



THE NEXT MULTIANNUAL FINANCIAL FRAMEWORK (MFF) 2028-2034

As the European Union shapes its post-2027 budgetary architecture, the International Association of Public Transport (UITP) calls for a bold and future-proof MFF that places urban, local and regional passenger transport at the heart of the EU's climate, competitiveness, and social justice objectives. With over 500 member operators and authorities across Europe, UITP represents a unified voice advocating for local public transport as a public good that enables inclusive, zero-emission, and economically vibrant communities.

- ✓ **Create a permanent EU Transport Investment Fund:** Establish a centrally coordinated green investment fund to finance long-term and high-impact transport decarbonisation projects, prioritising urban, regional, cross-border, and rural passenger transport and infrastructures.
- ✓ **Reinforce urban mobility in national plans:** Guarantee that the Regional and National Partnerships include passenger mobility investments as its central pillar. Enable financing infrastructure, asset procurement, service operations and maintenance – all key to efficient and resilient mobility.
- ✓ **Include public transport industry in the Competitiveness Fund:** Our R&D, supply and manufacturing value chain has been for years delivering on EU's economic competitiveness and economic resilience, and must be recognised as a strategic industrial priority.
- ✓ **Continue support under Connecting Europe Facility:** Equip new CEF3 with dedicated envelopes for urban nodes, multimodal passenger hubs, alternative fuels infrastructures, electric bus procurement, and rail infrastructures with related traffic management, digitalisation and (cyber)security systems.
- ✓ **Strengthen and simplify existing transport funding:** Significantly scale up sustainable mobility objectives under the ERDF, Cohesion Fund, Just Transition Mechanism and Horizon Europe's successor FP10, ensuring sufficient complementarity between all grant schemes.
- ✓ **Tackle transport poverty through inclusion measures:** Ensure budgetising the Social Climate Funds, and align MFF investments with permanent social inclusion objectives, targeting transport poverty while ensuring equitable and affordable access to public transport services.

WHY MFF MATTERS FOR LOCAL PASSENGER TRANSPORT

The aftermath of COVID-19 and the ongoing cost-of-living crisis have strained city budgets and eroded fare revenues, leaving public transport operators and authorities under financial pressure. At the same time, the obligation to meet climate and resilience targets, rising energy costs, and geopolitical uncertainties have made the role of EU co-financing even more vital than ever.

PUBLIC TRANSPORT'S FOUR URGENT REALITIES TO FOCUS ON:

- **Massive investment needs:** Achieving sustainable urban mobility by 2050 demands at least €1.5 trillion in investment¹. Meanwhile, the EU must bridge an annual €620 billion green investment gap to meet climate goals². Looking at the Sustainable and Smart Mobility Strategy, until 2030 alone at least €100 billion per year are needed for transport infrastructure investment³. On top of that, the very implementation of the TEN-T Regulation will also require an investment of €1.5 trillion for the comprehensive network by 2050⁴. Do not forget the debt repayment of the NextGenerationEU, which will cost around €150 billion per year for the next 20 years.
- **End of the recovery instrument:** With the expiry of the Recovery and Resilience Facility (RRF) in 2026, Europe faces a substantial investment vacuum. Given that measures supporting sustainable mobility represent 31% of the total climate expenditure financed by the RRF, the MFF must step in with strategic, long-term and continuous funding solutions replacing the Facility. Ensure that any potential performance-based delivery models are based on financial transparency and active oversight from local and regional authorities.
- **Positive externalities of public transport:** Imagine a city without public transport... Passenger mobility is not merely about buses or metros – it is a vital enabler of mobility, social inclusion, competitiveness, and climate neutrality. It also provides an outstanding access to qualified and local jobs. Addressing the current driver shortage challenge, EU policies and funds must play a vital role in encouraging a single market for drivers – reducing barriers and promoting harmonisation across all Member States.
- **A military mobility paradigm:** Dual-use infrastructure may potentially serve as an important deterrent factor, yet on a daily basis it must safeguard efficient public transport, vital for local economic stability and mobility of essential workers. Public transport infrastructure is critical and must be resilient to cyberattacks, terrorism, energy blackouts, health crises, and weather disasters.

