

# CLIMATE ACTION, **HEALTH**, AND THE EUROPEAN BUDGET:

RECOMMENDATIONS FOR THE NEW  
MULTIANNUAL FINANCIAL  
FRAMEWORK



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# 1. INTRODUCTION

The proposal for the next Multiannual Financial Framework (MFF) 2028–2034 represents a crucial opportunity for the European Union to align its financial priorities with its commitments on climate and health. For the European population, this means the possibility of reducing millions of cases of illnesses attributable to pollution and global warming, as well as relieving the pressure on increasingly saturated health systems.

However, despite a nominal increase to almost €2 trillion, the proposal falls short of the level of investment required to drive decarbonisation, protect public health and guarantee a just transition. The lack of sufficient resources puts the EU's capacity at risk when it comes to preventing escalating health impacts, such as rising heat-related mortality, worrying levels of pollution-related morbidity, the spread of vector-borne diseases, and the deterioration of mental well-being linked to extreme climatic events.

By merging key programmes and reducing dedicated funding for the environment and health, the new MFF risks weakening Europe's ability to address pollution, climate change, and the resulting health impacts and health inequalities. This reduction in resources limits action on critical environmental determinants such as air quality, exposure to toxic substances, or access to safe and resilient environments, all of which are directly associated with higher disease burdens. Investments that contradict climate action—such as support for highly polluting and high-emitting industries—pose a direct threat to the health of European and global populations. Moreover, delaying climate action entails exponentially higher future health costs, both due to the increase in chronic diseases and the greater frequency of health emergencies linked to extreme events.

Europe must adopt a budget that reflects an undeniable reality: investing in climate action is investing in health, and it is essential to ensure that present and future generations live in an environment that protects, rather than harms, their health and well-being.

## 2. HEALTH, CLIMATE ACTION AND PUBLIC INVESTMENT

In recent years, our understanding of the relationship between climate change and health has evolved profoundly. What was once considered a secondary effect of the environmental crisis is now recognised as one of the main determinants of well-being and social resilience. Health institutions, governments and international organisations are increasingly approaching climate change not only as an ecological or economic challenge, but as a public health priority. This shift has been reflected from COP26 to the recent World Health Organization resolution on climate and health adopted at the 77th World Health Assembly, which incorporates climate response as a strategic priority. Reducing emissions, improving air quality or strengthening health systems against extreme events are now understood as investments in prevention, productivity and equity.

At the same time, international trends in climate finance increasingly reflect this new vision. International funding devoted to initiatives that integrate climate and health increased tenfold between 2018 and 2022 (1), driven by evidence showing that every euro invested in mitigation or adaptation generates direct health benefits and significant savings in healthcare expenditure. Despite this progress, it is estimated that there is a global funding gap of between €8 and €17 billion for climate-related health adaptation measures (2). There is sufficient evidence to conclude that reaching the necessary levels of infrastructure and sustained investment will require large-scale public spending (3).

Our understanding of climate-related threats to health has also changed the way risk itself is conceptualised (4). Traditionally, the health impacts of climate change were presented as isolated effects rather than as part of a complex, non-linear system. In reality, impacts tend to occur in cascades, as risks are interconnected, act upon existing vulnerabilities and persist over time. For example, Europe's summer of 2022 was characterised by a succession of intense heatwaves that led to droughts and wildfires (5). Heatwaves also do not affect the population evenly, but instead follow a clear social gradient.

During the summer of 2024, an estimated 62,774 deaths were attributable to heat, with mortality 46.7% higher among women than among men, and 323% higher among people aged 75 and over compared to the rest of the population (6).

As proposed by WHO Europe, it is necessary to move from understanding health impacts as isolated consequences to adopting a cascading-risk framework in which impacts intersect and amplify one another (7). This approach has at least three key policy implications.

- First, climate action governance must be anticipatory (8), recognising that interventions in one part of the system generate multiple effects elsewhere. For instance, decarbonisation measures may directly influence health equity, not only energy poverty.
- Second, a public health perspective must be embedded across all economic analyses as a driver of innovation and social resilience.
- Finally, it is essential to emphasise the costs of inaction, as well as the costs of maintaining interventions in sectors that obstruct climate action from a health perspective.

Translating this systemic vision into concrete action requires, first and foremost, a long-term outlook that enables anticipatory policy implementation. The EU Environment Action Programme to 2030 sets the political roadmap for reducing greenhouse gas emissions by 2030 and achieving climate neutrality by 2050 (9). To ensure these objectives are met, financial planning must not depend on short political cycles, but instead guide investments towards sustained transformational processes. Public budgets should not be viewed solely as fiscal planning tools, but as strategic instruments to anticipate risks and steer investment towards climate resilience and health equity.

In addition to adopting a long-term perspective, budgets must incorporate features that reflect the interdependent nature of climate-related health risks. Because these risks originate—and can be addressed—across multiple sectors, it is essential to mainstream climate and health across all public policies rather than relying solely on separate funding lines. Ambitious climate action with health benefits requires action at multiple levels simultaneously: integrating health across all long-term budget instruments and climate action tools; ensuring climate objectives are consistently embedded across budgetary instruments; and maintaining specific, vertical instruments dedicated exclusively to climate financing. Only the combination of transversal mainstreaming and dedicated instruments enables an effective, coherent and sustained response over time.

Adequate budget volume is also essential to achieve these objectives. One critical financial mechanism is mandatory minimum allocations (earmarking) for specific goals. While the financial needs to address pollution-related health impacts are high, the costs of inaction are even higher (10).

The costs of climate inaction in Europe already far exceed the investments planned under the current Multiannual Financial Framework. Since 1980, extreme weather events have caused more than €560 billion in economic losses—an amount equivalent to nearly half of the total budget of the 2021–2027 MFF.

