2025 EDITION

Multiannual Green Transition Financing Strategy

Executive summary

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Financing the green transition and national energy policy is a strategic priority for France. It is essential to ensuring the resilience and long-term prosperity of the French economy, strengthening the energy and industrial sovereignty of France and Europe, and protecting citizens facing crises caused by climate disruption and ecosystem degradation. The objectives of the green transition are numerous: reducing greenhouse gas emissions, adapting to the effects of climate change, preserving biodiversity, sustainably managing water resources, reducing air, water and soil pollution, and preventing and properly managing waste. The transition also generates major co-benefits, including improving public health and quality of life while reducing our strategic dependencies.

Significant progress has already been made in France in recent years to fully engage in the green transition, even if considerable challenges remain. France's concerted efforts to fight climate change have already reduced gross greenhouse gas emissions by 32.5% in 2024 relative to 1990, reflecting a lasting change in trajectory. Emissions continued to fall in 2024 but at a slower pace, demonstrating the continued need for large-scale efforts to ensure that climate targets are met. Regarding energy, thanks to nuclear and hydroelectric power and growth in wind and solar power over the past ten years, low-carbon electricity generation reached an unprecedented 95% of national electricity production in 2024[1]. Air quality has improved significantly: from 2000 to 2023, emissions of fine particulates (PM2.5) fell by 56%[2], and those of certain pollutants such as lead have been virtually eliminated[3]. Moreover, the proportion of highly protected land and marine areas has doubled since 2019[4]. Combatting biodiversity loss remains a major challenge, however, and reducing pressures on land and marine ecosystems is still an issue, as illustrated by the stable level of total pesticide sales and the ubiquity of plastic waste in natural environments[5]. Progress has also been made on the water resources front: for example, drinking water consumption has fallen from around 100 m^3 per capita in the early 2000s to 81 m^3 in 2022[6], reflecting more moderate and efficient use. Nevertheless, severe tensions and temporary shortages in the water supply can occur during summer in certain areas, when water availability is at its lowest[7]. These overall results and the progress made in several areas demonstrate a collective commitment, driven by ambitious public policies. They illustrate France's ability to take action to pursue our environmental and climate goals, even if we need to step up our efforts to respond to the environmental crisis.

France has adopted national strategic frameworks to structure, steer and accelerate its concerted efforts in favour of the green transition. The National Low-Carbon Strategy (SNBC) and the Multiyear Energy Plan (PPE), that are currently being updated, outline the policy approach to successfully reducing emissions and the national carbon footprint, as well as the trajectories for energy production and for changes in the energy mix. The third National Climate Change Adaptation Plan (PNACC), published in spring 2025, sets out the priority measures for the 2025-2030 period to prepare France based on a reference trajectory. The National Biodiversity Strategy (SNB), updated in 2023, establishes a roadmap for alleviating pressure on biodiversity and restoring natural ecosystems. The Action Plan for Resilient and Concerted Water Management, released in 2023, and the National Plan for the Reduction of Air Pollutant Emissions (PREPA) for 2022-2025, also set out a framework to improve environmental quality.

These green transition efforts are part of a framework of European policies undertaken by France and other EU Member States. Our country and its European partners have adopted ambitious common objectives, such as reducing the EU's net greenhouse gas emissions by at

[1] Réseau de transport d'électricité (2025), *Bilan électrique 2024* (lien)
[2] Ministère de la transition écologique (2025) *Etat de l'environnement en France, rapport 2024* (lien)
[3] Citepa (2025) *Rapport Secten, édition 2025* (lien)
[4] Ministère de la transition écologique (2025) *Etat de l'environnement en France, rapport 2024* (lien)
[5] Ministère de la transition écologique (2025) *Etat de l'environnement en France, rapport 2024* (lien)
[6] SDES (2025) *Les prélèvements d'eau douce par usage en France en 2022* (lien)
[7] SDES (2025) *L'eau en France : ressource et utilisation – Extrait du Bilan environnemental 2024* (lien)

least 55% by 2030 compared to 1990 levels and achieving climate neutrality by 2050, as enshrined in the European Climate Law, protecting at least 30% of land and marine areas under the EU Biodiversity Strategy, or other objectives relating to water management, pollution and waste. These commitments have taken the form of EU legislation that guides national trajectories, such as the EU Emissions Trading System, the Nature Restoration Regulation, the Water Framework Directive, and Regulation setting CO_2 emission performance standards for vehicles, thus ensuring consistency across the continent.

