

Towards a just, green and accountable EU budget

Bankwatch's recommendations for the Committee on Budgets interim report

As the European Parliament's Committee on Budgets prepares to vote on its draft interim report on the 2028–2034 Multiannual Financial Framework, CEE Bankwatch Network is calling on Members of the European Parliament (MEPs) to ensure the next long-term EU budget genuinely supports a fair green transition, territorial cohesion and democratic accountability.

While the European Commission's budget proposal does increase investment in the clean transition, the heavy focus on programme consolidation, centralised national and regional partnership plans, and 'flexibility' risk undermining environmental and social objectives, transparency, and ongoing support for carbon-intensive mining regions. Such a strategy would significantly weaken the EU's just transition.

1. A just and clean transition must be visible and protected

It is crucial that regions currently financed under the Just Transition Fund continue to receive this support, while expanding aid to other carbon-intensive mining regions that do not currently receive such funding.

Under Heading 1 of the budget proposal, which centres on the national and regional partnership plans, support for just transition regions should be secured through mandatory just transition chapters, coupling territorial investment needs with a long-term decarbonisation vision, and establishing minimum allocation criteria for these regions. Such a framework would guarantee that sufficient resources reach the regions at the forefront of the energy transition.

Under Heading 2, underpinned by the proposed European Competitiveness Fund, minimum allocation criteria should be designated to just transition regions to avoid the concentration of resources in wealthier countries and capitals. The merger of programmes under this Fund must not come at the expense of environmental protection or the regions that have driven Europe's decarbonisation so far.

Funding for the clean transition must remain traceable and ring-fenced so that biodiversity protection, nature restoration and the social dimension of decarbonisation are not diluted into broader industrial priorities.

2. Nature deserves a dedicated voice

With Europe's biodiversity in alarming decline and most protected species and habitats in a largely unfavourable state, the quantity and quality of EU investments in healthy ecosystems must be increased. The need to finance nature protection through implementation of the national restoration plans – required to meet commitments set out in the Nature Restoration Regulation – has never been more important.

Biodiversity needs a clear, dedicated investment target in the next budget to ensure it receives adequate and traceable funding. This is vital to help the EU meet its commitments on nature conservation and restoration, and to prevent biodiversity-specific objectives from being diluted within broader environmental and climate spending. A strong, stand-alone instrument, or at a minimum clearly ring-fenced and transparently tracked budget lines, is essential for safeguarding Europe's natural resilience.

The LIFE programme has been the EU's only dedicated instrument for nature and biodiversity. With its proven efficiency and modest resources, it has delivered tangible results for habitats, species and people's quality of life. In the context of programme consolidation, this dedicated approach must not disappear.

At the same time, the 'do no significant harm' principle must be systematically applied across all spending instruments and headings of the budget. This requires:

- clear, binding criteria and robust methodologies for 'do no significant harm' assessments at both programme and project levels, including an exclusion list and sector-specific guidance;
- full integration of the 'do no significant harm' principle into the design, implementation and monitoring of the national and regional partnership plans; and
- transparency of assessments to ensure public scrutiny and accountability.

To ensure the 'do no significant harm' principle does not become a box-ticking exercise, its purpose and methodology must be clearly distinguished from existing permitting procedures. Without proper enforcement, tracking and independent oversight, there is a significant risk that harmful investments will be financed under broader competitiveness or flexibility objectives. Establishing consistency between the 'do no significant harm' principle, climate objectives, and biodiversity targets is therefore critical to uphold the environmental integrity of the budget.

3. The partnership principle must apply across the entire budget

The proposed national and regional partnership plans risk weakening the multi-level governance model that has been central to cohesion policy. Without a clear and binding framework, there is a significant risk that decision-making will become over-centralised, where strategic priorities are defined at national level while regions and stakeholders are left with limited influence despite being responsible for implementation.

To prevent this scenario, the partnership principle must be fully applied across all headings of the budget, moving beyond the formalities of cohesion policy consultation towards genuine co-creation. This requirement must also extend to the Global Europe instrument.

EU Member States and third countries should establish formal and transparent partnership mechanisms from the earliest stages of programming for the national and regional partnership plans, including:

- dedicated multi-stakeholder programming bodies at the authority level;
- balanced representation of national, regional and local authorities, economic and social partners, civil society organisations, and environmental stakeholders; and

- transparent partner selection processes to provide diversity, legitimacy and inclusion, particularly for underrepresented and vulnerable groups.

Partners must be enabled to act as critical friends, with the ability to propose alternatives and shape decisions, rather than merely providing comments. Their involvement should cover all key phases of programming, from needs assessment to monitoring.

Meaningful participation requires timely access to information, clear timelines and structured consultations, including public meetings at key stages during development of the national and regional partnership plans. Additionally, this process must be in strategic alignment with broader EU processes, such as the European Semester, to maintain policy coherence.

Adequate capacity-building support is essential to facilitate effective participation, particularly for civil society and local communities. Without financial and technical support, the partnership principle risks becoming formalistic rather than functional.

Applying these standards will guarantee that the national and regional partnership plans and other programming documents are not only better designed and more effective, but also legitimate, transparent and accountable, reflecting the needs of territories and citizens.

4. Simplification and flexibility must serve citizens and protect accountability

Simplification must never come at the cost of environmental or social safeguards, transparency, oversight or accountability. Performance-based approaches and financing not linked to costs can improve efficiency only when accompanied by robust safeguards, improved tracking methodologies, and meaningful regional and civic scrutiny. European institutions and citizens must be able to monitor exactly where funds are allocated and whether they advance the EU's core objectives of social, territorial and economic cohesion, social rights and environmental protection.

The European Parliament has long advocated for a more ambitious and accountable EU budget. In the upcoming Committee on Budgets vote, MEPs have the chance to shape the 2028–2034 Multiannual Financial Framework so that it truly works for people and the planet by:

- providing sufficient and clearly earmarked funding amounting to at least 50% of the overall budget for environmental protection and climate goals;
- securing continued support for just transition regions driving the energy transformation;
- extending the partnership principle in its entirety across all budget headings; and
- preserving a dedicated approach to nature and biodiversity with a clear investment target of 10% of the total budget.

A budget that delivers inclusive green transformation is both feasible and urgently needed. We urge the European Parliament to lead on these priorities.