do with structural policy, should be removed from the text of the regulation. Instead, resources should be targeted towards regional development, social participation, and sustainable proactive structural change – with a particular focus on policy areas with long-term growth potential such as education and training, research and innovation, infrastructure and renewable energy (see also OECD (2025))[11], as well as sustainable business models that contribute to the creation of good jobs.

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[10] GEFRA, ifo Institut, Ramboll Management Consult & ZWE (2025). Evaluation of the ERDF programmes in Germany during the 2014–2020 funding period. Evaluation der EFRE-Programme in der Förderperiode 2014-2020 in Deutschland | BMWE

[11] OECD (2025). *OECD Economic Surveys: European Union and Euro Area 2025*, OECD Publishing, Paris, https://doi.org/10.1787/5ec8dcc2-en.

Proposed Amendments to the Regulation Text

Proposed Text by the Commission Article 3 (1) (a) specific objective of the fund	DGB Amendment Proposal
(vi) supporting measures, including reforms to further the Saving and investments Union and foster the development of market-based funding options;	(delete)
Article 10 Budget	**Article 10 Budget**
The financial envelope shall be allocated as follows: 2 (a) (i) At least EUR 217 798 000 000 for less developed regions by establishing minimum amounts per Member State based on the methodology set out in Annex II.	The financial envelope shall be allocated as follows: 2 (a) (i) **At least 50% of the financial envelope referred to in paragraph 2** shall be dedicated to meeting the Union's objectives under Art. 2(a) and (b), of which at least EUR 217 798 000 000 for less developed regions **and 20% for transition regions** based on the methodology set out in Annex II.

3. The ESF within the Multi-Fund – No Specific Requirements for Social Objectives

The European Commission emphasizes that the European social model should be at the core of future NRPPs and that these should make a significant contribution to implementing the European Pillar of Social Rights.

Compared to the current ESF Regulation, the new Regulation presented by the Commission is very short: instead of 42 articles, it now contains only 9. Member States are primarily expected to align with the overarching objectives defined in the NRPP Regulation. This mentions that Member States should focus on active social inclusion and socio-economic integration, particularly by improving the employability of disadvantaged groups, combating material deprivation, and implementing the Child and Youth Guarantee. The ESF regulation merely adds a few specific provisions in the areas of social innovation, demographic change, and material deprivation.

In the existing ESF regulation, not only was the adequate involvement of social partners stipulated, but Member States were also obliged to make an "appropriate" amount of ESF resources available for the capacity building of social partners. In the new regulation, this is mentioned only in the recitals, stating that Member States which have received a country-specific recommendation in this area should allocate resources from the ESF. However, these provisions remain non-binding, and no fixed quotas are set. Together with the proposed cuts in technical assistance (see below), this will significantly hinder the disbursement of funds to meaningful projects, as relevant advisory bodies will likely no longer be financed.

Overall, it applies that both the ESF and NRPP Regulations grant Member States considerable flexibility in the use of funds for social priorities. Specific targets for the social dimension are missing. While the current ESF+ regulation still requires that at least 3% of resources be used to combat extreme poverty – such as homelessness, child poverty, or food insecurity – the new proposal no longer contains comparable quotas for specific objectives. Only the 14% minimum quota for social investments remains, which is defined far too broadly in the Performance Framework Regulation. Instead of placing greater emphasis on disadvantaged groups, gender equality, combating poverty and discrimination, these areas risk being weakened. The draft also remains vague in the field of further training and qualification and refrains from setting concrete obligations.

The future of central ESF+ funding streams, deemed essential by trade unions, remains uncertain, including the EaSI component that supports transnational projects.

Assessment and Demands of the DGB

Funding Level and Programmatic Focus

The ESF+ is the EU's most important financing instrument for social investments, strengthening social justice, equality, skills development, and fair labor markets across Europe. Only through targeted investments in training and social inclusion can the foundations for sustainable competitiveness be established. Given the proposed NRPP and ESF regulations and the drastic cuts, it is at the very least highly questionable whether the future MFR can make a significant contribution in this area.