In France, government action is structured around the "green planning" approach launched in 2022 to foster the transformative changes needed for the green transition. Driven by the Secretariat General for Green Planning (SGPE), this new working method aims to help identify the most relevant measures to ensure that green transition objectives are achieved in a consistent manner. Through the France Green Nation Plan, green planning provides all stakeholders with the necessary clarity regarding the changes to be initiated.

In this context, the Multiannual Green Transition Financing Strategy (SPAFTE) sets out strategic priorities to ensure that all stakeholders step up to fund the green transition and energy policy in France. Since 2023, Article L100-1 A of the Energy Code has stipulated that the Government shall submit each year to Parliament, before the start of the ordinary session, a multiannual strategy that determines the financing of the green transition and national energy policy. In concert with the 2026 Budget Bill, this report meets this requirement by presenting an assessment and recommendations that have been expanded and refined relative to the first edition published in October 2024.

Firstly, achieving our climate goals requires a significant increase in low-carbon investment by 2030 (Chapter 1). Annual low-carbon investment in transport, buildings, the energy sector and industry has exceeded €110 billion per year for the third consecutive year. In 2024, €17 billion was invested in public low-carbon assets and €96 billion in private low-carbon assets, a portion of which was financed by government funds. To achieve our climate goals, annual low-carbon investments will need to more than double by 2030. The vast majority of these needs concern the private sector, particularly for the electrification of vehicles, the decarbonisation of heating systems and other energy-saving retrofit measures, and low-carbon energy production. The public sector's needs relate in particular to the retrofitting of public buildings and to transport infrastructure. However, the distribution of the financial effort between the private and public sectors does not automatically follow from estimates of low-carbon investment needs, as the public sector can partially finance the decarbonisation of the private sector, and vice versa.

Microeconomic analysis of certain investment decisions made by households, businesses and public stakeholders helps identify what factors are needed to direct their financing to the green transition, drawing on regulatory, informational, tax or subsidy instruments (Chapter 2). A variety of illustrative case studies have been conducted. Perceived profitability, i.e. the financial cost-to-benefit ratio, plays a central role in the decision to invest in a low-carbon solution. The relative price of fossil and low-carbon energies and technologies is therefore a determining factor. For example, an electric-powered heat pump is likely to be more profitable than a gas boiler thanks to savings on household energy bills, despite a higher initial purchase cost. Similarly, in transportation, electric vehicles are often more expensive to buy but cheaper to run. For low-carbon energy production, the profitability and risk of projects are themselves influenced by the level and predictability of energy prices. Heat decarbonisation and energy efficiency are cross-cutting levers for all industrial sectors, enabling the decarbonisation of energy use. Yet, their perceived profitability is highly dependent on industry expectations about energy price trends. For all these sectors, beyond financial profitability, other factors must be taken into account, including access to information, technical constraints, risk management, and the available supply of low-carbon goods and services. In addition, certain measures, although profitable over time, require an initial investment that exceeds the financing capacity of the stakeholders concerned. Resorting to a variety of public policy instruments is essential to encourage investment in low-carbon assets rather than in their carbon-intensive equivalents, and the Government is making a significant contribution to this endeavour by implementing measures in 2025 and in the 2026 Budget Bill (see below).

All public and private stakeholders are stepping up to finance the French economy's decarbonisation (Chapter 3). Unlike the analysis focused on project owners' investments, the tracking of financing by stakeholder aims to measure their overall contribution to decarbonisation, whether it involves financing their own investments or supporting those of other stakeholders. For example, a household's investment in the energy-saving retrofit of its home may benefit from funding from local authorities, which themselves receive funding from the Government and the European Union. In this way, public stakeholders finance the decarbonisation of their activities while also supporting some of the low-carbon investments made by households and businesses.

Among the instruments required for decarbonisation, Government financial support should therefore be prioritised for investments that are perceived as unprofitable or that are undertaken by households or businesses that do not have sufficient financial resources to cover them. The Government and its agencies will therefore allocate €48.9 billion in 2026 to measures favourable to the green transition. This targeting should make it possible to remove the main social and economic barriers to the green transition while controlling the cost to public finances. Other tools (taxation, regulation, guarantees) can be enlisted by the Government to incentivise private stakeholders to invest in the green transition and to support them in their endeavours. Finally, improvements in the quality of expenditure are sought by refocusing government support on proven measures that objectively help us achieve our emissions targets, in particular by countering the risk of fraud.

