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GREEN BUDGETING IN THE EU

Key insights from the 2025 European Commission Survey on Green Budgeting

Executive summary

This note reports the main findings from the 2025 survey on existing and planned green budgeting practices in the EU Member States, launched by the European Commission in April 2025. The information collected is published, as was the case for previous survey rounds, in a repository of information on DG ECFIN's website on green budgeting in the Member States[1]*. The following findings emerge:*

- *21 of the reporting 26 Member States have established, or plan to introduce, some form of green budgeting. Since the 2023 survey, eight Member States have implemented practices for the first time, including pilots in some cases.*
- *As an emerging voluntary common practice, green budget tagging in most Member States now factors in all six environmental objectives of the EU Taxonomy.*
- *The main drivers for introducing green budgeting have been to promote environmentally-responsive policymaking and to help achieve national commitments.*
- *The most relevant challenges that countries report when implementing or planning to introduce green budgeting are a lack of technical expertise and fitting methodologies (i.e. methodologies for assessing environmental effects) as well as being understaffed.*
- *Practices vary across countries, reflecting competing definitions of the scope and nature of green budgeting.*
- *Member States are more likely to integrate green budgeting considerations at the budget planning and preparation stages rather than at later stages of the regular budget cycle.*
- *Since the 2023 survey edition, five Member States have introduced new legal bases for green budgeting. The most common bases are high-level political commitments, administrative practice, climate-related legislation, and government ordinances.*
- *Member States would primarily value support to identify international best practices, organising international meetings to share country experiences, the development of guidance, and country-specific support.*

[1] https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/green-budgeting-eu_en

1. INTRODUCTION

Governments are increasingly leveraging public budgets to align public spending with climate and environmental goals. Green budgeting describes the effort of administrations to use the tools of budgetary policymaking to help achieve climate and environmental goals. To eventually redirect resources toward sustainable priorities and phase out harmful practices, green budgeting gives more transparency on the climate and environmental impacts of fiscal and budgetary policy.

The survey on green budgeting presented in this note and the corresponding repository of information are part of the Commission's efforts to support Member States in developing green budgeting practices. The Commission has been holding regular discussions with Member States to exchange experiences and share good practice since 2019, both at the EFC-A and via a group of national green budgeting experts. In this context, several notes on green budgeting were presented and published as discussion papers.[2] To provide further information that is accessible to the Member States at any time, starting 2021, the Commission developed a survey on green budgeting practices that feeds into a public database,[3] updated every two years. Moreover, the European Commission, led by SG REFORM, continues providing substantial technical support on green budgeting. Following an initial multi-country project involving 23 Member State beneficiaries, starting in 2025, it provides continued assistance to introduce and deepen green budgeting in 10 Member States.

This note reports the main findings of the 2025 survey. It contains information on practices implemented or planned as of 11 April 2025 and covers a wide range of information on the various methods, highlighting new findings since the 2023 survey. To ease comparability over time, questions have only been updated where necessary and are otherwise unchanged compared to the 2023 and 2021 surveys.

The note is structured along the key elements of the EU Green Budgeting Reference Framework (Annex 1), as follows: Section 2 provides an overview of the green budgeting practices and methods. Section 3 focuses on the institutional setting. Section 4 looks at the reporting and accountability frameworks. Section 5 presents results on enabling factors and challenges in implementing green budgeting. Section 6 summarises the main findings.

[2] Since the 2023 survey, the following discussion paper has been published: Pojar, S. (2023), How Green Budgeting is Embedded in National Budget Processes, https://economy-finance.ec.europa.eu/publications/how-green-budgeting-embedded-national-budget-processes_en. An overview of published discussion papers is available on DG ECFIN's green budgeting website, https://economy-finance.ec.europa.eu/economic-and-fiscal-governance/national-fiscal-frameworks-eu-member-states/green-budgeting-eu_en#publications.

[3] Available on DG ECFIN's green budgeting website.

2. GREEN BUDGETING PRACTICES AND METHODS IN THE EU

Green Budgeting Reference Framework – elements

Coverage: A comprehensive green budgeting framework should encompass all environmental *objectives,* the entirety of *budgetary elements*, i.e., revenue, expenditure and tax expenditure, and all *public sector entities*. Countries could take a gradual approach and start assessing one environmental objective, presenting only favourable expenditure and revenue items at the central government level.

