

Update of the Public Financing of the Green Deal : EU Budget, NextGenerationEU, the European Investment Bank and State aid

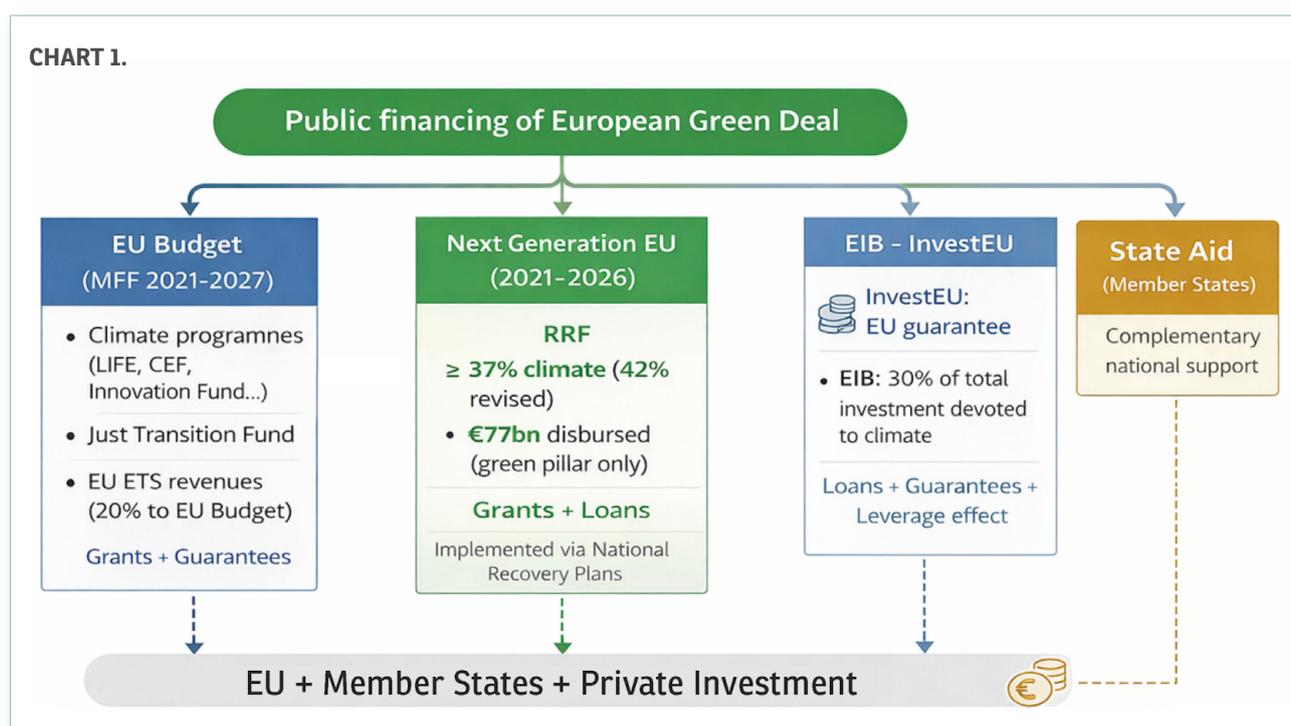
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The European Green Deal, officially launched in 2021, aims to achieve carbon neutrality in Europe by 2050. Since its adoption, a range of public commitments and budget allocations have been announced. However, by September 2024, no precise aggregate data on public funds disbursed during the first three years of the Green Deal were available. In response, we published a note entitled “Financing the Green Deal: How are the EU and Member States contributing?”¹ for Eurofi, summarizing the main sources of public financing and the available commitment and disbursement figures.

Following this, a second article updated data up to March 2025². Nevertheless, due to delays in

reporting and administrative constraints at the national level, up-to-date data on State aid were not yet available. This article provides an updated analysis and figures on public financing of the Green Deal up to January 2026, including the most recent data on State aid (2024). As in our previous analysis, this article primarily aims at identifying and aggregating available public financing data, rather than assessing the effectiveness of individual policy instruments.

