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Sustainability Growth Innovation

Opinion

SGI Europe position on the proposals from the European Commission on the Multi-annual Financial Framework 2028-2034

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Opinion

Executive Summary

- SGI Europe supports the **integration of long-term strategic investment goals**, but warns that success will depend on **inclusive governance and transparent delivery mechanisms**.

- The creation of the European Competitiveness Fund (ECF) is a positive innovation, but it must remain focused on **genuine EU added value** through cross-border spillovers, collective security, and strategic autonomy. Moreover, SGI Europe calls for **clear governance criteria for the ECF that ensure local relevance, stakeholder involvement, and transparency** in project selection.

- SGI Europe acknowledge the aim of the new **National and Regional Partnership Plans** (NRPPs) to streamline funding, but warns against the **risk of recentralising decision-making**. SGI Europe urges strong **safeguards for the partnership principle, territorial chapters, and stakeholder participation**. The negotiations for the next MFF must focus on participation, ownership, and territorial balance.

- SGIs are central to Europe's **preparedness and resilience strategies**. The MFF must ensure **stable and predictable investment in critical SGI sectors**, including water, energy, healthcare, housing, transport, waste, media and education.

- SGI Europe welcomes the call to build **Catalyst Europe**, a new instrument to operationalise EU Public Goods, and calls for strong SGI involvement in its design and delivery.

- The proposed **new own resources**, including the Corporate Resource for Europe (CORE), **must not undermine SGI's affordability**. SGI Europe calls for full impact assessments and exclusion of public SMEs from CORE's scope.

- The **link between EU funding and the European Semester must be designed carefully** to preserve subsidiarity, long-term planning, and proportionality in reporting requirements.

- Only a budget that **empowers SGIs, respects local expertise, and builds on Europe's territorial diversity** can deliver real EU added value in the next MFF cycle.

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Introduction

The European Commission's proposal for the Multiannual Financial Framework (MFF) 2028-2034 introduces **significant reforms to align the EU's long-term investment strategy with its strategic goals**: boosting competitiveness, enhancing cohesion, and strengthening resilience.

SGI Europe **welcomes this forward-looking approach** but stresses that success will depend on how well the new instruments and governance structures reflect the realities on the ground.

This position paper **outlines SGI Europe's initial reflections on key aspects of the proposal, focusing on competitiveness, cohesion, preparedness, financing, and performance** and highlights the role of Services of General Interest (SGIs) in delivering shared European priorities.

The European Competitiveness Fund

The MFF 2028-2034 offers an opportunity to **anchor the Union's competitiveness strategy in long-term investment**. In particular, the European Competitiveness Fund (ECF) is the instrument for boosting innovation, productivity, and resilience.

However, while recognising the ECF's potential to channel investments in a more coordinated approach, SGI Europe warns that this **risks weakening both strategic focus and accountability**: boosting the **EU competitiveness must be built from the bottom up** through clear priorities, transparent governance and strong links with those who implement projects on the ground.

A single fund encompassing industrial policy, research and social investment could easily lose sight of its original purpose. SGI Europe therefore urges that the ECF should **focus on projects and initiatives with a strict definition of "EU added value":** EU funds must concentrate on projects that deliver cross-border spillovers, strengthen collective security and resilience, generate long-term economic and social returns that no Member State could achieve alone, and support the development of European Public Goods. This also implies **ensuring strong links between the ECF and other EU funds, to guarantee that the EU added value is not missed.**

In recent years, the rapid uptake of Important Projects of Common European Interest (IPCEIs) highlighted the relevance of cross-EU cooperation on critical projects for resilience and open strategic autonomy – on microelectronics, batteries, and hydrogen. Building upon those developments, SGI Europe calls for starting a reflection on the creation of "pure" and genuine EU Public Goods. In the face of adaptation to climate change, geopolitical tensions, and the need to boost the EU's Open Strategic Autonomy, there is room for **more action to preserve the EU's edge in critical and emerging technologies relevant to the green and digital transitions**.

