

# Mainstreaming in the post-2027 Multiannual Financial Framework

## KEY FINDINGS

The practice of mainstreaming key transformational goals across all sectoral policy areas and their budgets will undoubtedly be carried over into the post-2027 MFF.

Climate mainstreaming has broadly proved to be effective, although concerns remain about overstating achievements. Other currently mainstreamed goals (gender equality, biodiversity and the sustainable development goals) have had more questionable success.

Defining indicators and monitoring approaches is crucial, as reliably establishing causality is often difficult. Assessing mainstreaming means looking at longer-term results and societal impacts.

Extending mainstreaming to more policy areas could risk having too many priorities and diluting the benefits. Competitiveness and the social dimension appear to be the most likely candidates, but there could be tension between these two goals and challenges in devising suitable targets.

Additional imperatives for the European Parliament, if it is to scrutinise progress in mainstreaming areas effectively, will be to ensure satisfactory access to the information required and to boost its in-house capacity to analyse it.

In the EU budget and the Recovery and Resilience Facility (RRF), mainstreaming is a means of ensuring that key political priorities are given due prominence and applied across all sectoral policy areas. Its purpose is to emphasise long-run societal transformations, and to require the goals set to be embodied in all stages of the budgetary policy process. Mainstreaming currently covers action on climate change, preservation of biodiversity, gender equality, and the Sustainable Development Goals.

The rationale for the approach is strategic and the underlying question is *'what is to be achieved?'*, as opposed to *'was money properly spent?'* or *'what worked well?'*. In the evaluation terminology, mainstreaming is intended to signal expected results and impacts, going beyond measurement of inputs of funding and immediate outputs (see glossary). Attention should be paid to the revenue side of EU budgeting as well as expenditure: for example, in exploring options for new own resources<sup>1</sup>.

## Challenges for the next MFF

The transformations to which mainstreaming contributes are intrinsically longer-term and will not have predictable endpoints, implying that continuity is desirable. At the same time, potential changes to the way mainstreaming is being conducted could be warranted, even in well-established areas such as climate measures where, for instance, attention to adaptation as well as mitigation could make sense.



Monitoring has to be seen as a vital tool for judging the success of mainstreaming, but needs careful attention, especially where progress is slow or fragmented, or the changes sought are prone to be qualitative rather than measurable using indicators. The choice of metrics is crucial and can give rise to conflicting interpretations in how indicators are collected or criteria for assessment are defined.

For the European Parliament, two immediate political questions are whether there are new areas where mainstreaming may be warranted, such as competitiveness (in light of the Draghi and Letta reports) or the social dimension, and whether current approaches can be improved. However, a possible concern is that having too many sets of goals can have a distracting effect on any specific set of them, with the risk that *'a focus on everything means a focus on nothing'*. In addition, a key challenge for the EP is to enhance its capabilities and ability to access the information needed to scrutinise progress towards mainstreamed goals effectively and in a timely manner.

## Experience of mainstreaming in the current MFF and the RRF

Mainstreaming of climate, gender, biodiversity and the sustainable development goals (SDGs) is provided for in the 2020 Inter-Institutional Agreement (IIA), but it does not cover digital goals which are, however, written into the RRF. Obligations to spend minimum proportions of funding on mainstreamed goals are used in the RRF and Cohesion Policy.<sup>2</sup>

Research and reports from the European Court of Auditors find that although climate mainstreaming has broadly proved to be effective in shaping policies and spending envelopes, there are concerns about the successes being over-stated by the Commission. A recent ECA [report on the green transition](#) casts doubt on how the implementation of RRF measures contributes to the green transition and recommends improvements. One concern is the techniques used to approximate the climate impact. Unsurprisingly, [the Commission](#) contests several of the findings and recommendations in the ECA report, and considers its approach to be robust.

A key concept for climate and biodiversity mainstreaming is 'do no [significant] harm' (DNSH), explicit in the IIA, but open to competing interpretations and means of implementation. At present, a system of 'coefficients' is used to grade EU climate interventions<sup>3</sup>, but the gradings do not allow for the possibility that some EU spending causes harm; there is evidence that support for agriculture can increase carbon emissions, yet is not picked up by the methodology. A similar approach has recently been adopted for assessing the gender focus of EU spending, with '2', '1', '0\*' and '0' gradings, ranging from whether the measure is principally gender related to having no gender content.