Local authorities financed €9 billion in investment expenditure and subsidies for decarbonisation in 2023, benefitting projects in the areas of public transport, cycling infrastructure and public building retrofitting. The European Union is involved through budget programmes for the green transition, cross-cutting instruments such as structural funds, and the intervention of the European Investment Bank (EIB). Social security funds contribute in particular to financing the energy retrofitting of buildings, such as hospitals. The Caisse des Dépôts group (CDC) is a key player in financing decarbonisation in France, particularly through the work of Banque des Territoires and Bpifrance, as well as via its support for social housing. Infrastructure operators in the transportation and energy production sectors, such as SNCF Réseau, RTE, Enedis, NaTran and GRDF, as well as France's main electricity producer, EDF, also play a central role. As regards private stakeholders, businesses are financing decarbonisation in all sectors of the French economy. In 2024, non-financial firms accounted for half of total investment in France, illustrating their major role in meeting decarbonisation investment needs. Financial firms (banks, insurance companies, management companies) have an essential role to play in financing the economy's decarbonisation by facilitating investments made by non-financial firms and households. Lastly, households are financing this transition by decarbonising their heating systems and undertaking other energy retrofitting work, buying electric vehicles, channelling their savings to green investments and making greener spending choices.

Reducing greenhouse gas emissions requires not only increasing low-carbon investments, but also reducing carbon-intensive investments (Chapter 4). In 2024, investments in carbon-intensive assets reached €96 billion in France. These expenditures involve all stakeholders: households, businesses and the public sector. They are mainly concentrated in two areas: internal combustion engine vehicles and new construction that artificialises land land. To meet our climate goals, these investments must fall by 50% by 2030. This means reducing purchases of internal combustion engine vehicles and avoiding building on natural areas[8]. Public policies play a key role in supporting this reduction and, at the same time, promoting low-carbon alternatives: several measures introduced by the Government in 2025 and provided for under the 2026 Budget Bill contribute to these efforts (see below). Reducing carbon-intensive investments should also help to lower fossil fuel imports (€75 billion in 2023): this provides an opportunity to strengthen both France's green transition and energy sovereignty.

Beyond decarbonising the economy, the green transition requires funding to support all its environmental objectives: climate change adaptation, biodiversity preservation, sound water

[8] Land take has detrimental impacts on the climate and biodiversity. In particular, the land take process releases carbon stored in the soil and prevents additional carbon absorption.

management, pollution reduction, and waste prevention and management (Chapter 5). Each of these environmental challenges has specific investment needs, requiring funding from various public and private stakeholders, as well as efforts to reduce harmful financing. A wide range of economic policy tools, including the introduction of appropriate price signals, relevant and streamlined regulatory measures, and targeted government financial support, will help promote this financing strategy, and the Government is supporting this momentum with several ambitious measures in 2025 and in the 2026 Budget Bill (see below). One of the most pressing issues in adaptation financing is ensuring that this dimension is taken into account across the board in investment decisions, through an "adaptation reflex", for example in the construction and retrofitting of buildings and infrastructure. Public stakeholders play an essential role in financing the mitigation of forest fire and flood risk. When it comes to biodiversity, a common good, government funding is essential to limit its erosion and to restore it, and environmental regulations encourage private stakeholders to reduce their harmful financing. Sound water management receives funding from boards (*agences de l'eau*) and local authorities, as well as contributions from private stakeholders through water pricing. Reducing air, water and soil pollution also requires funding, with private stakeholders playing a key role, as they account for 80% of the economy's investments. Waste prevention and sound waste management involve funding from local authorities, as well as redirecting private funding to reduce waste generation and develop the circular economy.

This Multiannual Strategy reiterates that implementing the green transition today will help limit the cost of future crises by strengthening national resilience and supporting the long-term prosperity of the French economy. In order to reconcile the massive investment needs with public finance sustainability, it is necessary to rely on shared financing, create fiscal space by reducing government spending that is unfavourable to the environment, and to ensure that government fiscal support is efficiently targeted. Financing support should therefore draw on all public policy instruments, not just subsidies: loans, guarantees, taxation and regulatory measures will contribute to providing the appropriate financial incentives to ensure the optimal financing of the green transition.

These strategic priorities are reflected in additional tangible measures introduced by the Government in the 2025 Budget Bill. The 2025 Budget Bill notably abolished the reduced VAT rate for the purchase and installation of gas boilers, with the aim of promoting low-carbon heating options. The Fund for Fast-Tracking the Green Transition in the Regions (*Fonds verts*), which supports local authorities' investments in the green transition, has been extended, with improvements in the targeting of the projects it backs. The air ticket tax, which applies to all flights departing from France, has been increased, with a higher levy for long-haul destinations and non-economy classes, and a higher surcharge for private jets, up to €2,100 depending on the destination. These differentiated tax rates are a fair and effective way to fund the green transition: passengers with greater spending power and a larger carbon footprint contribute more. In addition, financial incentives for purchasing electric vehicles have been consolidated. The tax on polluting vehicles (*malus écologique*) has been increased, contributing to a fair transition, insofar as well-off households are the main contributors to these CO_2 and weight taxes, being over-represented among buyers of polluting and heavy vehicles, such as internal combustion engine SUVs. Moreover, an incentive tax to encourage the greening of business vehicle fleets has been introduced, amounting to €2,000 in 2025 for each low-emission vehicle that falls short of the fleet greening target. The effects of these measures are already visible: the share of electric vehicles in business vehicle registrations was 18% for the January-August 2025 period, a significant increase compared to the same period in 2024, when it stood at 11%, and a further ramp-up is expected in the coming months.

