

STUDY

Requested by the ENVI Committee



# Impacts of the 2028–2034 MFF Proposals on Climate and Environment

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Assessment of the Commission  
proposals



Policy Department for Transformation, Innovation and Health  
Directorate-General for Economy, Transformation and Industry  
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## Assessment of the Commission proposals

### **Abstract**

This paper assesses the European Commission's proposal for the 2028–2034 multiannual financial framework (MFF) from a climate and environmental perspective. It examines changes to spending architecture, targets and tracking methodologies, and evaluates potential implications for biodiversity and climate mainstreaming and performance monitoring, drawing on experience from the 2014–2020 and 2021–2027 MFF cycles.

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## LIST OF ABBREVIATIONS

|                 |  |
|-----------------|--|
| <b>CAP</b>      | Common Agricultural Policy   |
| <b>CEF</b>      | Connecting Europe Facility   |
| <b>CF</b>       | Cohesion Fund  |
| <b>DNSH</b>     | Do No Significant Harm   |
| <b>EAFRD</b>    | European Agricultural Fund for Rural Development   |
| <b>EAGF</b>     | European Agricultural Guarantee Fund   |
| <b>ECF</b>      | European Competitiveness Fund  |
| <b>EMFAF</b>    | European Maritime, Fisheries and Aquaculture Fund  |
| <b>EMFF</b>     | European Maritime and Fisheries Fund   |
| <b>EP</b>       | European Parliament  |
| <b>EPBD</b>     | Energy Performance of Buildings Directive  |
| <b>ERDF</b>     | European Regional Development Fund   |
| <b>ESF</b>      | European Social Fund   |
| <b>EU</b>       | European Union   |
| <b>JTF</b>      | Just Transition Fund   |
| <b>JTM</b>      | Just Transition Mechanism  |
| <b>LIFE</b>     | L'Instrument Financier pour l'Environnement (Programme for Environment and Climate Action) |
| <b>MFF</b>      | Multiannual Financial Framework  |
| <b>NGEU</b>     | NextGenerationEU   |
| <b>NRL</b>      | Nature Restoration Law   |
| <b>NRP Fund</b> | National and Regional Partnership Fund   |
| <b>NRPP</b>     | National and Regional Partnership Plan   |
| <b>OECD</b>     | Organisation for Economic Co-operation and Development                                     |
| <b>RRF</b>      | Recovery and Resilience Facility   |

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## EXECUTIVE SUMMARY

### Aim

This paper assesses whether the Commission’s proposals for the 2028–2034 Multiannual Financial Framework (MFF) are fit for purpose in supporting EU climate and environmental objectives. It draws on an analysis of developments across the 2014–2020, 2021–2027, and proposed 2028–2034 MFF cycles, examining changes in budget architecture, expenditure levels, tracking methods, and implementation.

### Background

The proposed MFF introduces a **restructured architecture for climate and environmental spending** based on consolidation, mainstreaming and plan-based delivery. A single 35% horizontal spending target for climate and environment would apply across the EU budget, supported by the continued application of the ‘do no significant harm’ (DNSH) principle. Under this architecture, climate and environmental spending would be primarily delivered through:

- the **National and Regional Partnership (NRP) Fund**, implemented through Member State National and Regional Partnership Plans (NRPPs), with at least 43% (EUR 427.1 billion) of national allocations dedicated to climate and environmental objectives, and
- the **European Competitiveness Fund (ECF)**, a centrally managed instrument supporting industrial decarbonisation, clean transition and competitiveness objectives, with the same 43% budget (EUR 46.91 and 100.75 billion) climate and environment allocation requirement.

Other programmes such as Horizon Europe (EUR 52.59 billion), the Connecting Europe Facility (EUR 81.43 billion), and Global Europe (EUR 215.12 billion) would complement these instruments. Climate and biodiversity expenditure tracking would continue to rely on an effect-based tagging methodology using predefined intervention fields and coefficients applied ex-ante.

### Key Findings

The proposed 2028–2034 Multiannual Financial Framework (MFF) maintains the mainstreaming of climate and environmental objectives across EU spending but raises important concerns regarding ambition, governance and accountability. While the introduction of a single 35% climate and environment spending target signals continued political commitment, the proposal does not substantially strengthen the mechanisms needed to ensure credible expenditure tracking, consistent environmental safeguards or effective delivery of biodiversity outcomes.

In particular, the increased reliance on plan-based implementation through NRPPs may reduce transparency and parliamentary scrutiny of climate and biodiversity spending, as oversight shifts towards aggregated national programming and performance monitoring frameworks. Combined with methodological limitations in expenditure tagging and exemptions from climate and environmental accounting in certain policy areas, these features risk weakening the credibility and effectiveness of the EU’s green spending architecture under the next MFF. Several structural risks emerge from the proposed framework.

- **The single 35 % climate and environment target may reduce the visibility of biodiversity-specific actions**, as climate mitigation investments – often larger in scale and more readily aligned with economic priorities – may account for a substantial share of the target, potentially limiting the emphasis on biodiversity restoration and ecosystem protection.

- The proposal retains the existing tracking methodology, which is predominantly ex-ante and does not systematically verify actual outcomes or net environmental impacts. As a result, **reported spending levels may overestimate real contributions, fail to capture negative externalities, and obscure trade-offs between objectives.** These limitations become more consequential as climate and environmental action is increasingly mainstreamed rather than delivered through dedicated instruments.
- The effectiveness of DNSH and performance monitoring depends on consistent interpretation and enforcement across instruments and Member States. **Limited clarity on interpretation and enforcement has reduced its effectiveness as a steering mechanism.**
- The discontinuation of LIFE removes a dedicated, centrally managed programme focused exclusively on environment and climate action. Although LIFE represented a relatively small share of total climate- and biodiversity-relevant spending, it provided a clearly identifiable and ring-fenced funding channel. Although LIFE-type activities remain eligible under the NRP Fund and the ECF, their integration into broader instruments reduces thematic visibility and distinct budgetary allocation. **Thus, climate and environmental projects will compete within larger policy frameworks oriented towards other objectives.**

Taken together, these factors suggest that while the proposed MFF maintains climate and environmental mainstreaming, it does not fundamentally strengthen the mechanisms needed to ensure that spending translates into measurable environmental outcomes. To strengthen the credibility and effectiveness of climate and environmental spending under the 2028–2034 MFF, the following measures should be considered:

- **Performance framework and expenditure tracking.** The proposed framework continues to rely predominantly on ex-ante tagging of planned allocations, which limits insight into implementation progress and environmental outcomes. Strengthening outcome-oriented evaluation, improving the accuracy and transparency of intervention field classifications, and introducing more granular reporting across environmental objectives would enhance accountability and reduce the risk of overestimating green spending. In addition, reinforcing the legal basis and consistency of the DNSH principle, clarifying provisions such as Article 4(4) of the expenditure tracking and performance framework regulation to prevent reductions in programme-level green spending, considering the inclusion of some aspects of defence and security expenditure in the overall target, and introducing a legally binding biodiversity spending target would further strengthen the credibility and policy relevance of the climate and environmental mainstreaming framework.
- **Biodiversity mainstreaming across programmes.** Biodiversity spending remains concentrated in a limited number of instruments and is often subsumed under broader environmental categories, reducing visibility and strategic prioritisation. A more systematic integration of biodiversity objectives across EU programmes – including infrastructure, innovation, agriculture and external action – together with expanded use of biodiversity-relevant intervention fields and stronger incentives for nature-positive investments, could help ensure that headline spending targets translate into meaningful programme-level contributions and improved ecological outcomes.
- **Safeguarding the role of LIFE-type actions.** Although relatively small in financial terms, the LIFE programme has historically provided a focused and centrally managed funding channel for biodiversity and environmental governance. As LIFE-type actions are integrated into larger instruments such as the NRP Fund and the ECF, additional safeguards may be needed to

preserve their EU added value. These could include ensuring sufficient Member State capacity to implement high-quality projects, maintaining safeguards for EU-wide priorities alongside national programming, clarifying governance arrangements for transnational initiatives, and ensuring adequate visibility and prioritisation of LIFE-type activities within centrally managed funding windows.

Together, these measures would help ensure that the proposed mainstreaming approach translates into effective and measurable progress on climate and biodiversity objectives under the 2028–2034 MFF.

## 1. BACKGROUND AND OBJECTIVE

On 17 July 2025 the European Commission presented its proposals for the next Multiannual Financial Framework (MFF) for 2028–2034. Compared to the 2014–2020 and 2021–2027 MFF cycles, the new MFF brings significant changes to programmes and instruments financing European Union (EU) climate and environmental objectives.

Particularly significant is the discontinuation of the EU’s funding instrument for the environment and climate action, the LIFE programme. Several specialised programmes are combined into two large and more generalist programmes: the European fund for economic cohesion social and territorial cohesion, agriculture and rural, fisheries and maritime (NRP Fund) and the European Competitiveness Fund (ECF). At the same time, the climate spending target under the proposed MFF is higher than ever with 35% and the ‘do no significant harm’ (DNSH) principle is introduced as a horizontal safeguarding measure. With these proposals, climate mainstreaming gains high importance in the 2028–2034 MFF cycle.

Against the background of the proposed MFF, the European Parliament (EP) Committee on the Environment, Climate and Food Safety (ENVI) in December 2025 requested a briefing to present an initial analysis of how the proposed MFF would provide funding for climate and environmental objectives.<sup>1</sup>

This paper builds on this briefing by providing an in-depth analysis of the implications of the new MFF proposals for climate and environment. It explores how relevant funding objectives, spending and mainstreaming efforts have evolved over 2014–2020 and 2021–2027 MFF cycles and how planned and actual expenditure for climate and environment compare. To this end, it contains the following chapters:

- **Chapter 2** presents how environment and climate objectives and funding have evolved over the 2014–2020, 2021–2027 and 2028–2034 MFF cycles. It shows key objectives, programmes and instruments, earmarking and spending targets, and critically assesses structural and methodological changes across the MFF cycles.
- **Chapter 3** presents the evolution of spending levels for climate and environment action over the 2014–2020 and 2021–2027 MFF cycles. It also assesses relevant implementation gaps and the reliability of expenditure tracking methodologies.
- **Chapter 4** builds on the findings from the previous chapters and examines whether the proposed 2028–2034 MFF is fit-for-purpose as concerns climate and environment. It includes an analysis of newly proposed funds and presents risks and recommendations related to the upcoming MFF.

The results of the paper are intended to inform Members of the ENVI Committee in their work on MFF-related legislative proposals, with a focus on those proposals for which ENVI is an opinion-giving Committee.

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<sup>1</sup> European Parliament (2025). *Impacts of the 2028–2034 MFF proposals on the climate and the environment – Mapping of the Commission proposals*. Available at: [https://www.europarl.europa.eu/thinktank/en/document/ECTI\\_IDA\(2025\)780410](https://www.europarl.europa.eu/thinktank/en/document/ECTI_IDA(2025)780410).

## 2. EVOLUTION OF ENVIRONMENT AND CLIMATE ACROSS THE MFF CYCLES

### KEY FINDINGS

Climate and environment themes were represented by a variety of specific and mainstreamed funds under the 2014-2020 and 2021-2027 MFF cycles. These will be combined into the National and Regional Partnership (NRP) Fund and European Competitiveness Fund (ECF) within the 2028-2034 MFF. The new funds and the ending of several programmes, most notably the LIFE programme, point towards a shift away from dedicated programme support of climate and environmental themes towards the integration of these themes in broader funding structures.

Across MFF cycles, the EU has raised its climate and environmental spending ambition, with climate spending targets increasing from 20% in 2014-2020 to 30% in 2021-2027 and a proposed 35% in 2028-2034. This quantitative shift has been accompanied by a qualitative evolution in budgetary architecture, moving from programme-specific allocations to plan-based implementation under the proposed NRPPs. While climate and environment-relevant commitments rise in relative terms, the inflation-adjusted spending proposed for 2028-2034 remains below current levels, largely due to the scale of the RRF in the 2021-2027 MFF.

Over time, expenditure tracking methodologies have become more systematic and harmonised, shifting from Rio marker classifications to EU-wide coefficients based on expected effects. This has improved consistency and alignment with the EU Taxonomy but continues to rely on ex ante tagging and does not verify actual outcomes, leaving room for overestimation. Biodiversity tracking, although technically improved under the current MFF, remains non-binding and fragmented, and risks becoming less visible in the next cycle. The DNSH principle has become a cross-cutting safeguard since 2021, and the 2028-2034 proposal aims to streamline its application through common guidance that distinguishes aligned and non-aligned activities. While the proposed horizontal performance and tracking framework for the next MFF promises greater coherence and reduced double counting, the shift to a consolidated, plan-based structure may dilute transparency and accountability unless complemented by robust, disaggregated reporting at programme and thematic level.

### 2.1. Key programmes and instruments

#### 2.1.1. Climate and environment spending targets in the MFF cycles

**In 2011, the European Commission announced its objective to increase the proportion of the EU budget related to climate to at least 20% for the 2014-2020 MFF.**<sup>2</sup> This objective was confirmed in the European Council 2013 conclusion that 'climate action objectives will represent at least 20% of EU spending in the period 2014-2020'.<sup>3</sup> Following this spending objective, in 2014 the EU developed a methodology to calculate climate relevant spending under the European Structural and Investment Funds.<sup>4</sup>

<sup>2</sup> European Court of Auditors (2022). *Climate spending in the 2014-2020 EU budget: Not as high as reported*. Available at: <https://op.europa.eu/webpub/eca/special-reports/climate-mainstreaming-09-2022/en>.

<sup>3</sup> European Council (2013). *COVER NOTE*. Available at: [https://www.consilium.europa.eu/uedocs/cms\\_data/docs/pressdata/en/ec/135344.pdf](https://www.consilium.europa.eu/uedocs/cms_data/docs/pressdata/en/ec/135344.pdf).

<sup>4</sup> European Commission (2014). *Commission Implementing Regulation (EU) No 215/2014 of 7 March 2014*. Available at: [https://eur-lex.europa.eu/eli/reg\\_impl/2014/215/2021-03-13](https://eur-lex.europa.eu/eli/reg_impl/2014/215/2021-03-13).

The 2014–2020 MFF was the first time the Council and Parliament endorsed a specific climate-specific spending objective in the MFF – although it remained a non-binding political commitment. **These earmarking efforts were driven in part by international obligations**, including commitments under the Paris Agreement and the Convention on Biological Diversity, which required enhanced public financing, spending targets and tracking methodologies – elements that were subsequently reflected in EU law.<sup>5</sup> In parallel, the Commission introduced a new approach to help direct financial resources to climate change mitigation and adaptation. This approach is known as **climate mainstreaming** and was described by the Commission as including ‘a specific priority in the design, preparation, implementation and evaluation phases of all budgetary programmes, in order to maximise their contribution to policy objectives, promote synergies and improve spending coherence.’<sup>6</sup>

During the preparation of the next MFF, in the **2020 Inter-Institutional Agreement (IIA)** that accompanied the agreement on the 2021–2027 MFF, the Commission, Parliament and Council committed to strengthen the EU budget’s contribution to climate. The agreement contained:

1. An overall target of at least 30% for climate-relevant expenditure;
2. A climate adjustment mechanism, allowing for action to be taken in case expenditure levels appeared likely to be insufficient to reach (programme-specific) climate spending targets;
3. The development of a methodology to track climate relevant expenditure levels;
4. The application of a ‘do no harm’ principle to ensure that money spent under the budget does not support actions that would reduce the likelihood or the EU achieving its climate and environment goals.<sup>7</sup>
5. An expenditure ambition for biodiversity spending was also introduced in this MFF. This was set at 7.5 % for 2024 and 10 % for the 2026–2027 period.<sup>8</sup>

Within the 2021–2027 MFF cycle, **NextGenerationEU (NGEU)** is intended to play an important financial leveraging role, since it allowed the EU to continue to address its, amongst others, climate and environment priorities after the COVID-19 crisis while minimising the impact on national budgets. NGEU serves as a temporary recovery instrument, running from 2021 to 2026 and topping up the MFF.<sup>9</sup> The Recovery and Resilience Facility (RRF) is the central instrument under NGEU and provides RRF funds to Member States to support reforms and investments.<sup>10</sup> At least 37% of Member States’ Recovery and Resilience Plans (RRPs) must be dedicated to measures supporting the EU’s green transition.<sup>11</sup>

In contrast to the 2014–2020 and 2021–2027 MFFs, the 2028–2034 MFF proposals do not include any specific headings, programmes or instruments solely dedicated to climate or environment. The next

<sup>5</sup> European Commission (2016). Available at: [Next steps for a sustainable European future](#)

<sup>6</sup> European Commission (2022). *Climate Mainstreaming Architecture in the 2021–2027 Multiannual Financial Framework*. Available at: [https://commission.europa.eu/system/files/2023-06/swd\\_2022\\_225\\_climate\\_mainstreaming\\_architecture\\_2021-2027.pdf](https://commission.europa.eu/system/files/2023-06/swd_2022_225_climate_mainstreaming_architecture_2021-2027.pdf).

<sup>7</sup> European Parliament, the Council of the European Union and the European Commission (2020). Interinstitutional Agreement between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources. Available at: [https://eur-lex.europa.eu/eli/agree\\_interinst/2020/1222/oj/eng](https://eur-lex.europa.eu/eli/agree_interinst/2020/1222/oj/eng).

<sup>8</sup> European Parliament (2025). *Impacts of the 2028–2034 MFF proposals on the climate and the environment – Mapping of the Commission proposals*. Available at: [https://www.europarl.europa.eu/thinktank/en/document/ECTI\\_IDA\(2025\)780410](https://www.europarl.europa.eu/thinktank/en/document/ECTI_IDA(2025)780410).

<sup>9</sup> European Commission. *EU budget today*. Available at: [https://commission.europa.eu/strategy-and-policy/eu-budget/motion/today\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/motion/today_en).

<sup>10</sup> European Commission. *NextGenerationEU*. Available at: [https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/nextgenerationeu\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/eu-borrower-investor-relations/nextgenerationeu_en).

<sup>11</sup> European Commission. *Recovery and Resilience Facility for clean energy*. Available at: [https://energy.ec.europa.eu/topics/funding-and-financing/recovery-and-resilience-facility-clean-energy\\_en](https://energy.ec.europa.eu/topics/funding-and-financing/recovery-and-resilience-facility-clean-energy_en).

MFF will rely even more on climate mainstreaming, implying that all its constituent programmes must consider climate and environmental priorities in their design and implementation: **the overall climate and environmental spending target has been increased to 35% of the overall 2028-2034 MFF**. The scope of the spending target covers the **six objectives of the EU Taxonomy Regulation (EU) 2020/852**.<sup>12</sup> As such, the 35% target is broader in scope compared to the 30% target of the 2021-2027 MFF.<sup>13</sup>

The 35% target under the 2028-2034 MFF is accompanied by a new streamlined '**do no significant harm' (DNSH)** principle across all programmes, inspired by the EU Taxonomy Regulation. This principle is intended to ensure the EU meets its objectives without doing significant harm to the aforementioned set of climate and environmental objectives.

### 2.1.2. Environment and climate programmes and instruments

The Commission produces annual reports on climate, environmental and biodiversity spending in its management and performance reports for the EU budget, indicating the percentage of spending classified as climate or environment relevant.<sup>14</sup> The overview below shows the programmes that include spending accounted as climate, environment and/or biodiversity relevant under the three MFF cycles.

Table 1: Climate and environment programmes across the 2014-2020, 2021-2027 and 2028-2034 MFF cycles

| Programmes   | 2014 – 2020 | 2021 – 2027 | 2028 – 2034        |
|--|-------------|-------------|--------------------|
| Connecting Europe Facility (CEF)   |             |             |                    |
| Horizon  | 2020        | Europe      | Europe             |
| InvestEU   |             |             |                    |
| Cohesion Fund (CF)   |             |             | Combined with ERDF |
| European Social Fund (ESF)   |             | ESF+        | ESF+               |
| European Regional Development Fund (ERDF)  |             |             | Combined with CF   |
| Recovery and Resilience Facility (RRF)   |             |             |                    |
| The European fund for economic cohesion, social and territorial cohesion, agriculture and rural, fisheries and maritime (NRP fund) |             |             |                    |
| European Competitiveness Fund (ECF)  |             |             |                    |
| Programme for the Environment and Climate Action (LIFE)  |             |             |                    |

<sup>12</sup> The objectives are climate change mitigation and adaptation, the sustainable use of water and marine resources, the transition to a circular economy, pollution prevention and control and the protection and restoration of biodiversity and ecosystems.

<sup>13</sup> European Parliament (2026). *Performance framework for the 2028 – 2034 MFF*. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/783967/BUDG\\_BRI\(2026\)783967\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/783967/BUDG_BRI(2026)783967_EN.pdf).

<sup>14</sup> European Commission. *Annual management and performance reports*. Available at: [https://commission.europa.eu/publications/annual-management-and-performance-reports\\_en](https://commission.europa.eu/publications/annual-management-and-performance-reports_en).

| Programmes  | 2014 – 2020 | 2021 – 2027 | 2028 – 2034 |
|---|-------------|-------------|-------------|
| European Agricultural Guarantee Fund (EAGF)               |             |             |             |
| European Agricultural Fund for Rural Development (EAFRD)  |             |             |             |
| European Maritime, Fisheries and Aquaculture Fund (EMFAF) | EMFF        |             |             |
| Just Transition Fund (JTF)                                |             |             |             |
| Development Cooperation Instrument (DCI)                  |             |             |             |
| Global Europe   |             |             |             |

Note: **Green cells** indicate that the programme existed, exists or will exist in the MFF cycle. **Red cells** indicate the programme is not part of the MFF cycle. In some cases, the names of programmes changed between the MFF cycles, despite their focus remaining very similar. This is indicated in the relevant cells.

