Cleantech *for* Europe

Cleantech Group

Making the New EU Budget Fit for the Cleantech Scaling Journey

Funding instruments to mobilise private capital with the right governance

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Introduction

In July 2025, the European Commission presented its proposal for the next Multiannual Financial Framework (MFF) covering 2028–2034. This proposal comes at a pivotal moment: Europe must simultaneously safeguard the competitiveness of its energy-intensive industries as they decarbonise and secure the industrial value chains of the future at the scale it has committed to – the NZIA target of producing 40% of Europe's clean technology demand domestically by 2030. The choices embedded in the MFF will be central to both objectives – but they cannot be understood in isolation.

Public budgets are constrained, both at EU level and within Member States, which also face growing demands such as higher defence expenditure (5% NATO target[1]). A larger budget would certainly ease trade-offs, but what matters above all is coherence: the MFF budget and financial instruments must be deployed as part of an integrated EU Cleantech Industrial Strategy. It is critical to ensure they are deployed on the technologies the EU has identified as strategic priorities, together with other policy instruments (trade and competition policies) with one common aim: strengthening the business case fundamentals for these technologies. Otherwise, scarce funds risk being spread too widely with little impact on competitiveness, jobs or resilience and risk addressing issues that other policy instruments, such as trade policy, are better suited to tackle.

An integrated EU Cleantech Industrial Strategy requires a disciplined process to identify priorities, based on following questions: Which value chains with strong EU presence must be preserved? Which emerging value chains should Europe actively build to capture economic value and employment? Which value chains must Europe maintain to ensure security and resilience? Only once these strategic choices are made does the MFF become a powerful lever. Instruments such as the European Competitiveness Fund (ECF), Horizon Europe, National and Regional Partnership Plans (NRPP) and the Connecting Europe Facility (CEF) can then be deployed along value chains with clear objectives.

1. In June 2025, NATO has committed to a new defense spending target of 5% of its member countries' annual GDP by 2035, a significant increase from the previous 2% goal. It is split into two categories: 3.5% to resource core defence requirements, and to meet the NATO Capability Targets, and 1.5% to protect its critical infrastructure, defend its networks, ensure its civil preparedness and resilience, unleash innovation, and strengthen defence industrial base.

To maximize their impact, three principles should guide deployment: budgetary efficiency (privileging guarantees and de-risking tools over more expansive subsidies), signalling effect to private capital (turning EU funding into a marker of bankability for private capital) and strategic coherence (aligning budget spending with demand-side instruments, competition and trade policy).

With constrained budgets, public funding cannot do all the heavy lifting. Its role is to mobilise private capital at scale, acting as a catalyst rather than a substitute. This requires well-calibrated de-risking tools that crowd in investors rather than crowd them out. This can be achieved in two ways. Either with fast, simple and predictable funding instruments – such as production-based support - that can easily be modelled into private investment decisions.
Or public funds can be deployed through a rigorous, market-trusted due diligence process focussed on a 'path to commercial viability' that is perceived as providing a seal of financial soundness, giving confidence for private capital to follow.

In this integrated perspective, the MFF is not simply about dividing limited funds, but about providing the financial backbone of a broader industrial strategy.
Only if Europe avoids siloed thinking and aligns budgetary, industrial and trade instruments will it be able to scale up cleantech industries where it truly matters for competitiveness, resilience and security.

Key Recommendations :

I. Anchor the MFF, and especially the European Competitiveness Fund (ECF), in an integrated Cleantech Industrial Strategy:

1. Focus ECF funding on value chains identified as strategic under a European Cleantech Industrial Strategy. For these, combine financing with trade defence, competition, and foreign direct investments screening tools to ensure Europe competes where it matters most, to strengthen their business case fundamentals. Else there is a risk of spreading limited EU funds too thinly and widely, on sectors without strong policy coordination.

2. Ensure European preference (Made in Europe) as default approach in the allocation of ECF resources, with the allocation of support to manufacturing and developing strategic clean technologies and sectors located outside the Union becoming the exception and requiring justification.

II. Apply three core principles for efficient public spending, aimed at leveraging private capital.

1. Prioritise budgetary efficiency: Use guarantees and de-risking tools as the default to crowd in private capital rather than substitute it. Also, reserve grants/subsidies for cases where market instruments cannot apply, particularly early stage.

2. Signal to private capital: Ensure ECF funding decisions either act as a marker of bankability, through rigorous, market-trusted due diligence (for example modelled on the U.S. DOE Loan Programs Office). Or ensure funding instruments are simple, predictable and therefore can be modelled with certainty by private capital providers.

3. Ensure strategic coherence and continuity: Align ECF deployment with Horizon Europe, the Innovation Fund and Connecting Europe Facility to cover the full innovation-to-market financing continuum as well as the necessary enabling conditions such as grids and interconnectors.

III. Bridge the commercialisation gap for strategic cleantech:

The limited Clean Transition Window (€26 billion) should focus on scaling mature clean technologies with low green premiums with strong EU value chain potential, such as batteries, electrolysers, or grid components. Depending on the structuring and financial endowment of the Industrial Decarbonisation Bank (IDB), technologies critical to industrial decarbonisation such as green molecules, industrial heat pumps/thermal

storage might not be the immediate priority of the Window. It must thus complement existing instruments such as the Innovation Fund (first-of-a-kind projects) and EIB/National Promotional Banks financing (close to commercial market-rate financing) as well as Horizon Europe. This requires a range of flexible and targeted instruments (production-based support, attractive loans and guarantees, also for working capital/liquidity) to reduce initial commercial risk.

IV. Ensure ECF InvestEU has a confirmed budget that is at least as large as under the current MFF:

Increase the EU-level contribution to at least match the current €29.1 billion envelope, as Member State top-ups are unlikely to reach the €70 billion envisaged. Preserve the higher 50% provisioning rate to sustain risk-taking and mobilisation capacity.

01.

