Briefing on the EU's 2028–2034 Multiannual Financial Framework:

Promote an EU budget that aligns competitiveness with decarbonisation, flexibility with safeguards, and simplification with democratic accountability

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. The Irish Presidency can help promote an EU budget that aligns competitiveness with decarbonisation, flexibility with safeguards, and simplification with democratic accountability to ensure fairness for current and future generations.

1. The **EU's budget must evolve and increase** to meet the scale of today's threats and opportunities. The Commission's proposal for the MFF sets out a pathway for a budget that is the bare minimum for responding to today's challenges, at home and abroad. Recent analysis suggests that the EU may require an additional €149–157 billion in public investment annually to meet climate, digital and strategic priorities, highlighting the importance of ensuring the next EU budget is sufficiently resourced. It is vital for Member States to **agree on new own-resources** to back that ambition, based on the existing Commission's proposals, with the exception of the transfer of 30% of the revenues generated from existing ETS 1 from national to the EU budget. **Other progressive taxation options** should also be considered.

2. The horizontal **climate and environmental spending target** must be **increased to 50%**. It remains the simplest and most efficient tool to ensure EU investments deliver a clean industrial transformation, securing predictable and long-term financing for Europe's competitiveness and resilience. Strong implementation of the Do-No-Significant Harm principle across all EU-spending will also be essential to ensure EU funds do not support activities that undermine climate or environmental objectives.

3. The **tracking methodology** for what counts as climate and environmental expenditure should be revised to better reflect the actual impact on climate and environment and maximise the added-value of EU spending.

4. **National and Regional Partnership Plans (NRPPs)** should be **in line** with and contribute to **existing strategic frameworks**, such as the National Energy and Climate Plans, Long Term Building Renovation Strategies, National Nature Restoration Plans or Social Climate Plans. The ongoing review of the Governance Regulation should ensure coherence and alignment across these frameworks, with clear requirements to ensure Member State compliance under the new structure.

5. NRPPs should contribute to the **implementation of biodiversity policy** by dedicating a minimum percentage of the plans to biodiversity objectives.

6. **Dedicated place-based funding for just transition (JT) regions** should be maintained – the NRPPs should entail mandatory JT chapters. **In addition, a horizontal social clause should be introduced in the Budget Performance and Tracking Regulation.** This would provide a clear legal foundation for ring-fencing allocations for social purposes, prioritising people experiencing social exclusion and discrimination, applying social conditionalities in funding for large companies, and improved social tagging and result indicators.

7. **Investment priorities under the European Competitiveness Fund (ECF)** should be determined based on expert-led governance bodies, following a robust, evidence-based methodology of investment gaps and strategic importance for decarbonisation, circularity and competitiveness. Given the significant investment gap in decarbonisation, the financial envelope for the Clean Transition and Industrial Decarbonisation window should be binding and provide a minimum €50 billion budget, with a pre-allocated envelope of €10 billion for a Cleantech Guarantee Facility under InvestEU.

8. Increased **synergies and coordination between NRPPs and the ECF** instruments are needed, as called by the European Court of Auditors. This should be realised by increasing the incentives and guidance to drive national contributions to the InvestEU Member State compartment for low-cost, asset-specific, retail financial instruments for end-consumers, including households (starting with those most in need), SMEs and energy communities. Affordable retail financing should support in building the lead markets for European cleantech.

9. **Horizon Europe** is critical to reestablish the EU as the home of cleantech innovation in line with the Clean Industrial Deal. The budget for collaborative research under the **Clean Transition and Industrial Decarbonisation** envelope should therefore be **increased** by at least 50%. **Safeguards are needed** to ensure it is directed to solve fundamental, basic R&I challenges, including in the field of a socially just transition, and avoid a redirection to deployment objectives under the ECF.

10. The direction of travel of the MFF (overemphasis on 'competitiveness' and arms spending) is concerning. The **NRPPs and the ECF** should provide sizable, dedicated **support to social economy actors**, including cooperatives, anti-poverty networks, and energy communities.

11. **Funding for LIFE projects** should be maintained through a standalone programme so that critical climate and nature projects can continue to count on predictable directly-managed funding (or, if a standalone programme cannot be secured, through dedicated budget lines for LIFE under the EU Facility and the European Competitiveness Fund).

12. The **partnership principle** must be extended to all EU funds, including directly managed instruments, with mandatory consultations, capacity building support for civil society and enforceable mechanisms for compliance with fundamental rights, rule of law and social and labour rights.

For further information see EJNI's briefings on the Priorities for the Irish Presidency and the Irish Presidency and the MFF, or contact ciara@ejni.net.

EJNI
ENVIRONMENTAL JUSTICE NETWORK IRELAND