The schematic presented below summarises the analytical framework used in this article and illustrates the structure of public financing flows supporting the Green Deal transition.



1. https://alphalex-consult.eu/wp-content/uploads/2024/09/Public-financing-Green-Deal-eurofi-regulatory-update_september-2024-1.pdf
 2. <https://alphalex-consult.eu/wp-content/uploads/2025/04/Eurofi-Update-of-the-public-financing-of-the-green-deal-in-2024.pdf>

TABLE 1.

Sum allocated to climate within each programme from 2021 to 2026 according to the Commission criteria³
(Commitments, in million €)

	2026	2025	2024	2023	2022	2021
Total	55 419.7	58 119	59 509.7	56 995	61 662,1	38 116,7
Of which						
International thermonuclear Instrumental Reactor (ITER)	844	478.3	429.2	548.5	703	875.1
Just Transition Mechanism (JTM)	1 326	1 326	1 785.5	7 406.5	6396.9	2.7
Connecting European Facility (CEF) including Military Mobility	3 951	3 750.5	3 654	3 737.4	3 607.8	3 196.8
Innovation Fund	0	0	478.4	3 520.8	2 944.8	146.2
Programme for Environment and Climate Action (LIFE)	467.2	455.8	453.1	456.3	432.2	438.6
European Maritime Fisheries and Aquaculture Fund (EMFAF)	413.3	494.3	591.1	588.2	598.4	35

1. EU Budget

1.1 Investment Objectives⁴

The Multiannual Financial Framework (MFF) 2021–2027 allocates significant resources to climate and environment objectives. **The MFF is supposed to provide €503 bn to the European Green Deal Investment Plan through the seven years.**

Member States are expected to co-finance Green Deal projects. **The EU budget mobilization of €503 billion is anticipated to trigger €114 billion in additional national co-financing** over the next decade. The 2021–2027 budget plans more than €128 billion in co-financed climate-related projects, of which €35 billion comes from Member States.

1.2 Disbursements 2024–2026

To understand how much the EU devotes to financing the Green Deal, we rely on a document issued by the Commission, in June 2025, presenting the budgetary commitments (Annex 1)⁵. Among the overall budget devoted to financing the Green Deal, Table 1 presents the programmes that allocate more than 50% of their budget to climate goals. **Their amount has been between €55 Bn and €60 Bn since 2023.**

If this table is certainly the most comprehensive overview currently available on the topic, it is worth noting that the Commission's criteria are highly restrictive. Indeed, if we consider the LIFE programme, only 58.1% of its budget over the seven-year period (2021–2027) is allocated to climate objectives according to the Commission's methodology. This is because direct action on

biodiversity, for example, is not considered a climate objective, even though, it clearly forms part of the financing of the European Green Deal.

This methodological limitation is important to bear in mind when examining other EU climate-related funding streams, including revenues derived from the EU Emissions Trading System. While classification criteria may narrow the scope of what is formally counted as "climate expenditure", the legal framework governing ETS revenues operates under a distinct logic of earmarking and allocation.

Recalling the 2016 reflections of the 'Monti Report' on EU own resources, the Commission proposed – and it has been voted – to devote 20% of the revenues from the auctioning of EU Emissions Trading System (ETS) to the EU budget, for an estimated value of €25 billion over the next 10 years. The rest of the revenues is transferred to EU Member States. Between 2013 and 2022, 76% of the total revenue was spent on climate, renewable energy and energy efficiency related purpose⁶. For revenues generated in 2024, Member States reported that 67% had already been disbursed for energy and climate-related purposes. Since the revised EU ETS Directive entered into force in June 2023, Member States are required to allocate 100% of auctioning revenues (or an equivalent financial value) to climate and energy objectives, with the exception of limited compensation for indirect carbon costs granted to electricity-intensive industries. The difference between the 100% allocation requirement and the 67% disbursement rate reflects the multiannual nature of public budgeting: while all revenues must be earmarked for eligible purposes, actual expenditure may occur over several years, particularly for large-scale investment programmes supporting the Green Deal.