Source: Authors' own elaboration. Data obtained from European Commission (2019). [Programmes' performance overview EU budget 2014-2020](#); European Commission. [EU funding programmes \(2021-2027\)](#); European Commission (2025). [A dynamic EU Budget for the priorities of the future - The Multiannual Financial Framework 2028-2034](#)

### Programme and funding changes across MFF cycles

Each MFF cycle is structured with thematic headings under which each programme that is part of an MFF cycle falls. The changes in programmes, as presented above, influence how the headings are shaped. While the headings have been subject to minor changes in title and focus, and the structure has shifted over the 2014-2020, 2021-2027 and 2028-2034 MFF cycles, the overarching themes remain similar. To better understand how the climate and environmental focus has changed over the course of these MFF cycles, it is useful to explore the changes heading by heading.<sup>15</sup> It is important to note that the final titles of the 2028-2034 MFF headings have not been officially announced, but the focus per heading has been published.<sup>16</sup>

Table 2: Programmes for competitiveness and innovation

| Competitiveness and innovation |   |                               |
|--------------------------------|---|-------------------------------|
| MFF cycle                      | Heading                                     | Programmes                    |
| 2014-2020                      | 1a: Competitiveness for growth and jobs     | Horizon 2020, CEF             |
| 2021-2027                      | 1: Single market, innovation and digital    | Horizon Europe, InvestEU, CEF |
| 2028-2034                      | 2: Competitiveness, prosperity and security | ECF, Horizon Europe, CEF      |

Source: Authors' own elaboration. Data obtained from European Commission. [EU funding programmes 2014-2020](#); European Commission. [EU funding programmes \(2021-2027\)](#); European Commission (2025). [Questions and answers on the next long-term budget\\*](#); European Parliament (2025). [Impacts of the 2028-2034 MFF proposals on the climate and the environment – Mapping of the Commission proposals](#).

<sup>15</sup> Global Europe has been left out of the analysis in this part, as there have been no significant changes in programmes throughout the MFF cycles.

<sup>16</sup> European Commission (2025). *Questions and answers on the next long-term budget*. Available at: [https://ec.europa.eu/commission/presscorner/api/files/document/print/en/qanda\\_25\\_1848/QANDA\\_25\\_1848\\_EN.pdf](https://ec.europa.eu/commission/presscorner/api/files/document/print/en/qanda_25_1848/QANDA_25_1848_EN.pdf).

Table 3: Programmes for economic, social and territorial cohesion

| Economic, social and territorial cohesion |   |                     |
|---|---|---------------------|
| MFF cycle                                 | Heading   | Programmes          |
| 2014-2020                                 | 1b: Economic, social and territorial cohesion   | ERDF, ESF, CF       |
| 2021-2027                                 | 2: Cohesion, Resilience and values  | ERDF, ESF+, CF, RRF |
| 2028-2034                                 | 1: Economic, social and territorial cohesion, agriculture, rural and maritime prosperity and security | ERDF, NRP fund      |

Source: Authors' own elaboration. Data obtained from European Commission. [EU funding programmes 2014-2020](#); European Commission. [EU funding programmes \(2021-2027\)](#); European Commission (2025). [Questions and answers on the next long-term budget\\*](#); European Parliament (2025). [Impacts of the 2028-2034 MFF proposals on the climate and the environment – Mapping of the Commission proposals](#).

Table 4: Programmes for natural resources

| Natural resources |   |                                      |
|-------------------|---|--------------------------------------|
| MFF cycle         | Heading   | Programmes                           |
| 2014-2020         | 2: Sustainable growth, natural resources  | CAP (EAGF + EAFRD), EMFF, LIFE       |
| 2021-2027         | 3: Natural resources and environment  | CAP (EAGF + EAFRD), EMFAF, LIFE, JTF |
| 2028-2034         | 1: Economic, social and territorial cohesion, agriculture, rural and maritime prosperity and security | ERDF, NRP fund                       |

Source: Authors' own elaboration. Data obtained from European Commission. [EU funding programmes 2014-2020](#); European Commission. [EU funding programmes \(2021-2027\)](#); European Commission (2025). [Questions and answers on the next long-term budget\\*](#); European Parliament (2025). [Impacts of the 2028-2034 MFF proposals on the climate and the environment – Mapping of the Commission proposals](#).

For the theme of **competitiveness and innovation**, Horizon and CEF are stable factors. In the 2021-2027 MFF cycle, InvestEU has the purpose of providing the EU with long-term funding and crowding in private investment to support Europe in becoming greener, more digital and resilient.<sup>17</sup> The design of the InvestEU fund is made up of several programmes that are consolidated under one framework, with different policy windows, EU and Member State compartments and advisory services. This design has become the blueprint of the European Competitiveness Fund in the proposed 2028-2034 MFF cycle.<sup>18</sup> The green component in the ECF is translated into the policy window on 'Health, Biotech, Agriculture and Bioeconomy', and the window on 'Clean Transition and Industrial Decarbonisation'.<sup>19</sup>

The most significant change in how the MFF's headings and programmes are structured is for the themes **economic, social and territorial cohesion**, and **natural resources**. Under the 2014-2020 and 2021-2027 cycles, these themes are split into two headings. The ERDF, ESF(+) and CF represent the

<sup>17</sup> European Commission. *EU funding programmes*. Available at: [https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes\\_en](https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes_en).

<sup>18</sup> European Commission (2025). *From InvestEU to the European Competitiveness Fund: Preparing for the Next MFF*. Available at: <https://ec.europa.eu/newsroom/growth/items/912817/en>.

<sup>19</sup> European Parliament (2026). *Performance framework for the 2028 - 2034 MFF*. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/783967/BUDG\\_BRI\(2026\)783967\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/783967/BUDG_BRI(2026)783967_EN.pdf).

part of the EU's budget that focuses on cohesion. In addition, under the 2021–2027 cycle, the RRF serves as the key instrument under NGEU.<sup>20</sup> A separate theme for the 2014–2020 and 2021–2027 cycles is dedicated to natural resources. The EAGF and EAFRD fund the CAP, while the EMFF/EMFAF are key funding instruments for the Common Fisheries Policy. The LIFE programme is entirely dedicated to ensuring sustainable growth and care for the environment. The 2021–2027 MFF also includes the JTF, which focuses on alleviating the climate transition's socio-economic impact in European regions most affected by it.<sup>21</sup>

Instead of keeping the focus on these themes separate, the upcoming 2028–2034 MFF combines the themes into its first heading: economic, social and territorial cohesion, agriculture, rural and maritime prosperity and security. Most of the previous programmes will be combined in one overarching fund: the National and Regional Partnership (NRP) Fund. However, under the broader framework of the NRP Fund, the ERDF/CF, CAP, and EMFAF regulations will operate as complementary sector-specific rules for their respective policy fields.<sup>22</sup> The NRP Fund would be implemented through Member States developing National and Regional Partnership Plans (NRPPs), as well as through the EU Facility for transversal investments. The Commission states that cohesion and agricultural policy would form the core of the NRPPs, which aim to foster convergence and reduce regional disparities.<sup>23</sup>

This new focus and the ending of several programmes, most notably the LIFE programme, points towards a shift away from dedicated programme supporting climate and environmental themes towards the integration of these themes in broader funding structures.

## 2.2. Earmarking and quantitative spending targets

Figure 1 presents the evolution of the EU budget and **climate- and biodiversity-relevant commitments** across the 2014–2020, 2021–2027 and 2028–2034 MFF cycles, expressed in constant 2025 prices. To ensure comparability across budget cycles, figures have been adjusted for inflation using a 2% annual compounded rate, in line with the methodological approach set out in the current Multiannual Financial Framework and Article 4(2)(a) of the Multiannual Financial Framework Regulation for the 2028–2034 period. In practice, this means that 2014–2020 MFF figures, originally expressed in 2011 prices<sup>24</sup>, and 2021–2027 MFF figures, originally expressed in 2018 prices, have both been uplifted to account for the effects of inflation.<sup>25</sup> Figures for the 2028–2034 MFF reflect the Commission proposal and are presented on the same 2025 price basis. For this cycle, figures are shown as a range, reflecting the uncertainty regarding the amount of spending for defence and security objectives under the 'Resilience and Security, Defence Industry and Space' window of the ECF, which would be excluded from the target calculation. The procedure for adjusting to 2025 prices assumes a uniform distribution of climate- and biodiversity-spending across the 2028–2034 period. Further details on the proposed MFF architecture and spending envelopes are provided in Section 4.

<sup>20</sup> European Commission. *EU funding programmes*. Available at: [https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes\\_en](https://commission.europa.eu/funding-tenders/find-funding/eu-funding-programmes_en).

<sup>21</sup> Ibidem.

<sup>22</sup> European Commission (2025). *A dynamic EU Budget for the priorities of the future - The Multiannual Financial Framework 2028-2034*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025DC0570&qid=1753978048542>.

<sup>23</sup> European Commission. *The 2028-2034 EU budget for a stronger Europe*. Available at: [https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/eu-budget-2028-2034\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/long-term-eu-budget/eu-budget-2028-2034_en).

<sup>24</sup> European Commission (2013). Council Regulation (EU, Euratom) No 1311/2013 of 2 December 2013 laying down the multiannual financial framework for the years 2014–2020. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32013R1311>.

<sup>25</sup> European Commission (2020). Council Regulation (EU, Euratom) 2020/2093 of 17 December 2020 laying down the multiannual financial framework for the years 2021 to 2027. Available at: <https://eur-lex.europa.eu/eli/reg/2020/2093/oj/eng>.

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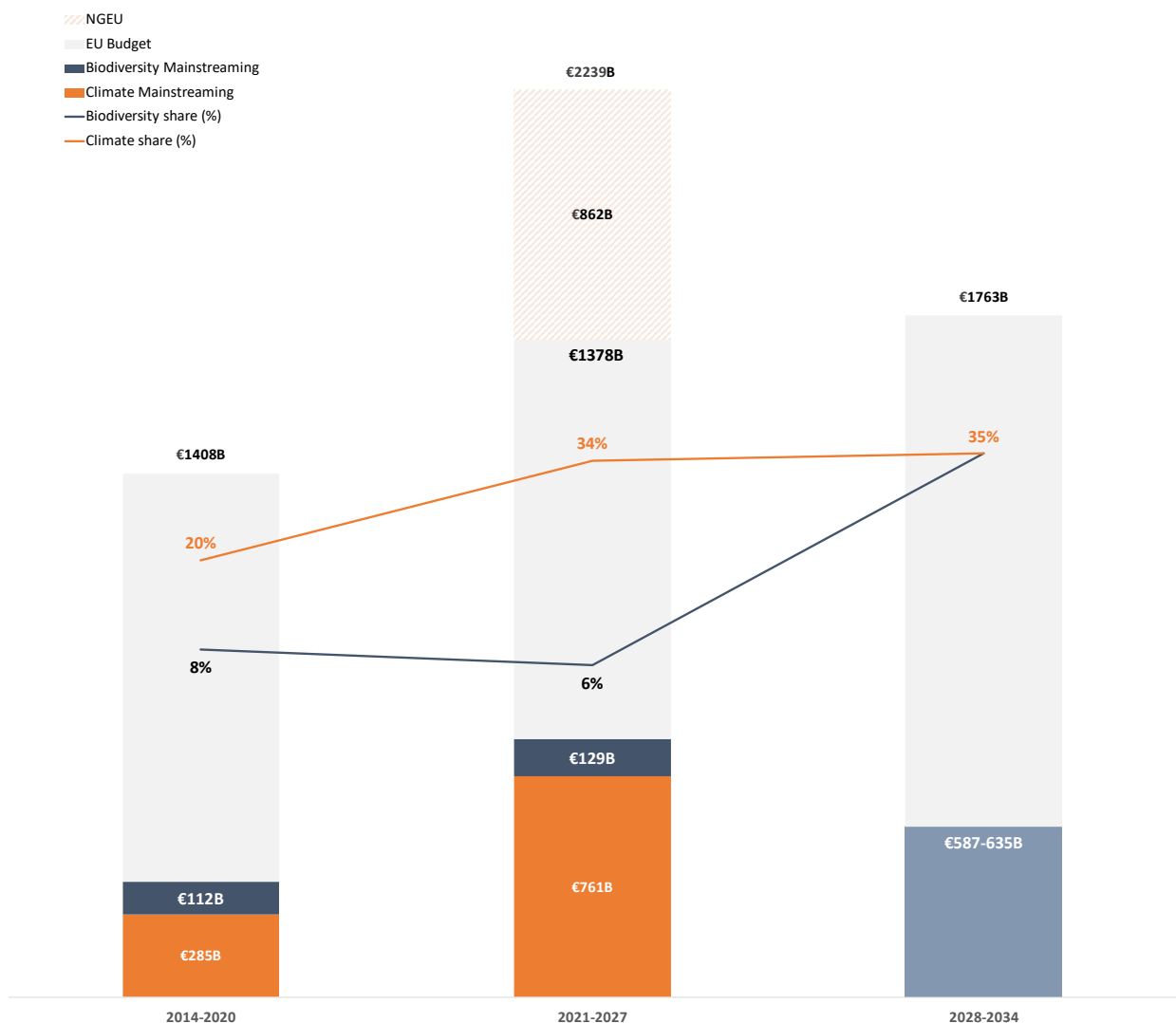
**For visual clarity, climate- and biodiversity-relevant commitments are displayed in sequence to illustrate changes in magnitude across MFF cycles. However, as individual measures can contribute to both climate and biodiversity objectives, these amounts are not additive and should not be interpreted as cumulative totals.**

The figure illustrates a clear increase in climate and environmental ambition in relative terms, alongside a more nuanced evolution in inflation-adjusted commitment levels. For the 2014–2020 MFF, climate-relevant commitments amount to approximately EUR 285 billion (2025 prices), corresponding to around 20% of the total EU budget. Biodiversity-relevant commitments are estimated at approximately EUR 112 billion (around 8%).<sup>26</sup> It should be noted, however, that these figures for 2014–2020 are derived from ex-post expenditure tracking rather than from an ex-ante budgetary allocation, reflecting the absence of programme-level climate and biodiversity earmarking at the outset of the period. Indeed, unlike climate action, biodiversity spending was not underpinned by a formally agreed numerical target.

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<sup>26</sup> European Commission (2021). *Annual management and performance report 2020*. Available at: [https://commission.europa.eu/publications/annual-management-and-performance-report-2020\\_en](https://commission.europa.eu/publications/annual-management-and-performance-report-2020_en).

Figure 1: Aggregate climate and biodiversity planned commitments across MFF cycles



Note: Climate and biodiversity figures refer to commitment appropriations<sup>27</sup> as identified through EU expenditure-tracking methodologies. Shares indicate the proportion of total EU budget commitments tagged as climate- or biodiversity-relevant. All figures are expressed in 2025 prices. For the proposed 2028–2034 MFF, the Commission does not provide separate quantitative figures for climate and biodiversity commitments. Reported values therefore reflect an aggregate contribution to climate and environmental objectives and estimated ranges derived from the application of horizontal climate and environment targets. To illustrate changes in scale and composition across MFF cycles, **climate and biodiversity amounts are shown in sequence, but they should not be interpreted as cumulative**. As some actions contribute to both objectives, the two cannot be summed without leading to double counting.

Source: Authors' own elaboration. Data obtained from European Commission. (2021). [Annual management and performance report 2020](#); European Commission. (2020). [Green Budgeting](#); European Commission. (2022). [Climate Mainstreaming Architecture in the 2021–2027 Multiannual Financial Framework](#); European Commission (2025). [Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities](#); European Commission (2025). [Multiannual Financial Framework 2028–2034](#); European Commission (2025). [Proposal for a council regulation laying down the multiannual financial framework for the years 2028 to 2034](#).

<sup>27</sup> Commitment appropriations represent the maximum amounts that the EU can legally commit in a given financial year to fund actions that may be implemented and paid for over several subsequent years.

In the 2021–2027 MFF, including NextGenerationEU (NGEU) – and the Recovery and Resilience Facility (RRF) – both the scale and share of planned climate-relevant commitments increase markedly. With NGEU included, climate-relevant commitments rise to approximately EUR 761 billion (2025 prices), equivalent to around 34% of the total EU budget, exceeding the formal 30% climate target.<sup>28</sup> Biodiversity-relevant commitments also increase in absolute terms to around EUR 129 billion,<sup>29</sup> although their share of the total budget declines slightly. Over the full period, the EU budget – including NGEU – aims to contribute about 5.8% of total resources to biodiversity objectives through specific targets for 2024 and the 2026–2027 period. While the ambition of allocating 7.5% of the EU budget to biodiversity in 2024 was achieved, current projections indicate that the 10% biodiversity targets for 2026 and 2027 are likely to fall short of initial ambitions (see subsection 3.1.2).<sup>30</sup>

For the 2028–2034 MFF, the Commission proposal further raises the overall level of ambition through a 35% horizontal climate and environment target, applied across the budget.<sup>31</sup> Compared to previous cycles, this target is broader in scope, covering all key dimensions of the green transition – including climate mitigation, climate adaptation and resilience, biodiversity, pollution prevention, circular economy and marine protection– aligned with the six environmental objectives of the EU Taxonomy Regulation. The target itself is set out in a formal regulation, rather than a non-binding agreement between institutions, giving it a stronger legal foundation than in previous MFFs. Furthermore, unlike in earlier periods, the proposed framework does not provide separate quantitative figures for climate and biodiversity contributions; instead, commitments are reported as an aggregate contribution to climate and environmental objectives. On this basis, total climate- and environment-relevant commitments are estimated in the range of EUR 587–635 billion, corresponding to approximately 33–36% of the proposed EU budget.<sup>32</sup> This indicates that, at proposal stage, the post-2027 framework could exceed the formal target in percentage terms (35%).

**When assessed on a like-for-like, inflation-adjusted basis, total climate- and environment-relevant commitments proposed for 2028–2034 appear lower than those under the 2021–2027 MFF.** This is primarily due to the temporary nature of the NGEU package, which significantly boosted green spending in the current cycle. Instruments such as the RRF and the Just JTM account for approximately EUR 340 billion in climate-related and EUR 12 billion in biodiversity-related commitment appropriations. As these figures stem from separate tracking methodologies and some overlap between objectives is possible, they should be treated as indicative. Excluding NGEU, the underlying 2021–2027 MFF amounts to around EUR 1,378 billion – compared to EUR 2,239 billion with NGEU included. On a like-for-like basis excluding NGEU, the current MFF is therefore smaller than the proposed 2028–2034 MFF, and the apparent contraction in overall climate- and environment-relevant commitments in the post-2027 period largely reflects the end of this recovery instrument.

<sup>28</sup> European Commission (2022). *Climate Mainstreaming Architecture in the 2021-2027 Multiannual Financial Framework*. Available at: [https://commission.europa.eu/system/files/2023-06/swd\\_2022\\_225\\_climate\\_mainstreaming\\_architecture\\_2021-2027.pdf](https://commission.europa.eu/system/files/2023-06/swd_2022_225_climate_mainstreaming_architecture_2021-2027.pdf).

<sup>29</sup> European Commission (2020). *Green Budgeting*. Available at: [https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/green-budgeting\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/green-budgeting_en).

<sup>30</sup> European Commission (2025). *Biodiversity Mainstreaming*. Available at: [https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/green-budgeting/biodiversity-mainstreaming\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/green-budgeting/biodiversity-mainstreaming_en).

<sup>31</sup> European Commission (2025). *A dynamic EU Budget for the priorities of the future - The Multiannual Financial Framework 2028-2034*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025DC0570&qid=1753978048542>.

<sup>32</sup> European Commission (2025). *Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

### 2.3. Methodological changes in expenditure tracking

This section describes the evolution of the European Commission's expenditure-tracking architecture for climate and biodiversity across successive MFF cycles. It presents the methodologies used to classify and quantify climate- and biodiversity-relevant spending, drawing on official guidance, programme regulations, and technical documentation, as well as analytical insights from existing literature, including the European Parliament's Budgetary Support Unit's briefing for the Committee on Budgetary Control (CONT), which details aspects of the tracking framework and its implementation logic. The assessment of the strengths and weaknesses of these methodologies is presented in Chapter 3.

During the 2014–2020 MFF, climate expenditure tracking relied primarily on an **adjusted OECD Rio marker methodology**, which classified expenditure **according to the stated objective** of a programme or intervention. Activities were tagged ex-ante as having climate action as a principal objective (Rio Marker 2, or 100%), a significant objective (Rio Marker 1, or 40%), or as non-relevant (Rio Marker 0, or 0%), and corresponding coefficients were applied to estimate climate-related spending.<sup>33</sup> Biodiversity tracking existed during this period but was not governed by a formal, standalone methodology and was not associated with any spending target.<sup>34</sup>

For the 2021–2027 MFF, the Commission introduced a more systematic, effect-based tracking methodology, replacing the OECD Rio markers with **EU climate coefficients**. Under this approach, expenditure is classified based on the **expected effect of specific types of activities rather than solely on their stated objectives**. The methodology is activity-based, relying on predefined lists of intervention fields, each associated with a standard coefficient (0% for activities with neutral impact on climate objectives, 40% for activities with non-marginal positive contribution, or 100% for activities with substantial contribution) reflecting the assumed contribution of that activity to climate objectives.<sup>35</sup> The same activity should therefore be tagged consistently across programmes, irrespective of policy context or stated intent. Importantly, the methodology distinguishes between two dimensions of climate action: mitigation, which focuses on reducing greenhouse gas emissions, and adaptation, which entails improving resilience and preparedness for the adverse impacts of climate change. Tracking is done separately for each, allowing for greater transparency in how EU funding supports both aspects of climate policy.<sup>36</sup>

For a number of intervention fields, the assignment of climate coefficients is guided by the technical screening criteria of the EU taxonomy for sustainable investment, strengthening alignment between EU budgetary tracking and the broader sustainable finance framework.<sup>37</sup> The methodology applies across most EU spending, under direct, indirect and shared management, although its operationalisation differs across programmes. In many cases, coefficients are applied at the level of intervention fields rather than individual projects, and some intervention fields remain relatively broad.

