

A call for the next European Parliament and Commission to deliver the transformative investments citizens deserve

Since the launch of the European Green Deal in 2019, its goals have proven to be more urgent than ever. The climate crisis has led to increasingly intense and disruptive wildfires, floods and heatwaves. Meanwhile, biodiversity loss continues to accelerate each year. COVID-19 brought social life and many sectors of the economy to an unforeseen standstill, making us painfully aware of how essential it is to prioritise human well-being. At the same time, the importance of maintaining healthy and resilient ecosystems to counteract the spread of diseases and the impacts of climate change became even clearer. The pandemic also exposed a number of pre-existing crises that have been further exacerbated by the war in Ukraine. These include rising energy and food prices, which have led to a cost-of-living crisis and an overall decline in the living standards of citizens around the world.

The European Green Deal now faces unprecedented challenges. Powerful corporations are using their considerable lobbying power to impede the environmental agenda and protect their short-term, hazardous business models. They and others with vested business interests would have us believe that tackling the cost-of-living crisis requires the continuation of the fossil-fuel-based economy, instead of ensuring that all citizens have access to green essential public services like housing, energy and transport, and recognising the socio-economic benefits of tackling the climate crisis.

Simply put, four years after the European Green Deal was announced, we now have a mountain to climb if we are to adequately tackle climate change, prevent biodiversity loss, and deliver a socio-economic transformation that leaves no one behind, both in Europe and beyond. Currently, the European Green Deal does not take into account Europe's historical responsibility for the environmental crisis or the need for reparations. Nor does it consider the impact of its green transition scenarios on the Global South.

Public investment has a crucial role to play in tackling the various crises we face today by prioritising what is not profitable now, but essential in the long term. Yet, the upcoming Multiannual Financial Framework will present enormous challenges due to a major reduction in the availability of financial resources following the end of NextGenerationEU funds in 2026 and the reform of the new EU fiscal rules. This will cause a significant reduction in the green investments needed to achieve the EU's climate goals, which the European Commission recently estimated at EUR 1 trillion a year.

For this reason, safeguarding both the quantitative and qualitative dimensions of green investments is crucial for the years to come. The measures proposed below will ensure that public money gets to the places and people that need it most. For this to happen, the EU must fulfil its international human rights and environmental obligations to protect the environment and improve the lives of its residents. It must also take historical responsibility for delivering justice to the Global South by providing its people with the resources they need to bring about a just and ecological transformation.

This manifesto was developed by project partners from the [Citizens' Observatory for Green Deal Financing](#). The manifesto is organised into five chapters: **stopping biodiversity loss by protecting and restoring nature, addressing the climate and energy crises, reducing corporate power, prioritising social needs, and delivering justice for the Global South**. Each chapter identifies current problems with how EU funds are being used to deliver the European Green Deal objectives in a socially and environmentally just way in Europe and around the world. The proposals outlined here guide our vision for how EU public finances can become more transformative, as reflected in our manifesto's title: 'A call for the next European Parliament and Commission to deliver the transformative investments citizens deserve'. This manifesto has been shared with our partners working in the above fields and updated based on their input.



CHAPTER 1: Stopping biodiversity loss by protecting and restoring nature

What are the problems we want to address?

Biodiversity is key for sustaining life. We depend on it being in a healthy state to regulate the climate, produce our food, and provide clean water. The cost of failing to protect and restore biodiversity vastly outweighs the investments needed. The impacts of natural and human-made disasters, which exacerbate food insecurity and deplete the natural resources we depend on every day, are already facts of life in many parts of the world. Much worse awaits us if we don't act now to address the rapid loss of biodiversity.

Biodiversity is everywhere – to an extent – and its destruction is incremental. Each infrastructure project, each use of harmful chemicals in agriculture or industry, each water pollution incident – all contribute to a death by a thousand cuts. Each impact seems limited and acceptable until at some point entire species and habitats are lost. And this is now the position the EU finds itself in. No fewer than 81 per cent of habitats are in poor or bad condition, while imports continue to contribute to biodiversity loss in other parts of the world.