3. https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/green-budgeting/climate-mainstreaming_en

4. https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_24

5. https://commission.europa.eu/strategy-and-policy/eu-budget/performance-and-reporting/horizontal-priorities/green-budgeting/climate-mainstreaming_en

6. <https://www.eea.europa.eu/en/analysis/indicators/use-of-auctioning-revenues-generated>

1.3 The Just Transition Mechanism⁷

The Just Transition Mechanism (JTM), part of the European Green Deal Investment Plan, aims to ensure that no region or worker is left behind in the transition to a climate-neutral Europe. **Over 2021–2027, it is expected to mobilise at least €100 billion from the EU budget, Member States, InvestEU, and the EIB, which extrapolates to around €143 billion over ten years.** The mechanism rests on three pillars: (I) the Just Transition Fund, with €7.5 billion from the EU budget, matched by €1.5–3 from other EU funds and national co-financing, generating €30–50 billion in grants to support workers, SMEs, and clean energy investments in the most impacted regions; (II) a dedicated InvestEU scheme, leveraging up to €45 billion in private investment for decarbonisation, sustainable infrastructure, and economic diversification; and (III) a public sector loan facility with the EIB, combining €1.5 billion from the EU budget with €10 billion in EIB lending to mobilise €25–30 billion in concessional loans for energy, transport, and building renovation projects. Together, these instruments address both social and economic costs of the transition, fostering new jobs, re-skilling, and sustainable local development. Figure 2 features the disbursements as planned in the EU budget since 2024.

TABLE 2.

Sum allocated to the Just Transition Mechanism 2024–2026 as planned in the EU budget⁸ (In Euro)

	2026	2025	2024
CA	1 255 349 335	1 513 991 893	1 489 859 854
PA	1 339 600 000	6 459 302	3 257 816

1.4 Consolidated Performance of Climate and Biodiversity Payments (2021–2023)

The actual mobilization of the EU budget, deeply intertwined with NextGenerationEU, shows a clear upward trajectory in effective spending. While 2021 served as a transition year with €32.5 billion in climate-related commitments, the subsequent

years mark the full operational phase of the Green Deal⁹. By 2022, climate mainstreaming efforts reached €55 billion, representing 22.6% of the total EU budget for that year¹⁰. This momentum accelerated further in 2023, reaching a record €160 billion in climate-related commitments¹¹.

Parallel to climate, biodiversity funding has also scaled up, rising from €14.7 billion in 2021¹² to €20 billion in 2023¹³. These figures illustrate that despite initial reporting delays, the “green” execution of the budget is now reaching its cruising speed, effectively combining the long-term predictability of the MFF with NGEU.

The observed increase in climate and biodiversity-related spending during the 2021–2023 period also reflects the progressive operationalisation of investment programmes supported by the implementation framework of the European Commission. Beyond programmed commitments, implementation data available through the cohesion policy data portal of the European Union¹⁴ provide additional insight into the pace at which multiannual financial envelopes are translated into project-level disbursements.

These indicators are particularly relevant in the context of large-scale public investment instruments, where the temporal profile of payments tends to lag behind formal allocations due to administrative procedures, project preparation requirements and the multiannual nature of infrastructure and transition investments. Cohesion policy programmes therefore help illustrate the absorption dynamics of structural climate-related funding, complementing the execution data observed under the NextGenerationEU and the broader investment activities of the European Investment Bank.

However, these implementation metrics should be interpreted as descriptive indicators of deployment capacity rather than as components of a consolidated aggregate of Green Deal public financing, given the heterogeneity of classification criteria and the risk of double counting across policy instruments.