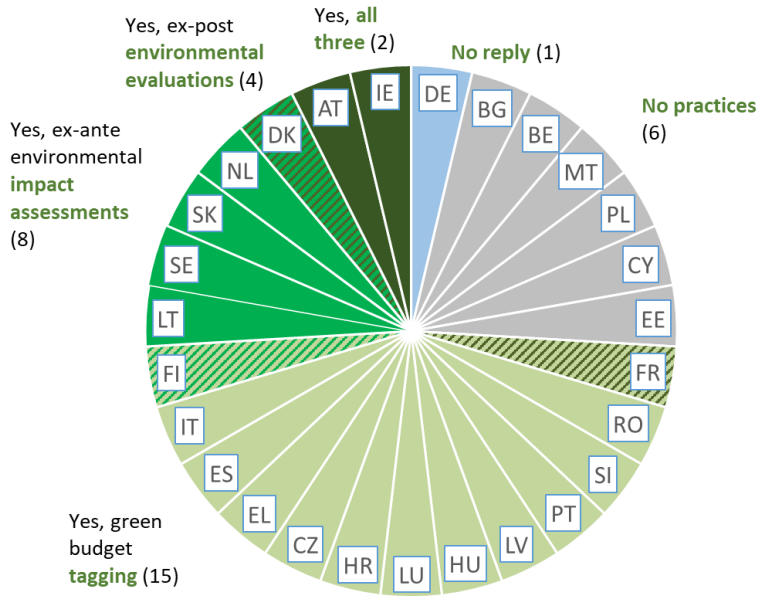
Methodology: Countries could start by identifying those budgetary items whose net impacts are clearly favourable or unfavourable to the environment, followed by a more comprehensive approach that identifies the green and brown content of the entire budget, eventually complemented by environmental assessments.

20 Member States have established some form of green budgeting (Graph 1). This represents a large increase over the past two years, as the 2023 survey saw ten Member States practise green budgeting and an additional four Member States with plans to introduce it. The 2025 survey also shows that eleven Member States plan to introduce (CY) or deepen (AT, CZ, DK, FR, HR, HU, IT, LT, PT and SE) practices in the 24 months following the survey. Additional countries are considering whether to introduce green budgeting (EE, PL, MT) and green/brown budget tagging (LT). Compared to the 2023 survey, Czechia, Croatia, Hungary, Lithuania, Latvia, Romania, Slovenia and Slovakia have developed and implemented **first practices**, including pilots. Some countries also **deepened practices** (AT, EL, FR, IE, PT, SE).[4] The most common **drivers** behind these developments are to promote environmentally responsive policy-making and to help achieve national commitments or goals (Graph 2). Budget transparency, achieving international commitments[5] and fulfilling legal obligations also drive the take-up of practices.

As in the preceding editions, this survey relies on a narrow definition of green budgeting as it considers as green budgeting practices: (i) green budget tagging, (ii) ex ante environmental impact assessments, and (iii) ex post environmental evaluations.[6] Adjacent 'green' workstreams linked to the budget which have not systematically been assessed in this survey are green spending reviews, the assessment of macro-economic risks from climate change, and green public financial management (PFM).

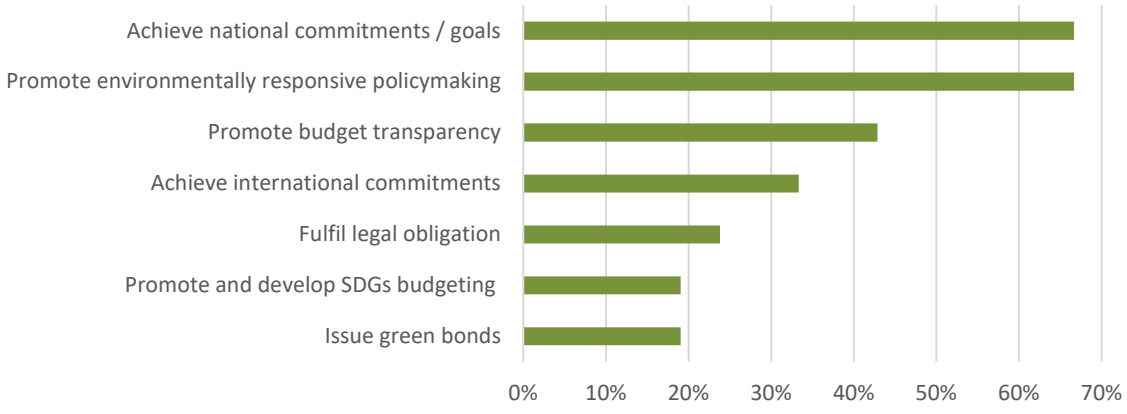
[4] Mentions of extending the coverage of green budgeting, legal reforms, deeper integration into the budgetary process, and the addition of new practices are taken into account.
[5] National and international commitments were listed as separate answer options.
[6] In 2025 and 2023 surveys, 'ex ante impact assessments' and 'ex post evaluations' are considered separately. In the 2021 edition, the two practices were considered jointly as 'environmental impact assessments'. Their separation helps clarify which practices help inform budget design and decision making as pertaining to newly proposed measures (ex ante) and which practices help understand the impact of measures that have already been implemented (ex post).