<sup>33</sup> Organisation for Economic Co-operation and Development (2025). *Converged Statistical Reporting Directives for the Creditor Reporting System (CRS) and the Annual DAC Questionnaire*. Available at: [https://one.oecd.org/document/DCD/DAC\(2024\)40/ADD2/FINAL/en/pdf](https://one.oecd.org/document/DCD/DAC(2024)40/ADD2/FINAL/en/pdf).

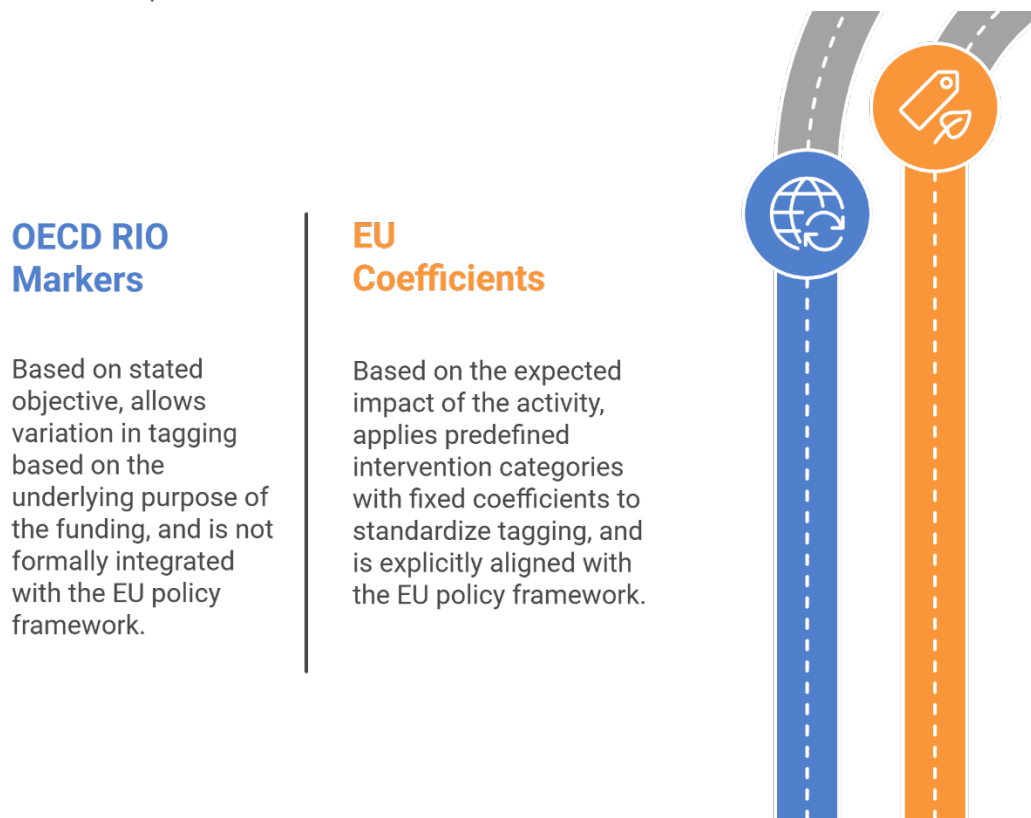
<sup>34</sup> European Commission (2022). *Climate Mainstreaming Architecture in the 2021-2027 Multiannual Financial Framework*. Available at: [https://commission.europa.eu/system/files/2023-06/swd\\_2022\\_225\\_climate\\_mainstreaming\\_architecture\\_2021-2027.pdf](https://commission.europa.eu/system/files/2023-06/swd_2022_225_climate_mainstreaming_architecture_2021-2027.pdf).

<sup>35</sup> Ibidem.

<sup>36</sup> Ibidem.

<sup>37</sup> The EU Taxonomy is a key component of the European Union's sustainable finance framework, established to provide clarity on which economic activities can be considered environmentally sustainable. See: [EU taxonomy for sustainable activities](#)

Figure 2: Comparison of RIO markers and EU coefficients



Source: Authors' own elaboration. Adapted from Commission staff working document of 20 June 2022 on the Climate Mainstreaming Architecture in the 2021-2027 Multiannual Financial Framework ([SWD\(2022\)0225](#)).

Biodiversity mainstreaming was formally strengthened for the first time under the 2021–2027 MFF. Unlike climate mainstreaming, the biodiversity ambition is not legally binding and is not supported by sector-specific targets or an adjustment mechanism. The current biodiversity tracking methodology was developed later than the climate methodology, building on a Commission study published in 2022 and subsequently merged with an updated Common Agricultural Policy (CAP) methodology in 2023. The result is a more streamlined approach than that used in the previous MFF, but still one that relies on a collection of programme-specific applications rather than a single, fully harmonised framework. Biodiversity tracking uses the same EU coefficient structure (0%, 40%, 100%), in some cases combined with additional weighting factors (e.g. under rural development and eco-schemes), to better reflect the expected contribution of different interventions.<sup>38</sup>

In addition to climate and biodiversity tracking, all expenditure must comply with the horizontal DNSH (or 'Do no Harm') principle, as laid down in the IIA and reflected in programme-specific regulations. DNSH requires that EU-funded activities do not cause significant harm to any of the six environmental objectives defined in the EU Taxonomy Regulation. In budgetary terms, this implies restricting support for activities that generate high greenhouse gas emissions, lock in carbon-intensive economic structures, impede the transition to a circular economy, or exacerbate biodiversity loss or pollution.<sup>39</sup> Section 3.3 further examines the effectiveness and reliability of the expenditure-tracking tools

<sup>38</sup> European Commission (2023). *Biodiversity tracking methodology for each programme 2021-2027*. Available at: <https://commission.europa.eu/system/files/2023-06/Biodiversity%20tracking%20methodology%20for%20each%20programme%202023.pdf>.

<sup>39</sup> European Commission (2020). Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX:32020R0852>.

currently used to operationalise these objectives, including climate coefficients, the EU Taxonomy and the application of the DNSH principle.

Figure 3: Climate and biodiversity mainstreaming architecture

|                      | Climate           | Biodiversity   |
|----------------------|-------------------|--|
| Binding Target       | 30% for 2021–2027 | Annual "ambition"<br>7.5% for 2025, 10%<br>for 2026 and 2027 |
| Sectoral Targets     | Yes               | No   |
| Adjustment Mechanism | Yes               | No   |

Source: Authors' own elaboration.

For the post-2027 period, the Commission proposes to further consolidate climate and environmental expenditure tracking through a single, horizontal performance and tracking framework, to be established in a dedicated Performance Regulation. This framework would apply a uniform methodology across all EU programmes.<sup>40</sup> Under the proposed framework, climate mitigation and climate adaptation/resilience would continue to be tracked separately, while biodiversity objectives would be grouped within a broader 'environment' category, alongside water protection, circular economy and pollution prevention objectives. This consolidation aims to improve internal coherence, reduce double counting across interlinked environmental objectives, and simplify reporting at EU level. At the same time, it implies less granular visibility of biodiversity-specific expenditure, unless complemented by additional programme- or plan-level reporting.<sup>41</sup>

The methodology builds on the effect-based, activity-level approach introduced in the 2021–2027 MFF. Expenditure would continue to be tagged ex-ante using predefined intervention fields and associated coefficients, applied on the basis of expected effects rather than stated objectives. Where an activity contributes to multiple dimensions (e.g. climate mitigation and environment), the framework applies the highest relevant coefficient when calculating contributions to the single climate and

<sup>40</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

<sup>41</sup> European Parliament (2025). Climate and biodiversity mainstreaming in the EU budget – State of Play in 2024. Available at: [https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/781674/BUDG\\_IDA\(2025\)781674\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/781674/BUDG_IDA(2025)781674_EN.pdf).

environment target. All activities remain subject to the horizontal DNSH principle.<sup>42</sup> A key operational change lies not in the coefficients themselves, but in how the methodology is implemented: tracking and performance assessment would shift from programme-level aggregation towards plan-based implementation, notably through National and Regional Partnership Plans (NRPPs), supported by a common set of output and result indicators. The implications of this shift, including its robustness and practical feasibility, are examined in Chapter 4.

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<sup>42</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

### 3. POLICY-TO-BUDGET ANALYSIS FOR ENVIRONMENT AND CLIMATE

#### KEY FINDINGS

Overall, available evidence suggests that most major programmes under the 2021-2027 MFF are broadly on track to meet or exceed their climate-related commitments and obligations. Biodiversity targets appear more uneven and dependent on future programming choices. The 2014–2020 MFF reached its 20% climate spending target, while the 2021–2027 MFF is projected to exceed its 30% target. However, these findings primarily reflect tagged budget allocations rather than verified environmental outcomes, as systematic evidence on the concrete results achieved through this spending remains limited.

At instrument level, spending remains highly concentrated in a few large funds – particularly the CAP, cohesion policy and Horizon – though the role of time-bound instruments like the RRF and the JTM has grown in the current MFF cycle. While the LIFE programme has a strong thematic focus on nature conservation and biodiversity, its overall financial scale remains limited. This positions LIFE as a strategically important but comparatively small instrument within the broader landscape of EU climate and biodiversity funding.

Biodiversity spending has also increased in absolute terms, but less markedly, and remains dominated by CAP allocations. Although the EU met its 2024 biodiversity ambition (7.5% of the annual budget), current projections suggest it will fall short of the 10% goal in 2026–2027.

Despite the more systematic methodologies, current tracking approaches continue to face major challenges. The coefficient-based tagging system is limited by its reliance on ex-ante assumptions, inconsistencies in application, and inability to verify actual outcomes. Climate and biodiversity contributions risk being overestimated, with no accounting for negative impacts as well as double counting across objectives. These methodological shortcomings, combined with uneven implementation across programmes and Member States, cast doubt on the reliability and policy relevance of reported green spending levels. As climate and environment action becomes increasingly mainstreamed rather than ring-fenced, the robustness of tracking and enforcement mechanisms becomes ever more critical.

The inconsistent application of the DNSH principle, in combination with existing lack of clarity in applying the principle, hinders its potential in delivering on EU spending objectives related to climate and the environment. For this reason, the ambition of the Commission to adopt a ‘single and simple’ guidance for implementing the DNSH principle is important.

Analysing the evolution of climate and biodiversity-related spending under the EU budget requires careful interpretation, as budgetary figures evolve over time by design, as the budget is spent. At the start of each MFF, programmes are adopted with planned financial envelopes expressed in constant prices, which provide the most stable reference point for assessing policy intent and planned priorities. During implementation, commitment appropriations are made progressively as programmes and projects are approved, while payments are executed over subsequent years as projects are implemented and completed.

Climate and biodiversity mainstreaming under the EU budget is tracked at the level of commitment appropriations, not payments. As a result, the figures analysed in this chapter reflect budgeted commitments classified as climate- or biodiversity-relevant, rather than realised expenditure. This

chapter therefore examines the evolution of committed amounts over time, distinguishing between initial programme envelopes and progressively committed budgets. All figures are presented on a constant 2025 price basis, and sources are explicitly referenced to ensure transparency and comparability across MFF cycles. It should also be noted that systematic evidence on the concrete environmental outcomes of this spending remains limited, meaning that budgetary tracking provides only a partial indication of the EU budget's effectiveness in delivering climate and biodiversity results.

### 3.1. Evolution of spending levels

#### 3.1.1. Climate mainstreaming

At an aggregate level, both the 2014–2020 and 2021–2027 MFF cycles appear, based on Commission reporting, to have broadly achieved (in the case of the 2014–2020 period) or to be on track to achieve (in the case of the 2021–2027 period) their respective climate spending targets. For 2014–2020, the Commission reported ex post climate-relevant expenditure equivalent to just over 20% of the EU budget, consistent with the political target set for the period. For the current MFF, early implementation and reporting indicate that projected climate contributions are on track to meet or exceed the 30% target (see Figure 1). **The analysis focuses on the main budgetary instruments contributing to climate and environmental objectives and does not include all EU instruments, which may result in differences compared to aggregate totals or targets reported in Section 2.2.** For the 2021–2027 MFF, amounts are based on the Commission's draft budget for 2026. Data for 2021–2024 reflect final authorised budgets (voted budgets, amending budgets and transfers),<sup>43</sup> 2025 incorporates draft amending budget, and figures for 2026 and 2027 are derived from the draft budget and financial programming.<sup>44</sup>

Figure 4 illustrates how climate and environment-relevant expenditure is distributed across major instruments in the 2014–2020 and 2021–2027 MFF cycles, expressed as shares of total tagged commitments. In both periods, spending is highly concentrated in a small number of large instruments where the contribution is in the form of an assessed mainstreaming percentage. **In 2014–2020, the Common Agricultural Policy (CAP) accounts for the largest share of climate- and environment-relevant commitments (around 53%), followed by the ERDF and Cohesion Fund (approximately 30%) and Horizon 2020 (around 10%).** Smaller, more targeted programmes such as LIFE and the 'Others' category together represent a limited share of total tagged expenditure.

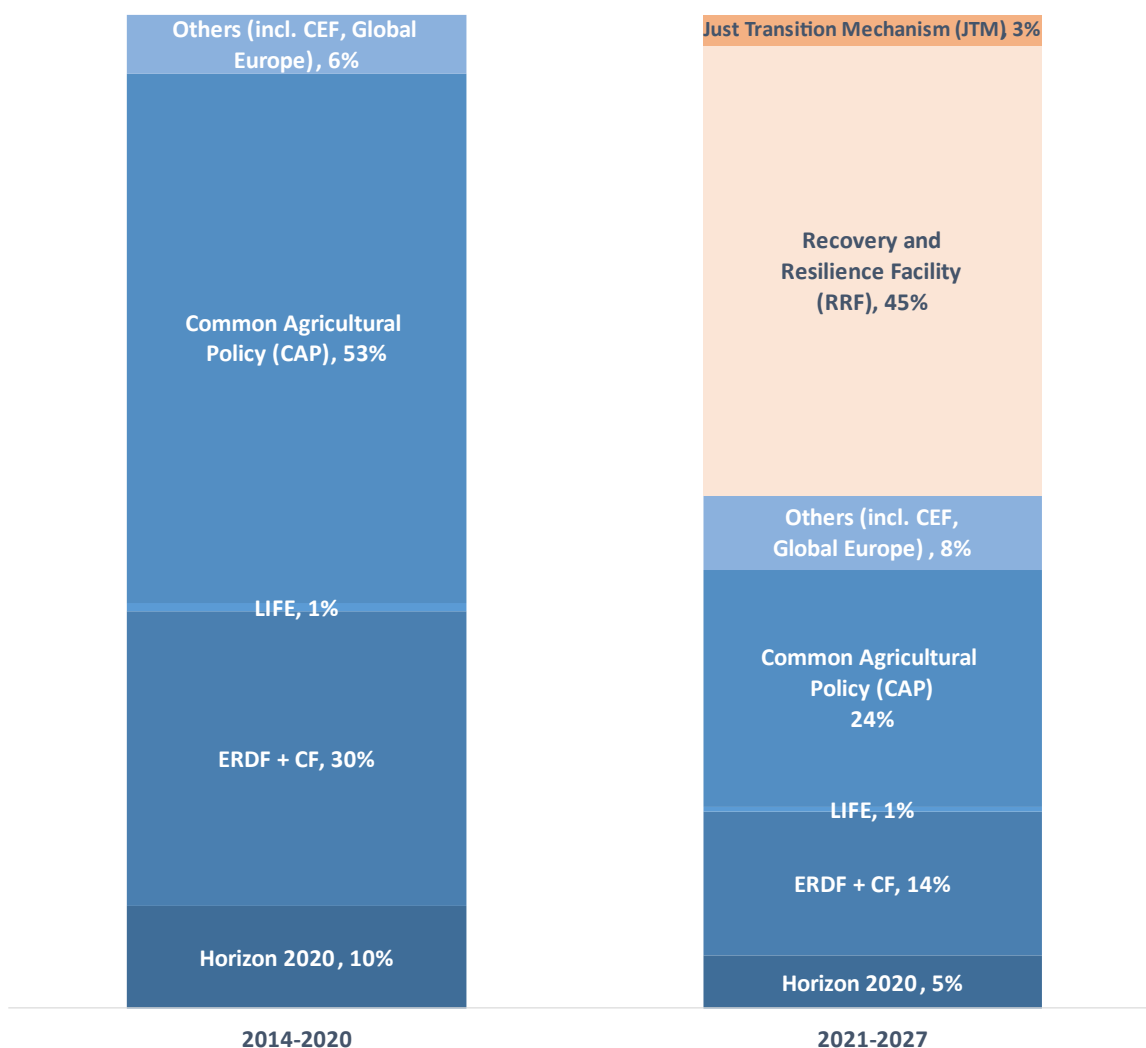
In contrast, the 2021–2027 MFF displays a markedly different composition. While CAP (around 24%), cohesion policy (around 14%) and Horizon (around 5%) remain important contributors, a substantial share of climate and environment-relevant commitments is accounted for by time-bound, purpose-specific instruments. Most notably, **the Recovery and Resilience Facility (RRF) represents approximately 45% of total tagged expenditure for the 2021–2027 period,** reflecting its strong climate requirements and its central role. The Just Transition Mechanism (JTM) contributes a further 3%, reinforcing the targeted nature of climate-related spending linked to the decarbonisation of vulnerable regions. As in the previous cycle, LIFE continues to account for around 1% of total tagged expenditure, while the 'Others' category (including instruments such as CEF and Global Europe)

<sup>43</sup> European Commission (2025). *Annual Management and Performance Report for the EU Budget - 2024 financial year*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0824>.

<sup>44</sup> European Commission (2025). *Statement of estimates of the European Commission for the financial year 2026 – SEC (2025) 250*. Available at: [https://commission.europa.eu/document/download/525beef4-12c6-4bac-9dc0-e48282def1db\\_en?filename=DB2026-Statement-of-Estimates\\_new%20SP.pdf](https://commission.europa.eu/document/download/525beef4-12c6-4bac-9dc0-e48282def1db_en?filename=DB2026-Statement-of-Estimates_new%20SP.pdf).

represents roughly 8% - highlighting LIFE's role as a focused but relatively small instrument within the broader climate and biodiversity spending landscape.

Figure 4: Distribution of climate spending by instrument (2014–2020 vs 2021–2027)



Note: Shares represent the proportion of total climate- and environment-relevant commitment appropriations by instrument. CAP includes EAGF and EAFRD. 'Others' aggregates instruments including CEF and Global Europe. The Recovery and Resilience Facility (RRF) and the Just Transition Mechanism (JTM) apply only to the 2021–2027 MFF.

Source: Authors' own elaboration. Data obtained from: European Commission. (2021). [Annual management and performance report 2020](#); European Commission. (2025). [Statement of estimates of the European Commission for the financial year 2026 – SEC \(2025\) 250](#); European Commission. (2025). [Annual Management and Performance Report for the EU Budget – 2024 financial year](#).

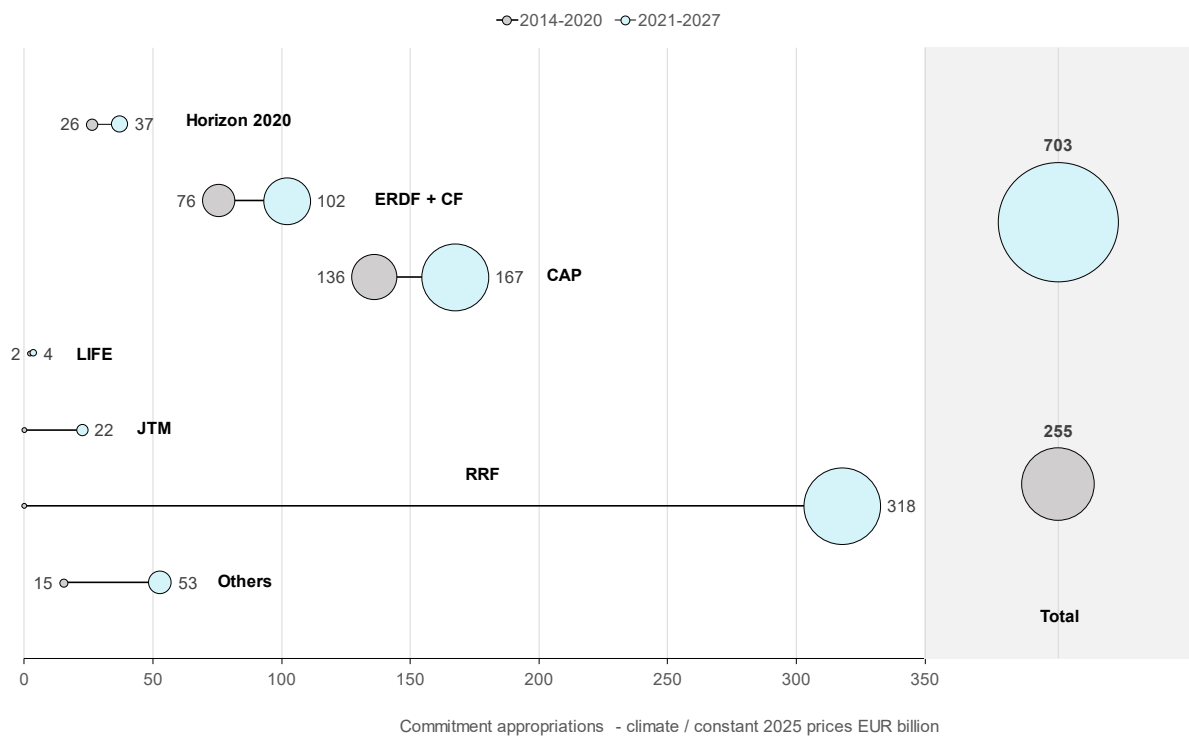
For the 2014–2020 period, the EU committed to allocating at least 20% of the budget to climate action. The Commission subsequently reported that this target was met, corresponding to EUR 216 billion in climate-related expenditure over the period in current prices (EUR 255 billion in constant prices).<sup>45</sup> For 2021–2027, the principal budgetary instruments contributing to climate objectives the EU budget are projected to contribute approximately EUR 703 billion to climate mainstreaming objectives, representing around 31% of the combined budget envelope and exceeding the initial 30% climate

<sup>45</sup> European Commission (2021). Annual management and performance report 2020. Available at: [https://commission.europa.eu/publications/annual-management-and-performance-report-2020\\_en](https://commission.europa.eu/publications/annual-management-and-performance-report-2020_en).

spending target. This estimate excludes smaller envelopes included in aggregate reporting; as a result, it differs slightly from the 34% aggregate figure cited in Subsection 2.2.

