

2.2.2. Greening national budgets and sending the right price signals

National budgets play a key role in the transition. A greater use of green budgeting tools will help to redirect public investment, consumption and taxation to green priorities and away from harmful subsidies. The Commission will work with the Member States to screen and benchmark green budgeting practices. This will make it easier to assess to what extent annual budgets and medium-term fiscal plans take environmental considerations and risks into account, and learn from best practices. The review of the European economic governance framework will include a reference to green public investment in the context of the quality of public finance. This will inform a debate on how to improve EU fiscal governance. The outcome of the debate will form the basis for any possible future steps including how to treat green investments within EU fiscal rules, while preserving safeguards against risks to debt sustainability.