THE MFF: AN INTEGRAL PART OF A EUROPEAN CLEANTECH INDUSTRIAL STRATEGY

The MFF is one tool in the EU's wider policy instruments spanning competition, state aid, and trade policy. But without a coherent industrial and trade strategy, scarce EU funds risk being fragmented and ineffective to deliver competitiveness, jobs, or resilience at scale. In a constrained fiscal context, every euro must be spent wisely to de-risk cleantech. Therefore, the EU needs an integrated European cleantech industrial strategy, built on a robust framework and governance process drawing on the Draghi framework[2] which distinguishes between:

- → industries where Europe's cost disadvantage is too large to allow meaningful competition,
- → industries where the location of production is strategic even if the technology is foreign,
- → industries where know-how and manufacturing capacity are vital to preserve, and
- → infant industries where Europe has an innovative edge and, with the right policies, could seize a sizeable market share.

That strategy needs to align all policy instruments – including the EU budget – to ensure funding is deployed efficiently, with the right financial tools for each sector, while also acknowledging where other policy instruments such as trade, regulatory and competition policy can be more efficient. Public funding can be powerful in de-risking and bridging initial cost gaps, but it will fail if deployed without coordination with competition and trade policy[3]. That strategy will need to be grounded in a firm understanding of business cases, market dynamics, industrial processes and cost-reduction pathways while taking a value chains approach. A tool that could play a role here is the upcoming Competitiveness Coordination Tool (CCT) which is also likely to play a role in the deployment of the National Plans[4].

Only by integrating the MFF within this broader strategy can Europe ensure every euro spent strengthens competitiveness, resilience, and strategic autonomy – making "cleantech made in Europe" both viable and profitable.

2. Draghi Report, European Competitiveness, Joint Decarbonisation and Competitiveness Plan, p. 41.

3. Take the battery sector as an example. Batteries are critical to Europe's automotive, grid and defence industries. If the EU deploys billions in funding for battery manufacturing but does not complement this with trade policy – such as tariff measures or European preference in procurement – it risks ending up with a limited industrial base six years from now. In such cases, industrial and trade policy must work hand in hand with financial instruments.

4. I4CE, The Competitiveness Coordination Tool: How to make better choices in clean industrial policy, October 2025. This integrated Strategy can be defined in the context of the CCT. As NRPPs may also become the investment arm through which Member States deliver on targets set under the NZIA, the CCT will be crucial to ensure consistency and coordination in how these national plans are designed under EU guidance.

02.

GUIDING PRINCIPLES FOR ALLOCATING SCARCE PUBLIC FUNDING

Once it has been defined, the deployment of the MFF should be built on the core principles of budgetary efficiency, signalling to private capital and strategic coherence with other EU policies. This will also require identifying the most adequate budgetary tool in the MFF for each program.

1. Budgetary efficiency

The total amount of funding available for cleantech and decarbonisation over the seven-year period will not close the cleantech investment gap[5]. This is why budgetary efficiency will be critical: every euro must be deployed to maximise impact and leverage private equity and debt capital wherever possible.

This means the EU Budget should have as default a 'de-risking instruments first' and reserve grants, subsidies and equity capital – the most expensive forms of financing – for only the cases where no alternative is possible. For each funding instrument, the EU needs to set aside an amount – provisioning rate – based on likelihood of financial losses. The provisioning rate varies according to risk level – roughly 10 to 15% for safer, debt-based instruments, and up to 40% for higher-risk, equity-like operations. Under the current Regulation, a conservative 40% rate means that around €10.5 billion is actually set aside in the budget. This approach enables the EU to take on more risk and mobilise far larger volumes of investment than would be possible through grants alone[6]. Budgetary cost-efficient tools – such as guarantees – allow for a significant increase in financing capacity by amplifying the leverage effect of public funds. In the vast majority of cases, money guaranteed is not spent but reallocated if the guarantee is not called.

For instance, experience shows that different instruments serve complementary purposes: each euro invested by the EIC Fund through grants and equity has generated around €3 in return by supporting early-stage innovation[7], while every euro of guarantees under InvestEU has mobilised close to €14.80 of investment

5. Cleantech Investment Plan: the funding gap is estimated around €50 billion by 2030 for only six technologies (solar, wind, batteries and storage, heat pumps and geothermal energy, electrolyzers and fuel cells, biogas/biomethane, carbon capture, utilization and storage, and grid technologies), that could easily double considering other technologies such as green cement, green steel or geothermal.

6. European Parliament, Economic Governand and EMU Scrutiny Unit, InvestEU Programme: functioning, performance and future challenges, April 2025, p.2

7. EIC Fund Investments Guidelines, 2023

by crowding in private capital at later stages[8]. This demonstrates the importance of using the right mix of instruments along the innovation and scale-up cycle, in line with the principles of efficiency and additionality embedded in the EU Financial Regulation[9].

2. Signalling to private capital: granting of EU funding should be a market signal to financial markets

The second principle is ensuring that EU funding operates as a powerful signal to private investors. Public funding instruments – whether EU-level funds such as the EIC and Innovation Fund, the EIB and EIF, or national promotional banks – must play a critical role in de-risking cleantech companies as they scale.

This can be achieved in two ways: either making funding instruments faster, simpler and more predictable so that they can be effectively modelled by private investors[10], or by ensuring that allocation decisions are based on rigorous due diligence looking at commercial viability, giving public funding the credibility with a market-recognised seal of financial soundness and bankability that attracts private capital.

Financial markets must see EU support as more than policy-driven: it must be underpinned by the same standards of commercial viability assessment used by private capital providers. This is where governance and credibility matter most. The U.S. Department of Energy's Loan Programs Office (LPO), particularly under the previous US administration, offers an interesting example: its rigorous due diligence gave markets confidence that recipients of LPO loans were financially sound, enabling those companies to raise the equity needed to unlock public loans[11]. Both public and private investors face high compliance and transaction costs when assessing

8. The multiplier effect of InvestEU to date should be exceeded by the program after its revision. By mobilizing up to €50 billion in additional public and private investment by the end of the current financial framework in 2027, with an increase of the EU public guarantee by €2.5 billion, InvestEU would have a multiplier effect of 20. 9. Ibid, efficiency "concerns the best relationship between the resources employed, the activities undertaken and the achievement of objectives". Also, Article 212(2)(b) states that financial instruments "achieve additionality by preventing the replacement of potential support and investment from other public or private sources", reinforcing the necessity of efficient tools.