The EU Biodiversity Strategy recognises that the climate and biodiversity crises must be tackled together. But too often we are seeing the opposite unfold. Legislation and investments for biodiversity protection and restoration are lagging. And instead of being recognised as a vital safeguard, the EU's carefully balanced environmental legislation is – without evidence – being portrayed as a barrier to progress in fields such as renewable energy and the mining of critical raw materials. Instead of being applied more stringently, the EU's environmental laws are gradually being eroded by new legislation such as the Renewable Energy Directive and the Critical Raw Materials Act. There is still a great deal of nature in Europe to protect, including in EU candidate countries. That's why it's so crucial that the EU's nature protection legislation is implemented without delay. At the same time, we must restore what we have lost.

A lack of debate, dialogue and understanding between key stakeholders involved in tackling the biodiversity crisis lies at the root of the problem. This issue applies to different levels of society, including the wider public, ministries, managing authorities and other decision makers. As a result, the cost of inaction is deeply misunderstood and leads to decisions that only exacerbate the crisis.

Stakeholders are not aware of their crucial roles and responsibilities when it comes to addressing biodiversity loss, which has resulted in a collective failure to tackle the problem. We urgently need a change of approach that emphasises the need to work collaboratively on resolving the three systemic problems described below.

A lack of financial support for biodiversity

Significant funding gaps remain a key barrier for successfully tackling biodiversity loss. The current financing needs between 2021 and 2030 are estimated at EUR 48.15 billion per year, which would result in an overall financing gap for biodiversity of around EUR 186.89 billion over the entire period.

Moreover, even when funding is available, it's often poorly and inefficiently spent and fails to align with priority needs for nature conservation and restoration. The EU's almost EUR 800 billion recovery package was a major opportunity to finally support biodiversity and place it high on the agenda for Europe's recovery. However, it failed to do so. In fact, it has almost entirely neglected biodiversity and underachieved on its objectives, as was the case with the EU's 2020 target of halting biodiversity loss and restoring degraded ecosystem services.

Trade-offs and competition between sectors

Biodiversity is in constant conflict with the interests of other sectors, which leads to trade-offs and competition between and within these sectors. This struggle is also reflected in the allocation of resources, with questionable subsidies still being financed through EU-funded programmes. Energy production, industrial and urban development, transport, agriculture and fisheries, water management, and forestry are all key drivers of biodiversity loss. The recent Nature Restoration Law and the accelerated deployment of renewables are clear examples of how short-term agriculture and energy needs have led to unfavourable policy outcomes for biodiversity. Therefore, biodiversity needs to be better safeguarded and mainstreamed. Because all of these activities are in some way connected to biodiversity loss, a holistic approach must be taken to ensure that an investment in one activity doesn't negatively impact another.

Lack of compliance with, and enforcement of, EU environmental legislation

The failure to properly implement and apply the EU's environmental legislation designed to protect biodiversity must be urgently addressed. The European Commission's response to breaches of EU environmental legislation has not been fast or strong enough. Furthermore, recent changes have led to a rollback of the more innovative elements of the legislation, rather than ramping up efforts to ensure they're correctly implemented.

Environmental legislation serves as a vital safeguard for life on earth, not a problem to be minimised. Tackling understaffing and streamlining permitting procedures within EU Member States must not result in the EU legislation itself being blamed. We need to strengthen the EU's environmental standards, not weaken them.



What actions do we want the next European Parliament and Commission to take?

Strengthen EU environmental legislation and fully implement environmental measures under the European Green Deal

There are a number of alternative options that should be developed and prioritised instead of rolling back on environmental legislation. For example, rather than introducing provisions that automatically presume all renewable energy projects to be of ‘overriding public interest’ and of service to public health and safety, priority should be given to measures such as introducing support schemes, improving administrative capacity, digitising permits, enhancing spatial planning, strengthening public participation and communication, and clarifying procedures. The EU’s environmental legislation has proven its worth and that it’s fit for purpose for decades to come.

Implement and enforce the environmental *acquis*

The vast amounts of EU funds now available can and should encourage Member States to effectively implement EU environmental legislation. What the EU needs to do now is establish rules to guarantee that funds are only disbursed when the implementation conditions have been met. Conversely, funds should be suspended in cases of infringements.