For this reason, the DGB rejects the planned de facto abolition of the ESF+ as an independent fund, as well as the proposed massive cuts. Social spending objectives must not be set against regional development or rural areas**. Sufficient resources for the ESF+ – at least at the current level plus inflation adjustment – must be reserved** (see Section 1). This is even more important given that the entire MFR 2028-2034 proposal lacks visibility, commitments, or guarantees regarding quality employment, training and upskilling, collective bargaining coverage, or social dialogue. Adequate funding and the future independence of the ESF+ are therefore essential.

Clear allocations of funds and responsibilities are also needed for transnational projects in the areas of employment and social policy, which are currently financed through the ESF+ EaSI component and, in the future, through the EU Facility. These responsibilities must be legally secured in the NRPP Regulation and not – as is currently the case – only in the annex to the Commission's MFR Communication.[12]

Binding Quotas

Successful financing programmes such as the ESF Social Partner Directive ("*ESF-Sozialpartnerrichtlinie*") – the largest participation-oriented education and gender equality support programme nationwide – and the EURES cross-border partnerships with their services for jobseekers, workers and employers must continue to receive adequate funding. In addition, for key areas including skills development and lifelong learning, gender equality and support for disadvantaged groups, there need to be binding quotas and minimum percentage allocations.

Successful funding programs such as the ESF Social Partner Directive – Germany's largest participation-oriented program for training and gender equality – and the EURES cross-border partnerships with their support services for jobseekers, employees, and employers must continue to receive adequate funding. In addition, **binding quotas** and minimum percentages are needed for key areas, including training and further education, gender equality, and the promotion of disadvantaged groups.

Proposed Amendments to the Regulation Text

Proposed Text by the Commission	DGB Amendment Proposal
Article 10 (5)	**Article 10 (5)**
The NRP Plan shall: (q) ensure that the NRP Plan contributes to the Union's social objectives. At least 14% of the total Union contribution and loans shall be dedicated to meeting these objectives, calculated by using the coefficients referred to in Article 6(1) of Regulation (EU) …/… [Performance Regulation].	The NRP Plan shall: (q) ensure that the NRP Plan contributes to the Union's social objectives. At least 25% of the total Union contribution and loans shall be dedicated to meeting **the objectives of COM(2025) 565 final/2 Art. 3 (1)(c)** calculated by using the coefficients referred to in Article 6(1) of Regulation (EU) …/… [Performance Regulation].

4. Governance – Weakening of Regional Participation and the Partnership Principle

The National and Regional Partnership Plan

The Multi-Fund is to be implemented within the framework of a single, comprehensive National and Regional Partnership Plan per Member State, under

[12] https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025DC0570.

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shared management and in close cooperation with the European Commission.[13] The responsibility for preparing and implementing the plan will in the future lie not with the regional, but with the national level of the respective Member State. For the EU Facility, the Commission leaves open whether it will be implemented through direct, shared, or indirect management of funds.

In the future governance model, the previous Operational Programmes (OPs) will be replaced by national and sectoral chapters ("Chapters"). Optionally, Member States may additionally establish regional or territorial chapters.

For each chapter, Member States are requested to set up their own Monitoring Committee – in line with the principle of multi-level governance and the bottom-up approach. If more than one Monitoring Committee is established, the Member State shall also set up a Coordination Committee. The Monitoring Committee shall meet at least once a year to review the implementation status of the chapter assigned to it.

According to the NRPP regulation, a "balanced representation" of the various partners must be ensured. In the future, participation must extend beyond regional and local authorities, social and economic partners, civil society, and universities and research institutions to also include organizations representing farmers and fisheries operators.

The European Code of Conduct on Partnership (2014) continues to apply to the plans. However, the regulation introduces some additional requirements: for instance, the number of partners in the Monitoring Committee should at least equal the number of members representing authorities or intermediate bodies and may even exceed it.

In response to strong opposition from social partners and regional political representatives, the European Commission proposed in its November 2025 guidance the introduction of a so-called "regional check" in Article 22(2) of the Multi-Fund Regulation. Essentially, this serves as a detailed record of the consultation process that governments will be required to attach to their NRPPs. It should clearly outline which regional actors were involved and how they participated in the preparation of the NRPPs.

Assessment and Demands of the DGB

The DGB **rejects the European Commission's centralization initiative within the framework of the NRPPs**. A centralized approach is incompatible with a cohesion policy that places regions at its core and, from the DGB's perspective, does not contribute to more efficient management of funds. Downgrading regional authorities from managing and programming bodies to a mere advisory level would, in fact, mark the end of the "Europe of Regions" vision enshrined in the Maastricht Treaty.