Graph 1. Green budgeting practices across EU Member States



Note: As of April 2025. Survey replies were received from 26 Member States. Striped fields stand for the use of two tools by a Member State (FI: tagging and impact assessments, DK: impact assessments and evaluations, FR: evaluations and tagging). Cyprus, a Member State without green budgeting practices, has plans to introduce green budget tagging.
Source: 2025 European Commission Survey on Green Budgeting

Graph 2. Drivers for green budgeting



Note: Participants were asked to select the three most relevant options. All respondents, including non-practitioners, could answer. Percentage of respondents (N= 21).
Source: 2025 European Commission Survey on Green Budgeting

Green budget tagging

15 Member States report using tagging to include green considerations in their budget.[7] The survey glossary defines tagging as '*practices that seek to identify budget measures contributing (positively or negatively, i.e. green or brown) to the environment'*. While the number of practitioners, i.e. Member States practising this tool has seen a 50% increase since the 2023 survey, as outlined below, differences and similarities between methodologies broadly persist. The 2025 survey sees more Member States move towards an advanced coverage.

Tagging continues to be an umbrella concept for various different practices. While all practitioners tag environmentally favourable expenditure items and twelve also environmentally unfavourable expenditure items, a third of practitioners also cover revenues and tax expenditures. Certain practices are tailored to cater to other policy files, such as the Luxembourgish government's green agenda, or to monitor environmentally harmful subsidies, fossil fuel subsidies and effective carbon rates in Czechia.

National tagging methodologies share some common features. 14 tagging methodologies cover all six environmental objectives of the EU Taxonomy for sustainable activities.[8] Striving for alignment of green budgeting with the EU Taxonomy[9] is mentioned by eleven respondents, ten of them as active practitioners and Cyprus, which is newly setting up a tagging practice. Some practitioners at the early stages, such as Romania and Czechia, indicate taking inspiration from more experienced practitioners (here: France, Ireland and Austria).

The specificities of tagging methodologies indicate no major shifts compared to the 2023 survey. All Member States practicing green budget tagging cover the central government, and some Member States go beyond by also covering social security (ES), some (AT) or all (RO) subnational governments, or extra-budgetary funds (HR). A few Member States (notably AT, FR) are newly extending green budgeting to (pilot) local authorities. Regarding assigning tags, six respondents (AT, ES, FR, IE, IT and SI) indicate going beyond an ordinal "green"/"brown" vs. "non-green"/"non-brown" tagging by using a percentage scale, with Croatia also taking steps towards such a methodology.[10] The environmentally favourable share of the budget captured in the tagging process (1% to 66.1%[11]) as well as the environmentally unfavourable

[7] AT, CZ, EL, ES, FI, FR, HR, HU, IE, IT, LU, LV, PT, RO and SI.

[8] The six environmental objectives are climate change mitigation, climate change adaptation, biodiversity, sustainable waste management / circular economy, sustainable water management, and pollution abatement. https://finance.ec.europa.eu/sustainable-finance/tools-and-standards/eu-taxonomy-sustainable-activities_en

[9] Alignment does not necessarily mean following the assessment methodologies of some or all EU Taxonomy delegated acts. Nevertheless, it reflects a potentially deeper commitment to the exact definitions of the EU Taxonomy compared to broadly covering its environmental dimensions.

[10] There is a correlation between scaled tagging approaches and relatively early introduction of green budgeting practices. None of the respondents indicate using the OECD Rio Markers (restriction of tags to 0%, 40%, 100% "green" / "brown" contribution). France uses percentage scales only in certain specific cases and generally uses a binary approach.

[11] Greece and Slovenia, relative to other Member States practising tagging, report a relatively high share of environmentally favourable budget. Greece tags expenditures discretely (green/brown/neutral/non-classified) at programme level and excludes from the total the large programme called "General State Expenditures and Fiscal Policy" that includes Payments for Public Debt and the State Budget Reserve. Slovenia tags expenditures, revenues and tax expenditures at project/measure level and has the responsible line ministries submit a justification for the tag to the central budget authority. On the opposite side of the scale, Italy seems to apply a rather narrow methodology at a more disaggregated level: It applies the CEPA-CRUMA classification to determine the share of environmental expenditure per budget sub-chapter, with an indication of the share per CEPA-CRUMA class and subclass.

share (0.1% to 4.2%) vary across countries and over time, largely reflecting different, evolving methodologies.

