

Position paper

# Funding Our Future: A Proposal to Overhaul the EU's Multiannual Financial Framework

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An aerial photograph of a large agricultural field. The majority of the field is a dark, textured brown, indicating it has been recently plowed. A diagonal strip of vibrant green crops runs from the bottom left towards the top right. A dirt road or path with visible tire tracks runs parallel to the green strip. In the far distance, a small white vehicle is visible on the road.

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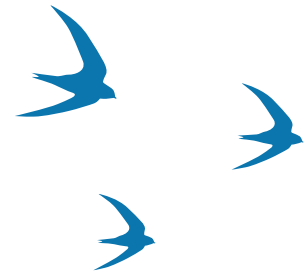
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# Summary



**A**s the European Commission's legislative term draws to a close, it is imperative to initiate discussions on the post-2027 Multiannual Financial Framework (MFF), the EU's long-term budget.<sup>1</sup>

The EU has demonstrated its ability to swiftly adapt its budget in response to multiple crises. However, the current spending policy falls short in addressing, and potentially even exacerbates, the impacts of the most pressing existential crises, namely the climate and biodiversity crisis. Therefore, a comprehensive overhaul of the current spending policy is essential, aligning it effectively with the European Green Deal to facilitate a genuine and equitable green transition that benefits both people and nature.

**Environmentally harmful subsidies must be halted immediately, adhering to a robust "do no harm" principle, and instead, linked to the provision of public goods and ecosystem services.** The EU must further build capacity to ensure conditionality and enforcement of existing and future environmental legislations, with insufficient compliance resulting in budget cuts for Member States. Moreover, the adoption process of the MFF should be fully transparent, allowing for the active participation of civil society.

Closing the huge spending gap for biodiversity financing in the current MFF is imperative and must be complemented to reach restoration targets defined at the UN Biodiversity Conference 2022. To monitor progress, there is a need for improved tracking of biodiversity and climate spending, including enhanced biodiversity monitoring harmonised across Member States. To meet these requirements, **the establishment of a dedicated nature restoration fund is vital, ringfencing funds specifically for nature restoration and conservation.** As the flagship of effective biodiversity funding, the budget of the EU's LIFE programme should be increased to 1% of the MFF in the future.

Agricultural policy must transition from across-the-board payments, which promote intensive agriculture, towards a system that rewards farmers solely for delivering ecosystem services and public goods. This shift will foster a diversified and resilient farming sector, thereby promoting good rural livelihoods.

In marine policy, instead of subsidising harmful industry practices, we recommend investing in a new Ocean Fund to encourage an ecosystem-based approach that supports a sustainable transition in the fishing sector.

Regional development and cohesion funds must be centred around environmentally beneficial projects and fund the transitional costs of regions heavily dependent on harmful industries, such as intensive livestock farming.

Revenues from instruments like the Carbon Border Adjustment Mechanism should be redirected towards biodiversity spending, supplemented by a new EU-wide environmental taxing system on harmful products.

<sup>1</sup> The potential accession of Ukraine and other candidate countries within the next MFF period is not reflected in this report.

# A. The Vision

**T**he EU has proven its ability to rapidly adjust its budget during times of crisis, such as the Ukraine conflict and the COVID-19 pandemic. Nevertheless, the EU budget still fails to address the most significant crises of all, namely the climate and biodiversity crises. Our spending policy has a major impact on our environment within and beyond the EU, as the real costs of our consumption and production habits are heavily externalised. Disasters linked to climate change and ecosystem mismanagement are already occurring, resulting in spiralling economic and social costs, vastly exceeding the costs necessary to implement a genuine green transition.

Without a profound revision of our budget policy, we face bankruptcy regarding both our financial and natural capita. **The current budget fails to reflect the priorities of the European Green Deal and the multiple crises we are facing.** Therefore, the next Multiannual Financial Framework (MFF) must adopt an entirely new approach to EU spending, rather than merely adjusting expenditure levels within current structures.