[13] The Interreg Programme will be implemented separately.

One of the main strengths of the EU cohesion funds and multi-level governance is that federal states, regions, and regional partners play an active role in shaping programmes through the monitoring committees. This ensures that funding can be closely aligned with the specific needs on the ground – yet the MFR proposal puts this very principle at risk. Consequently, support for the European project could be severely weakened among both the general public and regional and local actors, at a time when anti-European forces are already gaining ground.

Experience with the EAFRD shows that a national plan with regional chapters is not an appropriate governance model to guarantee adequate participation of regional authorities and social partners or to reflect regional perspectives and needs. Additional practical concerns arise: a “mega” Monitoring Committee, enlarged by the inclusion of numerous additional actors such as representatives of fisheries and agriculture, would significantly complicate joint assessment and steering of the chapters.

European Code of Conduct on Partnership

The DGB welcomes the fact that the European Code of Conduct on Partnership is to be further developed in certain areas. It is appropriate that, in the future, authorities will no longer hold the majority in Monitoring Committees and thus will not be able to simply override the decisions of regional partners. Nevertheless, centralization and the reduction to a single central Monitoring Committee ultimately weaken the partnership principle and the place-based approach. This stands in clear contrast to the experiences, analyses, and recommendations for the further development of cohesion funds, which identify the expansion of regional decision-making powers as essential for the effectiveness of cohesion policy programmes.[14]

While the DGB considers the NRPP model fundamentally unsuitable for upholding the principles of shared management and a genuine bottom-up approach, it nonetheless feels compelled, given the political realities, to propose improvements. If this model is implemented despite significant political shortcomings, the existing rules must at a minimum be substantially reinforced.

To ensure needs-based, socially balanced, and high-quality use of funds, **participation must not be limited to reviewing the implementation of NRPP chapters but must cover all phases** – particularly the drafting of NRPP chapters, effective programming (including the selection and assessment of projects), financial management, and monitoring While the Regulation requires Member States to outline in the NRPP how partners are to be involved – such as through consultation and dialogue during planning and chapter preparation –

[14] cf. GEFRA, ifo Institut, Ramboll Management Consult & ZWE (2025). Evaluation of the ERDF programmes in Germany during the 2014–2020 funding period. Evaluation der EFRE-Programme in der Förderperiode 2014-2020 in Deutschland | BMWE; BMAS (2025). Study on the further development of the European Social Fund in the 2028–2034 funding period. Studie zur Weiterentwicklung des Europäischen Sozialfonds (ESF) in der Förderperiode 2028-2034.

the DGB considers **clear and binding participation rights** essential, potentially including a veto in key decisions, for example in project selection. Furthermore, partners should be actively involved not only in defining selection criteria but also in the actual selection of projects. The co-decision mechanisms under the existing Social Partner Directive can serve as a model in this regard.

Insufficient involvement by the national level must be prevented through effective sanctioning mechanisms. The regulation should be reinforced to ensure this.

Additionally, from the DGB's perspective, the introduction of regional chapters must be mandatory in countries that currently implement cohesion policy at the regional level. It is unacceptable for Member States to opt out of establishing regional chapters to avoid the corresponding participation processes.

Furthermore, the DGB and its member organizations explicitly reject situational restrictions of the partnership principle, as provided for in Article 6(5). Without precise clarification, such an open clause carries the risk of not only being applied in exceptional cases but of permanently reducing partner involvement.

In the view of the DGB, the "regional check" proposed by the European Commission is insufficient to ensure effective stakeholder involvement, as it focuses exclusively on the participation of public authorities at different administrative levels (regional, local, etc.), while ignoring social partners and merely requiring reporting on participation. It is crucial that binding consequences are established in cases where participation is deemed inadequate.

Strengthening the Capacities of Social Partners

Effective involvement of social partners is demanding and requires adequate capacities. Without sufficiently qualified personnel, the tasks of accompanying and shaping the cohesion funds cannot be fulfilled. Therefore, sufficient resources must be allocated for staffing, training measures, and coordination.

From the DGB's perspective, the requirement that only countries receiving a corresponding country-specific recommendation must provide ESF funding for the capacity building of social partners is insufficient. This requirement should apply independently of the recommendations of the European Semester.