In our Strategic Priorities for the mandate 2024-2029, SGI Europe highlighted that those possibilities included sectors such as energy (through a genuine Energy Union, starting with guaranteeing the security of supply and energy security as a whole), **healthcare** (especially on pandemic preparedness and healthcare scientific research), **or security** (including of our critical and strategic infrastructures, including water and public transport). Their inclusion in the different windows of the ECF is a step in the right direction.

Providers of Services of General Interest (SGIs) are central to the delivery of these goods. They provide the local expertise and continuity that turn investment into real outcomes for citizens and enterprises. Excluding them from the Fund's scope and management would miss out on a very effective channel for delivering.

To ensure transparency and effectiveness, SGI Europe calls for a **clear governance structure based on objective criteria for project selection**. Every initiative financed under the ECF should demonstrate **measurable cross-border benefits, lasting productivity gains and positive effects on social and territorial cohesion**. Governance should not rely solely on technocratic assessment. It must include representatives of social partners and regional and local authorities to guarantee that investments serve the general interest and reflect territorial diversity.

Finally, the **EU competitiveness must be understood as a collective capacity, and must not lead to competition between Member States or sectors**. Europe will only succeed if its competitiveness strategy contributes to strengthening cohesion, modernising essential services, and reducing structural inequalities.

The Future of Cohesion Policy and the NRPPs

The **cohesion policy is one of the biggest successes of the EU project**. It helped reduce regional disparities, spurred economic growth, and supported investment across the EU, particularly in less developed regions. It has funded projects such as infrastructure improvements, education, and job creation, and has contributed to the EU's overall GDP and employment indicators.

The proposal to introduce National and Regional Partnership Plans (NRPPs) marks, therefore, one of the most far-reaching governance changes proposed for the next financial framework. The **proposed approach risks creating excessive re-centralisation of decision-making and undermining the role of local and regional authorities, as well as the principles of shared management, partnership and transparency**.

Experience with the Recovery and Resilience Facility (RRF) offers clear lessons on the limits of excessive centralisation. The RRF helped stabilise economies and accelerate disbursements after the pandemic, but it also exposed **major shortcomings in terms of ownership, transparency, and territorial balance**. The mid-term evaluation of the Facility[1] found that only around 15% of stakeholders, including social partners and local authorities, considered themselves meaningfully involved in the design of national plans, while approximately 75% of all funding decisions were taken directly by central ministries. The same evaluation observed that less developed regions experienced slower implementation due to lower administrative capacity, and that the blending of objectives created overlaps with the Cohesion Policy in 12 Member States. These figures illustrate how a **centralised model can weaken participation, reduce efficiency and limit the long-term impact of reforms**.

SGI Europe recalls that the success of EU funding instruments has always relied on partnership and proximity. **Cohesion Policy and the European Social Fund remain strong examples of how shared management and stakeholder participation enhance both democratic legitimacy and performance**. The partnership principle should be a cornerstone, achieved through the **meaningful involvement of regional and local**

[1] European Commission, Directorate-General for Economic and Financial Affairs, 'Mid-Term Evaluation of the Recovery and Resilience Facility. Strengthening our Union through ambitious reforms and investments', Institutional Paper 269. February 2024. Brussels.

authorities, social partners, and SGI providers throughout the planning, implementation, and evaluation phases.

A further risk lies in the **erosion of the territorial dimension of EU investment**. Regional disparities remain one of the Union's most pressing structural challenges. In line with the principle of "do no harm to cohesion", the NRPP should contain dedicated regional chapters and measurable targets. Such an approach should further underscore the importance of territorial impact assessments to better account for the specificities and challenges faced by different regions.

Finally, **continuous dialogue between the Commission, national governments and social partners is essential**. Building on the experience of the European Social Fund, SGI Europe proposes establishing structured multi-level governance platforms under each NRPP to monitor implementation and exchange best practices. Only through genuine partnership and transparent governance will the National and Regional Partnership Plans deliver on their promise of efficiency while preserving the European Union's unique model of democratic investment.