**The next MFF needs a complete redesign to align with the European Green Deal.** It should provide targeted investments to support the just transformation of crucial sectors and allocate dedicated funding for large-scale nature protection and restoration activities. The European Commission should be given the authority to not only to steer but, to reclaim any EU funds, spent by Member States on environmentally harmful practices or violations of EU environmental legislation.

**We call for the next MFF to be built around the following principles and key elements:**

## 1. Centred around a follow-up to the European Green Deal

The European Green Deal introduced by the von der Leyen Commission was a long overdue prioritisation of the climate and biodiversity crises which have become ever more apparent. Scientific evidence should guide the priorities of the next Commission, placing nature-based solutions, climate, the recovery of biodiversity, and protection of natural resource at the forefront, along with a corresponding alignment of the EU budget. At least 50% of the budget should support implementation of the European Green Deal. Other policies must be aligned with this goal, in line with scientific recommendations, while boosting funding for related research.

Also, the next MFF must ensure a socially just transition, where investments in nature and the Green Deal are linked to a reduction of socio-economic disparities. The EU's foreign policy guarantees, that public money won't exacerbate dependencies on autocratic regimes' fossil fuels and other natural resource exports; uranium, soy and wood pellets are just some examples. A better spending policy can thus address international security and climate protection at the same time.

Foreseeable legislative obligations, such as those arising from the Nature Restoration Law, will generate additional funding requirements or prompt shifts in budgets. The EU budget should aim to partially meet these, for example through a dedicated Nature Restoration Fund.

## 2. Ending harmful and ineffective subsidies

Most urgently, environmentally harmful subsidies – the worst way to spend taxpayer money – must be ended immediately. As was emphasised in the Global Biodiversity Framework adopted at the CBD COP 15.<sup>2</sup>

2. Target 18, final text of Kunming-Montreal Global Biodiversity Framework at the 2022 UN Biodiversity Conference: <https://www.cbd.int/article/cop15-cbd-press-release-final-19dec2022>



**A proper “Do No Harm” principle must be put in place and applied to all EU funds**, also reflecting on the severe effects on the biodiversity of land use change and infrastructure as well as controversial energy production through burning biomass or hydropower.

A major threat to biodiversity is for instance the EU’s Common Agricultural Policy’s (CAP) area-based direct payments which foster monocultures, high-input production, lead to marked distortions, subsidise landowners instead of land managers, and lead to a decline of smaller farms.<sup>3,4</sup> Certain subsidies in the fisheries, forestry and energy sectors have similar effects. The recently published toolkit from the European Commission’s DG ENV, to identify harmful subsidies in the Member States, is a step in the right direction and should be expanded to all EU subsidies.<sup>5</sup>

**The spending of public money must be linked to ecosystem management and the provision of public goods** only and must therefore support farmers, foresters, and fishers in the transition towards sustainable practices.

### **3. Strong conditionality to ensure the rule of law**

Not enforcing already existing fit-for-purpose environmental legislation puts the credibility of the EU and its rule of law at risk and results in irreparable damage to nature and serious threats to human health. While the Commission has vowed to show zero tolerance for infringements of environmental law, enforcement capacities in delivering this promise are insufficient. Although the staff of DG ENV has slightly increased under the current Commission, it is still smaller than in 2019 or the ten years before that.<sup>6</sup> The administrative budget should be adjusted to ensure the staff can dedicate enough time to enforcement in DG ENV and other environmentally relevant services such as the European Commission’s DG SANTE and DG CLIMA, and of the environmental team within the Commission’s Legal Service.

Insufficient compliance with environmental law must also have budgetary consequences for the Member States. Going beyond the rule of law mechanism, Member States should also face funding cuts in case of serious breaches of environmental law. The scope of the Rule of Law

3. For the CAP alone, it is estimated that in 2021 €4,3bn (7,86% of total CAP in 2021) constituted harmful subsidies; €40,5bn (74,04% of total CAP in 2021) were financing the status quo, iDiv/UFZ (Pe’er), EU Parliamentary Hearing, Brussels 21.6.2022.

4. Pe’er, G, Bonn, A, Bruelheide, H, et al. Action needed for the EU Common Agricultural Policy to address sustainability challenges. *People Nat.* 2020; 2: 305–316. <https://doi.org/10.1002/pan3.10080>.