In the 2014–2020 and 2021–2027 MFFs, climate- and environment-relevant commitments can be associated with a set of clearly identifiable instruments, enabling comparison of spending levels and patterns across cycles (see Figure 5). Within this structure, the Common Agricultural Policy (CAP) – calculated as the combined allocations for the EAGF and EAFRD – represents the largest channel for mainstreamed climate spending. Reported climate-relevant allocations under the CAP increase from approximately EUR 136 billion in 2014–2020 to around EUR 167 billion in 2021–2027, reflecting the scale of the instrument.

Figure 5: Change in climate-relevant commitments by instrument between MFF cycles



Note: Figures show climate-relevant commitment appropriations by instrument for the 2014–2020 and 2021–2027 MFF cycles, expressed in constant 2025 prices. Bubble sizes are only indicative of the absolute level of climate-relevant commitments. Values for 2021–2027 include NextGenerationEU, notably the Recovery and Resilience Facility (RRF) and Just Transition Mechanism (JTM), which explains the pronounced increase relative to the previous MFF. ‘Others’ aggregates smaller instruments, including CEF and external action programmes. This estimate focuses on the principal budgetary instruments contributing to climate objectives and may exclude smaller envelopes.

Source: Authors’ own elaboration. Data obtained from: European Commission. (2021). [Annual management and performance report 2020](#); European Commission. (2025). [Statement of estimates of the European Commission for the financial year 2026 – SEC \(2025\) 250](#); European Commission. (2025). [Annual Management and Performance Report for the EU Budget – 2024 financial year](#).

A similar upward trend is observed for cohesion policy, with combined ERDF and Cohesion Fund allocations rising from about EUR 76 billion in 2014–2020 to EUR 102 billion in 2021–2027. These funds support a wide range of investments with potential climate and environmental relevance, including energy efficiency, renewable energy deployment, environmental infrastructure, and sustainable urban and regional development. Compared to CAP, cohesion policy contributions display greater year-to-year variability. Research and innovation spending also shows a steady increase across cycles. Climate-

and environment-relevant allocations under Horizon rise from roughly EUR 26 billion in 2014–2020 to around EUR 37 billion in 2021–2027.

The category 'Others' in Figure 5 aggregates a number of smaller instruments whose composition varies across MFF cycles. For 2014–2020, this category includes, inter alia, programmes such as Connecting Europe Facility (CEF). In 2021–2027, it includes instruments such as CEF and Global Europe, with climate- and environment-relevant allocations of about EUR 53 billion. Similarly, the Just Transition Mechanism (JTM, EUR 22 billion) and the Recovery and Resilience Facility (RRF, EUR 318 billion) play a significant role in shaping the climate expenditure profile of the 2021–2027 MFF, but do not carry over into the post-2027 framework.

### 3.1.2. Biodiversity mainstreaming

**At an aggregate level, biodiversity-related expenditure under the EU budget increased between the 2014–2020 and 2021–2027 MFF cycles, reflecting a gradual strengthening of biodiversity considerations across EU policies.** In parallel, recent annual budget reporting indicates a more explicit political focus on biodiversity: the EU has achieved its objective of dedicating 7.5% of the annual EU budget to biodiversity in 2024 (7.6%) and is projected to increase this share to 7.9% in 2025. However, current projections suggest that the EU is not on track to meet its ambition of dedicating 10% of the annual EU budget to biodiversity in 2026 (estimated at 7.8%) and 2027 (estimated at 8%), highlighting persistent challenges in scaling biodiversity finance within the existing budget framework.<sup>46,47</sup> The absence of a legally binding overarching biodiversity spending target, as well as sector-specific binding requirements, implies that biodiversity objectives continue to compete with other policy priorities for funding, particularly at national level.

Figure 6 illustrates how biodiversity-relevant commitment appropriations are distributed across major instruments in the 2014–2020 and 2021–2027 MFF cycles, expressed as shares of total tagged biodiversity commitments. In the 2014–2020 MFF, **biodiversity spending is highly concentrated in the Common Agricultural Policy (CAP)**, which accounts for approximately 80% of total biodiversity-relevant commitments. This reflects the application of biodiversity tracking coefficients to agri-environment and land-management measures under both Pillar I and Pillar II of the CAP.

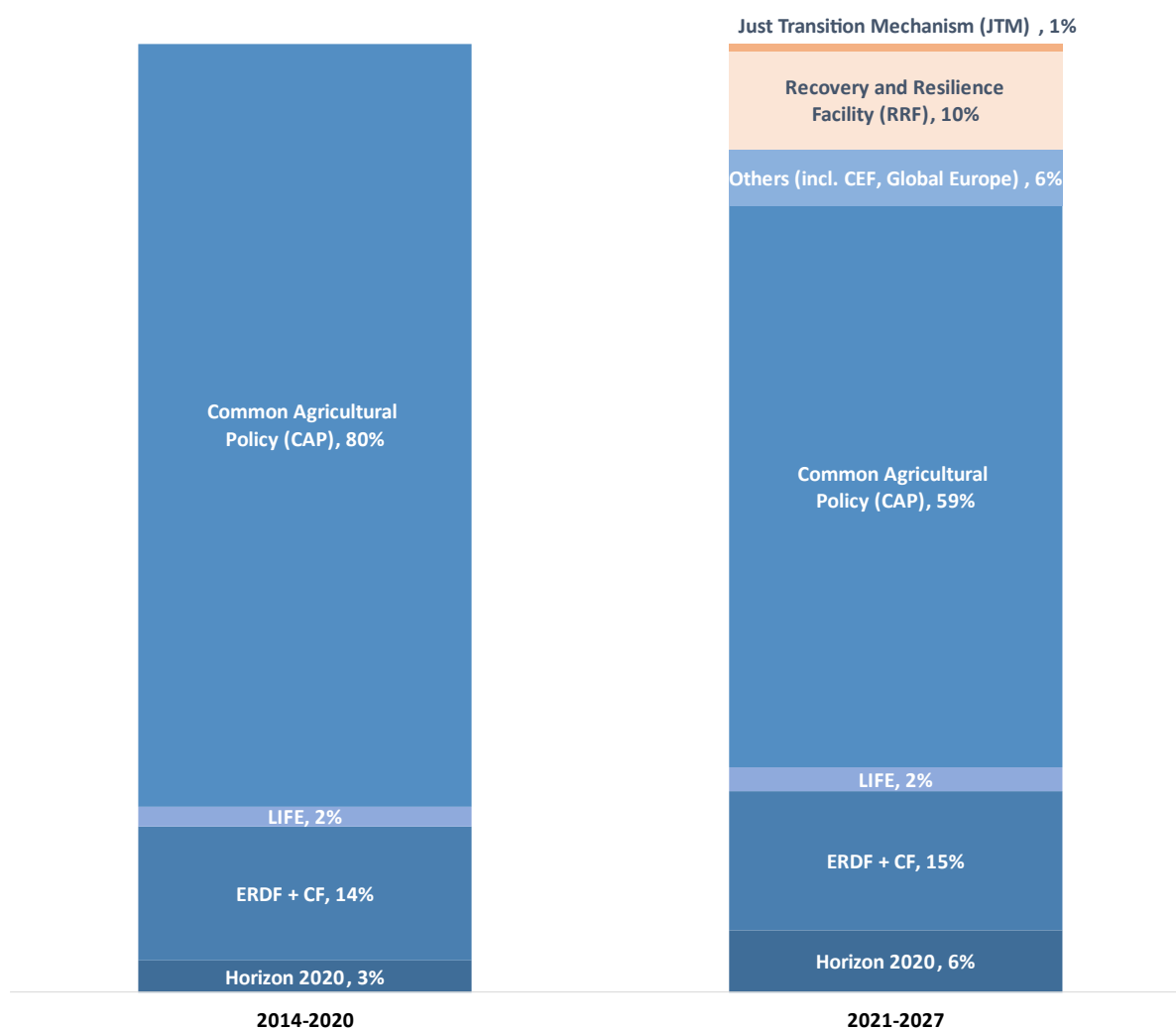
Beyond the CAP, ERDF and the Cohesion Fund together represent around 14% of biodiversity-relevant expenditure, supporting investments such as green infrastructure, ecosystem restoration and nature-based solutions at regional level. Horizon 2020 contributes a relatively small share (around 3%), reflecting the indirect nature of biodiversity impacts generated through research and innovation activities. The relatively small scale of the LIFE programme means that, despite its strong thematic focus on nature conservation and biodiversity, it only accounts for around 2% of total tagged expenditure.

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<sup>46</sup> European Commission (2020). *Green Budgeting*. Available at: [https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/green-budgeting\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/green-budgeting_en).

<sup>47</sup> European Commission (2025). *Statement of estimates of the European Commission for the financial year 2026 – SEC (2025) 250*. Available at: [https://commission.europa.eu/document/download/525beef4-12c6-4bac-9dc0-e48282def1db\\_en?filename=DB2026-Statement-of-Estimates\\_new%20SP.pdf](https://commission.europa.eu/document/download/525beef4-12c6-4bac-9dc0-e48282def1db_en?filename=DB2026-Statement-of-Estimates_new%20SP.pdf).

Figure 6: Distribution of biodiversity spending by instrument (2014–2020 vs 2021–2027)



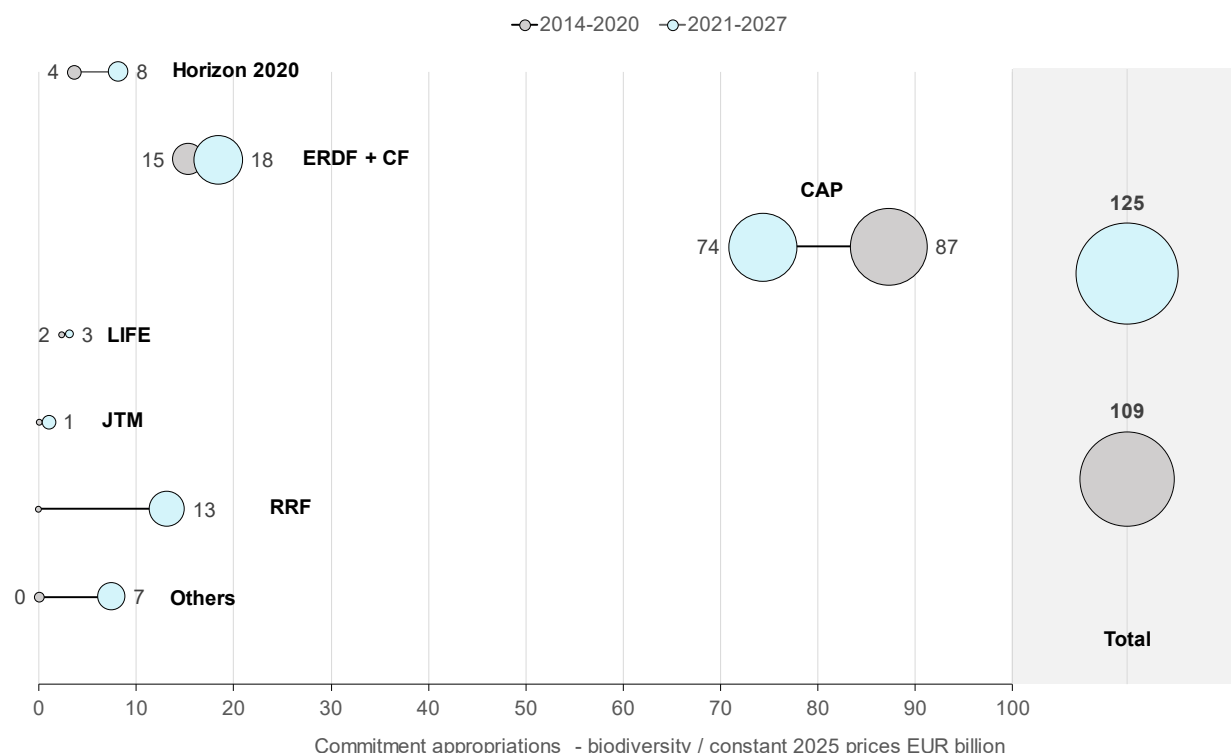
Note: Shares represent the proportion of total biodiversity-relevant commitment appropriations by instrument. CAP includes EAGF and EAFRD. 'Others' aggregates smaller instruments, including CEF and external action programmes such as Global Europe. The Recovery and Resilience Facility (RRF) and the Just Transition Mechanism (JTM) apply only to the 2021–2027 MFF.

Source: Authors' own elaboration. Data obtained from: European Commission. (2021). [Annual management and performance report 2020](#); European Commission. (2025). [Statement of estimates of the European Commission for the financial year 2026 – SEC \(2025\) 250](#); European Commission. (2025). [Annual Management and Performance Report for the EU Budget – 2024 financial year](#).

In the 2021–2027 MFF, the composition of biodiversity-relevant expenditure becomes more diversified, although mainstreamed instruments remain dominant. The share of CAP declines to around 59%, while the contribution of ERDF and the Cohesion Fund, as well as Horizon 2020 increases slightly. New instruments introduced in the current MFF cycle also contribute to biodiversity mainstreaming. The RRF accounts for around 10% of biodiversity-relevant commitments, reflecting the inclusion of nature restoration, ecosystem resilience and green infrastructure investments in national recovery plans. The JTM contributes around 1%, supporting biodiversity-relevant measures in regions facing structural economic transitions. The LIFE programme maintains a stable share of around 2%, while the 'Others' category (including instruments such as CEF and Global Europe) rises to approximately 6%.

Figure 7 shows the change in absolute biodiversity-relevant commitment appropriations by instrument between the 2014–2020 and 2021–2027 MFF cycles, expressed in constant 2025 prices. Overall, biodiversity-related commitments increase in absolute terms, although growth is uneven across instruments.

Figure 7: Change in biodiversity-relevant commitments by instrument between MFF cycles



Note: Figures show biodiversity-relevant commitment appropriations by instrument for the 2014–2020 and 2021–2027 MFF cycles, expressed in constant 2025 prices. Bubble sizes are indicative of the relative magnitude of biodiversity-relevant commitments. Values for 2021–2027 include NextGenerationEU instruments, notably the Recovery and Resilience Facility (RRF) and the Just Transition Mechanism (JTM). ‘Others’ aggregates smaller instruments, including CEF and external action programmes. This estimate focuses on the principal budgetary instruments contributing to climate objectives and may exclude smaller envelopes.

Source: Authors’ own elaboration. Data obtained from: European Commission. (2021). [Annual management and performance report 2020](#); European Commission. (2025). [Statement of estimates of the European Commission for the financial year 2026 – SEC \(2025\) 250](#); European Commission. (2025). [Annual Management and Performance Report for the EU Budget - 2024 financial year](#).

Biodiversity-relevant allocations under the CAP decline from approximately EUR 87 billion in 2014–2020 to around EUR 74 billion in 2021–2027, reflecting both changes in CAP design and the relative expansion of biodiversity spending in other parts of the EU budget. By contrast, biodiversity-relevant commitments under ERDF and the Cohesion Fund increase from around EUR 15 billion to EUR 18 billion, highlighting the growing role of cohesion policy in supporting biodiversity outcomes. Spending under Horizon approximately doubles, from around EUR 4 billion to EUR 8 billion, signalling a stronger emphasis on biodiversity-related research, and innovation. Dedicated biodiversity funding under LIFE increases modestly, from approximately EUR 2 billion to around EUR 3 billion, remaining small in relative terms but relatively stable across cycles.

The introduction of the RRF leads to a new and significant source of biodiversity-relevant funding in the 2021–2027 MFF, amounting to approximately EUR 13 billion, which did not exist in the previous cycle. The ‘Others’ category also expands to around EUR 7 billion, reflecting broader biodiversity mainstreaming across transport, external action and other policy areas.

### 3.2. Implementation performance in current and previous MFFs

While consolidated EU-level data do not allow for a systematic assessment of programme implementation gaps including underuse or delays in climate- and biodiversity-relevant spending, programme-specific reporting provides a nuanced picture of implementation performance for the 2021–2027 MFF.

#### LIFE programme

**The LIFE programme remains the most targeted instrument for biodiversity and environmental objectives.** Aggregated data over the 2014–2020 MFF cycle indicates that LIFE projects considerably contributed to create environmental net benefits.<sup>48</sup> For the current 2021–2027 MFF, the Commission argues that the LIFE programme significantly contributes to nature protection through the nature and biodiversity subprogramme, and to climate spending through the climate change subprogramme. The programme is also on track to reach its targets or has reached them already.<sup>49</sup> Specifically, the LIFE programme’s current climate contribution is estimated at 58.6%, close to the programme’s internal target of 61%, while its biodiversity contribution stands at approximately 50.1%.<sup>50</sup> Available reporting does not indicate underuse or delays specific to LIFE’s climate or biodiversity components.

The LIFE programme includes a strand known as strategic projects. These projects are intended to help Member States implement climate and environment plans and strategies. In 2025, the ECA evaluated the effectiveness of these projects, and **raised the concern that the actual impacts of LIFE strategic projects might be more nuanced than reported by the Commission.** Indeed, it concluded that, while the projects provide valuable support, their impact is not entirely clear. They also commented that LIFE strategic projects should mobilise additional funding, but there is no clear guidance on qualification criteria and that the Commission uses forecasts for ongoing projects to report the aggregate funding mobilised instead of actual amounts spent.<sup>51</sup>

#### Common Agricultural Policy (CAP)

The 2014–2020 MFF CAP ended in 2022 and results in enhancing environmental protection and climate action by raising standards and encouraging change were mixed. **Commission analysis concluded that the CAP must do more to support the sustainability of EU agriculture and contribute more to the environmental objectives of the EU,** as well as to the higher climate ambitions outlined in the European Climate Law.<sup>52</sup> The current CAP commenced in 2023 and focuses more on results rather than compliance. Progress against the programme’s Key Performance Indicators (KPIs) has been made, with indicators being met or on track to be met. The first full report of CAP strategic plans by Member States

<sup>48</sup> European Commission (2024). *Report on the ex-post evaluation of the Programme for the Environment and Climate Action (LIFE) 2014–2020*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024DC0359>.

<sup>49</sup> European Commission. *LIFE-performance*. Available at: [https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/life-performance\\_en#implementation-and-performance](https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/life-performance_en#implementation-and-performance).

<sup>50</sup> European Commission (2025). *Annual Management and Performance Report for the EU Budget – 2024 financial year*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0824>.

<sup>51</sup> European Court of Auditors (2025). *LIFE strategic projects – Bridge the gap between strategy and implementation, but impact not entirely clear*. Available at: [https://www.eca.europa.eu/ECAPublications/SR-2025-25/SR-2025-25\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/SR-2025-25/SR-2025-25_EN.pdf).

<sup>52</sup> European Commission. *CAP performance: 2014–20*. Available at: [https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/cmef/cap-performance-2014-20\\_en](https://agriculture.ec.europa.eu/common-agricultural-policy/cap-overview/cmef/cap-performance-2014-20_en).

shows that **most parts of the CAP plans related to climate and environmental sustainability are being implemented as intended.**<sup>53</sup>

Under the CAP Strategic Plans Regulation, measures are expected to contribute 40% of the CAP envelope to climate objectives from 2023 onwards, based on the climate tagging methodology applied to commitment appropriations. Based on implementation data for 2021–2024 and estimates for the remainder of the period, the CAP's climate contribution is currently estimated at 37.8% of tagged commitments, slightly below the target but within reach if planned measures are fully implemented. For biodiversity, a 2020 evaluation pointed out that **it was difficult to draw conclusions about the CAP's overall impact on biodiversity** because of the lack of suitable monitoring data. It was recommended that Member States ensure their CAP strategies align more with biodiversity priorities than was the case at that time.<sup>54</sup>

The CAP is highly relevant for EU biodiversity spending. It represents the largest source of EU budgetary support and **accounts for approximately 57% of total biodiversity-relevant spending** under the MFF. Current estimates place biodiversity at **16.8% of the CAP envelope.**<sup>55</sup> The updated biodiversity tracking methodology for 2023–2027 introduces greater granularity through weighting factors. However, direct payments continue to receive biodiversity coefficients largely based on conditionality, limiting the sensitivity of reported figures to actual biodiversity outcomes.