¹ See, "Costs and Benefits of the Urban Mobility Transition – 2nd Edition", EIT Urban Mobility, 2024.

² See, "Investment needs assessment and funding availabilities to strengthen EU's Net-Zero technology manufacturing capacity", Commission Staff Working Document, European Commission, 2023.

³ See, "Sustainable and Smart Mobility Strategy – putting European transport on track for the future", COM/2020/789 final, European Commission, 2020.

⁴ See, "Impact assessment accompanying the proposal for a regulation for the development of the TEN-T", SWD (2021) 472 final, European Commission, 2021.

FROM EUROPEAN GREEN DEAL TOWARDS CLEAN INDUSTRIAL DEAL

EU strategic and legislative ambitions must now be delivered both locally and with impact on people's daily lives. The Sustainable and Smart Mobility Strategy, Urban Mobility Framework, or the Fit-for-55 Package have all established ambitious targets for decarbonisation, digitalisation, and climate resilience in the transport sector. The same goes for the revised TEN-T Regulation, the Alternative Fuels Infrastructure Regulation, CO2 Standards Regulation, the Clean Vehicles Directive or the updated SUMP Guidelines, all of which directly mandate action at the local and regional level. This is why cities, regions and public transport operators are now at the forefront of multiple and costly implementation efforts.

Yet ambition without adequate funding risks failure. All those obligations entail massive investment needs for transport infrastructure, asset procurement, fleet electrification or planning capacity, among others. Without increased, new, and direct funding, cities and regions will be unable to meet the expected targets for zero-emission, digitalisation and transport accessibility.

EU funds must be increased and prioritise local public transport with active and shared mobility solutions. The MFF 2028-2034 needs to contain easily accessible funding and financing mechanism dedicated for the local and regional sustainable mobility ecosystem, ensuring stability and investment predictability for local authorities and operators. Such a support must encompass all sustainable modes, with local passenger transport as the backbone, together with walking, cycling, shared- and micro-mobility solutions. Moreover, regarding the very process of submitting funding applications, dedicated programmes should include a more explicit reference to public transport operators as final fund recipients in order to make the whole process easier and more streamlined.

As the EU shifts from the European Green Deal towards the Clean Industrial Deal, the focus also broadens to include industrial competitiveness alongside sustainability. Public transport must be considered a strategic pillar within the competitiveness dialogue, given its significant role in supporting zero-carbon economy, driving clean tech innovation, sustaining large industrial base of big and SME manufacturers, or creating quality jobs. In fact, local public transport creates millions of jobs across the EU, from drivers and maintenance staff to planners and engineers – 2 million people are employed in the public transport sector in the EU at local level, contributing annually with €150 billion to the European economy (1.2% of EU's GDP).

EU support for local public transport is not only a climate imperative but a competitiveness investment. Efficient transport networks secure business productivity and urban economic output with each €1 invested in public transport generating up to €4 in wider economic benefits!⁵ Also, the local public transport sector across the EU features a robust number of internationally recognised operators and industry champions, with highly valued operational, technical and business know-how, either through consultancy services, engineering support or service provision excellence. The future Global Gateway programme must capitalise on this outstanding business practices, supporting stakeholders and mitigating potential financial risks.

⁵ See, "Public Transport Benefits: Mobility for (Y)EU – Benefits for All", UITP, 2022.