5. European Commission, Directorate-General for Environment, Porsch, L, Klebba, M, Camboni, M. et al., A toolbox for reforming environmentally harmful subsidies in Europe – Final report, Publications Office of the European Union, 2022, <https://data.europa.eu/doi/10.2779/391004>

6. See EEB/BirdLife, Stepping up enforcement: [https://www.birdlife.org/wp-content/uploads/2022/06/2022-06-15\\_EEB-BirdLife\\_Enforcement-Recommendations-EC\\_Better-Compliance-Agenda.pdf](https://www.birdlife.org/wp-content/uploads/2022/06/2022-06-15_EEB-BirdLife_Enforcement-Recommendations-EC_Better-Compliance-Agenda.pdf), p. 9.



mechanism must therefore be extended to include serious violations of environmental law.<sup>7</sup>

#### 4. Legislative process: democratic, transparent and participatory

The process of **adopting the MFF must become fully transparent and allow for the participation of civil society**. Currently, the Commission does not even open consultations before proposing a new MFF. The decision-making processes within the Council are not transparent and the role of the EP – the only directly democratically legitimate

body – is weaker than in the ordinary legislative procedure. It is effectively being restricted to a veto right without formal rights to shape the process leading up to the deal agreed upon by the Member States.

The currently required unanimity in the Council regarding the adoption of the MFF should be replaced with a qualified majority vote. This would not only keep individual Member States

from blocking the adoption of a new MFF but also be in line with the suggestions of the Conference on the Future of the EU.<sup>8</sup>

Allowing civil society organisations to voice their opinions in this process will be an important step towards more transparency and openness in EU decision-making, as stipulated in the Treaty on the Functioning of the European Union (TFEU).

7. In addition to the requested changes, we demand that the right to a healthy environment must be included in the Charter of Fundamental Rights of the EU (CFR) as also demanded by the European Parliament.

8. Conference on the Future of Europe - Report on the Final outcome, p. 83, 1st para. (p. 83).

**The way forward:** Built on these principles and key elements, the next MFF can facilitate the urgently needed transition towards resilience and sustainability, thus making the EU an example in tackling the biodiversity and climate crises and fostering innovation and competition within planetary boundaries.



Salt lakes, Algarve, Portugal ©Birdlife ECA



# B. Stocktaking: a large funding gap, tracking, and monitoring

## 1. Financial needs and taking stock of the budget's impact on biodiversity and climate

There is currently a significant spending gap in financing biodiversity that needs to be closed as soon as possible. According to a study by the Institute for Environmental Policy (IEEP), financing the current measures necessary to comply with nature conservation laws, like the Birds and Habitats Directives, requires around €26,36bn per year.

Adding the goals of the Biodiversity Strategy 2030 on top of this baseline expenditure adds to a total of around €48,15bn per year. With only €29,46bn per year being currently provided through EU and Member State funds as well as private investment, this leaves a financing gap of around €18,96bn per year (see Figure 1).<sup>9</sup>

The EU is also not on track to reach its self-imposed goal to spend 10% of its budget on biodiversity by 2026/2027.<sup>10</sup> An increase in financial support for biodiversity protection is therefore crucial. If not addressed in the next MFF this funding gap will widen as the climate and biodiversity crises are mutually reinforcing their negative effects, with in many cases having irreversible impacts. It is essential to act immediately as the costs for adaptation and, if possible, restoration vastly exceed the costs of prevention and mitigation measures.<sup>11</sup> The MFF should also hold incentives leveraging public funding to upscale private investments in Biodiversity spending.