In 2022 alone, climate-related disasters caused damages amounting to €18.7 billion (11). Rising temperatures are also having a widespread impact on economic activity, contributing to an estimated 1% slowdown in EU GDP in 2020 (12). Without strengthened adaptation policies, these losses could increase dramatically under global warming above 2°C, severely undermining fiscal and social stability. By contrast, preventive measures such as heat early-warning systems deliver extremely high returns, with benefits ranging from eleven to several thousand times their cost. Anticipation is always more efficient—and more just—than reaction.

Finally, the use of public money must be accompanied by conditionalities that reinforce objectives and safeguard the public interest. Health Impact Assessments should be mandatory for all publicly funded policies, alongside ex post evaluations of their public health effects. Health considerations must be framed as investments in “innovation, resilience and prosperity” rather than as additional costs (13). Budgets should not only support actions that improve climate outcomes and public health, but also systematically avoid investments in sectors that hinder these objectives.

Public subsidies to fossil fuels have not declined in the EU since 2015 (14). Health impacts arising solely from electricity consumption and the associated fossil-fuel combustion were estimated at over €260 billion in 2018—around 13% of the current MFF (15). In 2019, air pollution from burning natural gas caused more than 2,800 premature deaths in the EU-27 and the United Kingdom (16).

Another mechanism to steer private capital is the penalisation of harmful activities, for example through taxation (17). One such example is ETS2, the EU's carbon market for buildings and road transport, which will require fuel suppliers to purchase emission allowances in order to reduce CO<sub>2</sub> emissions by 42% by 2030 compared to 2005, while financing climate action and social measures, including the Social Climate Fund (18).

These conditionalities also make it possible to align “how revenue is raised” with “how money is spent”. Carbon taxes, waste and plastic taxes, or taxes on large corporate profits can help ensure a transition that is not only effective but also redistributive, while penalising high-emission or high-waste activities.

From this, it follows that states must be able to plan and finance decarbonisation through a strategy anchored in effective governance of key sectors, while regulating private investment to progressively reduce corporate climate footprints. This combination of constructive measures—such as climate earmarking—and restrictive ones was conceptualised by Daniela Gabor and others under the “Green State” framework (19). This stands in contrast to the “de-risking state”, which focuses on reducing investment risks for private capital without demanding significant public returns.

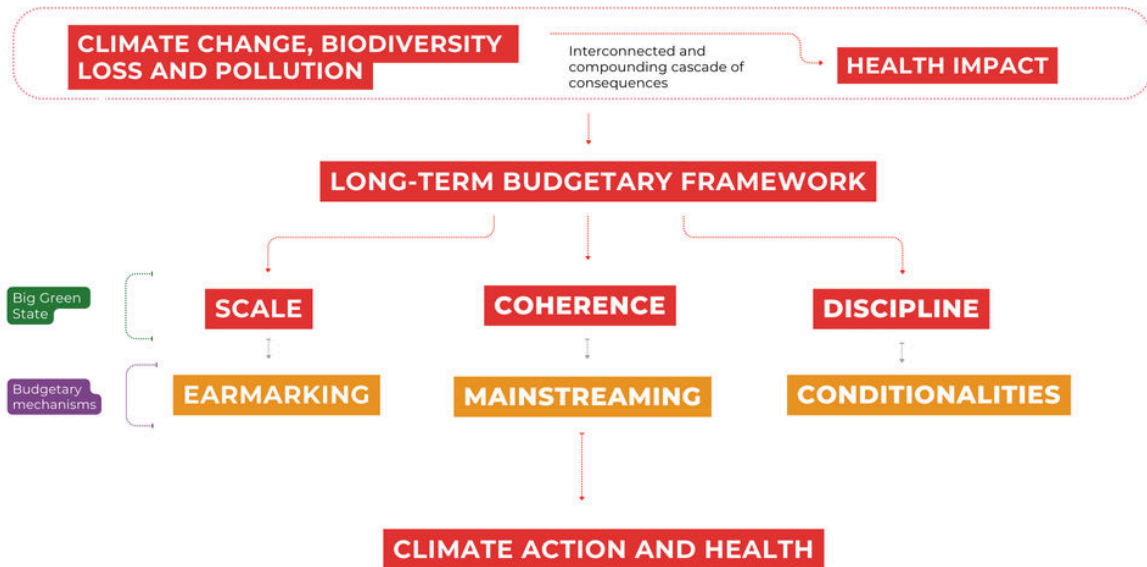


Figure 1. Own elaboration.

This latter model, traditionally used in the EU, mobilises private capital towards public objectives—such as the green transition—by making investments safer and more profitable through guarantees and regulatory adjustments. The risk is that prioritising “making sectors investable” leads policies to respond more to investors’ needs than to public requirements regarding planning, conditionality and outcomes, resulting in a slower and less just green transition (20). A well-designed long-term budget is therefore the backbone of a Green State, providing both the necessary scale of sustained, predictable green spending and strong strategic direction—the capacity to steer and coordinate.

# 3. DIAGNOSIS OF THE LONG-TERM EUROPEAN BUDGET FROM A HEALTH PERSPECTIVE

“Don’t tell me what your priorities are.  
Show me your budget, and I’ll tell you what they are.”  
-James W. Frick-

From this framework, it becomes essential to assess the extent to which the existing EU budget architecture has been able to integrate this systemic climate–health vision. If an effective budget must be anticipatory, cross-sectoral, sufficient and coherent—and if the costs of inaction far exceed those of action—then the Multiannual Financial Framework is not merely an accounting exercise, but a tool that determines the EU’s real capacity to protect the health of its population. The following sections assess whether past and current MFFs have incorporated these principles, and the consequences of failing to do so.

The Multiannual Financial Framework is the EU’s long-term budgetary plan. It establishes spending ceilings and political priorities for a seven-year period and acts as a roadmap guiding how EU funds are distributed across policies and programmes. In practice, the MFF must ensure stability and predictability in public investment, as it defines both the maximum level of expenditure and the financial structure that annual budgets must respect (21).

However, having a long-term budget does not, in itself, guarantee that investments will deliver health or climate-resilience outcomes. The key question is whether spending allocation, conditionalities, overall volume and internal coherence effectively reflect the principles outlined in the conceptual framework. In theory, increased climate spending should translate into measurable public health improvements. In practice, this has not occurred, making it necessary to examine where the disconnect lies between declared expenditure and expected results.