In response to criticism from the ECA about gender mainstreaming, the Commission has strengthened its approach. Nevertheless only 11% of EU spending in 2023 was shown to be on gender measures, of which 2 percentage points were deemed to be the principal aim of the intervention and 9 points important, but secondary. However, it is already clear that the targets for biodiversity (a new goal for the current MFF) will be missed, and there is little evidence of the EU budget affecting the SDGs.

## The next MFF

In her ['Political Guidelines'](#) for the 2024-29 Commission, Ursula von der Leyen proposes to move to a *'policy-based budget'*, instead of one that is programme-based. This ambition can, to some extent, be equated with mainstreaming. She also proposes a new Gender Equality Strategy for post-2025, making it virtually certain that the next MFF will again include gender as a mainstreamed goal. The same will be true of climate action and biodiversity, but keeping the mainstreaming of SDGs in the MFF is more contentious. The [mission letter to Piotr Serafin](#), the Commissioner-designate for the budget, also refers to the switch to a *'policy-based'* approach and calls on him to negotiate a *'simpler, more focused and responsive budget, delivering on our priorities'*. He is also enjoined to work on a European Competitiveness Fund.

A key question for the EP is how best to locate mainstreaming within the EU legal framework governing the EU Budget and other funding mechanisms. A minimal answer is to embody it in the Inter-Institutional Agreement (IIA), as happened in 2020. Obligations to spend minimum proportions of the budget on mainstreamed goals manifestly provide one sort of answer, and can be pitched both at the level of the MFF overall and in legislation governing particular EU policies, such as the Common Provisions Regulations for Cohesion Policy. Tellingly, in the latest version of the Financial Regulation, dated 24<sup>th</sup> September 2024, gender mainstreaming features prominently in recital 24, and Art. 33.2 now explicitly refers to mainstreaming in relation to performance indicators, which was not mentioned in earlier versions of the regulation.

Approaches to monitoring are crucial. Themes like climate and biodiversity, for which indicators can readily be specified, tend to be easier to track than progress on gender or the SDGs. The tool for tracking action on climate is the Climate Adjustment Mechanism which is described in a Commission document on the [climate mainstreaming architecture](#). Methodologies for gender, SDG, and digital mainstreaming do not translate as readily as climate or biodiversity into measurable expected results or impacts, as there are no specific targets associated with them. The decision on whether the EU should intensify mainstreaming efforts for these objectives is ultimately a political one. The OECD recently put forward [guidance on best practices](#) for gender budgeting, noting also that a growing proportion of its members now adopt the approach. The guidance also stresses having sufficient analytic capacity and effective data management systems.

The results-based management approach to public finances is increasingly used in many contexts. It relies on the ability of budgetary actors not only to define objectives (mainstreaming being one way of doing so), but also to track progress. The main problem in this context is ensuring that data requirements are realistic and can provide timely information. A move to increased use of performance metrics is likely for the next MFF, but while using milestones and targets provides a useful means of justifying the disbursement of EU funds (as done for the RRF and, in part, for Cohesion Policy) the focus of monitoring tends to be more on immediate outputs than on results and longer-term impacts.

Because mainstreaming is about societal transformation, it is generally harder to link to specific budgetary outlays, especially with multiple sources of funding. Causal links are also blurred because regulatory and legislative action will often have a complementary and more decisive effect. Problems also arise in integrating data from different sources, making harmonisation tricky. Too much data can cause confusion and MEPs should be wary of demanding ever more. Austria distinguishes between layers of governance, with detailed indicators mainly linked to implementing bodies, whereas data for the federal parliament are at a more aggregated level. This could have resonance for the EP.