### European Regional Development Fund (ERDF) and Cohesion Fund (CF)

The evaluation of the ERDF and CF under the 2014–2020 MFF concluded that the funds proved well-suited to addressing regional disparities and contributing to the policies' objectives as defined in the Treaty.<sup>56</sup> **Analysis of the ERDF and CF under the current MFF indicates that progress is uneven across policy objectives and indicators.** Compared to other funds and their progress towards KPIs, progress seems to be more limited for the ERDF and CF. At the same time, climate mainstreaming targets have largely been exceeded.

Cohesion policy programmes apply a thematic categorisation system that enables tracking of climate and biodiversity contributions across investments. For climate objectives, minimum regulatory thresholds are in place: 30% for ERDF and 37% for the CF. Based on adopted programmes, planned allocations exceed these thresholds, reaching approximately 33% for ERDF and 56% for the CF. This suggests strong alignment at planning stage, with no immediate evidence of underuse relative to climate commitments. However, reporting remains focused on planned allocations, and **there is no consolidated analysis linking climate- or biodiversity-tagged commitments to implementation speed, project completion, or realised outcomes.**<sup>57</sup> The Commission has also noted that allocations to the different green budgeting objectives overlap to some extent.<sup>58</sup> Biodiversity tracking exists but

<sup>53</sup> European Commission. *Common Agricultural Policy – Performance*. Available at: [https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/common-agricultural-policy-performance\\_en#implementation-and-performance](https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/common-agricultural-policy-performance_en#implementation-and-performance).

<sup>54</sup> Institute for European Environmental Policy (2020). *Evaluation of the Common Agricultural Policy's impact on biodiversity*. Available at: <https://ieep.eu/publications/evaluation-of-the-common-agricultural-policys-impact-on-biodiversity/>.

<sup>55</sup> European Commission (2025). *Annual Management and Performance Report for the EU Budget – 2024 financial year*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0824>.

<sup>56</sup> European Commission (2025). *Ex post evaluation of the European Regional Development Fund (ERDF) and the Cohesion Fund for the programming period 2014–2020*. Available at: [https://ec.europa.eu/regional\\_policy/sources/reports/2025/Ex\\_Post\\_Evaluation\\_CSWD.pdf](https://ec.europa.eu/regional_policy/sources/reports/2025/Ex_Post_Evaluation_CSWD.pdf).

<sup>57</sup> European Commission (2025). *Annual Management and Performance Report for the EU Budget – 2024 financial year*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0824>.

<sup>58</sup> Ibidem.

does not benefit from binding targets, limiting the ability to assess whether planned allocations will be sustained throughout implementation.

### NextGenerationEU (NGEU) and the Recovery and Resilience Facility (RRF)

In July 2020, the EU launched its largest funding programme ever: NGEU. The most important instrument of NGEU is the RRF. Since its inception, Member States have used the RRF to advance their reform and investment agendas and support economic recovery. Almost **half of the milestones and targets** of Member States' RRFs planned to be achieved by the end of 2024 have been assessed as fulfilled by the Commission. Still, the European Central Bank (ECB) notes that there is a **risk that the effectiveness of the RRF will be diminished by incomplete or ineffective implementation**.<sup>59</sup>

The RRF has one of the most stringent climate requirements in the EU budget, with a legally binding obligation for at least 37% of each National Recovery and Resilience Plan (NRRP) to support climate objectives. **In practice, Member States have exceeded this threshold, with more than 42.5% of total plan allocations contributing to climate objectives.** Implementation progress for the green transition pillar has been assessed as broadly positive. By the end of 2024, around 23.5% of milestones and targets linked to green transition measures had been fulfilled.<sup>60</sup>

A 2023 analysis pointed out that certain policy areas received significantly more RRF funding than others, with **sustainable mobility and energy efficiency receiving 60% of the funding. Climate adaptation and biodiversity received respectively 5% and 2% of the funding**.<sup>61</sup> Survey respondents accompanying the 2023 analysis pointed out that they were not confident on the contribution of the RRF to the EU Biodiversity Strategy.<sup>62</sup> Another concern relates to the type of climate impact generated by RRF investments. It is unclear whether the impact is always positive or whether it can also be negative. The latter is based on a 2022 Member-State level analysis, pointing out that several Member States were using RRF funds to support fossil gas-related investments, prioritising fossil gas over renewable energy sources.<sup>63</sup> **As such, climate earmarked funding under the RRF does not necessarily translate to climate-positive funding.**

### Horizon Europe

The most recent evaluation of Horizon 2020 concluded that the programme results were of high value for knowledge and innovation in the EU, even though not all targets or KPIs were met.<sup>64</sup> Under the current Horizon Europe programme, **initiatives are said to have led to concrete results in areas such as climate change and health**, demonstrating the programme's alignment with societal needs.<sup>65</sup> At the same time, a 2024 evaluation support study on Horizon Europe and the Green Transition pointed out that the Horizon Europe monitoring system is insufficient for its intended task: being a comprehensive

<sup>59</sup> European Central Bank (2024). *Four years into the Next Generation EU programme: an updated preliminary evaluation of its economic impact*. Available at: [https://www.ecb.europa.eu/press/economic-bulletin/articles/2025/html/ecb.ebart202408\\_03~04121f4ea9\\_en.html](https://www.ecb.europa.eu/press/economic-bulletin/articles/2025/html/ecb.ebart202408_03~04121f4ea9_en.html).

<sup>60</sup> European Commission (2025). *Annual Management and Performance Report for the EU Budget – 2024 financial year*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0824>.

<sup>61</sup> European Commission (2023). *Study supporting the mid-term Evaluation of the Recovery and Resilience Facility*. Available at: [https://cdn.ceps.eu/wp-content/uploads/2024/02/7fff9205-b77a-4a3f-ad85-8a4c88cb6503\\_en.pdf](https://cdn.ceps.eu/wp-content/uploads/2024/02/7fff9205-b77a-4a3f-ad85-8a4c88cb6503_en.pdf).

<sup>62</sup> Ibidem.

<sup>63</sup> Climate Action Network (CAN) Europe and CEE Bankwatch Network (2022). *Reaching for a green recovery – what holds back progress in ten EU recovery and resilience plans*. Available at: [https://bankwatch.org/wp-content/uploads/2022/02/2022\\_02\\_Reaching-for-a-green-recovery.pdf](https://bankwatch.org/wp-content/uploads/2022/02/2022_02_Reaching-for-a-green-recovery.pdf).

<sup>64</sup> European Commission (2024). *Ex post evaluation of Horizon 2020, the EU framework programme for research and innovation*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52024DC0049>.

<sup>65</sup> European Commission. *Horizon Europe – performance*. Available at: [https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/horizon-europe-performance\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/horizon-europe-performance_en).

monitoring system to analyse project implementation efficiency and progress of Europe's green transition.<sup>66</sup>

Horizon Europe is subject to an explicit programme-level commitment to contribute at least 35% of expenditure to climate objectives, as set out in the Horizon Europe Regulation. Based on reported implementation for 2021–2024 and indicative estimates for 2025–2027, **the programme's climate contribution is currently estimated at 34.9%, placing it close to the regulatory target.** This trajectory suggests that the target remains achievable, provided that climate-relevant programming is maintained in the later years of the MFF.<sup>67</sup>

**In contrast, biodiversity mainstreaming under Horizon Europe appears less advanced.** Preliminary estimates indicate that approximately 7.7% of Horizon Europe expenditure is biodiversity-relevant, below the 10% ambition for 2026–2027. While Cluster 6 under Pillar II already devotes a substantial share of its resources to biodiversity-related objectives, achieving the target will require broader contributions across clusters and pillars, highlighting a potential implementation gap if biodiversity remains concentrated in a limited subset of activities.<sup>68</sup>

### Development Cooperation Instrument (DCI) / Global Europe

While there is no ex-post evaluation of the DCI available, a 2017 interim evaluation noted that goals in alignment, results-orientation, and differentiation generally were met. At the same time, while progress was noted on climate change and environment, more remained to be done to systematically and effectively integrate these themes across all sectors of EU co-operation.<sup>69</sup>

Global Europe is expected to contribute 30% of its envelope to climate objectives. The Commission has stated that progress in the implementation of the green transition in key areas such as climate action, clean energy and environmental goals has been made, deploying innovative financing schemes and using private-sector involvement.<sup>70</sup>

Preliminary reporting indicates that **climate-related allocations reached approximately 24.3% over 2021–2024**, with stronger performance in some regions offset by competing priorities elsewhere. **Biodiversity contributions are reported at 8.3% in 2023 and around 9.2% in 2024**, placing the programme on track to meet the 7.5% MFF-wide biodiversity ambition for 2024, but leaving limited margin to reach the 10% target for 2026–2027 without further prioritisation.<sup>71</sup> These shares reflect tagged budget allocations rather than actual delivery or environmental outcomes, which may differ depending on implementation.

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<sup>66</sup> European Commission (2024). *Horizon Europe and the Green Transition: Interim evaluation support study*. Available at: <https://technopolis-group.com/wp-content/uploads/2024/09/horizon-europe-and-the-green-transition-KI0524589ENN.pdf>.

<sup>67</sup> European Commission (2025). *Annual Management and Performance Report for the EU Budget – 2024 financial year*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0824>.

<sup>68</sup> Ibidem.

<sup>69</sup> European Commission (2017). *External Evaluation of the Development Co-operation Instrument (2014 – mid 2017)*. Available at: [https://international-partnerships.ec.europa.eu/system/files/2019-09/dci-final-report-vol-i-main-report\\_en.pdf](https://international-partnerships.ec.europa.eu/system/files/2019-09/dci-final-report-vol-i-main-report_en.pdf)

<sup>70</sup> European Commission. *Neighbourhood, Development and International Cooperation Instrument – Global Europe – Performance*. Available at: [https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/neighbourhood-development-and-international-cooperation-instrument-global-europe-performance\\_en](https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/programme-performance-statements/neighbourhood-development-and-international-cooperation-instrument-global-europe-performance_en).

<sup>71</sup> European Commission (2025). *Annual Management and Performance Report for the EU Budget – 2024 financial year*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX:52025DC0824>.

### 3.3. Effectiveness and reliability of current expenditure tracking methodologies

In 2022, the ECA published a special report on climate spending in the 2014–2020 MFF, noting that climate spending was not as high as reported by the Commission.<sup>72</sup> The ECA observed that reported spending was not always relevant to climate action, and that overall reporting on climate spending was unreliable. At the same time, limited improvements were expected for 2021–2027 MFF climate reporting.<sup>73</sup> In light of these concerns, it is important to analyse the status of current expenditure-tracking methodologies. This section focuses on the application of climate coefficients, the EU Taxonomy, and the accompanying ‘do no significant harm’ (DNSH) principle. The analysis draws on official documentation and regulatory texts, complemented by insights from Parliament’s Budgetary Support Unit’s work on climate and environment tracking under the EU budget.<sup>74</sup>

#### 3.3.1. Climate coefficients

In both the 2014–2020 and 2021–2027 MFFs, the EU employed a ‘climate mainstreaming’ approach with quantitative targets and a coefficient-based tracking method. Each budget activity is assigned a coefficient of 0%, 40%, or 100% indicating its contribution to climate or environmental objectives.<sup>75</sup> These coefficients are applied across nearly all EU funding programs, albeit with programme-specific nuances. However, despite headline figures suggesting alignment with climate and biodiversity spending targets, official assessments highlight several structural implementation gaps affecting the reliability and policy relevance of reported figures. These gaps relate primarily to the design and application of the tracking methodology, rather than to formal non-compliance with budgetary rules.

**Overall reporting on climate and biodiversity spending is characterised by a high degree of approximation.** The tracking framework captures only the potential positive contribution of expenditure, without evaluating the extent to which spending ultimately contributes to EU climate or biodiversity objectives. The ECA and other analysts note that it involves ex ante approximations of potential climate impact rather than measured outcomes, which risks overestimating the true contribution of EU spending to climate and biodiversity goals. In its special audit, **the ECA found that much of the reported climate spending for 2014–2020 was overstated or not directly relevant to climate action.**<sup>76</sup> For instance, the Commission counted large portions of the CAP as climate spending (e.g. funding for cross-compliance, areas with natural constraints, and organic farming were given 40% or 100% climate markers) despite uncertain climate benefits. Similarly, in cohesion and infrastructure funds, all rail transport projects were counted 100% as climate expenditure and electricity grid or biomass investments were generously labelled, leading to overcounting. Another methodological flaw is **counting planned or committed amounts as if spent:** the Commission’s climate tracking sometimes included budgeted sums that were not ultimately disbursed. This inflates reported climate finance when not all funds actually reach climate projects.<sup>77</sup>

<sup>72</sup> European Court of Auditors (2022). *Climate spending in the 2014–2020 EU budget: Not as high as reported*. Available at: <https://op.europa.eu/webpub/eca/special-reports/climate-mainstreaming-09-2022/en>.

<sup>73</sup> Ibidem.

<sup>74</sup> European Parliament (2025). *Climate and biodiversity mainstreaming in the EU budget – State of Play in 2024*. Available at: [https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/781674/BUDG\\_IDA\(2025\)781674\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/781674/BUDG_IDA(2025)781674_EN.pdf).

<sup>75</sup> European Commission (2022). *Climate Mainstreaming Architecture in the 2021–2027 Multiannual Financial Framework*. Available at: [https://commission.europa.eu/system/files/2023-06/swd\\_2022\\_225\\_climate\\_mainstreaming\\_architecture\\_2021-2027.pdf](https://commission.europa.eu/system/files/2023-06/swd_2022_225_climate_mainstreaming_architecture_2021-2027.pdf).

<sup>76</sup> European Court of Auditors (2022). *Climate spending in the 2014–2020 EU budget: Not as high as reported*. Available at: <https://op.europa.eu/webpub/eca/special-reports/climate-mainstreaming-09-2022/en>.

<sup>77</sup> Ibidem.

**The use of a three-coefficient system (0%, 40%, 100%) limits the accuracy of expenditure quantification.** The large gap between the 40% and 100% coefficients makes it difficult to reflect differences in the actual contribution of interventions, particularly for measures with partial or indirect relevance. The 40% coefficient is described as especially vague and, when combined with broad intervention fields, can lead to overestimation of climate and biodiversity contributions.<sup>78</sup>

**Furthermore, while climate and biodiversity objectives are closely linked, the two tracking methodologies operate separately and do not account for overlap.** A 2025 review notes that climate and biodiversity tracking totals overlap – many expenditures contribute to both objectives but are counted separately toward each target, meaning the Commission’s reported climate and biodiversity totals cannot be summed without double-counting – yet the extent of this overlap is not reported.<sup>79</sup>

**The methodology likewise does not account for spending with negative impacts** – the EU does not track expenditures potentially harmful to climate or nature, assuming instead that the DNSH rule prevents any harmful spending. Some EU-funded activities (e.g. intensive farming, fossil-fuel related infrastructure) may nevertheless undermine climate and biodiversity goals, but these negative effects are not collected or reported.<sup>80</sup>

**The application of climate and biodiversity tracking methodologies is not fully harmonised across programmes.** Although a common framework exists, implementation differs across funds and regulations and can best be described as a patchwork of programme-specific methodologies. Coefficients are assigned by the Commission services responsible for individual programmes, and, under shared management, may rely on the judgement of national administrators. The basis on which these decisions are made is not always transparent, raising concerns about consistency and scientific robustness. Additionally, the tracking framework is ex-ante and commitment-based and does not account for results or actual spending. Once an intervention is assigned a coefficient based on expected effect, it continues to be counted irrespective of implementation outcomes.<sup>81</sup>

In sum, the coefficient-based tracking methodology has known shortcomings. It inflates reported green spending by assigning high weights to broad categories of spending without verifying actual impacts. Multiple reports have highlighted these limitations and the tendency to overestimate contributions. Another analysis stresses that ‘mainstreaming’ (ex-post labelling of expenditures as climate-related) is not as effective as ‘ring-fencing’ (earmarking funds ex-ante for specific green measures). Under mainstreaming, expenditures can be counted as supporting climate/nature even if they were not originally dedicated to those goals, whereas ring-fencing (as was done for a portion of the CAP in 2021–2027) guarantees spending on green measures.<sup>82</sup>

### 3.3.2. The EU Taxonomy and DNSH principle

**The EU Taxonomy serves as a classification mechanism that defines criteria to determine which economic activities are aligned with the EU climate and environmental objectives, including a net zero trajectory by 2050.** The Taxonomy Regulation establishes the legal basis for the taxonomy and sets out the four overarching conditions that an economic activity must meet to be considered environmentally sustainable. While the taxonomy plays an essential role for financial and non-financial

<sup>78</sup> Ibidem.

<sup>79</sup> European Parliament (2025). *Climate and biodiversity mainstreaming in the EU budget – State of Play in 2024*. Available at: [https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/781674/BUDG\\_IDA\(2025\)781674\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/781674/BUDG_IDA(2025)781674_EN.pdf).

<sup>80</sup> Ibidem.

<sup>81</sup> Ibidem.

<sup>82</sup> European Environmental Bureau (2025). *New EU farm policy writes blank cheque for Member States threatening green transition*. Available at: <https://eeb.org/en/new-eu-farm-policy-writes-blank-cheque-for-member-states-threatening-green-transition/#:~:text=biodiversity%20spending%E2%80%9D%20based%20on%20standard.>

companies, it has also been integrated into EU spending. In the current 2021-2027 MFF, as determined in the Interinstitutional Agreement (IIA), all EU spending must comply with the overarching taxonomy principle of doing no significant harm (DNSH) to the six environmental objectives of the EU Taxonomy.<sup>83</sup> The DNSH principle was first applied to the RRF in 2021 and later to the Cohesion Funds under the Common Provisions Regulation (CPR) and InvestEU.<sup>84</sup>

According to a briefing by the European Parliament's Budgetary Support Unit for the CONT Committee in November 2025, so far, **the implementation of the DNSH principle to EU funds has not lived up to its ambition.** The main issues identified are the **lack of transparency** in assessing the DNSH application and the lack of assessments being systematically published.<sup>85</sup> In addition, the assessments that have been published, as noted by the CEE Bankwatch Network in 2024, are criticised by some as **not being backed by sufficient justification and/or evidence.**<sup>86</sup>

There are also concerns around the **lack of understanding from management authorities** about carrying out the DNSH assessments and what the exact objective of the principle is. At the programme level, implementation guidance differs, complicating consistent implementation and compliance under wider EU spending.<sup>87</sup> The inconsistent application of the DNSH principle, in combination with existing lack of clarity in applying the DNSH principle, hinders its potential in delivering on EU spending objectives related to climate and the environment.

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<sup>83</sup> Climate mitigation and adaptation, sustainable use and protection of water resources, the circular economy, pollution prevention and control, and biodiversity protection.

<sup>84</sup> European Parliament (2025). *Climate and biodiversity mainstreaming in the EU budget – State of Play in 2024*. Available at: [https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/781674/BUDG\\_IDA\(2025\)781674\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/781674/BUDG_IDA(2025)781674_EN.pdf).

<sup>85</sup> Ibidem.

<sup>86</sup> CEE Bankwatch Network (2023). *Lessons from the ground: application of the 'do no significant harm' principle under the Recovery and Resilience Facility*. Available at: <https://bankwatch.org/publication/lessons-from-the-ground-application-of-the-do-no-significant-harm-principle-under-the-recovery-and-resilience-facility>.

<sup>87</sup> Ibidem.

## 4. IS THE 2028-2034 MFF FIT-FOR-PURPOSE AS CONCERNS CLIMATE AND ENVIRONMENT

### KEY FINDINGS

The new MFF represents a significant shift from instrument-based funding towards a consolidated and policy-oriented structure. The LIFE programme will be discontinued, with its environmental and climate functions integrated into broader instruments, primarily the ECF and the NRP Fund. While LIFE's core themes remain eligible, this mainstreaming approach reduces the visibility of dedicated environmental funding and may weaken targeted support for biodiversity and nature restoration.

The Commission proposes a single 35% spending target for climate and environment across the EU budget. Although this maintains a high-level commitment to environmental objectives, combining climate and environment under one target raises concerns that biodiversity and ecosystem protection could be sidelined in favour of climate-related investments, particularly in the absence of dedicated ring-fencing. The next MFF will also include the DNSH principle across EU programmes. In principle, this strengthens safeguards against environmentally harmful spending. However, its effectiveness will depend on how clearly exclusions are defined and how consistently Member States apply the guidance. In agriculture, the new CAP Regulation removes EU-level eco-scheme ring-fencing, relying instead on voluntary national measures under the farm stewardship system.

Climate and environmental spending will continue to be tracked through a system of intervention fields and coefficients (0%/ 40%/ 100%), which estimate the share of spending contributing to climate and environmental objectives. This methodology has been criticised for potentially overestimating green contributions, as it relies on ex-ante assumptions and allows the most favourable coefficient to be applied to each intervention. In addition, biodiversity will be tracked under a broader environmental category, reducing the visibility of biodiversity-specific spending. Finally, the new MFF proposes linking each intervention field to output- and result-based performance indicators within a unified framework. While this could streamline monitoring, the current approach relies heavily on output proxies and does not significantly improve methodologies for measuring actual climate or biodiversity impacts. Combined with the flexibility of NRPP priorities over time, this raises questions about the stability and reliability of performance monitoring.