## **GREATER INVESTMENT IN CLIMATE ACTION—BUT WHERE ARE THE HEALTH RESULTS?**

There have been six Multiannual Financial Frameworks to date, including the current one covering 2021–2027. Between 2014 and 2020, the EU reported climate-related spending close to 20% of the total MFF, according to official data (22). However, independent analyses suggest that actual spending by Member States may have been significantly lower (23).

From 2021 onwards, the share of the budget allocated to climate action increased to 30%, with an additional 10% earmarked for biodiversity-related measures.

When comparing the share of EU budget expenditure dedicated to climate action with trends in net greenhouse gas emissions, an inverse relationship emerges: emissions decline as climate-related spending increases. Despite this, public health outcomes remain far from satisfactory.

According to estimates by the European Investment Bank, climate change is expected to increase demand for healthcare services by 0.5% per year (24). This would translate into an additional 500 million hospital stays, 120 million emergency visits and 380 million outpatient consultations on top of existing healthcare demand.

The most recent Lancet Countdown Europe report shows that negative health impacts of climate change have increased across all 42 indicators analysed, with most indicators worsening compared to previous reference levels (25). Europe is warming at approximately twice the global average, which explains the amplification of health risks, including more frequent and intense heatwaves, extreme heat, air pollution and the spread of vector-borne diseases.

The European Commission's Fourth Clean Air Outlook, published in 2025, states that "Despite an overall decrease in air pollution, the impacts of pollution on health and ecosystems remain problematic" (26). Recent data indicate that 95% of the EU's urban population continues to be exposed to PM2.5 concentrations above the levels recommended by the World Health Organization (27).

Despite this context, the health sector receives only 1% of global climate finance dedicated to health-related measures. While data beyond 2022 are needed to fully assess the evolution of this trend—given that policy and investment effects may be immediate, delayed or mixed (28)—the available evidence already provides a solid basis for identifying what may not be functioning adequately within the current MFF.

## TRENDS IN GREENHOUSE GAS EMISSIONS VERSUS ANNUAL SPENDING ON CLIMATE ACTION

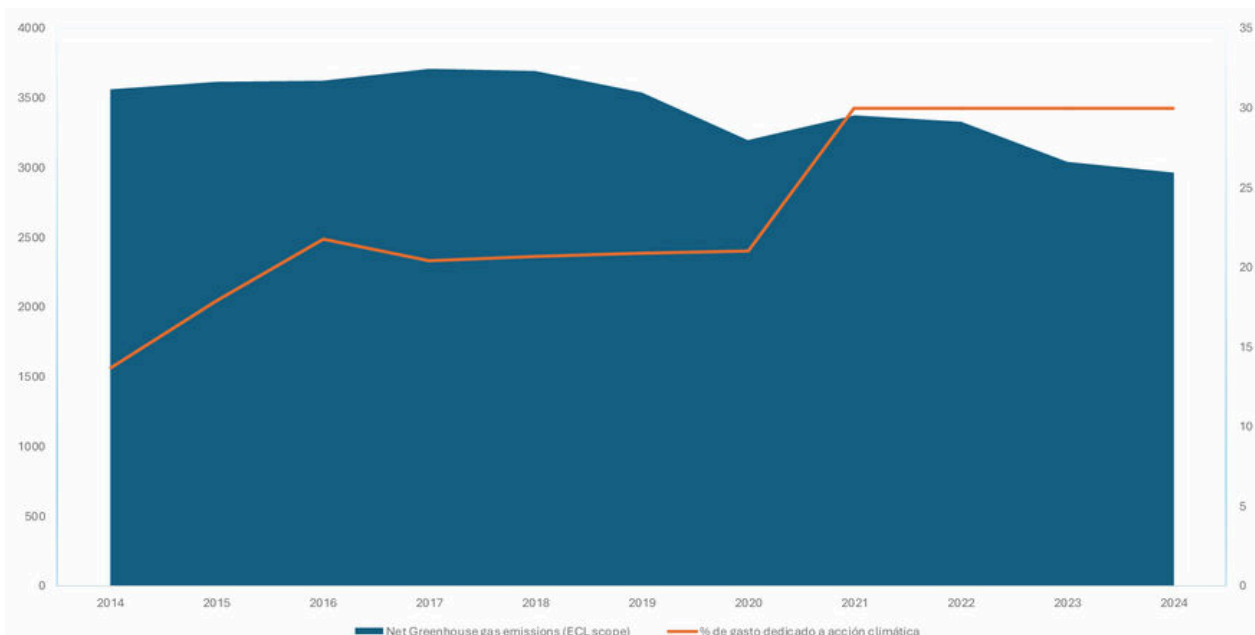


Figure 2. Trends in greenhouse gas emissions versus annual spending on climate action. Source: European Environment Agency and European Court of Auditors.

### THE AMOUNT IS NOT SUFFICIENT

A first element of assessment is whether the total volume of investment matches the scale of the identified climate and health risks. As highlighted in the conceptual framework, in cascading-risk systems insufficient budgets not only limit anticipatory capacity, but also amplify inequalities and generate exponentially higher health and economic costs. From this perspective, the first structural failure of the MFF is clear: the level of resources mobilised falls far short of what would be required for a truly preventive and transformative strategy.

Although the relative share of spending devoted to climate action has increased, it remains insufficient to respond to the magnitude of the challenge. Meeting the Paris Agreement objective of limiting global warming to 1.5°C requires a massive mobilisation of both public and private resources. Achieving the 2030 targets of the European Green Deal alone is estimated to require additional annual investments of around 2% of EU GDP (29). Approximately half of these required investments in the EU would not be profitable or attractive for private investors (30), reinforcing the indispensable role of public-sector financing, as discussed above.

Independent estimates suggest that around €1 trillion of the EU budget—roughly 50%—would need to be allocated to climate action and nature protection in order to ensure a just green transition (31,32). This amount far exceeds the approximately €700 billion foreseen in the 2021–2027 budget.

