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THE EU'S LONG-TERM BUDGET AND IRELAND'S PRESIDENCY OF THE COUNCIL OF THE EU

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The EU's Long-Term Budget and Ireland's Presidency of the Council of the EU: How the 2028-2034 Multiannual Financial Framework will be shaped, and where Ireland can make a difference

This explainer outlines what the EU's Multiannual Financial Framework is and why it matters; where negotiations stand ahead of the 2028-2034 MFF; and how Ireland's upcoming Presidency of the Council of the EU in 2026 can shape the outcomes for climate action, environmental protection and social fairness.

[This explainer forms part of a series of EJNI outputs related to Ireland's Presidency of the Council of the European Union (1 July to 31 December 2026). For more, visit [EJNI's publications](#)]

1. What is the Multiannual Financial Framework (MFF)

The [Multiannual Financial Framework \(MFF\)](#) is the European Union's long-term budget. It sets the overall size of the EU budget, establishes spending ceilings, and structures EU political priorities over a seven-year period. Rather than funding individual projects, the MFF defines the financial architecture within which all EU programmes operate.

Through the MFF, the EU determines how much funding is available for areas such as climate action, competitiveness, cohesion policy, agriculture, research, external action and rule-of-law safeguards. It also establishes the rules that govern how funds are allocated, managed and monitored.

Because it shapes both the scale and direction of EU spending for nearly a decade, the MFF is one of the Union's most consequential policy instruments. Decisions taken during MFF negotiations have long-lasting implications for how EU priorities are translated into action across Member States and regions.

2. What Is Changing in the Next MFF (2028-2034)?

In July 2025, the European Commission published its [proposal for the next MFF \(2028-2034\)](#), covering the period 2028-2034. The proposal represents a significant shift in both the scale and structure of the EU budget, with an emphasis on simplification, flexibility and strategic focus.

The Commission proposes [increasing the overall budget ceiling](#) to 1.26% of EU Gross National Income, up from 1.12% in the current framework. This figure includes a new budget line for repaying borrowing under the NextGenerationEU recovery instrument. Excluding repayment costs, the proposed "core" MFF ceiling is approximately 1.15% of EU GNI.

The Commission proposes a single 35% climate-environment spending target. This target is intended to ensure that around one-third of the EU budget contributes to climate and environmental objectives, but as currently designed, it functions [more like a cap than a floor](#). [Only €26bn is tentatively allocated](#) for the clean transition despite a €37-40bn public investment gap.

Structurally, the proposal consolidates many existing programmes into two flagship instruments:

- [National and Regional Partnership Plans \(NRPPs\)](#), which would bring together cohesion, agricultural, fisheries and transition-related funding under national plans negotiated with the Commission;
- a [new European Competitiveness Fund \(ECF\)](#), intended to [support industrial policy, innovation, security and strategic autonomy](#).

The proposal also introduces a [new EU-wide Performance Regulation](#) to govern spending targets, tracking methodologies and the application of the Do No Significant Harm principle, alongside a new package of EU own resources intended to generate approximately €58 billion annually.

Taken together, these changes will reshape how EU funding is planned, governed and delivered over the next decade.

Notably, the Commission's proposal [discontinues the dedicated Just Transition Fund](#), with support for workers, communities and regions most affected by the transition folded into the more flexible National and Regional Partnership Plans, without earmarked funding or guaranteed continuity for existing just transition regions. The [proposal also repeals the standalone LIFE programme](#), integrating support for environment, climate and biodiversity into broader budget lines and funding instruments.

3. Why the Next MFF Is Pivotal

The 2028-2034 MFF is being negotiated against a complex political and economic backdrop. The EU faces simultaneous pressures to accelerate the clean transition, strengthen industrial competitiveness, increase defence and security spending, and respond to social and regional inequalities all within tight fiscal constraints.

Analysis suggests that the current proposal falls well short of the public investment needed to meet the EU's strategic objectives, including climate and environmental goals. [Estimates indicate](#) an annual public financing gap of €149-157 billion to deliver the green transition alone. At the same time, [growing emphasis on competitiveness and simplification](#) risks crowding out environmental ambition and weakening safeguards.

The design choices made in this MFF on targets, governance, flexibility and conditionalities, will therefore play a decisive role in determining whether EU spending accelerates the clean transition while maintaining social fairness and democratic accountability, or whether these objectives are diluted in practice.