Overall, the proposed MFF maintains the objective of aligning EU spending with climate and environmental priorities but does not substantially strengthen the mechanisms needed to ensure credible tracking, consistent environmental safeguards, and effective delivery of biodiversity outcomes. In addition, the increased reliance on plan-based implementation through NRPPs may make climate and biodiversity spending more difficult to scrutinise at EU level, as parliamentary oversight shifts towards aggregated national programming and performance monitoring frameworks; although NRPPs must align with national climate and biodiversity plans, this increased flexibility could weaken environmental ambition if Member States prioritise other policy objectives. These limitations are further compounded by exclusions from climate and environmental accounting in certain policy areas, which may weaken the comprehensiveness of the framework. The assessment of the proposed MFF funding instruments, horizontal principles, and tracking and performance frameworks, as well as the associated risks, forms the basis for the recommendations presented in Section 4.4.

While previous sections presented 2028-2034 MFF figures in constant 2025 prices, assuming a uniform distribution of climate- and biodiversity-related spending over the programming period, this section reports figures in current prices unless otherwise specified. This reflects the focus on programme-level allocations and spending shares derived from the percentage targets proposed in the MFF.

## 4.1. Horizontal principles under the 2028-2034 MFF

### 4.1.1. The 35% climate and environment spending target

The proposed performance regulation<sup>88</sup> for the 2028-2034 MFF defines horizontal principles on a climate and environment spending target (Article 4), the implementation of the DNSH principle (Article 5), and on social policies and implementing the principle of gender equality.<sup>89</sup> On climate and environment, the Commission proposes a legally binding single horizontal target that at least 35% of total EU spending between 2028 and 2034 should support climate and environmental objectives. This consolidates the previous separate targets (30% for climate and 7.5%/10% for biodiversity) into one umbrella goal. However, its scope is broader, essentially covering all 'green transition' related spending (climate mitigation, climate adaptation, biodiversity, pollution prevention, water and marine, and circular economy) under one metric.<sup>90</sup>

**Total climate- and environment-relevant commitments are estimated to fall within a range of approximately EUR 661–715 billion in current prices** (EUR 587 – 635 billion in constant 2025 prices), depending on the final budget envelope and implementation assumptions (see **Error! Reference source not found.**).<sup>91</sup>

**The target does not automatically indicate an increase in climate effort and there is a risk that it could dilute focus on biodiversity.** This is because, unlike in the current MFF, there is no distinct ring-fenced share for biodiversity: everything falls under the single 35% goal and bundling all green spending together could allow the target to be met by climate-heavy industrial projects while, for example, sidelining biodiversity and nature restoration efforts.<sup>92</sup> The latter is of special concern considering the higher commercialisation potential of climate investments, such as industrial decarbonisation and renewable energy production and their close alignment with the EU's competitiveness agenda.<sup>93</sup> For this reason, it has been argued that the 35% spending target should be increased and that there should be a dedicated biodiversity target to ensure funding for biodiversity.<sup>94</sup>

<sup>88</sup> European Commission (2025). Proposal for a regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities (COM(2025) 545 final 2025/0545(COD)). Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>

<sup>89</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

<sup>90</sup> European Parliament (2025). Impacts of the 2028-2034 MFF proposals on the climate and the environment - Mapping of the Commission proposals. Available at: [https://www.europarl.europa.eu/thinktank/en/document/ECTI\\_IDA\(2025\)780410](https://www.europarl.europa.eu/thinktank/en/document/ECTI_IDA(2025)780410).

<sup>91</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

<sup>92</sup> Climate Action (2025). EU Budget Proposal for 2028-2034 Sparks Concern Over Climate and Nature Funding Gaps. Available at: <https://www.climateaction.org/news/eu-budget-proposal-for-20282034-sparks-concern-over-climate-and-nature-fund>.

<sup>93</sup> Heinrich Böll Stiftung (2025). The 2028-2034 EU long-term budget: what's in it for climate?. Available at: <https://eu.boell.org/sites/default/files/2025-11/02-the-2028-2034-eu-long-term-budget-whats-in-it-for-climate.pdf>.

<sup>94</sup> WWF (2025). A more impactful EU budget: Performance Regulation in the next MFF. Available at: <https://www.wwf.eu/?19067441/A-more-impactful-EU-budget-Performance-Regulation-in-the-next-MFF>.

Table 5: Climate and environment spending targets, as set out in Annex III of the proposed expenditure tracking and performance framework for the 2028–2034 MFF

| Programme  | Target (%) | Target (EUR billion) |
|--|------------|----------------------|
| National and regional partnership plans (including loan support) | 43         | 427.09               |
| European Competitiveness Fund                                    | 43         | 46.91 – 100.75       |
| Horizon Europe   | 40         | 70                   |
| Connecting Europe Facility                                       | 70         | 57                   |
| Global Europe  | 30         | 60.09                |
| <b>Total</b>   | <b>35</b>  | <b>661 – 715</b>     |

Source: European Commission. (2025). [Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities](#); European Parliament. (2025). [Impacts of the 2028–2034 MFF proposals on the climate and the environment – Mapping of the Commission proposals](#).

**In contrast to the current MFF, the climate and environment spending target will be legally binding through a regulation.** While this provides a more robust basis for the spending target compared to an interinstitutional agreement, the performance regulation details in Article 4(4) that the **'Commission is empowered to adopt delegated acts in accordance with Article 20 to adjust the levels of the climate and environment spending targets defined in Annex III'**.<sup>95</sup> Annex III defines the spending targets for the programmes under the MFF. The adjustments would be based on developments during programme implementation including under- or over-achievement of the spending targets and the reflection of new priorities. **The regulation does not provide any detail on what these new priorities could entail or how much the spending targets will be allowed to deviate from the original percentage laid down in Annex III.** The seemingly high level of flexibility could therefore allow for programmes to have lower climate and environment spending, as long as the overall 35% spending target of the MFF is being met. This relates to Article 4(5) of the performance regulation, which mentions that institutions will consult each other in case of insufficient progress towards the spending target to ensure climate and environmental objectives correspond to at least 35% of the total amount of the EU budget.<sup>96</sup> In addition, most sectoral regulations related to the programmes, apart from the Regulation on NRPPs, do not include a legal requirement to implement the spending targets in Annex III. The combination of flexibility in programme spending on climate and environment, as well as the relatively low level of safeguards related to actually reaching the 35% target in the MFF, are considered potentially concerning by some stakeholders.<sup>97</sup>

<sup>95</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

<sup>96</sup> Ibidem.

<sup>97</sup> WWF (2025). WWF Briefing paper on the Performance Regulation. Available at: [https://wwfeu.awsassets.panda.org/downloads/wwf-briefing-paper-on-the-performance-regulation\\_mff.pdf](https://wwfeu.awsassets.panda.org/downloads/wwf-briefing-paper-on-the-performance-regulation_mff.pdf).

**Another important aspect is that defence and security spending will be excluded from the basis for the calculation of the 35% target (Article 4.2).**<sup>98</sup> EUR 130 billion is dedicated to defence and security under the ECF and Member States can spend significant amounts on defence under their NRPPs.<sup>99</sup> With the proposed exemption, the overall nominal amount spent on climate and environment will be reduced, since the 35% target would not apply to the entire EU budget. Organisations have suggested abolishing the exemption to improve the credibility of the target and deliver on the EU's ambition to spend at least EUR 700 billion on green priorities under the next MFF.<sup>100</sup>

There are examples of such exemptions in environment and climate legislation. The Energy Performance of Buildings Directive (EPBD) allows for energy performance standards to not be applied for buildings with national defence purposes (Article 5(3.a)).<sup>101</sup> Other directives include provisions that allow certain activities during times of crisis that would normally not be allowed because of environmental and climate considerations, such as the Waste Shipment Regulation allowing the import of waste from countries in time of crisis (Article 51).<sup>102</sup> Therefore, introducing a similar defence exclusion within the MFF has some precedents; however the nature of the spending that will be supported by this budget should be considered. While there is a clear logic to exclude investment in weapons and other military equipment because of its purpose, the logic for fully excluding investments in activities such as military infrastructure (e.g. buildings, roads, arms factories) is less clear. Namely, there should be opportunities to at least make these infrastructure investments more climate and environmentally neutral. Excluding such activities also poses risks around infrastructure investments being justified on defence and security grounds to avoid the consideration of environmental and climate impacts.

#### 4.1.2. The 'do no significant harm' principle

**The 2028-34 MFF plan to improve the application of the DNSH principle by streamlining it and making it horizontally applicable across all EU programmes.** The DNSH principle requires that all EU budget expenditure should avoid causing significant harm to various environmental objectives. To support implementation, the **Commission will issue 'single and simple' DNSH guidance** (Article 5(1)), which will:<sup>103</sup>

- Identify policy areas or activities always considered DNSH-compliant;
- Flag those deemed incompatible with DNSH and thus ineligible for EU funding;

<sup>98</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

<sup>99</sup> WWF (2025). WWF Briefing paper on the Performance Regulation. Available at: [https://wwfeu.awsassets.panda.org/downloads/wwf-briefing-paper-on-the-performance-regulation\\_mff.pdf](https://wwfeu.awsassets.panda.org/downloads/wwf-briefing-paper-on-the-performance-regulation_mff.pdf).

<sup>100</sup> WWF (2025). WWF Briefing paper on the Performance Regulation. Available at: [https://wwfeu.awsassets.panda.org/downloads/wwf-briefing-paper-on-the-performance-regulation\\_mff.pdf](https://wwfeu.awsassets.panda.org/downloads/wwf-briefing-paper-on-the-performance-regulation_mff.pdf); Heinrich Böll Stiftung (2025). The 2028–2034 EU long-term budget: what's in it for climate?. Available at: <https://eu.boell.org/sites/default/files/2025-11/02-the-2028-2034-eu-long-term-budget-whats-in-it-for-climate.pdf>.

<sup>101</sup> European Commission (2024). Directive (EU) 2024/1275 of the European Parliament and of the Council of 24 April 2024 on the energy performance of buildings (recast). Available at: <https://eur-lex.europa.eu/eli/dir/2024/1275/oj/eng>.

<sup>102</sup> European Commission (2024). Regulation (EU) 2024/1157 of the European Parliament and of the Council of 11 April 2024 on shipments of waste, amending Regulations (EU) No 1257/2013 and (EU) 2020/1056 and repealing Regulation (EC) No 1013/2006. Available at: <https://eur-lex.europa.eu/eli/reg/2024/1157/oj/eng>.

<sup>103</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

- Ensure proportionality by considering the activity's size, environmental impact, and territorial context;
- Clarify exceptions, e.g. for crisis response or defence, where DNSH may not apply.

**This approach aims to harmonise environmental safeguards while reducing the administrative burden and avoiding overlap with existing EU law.** As such, it is intended to provide a basis for a more consistent and reliable implementation of the DNSH principle in EU spending under the 2028–2034 MFF cycle.<sup>104</sup> **The effectiveness of DNSH enforcement will depend on how clearly the guidance defines exclusions and how consistently Member States apply it across the diverse set of activities financed under the new MFF.** This relates to the perception that under the current MFF implementation of the DNSH has been inconsistent and has mostly led to filtering out the clearest harmful activities.<sup>105</sup>

While the performance regulation mentions each Member State shall provide a DNSH assessment for each activity in accordance with the simple and single guidance, **a 'simple' DNSH guidance might be difficult to apply to each individual activity.** Part of this issue is addressed by the instruction that Member States should justify when DNSH is not feasible or appropriate to apply to an activity. Still, with the 'simple' nature of the guidance, which is not proposed to be enforced through legislation, deviations in application between Member States is still at risk. For this reason, it is important that the guidance will be as clear as possible, with a detailed list of activities that are always DNSH-compliant and ideally it should also include an exclusion list of activities that automatically do not comply with DNSH. It has also been suggested that the proportionality principle should explicitly be linked to (only) the environmental impact and not the size of the activity, since small value projects can still have high environmental impacts.<sup>106</sup>

#### 4.1.3. Risks related to the horizontal principles

The main risks identified on the horizontal principles are as follows:

- The overarching 35% climate and environmental spending target **risks reducing dedicated attention and funding for biodiversity under the next MFF.** The absence of a ring-fenced biodiversity target, as exists under the current MFF, increases the risk of underfunding biodiversity.
- The combination of flexibility in adjusting spending targets on programme level and the fact that sectoral regulations (except for the NRPPs) do not legally require compliance with programme spending targets, implies a **risk of low actual climate and environmental spending** under the MFF's proposed funding programmes.
- With defence and security expenditure being excluded from the 35% spending target, the **absolute amount of climate and environmental spending is reduced.** This risks the EU not meeting its EUR 700 billion suggested green spending figure. It also means that if there is expenditure under the defence and security heading that could be made more climate and

<sup>104</sup> European Parliament (2025). *Impacts of the 2028–2034 MFF proposals on the climate and the environment – Mapping of the Commission proposals*. Available at: [https://www.europarl.europa.eu/thinktank/en/document/ECTI\\_IDA\(2025\)780410](https://www.europarl.europa.eu/thinktank/en/document/ECTI_IDA(2025)780410).

<sup>105</sup> CEE Bankwatch Network (2024). *From theory to practice – A case-based analysis of the EU's 'do no significant harm' principle*. Available at: [https://bankwatch.org/wp-content/uploads/2024/07/2024\\_07\\_From-theory-to-practice\\_A-case-based-analysis-of-the-EUs-do-no-significant-harm-principle.pdf](https://bankwatch.org/wp-content/uploads/2024/07/2024_07_From-theory-to-practice_A-case-based-analysis-of-the-EUs-do-no-significant-harm-principle.pdf).

<sup>106</sup> WWF (2025). *WWF Briefing paper on the Performance Regulation*. Available at: [https://wwfeu.awsassets.panda.org/downloads/wwf-briefing-paper-on-the-performance-regulation\\_mff.pdf](https://wwfeu.awsassets.panda.org/downloads/wwf-briefing-paper-on-the-performance-regulation_mff.pdf).

environment friendly, without reducing its defence and security purpose, these opportunities could be lost.

- While the proposed 'single and simple' DNSH guidance is intended to lessen the administrative burden and ensure coherence, the generalist nature and lack of legislative force of the guidance increases the **risk of the guidance being implemented unevenly across Member States**.

## 4.2. Funding instruments under the 2028-2034 MFF

**The LIFE programme has served as the EU's dedicated funding instrument for the environment and climate action since 1992.** Under the 2014–2020 MFF, LIFE was allocated about EUR 4.5 billion in 2025 prices (EUR 3.4 billion in 2011 prices), with roughly EUR 2.1 billion committed to climate action and EUR 2.3 billion to biodiversity.<sup>107</sup> In the 2021–2027 MFF, LIFE was significantly reinforced, with its budget increased to around EUR 6 billion in 2025 prices (EUR 5.45 billion in 2018 prices), around 60% higher than in the previous period; with EUR 3.66 billion and EUR 3.13 billion committed to climate and biodiversity mainstreaming, respectively.<sup>108</sup> **While important as the EU's dedicated environmental funding instrument, LIFE represented a relatively small share of overall EU climate and environmental spending compared with larger programmes such as cohesion policy and Horizon.** However, its centralised governance and thematic focus enabled the EU to steer priorities, support innovative approaches and ensure comparability in project selection and implementation across Member States.<sup>109</sup>

**Under the 2028–2034 MFF, LIFE will be discontinued as a standalone programme.**<sup>110</sup> However, despite the structural change, the Commission has emphasised that the thematic legacy of LIFE will be preserved. Climate and environmental objectives previously supported under LIFE will now be delivered through two major instruments: the ECF and the NRPPs under the NRP Fund. Both instruments are required to allocate at least 43% of their respective budgets to climate and environmental objectives. Together, they are expected to carry forward LIFE-style activities, such as nature restoration, biodiversity protection, pollution prevention, resource efficiency, and clean energy transition. While this mainstreaming approach may increase the scale of available funding, it also reduces the visibility of a dedicated EU-level funding channel and may weaken the demonstration of EU added value in environmental spending.<sup>111</sup>

The Commission has designed the new architecture to continue supporting its thematic focus and project formats within broader frameworks. **All of LIFE's core areas – including environmental**

<sup>107</sup> European Commission (2021). Annual management and performance report 2020. Available at: [https://commission.europa.eu/publications/annual-management-and-performance-report-2020\\_en](https://commission.europa.eu/publications/annual-management-and-performance-report-2020_en).

<sup>108</sup> European Commission (2025). *Statement of estimates of the European Commission for the financial year 2026 – SEC (2025) 250*. Available at: [https://commission.europa.eu/document/download/525beef4-12c6-4bac-9dc0-e48282def1db\\_en?filename=DB2026-Statement-of-Estimates\\_new%20SP.pdf](https://commission.europa.eu/document/download/525beef4-12c6-4bac-9dc0-e48282def1db_en?filename=DB2026-Statement-of-Estimates_new%20SP.pdf).

<sup>109</sup> European Court of Auditors (2026). Opinion 09/2026 – concerning the proposal 2025/0240 (COD) for a regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509. Available at: [https://www.eca.europa.eu/ECAPublications/OP-2026-09/OP-2026-09\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/OP-2026-09/OP-2026-09_EN.pdf).

<sup>110</sup> European Parliament (2025). *EU Budget 2028 – 2034 Overview of the Commission's proposal*. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/775885/EPRS\\_BRI\(2025\)775885\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/775885/EPRS_BRI(2025)775885_EN.pdf).

<sup>111</sup> European Court of Auditors (2026). Opinion 09/2026 – concerning the proposal 2025/0240 (COD) for a regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509. Available at: [https://www.eca.europa.eu/ECAPublications/OP-2026-09/OP-2026-09\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/OP-2026-09/OP-2026-09_EN.pdf).

**governance – will remain eligible for funding under the ECF and NRPPs.** Likewise, some aspects of LIFE’s unique funding mechanisms will be retained:<sup>112</sup>

- Standard Action Projects (traditional grants) will be absorbed into ECF calls or Member State NRPP programming.
- Integrated Projects – now known as Strategic Integrated Projects (for environment) and Strategic Nature Projects (for biodiversity) – will continue but be split across management modes. National or regional projects will be part of NRPP plans (shared management), while larger-scale or transnational initiatives will apply via the EU Facility (shared, direct or indirect management).

**Monitoring and oversight of LIFE-style actions will now be embedded in the performance frameworks of the ECF and NRPP.** Instead of a dedicated LIFE scoreboard, progress will be tracked through environmental indicators and targets set under these broader instruments. Specific support modalities, project types, and budget allocations will be defined in the ECF work programmes (Article 15) and NRPP national plans, while EU-wide LIFE-style projects will be implemented through the EU Facility (Article 31 of the NRP Regulation).<sup>113</sup> The following subsections describe how each fund will carry forward LIFE’s objectives under the new MFF.

#### 4.2.1. The European fund for economic cohesion social and territorial cohesion, agriculture and rural, fisheries and maritime (NRP Fund)

Regulatory proposal NRP Fund - [COM/2025/565 final](#)

The Regulation establishing the NRP Fund describes the new MFF as a more ‘policy-oriented, simpler, impactful and responsive budget’, intended to help Member States and regions address EU priorities more effectively.<sup>114</sup> The fund is designed to:

- Ensure better coherence between EU priorities and national/regional actions
- Build a simpler and more effective delivery system
- Enable flexible for addressing emerging policy priorities while fulfilling long-term objectives.<sup>115</sup>

The NRP Fund is allocated approximately EUR 865 billion, of which 43% (around EUR 427 billion) must support climate and environmental objectives through NRPPs. These plans must support the EU’s 2040 climate and energy targets and the Nature Restoration Law. Recital 19 of the draft regulation explicitly calls for building on LIFE’s experience to strengthen climate and environmental resilience and preserve biodiversity and natural resources.<sup>116</sup> The fund is also complemented by sector-specific frameworks, which shape its thematic focus without setting programme-specific green spending targets, as illustrated in the figure below.

<sup>112</sup> European Commission (2025). Working Document of the Commission Services; Integration of LIFE activities in the Commission proposals for the MFF 2028–2034 Fiche no. 33.

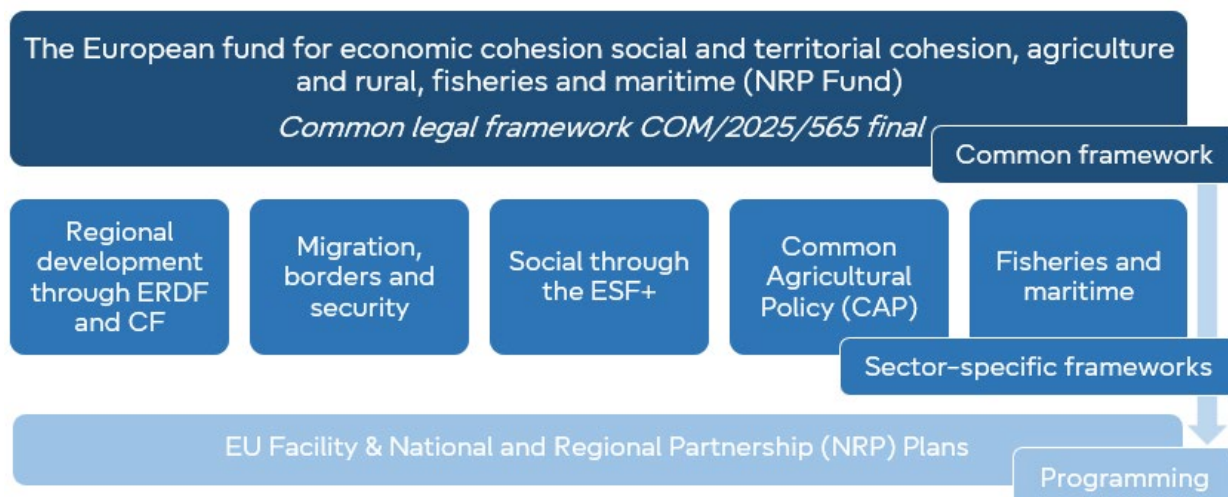
<sup>113</sup> Ibidem.