9. Ibid, efficiency "concerns the best relationship between the resources employed, the activities undertaken and the achievement of objectives". Also, Article 212(2)(b) states that financial instruments "achieve additionality by preventing the replacement of potential support and investment from other public or private sources"

10. Milken Institute, Making a Success of Industrial Policy: Lessons and Insights from the US Experience, p.23: the most effective financing tools of the IRA, to mobilise private investment and meet industrial-policy objectives, were those that were clear, transparent, easy to claim and available long-term. As another example, for manufacturing projects, production-based aid can be more easily factored into business case decisions than lump-sum aid for individual projects based on subjective criteria like the 'funding gap'.

11. Investing With LPO, Institutional Investors Presentation, March 2024, p. 30. For example of this "seal of excellence" aspect, every $1 of LPO-financed projects to utility-scale solar projects was followed by $19.80 in private capital, and $2.40 in wind.

cleantech investments. Europe could emulate this by mutualising the costs of due diligence. If the EIB's role and capacity
are strengthened and its due diligence becomes a "gold standard", it might be used for deploying EU funding instruments outside the EIB's remit, thereby lowering barriers for private investors and creating a multiplier effect. In this way, EU funding becomes not only a source of capital, but a certification of bankability[12].

3. Strategic coherence with other EU policy instruments

The third principle is that the MFF must work in tandem with the wider EU policy toolbox – including trade, competition, demand-side and industrial policies. Different cleantech sectors face distinct value chain challenges, and financial tools must be adapted accordingly.

For example, battery manufacturing faces a persistent cost gap compared to China and the U.S. Here, equity capital and production-based support for batteries is unlikely to yield the maximum results, unless it is combined with a "Made in Europe" preference as a demand signal and even possibly tariff policies[13]. By contrast, in industrial decarbonisation, technologies such as Thermal Energy Storage lack demand-side pull and need targeted de-risking instruments such as Carbon Contracts for Difference (CCfDs) to address both CAPEX and OPEX barriers on the customer side[14].

The forthcoming Industrial Accelerator Act (IAA) must be closely aligned with the Multiannual Financial Framework to ensure consistency in how the European preference is applied[15]. The proposed European Competitiveness Fund (ECF) already establishes that EU support should prioritise manufacturing

12. However, regulatory prudential framework could limit the scope of this service and would need adjustments. Under the Capital Requirements Regulation (Article 113 (1), CRR III) and Directive (Article 79 (b), CRD VI), commercial banks cannot fully delegate credit risk assessments or rely on third-party due diligence to build internal models.

13. The European Commission will launch in November a Battery Booster package including EUR 1.8 billion up for equity to support production in Europe companies manufacturing batteries in the EU by mobilising resources from the Innovation Fund. Production-based aid can be more easily factored into business case decisions.

14. Cleantech Reality Check 2, Electrification

15. The European Commission published in December 2025 a Communication on Strenghtening EU economic security. Based on Article 136 of the Financial Regulation that provides a horizontal legal base to protect the EU's security when implementing the EU budget, the Commission announced the publication in Q1 2026 of a guidance to ensure better policy alignment between EU programmes and economic security aims. This can be the right tool to ensure coherence between the IAA and the MFF on EU preference criteria.

and developing strategic technologies within the Union, including through restrictions on control, asset transfers and supply chains[16]. Translating this principle coherently across both the IAA and the MFF would create a strong, predictable "Made in Europe" signal[17].

16. Proposal on establishing an European Competitiveness Fund, Recital (45) and Article 10.

17. Cleantech for Europe, The Industrial Accelerator Act – Time for Made in Europe Clean Technologies. See also, the CATL-Stellantis JV in Spain illustrates the cost of Europe's fragmented approach. CATL will fly in 2,000 Chinese engineers to build a €4 billion LFP battery plant, supported by €298 million in EU RRF pandemic recovery funds – yet there are no conditionalities attached. No IP or know-how transfer, no local supply chain development, no strategic reciprocity. This isn't industrial strategy; it's subsidizing someone else's.

03.

ARTICULATING THE **NEXT MFF** TO TURN IT INTO **A MARKER OF BANKABILITY**

All these principles must now be reflected into the next MFF instruments that have been proposed in July 2025, and their role in the financing of cleantech value chains must be clarified.