Ex ante environmental impact assessments

Eight Member States report that they have incorporated ex ante environmental impact assessments (EIAs) into budgetary policymaking.[12] The survey glossary defines EIAs as '*The assessment of budget measures in advance of their inclusion in the budget to ensure environmental and climate implications of decisions are taken into account*', either routinely or selectively. Since the 2023 survey edition, Austria, Lithuania and Slovakia have indicated that they started to conduct EIAs. In Lithuania, EIAs are only conducted on a voluntary, opt-in basis. As in the 2023 survey, while there is some convergence of practices, coverage continues to differ, as outlined below. Four Member States also shared their published methodologies.[13]

The impact assessment methods continue to vary across reporting countries but also show common features. All Member States cover mitigation, and almost all cover additional environmental objectives. In terms of budget coverage, they all focus exclusively on the central government budget. All cover environmentally favourable expenditure items. Favourable revenue and tax expenditure, as well as unfavourable expenditure, revenue and tax expenditure items are also each included by half or more of the practitioners. Some Member States follow a routine procedure: In the Netherlands, the Netherlands Environmental Assessment Agency executes yearly reviews. Sweden requires line-ministries to analyse each budgetary proposal from an environmental and climate perspective, and in Denmark, new policies and measures are subject to impact assessment. For others, the level of ex ante appraisal needed depends on specific factors. In Lithuania, EIAs are only conducted for projects whose objective is environmental in nature. In Ireland, one decisive factor is whether projects are anticipated to surpass financial impact thresholds.

Ex post environmental evaluations

Four Member States report having established ex post environmental evaluations.[14] The survey glossary defines such evaluations as '*The assessment of budget measures after their implementation to help assess how effective they have been in reaching the environmental and climate objectives*', either routinely or selectively. Since the 2023 survey edition, Austria and Ireland have newly indicated that they conduct such evaluations. Information about evaluations remains limited and is summarised below. France shared its published methodology.[15]

Individual practices vary. Most practitioners cover climate change adaptation and mitigation, and France covers all six environmental objectives of the EU Taxonomy. Evaluations generally cover the budget of the central government. Ireland's replies stress the non-systematic nature

[12] AT, DK, FI, IE, LT, NL, SE and SK.
[13] DK: fm.dk/media/m5bp2ead/vejledning-i-samfundsoekonomiske-konsekvensvurderinger-juni-2023_web-a.pdf,
IE (spending reviews methodology which applies to EIAs, as it includes reviews of environmental policies and those with impacts on the range of criteria): https://www.gov.ie/en/department-of-public-expenditure-ndp-delivery-and-reform/policy-information/the-spending-review/,
LT: https://cpva.lt/wp-content/uploads/2025/02/SNA-metodika_2025-2.pdf,
SE: https://www.naturvardsverket.se/4afb22/contentassets/db4c0476226c401e89ddda6c8035560e/vagledning-metoder-bedoma-klimatpolitikens--effektivitet.pdf.
[14] AT, DK, FR and IE.
[15] In section G of the report, https://www.budget.gouv.fr/documentation/file-download/23475.

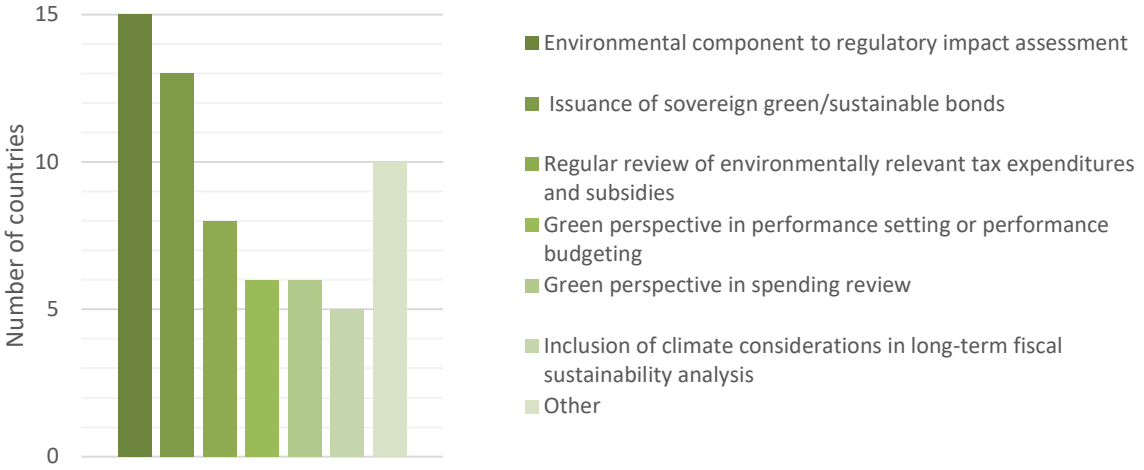
of evaluations (as part of its programme of spending reviews[16]), making it difficult to generalise about their scope. A green spending review cycle has also been introduced by Austria.[17] Denmark continues to assess the total impact of its current and planned climate policy, as well as the gap to its climate targets, on a yearly basis.[18]

A relatively large shift towards more Member States adopting evaluations can be expected. Four additional Member States (CZ, HR, IT and PT) indicate they want to introduce evaluations in the 24 months following the survey.