7. https://ec.europa.eu/commission/presscorner/detail/en/qanda_20_24

8. <https://eur-lex.europa.eu/budget/data/LBL/2026/en/GenExp.pdf> and <https://eur-lex.europa.eu/budget/data/LBL/2025/en/GenExp.pdf>

9. https://commission.europa.eu/document/download/97dcb12-4359-4988-836e-2695d289d68c_en?filename=ampr_2021_-_volume_iii_en.pdf

10. <https://op.europa.eu/en/publication-detail/-/publication/14c186c7-10e0-11ee-b12e-01aa75ed71a1/language-en>

11. https://op.europa.eu/en/publication-detail/-/publication/c0905395-2ebf-11ef-a61b-01aa75ed71a1/language-en?WT.mc_id=Searchresult&WT.ria_c=55576&WT.ria_f=8311&WT.ria_ev=search&WT.URL=https%3A%2F%2Fcommission.europa.eu%2F

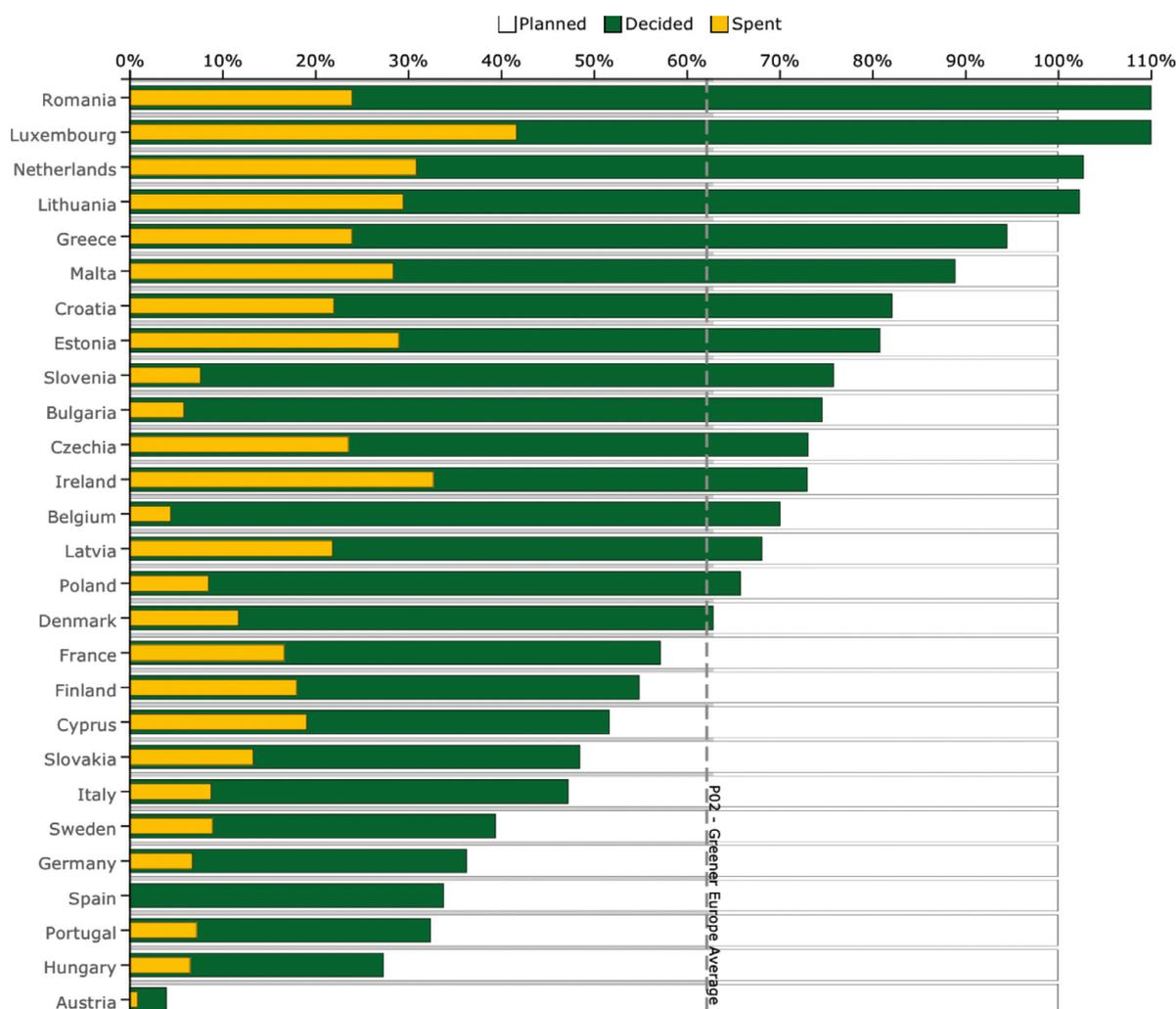
12. https://commission.europa.eu/document/download/97dcb12-4359-4988-836e-2695d289d68c_en?filename=ampr_2021_-_volume_iii_en.pdf