The Treaty on the Functioning of the European Union establishes that the EU budget must be financed exclusively through own resources, under a framework that has changed very little since the end of the last century. Since 1999, the ceiling on own resources has remained at around 1% of EU GDP—roughly half of what is estimated to be necessary to implement the green transition. In order to keep Member States' GDP-based contributions stable, revenues from other sources must therefore increase. Ensuring that these new resources are aligned with the green transition—by taxing polluting activities and enabling redistributive justice—is not only desirable, but the most effective approach.

Two main conclusions follow from this analysis. First, maintaining a budget volume that responds to current needs requires an expansion of EU own resources. Second, a minimum mandatory allocation (earmarking) of at least €1 trillion for climate action is essential if the EU is to address existing climate and health challenges effectively.

## **WE ARE NOT FINANCING WHAT WE SHOULD—AND NOT IN THE RIGHT WAY**

Beyond the overall volume of resources, the second key dimension is the direction of spending. An anticipatory and coherent budget must not only spend more, but spend better: phasing out harmful subsidies, conditioning the use of public money, and prioritising interventions that reduce climate and health risks. However, an analysis of EU spending patterns reveals deep contradictions between stated objectives and actual funding, undermining the budget's capacity to function as a strategic public-health tool.

Despite the Eighth Environment Action Programme explicitly calling for the phase-out of fossil-fuel subsidies in the EU, progress has been limited. After remaining relatively stable between 2015 and 2021, fossil-fuel subsidies doubled in 2022 in response to the energy crisis and, although they subsequently declined, still amounted to €111 billion in 2023 (33). Despite the introduction of some restrictions in the 2021–2027 MFF, the EU budget architecture continues to allow such investments, directly contradicting the commitment to eliminate fossil-fuel subsidies by 2025. In Spain, it is estimated that more than €274 million were allocated to such subsidies (34). A Greenpeace report on Spain concluded that “sustainable subsidies, which generate positive impacts at both environmental and social levels, represent only 3% of the total analysed” (35). Evidence shows that eliminating harmful subsidies has direct positive effects on health.

Globally, deaths attributable to air pollution linked to fossil-fuel use declined by 5.8% between 2010 and 2022—equivalent to around 160,000 avoided deaths per year (36).

In a global context in which the world's 100 largest oil and gas companies still plan to produce, by 2040, nearly three times the volume compatible with a 1.5°C pathway, it is essential that the EU does not contribute—directly or indirectly—to endangering human health and survival (37).

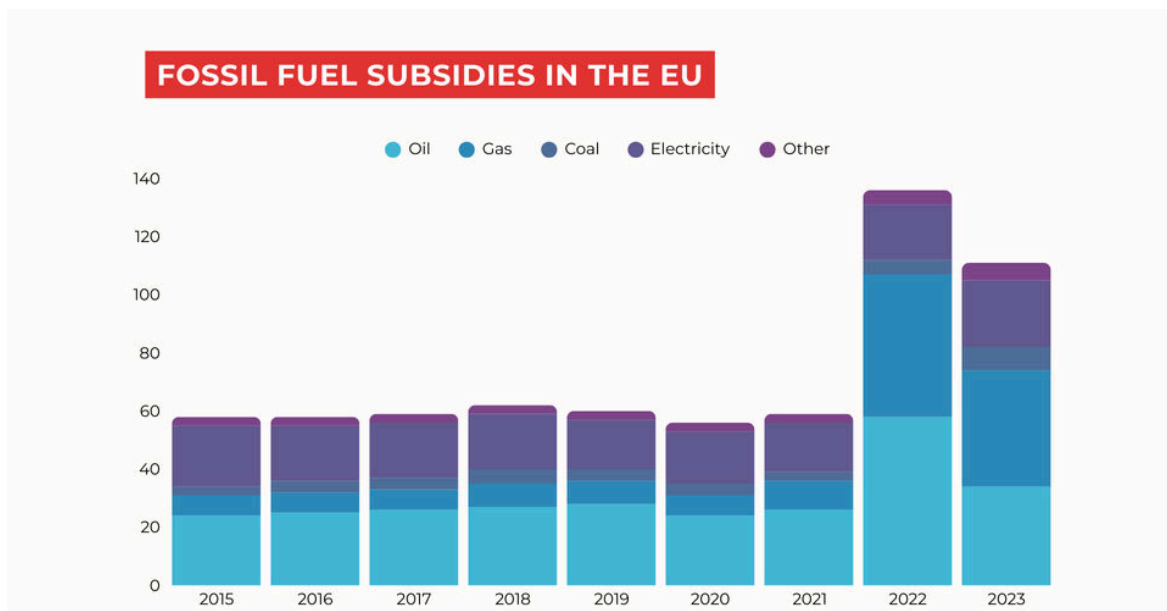


Figure 3. Fossil fuel subsidies in the EU. Source: *Fossil fuel subsidies by energy vector in EU Member States, 2015 and 2023 (in 2023 prices)*. | *Fossil fuel subsidies in Europe* | European Environment Agency (EEA)

Anticipating and correcting unintended consequences is extremely difficult in the absence of Health Impact Assessments. For example, a health-impact assessment would clearly show that a 50% emissions-reduction target by 2030 is insufficient, given the high human health costs associated with the more than 2,000 MtCO<sub>2</sub>e that would continue to be emitted. Scientific evidence confirms that higher CO<sub>2</sub> emissions are associated with lower average life expectancy. A study based on data from ten Mediterranean countries suggests that for each additional 1% increase in emissions, average longevity declines by between 0.05% and 0.15%, highlighting the substantial health costs of maintaining high CO<sub>2</sub> levels (38). This effect is consistent across countries and across the entire life-expectancy spectrum: higher emissions translate into fewer years of life.

