BRIEFING PAPER #112

THE PRICE OF SHIFTING PRIORITIES: A BAD START FOR THE NEXT EU BUDGET

The proposed EU budget for 2028–2034 may be the largest in the Union's history, but will it deliver where it truly matters? This brief examines what is changing, who stands to lose out and how Europe can realign its budget to prioritise investment in people and the planet.

The European Commission's proposal for the next Multiannual Financial Framework (MFF) prioritises competitiveness, defence and border control. Under the guise of 'simplification', funds for social objectives such as social inclusion and education are being absorbed into broader envelopes, thereby undermining accountability and transparency. At the same time, instruments dedicated to environmental action and a just transition are being discontinued.

To fulfil the objectives of the European Pillar of Social Rights and the European Green Deal, the next MFF must include binding social and environmental commitments, ensure fair and transparent governance, and empower civil society and communities to help determine Europe's future.

REALISING A SOCIAL EUROPE FOR ALL

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I. WHAT IS THE MULTIANNUAL FINANCIAL FRAMEWORK (MFF)?

The European Union's budget is a powerful **investment lever to deliver progress** across SOLIDAR's areas of work: advancing social justice and reducing inequalities; defending and expanding civic space and democratic participation; promoting inclusive lifelong learning and citizenship education; and ensuring transitions are just and fair. It also anchors Europe's role as a strong actor in the world, with funding for external action being crucial for upholding commitments to partner countries and sustaining the EU's global ambitions.

The EU's long-term budget, also known as the **Multiannual Financial Framework (MFF)**, is set out in a binding Council Regulation that establishes the EU's **spending priorities and maximum annual spending amounts** (or 'ceilings') for each policy area ('headings') within EU competence for a period of seven years. This framework ensures that financial resources are aligned with political priorities and provides predictability for co-financers and beneficiaries. The EU budget is financed through a system of **'own resources'**, which include contributions based on Member States' Gross National Income (GNI), a share of customs duties and value-added tax revenues, as well as other smaller sources.

Although the current MFF runs until 2027, negotiations between EU institutions and national governments begin years before the new MFF comes into force. On 16 July 2025 the **European Commission published its proposals for the next MFF**, which will run **from 2028 to 2034**. While the framework's scope and decision-making process are highly technical, the negotiations themselves are fundamentally political and carry long-lasting implications for the EU's strategic ambitions. Moreover, the next MFF will be negotiated in **an exceptionally challenging context**, shaped by the most right-wing European Parliament and Commission in the Union's history, mounting geopolitical pressures driving increased investment in defence and security and a renewed focus on competitiveness that further limits the resources available for priorities such as climate action and social justice.

The adoption of the MFF follows a **special legislative procedure**. The European Commission's proposal for the MFF Regulation for the period 2028–2034, which establishes the overall financial architecture and spending limits, will next be **negotiated by the Council of the EU**. The Council must reach a unanimous decision among all Member States. While the European Parliament cannot amend the proposal, it must give its consent by a majority of votes cast. Negotiations among Member States and European Parliament will continue throughout 2026 and possibly into 2027, until a political agreement is reached at the level of EU leaders. The Council Regulation will then be adopted and will come into force on 1 January 2028.

This process runs in parallel with two other closely intertwined workstreams. On the one hand, there is the **sectorial legislation establishing the separate funding instruments**, such as Erasmus+, Horizon Europe and the European Social Fund. This follows the ordinary legislative procedure, meaning the Council and the Parliament have equal weighting. They negotiate their respective positions and reach an agreement during the so-called 'trilogues', which are institutional dialogues between the European Commission, the European Parliament and the Council. On the other hand, negotiations take place over the thorny issue of own resources, i.e. non-GNI-based revenues that flow directly into the EU budget. The **Own Resources Decision** is one of the most complex pieces of legislation to negotiate, requiring the unanimity of the Council, the opinion of the European Parliament and the ratification of national parliaments.

Because these processes are so closely connected, negotiations on one piece inevitably affect the others. Nothing will be agreed until everything has been agreed. Both the Member States and the European Parliament will therefore need to weigh up their priorities strategically in order to secure the best possible outcome in the final agreement.