## Concluding comments and recommendations

Mainstreaming will remain a vital tool for setting priorities in the next MFF, despite its patchy record in the current MFF. It needs to be used judiciously and avoid overloading the MFF with too many priorities. In developing an EP position on the next MFF, how mainstreaming dovetails with performance-based budgeting will matter, but should not undermine the EP's scrutiny and budgetary control functions. This could entail building new provisions not only into the next IIA, but also other legislation accordingly, including the MMF Regulation and Own Resources Decisions.

Assuming continuity on climate action, adaptation targets could be included as part of the current obligations on the budget, both overall and at programme level. An open question for the EP to explore, assuming retention of an overall target for a spending allocation (the current 30% on climate action), would be whether to advocate a formal split of the target between mitigation and adaptation.

Should goals other than those already adopted for EU funding be mainstreamed? Among the Union's priorities, the digital agenda is already central to the RRF and there is bound to be unfinished business after

the Facility ends in 2026. Forms of social mainstreaming have often been advocated, for example to support youth or to widen the equality agenda beyond gender.

Mainstreaming of competitiveness is, arguably, the most plausible innovation, but how to frame it will be challenging, partly because being 'competitive' is both multi-faceted and subject to a wide range of influences. Devising suitable benchmarks and targets would be tricky, but earmarking a share of the budget should be straightforward. A focus on competitiveness could affect other priorities, notably social aims. Here a parallel could be drawn with the notion of a just transition in climate change.

More attention should also be paid to how monitoring is undertaken. In line with ECA recommendations the methodologies for assessing whether climate spending is contributing to mainstreamed goals and to track gender need to be tightened. Improvements will also be needed in monitoring of other mainstreamed goals, notably to show causal links from EU spending. Refinement of the DNSH principle and its application to all areas subject to mainstreaming should also be countenanced.

To make effective use of tracking information, MEPs could benefit from reinforced analytic support including specialist units focused on mainstreaming, possibly including the creation of a Parliamentary Budget Office. Equally, parliamentary functions associated with budgetary control and discharge need to be sufficiently resourced. In all these functions, access to data is crucial, implying that the EP should insist on systematic provision of data, though in forms that can be used effectively.

## Glossary

**Common Indicators** refers to a limited selection of indicators to be collected as a means of measuring progress towards achievements

**Do no significant harm (DNSH)** entails obligations to ensure that any policy intervention does not detract from efforts to achieve mainstreamed goals

**Financing not linked to costs (FNLC)** is an approach in which disbursements for a programme or project are triggered by criteria (for example milestones and targets under the RRF) other than costs actually incurred. The latter is **cost-based funding**.

**Mainstreaming** means taking account of a transformative societal goal in all stages of policymaking and across all policy areas

**Performance-based budgeting** refers to an approach in which policy interventions are judged on how well they fulfil policy objectives; its place in the post-2027 MFF is the subject of a parallel paper by Dr F. Corti.

**The following concepts are central to assessing the links between funded interventions and policy achievements:**

**Inputs** are the funds or administrative resources to enable a programme or project to happen.

**Outputs** are the direct effects of a programme or project such as numbers completing training or kilometres of rail laid or roads built.

**Results** are the translation of outputs into the achievement of policy objectives, such as a reduction in unemployment, reduced congestion or more efficient transport networks. NB: in the evaluation literature the term 'outcomes' is sometimes also used, but 'results' is the preferred usage in the EU.

**Impacts** refer to longer-term societal transformations stemming from policy interventions intended to promote priorities. Examples would include greater equality or solutions to climate change.

<sup>1</sup> For example, choosing a carbon-related revenue base (such as the emissions trading scheme or, more radically, a new levy on aviation) would be consistent with climate mainstreaming.

<sup>2</sup> In the RRF, the requirement to spend a minimum of 37% of receipts on climate-related projects and a further 20% on digital projects can be interpreted as a form of mainstreaming at the level of funding inputs. Within the MFF, a minimum of 30% of Cohesion Policy spending has to be on climate action.

<sup>3</sup> At present, any spending is supposed to be assessed using coefficients of 0% (no effect), 40% (a non-marginal positive effect) or 100% (a substantial contribution to climate change mitigation). A possible refinement to overcome the large gap between 40% and 100% would be to adopt a five point scale: 0%, 25%, 50% 75% and 100%.

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