13. https://op.europa.eu/en/publication-detail/-/publication/c0905395-2ebf-11ef-a61b-01aa75ed71a1/language-en?WT.mc_id=Searchresult&WT.ria_c=55576&WT.ria_f=8311&WT.ria_ev=search&WT.URL=https%3A%2F%2Fcommission.europa.eu%2F

14. <https://cohesiondata.ec.europa.eu/themes/2/21-27#finance-implementation>

CHART 2.

2021-2027: Implementation by country for P02 – Green Europe – total cost of selection and spending as % of planned (bullet chart, excluding multi-thematic allocations)



Period Covered: up to 31/12/2025

2. NextGenerationEU (NGEU)

2.1 Overview

NextGenerationEU (NGEU) is the EU's main recovery instrument, operational from 2021 to 2026, originally conceived in response to the Covid-19 crisis. It has since been integrated into the Green Deal as a major financing instrument for the green and digital transitions.

The bulk of NGEU funding flows through the Recovery and Resilience Facility (RRF) (€650 billion: €359 billion in grants and €291 billion in loans). Additional instruments account for €77.5 billion in

grants (REACT-EU, Just Transition Fund, Rural Development, Horizon Europe, InvestEU, rescEU). Member States must submit Recovery and Resilience Plans (RRPs), committing at least 37% of RRF expenditure (€261 billion) to climate objectives. According to the latest revisions of these plans, climate objectives represent 42% of total RRF allocations.

2.2 Disbursements up to January 2026¹⁵

As of January 2026, total RRF payments have reached €393.88 bn (€238 bn in grants and €155.88 bn in loans). This amount represents 60.6% of total RRF funds available (66.3% of grants and 53.57% of loans).

15. https://ec.europa.eu/economy_finance/recovery-and-resilience-scoreboard/disbursements.html

With regard specifically to the green transition pillar, the amount disbursed through grants reaches €40.49 bn (17% of total grants), while the amount allocated through loans equals €36.84 bn (23.63% of total loans). As of January 2026, the RRF has therefore invested €77.33 bn in the green transition pillar.

Beyond the green transition pillar, some expenditures under other RRF pillars may partially contribute to climate objectives, although they cannot be considered as fully green spending. It is therefore also relevant to consider the common indicators established by the Council¹⁶ to assess whether a Member State has reached its targets in order to request payment. Among these indicators, some apply to several pillars within the RRF. Pillar 1 corresponds to the "Green Transition". When expenditure under another pillar is linked to Pillar 1 through a common indicator, it can be considered as contributing to green transition investments. As a result, Pillar 3 ("Smart, Sustainable and Inclusive Growth") and Pillar 4 ("Social and Territorial Cohesion") are also partially linked to investments in the green transition and the fight against climate change. While these sums cannot be considered as entirely devoted to the green transition and climate objectives, they nevertheless contribute to them to a certain extent.