II. AMOUNTS AND NEW STRUCTURE OF THE NEXT MFF

The Commission has proposed an **overall budget of nearly €2 trillion** for the period 2028–2034. When converted to 2025 prices, the proposed budget totals €1.7 trillion, equivalent to 1.26% of the EU's average GNI. At first glance, this appears to be significantly higher than the 2021–2027 MFF, which amounted to €1.2 trillion (in 2025 prices). However, around 0.11% of GNI (€149 billion) is reserved for **repaying debt from the NextGenerationEU** (NGEU) instrument, which provided Member States with €800 billion in additional recovery financing through EU borrowing on the markets in response to the Covid-19 pandemic. Repayment of this debt will place a considerable burden on the next budget, leaving around 1.15% of GNI for EU programmes, only slightly above the 1.13% allocated in the current cycle. Moreover, some instruments that were previously outside the MFF, such as the Social Climate Fund, are now included. Coupled with the fact that priorities have shifted and expanded, it is clear that **the proposed budget is insufficient**. Agreement on its size will also depend on the adoption of new own resources, which remains highly uncertain given the diverging views in the Council over this issue.

The European Commission's proposal for the next MFF represents a **significant restructuring** of the EU budget. It is presented as having a simpler structure, reducing the number of headings from seven covering 52 programmes to four encompassing 16 programmes, and as providing a more flexible and impactful framework designed to create synergies across policies, ensure predictable investment and build in the capacity to respond to unforeseen shocks. While this streamlined and more flexible approach may offer certain advantages, it raises concerns about the traceability of spending across policy areas and, consequently, the **effective allocation of resources** for social and environmental objectives. Moreover, the higher proportion of unprogrammed components, fewer programmes and built-in reserves gives the European Commission greater control over the budget. For example, the Commission could reallocate funds between different priorities within the same budget instrument without needing prior approval from the European Parliament and the Council. Of particular concern is the **discontinuation of key standalone EU programmes** such as the Just Transition Fund and the long-standing LIFE programme, the EU's only instrument dedicated exclusively to climate, nature and the environment.

The proposal's **priorities closely align with the EU's current political agenda**, focusing on security, energy and migration challenges while bolstering competitiveness, innovation, industrial capacity, emerging technologies and defence. The four headings of the proposal are:

- **Heading 1** ***'Economic, social and territorial cohesion, agriculture, rural and maritime prosperity and security'*** (€1.06 trillion): This heading includes the new **National & Regional Partnership Plans** (NRPPs) (€865 billion), which are country-specific payment plans for the 27 Member States. The plans will be co-designed between the Commission, Member States and stakeholders to contribute to common EU objectives, taking into account the needs of each Member State and region. These plans will be linked to national reform commitments and performance, and will merge existing funding instruments, including the Common Agricultural Policy (CAP), which provides subsidies to Europe's farmers, Cohesion Policy, which supports Europe's less developed regions, and the European Social Fund+.

- **Heading 2** ***'Competitiveness, Prosperity & Security'*** (€589 billion): This heading includes a newly created **European Competitiveness Fund** (€450 billion), which will merge 14 existing programmes (such as InvestEU and LIFE) to support investments in clean energy, health, agriculture, security and defence. **Horizon Europe** (€175 billion), the flagship programme for science and innovation, and **Erasmus+** (€40.8 billion) will remain separate funds, while CERV will be merged with Creative Europe to create a new programme called AgoraEU (€8.6 billion).

- **Heading 3** ***'Global Europe'*** (€215 billion): This heading includes the **Global Europe Instrument** (€200 billion), which merges all existing instruments providing support for development cooperation, humanitarian aid and the neighbourhood, as well as support for countries seeking accession to the EU.

- **Heading 4** ***'European Administration'*** (€117 billion).

In addition to the ceilings, there are proposals for:

- A new €150 billion 'Catalyst Europe' loan scheme, whereby the Commission borrows at low rates and provides loans to Member States for strategic investments.

- A €100 billion 'Ukraine Reserve' to support Ukraine's recovery, resilience and reforms as a continuation of the Ukraine Facility instrument.

- In addition to a fixed annual amount of €2 billion, decommitments and net fines from the previous year will be redirected to a Flexibility Instrument to **respond to new or unexpected needs** when other flexibilities are unavailable.

- A Crisis Mechanism can be activated in case of severe crises to provide loans to Member States of up to €395 billion (0.25% GNI). The Council will decide on the activation of this mechanism.

The proposed **budget expenditure tracking and performance framework** introduces horizontal principles across the entire EU budget, including a minimum spending target of at least 35% for climate and environmental objectives to support the goals of the European Green Deal (article 4), a streamlined application of the 'Do No Significant Harm' principle (article 5) and support to gender equality (article 7). Its Annex includes indicators to track and report on the budget's performance, including **social, climate and environmental indicators** (see next section). Moreover, the Commission proposes to **tighten the Rule of Law and Charter of Fundamental Rights conditionality**: payments can be suspended in cases of systemic deficiencies, and funds lost due to breaches may be reallocated to EU-managed programmes supporting democracy, civil society, Union values, or anti-corruption initiatives.