Some progress has been made in relation to the introduction of new environmental safeguarding mechanisms, particularly the introduction of the ‘do no significant harm’ principle, which can reinforce the proper application of environmental legislation through EU funds. This should be further developed to ensure that EU funds drive the implementation and enforcement of the EU’s environmental legislation. For example, the disbursement of funds could be made contingent on reaching certain milestones for implementing environmental legislation. In addition, the Commission should always exercise the ‘precautionary approach’, whereby if there is any doubt over a project, no EU funds are approved.

Adopt an alternative and sustainable approach to financing nature

In its current form, EU biodiversity financing is not being effectively used to address biodiversity loss. The EU’s current approach relies almost entirely on integrating biodiversity financing into other funding streams, leading to constant competition with other sectors and the inadequate allocation of resources for nature conservation. This makes it particularly unclear whether and to what extent projects have been successful in achieving their intended objectives.

Therefore, a new approach is needed to align spending with biodiversity priorities and needs, and to finance targeted activities that meet the objectives listed in the Prioritised Action Frameworks, Nature Directives, and the 2030 Biodiversity Strategy.

Specifically, a separate fund dedicated to financing biodiversity activities should be established. Such a fund would increase the effectiveness of funding for biodiversity and ensure a more targeted approach, enabling EU funds to finance activities that truly address biodiversity loss.

The scope of the fund should extend beyond nature restoration to support all activities that contribute to achieving the goals of the 2030 Biodiversity Strategy and the Nature Directives. For example, these activities might include the establishment and management of protected areas, the control and management of invasive species, habitat restoration, biodiversity monitoring, and citizen science projects.

At the same time, additional tools should be developed to track biodiversity spending. The existing system for tracking biodiversity spending does not allow for a thorough and accurate assessment. There is no way of knowing how much money is being spent and where it ends up. As such, it is impossible to determine what the real financing needs are. An improved tool is needed to properly assess whether biodiversity spending is being channelled into the right areas and to prevent cases of greenwashing.

Introduce effective monitoring and enforcement mechanisms

The current system of environmental monitoring and enforcement of EU funds is not fit for purpose. There are persistent misuses of EU funds, and the current procedures for investigating these cases take too long. By the time these investigations eventually wind up and funding is suspended, the environmental damage has already been done.

The public plays a key role in monitoring EU funds and raising cases of non-compliance. Yet the current means for the public to raise such concerns are limited. A separate, easy-to-use mechanism should be established, allowing members of the public to directly report cases where EU funds have been misused, particularly in relation to financing environmentally damaging activities.

Mobilise people to take action on biodiversity

There is an overall lack of knowledge and awareness about what biodiversity is, why it is so important, and what kind of action is required to mobilise key stakeholders to protect and restore it. More attention must be focused on mobilising stakeholders, such as citizens, businesses, academic institutions, and other social partners, to work together and make a concerted effort to address biodiversity loss. On this point, the EU has a crucial role to play in making biodiversity loss a political priority and effectively communicating the importance of facilitating action at all levels.



CHAPTER 2: Addressing the climate and energy crises

What are the problems we want to address?

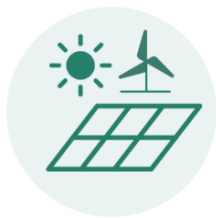
Our current energy production and consumption system, predominantly based on fossil fuels, is a stark example of rampant extractivism at work. Not only does it cause extreme inequality, but it is also a major driver of climate change, air pollution, and negative impacts on human health, burdens that disproportionately affect people in carbon-intensive mining regions. Designed in the name of growth, maximising private profit, and commodifying the commons, this centralised and undemocratic energy system has proven to be even more unjust during times of crisis and energy insecurity.