An increase of respective funds is also essential to reach the targets set during the UN Biodiversity Conference 2022 (COP 15), aiming at the restoration of 30 % of degraded land, ocean and inland water ecosystems and an increase in protected areas to the same amount by 2030.<sup>12</sup>

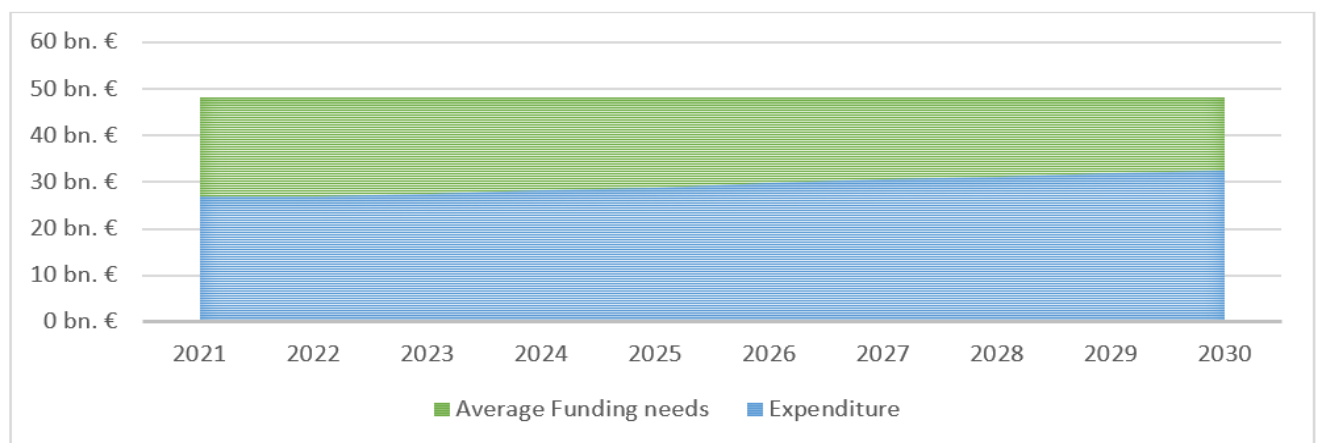


Figure 1: Estimated funding needs per year to meet the aims of the Biodiversity Strategy vs. estimated expenditure assuming no fundamental change in spending policies, leading to a cumulative financing gap of €186.89bn by 2030.

9. Nesbit, M, Whiteoak, K, et al (2022) Biodiversity financing and tracking: Final Report. Institute for European Environmental Policy and Trinomics.

10. This spending target was agreed between the Commission, the European Parliament and the Council, OJ 2020, L 433 I/28.

11. European Environmental Agency, briefing no. 23/2022, Assessing the costs and benefits of climate change adaptation, doi: 10.2800/081173

12. Target 2 & 3, final text of Kunming-Montreal Global Biodiversity Framework at the 2022 UN Biodiversity Conference: <https://www.cbd.int/article/cop15-cbd-press-release-final-19dec2022>



## 2. Improved tracking for biodiversity and climate spending

The EU introduced a target for biodiversity and climate spending of 10% and 30% respectively in the 2021-2027 MFF. The next MFF should continue to set such expenditure targets and ensure coherence with the Nature Restoration Fund (See section C.1.). The target needs to be broken down and allocated to all relevant funds by including it in the MFF Regulation and the Regulations for the individual funds. This will ensure that all existing funds contribute to the target instead of relying too heavily on a few funds – as is currently the case with the CAP.

This needs to be accompanied by improved tracking methods. The Rio Marker approach presently used is not reliable and tends to overestimate the biodiversity impacts, especially when the 40% marker is applied. The CAP's contribution to biodiversity or climate spending is therefore widely overstated by the Commission and in most cases low, insignificant, or highly uncertain and does not reflect negative impacts on biodiversity or climate.<sup>13</sup>

Recent recommendations by the Institute for Environmental Policy (IEEP), include using more markers to make the system more granular or focusing primarily on expenditure identified in each Member State's Prioritised Action Framework (PAF) under Natura 2000 as a reference point.<sup>9</sup> There is a much greater confidence that these funds will actually be aimed at biodiversity outcomes.

This would give a more realistic picture of the impacts on biodiversity from EU spending.<sup>14</sup>

## 3. Improved tracking for biodiversity and climate spending

There is a discrepancy between climate monitoring and biodiversity monitoring. This problem could be addressed in the next MFF by ensuring the long-term funding of biodiversity monitoring within the COPERNICUS programme. Increased funds in the corresponding envelope of the Horizon EU must further ensure the advancement of current monitoring methods and scientific research, addressing the challenges of the eminent biodiversity crisis.