To finance this level of spending, the Commission has proposed a strengthened system of new **Own Resources**, which are designed to both repay the shared recovery borrowing and deliver on policy priorities, while keeping GNI-based national contributions stable. The package would direct revenues from the EU Emissions Trading System (ETS) and the Carbon Border Adjustment Mechanism (CBAM) towards the EU budget, while introducing **three new sources**: a resource linked to uncollected e-waste, a tobacco excise duty-based resource and a Corporate Resource for Europe (CORE), which would consist of a one-off contribution from large companies operating in and selling to the EU. While having new own resources is crucial for ensuring sustained funding for key priorities, the proposal misses an opportunity to make the biggest polluters contribute, such as the fossil fuel industry, aviation, financial transactions, and the wealthiest individuals.

III. FUNDING FOR SOCIAL RIGHTS, MIGRATION AND ASYLUM

The EU's main funding for social rights will fall **under Heading 1**. The **European Social Fund (ESF)** is presented as 'the main instrument to invest in Europe's people, their future and preparedness' and will operate within the framework of the NRPPs alongside other EU programmes. While the proposed European Social Fund Regulation requires Member States to **allocate a minimum amount of funding to the ESF under the NRPPs**, it does not specify the exact amount. In parallel, the proposed NRPP Regulation requires that **14% of NRPP resources be allocated to achieving the Union's social objectives** (article 22), without specifically referring to the ESF. However, replacing a dedicated ESF+ budget line with a 14% social spending target spread across multiple NRPP funds **risks diluting the ESF's impact by dispersing resources across a broader range of investment areas**, some of which may not have an explicit social focus. Moreover, a social spending target of 14% within a €771.3 billion envelope would roughly correspond to the current combined allocations for the European Social Fund Plus (ESF+) and the Just Transition Fund, which is clearly insufficient to address the scale of Europe's social challenges. In fact, it would represent an overall reduction in social spending once the temporary NGEU/RRF instruments end. Moreover, this target is loosely defined and **lacks clear policy objectives, ring-fenced funding lines or enforceable criteria**. Finally, it applies exclusively to NRPPs and not to other parts of the EU budget.

The ESF will aim to help 'build an empowering social Europe and contribute to economic, social and territorial cohesion' in synergy with the European Pillar of Social Rights (EPSR). The ESF will support the implementation of EU policies and national or regional structural reforms in the areas of **employment, education and skills, social inclusion and care services**, including long-term and healthcare services. In line with the current Commission's priorities, the proposed Fund takes a **predominantly labour market-oriented approach**, with a particular focus on developing skills for competitiveness and labour market participation, notably in connection with the Union of Skills. It also aims to address the social aspects of the green and digital transitions, though primarily in terms of their impact on employment. Meanwhile, social inclusion is referenced only in vague terms, largely as an add-on to employment-related objectives. In light of the EU's ongoing inability to fulfil its poverty reduction target under the EPSR Action Plan, the Regulation should introduce clearer guarantees and **specific investment targets for social inclusion measures**.

The ESF's main target groups will include **young people, people with disabilities and children**. Roma communities, third-country nationals and women are also mentioned in the proposed Regulation, albeit much less prominently, and always in the context of increasing their participation in the labour market. More positively, the ESF Regulation recognises the important role of partnerships in effectively implementing the Fund and calls for **cooperation at Member States level with civil society organisations and social partners**. In addition, the Commission underlines that 'Member States that have received a country-specific recommendation in this area should allocate resources of the ESF to promote the capacity building of social partners and civil society organisations.' This recognition is a welcome step, as it strengthens the European Semester's recommendations regarding the involvement of civil society organisations in policymaking.

The EU budget's contribution to social policies within the Union will be **monitored across the entire budget** using the expenditure tracking framework referred to in the previous section. As set out in Annex 1 to the proposed Performance Regulation, this framework assigns a **predetermined coefficient to each intervention**, reflecting the extent of its contribution to social objectives. For example, funding for education (excluding infrastructure) is categorised as 100% social, whereas support for digital equipment in schools or energy efficiency upgrades to educational buildings is categorised as 40% social. A similar approach applies to health-related expenditure. This represents a significant improvement over the Recovery and Resilience Facility (RRF) methodology, in which each measure (reform or investment) is only recorded as social expenditure if its primary objective is social and measures either count fully (100%) as social expenditure or not at all. However, the new framework has important limitations. **Social reforms are automatically rated as contributing 100% to social rights**, even though many reforms have limited or uncertain social impact. This means that the system prioritises the quantity of reforms over their outcomes. Moreover, as the nature of these reforms is not clearly defined, Member States have considerable discretion, which could result in measures that undermine welfare systems or restrict access to social rights, particularly for marginalised groups, being counted as 'social'. Lastly, the social tracking framework does not cover actions outside the EU (Article 6 of the proposed Performance Regulation), resulting in gaps in the overall assessment of the budget's contribution to social objectives.