In this context, the systematic integration of Health Impact Assessments (HIAs) into EU planning and financing processes is essential to advance towards policymaking that is genuinely coherent with the Green Deal and with an anticipatory governance approach. HIAs make it possible to identify and anticipate impacts on health, well-being and equity before irreversible harm occurs. Their

systematic use not only prevents negative outcomes, but also improves intersectoral coordination, strengthens accountability and increases the efficiency of public spending by ensuring that each euro invested contributes to positive and sustainable health outcomes (39).

Despite this, health remains largely absent from the EU's financing architecture. The evaluation mechanisms accompanying fund allocation do not systematically assess impacts on health or equity. A clear example is the impact assessment of the LIFE programme—the EU's main financial instrument for environment and climate action—which did not include explicit health considerations (40). This omission creates information gaps and undermines coherence between public-health objectives, climate priorities and spending decisions, weakening the EU's ability to measure the real effects of its policies on population well-being.

This gap also contradicts the European Commission's own Better Regulation framework (SWD (2021) 305), which requires integrated assessments of economic, social and environmental impacts, including for MFF programmes (41). In particular, the guidelines require the identification of relevant Sustainable Development Goals and—where appropriate—analysis of gender equality, fundamental rights and compliance with the “Do No Significant Harm” principle (42). Health is not only a Sustainable Development Goal in its own right (SDG 3), but is recognised as a fundamental human right essential for the enjoyment of all other rights (43).

Moreover, because health impacts are unevenly distributed across populations, assessing them is essential to ensuring gender equality and to fulfilling the commitment to “leave no one behind”. Given the well-established links between climate change, pollution and public health, incorporating health impact assessments is indispensable for policy coherence and for preventing the generalised deterioration of health outcomes driven by climate inaction.

Without operationalising the principle of Health in All Policies through systematic Health Impact Assessments, major shortcomings of previous MFFs are likely to persist. These include insufficient funding to address pollution-related health impacts and the inadequate integration of health-system preparedness and resilience into climate-adaptation investments (44).

Another possible explanation for the limited health outcomes observed is that EU-funded climate action may not sufficiently reach groups at highest risk of adverse health effects. Evidence consistently shows that climate change affects health along a social gradient (45). If minimum allocations for climate action are not linked to minimum allocations for a just transition—or if the latter are insufficient—much of the budget may fail to benefit those most in need.

This dynamic resembles an Inverse Care Law, whereby the availability of resources varies inversely with population need (46).

Although on a smaller scale, budgetary flexibility to respond to climate-related disasters is also relevant. Natural disasters push people into poverty (47), and poverty is a key determinant of health and of inequities in disease burden and mortality. The EU budget should therefore be sufficiently agile to respond to post-disaster needs. At present, available funds are inadequate (48), and official MFF evaluations indicate that existing flexibility mechanisms are overly complex and lack clear priorities (49).

Even when funds are nominally allocated to climate action, their real impact depends on monitoring systems capable of verifying tangible results. Without robust and coherent metrics, the budget cannot fulfil the anticipatory governance role outlined earlier: it cannot identify negative effects, correct deviations, or ensure that investments generate health and resilience benefits. The current climate-tracking system illustrates how methodological weaknesses can distort spending and create a misleading perception of progress.

While the EU frequently claims that a significant share of its budget contributes to climate action, the methodology used to track this contribution is limited. The Commission assigns climate-relevance coefficients (high, medium or none) to expenditure before funds are spent, without systematically verifying *ex post* whether the investments actually reduced emissions or improved climate adaptation. This approach has led to an artificial inflation of reported climate spending, particularly under the Common Agricultural Policy. During the 2014–2020 period, for instance, nearly 20% of agricultural expenditure was classified as climate-related, despite independent evaluations showing that many of these expenditures—especially direct payments to farmers—delivered minimal climate benefits (50).

Similarly, the absence of binding climate targets for individual spending programmes in sectoral regulations meant that compliance with declared climate percentages was not legally enforceable (51). To address this, programmes must include binding climate objectives aligned with overarching MFF targets, annual budgets must operationalise these objectives, and classification and monitoring systems must enable effective allocation and verification of climate expenditure.

# 4. MFP 2028-2034: KEY CHANGES AND THEIR IMPLICATIONS FOR THE CLIMATE-HEALTH NEXUS

An assessment of how the EU budget has functioned to date shows that a combination of insufficient resources, weak conditionalities, the persistence of harmful subsidies, the absence of health-impact evaluation, limited flexibility and shortcomings in monitoring systems has severely constrained the EU’s ability to translate climate spending into meaningful improvements in health and equity. With these lessons in mind, it is essential to assess whether the proposed MFP for 2028–2034 addresses these structural weaknesses or merely reproduces them under a new programme architecture.

Evaluating the proposal solely in terms of volume or institutional design would be insufficient. What ultimately matters is whether it aligns with the principles required to protect health in a context of rapidly intensifying climate crisis, while mitigating climate risks and containing global temperature rise. Every structural change—from programme mergers to increased flexibility or redefined climate targets—must therefore be assessed in terms of its impact on the EU’s capacity to anticipate risks, reduce health inequalities and avoid investments that exacerbate the root causes of the problem.