Other tools for greening public finances

Most countries have additional workstreams that help green public finances and promote green policies (Graph 3)**.** Environmental components to regulatory impact assessments now play a role for more than half the Member States. For instance, Austria is planning to add a climate change mitigation and adaptation dimension to its regulatory impact assessment. In the "Other"-category, green public procurement emerges as a new field of relevance (ES, HR and SI). Notably, Denmark is developing a green macroeconomic model to estimate the climate- and environmental effects of economic policy and vice versa.[19]

Graph 3. Other tools relevant to the greening of public finances (N=25)



Source: 2025 European Commission Survey on Green Budgeting

[16] https://www.gov.ie/en/department-of-public-expenditure-ndp-delivery-and-reform/policy-information/the-spending-review/.
[17] The cycle consists of five modules, of which the first four were published between 2022 and 2025, https://www.bmf.gv.at/en/topics/climate-policy/green_budgeting_en/spending_review_en.html.
[18] https://www.kefm.dk/klima/klimastatus-og-fremskrivning/klimastatus-og-fremskrivning-2025.
[19] DREAM, https://dreamgroup.dk/economic-models/greenreform.

3. LEGAL BASIS AND GOVERNANCE

Green Budgeting Reference Framework – element

Governance: Strong leadership and coordination among the stakeholders involved help an effective implementation of green budgeting practices. A national framework should ensure that the roles and responsibilities of the different stakeholders are clearly defined, together with the timeline for action and deliverables. It should also ensure that the required human and administrative resources are assigned.

Different legal bases lay the grounds for green budgeting in Member States (Graph 4)**.** Soft legal bases such as high-level political commitments and administrative practice continue to be the dominant basis. Member States whose practice is grounded in climate-related legislation are included (DK, ES, RO and SE) in the category of "other legislation". This and the "other" category also include government ordinances / decrees / decisions on green budgeting (EL, ES, HU, RO and SI). Four Member States (AT, FR, IT and NL) indicate green budgeting is (also) anchored in the budget law. Green budgeting is guided by a national/federal strategy in six Member States (EL, FR, IE, LU, RO and SI), a number that has doubled compared to the 2023 survey.

Six Member States have passed (or are in the process of passing) green budgeting-related reforms since the 2023 survey. In connection with its commitments under the recovery and resilience plan, **Slovenia** has enacted two government decisions setting up its green budgeting practices in 2023/2024.[20] Similarly, **Romania** passed an emergency ordinance and a decision on its green budget tagging methodology and governance structures in 2024.[21] **Lithuania** passed a Green Finance Action Plan in 2023 and introduced environmental components to its methodology for assessing socio-economic impact in 2024.[22] **Austria** is to mandate a green budgeting annex to the federal budget starting 2025.[23] **Hungary** published a government decision in February 2025 setting up a pilot green budgeting exercise for the 2026 budget cycle.[24] Finally, **Spain** plans to include in its budget law the obligation for a report on the alignment of the general state budgets with the ecological transition, in its green and brown dimensions, to accompany the draft budget.

[20] Government decision No 41000-11/2023/3, http://vrs-3.vlada.si/MANDAT22/vladnagradiva.nsf/71d4985ffda5de89c12572c3003716c4/4fa4b1792bc0ddd6c1258a32003cb7fa?OpenDocument and Government decision No 41000-3/2024/, https://podatki.vlada.si/zapis.aspx?mandat=22&id=2322.

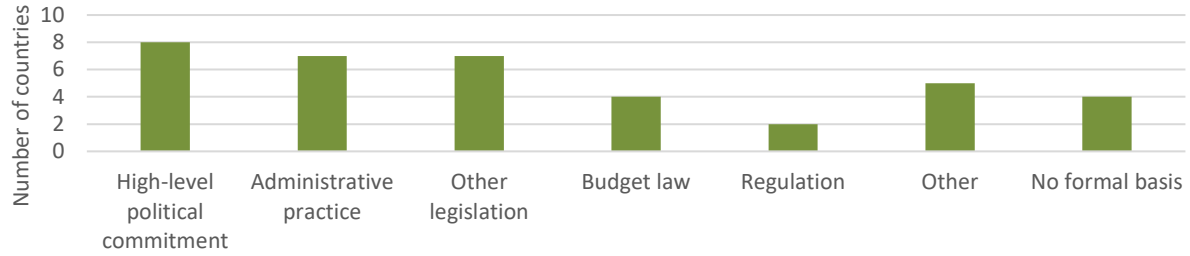
[21] Emergency ordinance No 75 and Decision No 1074, https://mfinante.gov.ro/bugetarea-verde-green-budgeting#:~:text=Bugetarea%20verde%20presupune%20utilizarea%20instrumentelor,mediului%20%C8%99i%20al%20dezvolt%C4%83rii%20durabile.