The **Union support for asylum, migration and integration** is also included under **Heading** 1 and is therefore part of the NRPPs. The Commission has announced an overall budget of €81 billion for migration, border management and internal security. However, nearly half of this amount (€34 billion) has been earmarked for border enforcement, which is triple the funding allocated in the current period. Frontex, an agency that has been accused of complicity in human rights violations at EU borders, will see its budget double to almost €12 billion. Unfortunately, the outlook for **increased funding for asylum and inclusion programmes remains far less certain**. The priorities of the Union support for asylum, migration and integration, as set out in the proposed Regulation, remain largely consistent with those of the Asylum, Migration and Integration Fund (AMIF) under the current MFF. However, there are some **subtle differences in the wording of the specific objectives**, most notably the addition of the 'weaponisation of migration' phenomenon to be combatted alongside trafficking and irregular migration. Moreover, it is unclear what the Commission means by references to 'innovative methods' and 'new technologies' to support fair responsibility-sharing among Member States. A significant change is the removal of earmarking (spending targets), which allows Member States to allocate less funding to certain areas. This is particularly problematic for asylum and inclusion programmes, which are already underfunded and at risk of being deprioritised further by some governments.

IV. FUNDING FOR EDUCATION, LIFELONG LEARNING AND CIVIC SPACE

Heading 2, 'Competitiveness, Prosperity and Security', will include relevant programmes in the fields of education and lifelong learning (such as Erasmus+), as well as democracy, civic education and participation (such as CERV). The Commission's focus on simplification and streamlining for the next MFF has had a significant impact on this area, leading to substantial revisions to the structure of Erasmus+, CERV and other major programmes.

In the proposed Regulation for Erasmus+, the European Commission suggests **merging Erasmus+ and the European Solidarity Corps (ESC)**, which would result in a combined budget of €40.8 billion. While this appears to be a considerable increase on the current €26 billion for Erasmus+ and €1 billion for the ESC, the picture changes once inflation and the merger are taken into account. In 2028 prices, the new Erasmus+ budget would effectively correspond to €35.4 billion, indicating that the actual increase is more modest than it seems. Moreover, the programme will undergo substantial structural changes as **the current 'Key Action' framework is replaced by two main pillars**: 'Learning Opportunities for All' and 'Capacity-Building Support'. The European Solidarity Corps will be incorporated into Erasmus+ under a youth-focused strand, meaning dedicated earmarking and specific policy measures for volunteering will no longer exist. There is a high degree of uncertainty surrounding how priorities such as non-formal education, democratic participation and support for small organisations will be maintained or tracked, given the removal of dedicated sectoral chapters and associated earmarking. Lastly, compared to the current programme, the proposal places a stronger emphasis on competitiveness and labour market relevance: the first specific objective explicitly highlights the need to improve education, skills and competencies, **focusing on their relevance to the labour market**, while also fostering personal development and contributing to a competitive, sustainable and cohesive society.

The Commission also proposes merging **CERV (Citizens, Equality, Rights and Values)** and Creative Europe to create a new **AgoraEU programme** with a budget of €8.6 billion. As set out in the proposed AgoraEU Regulation, the programme's main objectives are to: 1) Promote and safeguard EU values such as democracy, rule of law, human rights, and equality; 2) Support media freedom, pluralism, and resilience against disinformation; 3) Strengthen Europe's cultural and creative sectors and protect cultural heritage; 4) Empower civil society and reinforce democratic participation. This new programme is structured around three budget strands: Creative Europe – Culture, MEDIA+, and the Democracy, Citizens, Equality, Rights and Values strand (previously CERV). €3.6 billion has been specifically earmarked for the Democracy, Citizens, Equality, Rights and Values strand, representing **a doubling of the €1.5 billion currently allocated to CERV**. This enhanced investment in democracy, media, civic education and participation is much welcomed. Moreover, SOLIDAR welcomes thematic initiatives under AgoraEU, including the new Democracy Shield.