Several other ambitious measures were enacted in France in 2025 in line with the Multiannual Green Transition Financing Strategy. To work towards meeting France's objectives in terms of energy consumption and electrification of uses, the Government has planned a 27% increase in the level of obligation under the energy saving certificate scheme (*certificats d'économies d'énergie*, CEE), for the sixth cycle of the scheme from 1 January 2026 to 31 December 2030. The method for calculating the energy performance certificate (DPE) rating of housing was

improved by an order issued in August 2025[9], which will encourage the replacement of gas or fuel-oil boilers with heat pumps and enable more effective targeting of energy retrofit subsidies. In terms of low-carbon electricity generation, on 17 March 2025 the Nuclear Policy Council (*Conseil de politique nucléaire)* reaffirmed the strategic nature of the resumption of the nuclear programme in France, examining in particular the general principles of the financing plan for the construction of six reactors, based on a subsidised government loan and a contract for difference on nuclear production. Regarding adaptation, in addition to the Government's publication of the third National Climate Change Adaptation Plan (PNACC) in March 2025, regulatory measures were adopted, such as the June 2025 Decree on the Protection of Workers Against Heat-Related Hazards[10]. Furthermore, a decree was submitted for consultation in September 2025 to enshrine the reference trajectory for adaptation to climate change (TRACC) in the Environment Code. Work on the Hedge Pact continued with the adoption of the single regime in the agricultural orientation law, the launch of a call for projects promoting the sustainable management and development of hedgerow wood, and the launch of the development of the hedge observatory. As for water resources, a decree issued in January 2025[11] finalised the reform of water board levies, which improves the transparency and incentivising nature of water taxation, in particular by introducing legal minimum rates for water consumption, with a view to promoting water efficiency and reinforcing the "polluter pays" principle. With regard to reducing pollution, the February 2025 act aimed at protecting the population from the health risks associated with perfluoroalkyl and polyfluoroalkyl substances (PFAS)[12] establishes the principle of banning the use of PFAS in cosmetics and certain textiles, and a trajectory for reducing the industrial release of PFAS into water. In accordance with the Anti-Waste and Circular Economy Act (AGEC), the gradual ban on the provision and production of single-use plastic products is currently being implemented. In particular, the Decree of 28 January 2025[13] stipulates that the ban covers the use of plastic food containers for cooking and serving in certain catering establishments, such as school cafeterias.

The 2026 Budget Bill includes additional measures to support national efforts to finance the green transition. It puts forward incentives to finance the electrification of business vehicle fleets with an increase in the annual tax on atmospheric pollutants as from 2026. In addition, financing the transition to a circular economy will be encouraged with the proposal made to Parliament to increase taxes on non-environmentally friendly waste treatment methods, both through penalties on producer responsibility organisations (*éco-organismes*) for non-recycled plastic packaging, and an increase in the general tax on polluting activities relating to landfill and waste incineration.

These measures reflect the real-world implementation of the priorities of the Multiannual Green Transition Financing Strategy, by efficiently supporting the involvement of all public and private stakeholders. Given the scale of the investments required, these actions are intended to be a long-term commitment, in order to ensure a collective acceleration of the green transition.

[9] Arrêté du 13 août 2025 modifiant le facteur de conversion de l'énergie finale en énergie primaire de l'électricité relatif au diagnostic de performance énergétique (lien)
[10] Décret n°2025-482 du 27 mai 2025 relatif à la protection des travailleurs contre les risques liés à la chaleur (lien)
[11] Décret n° 2025-66 du 24 janvier 2025 portant modification de dispositions relatives aux redevances des agences de l'eau (lien)
[12] Loi n° 2025-188 du 27 février 2025 visant à protéger la population des risques liés aux substances perfluoroalkylées et polyfluoroalkylées (lien)
[13] Décret n° 2025-80 du 28 janvier 2025 relatif aux dérogations à l'interdiction, prévue au III de l'article L. 541-15-10 du code de l'environnement, d'utiliser certains contenants alimentaires en plastique (lien)