The DGB also criticizes the planned reduction of technical assistance. Currently, technical assistance amounts to EUR 14 billion, representing about 4% of the EU cohesion funds budget.[15] According to the draft regulation, this is to be reduced to 3%. In addition to staffing positions in administrative authorities, technical assistance also funds personnel for many union-led ESF+ projects as well as the coordination office of the Social Partner Directive. The proposed reduction would severely affect trade union project promoters and, at the same

[15] European Commission (2025): Dive into the world of technical assistance under Cohesion Policy (2021-27), [Inforegio - Dive into the world of Technical Assistance under Cohesion Policy (2021-2027)]

time, lead to poorer absorption of funds, as the necessary support for application and implementation would be lacking.

Proposed Amendments to the Regulation Text

Proposed Text by the Commission	DGB Amendment Proposal
Article 6 (2) Partnership and multi-level governance	**Article 6 (2) Partnership and multi-level governance**
The Member State shall involve partners referred to in each subparagraph of paragraph 1 in the preparation of the Plan and throughout the preparation, implementation and evaluation of chapters, including through participation in monitoring committees in accordance with Article 55.	The Member State shall involve partners referred to in each subparagraph of paragraph 1 in the preparation of the Plan ***and throughout all phases, in order to ensure needs-based, socially balanced and high-quality use of funds. Participation shall cover in particular the elaboration of operational programmes, the effective programming including the selection and evaluation of funded projects, as well as financial management, monitoring and evaluation***, including through participation in monitoring committees in accordance with Article 55.
Article 6 (6) Partnership and multi-level governance	**Article 6 (2) Partnership and multi-level governance**
At least once a year, the Commission shall consult organisations which represent partners at Union level on the implementation of the Plans.	At least ***twice*** a year, the Commission shall consult organisations which represent partners at Union level on the implementation of the Plans. ***This consultation shall also serve to assess the scope and quality of partner involvement. Where participation is found to be insufficient, the Commission shall establish an appropriate sanctioning mechanism to ensure full and effective compliance with the partnership principle.***
Article 13 Technical assistance at the initiative of the Member State	**Article 13 Technical assistance at the initiative of the Member State**
	The economic and social partners represented in the monitoring committee will have access to technical assistance.

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Article 13 (2) Technical assistance at the initiative of the Member State	Article 13 (2) Technical assistance at the initiative of the Member State
Technical assistance to each NRP Plan and each Interreg Plan chapter shall be established as a flat rate of up to 3% and 8% respectively, applied to the amount included in each payment application pursuant to Article 65 [payment applications]. (…)	Technical assistance to each NRP Plan and each Interreg Plan chapter shall be established as a flat rate of up to **4 %** and 8% respectively, applied to the amount included in each payment application pursuant to Article 65 [payment applications]. (…)
Article 56 Functions of the monitoring committee	**Article 56 Functions of the monitoring committee**
(2a) any proposal for the amendment of the chapter or chapters of the NRP Plan under its responsibility, except for amendments pursuant to Article 34 [Union actions, EU Facility].	(2a) any proposal for the amendment of the chapter or chapters of the NRP Plan under its responsibility, ***including the transfer of funds from one chapter to another***, except for amendments pursuant to Article 34 [Union actions, EU Facility].

The Money-for-Reforms Principle

The European Commission proposes to link the allocation of funds under the NRPPs to reforms, investment projects, and predefined targets, following the model of the Recovery and Resilience Facility (RRF). These targets should be aligned with the recommendations of the European Semester, national medium- to long-term fiscal plans, and other reform guidelines issued by the Commission. Payments will only be made once the agreed investment objectives and milestones have demonstrably been achieved.

The plans will also be subject to binding horizontal conditionalities: compliance with the EU Charter of Fundamental Rights and the principles of the rule of law, gender equality, and the “Do No Significant Harm” principle for environmental protection.

The NRPPs introduce a stronger link between access to EU funds and the implementation of rule-of-law recommendations. In cases of persistent breaches of the rule of law or fundamental rights, payments may be suspended in whole or in part. However, the funds should still be available for programmes under direct or indirect management, particularly to support democracy, civil society, and anti-corruption measures.