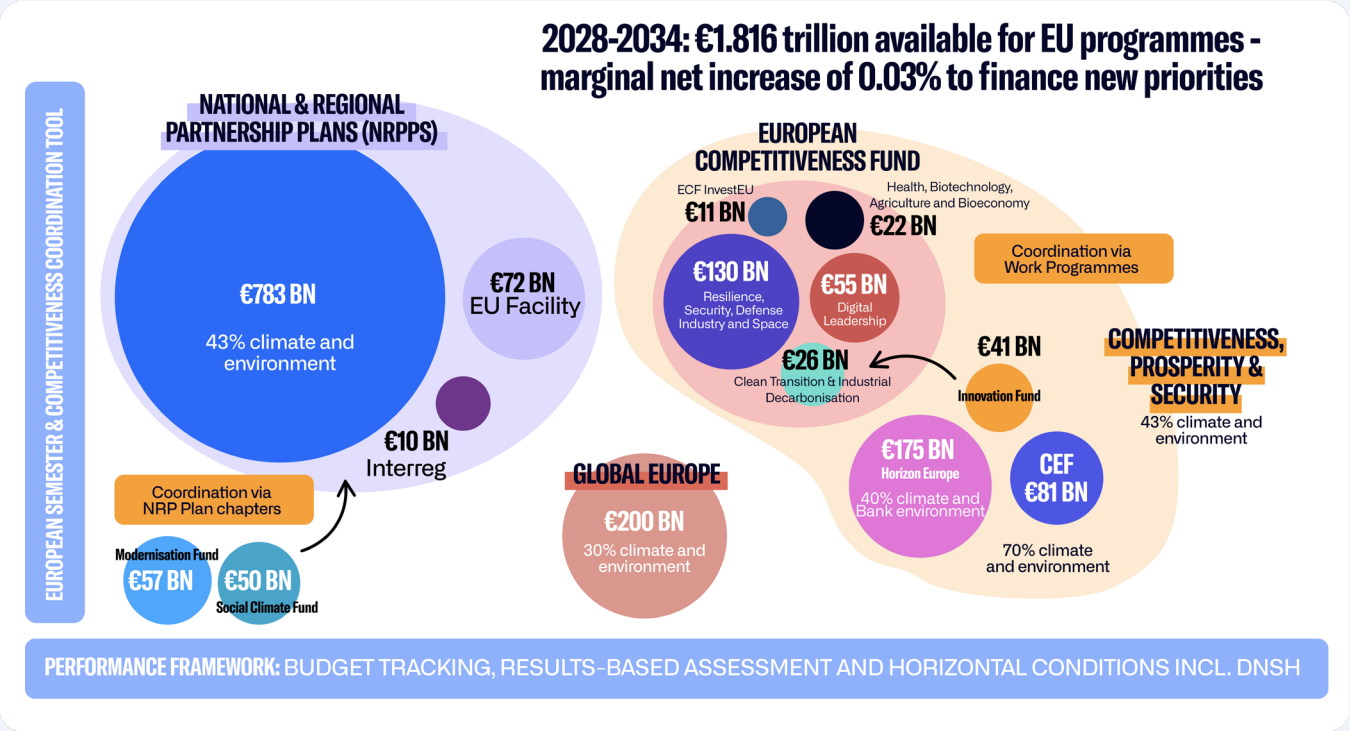

CHART 1: Size of climate-revelant EU funds in the Commission's proposal for the next MFF, and other non-MFF programmes, in currents price.
Source: Climate Strategy[18]

1. The European Competitiveness Fund (ECF)

The ECF is a welcome step toward an integrated EU financing framework that connects research, innovation and industrial scale-up under one roof. By bringing together a wide range of instruments – equity, debt, grants, production-based support and scale-up facilities – it offers the flexibility needed to match tools to technologies and stages of maturity while remaining budgetary efficient. This simplification and adaptability across work programmes can make EU funding truly additional, more coherent and responsive. To ensure real impact, the ECF must apply a "supply-chain logic", directing public support where it delivers the highest additionality along Europe's clean industrial value chains. In this respect, the integration of a European preference in the governance of the fund is an essential step that must be preserved.

18. See also Annex I for budgetary proposal table.

General Key Recommendations :

→ Diversity of financial tools and instruments and flexibility– the role of public funding to de-risk private investments will vary across sectors, technologies and value chains, and will contain a mix of supply- and demand-side support, covering capital expenditure (CAPEX) and operational expenditure (OPEX). Particularly maintain Article 18 ECF (Production Ramp-Up actions), ensuring the tools are simple enough to act as signalling effect for private capital. This will be particularly vital for a European battery value chain. Also maintain the flexibility to introduce calls (Article 20 ECF) that may be easier and less-resource intensive for SMEs and Scale-Ups to bid on.

→ Preserve European preference in the allocation of ECF resources as default rule, with the allocation of support to manufacturing and developing strategic clean technologies and sectors located outside the Union becoming the exception and requiring justification.

→ Connect the ECF with National and Regional Partnership Plans more effectively – demand-side measures targeting final demand by end consumers and SMEs should be prioritised in the NRPPs.

1.1 Clean transition window

Key Recommendations :

→ Prioritise the scaling of mature clean technologies with strong EU value chain potential – the Clean Transition Window's limited €26 billion budget should target sectors where public support delivers the greatest collective benefit, while technologies facing structural cost gaps or unfair competition are better addressed through trade and industrial policy instruments.

→ Ensure strong allocation to Invest EU ECF – We would suggest that €10 billion of the window be pre-allocated to the Invest EU ECF program under the work programme.

→ Pre-allocation to Production Based-Support – We would recommend

ensuring that the Clean Transition Window pre-allocates at least €7 billion to production-based support, particularly focussed on the battery value chain.

→ Complementarity with EU Innovation Fund (IF) – The window should predominantly be deployed on technologies dealing with commercial risks, whereas the Innovation Fund – outside the MFF until 2030 – continues to focus on technologies facing technological risks. That may obviously change depending on the review of the ETS 1 in 2026 which could lead to a change of focus of the Innovation Fund, which in turn may be impacted also by the deployment of the Industrial Decarbonization Bank as of 2026.

→ Complementarity with the Industrial Decarbonisation Bank (IDB) – The window should be complementing the IDB, expected to be funded through part of the Innovation Fund, Member State contributions possibly from national ETS revenues and part of the EU Budget guarantee.
The IDB must structure its financial support to industrial decarbonisation in a way that acts as a catalyst for clean technologies made in Europe that are material to the decarbonisation of energy intensive sectors (green hydrogen/molecules, thermal storage, other electrification applications, etc...). These sectors might be better supported through the IDB than through the Decarbonisation Window of the ECF.

A significant part of €26 billion Clean Transition window of the European Competitiveness Fund should focus on bridging a crucial financing gap: supporting the scaling of mature clean technologies that fall outside the scope of Horizon Europe (too high TRL) or the Innovation Fund (no longer First of a Kind). It will need to work in tandem with the Innovation Fund mandate and Horizon Europe and will need to adapt depending on the evolution of the policy objective of these funding instruments.