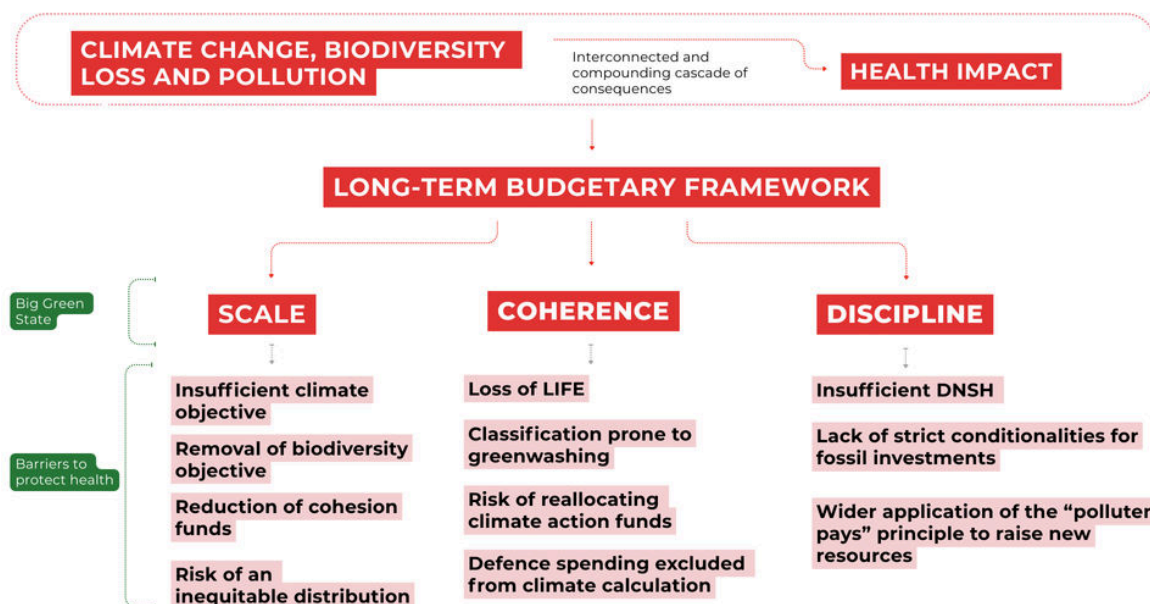


Figure 4. Climate change, biodiversity loss, and pollution. Author’s own elaboration.

The European Commission has proposed a budget of €1.98 trillion for the 2028–2034 period (52). The expenditure ceiling would increase from the current 1.13% to

approximately 1.26% of EU gross national income. Although this represents a nominal increase compared to the current MFF, part of this amount is earmarked for the repayment of Next Generation EU debt, significantly limiting the real fiscal space available for public investment. Using constant 2025 prices, the total budget would amount to roughly €1.7 trillion.

From a public-health perspective, the key issue is not only the size of the budget increase, but whether its design enables the EU to anticipate and reduce climate-related health risks. In a context where exposure to heatwaves, air pollution and extreme events is increasing exponentially, the EU budget must function as a preventive health mechanism. Each component of the new MFF must therefore be assessed in terms of its contribution to decarbonisation, temperature reduction and, ultimately, the protection of population health, the reduction of inequalities and the strengthening of health-system resilience.

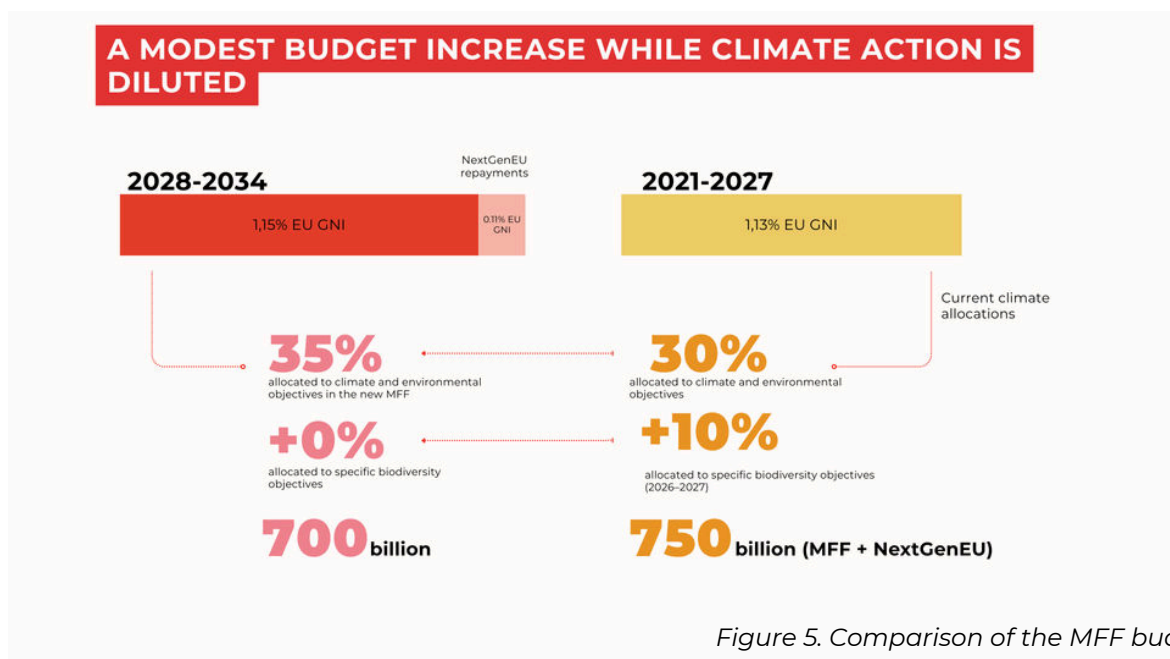


Figure 5. Comparison of the MFF budget. Author's own elaboration.

The Commission has proposed a mandatory climate spending target of 35%. While this represents an increase from the current 30% target, several critical issues arise. First, the current climate target is calculated on the basis of both the MFF and the temporary Next Generation EU funds, whose main instrument—the Recovery and Resilience Facility—required a minimum of 37% climate spending. Second, the current MFF included a 10% biodiversity spending target in its final years, which has been removed from the new proposal.

Beyond the elimination of this biodiversity earmark, the LIFE programme—the only EU instrument dedicated exclusively to climate, nature and the environment—would be merged into broader funding programmes. This would reduce the visibility and traceability of environmental investment, a risk highlighted by European civil society organisations (53).

The elimination of LIFE is particularly concerning from a public-health perspective. LIFE has been the EU’s primary instrument for improving air quality (54), restoring ecosystems, reducing exposure to toxic substances and strengthening climate adaptation.

LIFE-funded projects have supported actions that reduce exposure to air pollutants (55), mitigate urban heat through nature-based solutions (56), manage chemical risks and improve resilience to extreme events. Diluting this instrument into broader programmes would weaken the EU’s capacity to prevent respiratory and cardiovascular diseases, reduce heat-related mortality and improve overall quality of life.