**The way forward:** What follows is an urgent need to increase financial support for nature and climate – through improved mainstreaming as well as a dedicated fund – and an improvement in monitoring.

Specifically, we need reliable EU-harmonised data on land-use change, natural habitats extent and conservation status, and trends and distribution of all taxonomic groups, emphasising protected and key indicator species, whilst developing tools and strategies for their protection.<sup>15</sup> This should include EU structural (or long-term) co-funding of highly cost-efficient citizen science programmes like Common Birds Monitoring Scheme or the Butterfly Monitoring Scheme.

13. Bas-Defossez F, Hart K and Mottershead D (2020), Keeping track of climate delivery in the CAP? Report for NABU by IEEP.

14. See EP resolution from 15 Dec. 2022: EP, Upscaling the 2021-2027 Multiannual Financial Framework (2022/2046(INI)), paras. 73-74.

15. Pilotto, F., Kühn, I., Adrian, R. et al. Meta-analysis of multidecadal biodiversity trends in Europe. Nat Commun 11, 3486 (2020). <https://doi.org/10.1038/s41467-020-17171-y>

# C. Individual Funding Instruments

## 1. A dedicated Nature Restoration Fund

A resilient nature is our most valuable asset – it is the foundation of our food and natural resource production, plays a key role in the fight against climate change, and secures global livelihoods. However, nature protection and restoration are

still heavily underfunded. In fact, current funding of nature protection through an integrated approach, notably in agricultural and regional policy, is not delivering. This is mainly due to across-the-board payments without a clear intervention logic and competing objectives. While it is essential to improve biodiversity and climate mainstreaming in all sectors, following the principle of integration, we also need to ring-fence money for the



protection and restoration of nature. Ring-fencing money for biodiversity, like in the LIFE programme, has proven to be highly effective and efficient. Yet, LIFE only constitutes around 0,5% of the MFF.

#### What the policy should look like:

- Establish a dedicated Nature Restoration Fund which will build on the experiences of LIFE but will, in contrast, be mainly managed on a Member State level and not be restricted to individual projects.
- The Nature Restoration Fund should focus on large-scale nature restoration. Those measures can for example aim at large-scale nature restoration or the restoration of natural habitats through permanent land-use change. It should also be open to financing transformative measures such as land purchase or use restrictions, including the buyout of certain activities (e.g., logging, fishing, farming). The fund should be made available to a broad set of stakeholders involved in respective measures. This includes farmers, foresters, landowners, as well as NGOs, foundations, municipalities, citizen cooperatives, etc. Any project financed through the Fund should come with a scientific monitoring plan capable of mirroring the outcome against explicit objectives

## 2. LIFE

The LIFE fund will still be necessary alongside of a dedicated Nature Restoration Fund to finance flagship projects with innovative and experimental approaches towards nature conservation. **LIFE is performing extremely well and has secured several key species from extinction.** This is also due to the central management of the programme which allows for a high degree of control.

#### What the policy should look like:

- Both efficiency and the uptake of LIFE funds are high, which is why its budget needs to be increased to 1% of the MFF. For the sub-programme "Nature and Biodiversity", funding should be increased from currently

€0.3bn annually to at least €1bn annually.

- Increase co-financing by the EU in justified cases: Although co-financing by Member States is important to create ownership, it can be a problem in some Member States.<sup>16</sup> In justified cases, the co-financing by the EU should therefore be increased to 95%. In any case, the central management of the programme through DG ENV should be maintained.
- The focus of LIFE should stay on nature and biodiversity, amidst the new sub-programmes (circular economy and energy transition), since these are the core competencies of LIFE, where the programme's biggest successes were achieved.

## 3. Future proof agriculture – The new Common Agricultural, Food and Land Stewardship Policy

**Intensive agriculture is the number one driver of biodiversity loss globally and in the EU and a major driver of climate change, soil degradation and water and air pollution.** At the same time, farmers are also the early victims, suffering from the escalating biodiversity and climate crises. More frequent and severe droughts or other extreme weather phenomena or the loss of soil biodiversity and pollinators will explicitly impact farmers. Recent geopolitical changes have further explicitly exposed the sector's vulnerability and reliance on fossil fuels or fertiliser imports. Transitioning towards agroecological practices, and enhancing the resilience of the sector, is the only option there is.