4. How the MFF Is Negotiated: Who Decides What?

The European Commission initiates the MFF process by proposing a budget framework and legislative package. Political agreement on the overall size and priorities of the MFF is shaped at European Council level, where Member State leaders must reach unanimity.

Ahead of this, the Council of the European Union plays a central role in conducting detailed negotiations among Member States and consolidating a negotiating position. This position forms the basis for agreement among leaders and for subsequent negotiations with the European Parliament, whose consent is required for adoption.

This intermediate phase, where the Council consolidates its position, is often the most politically sensitive stage of the process. It is during this period that key trade-offs are made, and the broad parameters of the final deal are determined.

5. What the Council Presidency Can (and Cannot) Do

The rotating Presidency of the Council of the European Union does not decide the content of the MFF and cannot impose outcomes. However, it plays a significant agenda-shaping and facilitative role during negotiations.

The Presidency chairs Council meetings, sets agendas, structures discussions, and brokers compromises between Member States with differing priorities. It is responsible for steering negotiations forward,

identifying areas of convergence, and consolidating the Council's collective position ahead of discussions among EU leaders.

In doing so, the Presidency influences the pace and organisation of negotiations and can affect which issues receive political attention, how trade-offs are framed, and how levels of ambition are reflected in the Council's negotiating mandate. At key moments, this convening and brokering role can meaningfully shape the direction of the final agreement.

6. Why Ireland's 2026 Presidency Matters for the MFF

Ireland's Presidency of the Council of the European Union in 2026 will coincide with the most politically sensitive phase of negotiations on the 2028-2034 MFF. During this period, the Council will be seeking to consolidate its position ahead of final decisions by EU leaders.

This timing places Ireland in a strategic position to influence how competing priorities such as climate action, competitiveness, cohesion, simplification and social fairness are balanced in the Council's negotiating mandate. The Presidency will need to navigate a fragmented political landscape, marked by diverging Member State interests and growing pressure to prioritise short-term competitiveness and security concerns.

How Ireland uses its agenda-setting and brokering role during this period will help determine whether the next EU budget reinforces Europe's climate, environmental and social commitments, or whether these objectives are weakened in the final compromise.

7. The Big Choices at Stake in the 2028-2034 MFF

The negotiations on the 2028-2034 Multiannual Financial Framework are not only about the size of the EU budget, but about the strategic choices that will shape how Europe responds to overlapping climate, economic and social challenges over the next decade. The Commission's proposal leaves several critical questions open, and how these are resolved will determine whether the next MFF delivers on EU objectives in practice.

Climate and nature ambition versus flexibility: The proposal introduces a single, consolidated climate-environment spending target (35%), alongside greater flexibility in how funds are allocated across objectives. While this approach is intended to simplify the budget, it [raises questions about whether environmental ambition](#) particularly for biodiversity and nature restoration will remain visible and adequately funded, or whether it risks being diluted by more commercially attractive investments.

Just Transition as a structural commitment versus a discretionary objective: The Commission's proposal to [discontinue the dedicated Just Transition Fund](#) marks a significant shift in how the EU supports workers, communities and regions most affected by the transition. This raises a fundamental choice for the next MFF: whether just transition remains a core, structural pillar of EU climate policy with predictable and targeted support, or becomes a discretionary objective absorbed into broader spending envelopes and unevenly applied across Member States. How this choice is resolved will shape the social legitimacy of the transition and determine whether climate ambition is matched by fairness on the ground.

Competitiveness versus long-term public investment: The [creation of a European Competitiveness Fund](#) reflects growing concern about Europe's industrial position and strategic autonomy. At the same time, [analysis highlights](#) a substantial public investment gap for the clean transition. The core choice is whether competitiveness spending will be designed to accelerate decarbonisation and resilience, or whether it will prioritise short-term industrial support without sufficient climate, social or efficiency safeguards.

Cohesion and solidarity versus centralisation: The proposed shift toward National and Regional Partnership Plans [marks one of the most significant changes](#) in EU funding governance in decades. By consolidating multiple funding streams under national plans, the model offers flexibility but also risks [recentralising decision-making](#), [weakening the role of regions, cities and civil society](#), and [diluting cohesion policy's core objective](#) of reducing territorial inequalities. [Experts warn](#) that this may create a "missing middle" between EU-level ambition and national delivery with [potential implications for environmental investment and cross-border cooperation](#).