[22] Methodology for Assessing Socio-Economic Impact (Benefits / Damages), https://cpva.lt/wp-content/uploads/2025/02/SNA-metodika_2025-2.pdf and Green Finance Action Plan for 2023-2026, https://e-seimas.lrs.lt/portal/legalAct/lt/TAD/0fbf94e0eab411eda305cb3bdf2af4d8.

[23] https://www.parlament.gv.at/dokument/XXVIII/I/69/imfname_1685633.pdf and https://www.parlament.gv.at/dokument/XXVIII/I/69/fname_1685631.pdf.

[24] https://njt.hu/jogszabaly/2025-1023-30-22.

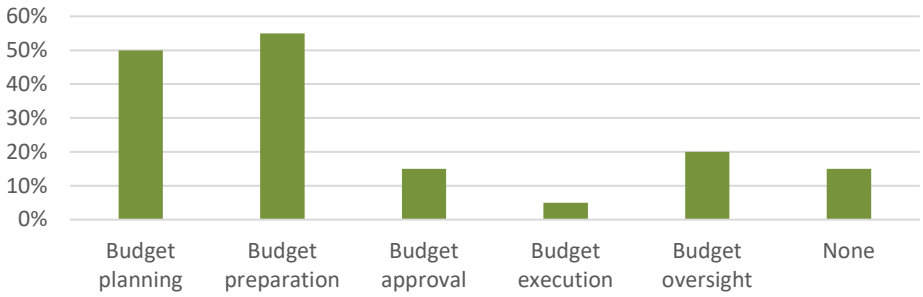
Graph 4. Legal basis / authority of green budgeting across Member States (N=20)



Note: Multiple selection possible.
Source: 2025 European Commission Survey on Green Budgeting

As in the 2023 survey edition, Member States continue to apply a whole-of-government approach to most of their green budgeting practices. Differences in governance continue to be observed between green budget tagging, ex ante environmental impact assessments and ex post environmental evaluations: Environmental impact assessments are usually not as centrally steered as green budget tagging. In most cases, line ministries units are involved in conducting impact assessments. In some cases, a central body cross-checks results (FI and IE). The data on who steers and who is involved in each of the three main tools does not show any major differences; most green budgeting efforts are led either by a central budget authority unit or an interministerial working group, though some are also led by the Ministry of Environment. A broader variety of governmental stakeholders are involved in carrying out green budgeting analyses. In the 24 months following the survey, many respondents plan to involve line ministries' units (AT, CZ, LV, PT and RO) and independent experts (DK and IE). Audit offices are also starting to get involved (AT and FR).

Graph 5. Integration of green budgeting tools into the budgetary cycle



Note: Percentage of total green budgeting practitioners (N= 20). Slovenia manually included in "budget preparation" and Czechia manually included in "none" based on the explanations provided.
Source: 2025 European Commission Survey on Green Budgeting

Most but not all practitioners systematically link their green budgeting practices to the budgetary cycle (Graph 5). In most Member States, green budgeting considerations play a role at the initial planning and preparation stages. The main identified challenge to integrating green budgeting into the regular budget cycle is complexity / administrative burden (twelve of 20 practitioners), with staff capacity limitations, scientific uncertainty / lack of data and

synchronisation / timing issues also playing a role for a minority of practitioners. Seven practitioners, however, see no major obstacles to further integration.

The 2025 survey additionally analysed how climate objectives and targets, as elaborated in the updated NECP, inform the budgetary process. Where such targets / goals do not inform the budgetary process in early stages / as contextual information (nine Member States), they are an element of negotiation / budget formation (six Member States) or there is no link (seven Member States). Three Member States (EE, HR and LV) mention green budgeting as a vehicle for future alignment of the budgetary process with climate objectives and targets. In France, since 2024, the Parliament debates not only the budget but also the financing of the ecological transition over the coming years. Estonia describes the budgetary process as closely linked to Structural Funds, its cross-sectoral strategy and sectoral strategic development plans, as well as performance budgeting criteria for areas such as circular economy, construction and transport which are monitored in light of climate and environmental goals.