Third, the same article establishing the 35% climate earmark states that “defence and security spending shall be excluded from the basis for the calculation of the climate and environment spending target”. Given that the European Competitiveness Fund allows for €130 billion in defence and security spending, and that Member States and regions may also support defence-capacity investments and security projects through national and regional collaboration plans (57), the actual amount available for climate spending would fall well below the €700 billion figure presented by the Commission.

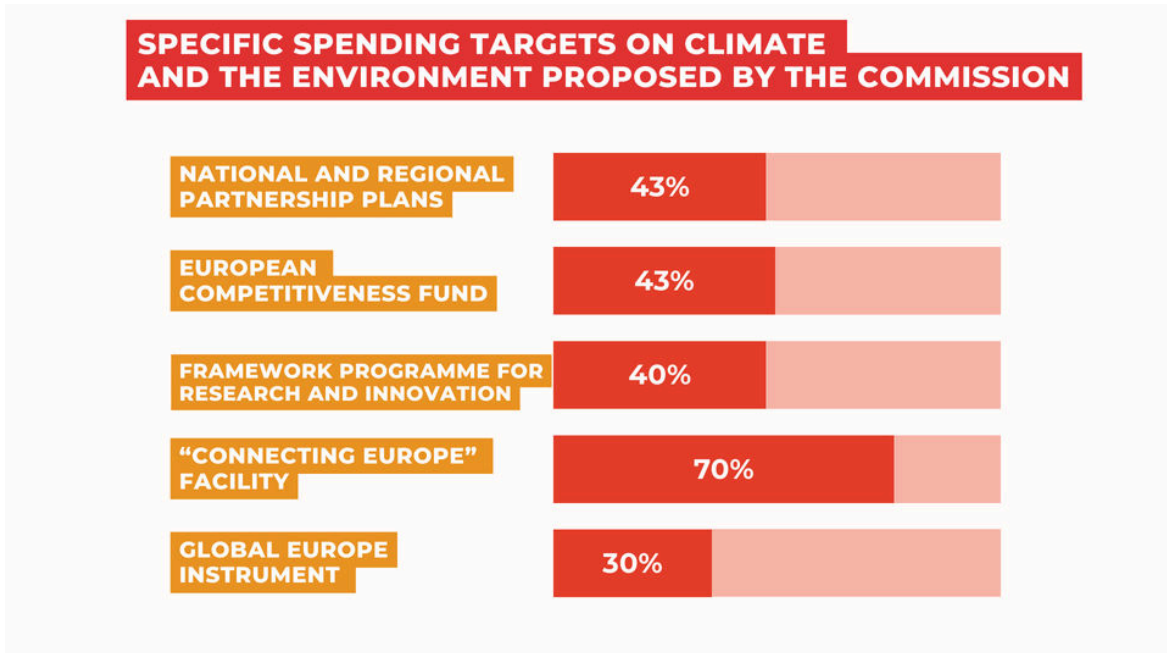


Figure 6. Specific climate and environmental objectives. Author’s own elaboration.

As outlined earlier, addressing the green transition and achieving measurable health benefits would require mobilising at least €1 trillion in the next MFF. Reaching this level would necessitate allocating 50%—rather than 35%—of the total budget to climate action, nature protection and pollution reduction, with an

additional 10% specifically earmarked for zero-pollution objectives, as recommended by health experts (58).

Not only is the proposed climate spending volume insufficient, but the proposal also lacks a clear commitment to ending fossil-fuel financing with public funds. Although a simplified version of the Do No Significant Harm principle is proposed for the entire budget, its practical application will depend on a guidance document to be issued by the Commission in 2027. The content of this guidance will be decisive in determining whether activities that cause significant environmental and health harm can continue to receive funding, potentially under broad exceptions (59).

Moreover, as noted by WWF, the Commission's proposed classification of climate-relevant expenditure assigns medium or high climate relevance to activities with little or even negative climate impact—such as raw-material extraction or airport-capacity expansion. This approach would further inflate reported climate spending figures while reducing the real volume of effective climate action.

The proposal also introduces a simplified budgetary architecture, reducing the number of programmes from 52 to 16 and grouping them into four major clusters, while increasing flexibility across spending areas. Under this new structure, funding for cohesion and agriculture would decline, whereas allocations for defence, industrial policy and energy infrastructure would increase.

While greater flexibility can be valuable for responding to unforeseen needs—an important element of anticipatory governance—a controversial aspect of the proposal is the possibility of reallocating unspent funds to other priorities. In the context of climate action, this creates a risk that resources initially earmarked for climate objectives could be redirected elsewhere, undermining long-term climate and health goals.

Within the competitiveness cluster, the proposal establishes a new European Competitiveness Fund of €450 billion, merging programmes related to health, biotechnology, defence, energy and the green transition under a single governance framework. However, there is little clarity on how spending priorities within this fund would be determined, particularly given the broad interpretation of “security” within the EU, which is expected to account for the majority of the fund's resources.

Within the largest budget block—cohesion—the proposed national and regional collaboration plans would integrate instruments ranging from income support under the Common Agricultural Policy to cohesion funds, including the Social Climate Fund. Of particular significance is the elimination of the Just Transition Fund and the reduction of cohesion funding, both of which are essential for a fair

and inclusive green transition (60). Although collaboration plans would include a minimum allocation of 14% for social projects, this requirement is not linked to the 35% climate earmark. As a result, climate action may fail to address social and territorial inequalities, and therefore may not reduce health inequities. The Competitiveness Fund similarly lacks a strong equity focus, favouring large companies without social conditionalities to ensure justice and health equity.

This reconfiguration exacerbates one of the most serious issues identified in the conceptual framework: the social gradient in climate-related health impacts. Without explicit just-transition mechanisms, climate action risks benefiting populations unevenly, leaving behind those most exposed to heat, pollution and social vulnerability. From a health perspective, the elimination of the Just Transition Fund means losing one of the EU's most effective tools for reducing climate-driven health inequalities.