The merger of the CERV and Creative Europe programmes is clearly intended to enhance policy coherence and provide greater budgetary flexibility in order to address the evolving challenges faced by democracy, the media, culture and civil society. While this consolidation creates opportunities for cross-sectoral collaboration and increases the visibility of shared democratic and cultural priorities, SOLIDAR is concerned that the **specific focus on civil society and citizen participation may be diluted** within the broader programme objectives. Of particular concern is the absence of references in the Regulation to **structural support mechanisms, such as operating grants, and to the Civil Dialogue Group,** the existence of which is instead enshrined in the legal basis of CERV. These changes would undermine sustained civil society and citizens' engagement and represent a backward step in terms of recognising the essential role of civil society networks in shaping EU programmes and priorities.

V. FUNDING FOR INTERNATIONAL COOPERATION

The **Global Europe** instrument, which constitutes almost the entirety of **Heading 3** of the new MFF architecture, represents a significant restructuring of the EU's external action funding. Several previously separate instruments have been brought together under a single, consolidated framework, including the Neighbourhood, Development and International Cooperation Instrument (NDICI)-Global Europe, the Instrument for Pre-Accession Assistance (IPA III) and humanitarian aid. Although this merger of various instruments is presented as a move towards greater coherence and flexibility, it poses considerable risks. By amalgamating diverse tools, the EU risks **obscuring the distinctions between fundamentally different policy objectives**, potentially resulting in the relegation of long-term goals such as poverty eradication, human rights and climate justice to the backdrop of short-term geopolitical and migration control priorities.

The total indicative financial envelope for Global Europe amounts to **€200.3 billion**, distributed across six pillars:

a) Europe (€43.17 billion),
b) Middle East, North Africa and the Gulf (€42.93 billion),
c) Sub-Saharan Africa (€60.53 billion),
d) Asia and the Pacific (€17.05 billion),
e) Americas and the Caribbean (€9.14 billion), and
f) A global pillar (€12.68 billion) absorbing the former standalone programmes for human rights, civil society and global public goods.

While the headline figure of €200.3 billion represents an increase on the previous budget, the amount looks less generous when adjusted for inflation.

In the name of flexibility, the proposed Global Europe Regulation removes all specific spending targets (e.g. 10% for migration and 30% for climate change), while retaining the requirement for **at least 90% of the instrument's expenditure to qualify as Official Development Assistance (ODA)** and contribute to collective commitments, including those towards the Least Developed Countries (LDCs). While this appears to reaffirm the EU's development mandate, SOLIDAR remains cautious. Without **binding safeguards and ring-fenced allocations**, the ODA label risks being used to justify spending that primarily serves EU strategic interests, particularly in areas relating to migration control and private sector engagement. Moreover, the provision enabling the Commission to **unilaterally amend the 90% threshold via delegated acts** (Article 6(6) of the Regulation) undermines democratic oversight and accountability.

The provisions on migration in the proposed Global Europe Regulation further highlight **the risks of instrumentalising development cooperation**. The new instrument **strengthens migration conditionality**, making the disbursement of funds to third countries contingent on their cooperation with EU migration objectives. While the NDICI took a flexible, incentive-based approach, the proposed Global Europe Regulation introduces a suspension clause that enables the Commission to stop funding (except for humanitarian assistance) if a partner country 'fails to readmit its nationals'. This shift from positive incentives to negative leverage is an unfair approach to cooperation that prioritises the EU's repressive migration agenda over the needs of partner countries, thereby undermining the spirit of partnership.

VI. FUNDING FOR A JUST GREEN TRANSITION

As mentioned in the second section, the Commission has proposed a horizontal spending obligation of **at least 35% for climate and environmental objectives**. While this increase from the current 30% target is welcome, the new figure is still only partial, as it does not apply to the entire EU budget and is calculated based on the total budget minus defence and security expenditure. The existing standalone biodiversity target will be absorbed into the 35% envelope, resulting in the loss of dedicated biodiversity funding. Moreover, as no specific green targets have been set for individual instruments such as Global Europe, it will be impossible to ensure that all policy areas contribute to the expected level of climate ambition. Lastly, the methodology for tracking 'green spending' remains unclear, leaving room for loopholes and weak implementation. Taken together, these shortcomings cast serious doubt on whether the next MFF will truly enable the EU to meet its 2030 and 2040 climate and environmental targets.