Preparedness and the role of Services of General Interest

Europe's recent crises have shown that **preparedness is a defining test of its capacity to act**. The Commission's Preparedness Union Strategy calls for an integrated, all-hazards and whole-of-society approach to resilience. SGI Europe fully supports this ambition. Yet the strategy can only deliver if its objectives are backed by real investment. The next Multiannual Financial Framework must therefore support its implementation.
The Commission recognises in its communication on the European Preparedness Union Strategy that "**robust preparedness does not come for free**", in view of also mitigating the long-term cost of inaction. SGI Europe fully shares this assessment and calls for preparedness to be embedded by design in the MFF 2028-2034.

SGIs are at the centre of this new preparedness paradigm, with energy, water, transport, waste, telecommunications, healthcare and education identified as "**vital societal functions**" by the Commission in its Union Preparedness Strategy. The Commission also emphasises the vital role of media, education and **training for population preparedness**. The resilience of SGIs is Europe's first line of defence: protecting and modernising these infrastructures ensures the continuity of democratic life, economic activity, access to reliable information and public trust in times of crisis. For this reason, **SGI Europe calls for full integration of a multi-dimensional security and resilience strategy into the relevant MFF instruments.**

Preparedness by design requires not only new governance structures but also predictable funding. The experience of the RRF demonstrated the limits of ad-hoc instruments. SGI Europe advocates for a **permanent mainstreaming of preparedness in the budgetary instruments** to promote cross-border prevention, civil protection, critical infrastructure protection, and emergency stockpiling, complementing national measures under the Union Civil Protection Mechanism.

Preparedness also requires **anticipating climate and environmental risks**. Climate adaptation and resilience, biodiversity protection and water security are long-term resilience policies, and their implementation depends on strong local SGIs on the front line in managing floods, droughts, pollution and energy shortages. They must therefore be systematically eligible under all EU investment windows dedicated to building "climate resilience by design" and social fairness, **including the future of the Social Climate Fund and of the Just Transition Fund.**

In the security domain, SGI Europe reiterates that **critical infrastructure faces a growing convergence of risks**: cyberattacks, hybrid interference, supply-chain disruptions, and extreme weather. The MFF should enable joint EU-national funding for the protection and digital resilience of SGI providers, ensuring coherence with the Preparedness Union's emphasis on vital societal functions.

Preparedness must therefore become a structural, financed pillar of the next MFF, on equal footing with competitiveness and cohesion. A European budget that integrates resilience across all policies will protect citizens, strengthen trust, and give the Union the capacity to anticipate rather than simply react. SGI Europe stands ready to work with the institutions to ensure that the Preparedness Union becomes not only a vision but a concrete investment reality for 2028-2034.

Proposals for New Own Resources

The next Multiannual Financial Framework will coincide with the start of **repayments for the common borrowing under NextGenerationEU**. This makes a stable and predictable revenue base essential for maintaining the Union's future capacity to invest in competitiveness, cohesion, and preparedness. SGI Europe supports a **balanced discussion on reforming the Union's financing system that safeguards trust, transparency, and fairness while ensuring adequate resources to deliver on shared priorities**.

In this context, it is important to note that **several of the proposed new own resources are designed primarily as instruments to change behaviour**, such as excise duties on tobacco, carbon pricing mechanisms, or incentives to reduce e-waste. If these instruments are effective, they will generate declining revenues over time, which may undermine the Union's long-term ability to count on them as stable financing tools. This highlights the **need for a predictable and sustainable revenue base to secure the EU's investment capacity in the years ahead.**

New own resources should **strengthen the link between European policies and their financing**, but they must ensure stability of income and remain socially fair and economically sustainable. The **impact of any new own-resources must be fully assessed to assess their expected impacts on the affordability of SGIs, as well as on social and territorial cohesion.**