STRENGTHENING THE EU COMPETITIVENESS

The upcoming Competitiveness Fund is a strategic step to reinforce Europe's industrial base and economic competitiveness. **To maximise the impact of the Fund, UITP calls for it to support the innovation potential of public transport supply, manufacturing and R&D value chain.** Access to simplified and sustainable financing – also under the FP10 – will reinforce the role of public transport as a vital component of a competitive transition. This will create a multitude of green local jobs, scale up a vast mobility start-up scene, and ensure that made-from-Europe electric buses, MaaS application, ticketing solutions, predictive maintenance tools or AI-driven traffic management systems can compete globally. Owing to their wide reach and service-oriented nature, public transport systems provide a robust platform for the large-scale deployment of innovations, with R&D playing a pivotal role in enhancing the quality, accessibility, and sustainability of mobility services. This can not only prevent chronic under-investment in R&I being the obstacle to modernising public transport, but also support existing public-private innovation partnerships like CCAM (autonomous mobility) or Europe's Rail (interoperable rail innovation).

TACKLING MOBILITY POVERTY AND EXCLUSION

Public transport is not only a fundamental enabler of access to employment, education, and essential services, but also a key tool able to address the urgency of the urban-rural divide across the EU. Addressing mobility poverty through MFF-aligned investments can deliver broader societal benefits: economic revitalisation, territorial cohesion, and a truly just green transition that leaves no one behind⁶. Our top 2 recommendations on transport poverty includes:

- **Mainstream transport inclusion into the MFF architecture:** Ensure that MFF-funded programmes incorporate transport equity as a cross-cutting priority, specifically targeting mobility-impaired and economically vulnerable populations. While mechanisms like the SCF and the Just Transition Mechanism offer modest compensation to affected groups, they fall short of the scale needed to prevent this alarming societal issue – the new MFF must feature truly transformative instruments rather than purely reactive ones.
- **Budgetise the Social Climate Fund:** The SCF, created to mitigate the effects of ETS2 on vulnerable groups, should be a fully-fledged component of the MFF with targeted measures for improving access to affordable public transport.

Dedicated funding should leverage infrastructure and integrated mobility services that connect rural and suburban areas to major transport networks, alongside investments in micro-mobility, on-demand services, or multimodal hubs. Moreover, rural and low-density areas must not be left behind. Being home to one in four Europeans and covering 75% of the EU's territory, they are essential to both economic and climate actions⁷. Yet, over 93 million people – 21% of EU population – are estimated to be at risk of poverty or social exclusion⁸.

⁶ See, "Social Climate Fund: An optimal tool to empower vulnerable transport users", Policy Position, UITP, 2024.

⁷ See, "EU annual report 2024: The state of regions and cities", European Committee of the Regions, 2024.

⁸ See, "People at risk of poverty or social exclusion in 2024", Eurostat, April 2025.

SYNERGIES BETWEEN MFF ROADMAP AND PUBLIC TRANSPORT FUNDING

In the European Commission's Communication *The Road to the Next Multiannual Financial Framework* from February 2025⁹, the Commission outlines a vision for a "modern, ambitious, and reinforced" EU budget, stressing simplicity, flexibility, targeted investments, and impact maximisation. UITP fully agrees with its main statement: *the status quo is not an option*. Despite public transport's essential role in addressing climate urgency, rising social inequalities and increasing mobility demand, the sector remains structurally underfunded with fragmented and cumbersome funding architecture. To showcase the alignment, we highlight a number of strategic links between EU priorities and UITP policy objectives for local passenger transport:

1. Sustainability and green transition

- EU priority: Investing in clean future, energy security, and sustainable development.
- UITP objective: Dedicated budget lines supporting local public transport's proven track record of achieving climate neutrality, reducing emissions, and improving urban air quality, among other well-established positive externalities.

2. Competitiveness and strategic investments

- EU priority: Creating the Competitiveness Fund for strategic sectors.
- UITP objective: Add public transport R&I, supply and manufacturing value chain as priority component under the Fund and FP10 – our sector has been for years essential to Europe's economic competitiveness, economic resilience, and technological innovation.

3. Local and regional empowerment

- EU priority: Partnering with national, regional, and local authorities for investment plans.
- UITP objective: Ensure direct involvement of cities and regions in programming, assessing, implementing and overseeing potential performance-driven instruments and plans.