The **use of Artificial Intelligence (AI)** currently does not play a role for any of the practitioners with the exception of Hungary, who indicates it uses AI for some research tasks.[25]

4. REPORTING, TRANSPARENCY AND ACCOUNTABILITY

Green Budgeting Reference Framework – elements

Deliverables: Green budgeting information should be reported in both annual budgetary plans and executed budgets. This can be done in various ways, e.g. through sections, annexes or tables in the dedicated budget documents. Countries could also present information on green budgeting in their multi-annual budgetary plans and report on green items pertaining to extra-budgetary entities.

Transparency and accountability: All deliverables should be public, and the methodology should be subject to an independent expert assessment. At a later stage, practices should include independent evaluations of the reports, parliamentary scrutiny and regular ex post reviews of the methodology.

Annual budgetary plans continue to be central to green budgeting reporting (13 Member States). Since the previous survey, nine Member States have produced reports connected to the annual budget, and over the 24 months following the 2025 survey, ten Member States are planning such reports. Some Member States also include green budgeting information in multi-annual budgetary plans (AT, FI, IE, IT and LU) and budget execution reports (FR, IE and NL). Some Member States also (plan to) include green budgeting information in reports focused on climate and the environment (DK, IE, LV and NL) and spending reviews (AT and CZ). Ireland also publishes a broader report on performance budgeting and several Member States have produced in-depth analyses on specific green budgeting issues (AT, ES and IE).

[25] The exact reply is "Listing of international sources".

Transparency and consistency are increased through the provision of (draft) methodologies / guidance, which exists for most practitioners and has recently been introduced / updated by Austria, Ireland, Croatia and Portugal. Czechia, Hungary and Ireland are planning to introduce additional methodologies / guidance in the near future. Portugal also points to its new "govERP" IT system, currently developed further, as a key factor to improve monitoring and reporting.

Accountability of green budgeting deliverables is mainly increased through parliamentary discussion (eleven Member States). Some countries also subject their green budgeting documents to independent assessment (DK, ES, PT and SE) and ex post reviews (IE, NL and SE). An independent assessment of green budgeting practices more generally is available for Denmark[26] and Portugal[27]. Ireland has established an ad hoc interdepartmental committee to provide quality assurance to its green budgeting in expenditure process only and is considering an independent review of its methodology. Austria, France and Romania engage in structured dialogue with civil society bodies and other stakeholders on the climate or environmental impact of budget decisions.

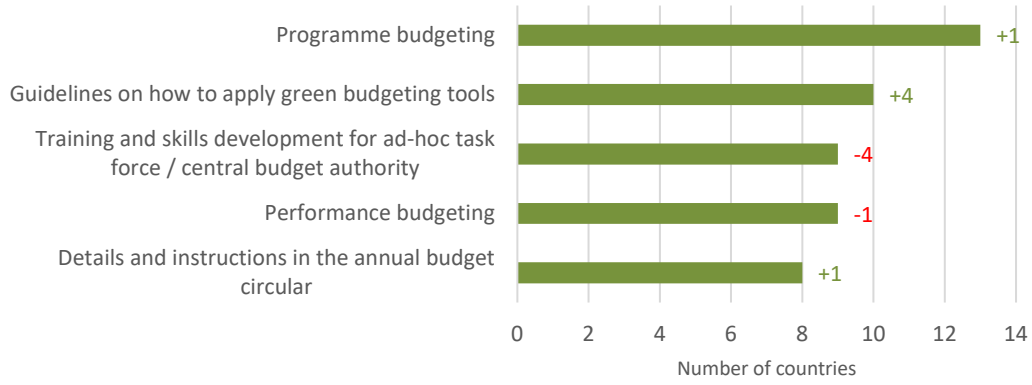
The impact of green budgeting is not always evident. 60% of practitioners indicate that there are no clear effects of green budgeting on promoting a clear environmental perspective in policy development and resource allocation. Of those who do see an effect, they see it through raising political awareness (EL, IE and LU), improving cost-effectiveness (DK) and transparency and accountability (IE). To increase future impact, Member States propose focusing on better IT systems (EL), green budgeting's integration into the budgetary cycle (AT) and closing climate-economy research gaps (DK and IE).

5. ENABLING ENVIRONMENT AND CHALLENGES

The tools and elements that support green budgeting are changing (Graph 6). 'Training and skills development for ad-hoc taskforce / central budget authority' is featuring less prominently compared to the 2023 survey, potentially because some training was temporary, for initiating practices. At the same time, 'guidelines on how to apply green budgeting tools' have gained importance, likely indicating a shift to a more advanced implementation stage, post-pilot, where guidance has been drafted and distributed to entities contributing to the work on green budgeting. Less frequently selected elements in support of green budgeting not featuring in the graph include training and skills development for line ministries and the Ministry of Environment, as well as reference to inter-governmental task forces and dedicated units to facilitate the green budgeting process. In terms of **international support structures**, respondents mention support through the EU's Technical Support Instrument on green budgeting, the OECD's Paris Collaborative on Green Budgeting and the EU expert group on green budgeting, each with their respective frameworks and resources.