Finally, the Commission has proposed expanding EU own resources by introducing additional taxes on tobacco, electronic waste and large companies with annual turnover above €100 million. The latter proposal has been criticised by industry, despite representing less than 0.1% of corporate net turnover, even though large companies benefit substantially from EU public spending while contributing disproportionately to carbon emissions.

Additional taxes on fossil-fuel companies or on financial transactions would be particularly important. Notably, revenues from the EU Emissions Trading System (ETS)—currently intended to finance Member State climate action—would be redirected towards the repayment of Next Generation EU debt and into the next MFF, whose climate allocation is significantly lower (61). The Commission's proposal is therefore not only insufficient, but may also reduce the total amount available for climate action at EU level (62).

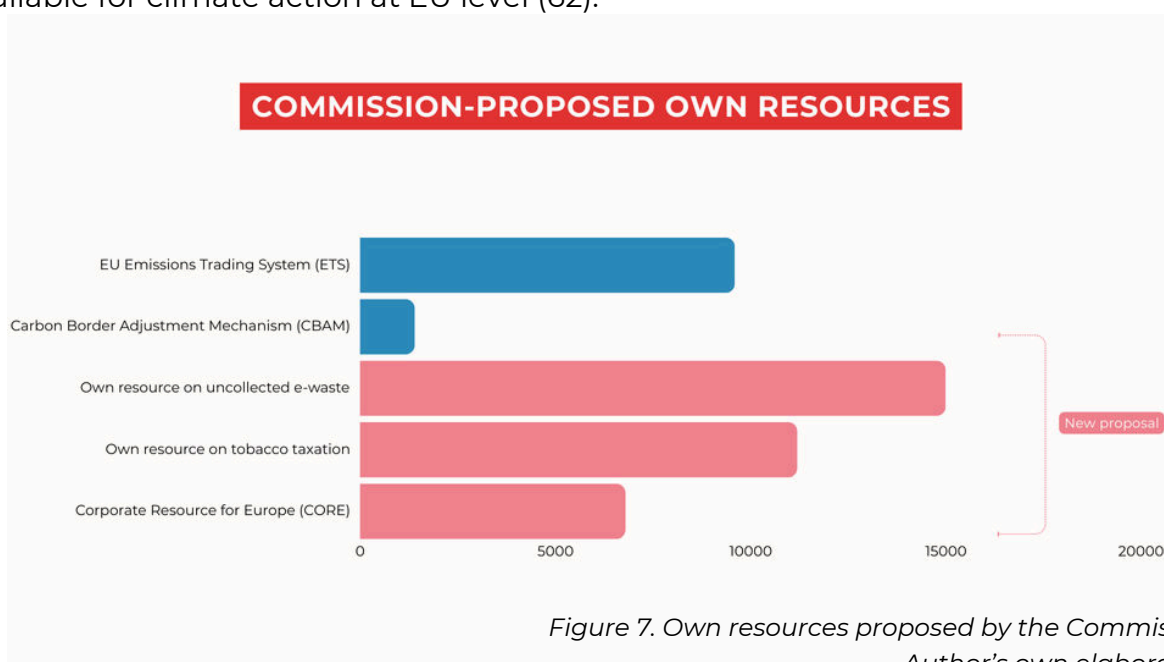


Figure 7. Own resources proposed by the Commission. Author's own elaboration.

Overall, the 2028–2034 budget proposal advances in some technical aspects but fails to integrate the principles required to protect health in the context of an accelerating climate crisis. Insufficient budget volume, weak conditionalities, the dilution of key instruments and poor integration of equity considerations mean that the MFF risks repeating past failures and even taking steps backwards in climate action and health protection. Without explicit alignment between climate and health objectives, the EU will be unable to curb rising health risks or ensure a just transition that protects those most exposed.

## 5. RECOMMENDATIONS

### **INCREASE THE CLIMATE AMBITION OF THE BUDGET**

- Raise the climate earmark from 35% to 50% of the total budget, ensuring investment consistent with decarbonisation needs and health protection. This target must apply to the entire budget, without broad exemptions.
- Establish a minimum 10% earmark specifically for zero-pollution objectives, enabling real reductions in exposure to toxic substances, air pollution and extreme heat.
- Reinstate a dedicated biodiversity spending target, removed from the current proposal.

### **RESTORE AND PROTECT ESSENTIAL CLIMATE-AND-HEALTH INSTRUMENTS**

- Maintain LIFE as an independent programme, avoiding its merger into broad funds that reduce traceability, visibility and effectiveness.
- Re-establish a Just Transition Fund, addressing the current gap in policies aimed at reducing climate- and health-related inequalities.

### **INTRODUCE CLEAR CONDITIONALITIES TO PREVENT CLIMATE AND HEALTH HARM**

- Establish effective bans on public financing of fossil fuels, without broad exceptions.
- Ensure that future guidance on the Do No Significant Harm principle includes strict, budget-wide criteria.
- Correct misclassifications that label non-climate-positive activities—such as raw-material extraction or airport expansion—as climate-relevant.
- Require all EU-funded projects to integrate health considerations, including mandatory Health Impact Assessments and monitoring of progress in reducing emissions and pollution-related health impacts.

## **ENSURE A JUST TRANSITION ACROSS THE ENTIRE BUDGET**

- Introduce an explicit horizontal just-transition provision across the EU budget, including monitoring of climate and health inequalities.
- Safeguard cohesion principles, which are essential to ensure that the green transition does not leave vulnerable regions behind.
- Guarantee that climate financing systematically incorporates equity and health-justice dimensions, rather than focusing solely on industrial competitiveness.

## **STRENGTHEN OWN RESOURCES AND SECURE SUFFICIENT FUNDING FOR CLIMATE ACTION**

- Expand own-resource bases through progressive taxation of activities with negative climate impacts.
- Prevent own-resource revenues from being diverted to debt repayment, ensuring they remain dedicated to the energy transition and climate action.

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