[The Sixth Assessment Report of the Intergovernmental Panel on Climate Change \(IPCC\)](#) clearly states that limiting global warming to between 1.5 °C and 2 °C would mean rapid and deep emissions reductions across all sectors of the global economy. Although it is evident that fossil fuels must be rapidly phased out, it is also clear that there must be a concurrent reduction in overall energy output. This is because even the environmental impact of renewable energy sources is incompatible with the business-as-usual growth model. Consequently, urgent efforts to increase energy efficiency are essential for the timely achievement of climate goals. Furthermore, given that enhancing energy efficiency alone can only accelerate energy savings and emission reductions to a certain extent, a broader political framework is needed to achieve [energy sufficiency](#).

There is an equally pressing need to address the social dimension of soaring energy prices and climate impacts. Increasing energy prices have led to a growing share of people being unable to adequately heat their homes, revealed to be a staggering [9.3 per cent of Europeans in 2022](#). Although energy poverty is an issue for all Member States, it affects households in southern, central, and eastern Europe more than in northern and western Europe. Last summer's wildfires and floods showed that there is an immediate need for action on climate adaptation. More than 50 per cent of the global urban population is currently facing considerable impacts from extreme heat, such as increasingly intense heatwaves. Urban areas are expected to face higher heat risks due to regional heat changes, which are amplified by the urban-heat-island effect.

Energy transformation will require substantial economic investment. As things stand, there is still a huge gap in the investments needed to meet decarbonisation goals and comply with the Paris Agreement. A lack of funds, however, is not the only issue. We have an unprecedented amount of public resources available for climate action to kick-start the transition in the next few years. However, the decision-making-behind-closed-doors and business-as-usual approaches have reduced the quality and speed of climate investments. Other issues that need to be addressed are the limited capacity of local authorities to manage funds, engage stakeholders, and select quality projects that can truly benefit smaller municipalities and transform their living environments.

Our responses to recent crises have shown that we can change, come together in solidarity, and mobilise public finances. We found billions to help Ukraine and recover from the pandemic. Likewise, we can collectively respond to the climate and energy crises, provided there is political agreement on joint actions and funding. Therefore, public finances can bring about the climate and energy transition in a fair way. Ensuring access to clean and affordable energy, decreasing energy use, and democratising the ownership of energy production are fundamental requirements for creating a just and sustainable energy system.



What actions do we want the next European Parliament and Commission to take?

Stop funding fossil fuels and make polluters pay

A safe 1.5 °C future requires not only an end to financial support for new fossil-fuel projects, but also a fair, fast, and robustly funded fossil-fuel phase-out. This means that governments and international financial institutions need to keep their promises to end subsidies for new oil, gas, and coal projects, including through associated infrastructure, tax breaks, technical assistance, financial intermediaries, guarantees, and policy support. We're calling on decision makers to update the legislative and supportive framework for fossil fuels by revising methodologies that ensure greenhouse gas emissions are accurately measured and factors such as methane leakage and biomass greenhouse gas emissions are properly accounted for. Additionally, we urge the enforcement of mandatory sectoral decarbonisation strategies as part of the national climate and energy plans (NECPs), which would provide sufficient evidence that Member States are meeting their decarbonisation targets. This must be accompanied by measures that ensure polluters pay for the damage they have caused, and that secure a just transition for workers and communities affected by the phase-out of carbon-intensive programmes and infrastructure.

Prioritise transformative and community-led renewable solutions

When allocating the limited EU funds available, managing authorities must bear in mind that public money should not be primarily directed towards activities traditionally financed by private capital,

such as renewable energy systems for businesses. First and foremost, public investments in projects must serve the [public interest](#) and be geared toward delivering a liveable, sustainable, and equitable future. This includes the provision of enabling infrastructure like fully renewable-ready grids, prioritising environmental justice and energy-democracy through universal affordable energy access and community-owned projects, and focusing on effective and equitable energy consumption through housing retrofits and electrified public transport. Simultaneously, special criteria, such as differentiated rates that factor in low incomes and specific regions, must be established to ensure that the most vulnerable groups benefit from the transition. At the portfolio and project levels, international financial institutions must ensure their safeguards are effective in delivering local benefits and ensuring the sustainable use of land, water, and ecosystems across supply chains. To achieve a balanced energy system, Member States should define an optimal mix of renewable technologies based on wind and solar energy while simultaneously prioritising the development of grid management and energy storage solutions.