Assessment and Demands of the DGB

Linking Funding to Unrelated Reform Requirements from the European Semester Does Not Contribute to Improved Results Orientation

The DGB opposes plans to further embed the European Semester in future EU cohesion policy. Contrary to common arguments, a closer alignment with the European Semester does not enhance the results-orientation of EU investment policy or the effectiveness of cohesion funds.[16]

Experience with structural reform requirements under the European Semester shows that they mostly concern areas unrelated to cohesion policy, such as health or pension systems. These measures often weaken workers' rights and contradict the political objectives of the cohesion funds, which aim to foster greater territorial, social, and economic upward convergence. A closer link between the European Semester and the cohesion funds would therefore put Member States under pressure to implement reforms that are not only unrelated but also counterproductive from an economic policy perspective.[17]

Moreover, the European Semester remains a largely non-transparent, technocratic process. Currently, no parliament – neither in any Member State nor the European Parliament – is involved in formulating the EU's economic policy guidelines within the framework of the European Semester. Adequate consideration of regional perspectives and needs is also not ensured at present. For this reason, the DGB has long called for a fundamental reform of the European Semester.[18]

The DGB also rejects the frequently made claim that cohesion funds are insufficiently controlled in terms of their effectiveness and efficiency. Monitoring and evaluation have always been central components of the comprehensive oversight system of the European cohesion funds. From the outset of cohesion policy, the fundamental principle was established that "effective methods for monitoring, evaluation, and control must be defined on the basis of objective criteria" for EU structural interventions.[19]

A study commissioned by the Federal Ministry for Economic Affairs and Energy on the impact of the ERDF in Germany recently concluded that "ERDF and ESF set standards in terms of transparency and public availability of data and evaluations, which many national funding instruments are still far from achieving."[20]

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[16] DGB (2025). „Stop 'money for reforms'. Improve political governance!", https://www.dgb.de/fileadmin/download_center/2025-02-10_DGB_StgN_Geld_gegen_Reformen_verhindern_-_politische_Steuerung_verbessern.pdf.

[17] Ibid. p.21

[18] Ibid. p21 & DGB (2023): Position paper by the DGB on the European Commission's communication setting out guidelines for reforming the EU economic governance framework. https://www.dgb.de/fileadmin/download_center/Stellungnahmen/DGB-Stellungnahme-Reform-des-wirtschaftspolitischen-Rahmens-der-EU.pdf

[19] Cf. recitals, p. 10, Council Regulation (EEC) No 2052/88 of 24 June 1988.

[20] GEFRA, ifo Institut, Ramboll Management Consult & ZWE (2025). Evaluation of the ERDF programmes in Germany during the 2014–2020 funding period.

The evaluation procedures for ERDF programmes, as well as for cohesion funds in general, were described as a "best practice" example.

Bruegel (2025) analyzes that cohesion policy, within the current MFF, is the instrument with the highest share of performance-based budgeting. It combines a mix of input, output, and result indicators and applies continuous performance monitoring before, during, and after implementation.[21]

In contrast, experience with the RRF shows that the "money-for-reforms" principle does not ensure effective performance delivery. In a series of opinions, the European Court of Auditors has pointed out that while the monitoring system helps track the progress of EU countries in implementing agreed reforms and investments, the RRF framework relies heavily on input and output indicators, while outcome indicators are often neglected. As a result, many milestones and targets focus too much on processes rather than results, which undermines the effectiveness of the facility. [22] Moreover, the Commission's strong interest in portraying the RRF as a success has compromised the objectivity of assessments, both in the initial evaluations and in the mid-term review of the RRF.[23] From the DGB's perspective, it is incomprehensible why a best-practice approach with clear result-oriented elements should be replaced by a centralized management system that currently demonstrates neither objectivity nor result orientation.

In addition, the Commission's proposal – apart from the special provision in cases of breaches of the rule of law – does not include effective mechanisms to ensure that the regional level is not held accountable for reform progress at the national level. Since regions can only influence the implementation of national reforms to a limited extent, they risk, in the worst case, losing urgently needed funding for regional development – despite not being responsible for political failures at the federal level.

The DGB also points out that performance and impact indicators for short-term political programmes and those for long-term measures, such as in the context of cohesion policy, must be clearly differentiated in order to reflect their different time horizons, objectives, and mechanisms of impact.