In terms of the **EU's commitment to a *just* green transition**, the proposal for the next MFF represents **a major setback**, particularly since Commission President von der Leyen promised to 'significantly increase our funding for a just transition across the next long-term budget' in her 2024 Political Guidelines. The main framework for investment in a just transition is confined to **Heading 1** of the new MFF architecture, in which the Commission lists '**just transition' as one of the new NRPPs' objectives**. However, it does not allocate specific funding or set out detailed requirements, risking fragmented and uneven approaches to a just transition across the EU. Most importantly, the Commission proposes to **discontinue the Just Transition Fund (JTF)**, which supports 96 territories across Europe that are facing major socio-economic challenges due to the decline of fossil fuels and carbon-intensive industries with a budget of €19.7 billion under the current MFF, including €10.87 billion from the temporary NGEU instrument. The proposal foresees merging the JTF with the Social Climate Fund (SCF), which retains its own budget line of €50.1 billion, and with 13 other funds into the new NRPPs, raising questions about how affected territories and regions will be able to sustain and advance the work initiated with the JTF's support.

The Commission has also proposed **changes to the SCF**, which from 2026 will provide EU Member States with up to €65 billion to support vulnerable groups affected by the introduction of the ETS2 system. Its duration will be extended from 2032 to 2034, and the nationally designed Social Climate Plans (SCPs) will be integrated as a dedicated chapter within the NRPPs. However, the SCF's limited budget cannot be expected to support all NRPP social objectives, and the fact that ETS2 funding will remain at Member States' discretion raises questions as to whether it will reach the most vulnerable groups. Beyond the JTF and the SCF, references to a just transition in the proposed NRPP regulations remain **limited and largely superficial**. For example, Article 4 of the proposed European Fund for Regional Development and Cohesion Fund Regulation requires Member States to 'pay special attention' to the challenges faced by disadvantaged regions, **including just transition areas**. This *may* include commitments to dedicated funding and *could* be reflected in dedicated NRPP chapters. The EU's stated commitment to a just green transition cannot depend on such non-binding language and entirely optional measures.

The other components of the new MFF largely sideline just transition. The European Competitiveness Fund (ECF), part of Heading 2 of the proposed new MFF, lists 'ensuring a just transition' among its many objectives, yet it is primarily designed to support **the 'clean transition' of large companies and industrial sectors** rather than workers, communities or regions. This approach risks bypassing many regions that lack strategic industries such as steel or automotive production. To make matters worse, the proposal does not include any **social conditionalities** to guide the allocation of funding to companies, whether through the ECF or the NRPPs, which can complement competitiveness action. Without these conditions to ensure investments contribute to quality jobs, fairness and social inclusion, the MFF will fail to deliver a genuinely just transition.

VII. CONCLUSIONS

Given the current political context, it is perhaps unsurprising, yet still very worrying, that the Commission's proposal for the 2028–2034 MFF prioritises industrial competitiveness, border control and defence over social inclusion, poverty eradication, education, citizen participation, the green transition and international cooperation. While allocations for social and climate policies appear higher on paper, their real value stagnates or even declines once inflation, debt repayments and reclassified instruments are considered. Moreover, investment in social policies is increasingly subordinated to labour market objectives and competitiveness, rather than aimed at strengthening social rights and cohesion. Key programmes such as LIFE and the Just Transition Fund are set to be discontinued, jeopardising the valuable progress achieved by regional and local authorities and civil society across Europe in recent years. Although this shift is presented as a response to geopolitical instability and economic challenges, it effectively undermines the financial foundations needed to deliver the EU's long-term commitments under the European Pillar of Social Rights and the European Green Deal. **The EU must reverse course and substantially scale up investments in people and the green transition to ensure a fair and sustainable future for all.**

Although merging long-standing instruments under broader headings could simplify administration and promote policy coherence, failing to set clear objectives, targets and strategies for the use of available funding when doing so risks blurring distinct policy goals. The disappearance of ring-fenced budgets and dedicated policy mechanisms further threatens to sideline key priorities such as poverty reduction, inclusion, volunteering and environmental protection within larger funding envelopes driven by politics that prioritise competitiveness and defence over social investment. Simplification should serve people and communities, not come at their expense. Furthermore, the adopted 'money-for-reform' approach, which links EU funds to reform commitments, risks paving the way for new austerity measures and further deregulation. Such mergers also carry a very real risk of undermining the predictability of EU funding across several policy areas. Overall, social and environmental commitments remain broad and non-binding, lacking concrete targets or binding rules linking funding to outcomes in terms of fairness, inclusion or sustainability. In contrast, the MFF reinforces compliance and migration-related conditionalities, exposing a troubling double standard in accountability. To avoid deepening inequalities within and beyond its borders, **the EU must establish clear and binding social and environmental spending requirements, embed fairness and sustainability criteria across all funding streams and ensure that resources are directed towards the people, communities and regions that need them most.**