However, this envelope is far from sufficient to meet the scale of Europe's decarbonisation challenge. Looking at financing demands made by the wind,

19. Wind Europe, including €2.1bn for research, €9bn for scale-up and competitiveness, and €0.5bn for attracting more private investment in climate and energy competitiveness.

solar and batteries sectors alone, they already exceed the Clean Transition window. The wind sector has called for €11.6 billion[19], while the solar sector seeks €7.8 billion to support manufacturing reshoring[20]. The battery sector, for its part, estimates that an annual public contribution of €20–25 billion is necessary to build a competitive, resilient, and sovereign European battery ecosystem[21]. Sectoral requests alone surpass the available EU resources, highlighting the need for strategic focus: not every sector can be supported at scale.

Budgetary efficiency is therefore also about prioritisation. EU resources must concentrate on sectors and value chain segments where public intervention generates the greatest European public good. It must focus on cleantech value chains that have been identified as strategic by the EU as part of an integrated Cleantech Industrial strategy. This is also the reason why, at a time when pooling resources across national borders when possible is more critical than ever, demand-side end-consumer type measures should be prioritised in the NRPPs rather than in the ECF.

Effective coordination with Horizon Europe, the Innovation Fund, and the Connecting Europe Facility will be key to maximise cumulative impact and avoid duplication. Together, these instruments can cover the full innovation-to-market continuum, from research and pilots to late-stage commercial deployment and the enabling infrastructure such as grids.

20. SolarPower, to be invested over the next 10 years to support Capex and Opex for partially re-shored manufacturing capacity

21. A Battery Deal for Europe, RECHARGE and BEPA, October 2025, p.37

1.2 ECF Invest EU

Key Recommendations :

→ Reinforce the minimum EU allocation to ECF InvestEU – the €17 billion envelope is too small compared to €29.1 billion in the previous MFF and must at least be matched to sustain the positive impact of Invest EU in this mandate. The minimum allocation (Article 21(4) ECF) should be raised to at least €29.1 billion.

→ While Member State Compartments could in theory raise the envelope to €70 billion, this remains unlikely, reinforcing the need for a stronger EU-level contribution to secure sufficient scale and credibility.

→ Preserve and leverage the higher 50% provisioning rate (Article 21(3) ECF) – this increased risk capacity enables the EIB and national promotional banks to finance projects not yet fully bankable, ensuring real additionality and stronger market impact.

The ECF InvestEU window remains one of the EU's most effective tools to mobilise private capital for clean technologies, yet its current EU contribution has been cut from €29.1 billion under the previous MFF[22] to just €17 billion. While topping it up to €70 billion through Member State contributions has been suggested[23], this is highly unlikely: under the current MFF, Member State contributions only reached €3.3 billion[24]. The first priority must therefore be to reinforce the EU envelope itself.

Member States should indeed be encouraged to use the new ECF InvestEU compartment to channel resources into this framework, benefiting from EU

22. The initial amount of the EU budget guarantee was €26.2 billion, to trigger more than €372 billion in private investments. In September 2025, the EU agreed to unlock an additional €2.9 billion from the EU budget, that could mobilise an additional €50-60 billion of private funding. With the top-up, InvestEU reached €29.1 billion.

23. Article 21, European Competitiveness Fund: "The minimum amount of the Union support from ECF delivered through ECF InvestEU Instrument shall be EUR 17 000 000 000 bn, to be used in support of the general and specific objectives set out in Article 3. This minimum amount shall be increased by the contributions from the work programmes set out in Article 15. The contributions shall be a favoured means of implementation under the ECF and used for provisioning of the budgetary guarantee or financing of the financial instruments. »

24. InvestEU guarantee sources, as of October 2025

leverage and lowering financing costs. By coordinating NRPPs, the CCT could be the right tool to encourage Member States. Rather than scattering limited funds across fragmented programmes, a stronger ECF InvestEU guarantee pillar would maximise budget efficiency, signal confidence to markets, and mobilise the private capital essential for Europe's cleantech scale-up[25].

Moreover, because of its higher provisioning rate (from 40% in the previous program to 50% here), InvestEU can take more risk than other EU facilities and thus deliver real additionality. It should therefore be reinforced, not reduced, to increase the chance that financing is channelled towards projects and technologies which are not yet fully financeable through banks and capital markets. EU policymakers should prioritise enlarging its guaranteed capacity.

The InvestEU envelope can be deployed efficiently to de-risk cleantech investments. For instance, this programme is mostly implemented by the EIB, particularly under the shape of its guarantee programs. The EIB launched in June 2025 an essential tool for scaling-up cleantech, a €250 million Cleantech Guarantee Scheme[26]. This pilot-envelope, designed to counter-guarantee commercial banks, easing collateral requirements and unlocking working capital for cleantech, could be increased if considered a success.
This would therefore require a top-up and flexibility of ECF InvestEU.

2. Grids & Connecting Europe Facility – essential enabling framework for Cleantech and electrification

Key Recommendations :

→ Ensure CEF turns into a catalytic instrument – Shift CEF-E from mainly grants to guarantees and blended finance, prioritising electricity grids and cross-border infrastructure to leverage private capital, support cleantech value chains, and strengthen strategic connectivity and resilience. Therefore, ensuring a sizeable part (EUR 8-10 billion) of the CEF-E is allocated under Article 8(3) CEF towards the Invest EU ECF window to ensure the maximum use is made of the envelope is used on the necessary interconnectors.

25. Climate Strategy, Towards an evidence-based and efficient design of climate and competitive investments in the next MFF, Summary Brief, p.6

26. EIB Cleantech Counter-Guarantee Scheme

The Connecting Europe Facility (CEF) is set to grow significantly in the next MFF, reaching €30 billion for Energy (CEF-E) and €51 billion for Transport (CEF-T). This fivefold increase in Energy reflects its growing importance in financing cross-border infrastructure, notably electricity interconnectors, smart grids, offshore networks, and electric vehicle charging corridors. However, to maximise its impact, the CEF-E must evolve from a primarily grant-based instrument into a more catalytic one[27]. The investments needed to strengthen, expand and digitise the distribution network alone are estimated at around €67 billion per year between 2025 and 2050, an amount that cannot be mobilised solely from the public budget[28].