Simplification versus safeguards and accountability: Calls for simplification run throughout the Commission's proposal, particularly in relation to performance tracking and regulatory requirements. The key question is whether simplification will improve delivery and legal clarity, or whether it will weaken environmental, social and rule-of-law safeguards that underpin the credibility and effectiveness of EU spending.

Delivery versus ambition: Finally, the next MFF will test whether the EU can translate high-level climate, environmental and social commitments into concrete outcomes on the ground. Choices on governance, conditionalities and participation will determine whether new instruments such as the NRPPs and the ECF close existing implementation gaps or risk widening them.

These strategic choices will be shaped during the Council negotiations, at a moment when the rotating Presidency has significant influence over how issues are framed, prioritised and resolved. The following section sets out where Ireland's 2026 Presidency can use its agenda-setting and brokering role to steer the Council's position in ways that protect ambition, reinforce solidarity and support a clean and just transition.

8. Where the Irish Presidency Can Shape Outcomes

As negotiations on the 2028–2034 MFF reach their most sensitive phase, the Irish Presidency will be well placed to influence how the Council resolves the key trade-offs at the heart of the next EU budget. While the Presidency cannot determine final outcomes, it can shape agendas, frame political choices, and broker compromises that affect the Council's negotiating mandate.

The following areas represent what EJNl believe are key leverage points through which the Irish Presidency can help ensure that the next MFF supports a clean, competitive and socially just transition.

8.1 Steering Climate and Nature Ambition Across the Entire Budget

The Commission's proposal to merge climate and environmental objectives under a single spending target, combined with greater flexibility in programme design, creates a risk that environmental ambition, [particularly for biodiversity and nature restoration](#), may be weakened in practice.

- The Irish Presidency can use its agenda-setting role to ensure that Council discussions focus on how ambition is safeguarded across all spending instruments. This includes keeping climate and nature investment visible within the MFF architecture, reinforcing the application of the Do No Significant Harm principle, and ensuring that simplification does not come at the expense of environmental integrity. ([WWF recommends](#) a 10% MFF biodiversity target and 15% biodiversity allocation within NRPPs. The Presidency can support Council consideration of these safeguards).
- [Ireland has highlighted](#) that protecting farmers and farming at EU level will be a core priority during the Presidency. Within the agricultural dimension of the MFF reform, the Presidency can help steer Council discussions toward an approach that protects farmers while safeguarding environmental ambition and delivery of environmental commitments.

8.2 Shaping Competitiveness Spending to Deliver the Clean Transition

- The proposed European Competitiveness Fund will play a central role in defining how the EU supports industrial transformation, innovation and strategic autonomy. [Its design will determine](#)

[whether competitiveness spending closes the clean transition investment gap](#) or reinforces short-term industrial priorities with limited climate impact. The Irish Presidency can steer Council discussions toward a shared understanding that competitiveness and decarbonisation are mutually reinforcing. This involves promoting a strategic approach to competitiveness spending that prioritises clean technologies, long-term value creation and social returns, while ensuring that public resources are used efficiently and leverage private investment at scale.

Electrification is central to Europe's climate transition, but as emphasised by the climate change think tank, E3G, its benefits will only be realised [if grid investment is governed in the public interest](#). While electrification can improve affordability, security and resilience, weak planning and fragmented governance are already driving higher costs for households and communities.

- The Irish Presidency should champion a clear public-interest approach to electrification, ensuring that EU grid and competitiveness funding prioritises affordable electricity, essential services and community needs. Competitiveness spending must be conditional and socially grounded, and a climate-aligned Competitiveness Fund should therefore prioritise projects that lower bills, strengthen local resilience and deliver shared benefits, alongside strategic decarbonisation. (Note: This topic and its relevance to the Irish Presidency will be further explored in an upcoming paper from EJNI).

8.3 Protecting Cohesion, Solidarity and Regional Voice

The shift toward National and Regional Partnership Plans represents a profound change in how EU funding is governed and delivered. While the model offers greater flexibility for Member States, it also [raises concerns](#) about recentralisation, weakened multilevel governance and reduced participation by regions, cities and civil society.