3. Other EU public supports

3.1 BEI: growing green investments

In 2024, the EIB published its first sustainability report¹⁷, providing a comprehensive overview of its investments in green projects. That year, the Bank reached a record level of €51 billion in support of the ecological transition, climate action, and environmental sustainability. Notable investments included Europe's first zero-emission tyre factory in Romania and sustainable mobility projects in Valencia. In addition, €31 billion were allocated to EU energy security projects – covering renewable energy, energy storage, and grid modernisation – including €8.5 billion dedicated to networks and storage. This amount represented approximately 40% of total European investment in this sector, with projects mainly located in Spain, Czechia, and Germany¹⁸.

Final data for 2025¹⁹ indicate €100 billion in new financing, exceeding the €95 billion target set in the EIB's 2025 activity plan, which envisaged that at least 60% of financing would be allocated to green projects. In practice, green investments accounted for 57% of total EIB Group financing in 2025. These investments were primarily directed towards clean technologies (€16.8 billion), electricity grids and storage (€11.6 billion), and renewable energy (€9.8 billion), illustrating the alignment of the EU's environmental objectives with its needs for enhanced competitiveness and energy security.

Furthermore, in September 2025, the EIB published the second phase of its Climate Bank Roadmap. This phase places greater emphasis on competitiveness, security, and lower energy prices for companies and households. In line with broader EU policy trends, the EIB also aims to simplify procedures in order to facilitate green investment and to consolidate its role as the EU's "Climate Bank"²⁰.

As a result, the EIB remains on track to mobilise €1 trillion in climate and sustainability investments by 2030.

3.2 Invest EU

Launched in 2021 and building on the framework of Juncker's Plan, InvestEU leverages public funds and guarantees – including a €26.2 billion EU budget guarantee – to reduce costs and risks for private investors in net-zero technologies. The programme is structured around thematic windows: Small and Medium-Sized Enterprises (€6.9 billion), Research, Innovation and Digitisation (€6.5 billion), Sustainable Infrastructure (€9.9 billion), and Social Investment and Skills (€2.8 billion), with the European Investment Bank (EIB) Group playing a central role in implementation. **Over the 2021–2027 Multiannual Financial Framework, InvestEU is expected to mobilise €293 billion in investments**, of which €9.96 billion targets energy projects and €1.91 billion supports environmental initiatives, making it the sixth largest sector. Around 30% of the investments are devoted to climate-related projects, and the Commission estimates that, through this multiplier effect, approximately €110 billion of public and private funds will be mobilised over the next ten years to accelerate Europe's net-zero transition.

16. <https://eur-lex.europa.eu/legal-content/FR/TXT/PDF/?uri=CELEX:32021R2106>

17. <https://www.eib.org/files/publications/20250157-041125-eib-group-sustainability-report-2024-en.pdf>

18. <https://www.eib.org/fr/press/all/2025-030-eib-group-achieves-record-results-in-2024-targets-eur95-billion-in-investments-for-2025>

19. <https://www.eib.org/files/publications/20250236-290126-eib-group-activity-report-2025-en.pdf>

20. <https://www.eib.org/en/press/all/2025-353-eib-group-to-accelerate-and-simplify-green-investment-boosting-european-competitiveness-energy-security-and-tech-leadership>

4. State Aid contribution to the public financing of the Green Deal in 2024²¹

In 2024, Member States allocated 90% of total State aid (€168.23 bn) to support EU priorities such as environmental protection, energy, research and development, and regional development. State aid figures should therefore be read as an additional layer of public support potentially contributing to Green Deal objectives, rather than as a direct budgetary counterpart to EU-level instruments.