[26] Danish Council on Climate Change, https://klimaraadet.dk/da/rapport/statusrapport-2025.
[27] Conselho das Finanças Públicas (Portuguese Independent Fiscal Institution), https://www.cfp.pt/uploads/publicacoes_ficheiros/cfp-rel-10-2023_poe2024.pdf.

Graph 6. Top five elements supporting green budgeting (N=26)



Note: Multiple selection possible. +/- indications refer to the absolute change compared to 2023 survey data.
Source: 2023 and 2025 European Commission Survey on Green Budgeting

Many challenges to establishing effective green budgeting practices persist (Graph 7)**.** The most commonly shared challenges are a lack of technical expertise, fitting methodologies (i.e. methodologies for assessing environmental effects), as well as being understaffed. A minority of countries flag time and capacity limitations, a lack of political will as well as ICT needs.

Graph 7. Top five challenges to effective green budgeting (N=26)

Note: Participants were asked to select the three most relevant options.
Source: 2025 European Commission Survey on Green Budgeting

Four areas where further support would be useful emerge. The need of methodologies is mirrored by an equally frequent call to develop guidance on tools and processes. More concretely, guidance on how to measure the effectiveness of green budgeting (NL), on tagging areas of common difficulty, like agriculture and enterprise schemes (IE), on how to integrate secondary environmental/climate impacts of policies into tagging (SK), and on how to integrate various green budgeting tools and complementary instruments (LT) has been suggested. Moreover, roughly two thirds of Member States would see merit in developing international best practices in green budgeting and organise international meetings to share country experiences. Finally, half of the Member States sees a continued role for the Commission in

providing country-specific technical support. In other replies, many Member States mention that the first Technical Support Instrument (TSI) project on green budgeting helped them consider, build and improve green budgeting practices. A first TSI project assisted 23 beneficiary Member States in developing their green budgeting practices, primarily focused on green budget tagging. It was finalised in 2024. A second TSI project on green budgeting is starting in 2025, delivering targeted support to five Member States working to address specific challenges (CZ, CY, DK, FR and PT) and allowing another five Member States to join civil servants' exchanges to learn from peers (ES, HR, IE, SI and SK).

6. CONCLUSION

Green budgeting continues to gain momentum in Member States. 21 of reporting Member States have established, or plan to introduce, some form of green budgeting. Since the 2023 survey, also counting pilots, eight Member States have implemented practices for the first time, many with the help of the Technical Support Instrument on green budgeting. As an emerging voluntary common practice, most Member States now factor all six environmental objectives of the EU Taxonomy into their green budget tagging. An increasing number of Member States also introduce a legal basis for green budgeting.

While most Member States now have established green budgeting practices, their impact remains to be seen. There is room for further integration of practices into the regular budget cycle, and independent reviews and assessments of the impact of green budgeting are still rare.

Member States have ambitious plans to strengthen their green budgeting practices and know which support they need for this. They have concrete plans to involve additional stakeholders, introduce additional tools and strengthen existing methodologies. While there continues to be a need primarily for effective methodologies and relevant knowledge / technical expertise, Member States increasingly have established governance structures which help them mainstream green budgeting efforts, e.g. through the dissemination of guidance. The Commission continues to support national green budgeting, including through the dedicated expert group, organising an annual green budgeting conference and running a second TSI project on green budgeting from 2025.

Annex 1. EU Green Budgeting Reference Framework[28]

Elements \ Level	Essential	Developed	Advanced
Coverage – Environmental objectives	climate mitigation	+ other environmental objectives (e.g. of the EU Taxonomy)	all objectives linked to national and international goals and targets
Coverage – budgetary items	favourable expenditure & revenue	+ unfavourable / mixed / neutral items	+ tax expenditure
Coverage – budget scope	state (incl. social security)	+ subnational governments	+ other (e.g. SOEs and extra-budgetary funds)
Methodology	tagging		+ ex ante impact assessment, ex post evaluation
Deliverables	identification in annual budget, reporting on budget execution	+ estimates in multi-annual plans	+ extra-budgetary spending reports
Governance	ad hoc, central task force	permanent central structure	+ green budgeting correspondents in line ministries/agencies
Transparency & Accountability	all deliverables public, independent expert's assessment of methodology	+ independent assessment of deliverables, parliamentary discussion	+ ex post review

[28] See also https://economy-finance.ec.europa.eu/document/download/bfd8d6c1-d501-4cf2-873f-811f6453dde8_en?filename=European%20Union%20Green%20Budgeting%20Reference%20Framework.pdf.