Adopt the precautionary principle

To maximise the limited funds available, public money should be channelled into investments that deliver the greatest environmental and social benefits, such as investments in the uptake of renewable energy, grid improvements, community energy initiatives, and energy efficiency schemes. False solutions like carbon capture and storage, fossil-based hydrogen, ammonia co-firing, waste incinerators, and nuclear energy must be avoided, as they are unproven, expensive, and perpetuate our dependence on environmentally burdensome practices. Funding these and other energy technologies with [large social and environmental impacts](#) will divert financial resources from genuine solutions. In parallel, the principle of ‘do no significant harm’ must be strengthened to eliminate the possibility of financing investments that undermine the EU’s long-term environmental and resource efficiency objectives (which aim to achieve a steep reduction in the use of fossil fuels) as well as investments that are likely to become stranded assets in the near future.

Make EU public finances local

The key to promoting long-term intersectional, intergenerational, and ecological justice is to direct resources towards transforming public services at the local level. Public institutions and local authorities are well positioned to work together and deliver public goods and services and social security policies that benefit low-income citizens, develop locally adapted climate plans, and create public community partnerships that foster an enabling environment for a cooperative and equitable local economy. But they will need funds to build capacity and invest in human resources, as well as guidance on improving public participation practices based on the exchange of good and bad practices with other regions. The next EU budget should introduce measures that enable local authorities to receive direct financing through democratically controlled, debt-free, and gender-responsive grants in conjunction with concessional loans from public banks in Member States (where such options exist). Direct financial support will empower smaller stakeholders, limit privatisation and the involvement of profit-motivated private investors who undermine essential public services, and restrict opportunities for national authorities intent on weaponising EU funds for political gain.



CHAPTER 3: Reducing corporate power

What are the problems we want to address?

The EU's public investment strategy is based on centralised decision-making and responding to the climate emergency through short-term technological fixes. The prevailing approach is to assume a shortfall in financing and to prioritise risk reduction as a way of attracting private financing through guarantees, credits, subsidies, and public-private partnerships. This strategy benefits large corporations, encouraging extractivism, the exploitation of resources, and technological innovation for profit over the greater public good.

At local, national and EU levels, the administrative capacity for developing and implementing policies is severely lacking, which reinforces reliance on major corporations, investors and consulting firms to take the lead on policy solutions. This general weakness in capacity is perpetuated by austerity measures and a lack of democratic accountability within governments.

The EU's public investments are often funnelled into corporations and financial institutions that don't warrant public support and already have ample resources in place. For instance, the European Investment Bank (EIB), the world's largest multilateral development bank and the lending arm of the EU, mobilises public investments both inside the EU through the European Green Deal and outside the EU through the Global Gateway. In 2022, 60 per cent of the almost EUR 500 billion in loans that make up the EIB's loan portfolio were disbursed to financial institutions and corporations. Companies that receive large amounts of public funding wield disproportionate economic and lobbying power, which allows them to become preferentially involved in the European decision-making process.

By allocating a large portion of public resources to these companies, the EU is effectively impeding the ability of the public sector to deliver the essential services we all need. The result is that vulnerable people and households are denied access to affordable housing, energy and public transport. EU public funding has the potential to finance these services while strengthening the capacity and resources of national and, in particular, local institutions.



What actions do we want the next European Parliament and Commission to take?

Require companies to disclose transition plans

Companies receiving EU financial support must respect human rights by adhering to the [Corporate Sustainability Due Diligence Directive](#), which precludes them from breaching human rights legislation and being involved in pending procedures in international human rights courts. Such companies should also fully implement the United Nations Guiding Principles on Business and Human Rights throughout the whole value chain, including any outsourcing and procurement activities.

Additionally, such companies must have a climate and environment plan in force that respects the 1.5 °C limit and aligns with the targets of the Kunming–Montreal Global Biodiversity Framework. They must refrain from artificially inflating their profits, limit shareholder payouts, reinvest at least half of what would have been paid to shareholders into sustainable productive activities, and cap bonuses for executives. Furthermore, they should pay their fair share of taxes and not engage in tax avoidance activities or operate in tax havens.