The CAP reforms of the past have failed to address these issues with only minor improvements, not halting the policy's negative environmental effects and sociodemographic impact with farmers leaving the sector en masse. This understates that the current CAP is not fit for the challenges we are facing. It needs to be transformed from the ground into a new Common Agricultural, Food and Land Stewardship policy, moving away from a narrow focus on agricultural production, and embedding

16. Experiences have shown, that increased co-financing is in some cases essential for project uptake, as it helps to unlock political constraints when decisions on projects are taken on a political basis and prevent the rejection of project proposals justified by financial constraints.





the policy into a holistic transition towards a sustainable food system.

In this food system, agroecology should be embraced as the new norm and public money streamlined towards the provision of ecosystem services in the long term. The farming sector must become more diversified and resilient, fostering an attractive rural economy emphasizing the provision of locally grounded, healthy, and increasingly plant-based diets.

#### What the policy should look like:

- CAP funds should be repurposed to support the transformation of the agriculture sector towards sustainability and resilience through a wholesale transition to agroecology, reward land managers for good land stewardship and delivery of ecosystem and contribute to the transition to sustainable, fair and healthy broader food system services.
- Untargeted and harmful subsidies, particularly the area-based income support and production-linked subsidies but also unsustainable irrigation, intensive livestock rearing, and peatland drainage must be rapidly phased out or halted immediately. These funds should be repurposed and transferred to ecologically sound measures.
- **A just transition mechanism** must be put into place, funding a throughout transition of the farming sector towards sustainable practices, including the buying out of unsustainable land use practices. This mechanism should serve to ensure farmers a socially just income and a

financially worthwhile transition, notably by accompanying them in developing their skills. This can also halt their excessive dependence on public money. The mechanism could also encompass a respective regulation of competition and EU foreign trading schemes, which is an essential first step towards true cost accounting in the agricultural sector.

- Strong performance targets and accountability targets should be put into place, ensuring that Member States spend the CAP funds efficiently towards respective targets and are held accountable if not. Increased transparency and capacity building within EU and Member State authorities are key in this regard.
- The management of CAP funds must become digital and transparent, easing, and economizing their handling for all parties. Digital transformation should concurrently ease transparent and anonymous on-farm data collection, facilitating performance monitoring of the policy instruments.

#### 4. Fisheries - from sectoral support to an ecosystem-based Ocean Fund

The Common Fisheries Policy has focused on maximising the extraction of target species while the European Maritime and Fisheries Fund (EMFF) has largely subsidised an otherwise unprofitable, fossil-fuel-intensive industry. Through harmful subsidies, fostering a continuous increase in fleet size and capacity, the EMFF has put pressure on authorities to set unsustainable quotas and increase subsidies – a vicious cycle which will end



with the collapse of our fish stocks and the fisheries industry.

In addition, seafood markets are shifting towards increasingly conscious and sustainability-led consumer decisions. Besides an overall reduction of seafood consumption, Europe should get on this trend, giving its fishing fleet a first-mover advantage by subsidising needed innovations in fishing, ocean protection and restoration.

A new Ocean Fund should be established, underpinned by marine spatial planning that follows an ecosystem-based approach, centred on the achievement of good environmental status, and long-term restoration and conservation of the marine environment. This ecosystem-based approach needs to consider the cumulative impacts of activities at sea and should only promote transparent low-impact and low-carbon activities. The new fund must also ensure a just transition of ocean-related sectors.

#### **What the policy should look like:**

- The new Ocean Fund should fund active restoration and enforce passive restoration measures such as no-take zones and Marina Protected Areas (MPAs) with respective monitoring of these, including education and awareness raising among marine users on marine conservation and restoration. Other conservation measures such as the control of invasive species, marine biosecurity or ghost gear removal should be increased as well.
- The new fund should support the monitoring and assessment of the impacts of ocean-related activities such as fishing, aquaculture, shipping and renewable energy deployment

on ecosystems with innovative monitoring tools such as video systems/automated monitoring technologies. Beyond monitoring of these specific activities, funding should be provided to monitor the wider state of the marine environment to better understand the effects of climate change; The introduction of innovative and increasingly automated monitoring tools, supported by the Copernicus Programme and Horizon EU.