Lastly, the proposed simplification of the MFF structure and the expansion of unprogrammed reserves reduce the powers of the European Parliament and the Council, giving the European Commission unprecedented discretion over spending decisions, including the reallocation of funds between different priorities within the same budget instrument. At a national level, in the absence of earmarked funding or binding requirements, governments could divert EU funds to cover domestic budget shortfalls and exercise considerable discretion over which social priorities to address. While the proposal retains a reference to the partnership principle, the consolidation of programmes and the stronger focus on centralised planning, including the Commission's steering role linked to milestones and performance frameworks, risk shifting decision-making power away from regions and limiting the structured participation of regional and local authorities, social partners and civil society. This offers little assurance that EU-funded measures will prioritise long-term social objectives and the needs of the most affected groups, communities and regions over short-term political considerations. These developments risk reinforcing a top-down approach and exacerbating the democratic deficit in the EU budgetary process, directly contradicting the argument put forward by Commission President von der Leyen to justify this restructuring. To address these issues, **the EU must establish robust mechanisms for inclusive governance, transparency and accountability, underpinned by strong social and civil dialogue.**

SOLIDAR'S RECOMMENDATIONS FOR THE NEXT MFF

The following recommendations outline SOLIDAR's vision for an EU budget that advances democracy, social justice and sustainability in Europe and globally:

OVERALL MFF

1. Ensure that the entire EU budget contributes to social progress. Article 6 of the Budget Performance and Tracking Regulation should include a **robust horizontal principle** that steers all EU investments towards a more social and inclusive Europe and supports the full implementation of the **European Pillar of Social Rights (EPSR)**. This would provide a legal basis for **earmarking for social objectives**, as well as **introducing social conditionalities** for recipients of public funding, including companies supported under Headings 1 and 2 of the new MFF architecture.

2. Ensure strong climate and environmental mainstreaming across the EU budget. The **green mainstreaming target** set in Article 4 of the Budget Performance and Tracking Regulation should be raised from 35% to 50% of the €2 trillion EU budget (**equivalent to €1 trillion** in constant prices) to effectively deliver on all climate and environmental objectives. Additionally, distinct and binding earmarking should be introduced for **biodiversity and other key environmental priorities**. The Regulation should also reinforce provisions ensuring robust environmental conditionalities and the full implementation of the "Do No Significant Harm" (DNSH) principle.

3. Improve the tracking of social spending and outcomes. The indicators in Annex I of the Budget Performance and Tracking Regulation should be revised to align with the **European Pillar of Social Rights** and forthcoming initiatives such as the Quality Jobs Agenda, EU Anti-Poverty Strategy and European Affordable Housing Plan. Social tracking should apply to actions both within and outside the EU and should include **quantitative and qualitative assessments** of what constitutes social spending. Calculations of social coefficients should reflect each measure's expected contribution to social inclusion and equitable access to social rights, with particular attention to the needs of **marginalised groups**.

4. Strengthen the role of social and civil dialogue in EU funding. Robust oversight and accountability mechanisms should be put in place to prevent greater flexibility from diverting resources away from social and green priorities. The **meaningful involvement** of civil society organisations and social partners in designing, implementing and monitoring relevant instruments, including ESF, AgoraEU and Global Europe, should be guaranteed, including through structural, sustained support mechanisms such as **operating grants** for civil society and the (re-)establishment of formal participation spaces, such as the Civil Dialogue Group within the new AgoraEU.

HEADING 1 'Economic, social and territorial cohesion, agriculture, rural and maritime prosperity and security'

- **Increase the EU's investment in social progress.** The proposed social spending target of 14% for the NRPPs (approximately €108 billion) is insufficient to address Europe's pressing social challenges. In addition to this social spending target, the EU should maintain the **European Social Fund (ESF) as a separate programme** aimed at supporting social inclusion, with **a dedicated budget of at least €100 billion** (equivalent to the 2021–2027 ESF+ envelope at current prices). The Social Climate Fund (SCF) should complement, rather than replace, EU funding for social objectives under the NRPPs by providing additional, targeted support.

- **Earmark funds for social priorities.** Within the ESF budget, **earmark resources for social inclusion** (exceeding the current 25% in ESF+), as well as resources for **other key social priorities**, including social protection, poverty eradication, youth unemployment and asylum, integration and inclusion programmes, with clear indicators guiding implementation and monitoring. Similarly, other resources under the NRPPs should be earmarked to ensure sustained support for these social objectives. These funds should **not be diverted by competing priorities** or overshadowed by an excessive focus on competitiveness and labour market logic.