In 2024, environmental protection and energy savings accounted for 45% of State aid devoted to EU priorities (€68.82 bn). Among these €68.82 bn invested through State aid, €27.31 bn were directed towards energy production and infrastructure modernisation. In addition, Member States allocated €3.84 bn to support the transition from emergency crisis-related measures towards sustainable investments aimed at accelerating the shift towards a net-zero emissions economy.

Among the countries that contributed the most to the financing of the Green Deal through State aid are Germany (74% of German State aid in 2024), Luxembourg (64%), the Czech Republic (60%),

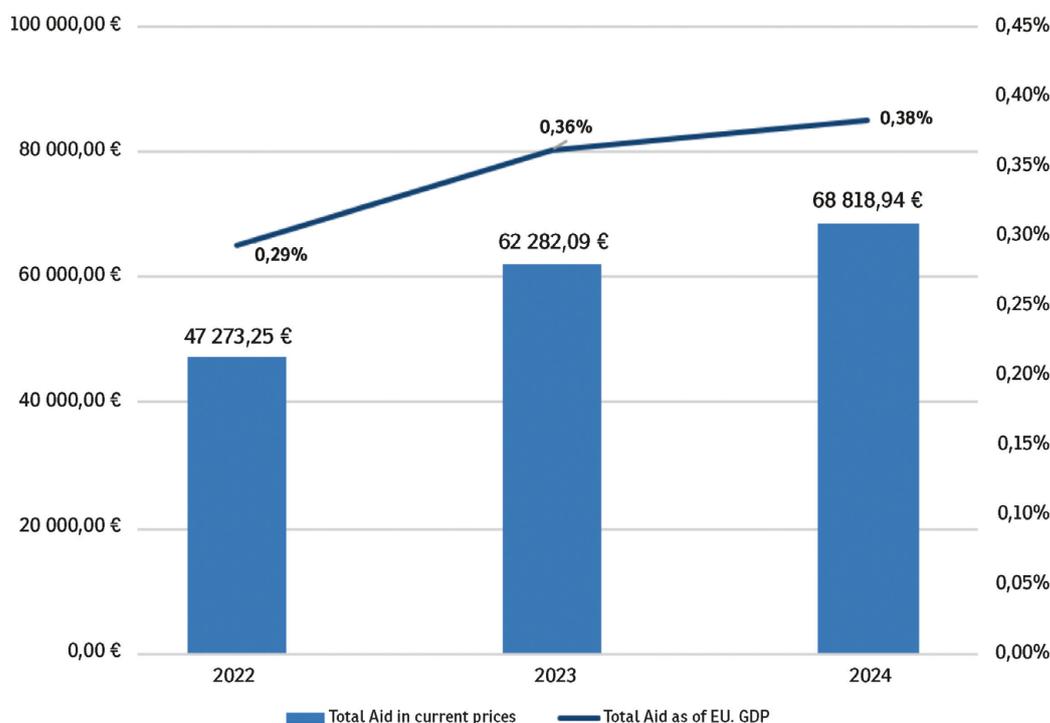
Finland (57%) and Sweden (52%). By contrast, countries such as Malta (19%), Croatia (19%) and Slovakia (17%) concentrated their efforts on promoting economic cohesion and competitiveness through State aid²².

5. According to the ECB, the public finance gap has been reduced and could disappear in 2025 and 2026 before reappearing

Estimating additional investment needs is equally complex. The European Central Bank provides a useful overview (see Chart 4), but it should be understood as one analytical tool among others. Its assessment is based solely on public investment needs, which it estimates to represent around 17% of total additional investment requirements. Moreover, it assumes that the full Recovery and Resilience Facility will be disbursed by 2026. As the underlying data are updated only until December 2024, these figures remain projections rather than definitive outcomes.

CHART 3.