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[21] Bruegel (2025). Bigger, better funded and focused on public goods. How to revamp the European union budget. Bruegel Blueprint 37.pdf

[22] European Court of Auditors (2023): *The performance monitoring framework of the Recovery and Resilience Facility: progress in implementation is measured, but the framework is not sufficient to capture performance*, Special Report 26/2023, https://www.eca.europa.eu/ECAPublications/SR-2023-26/SR-2023-26_DE.pdf.

[23] Bruegel (2025). Bigger, better funded and focused on public goods. How to revamp the European union budget. Bruegel Blueprint 37.pdf.

Horizontal Conditionalities Must Also Include an Employment Dimension

The DGB criticizes that the disbursement of Multi-Fund resources is not subject to any employment-related conditionality. From the DGB's perspective, it must be ensured that funds deployed under EU investment and cohesion policy are always **linked to the principles of Decent Work**, such as **collective bargaining coverage**, **site development**, **job security**, and **skills strategies**. Only in this way can we contribute in the long term to maintaining and expanding collectively bargained jobs, which are indispensable for greater social justice and acceptance during the transition. Moreover, companies bound by collective agreements and subject to co-determination demonstrably operate more sustainably and are more successful in managing the transition. A DGB Legal Opinion shows: Social conditionalities are legally feasible both at national and EU level.[24]

Proposed Amendments to the Regulation Text

Proposed Text by the Commission	DGB Amendment Proposal
Article 7 Horizontal Principles	**Article 7 Horizontal Principles**
	Support from the Fund shall be geared towards creating and maintaining decent jobs by tying funding to social conditionalities such as site retention and employment guarantees, qualification and training measures, measures to improve workers' participation and collective agreements. Such social conditionalities should respect the varieties of social dialogue in the Member States and not lead to undue discrimination against certain types of companies or Member States.
Article 22 Requirement for the NRP Plan	
Article 22 The NRP shall: (…) (b) effectively address all or a significant subset of challenges identified:	***(delete)***

[24] Becker Büttner Held (2024). Legal permissibility of linking public grants to social requirements, https://www.dgb.de/fileadmin/download_center/Positionen_und_Thesen/DGB_Kurzgutachten_soziale_Konditionierung.pdf

(i) in the context of the European Semester, in particular in the relevant country-specific recommendations addressed to the Member State, including those related to the European Pillar of Social Rights;

(…)

The Member State shall provide an explanation on how the challenges and country- specific recommendations are addressed by the NRP Plan and what level of financing is envisaged and how the NRP Plan will:

(a) be consistent, in particular, with the national medium-term fiscal structural plans under Regulation (EU) 2024/1263, national restoration plans under Regulation (EU) 2024/1991 of the European Parliament and of the Council17, National Energy and Climate Plans under Regulation (EU) 2018/1999 of the European Parliament and of the Council18; and national digital decade strategic roadmaps under Decision (EU) 2022/2481 of the European Parliament and of the Council;

Gender Equality

The DGB welcomes the introduction of gender equality as a horizontal conditionality. However, the DGB criticises that this is not accompanied by quantitative targets. The DGB has long called for the implementation of gender budgeting within the Multiannual Financial Framework (MFF). It is essential to evaluate, on a binding basis, the extent to which the different genders benefit from the EU budget.

Rule of Law

The DGB welcomes that, in cases of persistent breaches of the rule of law or fundamental rights, suspended funds are not entirely lost but can continue to be used in a targeted manner. Through direct or indirect management, it is ensured that key projects – particularly in democracy, civil society, and anti-corruption – can be maintained. This approach prevents the suspension of payments from inadvertently weakening those who actively contribute to upholding the rule of law in the Member State concerned.

5. No Reduction of Bureaucracy Through National and Regional Partnership Plans

One of the European Commission's primary overarching objectives for the next MFR is to simplify the existing rules in order to reduce administrative burdens for Member States, regional and local authorities, and beneficiaries, thereby enabling more efficient use of funds. The Commission aims to achieve this primarily through the consolidation of numerous funds and programmes within the Multi-Fund, the performance-based payment principle, and the introduction of a single monitoring system, which would reduce the current 5,000+ individual indicators under the Performance Regulation to 900 output and results indicators.

Additional planned measures include the application of the single audit principle and the use of lump sums for technical assistance.