- **Invest in a just transition that supports the communities most affected by decarbonisation.** Regions and territories that have made progress in developing and implementing Territorial Just Transition Plans (TJTPs) through the Just Transition Fund (JTF) should receive adequate and continued support. At the same time, additional areas and sectors should be included within the scope of just transition funding. In the absence of a successor to the JTF, the EU should introduce earmarked **regional and territorial chapters within the NRPPs**, with detailed, binding just transition requirements and sufficient resources to ensure that workers and communities benefit from the transition to a sustainable economy.

HEADING 2 'Cohesion, Resilience and Values'

- **Increase the Erasmus+ budget to reach all Europeans.** The European Parliament Report on the implementation of Erasmus+ 2021-2027 notes that even maintaining the programme's current scope would require the budget to be tripled. To guarantee full accessibility, quality competence development and active citizenship, and to meet Europe's growing need for upskilling and reskilling, the EU should follow the recommendation in the Draghi report to **increase the Erasmus+ budget fivefold**, as advocated by the Erasmus+ Coalition.

- **Invest in transversal and citizenship competences.** While the European Commission's focus on equipping people with skills for jobs is important, it risks addressing only the surface of today's challenges and overlooking the deeper democratic and social crises facing Europe and the world. What is urgently needed, also to drive the Commission's own ambition for higher labour productivity, are citizens who are equipped with **transversal and citizenship competences**, and who are able to think critically, act responsibly and engage across borders (as highlighted on page 258 of the Draghi report). Therefore, **dedicated earmarking and policy measures** for volunteering, civic participation and non-formal education should be maintained and strengthened within Erasmus+, as should the specific focus on civil society and citizen participation within AgoraEU.

- **Strengthen citizenship education by adopting a global perspective.** The new MFF proposal narrowly frames citizenship education around EU values, **overlooking global challenges** such as climate change, worsening inequalities, and human rights violations. Limiting citizenship education to a regional perspective risks producing learners who are well-informed Europeans but unprepared for global engagement. **Reintegrating a global dimension** is essential to equip all people with the competences needed to be empowered as responsible and active citizens.

- **Introduce binding social and environmental conditionalities for all recipients of EU public funds.** To ensure that EU funding supports rather than undermines the Union's climate and social justice objectives, all public funding - including **support to companies under the European Competitiveness Fund (ECF) and the NRPPs** – should be subject to robust and enforceable social and environmental conditions. These conditionalities must be aligned with other regulatory frameworks for public funds, including the Public Procurement Directives and Clean Industrial Deal State Aid Framework (CISAF) guidelines.

HEADING 3 'Global Europe'

- **Protect the quality and focus of EU development aid to uphold international commitments and advance sustainable development globally.** Official Development Assistance (ODA) funding should continue to focus on **addressing poverty and inequality**, particularly in the world's most vulnerable regions. **Binding safeguards and ring-fencing** are needed to prevent the funding being diverted to short-term political agendas, such as migration control or private sector subsidies. **Spending targets** for migration, climate, gender and human development under the NDICI should be reinstated under the Global Europe instrument. Negative migration conditionalities should be removed, and EU cooperation should be **re-centred on partnership**, solidarity and long-term development goals.

- **Safeguard parliamentary oversight of EU development aid.** Article 6(6) of the proposed Global Europe Regulation should be removed to ensure that the European Parliament continues to **exercise control over ODA governance**. The European Parliament should guarantee that ODA remains fully dedicated to long-term development outcomes, grounded in human rights, equity and global solidarity.

- **Strengthen the participation of civil society and trade unions in partner countries.** The EU should establish **mandatory consultation mechanisms** with civil society organisations (CSOs) and trade unions (TUs) in partner countries, allocate funding to build the capacity of local CSOs and ensure meaningful access to decision-making processes. This will enhance accountability, promote locally driven development, and ensure that EU aid is responsive to the needs and rights of the communities it is intended to serve.

solidar

50 Avenue Des Arts
Box 5, 2nd floor
B1000 - Brussels
Belgium

LinkedIn: **SOLIDAR & SOLIDAR Foundation**
Bluesky: **@solidar-eu.bsky.social**
Instagram: **@solidar_eu**
Facebook: **SOLIDAR**
www.solidar.org
solidar@solidar.org

Responsible editor: Mikael Leyi

Authors: Andrea Casamenti, Martina Corti, Alba Gonzalez, Alexandra Matthys and Hilmi Tekoglu

Reviewers: Barbara Caracciolo, Andrea Casamenti, Elisa Gambardella and Carlos Roldan

External contributor: Valentina Barbagallo

Designer: Dagmar Bleyová

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