Infrastructure investments are capital-intensive but mature, meaning they can attract private financing if risks are structured and shared effectively. Using guarantees or blended finance instead of pure grants would multiply the leverage effect and ensure that scarce public funds focus on genuine market failures. The proposed CEF Regulation now provides a framework to channel such guarantees through the ECF InvestEU or Global Europe delivery mechanisms – this flexibility should be actively used, not left on paper[29]. Moreover, CEF-E funding should extend beyond transmission-level projects to support distribution grid operators (DSOs) and reinforce supply-chain resilience, for instance through stockpiling critical grid components or securing access to critical raw materials.

In transport, the Alternative Fuels Infrastructure Facility (AFIF) has proven effective as a blended finance tool supporting large-scale EV charging deployment. The European Commission makes the granting of a subsidy conditional on raising private funding (debt or equity). This model – combining public de-risking with private execution – should guide the future CEF design: a catalyst for strategic connectivity, competitiveness, and resilience.

27. The proposal of the CEF Regulation (p.4) recognizes that "The CEF's actions should be used to address market failures or sub-optimal investment situations, in a proportionate manner, without duplicating or crowding out private financing and should have a clear EU added value. In this respect, the CEF and Savings and Investments Union measures can be mutually supportive, as public funding can be effective to de-risk large infrastructure projects and attract private investments in the EU, creating significant leverage effect. At the same time, the growing availability of efficient collective investment vehicles, like the European Long-term Investment Funds (ELTIFs), can efficiently catalyse long-term investments by institutional and other private investors towards infrastructure projects, thereby complementing and amplifying the funding available from CEF."

28. Eurelectric, The Billion-Euro Question: What's in the new MFF?, July 2025

3. Critical Raw Materials funding: a strategic cross-cutting issue between the ECF and Global Europe

Key Recommendations :

→ Earmark funding in the Resilience and Security window to secure Critical Raw Materials (CRM) mining and refining capacity – Access to CRMs in sufficient quantity at reasonable prices is vital for the competitiveness of some Cleantech value chains, but go far beyond only Cleantech to cover defence, automotive and semiconductors. Therefore, these projects should as much as possible be funded through the much large Resilience and Security Window in line with Article 3(1)(d) ECF.

→ Use Global Europe as a strategic investment tool to secure critical raw materials – by introducing instruments such as Contracts for Difference and price floors, the EU can de-risk upstream projects, counter unfair price distortions, and build resilient mine-to-magnet value chains at limited fiscal cost.

CRM mining and even more so refining and processing is entirely dominated by China, whose market share is growing and who has not hesitated to wield a growing influence through the use of export controls[30]. With such a strong role for China, many markets for specific CRMs no longer follow a market-logic based on offer and demand, making it very hard for pure private enterprises to fund Capex intensive projects over a long-time horizon (10-15 years). As a result, public intervention may be required in the form of equity capital, floor-price mechanism, offtake support or 1- or 2-way Contract for Difference (CfDs). The current US administration has started deploying part of this toolkit quite vigorously to rapidly secure CRM mining, refining and processing value chains outside Chinese influence.

In the context of the Economic Security Doctrine, and especially its RESourceEU Action Plan on securing CRM that was launched in December 2025, implementing similar innovative financial tools is essential[31]. As securing

29. Article 8 of the CEF Regulation proposal

30. Global Trade Alert, China's Export Controls on CRMs and Rare Earths

the entire CRM value chain underpins the whole economy, this strategic challenge requires coordinated mobilisation across the Resilience and Security Window and Global Europe, ensuring that Europe's industrial, defence and development policies act together to safeguard access to the materials that power its economy. The proposed Resilience, Security, Defence Industry and Space window of the ECF (€131 billion) can now provide important support for strengthening EU capacities, securing supply chains, and financing strategic projects across the critical raw materials (CRM) value chain, from extraction and refining to recycling and substitution[32]. The focus on integrated projects, covering multiple steps in the value chain, and materials such as titanium, bismuth, and silicon metal is a positive step. However, clarity is needed on dedicated financing for strategic projects, particularly to leverage Member States' contributions and coordinate purchases across defence and resilience objectives. Explicit earmarking from both resilience and defence industry budgets would reinforce the alignment with security priorities, including NATO's 1.5% target.

Flexibility is key to deploy instruments allowing to "do whatever it takes" for Europe to secure the upstream material input into cleantech value chains. The U.S. has recently shown what determined industrial policy looks like. In July 2025, the Department of Defence struck a landmark deal with MP Materials, combining a $400 million equity stake, a federal loan, a 10-year price floor for rare earth oxides, and guaranteed offtake of 100% of magnets[33]. The message is unambiguous: rare earths are strategic, and the U.S. will mobilise every lever to build a mine-to-magnet chain at home. Europe offers a stark contrast. Under the CRMA, the EU sets targets and accelerates permits, but financial support remains fragmented and indirect.

In this context, the doubling of EU's contributions to its global development program is much welcome. With its €200 billion envelope, Global Europe can

31. Speech by President von der Leyen at the 2025 Berlin Global Dialogue, 25 October 2025.

32. Proposal on establishing an European Competitiveness Fund, Articles 42, 47 and 49.

33. Columbia, Center on Global Energy Policy, MP Materials Deal Marks a Significant Shift in US Rare Earths Policy, July 2025

34. As recalled in the Global Europe proposal, "synergies with actions under other EU programmes should be sought, in order to maximise the impact of combined interventions. In particular, articulation with the European Competitiveness Fund will be crucial to take various work streams (e.g. critical raw materials and related value chains, economic security and the Clean Industrial Deal) to the next level". It can come from the €12.7B "Global" window of the overall envelope, from the €14.8B of the emerging challenges and priorities cushion, or from a mix of all financing envelopes. The Regulation also allows the Union to provide support in the form of a budgetary guarantee up to a maximum amount of €95B (article 24).

strengthen Europe's strategic autonomy by supporting dual-use cleantech, particularly CRMs[34].