- The fund should also support the development and testing of mitigation measures to address the impacts of activities and support the rollout of proven effective measures (e.g., to address the issue of bycatch, speed restrictions, nature inclusive design of new infrastructures);
- The fund should contribute to the just transition of the fisheries sector, including:
  - Its decarbonization with innovative and cleaner operational practices that reduces fuel consumption and does not increase the capacity of the fleet.
  - The prioritisation of local value chains and adding value in the fish supply chains in order to increase incomes to encourage overall reduction of maritime transport footprint and transparency of the food system.
  - The diversification of income sources for fishers, including the diversification of activities in the fish value chain, or expansion to additional activities (e.g., fishing tourism, renewable energy, MPA management, marine restoration, research, etc.) and the cooperation between fishers and scientists to create a culture of co-ownership of environmentally innovative projects.







## 5. Cohesion Policy – nature at the heart of regional development

The EU Cohesion Policy is another important vehicle towards the intersectoral integration of nature-positive spending. The two main funds in this regard, namely the European Fund for Regional Development (EFRD) and the Cohesion Fund (CF), which are very much centred on stimulating regional development, are an essential element of the MFF biodiversity expenditure with the third largest share with €20 billion over the 2021 to 2023 period.<sup>17</sup> While this is welcomed, there are fundamental obstacles to effective biodiversity funding through the CF and the EFRD, as reflected by a low absorption rate.<sup>18</sup>

These obstacles include a high administrative burden as well as pre- and co-financing for those trying to implement conservation and restoration projects, which are mainly NGOs. Additionally, there is a lack of knowledge and expertise about biodiversity conservation and financing and a lack of cooperation among all involved stakeholders and decision-makers.

### What the policy should look like:

- Establish strong environmental conditionality for cohesion funds to avoid funding contradicting projects. At least 30% of the ERDF and 37% of the CF funds are already dedicated to climate objectives. A spending target on biodiversity is, apart

from the overall 10% goal, still missing however and should be implemented.<sup>19</sup>

- Ensure that the programming with the Member States happens in due time. Currently, negotiations take too long; when the programmes are finally implemented, there is only little time remaining to spend the money.
- As already asked for above, an immediate phase-out of environmentally harmful subsidies through the EFRD and CF is necessary.
- To close the knowledge gap for stakeholders, increase cooperation between them, and facilitate the implementation of environmentally beneficial projects whilst improving absorption, clear guidelines are needed.
- Amplify the agroecological transition and expand the just transition mechanism to other harmful activities and industries, such as intensive livestock farming to support a transition or phase-out of these and accordingly expand the selected NUTS-3 regions.

17. Aubert, Gabrielle; Hugh McDonald, Levin Scholl 2022: How much will the implementation of the Nature Restoration Law cost and how much funding is available? IEEP, Ecologic Institute: Brussels, Berlin.

18. In 2021, only 63% of the Cohesion Policy spending was absorbed: [agenceurope.eu/en/bulletin/article/12902/31](https://agenceurope.eu/en/bulletin/article/12902/31).

19. Regulation (EU) 2021/1058 of the European Parliament and of the Council of 24 June 2021 on the European Regional Development Fund and on the Cohesion Fund



# 5. Other issues: revenues from environmental Instruments

**T**he EU should become more independent from Member State contributions to the MFF. One of the ways to ensure this is to increase revenues that directly contribute to the EU budget.

Consequently, revenues from the new Carbon Border Adjustment Mechanism (CBAM) and the EU Emissions Trading System (ETS) should feed directly into the EU budget and be used to finance

environmental protection. Along the same line, a new EU-wide environmental taxing system should be introduced, covering for example plastics, pesticides, mineral fertilisers or animal feed. Its revenues should also feed directly into the EU budget.

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for nature  
and people

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