Finally, these companies must respect labour rights, offer quality jobs, ensure that economic and social benefits as well as jobs are equally available to women and minority groups, and implement plans to address gender and other forms of inequality in the workplace across all their operations.

Empower public sector companies to take democratic control

Flouting international human rights obligations, the EU's current public investment strategy ignores the inability of the market to effectively provide desperately needed essential public services. This means that many people and households remain without access to affordable housing, energy, transport, water supply, and wastewater services, and are prevented from enjoying the benefits of an efficient and environmentally sound circular economy. While EU public funds have the ability to finance these services, public-sector companies have the potential to provide these services on a large scale due to their size and ability to operate with a non-profit mandate. In the upcoming legislature, the reallocation of funds to support public-service companies and new models of co-owned community projects like energy communities must be top of the EU public investment agenda. This requires the upscaling of EU financial support for public companies and community projects. We should not blindly finance public sector companies, but demand that they fulfil their potential by adopting strong social and environmental mandates, as well as democratic accountability measures for elected representatives and civil society. Public-sector companies must comply with the same conditions as the ones we propose for private companies. It's imperative that all activities undertaken by these companies pursue environmental goals and tackle inequality and social injustice.



CHAPTER 4: Prioritising social needs

What are the problems we want to address?

The European Green Deal has never just been about climate, energy and environmental policies. Its ambitious target of making Europe climate neutral by 2050 has already brought about changes in many different sectors and will continue to have major effects on jobs, livelihoods, working conditions and skills development. When the European Green Deal was first presented in 2019, policymakers at the EU level were already aware that decarbonisation could never be fully achieved without addressing its social implications. The introduction of the ‘leave no one behind’ principle, one of the pillars of the European Green Deal, showed that EU institutions were committed to ensuring that the green transition would only occur as long as it brought about a just and fair social transformation for all citizens, particularly the poorest and most vulnerable.

Regrettably, the European Green Deal has fallen woefully short in reaching its potential as a catalyst for social change. Most alarmingly, none of its chapters contain any binding social or gender criteria. As long as this type of green transition advances, people will continue to be adversely affected. It will also result in significant opposition from society, as we’ve already seen in a number of countries where the transition has been poorly managed.

In the five years that have passed since 2019, the EU and its citizens have been rocked by several crises. COVID-19, the war in Ukraine, soaring energy costs, and inflated food prices have all led to a deterioration in the living standards of EU citizens, particularly low-income and middle-income households. The rising costs of essential services such as housing, utilities, food and transport have left no citizen untouched. As highlighted in the [Spring 2023 Standard Eurobarometer survey](#), EU citizens consider rising prices and the cost of living to be the most important personal issues they

now face. Vulnerable groups such as ethnic and gender minorities, low earners, older people, single parents, and migrants are even more likely to encounter difficulties, particularly in relation to energy and transport, [according to the European Commission](#). Energy poverty is a major challenge for the EU. A growing number of people are unable to pay their energy bills, which restricts their access to essential energy products and services. This [results](#) in negative impacts on people's health, well-being, sense of social inclusion, and quality of life.

Amidst these pressing challenges, addressing the social consequences of the European Green Deal means making sure that every member of society is included in the transformation. There is a current shortage of binding evaluation schemes to prove whether investments have achieved social objectives, created jobs, reduced poverty, empowered women, and considered migrants as part of the selection criteria for public funds. Additionally, information and research on these societal effects are inconsistent, which is having a huge bearing on how public financing decisions are made.

In the short term, all social groups need to be included in the transformation. Citizens need to be aware of what the transformation is and what it will entail. They need to be informed about how the costs of the transformation will be covered to give those most affected a perspective, to ensure that the green transformation is achieved, and to build a sense of ownership for irreversible change. This applies to all groups involved in the transformation – not only citizens, but also municipalities. They play a key role in the decision-making process but often lack the skills, resources and information required to engage citizens in achieving the EU's climate and energy targets.