As highlighted by Commissioner Sikela[35], to compete, Europe must deploy Global Europe not just as a grant programme, but as a strategic investor[36]. Contracts for Difference (CfDs) and price floors[37] are the most effective tools to counter China's price manipulation, which undermines new entrants by pushing costs below viable levels. As mentioned in RESourceEU, it is crucial that the EU quickly puts such instruments in place, supported by the 2028-2034 budget[38].

CfDs guarantee producers a reference price: compensating them when market prices fall, and reclaiming excess when they rise. Despite exponential demand and constrained supply on the global rare earths market[39], its value is expected to remain at around €6 billion in 2030[40]. The fiscal risk of such a guaranteed system therefore remains limited, but the strategic implications are immense.

Used smartly, Global Europe can de-risk investment, secure critical inputs, and anchor Europe's cleantech and defence resilience. It can be proposed under the coordination of the Global Gateway Investment Hub, entitled with developing de-risking financial tools in cooperation with Team Europe partners including the EIB[41].

35. At the Global Gateway Forum, October 2025, Commissioner for International Partnerships Sikela said the EU should turn the Global Gateway scheme from a traditional development aid programme into an "investment story" that would co-finance industrial and infrastructure projects on the ground alongside training and education". Financial Times, Oct 10, "EU should combat 'plundering' China as 'lifestyle superpower', says aid chief"

36. Recital (70) of Global Europe entails that "grants could be provided to entities governed by private law from a Member State without a call for proposals where the relevant project is in the strategic interest of the Union and supports the objectives of the Instrument. Such a direct award could be justified, for example, to enable investments or finance feasibility studies in strategic areas such as critical raw materials, climate change resilience or digital and other infrastructure".

37. The G7 and the EU announced in September they were "considering price floors to promote rare earth production", but there was no confirmation since then.

38. European Commission, Communication on the RESourceEU Action Plan, p.13: "The Commission will launch a process with stakeholders to study the design, scope and funding of a cost effective mechanism for leveraging a price floor to unlock investments »

39. Global Critical Materials Outlook 2025, IEA, p. 163

40. Grand View Research, Rare Earth Elements Markets

41. Communication of the European Commission on the EU global climate and energy vision, October 2025

ANNEX

Annex. The 2028-2034 Multiannual Financial Framework - Tables

MULTIANNUAL FINANCIAL FRAMEWORK 2028-2034 (IN COMMITMENTS)