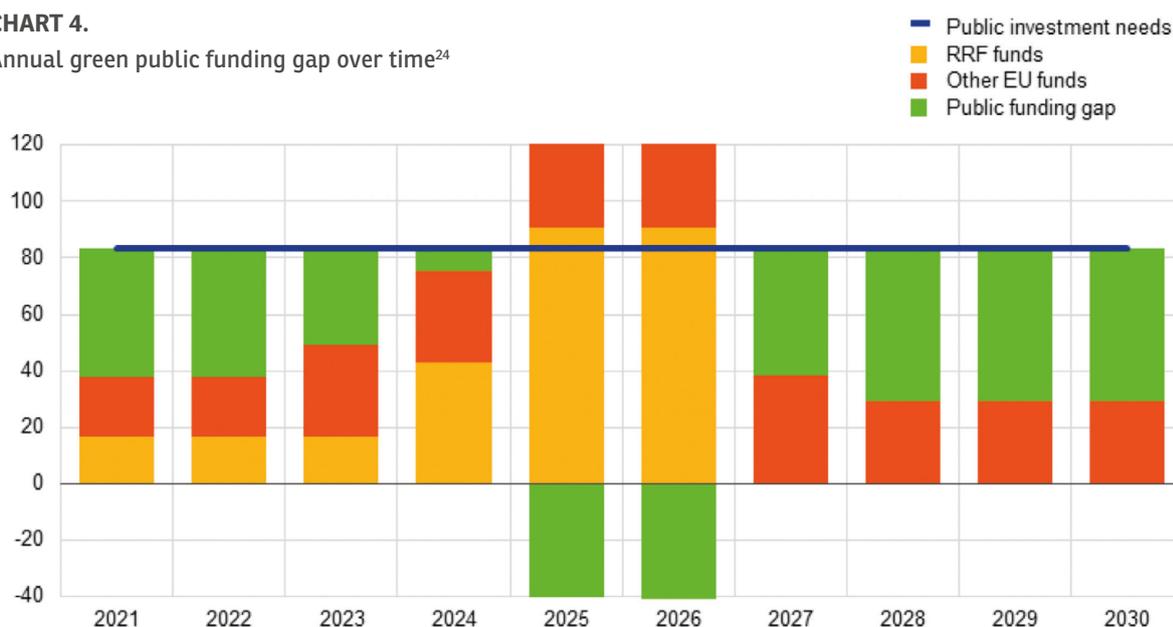
State aid for environmental protection and energy savings from 2022 to 2024²³



21. https://ec.europa.eu/commission/presscorner/detail/fr/ip_26_67

22. https://competition-policy.ec.europa.eu/document/download/cc9cdf4e-97e9-4f8e-ac7d-5f094a9fd12d_en?filename=state_aid_scoreboard_note_2025.pdf

23. https://competition-policy.ec.europa.eu/state-aid/scoreboard/scoreboard-state-aid-data_en

CHART 4.Annual green public funding gap over time²⁴

Conclusion

This update confirms that significant public financial resources have been mobilised in support of the European Green Deal. The EU budget, NextGenerationEU, the European Investment Bank and national State aid together form a complex but powerful financing architecture, combining grants, loans, guarantees and leveraged investment.

At the same time, the financing of the Green Deal relies less on fully dedicated instruments than on the progressive greening of existing policy frameworks. This integration strengthens policy coherence but makes overall tracking more difficult, particularly given the differences between commitments, payments, earmarked revenues and mobilised investment. For this reason, producing a single consolidated figure remains methodologically challenging and risks double counting.

As the EU moves closer to its 2030 climate targets, the key question is not only the scale of commitments, but the capacity to deploy funds rapidly, transparently and coherently. **Strengthening reporting and improving the visibility of existing resources will be essential to ensure that financial ambition translates into tangible climate outcomes.**

It is also important for the difficult negotiations of the Multiannual Financial Framework (2028-2034).

²⁴https://www.ecb.europa.eu/press/economic-bulletin/articles/2025/html/ecb.ebart202501_03~90ade39a4a.en.html