Green jobs are key to future-proofing the planet. Yet, the meaning of a 'green job' and the opportunities that come with it remain a source of confusion for most EU citizens. Therefore, in the medium-to-long term, EU policymakers need to resolve the futures of workers currently employed in the fossil-fuel industry by converting carbon-intensive jobs to green-energy, gender-sensitive jobs in sustainable sectors such as energy efficiency, renewable energy, electric transport, and waste reduction.

Critical to the success of this transformation is shifting to a decentralised energy sector, which will play a significant role in the transition to a democratic and low-carbon energy system. For all of the above reasons, we're calling on the next European Parliament and Commission to stop ignoring the social challenges associated with the energy transition, and instead put people's interests front and centre of the EU's policy agenda for the next five years and beyond. The only way to make sure people don't get left behind is to empower them to take an active role in a truly just transition.



What actions do we want the next European Parliament and Commission to take?

Channel EU funds into transformative projects only

The speed with which climate-friendly and transformative investments are currently being implemented must be accelerated if we are to realise the EU's climate objectives. The next European Parliament and Commission must take the lead in designing and utilising EU funds to bring about the deep, rapid and socially just transition we so urgently require.

Policymakers must only prioritise truly transformative investments capable of addressing the climate, biodiversity and resource crises, while simultaneously reducing social and gender inequalities. Unfortunately, the 'do no significant harm' principle alone is no guarantee that EU public finances will solely be used to fund transformative projects. That's why it should be complemented and reinforced with a 'do significant benefit' principle to ensure that EU funds finance transformative projects that contribute to EU policy objectives in a holistic manner, making the transformation socially and environmentally just.

Invest in human development and education programmes

Education is the key to raising awareness about the need for a green, socially just, and gender-sensitive transformation. Its role must be strengthened to ensure that all citizens understand the reality of today's challenges and develop the necessary skills to drive the transformation forward. That's why we're calling on the next European Parliament and Commission to provide funding for programmes that focus on education, information sharing and upskilling, and that target all groups, from citizens to local authorities and municipalities. Partnerships with schools and universities should also be strengthened, with a focus on introducing new subjects, such as climate and the environment, human rights, and social justice, and providing training programmes for academics to prepare them for the just transition to a green economy.

Due to a lack of expertise in environmental and climate matters, local authorities and municipalities face difficulties in successfully executing their investment plans. Therefore, to support them in acquiring the necessary skills to manage the transformation, technical assistance should be strengthened to ensure that municipalities have the right means at their disposal to achieve ambitious energy, climate and environmental objectives.

To this end, we urge the next European Parliament and Commission to issue comprehensive public guidance on the importance of green jobs in the energy transformation, demonstrating how it can be achieved to instil belief in the EU population that a viable green alternative exists. Establishing a sense of ownership among citizens is crucial to ensuring the success of the transformation.

Make social inclusion an integral part of all public funds to guarantee essential services

EU decision makers are responsible for protecting the most vulnerable in society from the impacts of the European Green Deal. These groups include gender minorities, youth organisations, migrants, and families. Additionally, sufficient public funding should be made available to support essential and affordable public services like housing, energy, transport, health care and education. Such funding should be an integral part of the European Green Deal, which is unfortunately currently not the case.

For example, to ensure the Social Climate Fund is spent efficiently, social climate plans must be prepared in an inclusive and participatory way, and accompanied by an in-depth analysis of needs and priority interventions. According to a [recent report](#) by the High-Level Group on the Future of Cohesion Policy, the Just Transition Fund serves as a good example of a financial instrument that adopts a people- and place-based approach. The unique structure and principles of the Just Transition Fund should be maintained and expanded in the forthcoming EU budget.



CHAPTER 5: Delivering justice for the Global South

What are the problems we want to address?

If Europe wants to be serious about creating equitable partnerships with countries in the Global South, there needs to be a drastic shift in the current global economic system, which keeps countries that are often former colonies of EU Member States in a state of unacceptable dependence.