Nominal amounts in current prices, EUR million	2028	2029	2030	2031	2032	2033	2034	Total 2028-2034
Economic, social and territorial cohesion, agriculture, rural and maritime prosperity and security	**163,088**	**160,860**	**158,053**	**155,565**	**152,274**	**140,140**	**132,240**	**1,062,220**
National and Regional Partnership Plans, of which:	135,571	133,134	130,131	127,411	123,879	111,535	103,415	865,076
Common Agricultural Policy (CAP) and fisheries - income support	*42,272*	*42,268*	*42,265*	*42,261*	*42,257*	*42,204*	*42,172*	*295,699*
Migration & border management	*5,847*	*5,633*	*5,407*	*5,170*	*4,922*	*3,945*	*3,291*	*34,215*
Economic, territorial and social cohesion including fisheries and rural communities and tourism	*75,768*	*73,334*	*70,769*	*68,074*	*65,240*	*53,715*	*46,065*	*452,965*
p.m. Social Climate Fund	*10,500*	*10,300*	*10,100*	*9,800*	*9,400*	*-*	*-*	*50,100*
Interreg	*-*	*1,753*	*1,782*	*1,810*	*1,840*	*1,524*	*1,555*	*10,264*
EU Facility - Union actions	*10,512*	*8,951*	*8,690*	*8,852*	*8,353*	*8,853*	*9,012*	*63,223*
Unity Safety Net/ Agricultural reserve	*900*	*900*	*900*	*900*	*901*	*900*	*900*	*6,301*
EU Solidarity Fund	*2,706*	*2,760*	*2,815*	*2,872*	*2,929*	*2,988*	*3,047*	*20,117*
HOME Thematic facilities	*3,401*	*3,469*	*3,539*	*3,609*	*3,682*	*3,755*	*3,830*	*25,285*
Other (cities, employment & social innovation...)	*3,505*	*1,822*	*1,436*	*1,471*	*841*	*1,210*	*1,235*	*11,520*
EU Facility - Cushion	*1,172*	*1,195*	*1,219*	*1,243*	*1,268*	*1,294*	*1,319*	*8,710*
Support to the Turkish-Cypriot Community	58	63	61	62	64	64	66	438
Decentralised agencies, of which:	2,677	2,866	3,048	3,261	3,483	3,676	3,877	22,888
Frontex	*1,309*	*1,421*	*1,561*	*1,694*	*1,827*	*1,963*	*2,113*	*11,888*
Europol	*320*	*361*	*395*	*430*	*464*	*498*	*531*	*2,999*
Repayment of NGEU	24,000	24,000	24,000	24,000	24,000	24,000	24,000	168,000
Margin	781	797	814	831	846	864	881	5,814
Competitiveness, prosperity and security	**66,875**	**81,300**	**83,176**	**87,312**	**88,611**	**90,706**	**91,614**	**589,594**
European Competitiveness Fund	42,703	56,663	58,374	70,978	72,286	74,158	75,346	450,508
European Competitiveness Fund (excluding Innovation Fund)	42,653	56,613	58,324	61,925	62,343	63,498	63,945	409,301
Horizon Europe	*16,243*	*25,183*	*26,265*	*26,891*	*26,607*	*27,048*	*26,765*	*175,002*
Clean Transition and Industrial Decarbonisation	*3,004*	*3,566*	*3,636*	*12,971*	*13,940*	*14,737*	*15,560*	*67,416*
MFF component	*2,954*	*3,516*	*3,586*	*3,919*	*3,997*	*4,077*	*4,159*	*26,210*
p.m. Innovation Fund	*50*	*50*	*50*	*9,052*	*9,943*	*10,660*	*11,401*	*41,206*
Resilience and Security, Defence Industry, and Space	*14,733*	*17,534*	*17,884*	*19,544*	*19,935*	*20,334*	*20,741*	*130,704*
Digital Leadership	*6,176*	*7,350*	*7,497*	*8,194*	*8,358*	*8,525*	*8,695*	*54,793*
Health, Biotech, Agriculture and Bioeconomy	*2,547*	*3,031*	*3,092*	*3,378*	*3,446*	*3,515*	*3,585*	*22,593*
Minimum amount ECF InvestEU Instrument & advisory services, indicative contribution from the windows (part of total ECF)	*1,143*	*1,643*	*1,642*	*1,643*	*1,643*	*1,643*	*1,643*	*11,000*
Erasmus+	5,261	5,440	5,625	5,819	6,019	6,224	6,439	40,827
Connecting Europe Facility	10,906	11,290	11,342	11,569	11,982	12,045	12,294	81,428
Connecting Europe Facility (CEF) - Transport, of which:	*7,124*	*7,354*	*7,246*	*7,308*	*7,550*	*7,434*	*7,499*	*51,515*
Military mobility	*2,842*	*2,899*	*2,609*	*2,483*	*2,533*	*2,214*	*2,071*	*17,651*
Connecting Europe Facility (CEF) - Energy	*3,782*	*3,936*	*4,096*	*4,261*	*4,432*	*4,610*	*4,795*	*29,912*
Union Civil Protection Mechanism + (UCPM+)	1,316	1,437	1,477	1,535	1,569	1,644	1,697	10,675
AgoraEU	1,099	1,139	1,180	1,223	1,268	1,313	1,360	8,582
Creative Europe - Culture	*230*	*238*	*247*	*256*	*265*	*275*	*285*	*1,796*
Media+	*409*	*424*	*439*	*455*	*472*	*489*	*506*	*3,194*
Democracy, Citizens, Equality, Rights and Values	*460*	*477*	*494*	*512*	*531*	*550*	*569*	*3,593*
Other (Euratom, Single Market, Lithuania, nuclear decommissioning ...)	5,811	5,227	4,981	4,859	5,091	5,886	5,680	37,532
Single Market Programme	833	916	860	885	904	915	925	6,238
Euratom Research and Training Programme, of which:	1,599	1,434	1,287	1,143	1,219	1,653	1,459	9,794
Contribution to ITER	*946*	*848*	*762*	*676*	*721*	*978*	*863*	*5,794*
Instrument for emergency support within the Union (ESI)	-	-	-	-	-	-	-	-
Protection of the euro against counterfeiting (the 'Pericles V programme')	1	1	1	1	1	1	1	7
Nuclear decommissioning (Lithuania)	91	124	87	84	94	94	104	678
Nuclear safety cooperation and decommissioning	135	103	121	128	144	158	177	966
Justice	101	105	109	114	118	123	128	798
Decentralised agencies	1,271	1,319	1,354	1,397	1,441	1,486	1,530	9,798
Other (Other actions, prerogatives)	699	273	277	302	306	320	316	2,493
Margin	908	1,104	1,129	1,185	1,203	1,231	1,239	7,999
Global Europe	**24,555**	**25,127**	**25,578**	**30,603**	**35,761**	**36,442**	**37,137**	**215,203**
Global Europe Instrument (*)	22,787	23,243	23,708	28,448	33,369	34,037	34,717	200,309
Enlargement, Eastern Neighbourhood, and rest of Europe	*4,843*	*4,940*	*5,039*	*6,046*	*7,093*	*7,235*	*7,380*	*42,576*
Sub-Saharan Africa	*6,795*	*6,931*	*7,069*	*8,482*	*9,950*	*10,149*	*10,352*	*59,728*
Asia and the Pacific	*1,900*	*1,938*	*1,976*	*2,372*	*2,782*	*2,838*	*2,895*	*16,701*
Americas and the Caribbean	*1,024*	*1,045*	*1,065*	*1,278*	*1,499*	*1,529*	*1,560*	*9,000*
Middle East, North Africa, and the Gulf	*4,835*	*4,932*	*5,030*	*6,036*	*7,080*	*7,222*	*7,367*	*42,502*
Global Affairs	*1,706*	*1,741*	*1,775*	*2,131*	*2,498*	*2,548*	*2,599*	*14,998*
Cushion	*1,684*	*1,718*	*1,752*	*2,103*	*2,467*	*2,517*	*2,567*	*14,808*
Common Foreign and Security Policy (CFSP)	443	454	467	483	494	507	521	3,369
Overseas Countries and Territories (OCT) (including Greenland)	94	144	147	199	153	156	106	999
Other (Other actions, prerogatives)	310	344	297	325	404	376	400	2,456
SFPA and RFMO	*192*	*202*	*148*	*164*	*199*	*204*	*222*	*1,331*
Other actions	*12*	*32*	*42*	*52*	*95*	*56*	*60*	*349*
Prerogatives	*106*	*109*	*107*	*109*	*110*	*116*	*118*	*775*
Margin	920	942	958	1,147	1,340	1,366	1,392	8,065
Administration	**14,945**	**15,584**	**16,281**	**16,870**	**17,466**	**18,062**	**18,669**	**117,877**
	-	-	-	-	-	-	-	
TOTAL	**269,463**	**282,871**	**283,088**	**290,350**	**294,112**	**285,350**	**279,660**	**1,984,894**
In % GNI (EU-27)	**1.31%**	**1.33%**	**1.29%**	**1.29%**	**1.27%**	**1.19%**	**1.13%**	**1.26%**
Over and above the ceilings, of which:								
Flexibility Instrument	2,122	2,165	2,208	2,252	2,297	2,343	2,390	15,777
Ukraine	14,286	14,286	14,286	14,286	14,286	14,286	14,286	100,002
Catalyst Europe (policy loans NRPPs)								(150 bn)
Crisis mechanism								(0.25% GNI - 395 bn)
Outside MFF								
European Peace Facility	4,357	4,357	4,357	4,357	4,357	4,357	4,357	30,499

THANK YOU

Feel free to contact us with any questions you have.

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