Providers of services of general interest fulfil missions indispensable to citizens' daily lives. The introduction of new revenue instruments must respect this role and avoid unintended increases in service delivery costs at the heart of the daily lives of both citizens and enterprises. On that note, targeting all companies operating and selling in the EU with a net annual turnover of at least EUR 100 million (except SMEs, as defined in the Commission Recommendation 2003/361/EC), the proposed Corporate Resource for Europe (CORE) own-resources will impact many providers of services of general interest. **SGI Europe therefore urges a rethinking of the scope for the CORE own-resources, and for ensuring that providers of SGIs, especially those who would be considered as SMEs without the "ownership" criteria of the SME definition, are excluded from its scope.**

As the EU needs a **budget commensurate with the challenges faced, transparency and accountability will be crucial for public acceptance**. Citizens must clearly **see how new revenues contribute to developing infrastructure, climate adaptation, and skills**. SGI Europe therefore calls for a realistic, carefully sequenced reform process that secures the EU's financial sustainability while protecting competitiveness, cohesion, and social fairness.

Performance, Simplification and Reporting

The **effectiveness of the next MFF will also depend on how it is programmed, implemented, and monitored**. SGI Europe supports the Commission's ambition to **make disbursement from the EU budget more strategic and aligned with the European Semester recommendations**. Better coordination between investment, reform and fiscal policy can increase efficiency and coherence. However, this new approach must be implemented carefully to **preserve the diversity of national systems and respect the autonomy of social partners.**

Better connecting the EU Semester and MFF disbursements can provide a **clearer link between the economic and social objectives, improve anticipation of investment needs, and ensure that EU and national budgets work in the same direction**. It can also increase transparency by making progress on EU priorities visible in the Country Reports and the Country-Specific Recommendations. This could lead to more stable planning and better visibility for reforms that depend on long-term investment.

At the same time, important challenges must be addressed. The Semester process is primarily designed for macroeconomic coordination. If a logic of short-term policy assessment were to dominate, it could undermine the predictability needed for infrastructure and social investment. **SGI Europe warns that integrating funding too tightly into the Semester could lead to excessive conditionality, frequent policy shifts, and reduced ownership by local actors**. The lessons of the Recovery and Resilience Facility show that performance **indicators** must **remain realistic and outcome-based**, not purely fiscal or administrative.

Simplification and proportionality remain essential to make the new system work. Smaller organisations and local service providers should not be burdened by complex reporting linked to the Semester's fiscal timeline. The **performance framework should distinguish between macroeconomic coordination and project-level accountability**. SGI Europe proposes that the Semester's Country Reports include a specific chapter on "social and territorial investment," assessing how EU and national measures jointly contribute to cohesion, preparedness, and the European Pillar of Social Rights. Such a chapter would make the social and regional impact of EU funding visible, without overburdening beneficiaries.

Transparency and accessibility will also be crucial for legitimacy. Citizens should be able to understand how Semester priorities translate into investment decisions and what results they deliver. A single access and reporting interface for EU programmes, linked to Semester monitoring tools, would help avoid duplication and improve comparability. SGI Europe supports the publication of concise, user-friendly reports on the outcomes of EU-funded projects, provided that sensitive operational data remain protected.

Empowering the MFF through the European Semester can be a positive step if it strengthens long-term planning and accountability while respecting subsidiarity and social dialogue. To achieve this balance, SGI Europe calls for **structured involvement of social partners and regional authorities in the Semester cycle, in line with the partnership principle**. Only an inclusive and proportionate governance model can ensure that performance and simplification translate into genuine added value for citizens and enterprises.

Conclusion

The MFF 2028-2034 **will shape the Union's ability to respond to current and future challenges**: from climate adaptation and economic transformation to security and social inclusion.

For this framework to deliver on its ambition, **EU investments must be grounded in local realities, structured through inclusive governance, and guided by a clear understanding of European added value**. SGIs are essential partners in this effort.

SGI Europe will continue working with the institutions to ensure that the next MFF empowers providers of essential services, supports territorial and social cohesion, and strengthens Europe's capacity to invest, prepare, and deliver for all.