EU development aid and financing are increasingly being used to attract private investors. This makes profitable investment opportunities the main goal and drives Europe's self-serving interests, while escaping its historic responsibilities towards the Global South. In effect, it is often European companies and investors who benefit from European development funds instead of local economies and populations in recipient countries. This misuse of EU development funds, which only serves to promote European interests, means that the Global Gateway is failing to fulfil its intended purpose of helping recipient countries create their own sustainable development strategies. This shift in strategy also rigs geopolitical competition for critical raw materials and supply chains in clean technology and energy production in favour of Europe's green and digital transition. This extractive dark side of the European Green Deal is not only economically, socially and environmentally unjust, but it also uses EU development money to increase environmental degradation in the Global South for the benefit of decarbonising the Global North.

These developments are all the more alarming given that multilateral development banks, which make up the global financial architecture, are failing to prioritise democratic and equal decision-making. The rich countries in the Global North often use their disproportionate institutional weight to entrench dependence, impose privatisation, and scale down public services. Moreover, they show no inclination to reign in corporate tax avoidance, democratically renegotiate trade agreements, or oblige private investors to renegotiate or cancel the debts of countries in the Global

South. As a result of these imbalances, for each dollar of development aid that reaches the Global South, [USD 30 returns to the Global North](#).

Dissolving these neocolonial relationships and rebalancing the flow of development funds is vital if we are to achieve global justice, especially at a time when the world's collective environmental and social burdens are disproportionately shouldered by the Global South. Solving these crises requires global cooperation rooted in robust economic principles, not the pursuit of neoliberal market expansionism.



What actions do we want the next European Parliament and Commission to take?

Direct European development funds towards ensuring access to quality and affordable public goods and services in the Global South

Resources must be directed towards long-term structural social and ecological justice instead of chasing geopolitical interests and subsidising the competitiveness of big European corporations. Public institutions and local authorities are well positioned to deliver services, implement pro-poor policies, strengthen local economies, and create an enabling, cooperative, and equitable economic environment. The focus of this support should be on providing debt-free and gender-responsive grants rather than imposing ineffective corporate solutions that only perpetuate inequality, poverty and unsustainability. This flawed approach also leads to the privatisation and financialisation of essential services, which are ultimately paid for by the taxpayer.

A progressive development finance agenda is dependent on reforming the international financial architecture and implementing reparations, debt cancellation and tax justice measures to free up fiscal space for public investments.

Decolonise and democratise public development banks providing European aid resources to the Global South

The policies, governance structures, and decision-making processes of multilateral development banks must be overhauled to ensure that public authorities and civil society representatives from recipient countries actively participate in their operations.

Development funds must be channelled only through institutions that forge close connections with rights holders, meaningfully consult and engage with local communities, provide effective and accessible independent complaints mechanisms, adhere to strong transparency principles, and uphold the rights of affected communities and workers by employing robust conditionality and due diligence standards.

To improve the quality and quantity of official development assistance, and to ensure that it reaches those who need it most, development banks must implement policies that are subject to public scrutiny and accountable to the people of the Global South and North.

Provide meaningful support for climate action and environmental protection

In light of the climate emergency, Europe must deliver on its climate commitments and align all of its climate financing objectives with those of the Paris Agreement. To do so, European public financial institutions and governments must end all public support for the fossil-fuel industry, greenwashing enterprises, and major corporate polluters. New additional resources must be channelled into meeting global climate financing needs through increased grants and concessional finance.

Europe cannot keep plundering the Global South and destroying the environment and livelihoods of local communities through extractivism and the perpetuation of neocolonial practices. Under the pretext of development, this practice only serves to create further debt burdens and entrench the dependence of the Global South on European clean-tech oligopolies. We need nothing short of a radical change to the current economic model. The EU must give its full public support to measures aimed at recycling raw materials, increasing energy efficiency, and significantly reducing the use of resources and energy. Identifying only those sectors of the economy that are truly essential and prioritising local and proximity production will help Europe move towards a sustainable and prosperous economy.

The Citizens' Observatory for Green Deal Financing is a coalition that advocates at the EU and national levels for more transparency and a just distribution of EU funds. The Observatory aims to promote the voices of local communities in seven Member States through a series of workshops, public events, virtual tours, roundtables, reports and other activities.