4. Security and resilience

- EU priority: Strengthening EU civil protection and crisis preparedness.
- UITP objective: Enhance EU social resilience and service continuity through resilient, crisis-proof public transport networks and dual-use infrastructures during emergencies.

5. Modernised revenue and efficient spending

- EU priority: Modernising own resources and maximising the impact of EU spendings
- UITP objective: Earmark a share of EU revenues to expand and maintain public transport infrastructures and adopt new potential EU revenue resources (e.g. carbon border adjustment, digital levy) must co-finance sustainable urban mobility measures.

⁹ See, "The road to the next multiannual financial framework", COM(2025) 46 final, European Commission, 2025.

Moreover, UITP equally well welcomes the European Parliament Budget Committee's adoption of the report *On a Revamped Long-Term Budget for the Union in a Changing World* from May 2025¹⁰. The report rightfully identifies transport infrastructure as a strategic investment area vital for the Union's competitiveness, resilience, and climate ambitions. UITP fully supports the Committee's call for significantly greater allocations to energy and transport in the next MFF, following the EU's commitment to achieve climate neutrality by 2050. This clear recognition of transport's pivotal role in a fair green transition and in strengthening Europe's strategic autonomy again aligns well with UITP's policy objectives:

A. Transport infrastructure and climate neutrality

- The report (Compromise 5, §22) stresses the need to decarbonise the economy through improved energy and transport infrastructure. UITP is convinced that urban and regional public transport projects – with a focus on urban rail and bus electrification – must be prioritised under the expanded transport funding, given their high impact on reducing emissions and congestion, but also on strengthening the overall single market.

B. Enhanced funding for transport infrastructure

- The call for "much greater, directly managed funding for transport infrastructure" (Compromise 4, §12) strongly resonates with UITP's position that the next MFF should secure substantial EU support for local and regional public transport systems, including rail stations and multimodal passenger hubs.

C. Support for urban authorities

- The Budget Committee underlines the need for "enhanced access to EU funding for cities, regions and urban authorities" (Compromise 4, §19), with UITP strongly supporting this demand, advocating that urban mobility authorities must have streamlined access to EU funding instruments, cutting red tape and fostering subsidiarity.

D. Dual-use transport infrastructure

- The report highlights the importance of financing for dual-use transport infrastructure through TEN-T upgrades (Compromise 6, §30). UITP notes that urban transport nodes and critical mobility corridors can serve both civilian and strategic resilience and therefore should be eligible, also in the context of essential services – COVID-19 showcased the vital importance of passenger mobility in allowing essential workers to travel.

¹⁰ See, "A revamped long-term budget for the Union in a changing world", Own-Initiative Report, BUDG, European Parliament, May 2025.

FROM AMBITION TO ACTION – A PLEA FOR STRUCTURAL REFORMS

1. ON INVESTMENT STRATEGY

The upcoming MFF should embody a strategic shift in transport investment. With estimated total EU green investment needs mounting to €1.2 trillion per year¹¹, it is essential to rethink how the EU measures success in investment policy: a stronger link must be made between scaling up investment envelopes and measurable outcomes like emission reductions, new passenger flows, or accessibility improvements. This will ensure economic stability for local operators and authorities in maintaining service levels, guaranteeing affordable fares, and ultimately contributing to the creation of comprehensive mobility systems of the future.

Also the EU's climate bank – the European Investment Bank – must continue playing a pivotal role in facilitating access to long-term financing for sustainable urban mobility projects. The EIB has already demonstrated its critical value in co-financing public transport infrastructure, zero-emission mobility, smart digitalisation, and climate resilience of urban transport. In light of the EU's climate and competitiveness ambitions, it is essential that EIB lending maintains a strong focus on green local mobility as a strategic investment area. UITP calls for enhanced alignment between EU grant instruments and EIB financial products under the next MFF, ensuring that local authorities and transport operators can more easily blend funding and financing to scale up investments.