Assessment and Demands of the DGB

The DGB generally welcomes the European Commission's intention to introduce procedural simplifications for the EU cohesion funds in the upcoming MFR. Administrative simplification is a prerequisite for strong cohesion funds. Until now, the high complexity of the formalities associated with project applications has posed a daunting hurdle for project implementers, businesses, and other stakeholders. Lengthy procedures also delay the disbursement of funds. Furthermore, the performance-based payment system jeopardizes secure project financing, threatening the liquidity of implementers and, in turn, the execution of entire projects. For EU cohesion policy after 2027, reforms are therefore needed to simplify procedures and make the application process more user-friendly.[25]

The planned application of the single audit principle and the reduction of performance indicators can have a positive impact. However, the DGB explicitly takes a critical view of other proposed measures.

This includes, as previously outlined, the merging of numerous funds into a Multi-Fund approach. While it is generally reasonable to combine funds with overlapping objectives and funding priorities, the Multi-Fund concept goes beyond what is appropriate. From the DGB's perspective, synergies must always be driven by content. The consolidation of existing funds is only sensible where funds are closely related thematically. For example, there are good arguments for merging the JTF with the ERDF. In contrast, cohesion funds and migration- or security-related investment instruments differ fundamentally in their objectives and implementation horizons. The DGB therefore rejects such a merger.

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[25] The DGB also refers in this context to its statement DGB (2025): DGB Position on the Future of EU Cohesion Policy. 2025-04-30_DGB_Position_on_the_Future_of_EU_Cohesion_Policy.pdf

The NRPP, with its complexity and scope, does not contribute to simplification. Instead of using existing reporting instruments, such as the medium-term fiscal plans of the European Semester, Member States will in future have to implement partnership plans in parallel with the medium-term fiscal plans of the European Semester, their environmental and climate plans, and additional reports and recommendations. They will repeatedly need to demonstrate how these individual plans contribute to achieving common objectives. This effectively represents an increase in bureaucracy through the proposed reforms. Experience with the implementation of the ARF suggests that this will likely overwhelm many local administrative authorities, particularly in disadvantaged regions.

The situation will be further aggravated by the European Commission's intention to move from the current N+3 rule to an N+1 rule. Funds not spent by the year following their commitment are to be returned to the EU budget. This poses a serious risk of overburdening authorities, with the consequence that essential funding may ultimately not be disbursed to regions and project sponsors on the ground.

The overlapping of the objectives of individual funds with unrelated reform requirements from the European Semester does also not simplify management or improve beneficiaries' access to funding.

In addition, in federal political systems such as Germany, there are currently no suitable administrative structures at the federal level to manage the Multi-Fund approach and coordinate implementation across different chapters**. Creating new administrative institutions would entail a significant additional effort compared to the status quo**. This makes a funding gap much more likely if the proposed changes are implemented, thereby jeopardising the continuation of existing projects and employment relationships.

The DGB also takes a critical view of the planned expansion of the use of lump sums for technical assistance. Lump sums are only appropriate for administrative costs (particularly material costs), provided they do not result in indirect funding cuts. By contrast, the DGB opposes lump sums for personnel costs, as they particularly benefit companies with lower wage and labour standards. Employers paying collectively bargained wages are disadvantaged because tariff increases cannot be compensated. The DGB therefore calls for employment-related conditionality and a dynamic wage lump sum to strengthen companies that promote decent work as well as social service providers.

6. Flexibility, Yes – But Not at the Expense of Long-Term Investments

The European Commission aims to create greater flexibility in the next MFF to respond more effectively to unforeseen events. To achieve this, the Commission proposes that one quarter of each country's allocations should not be pre-programmed but released gradually during the programming period to address crises or changing priorities. In addition, the new EU Facility is intended to provide resources to help Member States respond quickly to crises such as major natural disasters.

Assessment and Demands of the DGB

The DGB generally welcomes the idea of the EU holding funds in reserve to react more flexibly to crises and shifting political priorities. In the past, the lack of flexibility in the EU budget led to existing programmes – above all the cohesion funds – being repurposed at short notice as crisis instruments. As a result, they could no longer adequately fulfil their original mandate under Article 174 TFEU: promoting long-term investments to strengthen economic, social and territorial cohesion.

However, the Commission's proposal shows that the funds now earmarked for crisis response are being cut from long-term cohesion policy programmes. This is unacceptable. There must be no trade-off between long-term programmes, which depend on planning security, and funds for crisis management.