- The Irish Presidency can play a critical role in keeping cohesion and solidarity at the centre of Council negotiations. This includes highlighting the importance of partnership, territorial balance and inclusive governance, and ensuring that new funding models continue to support regions and communities facing the greatest transition challenges.
- The Presidency can [champion strong cross-border cooperation within the NRPP framework](#). This includes ensuring that the next MFF protects and expands cross-border environmental programmes; community development and peace-building initiatives; and cooperation mechanisms equivalent to or strengthened from the existing Interreg model.

8.4 Safeguarding Social Fairness and a Just Transition

The EU will need to ensure that the clean energy transition is socially just and fair. The proposed MFF architecture, including the proposed discontinuation of dedicated just transition instruments, heightens the importance of embedding social fairness and strong conditionalities across all spending. On the 20th of January 2026 the European Parliament adopted the [resolution](#) 'Just Transition directive in the world of work: ensuring the creation of jobs and revitalising local economies'. The resolution calls for a legislative framework to address the challenges and opportunities of a just transition and the annex sets out recommendations for policy measures that the Commission's proposal should focus on. In addition, the resolution calls for the continuation of the European Globalisation Adjustment Fund for Displaced Workers, a reinforced SURE mechanism, and an extended, reinforced Just Transition Fund in the next MFF. The [ETUC](#) is calling for the Commission to make this resolution part of the upcoming Quality Jobs Act, a legislative initiative expected to be published later this year.

- The Irish Presidency can support Council discussions that [reinforce strong social conditionalities](#), labour standards and distributional considerations across EU funding instruments. By emphasising the need for strong social safeguards particularly for workers, low-income households and vulnerable regions, the Presidency can help ensure that faster delivery does not come at the cost of fairness or public trust.

The Commission's proposal to discontinue the dedicated Just Transition Fund marks a significant shift in how the EU supports workers, communities and regions most affected by the transition. While "supporting a just transition" is listed as an objective of the National and Regional Partnership Plans, [no funding is earmarked for this purpose](#), and continuity for existing just transition regions is no longer guaranteed. This creates a real risk that just transition commitments become discretionary, unevenly applied across Member States, or diluted within broader spending envelopes.

- The Irish Presidency should champion clear safeguards to ensure that the next MFF delivers predictable, long-term support for regions and communities in transition, strengthens social conditionalities across EU spending, and prevents a retreat from the principle that no worker, region or community should be left behind in Europe's clean transition.

8.5 Defending Safeguards, Governance and Democratic Accountability

Simplification is a central theme of the Commission's MFF proposal, but its implementation will determine whether it strengthens delivery or weakens oversight and democratic accountability. Changes to governance structures, performance rules and participation requirements [carry significant implications for environmental protection](#) and civic space.

- The Irish Presidency can ensure that Council negotiations remain anchored in evidence-based regulation and robust safeguards. This includes supporting clear governance arrangements, protecting the role of independent expertise and agencies, and maintaining meaningful participation for civil society and social partners.

The effectiveness of the next MFF will also depend on how well EU spending is aligned with broader systems of economic and fiscal governance. [Analysis shows](#) that climate governance remains largely fragmented from socio-economic governance at EU level, despite the growing impact of climate risks on public finances, competitiveness and social outcomes.

- For the Irish Presidency, this offers an opportunity to encourage Council discussions on coherence between budgetary decisions, national reform pathways and climate commitments, reinforcing accountability while supporting long-term fiscal sustainability and delivery.

8.6 Using the Presidency to Build Political Momentum

Used effectively, the President's convening role can help bridge divides and ensure that the Council's position reflects a coherent vision for Europe's long-term transition.

- Beyond formal negotiations, the Irish Presidency can shape the broader political narrative around the next MFF. Through high-level dialogue, strategic messaging and coalition-building among Member States, the Presidency can help reinforce the case for a budget that aligns competitiveness with climate ambition and social justice.

9. Conclusion: A Defining Moment for Europe and for Ireland

The negotiations on the 2028–2034 Multiannual Financial Framework will shape how the European Union responds to the defining challenges of the next decade. Decisions taken in this budget cycle will determine whether Europe can accelerate the clean transition, reduce regional and social inequalities, and translate political commitments into delivery on the ground.

Used strategically, the Irish Presidency can help ensure that the next EU budget aligns competitiveness with decarbonisation, flexibility with safeguards, and simplification with democratic accountability. By keeping climate ambition, cohesion and social fairness at the centre of Council negotiations, Ireland can contribute to a Council mandate that supports a clean, resilient and just European future.