2. ON MODAL SHIFT

Modal shift must be placed at the centre of EU transport decarbonisation policy. For this shift to succeed, multimodal public transport must be empowered to expand its offer and societal reach. Indeed, rethinking urban mobility means moving away from the car-centric mindset – regardless of whether the car runs on petrol or electricity. True socio-economic progress lies in prioritising efficient passenger transport, fare-integrated solutions, and designing cities that support walking, cycling and public mobility as everyday choices. Yet, much of the current debate remains stuck on vehicle technology, ignoring deeper shifts needed to create cleaner, healthier, and more liveable urban environments free of fossil fuels, with public subsidies for the latter at a mind-boggling scale of €111 billion in 2023 alone¹². It is precisely local public transport that offers the most efficient way to move large numbers of people, using less energy, emitting up to zero emissions, and requiring minimal space per person when compared to all other modes.

3. ON TRANSPORT EXTERNALITIES

UITP calls for a renewed approach to investment assessments that factor in broader social, economic, and environmental value – not just narrow cost-benefit analyses. Public transport generates the widest array of positive externalities that extend well beyond the mobility sector. MFF that prioritises public transport is not just about infrastructure – it is a strategic investment in European added value and in the quality of European life. Building on road charges and ETS

¹¹ Equal to 8.3% of EU's 2023 GDP, and with the transport sector in need of €205 billion green investment per year between 2021-2030. See, "Investing in Europe's green future: Green investment needs, outlook and obstacles to funding the gap", Occasional Paper Series nr 376, European Central Bank, 2025.

¹² See, "Phasing out fossil fuel subsidies while ensuring European competitiveness, mitigating the cost of living crisis, and promoting a just transition", Own-initiative opinion NAT/946, European Economic and Social Committee, April 2025.

revenues, greenhouse gas emissions from all transport modes must be therefore consistently priced, with public investment priorities going towards the most climate- and cost-efficient modes of travel. This would level the playing field, enabling a fairer competition between different modes while generating revenue to invest in clean alternatives like public transport. Finally, the current revision of the Energy Taxation Directive should put an end to unjustified tax exemptions for maritime and aviation fossil fuels.

4. ON LOCAL CLIMATE ACTION

The local level must be seriously recognised as a key lever of change, with regions and cities playing a leading role in climate action: they are implementing 70% of mitigation efforts and 90% of adaptation policies. In fact, 9 out of 10 euros spent on climate action are invested at the local level. Given that the European urban populations are set to rise from 75% to 84% of the total by 2050, urban and regional governments should be systematically involved in the programming and implementation of EU investments, especially under the Cohesion policy's share management. This envisages substantial administrative capacity support at all subnational levels.

5. ON EUROPEAN COORDINATION

European coordination is vital to ensure market cohesion, economic competitiveness, and crisis readiness. A series of high-level reports – including those by Jacques Delors, Mario Draghi, and Enrico Letta – have reaffirmed the strategic importance of EU transport networks as foundational assets for Europe's resilience and prosperity. Only an EU-led and EU-funded approach can deliver the level of integration required to drive sustainable economic growth and promote social and territorial cohesion across the Union. In this context, transport and local passenger mobility emerge as one of the backbones of the EU internal market. They enable the free movement of people, foster regional development, and underpin Europe's net-zero ambitions. Yet to succeed, Europe must offer competitive, efficient, and decarbonised transport systems for both citizens and businesses. EU support brings critical added value by harmonising policies, pooling financial resources at scale, and ensuring alignment across Member States – outcomes that cannot be achieved through fragmented national efforts alone.

Your measure of the ambition must match your political commitment to act.
Let's make local public transport a true European priority and a symbol of a modern Europe!



This is an official policy paper prepared by UITP EU Committee. UITP is the international association representing public transport stakeholders. In the European Union, UITP brings together more than 500 urban, suburban and regional public transport operators and authorities from all Member States. We represent the perspective of short distance passenger transport services by all sustainable modes: bus, regional and suburban rail, metro, light rail, tram and waterborne. Visit our website at uitp.eu