<sup>114</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028–2034. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025PC0565R%2801%29>.

<sup>115</sup> Ibidem.

<sup>116</sup> European Commission (2025). Working Document of the Commission Services; Integration of LIFE activities in the Commission proposals for the MFF 2028–2034 Fiche no. 33.

Figure 8: NRP Fund framework



Source: Authors' own elaboration.

**The NRP Fund will primarily operate under shared management, with Member States responsible for designing and implementing NRPPs, subject to Commission approval and oversight (Article 5).**<sup>117</sup> This model offers scale and territorial integration, particularly for biodiversity, land-use, and ecosystem restoration measures. However, it also introduces variability in ambition and implementation capacity across Member States. Unlike LIFE, which was centrally managed and strongly aligned with EU-wide environmental priorities, NRPP-funded activities will be embedded within broader national policy strategies. This increases the risk that **climate and biodiversity spending may be influenced by domestic political and economic priorities** rather than EU-level environmental objectives. Greater reliance on national programming may also reduce the visibility and demonstration of EU added value, particularly where EU funding supports measures closely aligned with pre-existing national investment plans. Moreover, this spending will be much more difficult to be scrutinised due to the new MFF architecture. The aggregation of climate and biodiversity spending within national plans may further complicate the traceability and comparability of funded interventions across Member States.<sup>118</sup>

The Commission's proposal also states that **the NRPPs must align with key EU environmental strategies**, namely the **National Energy and Climate Plans (NECPs)** under the Energy Union Governance Regulation and the **National Restoration Plans** under the new Nature Restoration Law (article 22).<sup>119,120</sup> This is an important enabling condition: each country's spending plan for cohesion, agriculture, and other themes must be consistent with its climate targets and biodiversity restoration commitments. **In theory, this should ensure coherence** – a Member State cannot, for example, plan

<sup>117</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025PC0565R%2801%29>.

<sup>118</sup> European Court of Auditors (2026). Opinion 09/2026 – concerning the proposal 2025/0240 (COD) for a regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509. Available at: [https://www.eca.europa.eu/ECAPublications/OP-2026-09/OP-2026-09\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/OP-2026-09/OP-2026-09_EN.pdf).

<sup>119</sup> European Commission (2025). Regulation of the European Parliament and of the council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/HTML/?uri=CELEX%3A52025PC0565R%2801%29>.

<sup>120</sup> European Parliament (2025). Impacts of the 2028-2034 MFF proposals on the climate and the environment – Mapping of the Commission proposals. Available at: [https://www.europarl.europa.eu/thinktank/en/document/ECTI\\_IDA\(2025\)780410](https://www.europarl.europa.eu/thinktank/en/document/ECTI_IDA(2025)780410).

an NRP investment that contradicts its own NECP climate targets or undermines required nature restoration actions. However, **the effectiveness of this condition will depend on Commission scrutiny and political will to reject (and/or require changes to) non-compliant plans.** In an exchange of view between the Commission and the ENVI Committee, it was mentioned that after the NRPP has been approved, if one Member State is performing well, it leaves room for other Member States to underperform regarding their targets. This implies that targets can be changed, which implies a risk that Member States are less inclined to perform well on their initial targets.<sup>121</sup> It can also be considered less likely that climate and environmental spending targets are exceeded under the next MFF.

**The EU Facility under the NRP Fund, will operate under direct, shared, or indirect management (Article 5) for transnational or large-scale initiatives.** This should partially preserve the transnational dimension which is a characteristic of LIFE.<sup>122</sup> This structure may help safeguard EU-wide biodiversity priorities, especially for cross-border ecosystems and large restoration programmes. There is **no detail on the repartition of climate and environment spending between nationally programmed NRPP actions and the centrally managed EU Facility** projects at this proposal stage. This lack of detail means there is uncertainty regarding the scale of centrally steered biodiversity interventions. Furthermore, while the proposal establishes a 43% climate and environment spending threshold, the regulatory framework provides limited clarity on assessment or enforcement mechanisms regarding Member States performance on this issue. As previously stated, the effectiveness of climate and biodiversity mainstreaming will therefore heavily depend on the rigour of the Commission's ex-ante assessment of NRPPs and the robustness of subsequent monitoring and corrective measures.

### **NPR fund green conditions through the CAP regulation**

**Under the NRP fund, some programme-specific green conditions are altered compared to the previous MFF.** Notably, the proposed CAP regulation removes the EU-level eco-scheme ringfencing (currently 25% of direct payments must go to eco-schemes) in favour of Member State-led voluntary agri-environmental and climate actions (AECAs). Under the proposal, each Member State must offer incentive schemes for farmers to adopt climate- and eco-friendly practices and must fulfil certain 'farm sustainability' baseline requirements. While this approach increases flexibility, it removes the guaranteed budget share previously earmarked for green agriculture. This raises concerns that, in the absence of ringfenced environmental spending, Member States may set less ambitious environmental requirements in order to reduce potential burdens on their agricultural sectors, potentially weakening the overall level of environmental ambition across the EU.<sup>123</sup>

The **proposed CAP regulation** also specifies that farm stewardship, which is a new system of conditionality including protective practices related to the environment, 'should be established to guarantee compliance of the CAP support with the "do no significant harm" principle' (Recital 8).<sup>124</sup> Specifically, the regulation stated that **support subject to farm stewardship conditions 'shall be**

<sup>121</sup> Exchange of views in the ENVI Committee with Jessika Roswall, Commissioner for Environment, Water Resilience and a Competitive Circular Economy and Wopke Hoekstra, Commissioner for Climate, Net Zero and Clean Growth, on the financing for the climate and the environment under the proposed Multiannual Financial Framework 2028-2034. 11 November 2025. Available at: [https://multimedia.europarl.europa.eu/en/webstreaming/committee-on-environment-climate-andfood-safety-ordinary-meeting\\_20251111-1600-COMMITTEE-ENVI](https://multimedia.europarl.europa.eu/en/webstreaming/committee-on-environment-climate-andfood-safety-ordinary-meeting_20251111-1600-COMMITTEE-ENVI).

<sup>122</sup> Ibidem.

<sup>123</sup> European Environmental Bureau (2025). New EU farm policy writes blank cheque for Member States threatening green transition. Available at: <https://eeb.org/en/new-eu-farm-policy-writes-blank-cheque-for-member-states-threatening-green-transition>.

<sup>124</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing the conditions for the implementation of the Union support to the Common Agriculture Policy for the period from 2028 to 2034. Available at: [https://www.europarl.europa.eu/RegData/docs\\_autres\\_institutions/commission\\_europeenne/com/2025/0560/COM\\_COM\(2025\)0560\\_EN.pdf](https://www.europarl.europa.eu/RegData/docs_autres_institutions/commission_europeenne/com/2025/0560/COM_COM(2025)0560_EN.pdf).

deemed to comply with the principle of “do no significant harm” (Article 3(3)).<sup>125</sup> While this principle could simplify DNSH compliance under the CAP, it has been pointed out that **protective practices under farm stewardship do not automatically ensure no harm is done to the taxonomy’s environmental objectives.**<sup>126</sup> At the same time, **some actions will not be covered by farm stewardship**, such as investment support for farmers and forest holders. These investments will therefore not automatically comply with the DNSH principle and will require Member State assessment under the NRPPs.

#### 4.2.2. The European Competitiveness Fund (ECF)

Regulatory proposal ECF - [COM/2025/555 final](#)

The ECF will consolidate 14 individual instruments from the 2021–2027 MFF into a single fund aimed at strengthening EU competitiveness in critical technologies and sectors. LIFE is one of the instruments absorbed, particularly within **the ‘Clean Transition and Industrial Decarbonisation’** policy window (EUR 26.2 billion) and the ‘Health, Biotechnology, Agriculture and Bioeconomy’ window (EUR 20.4 billion).<sup>127</sup>

**The ECF must dedicate at least 43% of its budget to climate and environmental objectives (EUR 46.91–100.75 billion).** The range reflects uncertainty regarding the share of expenditure under the ‘Resilience and Security, Defence Industry and Space’ window, as defence and security spending is excluded from climate and environmental calculations.

**Article 33(1), point (a) of the draft regulation explicitly supports ‘LIFE activities’, ensuring continuity in the type of projects eligible for support.**<sup>128</sup> The Clean Transition window has a wide scope:

- Energy efficiency (e.g. building renovations, smart grids, energy storage)
- Clean urban transport and sustainable industry
- Air and water quality improvements
- Circular economy
- Biodiversity restoration

Other ECF policy windows such as **‘Health, Biotech, Agriculture & Bioeconomy’** may also support complementary actions like sustainable forestry or bioeconomy projects that were previously supported by LIFE. The ECF is also intended to work in synergy with Horizon Europe through a joint rulebook and to build on the experience of the InvestEU Programme, as visualised in the Figure below.<sup>129</sup>

<sup>125</sup> Ibidem.

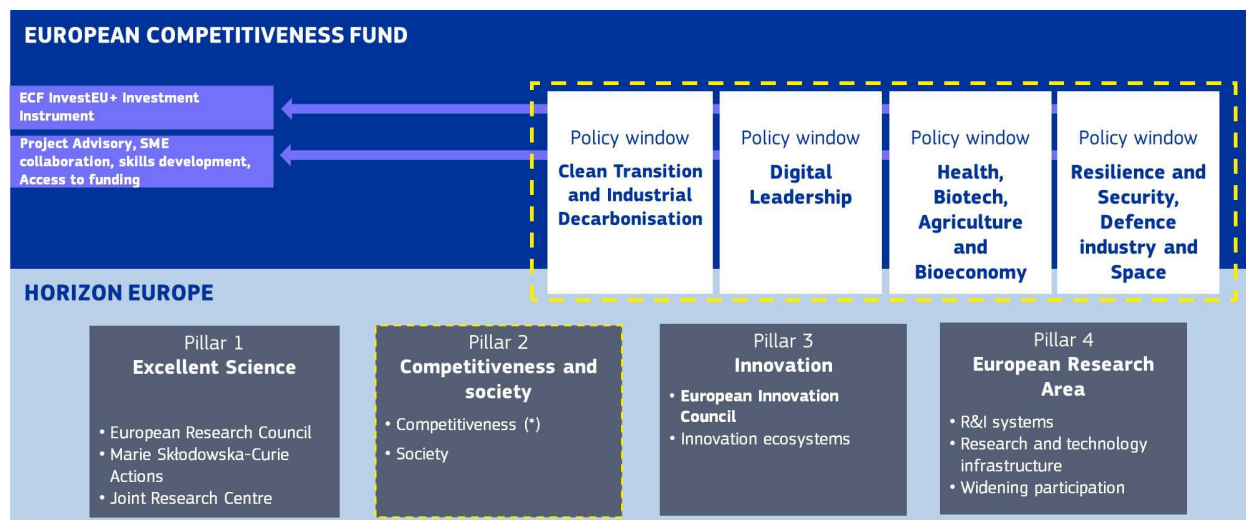
<sup>126</sup> Insitute for European Environmental Policy (2025). The post-2027 CAP and MFF proposals for the EU: first reflections on their environmental implications. Available at: <https://ieep.eu/wp-content/uploads/2025/08/Review-of-CAP-proposal-IEEP-2025.pdf>.

<sup>127</sup> European Parliament (2025). *MFF 2028-2034: ITRE aspects to consider*. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/780409/ECTI\\_BRI\(2025\)780409\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/780409/ECTI_BRI(2025)780409_EN.pdf).

<sup>128</sup> European Commission (2025). *Working Document of the Commission Services; Integration of LIFE activities in the Commission proposals for the MFF 2028-2034 Fiche no. 33*.

<sup>129</sup> European Commission (2025). *Proposal for a Regulation of the European Parliament and of the Council on establishing the European Competitiveness Fund (‘ECF’), including the specific programme for defence research and innovation activities*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0555&qid=1753802586340>.

Figure 9: Synergies between the ECF and Horizon Europe



Source: European Commission COM/2025/570 final.

**The ECF, implemented under both direct and indirect management (Article 12(2)), provides greater central control over project selection, eligibility criteria, and environmental safeguards.**<sup>130</sup>

This mode of management enhances the Commission's ability to ensure consistency in the application of climate coefficients, DNSH requirements, and EU Taxonomy screening. It would also allow for targeted support of LIFE-type projects through dedicated calls. At the same time, the consolidation of multiple policy objectives within a single instrument may reduce the visibility of biodiversity and ecosystem restoration priorities, particularly where they compete with larger-scale industrial decarbonisation or technological innovation investments. Hence, **the ECF's broader competitiveness mandate may create tensions between industrial policy objectives and biodiversity-specific priorities**, particularly where environmental measures compete with decarbonisation or industrial innovation investments. Because many biodiversity interventions are less directly linked to productivity gains or strategic value chains, they may face structural disadvantages in funding allocation decisions under a competitiveness-oriented framework.<sup>131</sup>

#### 4.2.3. The Connecting Europe Facility (CEF) and Horizon Europe

Regulatory proposal CEF 2028-2034 MFF - [COM/2025/547 final](#)

Regulatory proposal Horizon Europe 2028-2034 MFF - [COM/2025/543 final](#)

The CEF and Horizon Europe already exist under the 2014-2020 and 2021-2027 MFF and will continue under the 2028-2034 MFF. **While there are no direct links to the LIFE programme, CEF and Horizon Europe will continue to include climate and environment themes under the next MFF.**

The Connecting Europe Facility expands significantly to EUR 57 billion and retains an explicit 70% climate and environment spending target, making it one of the few programmes where a direct quantitative link between the envelope and climate and environmental objectives remains visible. The aim of the CEF is to finance the completion of Trans-European Networks and to foster the EU's clean

<sup>130</sup> Ibidem.

<sup>131</sup> European Court of Auditors (2026). Opinion 09/2026 - concerning the proposal 2025/0240 (COD) for a regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509. Available at: [https://www.eca.europa.eu/ECAPublications/OP-2026-09/OP-2026-09\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/OP-2026-09/OP-2026-09_EN.pdf).

transition in energy and transport.<sup>132</sup> It is expected that the ECF will have synergies with the NRP fund through the NRPPs, as well as with Horizon Europe and the ECF.

Funding under Horizon rises to approximately EUR 70 billion, with climate and environmental objectives embedded within broader research and innovation priorities and EU Missions rather than through dedicated climate clusters. Compared to the Horizon programmes under the previous MFF cycles, the **Horizon Europe proposal presents a simplified and refocused version of the fund**, recognising climate change, technological disruption, shifting geopolitics, and demographic trends essential for building EU competitiveness. The regulation establishing Horizon Europe under the 2028-2034 MFF **'acknowledges climate change as one of the biggest global and societal challenge and climate action as a driver for industrial competitiveness.'**<sup>133</sup> At the same time, the regulation clarifies that **activities should integrate environmental science** in activities and reflect the importance of tackling biodiversity loss, while contributing to the preservation and restoration of nature, ecosystems and their services.

Both instruments are primarily implemented under **direct management**, with elements of indirect management through agencies and financial intermediaries.<sup>134, 135</sup> This allows the Commission to retain strategic control over work programmes, calls and evaluation criteria, including the integration of climate and environmental requirements.

#### 4.2.4. Risks related to the funding instruments

The main risks identified on the inclusion and tracking of climate and environment in the funding instruments discussed above are as follows:

- There is clear guidance on the desire to include climate and environment relevant spending in NRPPs (and targets for the percentage of spending which should be climate and environment relevant). However, **there is a lack of detail on the consequences for Member States that fail to reach these green spending targets** (either in planning or actual expenditure). The assessment of the NRPPs will be a critical step as there will be a need to ensure consistent and accurate evaluation of the planned allocation of funding, namely what is classified as climate and environment relevant and how it will be tracked.
- While under the proposed CAP regulation farm stewardship conditions automatically ensure compliance with the DNSH principle, **stewardship practices do not necessarily guarantee alignment with the taxonomy's environmental objectives**. This increases the risk that (significant) harm can be done through practices supported under the CAP.
- Since overperformance of the NRPP of one Member State can compensate underperformance of another Member State, it can **reduce the incentive for individual countries to meet or maintain their own targets**. This flexibility increases the risk that targets are weakened after approval and makes it unlikely that climate and environmental spending will exceed the

<sup>132</sup> European Parliament (2025). *MFF 2028-2034: ITRE aspects to consider*. Available at:

[https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/780409/ECTI\\_BRI\(2025\)780409\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2025/780409/ECTI_BRI(2025)780409_EN.pdf).

<sup>133</sup> European Commission (2025). *Proposal for a Regulation of the European Parliament and of the Council establishing Horizon Europe, the Framework Programme for Research and Innovation, for the period 2028-2034 laying down its rules for participation and dissemination*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025PC0543>.

<sup>134</sup> European Commission (2025). *Proposal for a Regulation of the European Parliament and of the Council on establishing the European Competitiveness Fund ('ECF'), including the specific programme for defence research and innovation activities*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0555&qid=1753802586340>.

<sup>135</sup> European Commission (2025). *Proposal for a Regulation of the European Parliament and of the Council establishing Horizon Europe, the Framework Programme for Research and Innovation, for the period 2028-2034 laying down its rules for participation and dissemination*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:52025PC0543>.

minimum, lowering overall ambition under the next MFF. Regarding the LIFE programme, there is a clear indication of a wish for projects of this type to be supported under the NRPPs. However, there is a risk that there is a **lack of Member State capacity to attract and administer bids of a comparable quality and diversity as those supported by the LIFE programme.**

- There is also a risk that the projects supported are **too strongly influenced by Member State priorities** rather than EU wide priorities. A longtime strength of the LIFE programme (picked up in many evaluations) has been the ability of LIFE projects to focus on EU as opposed to Member State priorities – and this will be (by definition) lost when Member States set priorities. There is also some lack of clarity on how the budgets for supporting and managing transnational LIFE type projects (that will be under central management) will be separated from the national LIFE type projects that should be supported by the NRP Fund.

### 4.3. Tracking and performance framework under the 2028–2034 MFF

**The performance framework regulation for the next MFF establishes an expenditure tracking and performance framework for the EU budget.** It is mainly based on a list of intervention fields and EU coefficients assigned to, and performance indicators associated with, the intervention fields (Article 8). The regulation also details rules on monitoring the implementation of programmes financed by the EU budget (Article 9), Commission evaluations (Article 10), evaluations by the Member States in the context of programmes implemented under shared management (Article 11), and details around transparency through a Single Gateway (Article 12).<sup>136</sup> For the purpose of this paper, this section focuses on the intervention fields, coefficients, and performance indicators.

#### 4.3.1. Intervention fields and coefficients

To enable consistent tracking of climate and environmental spending, the EU budget relies on a system of intervention fields – predefined categories that group spending by type of activity or policy focus (e.g. renewable energy, biodiversity conservation, transport infrastructure). **Of the 543 intervention fields, 47 are directly linked to climate and the environment.**

**Each intervention field is paired with a climate/environment coefficient which reflects its expected contribution to key green objectives.**<sup>137</sup> Intervention fields that are not directly linked to climate and environmental policy areas, such as transportation, can still be counted as contributing to the climate and environment target.<sup>138</sup> The Commission’s proposal includes a new expenditure and performance monitoring framework intended to cover all EU policies under a single regulation. The approach essentially reinforces the mainstreaming model from previous MFFs: the 35% climate and environment target will be monitored through the same 0%-40%-100% coefficient system – towards the objectives of climate change adaptation, climate change mitigation, the environment or social – albeit now applied to the merged funding programs. Analyses of the legislative drafts (Annex I and Annex III of the proposal), implies that each area of intervention in the budget is assigned coefficients

<sup>136</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

<sup>137</sup> European Commission (2025). Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

<sup>138</sup> European Parliament (2025). *Impacts of the 2028–2034 MFF proposals on the climate and the environment – Mapping of the Commission proposals*. Available at: [https://www.europarl.europa.eu/thinktank/en/document/ECTI\\_IDA\(2025\)780410](https://www.europarl.europa.eu/thinktank/en/document/ECTI_IDA(2025)780410).

indicating their expected support for climate change mitigation, climate adaptation, and environmental objectives.<sup>139</sup>

**Notably, mitigation and adaptation will continue to be tracked separately, while biodiversity is now grouped under a broader 'environment' heading** – alongside water, circular economy and pollution-related objectives. This is intended to simplify reporting and reduces double counting but limits the visibility of biodiversity-specific spending unless disaggregated at programme level.<sup>140</sup> While this consolidation may improve administrative simplicity and comparability across programmes, it may also reduce the granularity of expenditure tracking and make it more difficult to trace climate and biodiversity spending at project level.<sup>141</sup> Next to the issue of granularity, the German Environment Agency (UBA) has stressed that numerous intervention fields that have received coefficients of 40% or 100% for climate or environment are currently 'not (sufficiently) justified from a technical point of view and lead to a systematic overestimation of climate and environmental contributions.'<sup>142</sup> This research raises the concern around the relevance of the coefficients for European climate and environmental goals, even when spending is tracked according to the proposed intervention fields.

**To avoid internal double-counting, the highest relevant coefficient among those categories would be taken as that intervention's contribution toward the overall 35% target.** For example, if a certain investment area is deemed 100% climate mitigation and 40% environment, it would count fully toward the 35% goal using the maximum 100%. While this ensures a given euro isn't counted twice, critics have raised the point that it 'accentuates overestimation' by effectively choosing the most favourable label for each spending measure.<sup>143</sup> The tracking still relies on ex-ante potential impact, not measured outcomes, and as in the previous MFFs, it 'tracks only positive contributions' without subtracting any negative effects. This approach may therefore limit the ability of the performance framework to demonstrate the net environmental effectiveness of EU spending.<sup>144</sup>

**The Commission's proposal for some intervention fields to contribute to the green mainstreaming target is the topic of debates.** The fact that intervention fields, such as road infrastructure and airport terminals, have been presented as fields contributing to the climate and environmental target has been criticised, notably by the ENVI Committee.<sup>145</sup> Others have expressed doubts about the contribution of coefficients higher than 0% to certain intervention fields. For example, within the policy area of agriculture, WWF argues that the intervention field 'enhance access to innovation in agriculture' does not inherently benefit climate or environmental objectives, even though it is presented as relevant (40%) to climate change mitigation, adaptation, and broader environmental goals.<sup>146</sup>

<sup>139</sup> European Commission (2025). *Proposal for a Regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities*. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A52025PC0545&qid=1753797488776>.

<sup>140</sup> European Parliament (2025). *Climate and biodiversity mainstreaming in the EU budget – State of Play in 2024*. Available at: [https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/781674/BUDG\\_IDA\(2025\)781674\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/IDAN/2025/781674/BUDG_IDA(2025)781674_EN.pdf).

<sup>141</sup> European Court of Auditors (2026). *Opinion 10/2026 – concerning the proposal for a regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities*. Available at: [https://www.eca.europa.eu/ECAPublications/OP-2026-10/OP-2026-10\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/OP-2026-10/OP-2026-10_EN.pdf).

<sup>142</sup> German Environment Agency (2026). *Climate and environmental targeting of the new EU budget for 2028–2034 overestimated – Revision of climate and environmental coefficients in the Performance Regulation necessary*.

<sup>143</sup> IDDRI (2025). *What environmental ambitions for the EU's Multiannual Financial Framework 2028–2034?*. Available at: <https://www.iddri.org/en/publications-and-events/blog-post/what-environmental-ambitions-eus-multiannual-financial-framework>.

<sup>144</sup> European Court of Auditors (2026). *Opinion 10/2026 – concerning the proposal for a regulation of the European Parliament and of the Council establishing a budget expenditure tracking and performance framework and other horizontal rules for the Union programmes and activities*. Available at: [https://www.eca.europa.eu/ECAPublications/OP-2026-10/OP-2026-10\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/OP-2026-10/OP-2026-10_EN.pdf).

<sup>145</sup> European Parliament (2025). *Impacts of the 2028-2034 MFF proposals on the climate and the environment – Mapping of the Commission proposals*. Available at: [https://www.europarl.europa.eu/thinktank/en/document/ECTI\\_IDA\(2025\)780410](https://www.europarl.europa.eu/thinktank/en/document/ECTI_IDA(2025)780410).

<sup>146</sup> WWF (2025). *Comments on Annex I of the Performance Regulation*. Available at: [https://wwfeu.awsassets.panda.org/downloads/wwf-briefing-paper-on-the-performance-regulation\\_annex\\_final.pdf](https://wwfeu.awsassets.panda.org/downloads/wwf-briefing-paper-on-the-performance-regulation_annex_final.pdf).

### 4.3.2. Performance indicators

There are performance indicators linked to each intervention field that consist of output and results indicators, following Article 33(3) of Regulation (EU, Euratom) 2024/2509. This article details *inter alia* programmes and activities that are intended to meet their objectives without doing significant harm to the EU Taxonomy's environmental objectives.<sup>147</sup> The fact that the intervention fields and performance indicators will operate within a single framework is novel and is intended to significantly help streamline performance measurement within programmes under the next MFF.<sup>148</sup> However, doubts have been expressed about the approach regarding the choice of indicators. **The current proposal is predominantly an output-oriented framework whereby many 'output' indicators are 'input proxies'**.<sup>149</sup> This has been criticised by the Parliament and ECA.<sup>150</sup> As a result, the framework may capture progress in financial absorption or activity delivery more effectively than progress towards substantive environmental outcomes.

A European Parliament assessment on mainstreaming climate and environmental objectives in the next MFF pointed out that it is important to improve tracking methodologies in demonstrating the potential of nature-related activities. It was suggested that 'performance-based indicators can complement existing methods to better track and ensure the quality of biodiversity projects.'<sup>151</sup> However, according to the assessment by the Parliament, **the call for an improvement in climate and biodiversity methodologies for measuring impact has not been heard**, with the proposed methodology remaining largely similar to the current MFF.<sup>152</sup>

A final concern related to the performance indicators is that the majority of spending under the next MFF will happen through Member States' NRPPs. Even though there will be intervention fields that form the basis of the assessment of targets set under the NRPPs, the NRPPs can be changed throughout the funding period if priorities change. **It will be more difficult to determine what is to be measured through the performance indicators and how relevant the performance framework will remain over time.**<sup>153</sup>

### 4.3.3. Risks related to the tracking and performance framework

The main risks identified on the tracking and performance framework are as follows:

- By using intervention fields that classify activities as contributing towards climate and environmental goals even though their contribution is not inherent or clearly defined, a **structural risk over overestimation of climate and environmental contribution** is created. This could undermine the credibility of the 35% spending target, weakening the link between reported expenditure and actual outcomes.
- By merging biodiversity with a broader environmental objective coefficient, the new framework **reduces the visibility and traceability of biodiversity-specific spending**. Without a distinct

<sup>147</sup> European Commission (2024). Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union (recast). Available at: <https://eur-lex.europa.eu/eli/reg/2024/2509/oj/eng>.

<sup>148</sup> European Parliament (2026). Performance framework for the 2028 - 2034 MFF. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/783967/BUDG\\_BRI\(2026\)783967\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/783967/BUDG_BRI(2026)783967_EN.pdf).

<sup>149</sup> Ibidem.

<sup>150</sup> Ibidem.

<sup>151</sup> European Commission (2025). Mainstreaming climate and environmental objectives in EU funding programmes in the post-2027 period. Available at: <https://cedelft.eu/wp-content/uploads/sites/2/2025/10/mainstreaming-climate-and-environmental-objectives-ML0125028ENN.pdf>.

<sup>152</sup> European Parliament (2026). Performance framework for the 2028 - 2034 MFF. Available at: [https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/783967/BUDG\\_BRI\(2026\)783967\\_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/BRIE/2026/783967/BUDG_BRI(2026)783967_EN.pdf).

<sup>153</sup> Ibidem.

biodiversity coefficient, it becomes harder to monitor whether funding for nature restoration and conservation is adequate.

- The rule that each intervention field counts toward the 35% target using its **highest applicable coefficient creates a risk of systematic upward bias**. While it prevents double counting, it also encourages the most favourable interpretation of each spending line, even when other environmental dimensions are less relevant or absent.
- Weaknesses have been reported in the performance indicators approach that risk **undermining the credibility of climate and environment tracking under the next MFF**. In particular the suggested output-based approach, lack of improvement on climate and environmental impact measurement and flexibility in NRPP target setting are of concern.

#### 4.4. Recommendations

The following recommendations aim to address the risks identified in the above assessment of the 2028-2034 MFF proposals, with a view to strengthening funding for climate and environment. They are informed by the analysis of the 2014-2020 and 2021-2027 MFF cycles outlined in Chapters 2 and 3, and do not pre-empt the position of the European Parliament or its Members.

The recommendations are grouped into those related to the performance framework regulation and to the NRP fund and ECF. An overarching recommendation is to apply a coherent and cross-file approach when shaping amendments across regulations. This is important because, for example, changes in sector-specific regulations may have limited actual effect if corresponding provisions in the overarching NRP or ECF regulation remain unchanged. A coherent approach may enhance consistency, while reducing the risk of unintended gaps or overlaps initiated by the amendments. It should also help strengthen the EP's capacity to shape an MFF that effectively delivers on climate and environmental objectives.

##### 4.4.1. Performance framework regulation

- **Introduce outcome-oriented evaluation of climate and environment commitments.** Tracking methodologies across recent MFFs have largely focused on planned allocations and ex ante tagging, with limited insight into implementation speed, project completion, or actual environmental outcomes. While current tracking systems provide a measure of political alignment with green objectives, they fall short of assessing delivery effectiveness. This limitation is especially visible under cohesion policy, where regulatory climate thresholds are routinely exceeded on paper, but progress on results is less transparent. To improve accountability, the next MFF should incorporate stronger outcome-oriented performance indicators, supported by consolidated reporting across climate and biodiversity-tagged expenditure. Monitoring frameworks should capture not just commitments but also rates of implementation and realised impacts.
- **Strengthen the accuracy and transparency of climate and environment tracking under the next MFF.** To avoid overestimation of green spending, the next MFF should introduce stricter, evidence-based criteria for classifying intervention fields as climate- or environment-relevant in Annex I of the performance regulation. This includes redefining fields whose contribution is not inherent (e.g., road or airport infrastructure) and considering distinct environment sub-coefficients, instead of one overarching environment coefficient. Specifically, it is recommended to include the environmental objectives under the EU Taxonomy separately, including water and marine resources, circular economy, pollution prevention and control, and

biodiversity and ecosystems. This should ensure visibility and traceability of environment-related spending. The methodology should also reconsider the 'maximum coefficient' rule (Article 4(2)), replacing it with a more balanced approach that reflects actual environmental relevance. Together, these reforms would significantly improve the credibility of the 35% target and strengthen the link between reported expenditure and real environmental outcomes.

- **Reinforce environmental integrity through changing Article 4(4) of the performance framework regulation.** The current level of flexibility provided in this Article could allow for programmes to have lower their climate and environment spending, as long as the overall 35% spending target of the MFF is being met. Article 4(4) should clarify that overachievement of the target is not considered a reason to adjust the level of green spending under a programme.
- **Reinforce environmental integrity through clearer and more enforceable DNSH implementation.** To ensure that EU spending does not cause significant harm, the DNSH framework presented in Article 5 should be legally strengthened, with clearer, enforceable guidance that prevents uneven application across Member States. Concretely, adopting the DNSH guidance through a delegated act to the performance framework rather than the currently proposed unilateral Commission guidance should be considered.
- **Consider ways in which at least certain aspects of the defence and security spending could be included in the 35% climate and environment target in Article 4(2).** By including those parts of the defence and security budget which could be made more climate and environmentally beneficial, or at least less harmful, without negatively affecting their defence and security objectives in the calculation of the target, more of the EU budget would be counted. This would increase the volume of green spending and strengthen the credibility of the EU's commitment to mobilise at least EUR 700billion for climate and environmental priorities under the next MFF.
- **Introduce a legally binding biodiversity spending target in Article 4(2).** While the EU has made progress in scaling up biodiversity-related expenditure – achieving 7.6% in 2024 and projecting 7.9% in 2025 – current trajectories suggest that the 10% annual biodiversity spending target set for 2026 and 2027 is unlikely to be met. Unlike the climate target, which is established in a binding 30% minimum requirement, biodiversity spending remains governed by a non-binding political ambition. Introducing a legally binding biodiversity target would therefore strengthen accountability and enhance certainty for long-term investment planning.

#### 4.4.2. European fund for economic cohesion social and territorial cohesion, agriculture and rural, fisheries and maritime (NRP Fund) and European Competitiveness Fund (ECF)

- **Consider how the legacy of the LIFE programme can be best protected.** Although the LIFE programme only accounts for around 2% of total tagged expenditure in the current MFF it has an important role as a focused but relatively small instrument within the broader climate and biodiversity spending landscape. Under the proposed 2028–2034 MFF, LIFE activities will be supported through both the NRPPs and ECF. While this mainstreaming approach may increase the scale of available funding, it also introduces risks related to governance, prioritisation and implementation. Some important issues that need to be considered and clarified include:

- a. Ensuring sufficient Member State capacity to attract and administer projects of comparable quality and diversity to those historically supported under LIFE, particularly where projects are implemented through NRPPs.
  - b. Maintaining a balance between EU-wide priorities and national priorities, including appropriate checks and safeguards to ensure that projects continue to address EU environmental objectives rather than being driven primarily by national policy preferences.
  - c. Clarifying the allocation of responsibilities and budgets between national and centrally managed LIFE-type activities, including how transnational projects implemented under EU facilities will be distinguished from nationally programmed actions under the NRP Fund.
  - d. Ensuring adequate visibility and prioritisation of LIFE-type activities within the ECF, for example through dedicated calls, indicative allocations or thematic programming, in order to prevent biodiversity and environmental projects from being crowded out by broader industrial or decarbonisation priorities.
- **Broaden biodiversity integration across EU programmes.** Under the current MFF, biodiversity mainstreaming remains largely concentrated in a limited subset of activities and programmes. For example, within Horizon Europe, most biodiversity-relevant spending is delivered through Cluster 6 (Food, Bioeconomy, Natural Resources, Agriculture and Environment), while other clusters and pillars contribute only marginally. A similar pattern can be observed in other instruments, where biodiversity spending is often confined to specific windows or components – rather than being embedded as a cross-cutting objective.

The proposed 2028–2034 MFF introduces greater consolidation of programmes but does not necessarily resolve this structural concentration. Moreover, in large cross-sectoral instruments such as the ECF, environmental priorities may compete with industrial, innovation, and security objectives. Strengthening the integration of biodiversity and wider environmental objectives across programmes will therefore be essential to ensure that spending targets translate into meaningful programme-level contributions. To meet the EU's biodiversity spending targets and deliver on wider environmental objectives, the 2028–2034 MFF could have a more ambitious and comprehensive approach to biodiversity mainstreaming. This could include:

- a. Embedding biodiversity objectives more explicitly across a wider range of programmes – including digital innovation, agriculture, infrastructure, research, cohesion, and external action – to avoid over-reliance on a small number of 'green' instruments;
- b. Expanding the use of biodiversity-relevant intervention fields and markers across all applicable programmes, not just environment-focused ones;
- c. Incentivising biodiversity-relevant investments through programme guidance, evaluation criteria, and strategic priorities;
- d. Promoting inter-programme synergies, especially where biodiversity intersects with climate adaptation, sustainable land use, rural development, or circular economy goals.

Without broader integration, there is a real risk of implementation gaps, whereby headline targets for biodiversity are not matched by sufficient programme-level contributions. Widening the pool of contributing instruments is therefore critical – not only for achieving spending targets, but also for ensuring that biodiversity is embedded across all relevant dimensions of EU policy.

- **Strengthen the policy architecture for biodiversity mainstreaming in sectoral programmes.** Compared to climate spending, biodiversity mainstreaming still lacks a clear regulatory backbone. While tracking mechanisms are in place, their visibility and influence are weakened by the absence of binding obligations. Moreover, biodiversity is grouped within a broader 'environment' category under the current intervention field classification system – limiting its granularity and potentially masking underperformance. The next MFF should strengthen biodiversity mainstreaming by embedding legally anchored biodiversity objectives across key sectoral programmes, increasing their weight in budgetary planning, and clarifying the role of biodiversity within broader environmental categories. This would help elevate biodiversity from a cross-cutting ambition to a concrete, trackable priority.

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## ANNEX

### Stakeholders' reactions to the proposed MFF

The Commission's proposal has sparked considerable debate among stakeholders – including NGOs, Member States, industry groups, and the media – especially regarding its environmental ambition (or perceived lack thereof). The text below provides an overview of key reactions:

#### Environmental NGOs

The response from green organisations has been largely critical. ClientEarth lawyers described the budget as 'the wrong signal at the worst possible time', emphasising that cutting dedicated climate and nature funds (like LIFE and a potential European Ocean Fund) is 'shortsighted' and undermines Europe's long-term security and resilience.<sup>154</sup> WWF's European Policy Office welcomed that a climate/environmental spending target was kept, but, they raised concerns that the target could be meaningless without better tracking and that bundling risks pushing biodiversity to the sidelines.<sup>155</sup> Greenpeace EU focused on the agricultural changes, stating that 'letting each national government decide how much to invest in sustainable farming threatens the common goal' which may reward polluters instead of supporting a unified transition in farming. Similarly, The European Environmental Bureau (EEB) was critical of the CAP reform: it said the Commission is 'writing a blank cheque for Member States, threatening the green transition', pointing to the lack of any guaranteed environmental funding or strong safeguards in the new farm policy. EEB's agriculture policy officer warned of a 'race to the bottom' as governments, under industry pressure, could backslide on green requirements.<sup>156</sup> BirdLife Europe called the budget a 'devastating blow' for citizens, saying it offers 'no clear path' to tackle the nature and climate crisis and specifically that biodiversity is losing its place with no dedicated funding.<sup>157</sup> In summary, NGOs are very concerned that the proposed MFF de-prioritises climate and nature.

#### Industry and Trade Associations

On the agriculture side, reactions are also critical. COPA-COGECA, the EU-wide farmers and cooperatives lobby, reacted critically, calling the reforms 'unprecedented budget cuts' and 'a loss of communality' in the CAP – highlighting that the Commission lacks strategic priority for agriculture. The head of France's largest farm union (FNSEA) went so far as to call the budget and CAP proposal 'a provocation towards the agricultural world', demanding a rethink and a need to emphasise 'food security'.<sup>158</sup>

<sup>154</sup> ClientEarth (2025). *EU budget sacrifices nature, undermining long-term European security and competitiveness*. Available at: <https://www.clientearth.org/latest/press-office/eu-budget-sacrifices-nature-undermining-long-term-european-security-and-competitiveness/>.

<sup>155</sup> Climate Action (2025). *EU Budget Proposal for 2028–2034 Sparks Concern Over Climate and Nature Funding Gaps*. Available at: <https://www.climateaction.org/news/eu-budget-proposal-for-20282034-sparks-concern-over-climate-and-nature-fund>.

<sup>156</sup> European Environmental Bureau (2025). *New EU farm policy writes blank cheque for Member States threatening green transition*. Available at: <https://eeb.org/en/new-eu-farm-policy-writes-blank-cheque-for-member-states-threatening-green-transition>.

<sup>157</sup> Reuters (2025). *Reactions to the European Commission's new EU budget proposal*. Available at: <https://www.reuters.com/sustainability/climate-energy/reactions-european-commissions-new-eu-budget-proposal-2025-07-16/>.

<sup>158</sup> Ibidem.

## Think Tanks and Press

Bruegel argued that climate mainstreaming needs reform and commented on the need for methodological fixes.<sup>159</sup> The Heinrich-Böll Foundation's EU office also concluded that the proposal 'deprioritises climate and environment' in favour of other priorities, neglecting the large climate and environmental investment need while the proposed green spending is inflated by potential greenwashing and other exemptions.<sup>160</sup> The merging of various environmental programmes also further places environmental and climate targets at risk. Euractiv also reported MEPs' push back against the scrapping of LIFE, arguing that biodiversity funding will be diluted in a broader budget.<sup>161</sup>

## Member States

In a joint note presented to the Environment Council in October 2025, Bulgaria, Czechia, Hungary, Italy, Lithuania, Luxembourg, and Spain expressed significant concerns over the proposed MFF's treatment of environmental priorities. They stressed that the Commission's own estimates indicate a funding shortfall of EUR 2.4–3.7 billion per year until 2030 for implementing the Nature Restoration Regulation, with actual costs likely underestimated. Existing commitments already strain Member States' budgets. The phasing out of LIFE, was also flagged as a major risk. Its absorption into broader instruments like ECF and NRP introduces uncertainty, particularly on whether core LIFE objectives, such as biodiversity protection and nature restoration, will be meaningfully maintained. Furthermore, concerns were raised over the absence of guaranteed funding for biodiversity and nature restoration under the NRPPs and ECF. The group also highlighted the need for clearer integration of environmental priorities across programmes and the establishment of strong, outcome-oriented monitoring indicators.<sup>162</sup>

In essence, stakeholder reactions have been mixed but largely critical on the climate and environmental front. Environmentalists and many MEPs argue the proposal falls short of the Green Deal's promises, while some Member States and farm interests are concerned about any green conditions that might limit their flexibility or funding.

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<sup>159</sup> Bruegel (2025). *Greening the EU budget: why climate mainstreaming needs reform*. Available at: <https://www.bruegel.org/analysis/greening-eu-budget-why-climate-mainstreaming-needs-reform>.

<sup>160</sup> Heinrich Böll Stiftung (2025). *The 2028–2034 EU long-term budget: what's in it for climate?*. Available at: <https://eu.boell.org/sites/default/files/2025-11/02-the-2028-2034-eu-long-term-budget-whats-in-it-for-climate.pdf>.

<sup>161</sup> Euractiv (2025). *Progressive MEPs push back against scrapping LIFE environmental programme*. Available at: <https://www.euractiv.com/news/progressive-meps-push-back-against-scrapping-life-environmental-programme/>.

<sup>162</sup> Council of the European Union (2025). *AOB for the meeting of the Council (Environment) on 21 October 2025 Reflecting the environmental agenda in the Multiannual Financial Framework 2028–2034*.



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This paper assesses the European Commission's proposal for the 2028–2034 multiannual financial framework (MFF) from a climate and environmental perspective. It examines changes to spending architecture, targets and tracking methodologies, and evaluates potential implications for biodiversity and climate mainstreaming and performance monitoring, drawing on experience from the 2014–2020 and 2021–2027 MFF cycles.

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