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STEERING THE EU'S MULTIANNUAL FINANCIAL FRAMEWORK TOWARDS CLIMATE ACTION AND JUST TRANSITION

THE ROLE OF THE IRISH PRESIDENCY OF THE COUNCIL OF THE EU

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1. What is the EU Multiannual Financial Framework (MFF) and what is the current state of play?

The Multiannual Financial Framework (MFF) is the EU's long-term budget - a seven-year framework covering 2028 to 2034, that sets the limits for what the EU can spend and shapes how these resources are distributed across its priorities. It determines the funding available for climate action, nature, agriculture, regional development, research and much more. How the MFF is designed will therefore have a significant bearing on whether the EU budget can deliver a clean and just transition.

EJNI has published a [series of analysis on the MFF and priorities for climate action and a just transition](#), especially within the context of Ireland's Presidency of the Council of the European Union. This publication arrives as Ireland prepares to assume the Presidency on 1 July. With the Presidency's [priorities](#) now set out, this paper identifies where Ireland can build on its existing priorities and use the role of the Presidency to help shape the budget negotiations in the months ahead.

State of play as of 30 June 2026. Ireland inherits the outgoing Cyprus Presidency's proposed "negotiating box" - a draft budget of roughly €1.73 trillion (about 2% below the Commissioner's original proposal and still far from agreed). The June European Council agreed no figures but tasked Ireland with advancing the file toward the October European Council, aiming for a political agreement before end of 2026. The Council has already agreed "partial" positions on the main building blocks, including the new European Competitiveness Fund and the National and Regional Partnership Plans (NRPPs), but the figures and cross-cutting issues are reserved for the final draft. The defining battles now are the overall size of the budget, [new own resources](#), and the contested NRPP architecture. For climate, the news is mixed: on 26 June, [the Council backed the budget's Performance Regulation, supporting the 35% spending target \(which still carries no separate biodiversity earmark\) and extending the "do no significant harm" principle](#) across the budget, however the rules for what counts as climate and nature spending [have not been tightened](#). Although the spending target and DNSH principle remain on the table, they are not yet secure, especially given downward pressure on the budget and a tracking method that can overstate green impact. Over the coming months, expect intensive technical work through the autumn and a high-stakes endgame around the October council, with many member states [doubting the end-2026 deadline](#).

2. Why the MFF matters for climate

- **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. 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.
- **In this context it is important to remember what the Presidency can and cannot do.** The Presidency does not decide the budget. The country holding the Presidency cannot set a figure or impose an outcome. But as the country in the chair for six months, Ireland can steer negotiations through the pace it sets, the priorities it highlights, the way it frames the choices, and the level of ambition built into the Council's position. The timing gives this real weight. Ireland takes the chair on 1 July 2026, at the most sensitive phase of the MFF negotiations and at the June 2026 European Council, leaders tasked the incoming Presidency with advancing the negotiations for the October European Council, with the aim of a political agreement before the end of 2026.

3. What do the Irish Presidency priorities say about the climate, just transition and the MFF?

- **Competitiveness is the organising idea of the programme.** Climate and environment appear throughout, but they are mostly framed as things that support growth, security and resilience, rather than as goals in their own right. Most environmental commitments are qualified with phrases like 'while safeguarding competitiveness', in the context of improving affordability, or delivering simplification.
- **The justice language is strong abroad (global) and thin at EU level.** The programme uses the language of justice and fairness mainly in its external, development and global climate sections. There is much less about environmental rights, public participation, or fairness in how Europe governs its own transition.
- **The MFF is named as the overarching priority.** Ireland commits to facilitate a timely agreement, to protect the Common Agricultural Policy and Cohesion Policy, and to hand over an advanced draft of the Council's position so that leaders can decide in 2026.
- **The MFF section is framed around values.** It says the values of human dignity, freedom, solidarity and gender equality should be reflected across all aspects of the budget, and in particular in the new instruments such as the Competitiveness Fund.
- **The same MFF section leaves out the green guardrails.** It does not mention a climate or environment spending target, biodiversity, or the do no significant harm principle. The values are named, but the environmental safeguards are not.
- **The cohesion content is comparatively strong.** The programme supports multilevel governance, the involvement of regions and civil society, and the principle that no region should be left behind.

- **The social agenda is strong but not joined up with affordability.** The programme backs the anti-poverty strategy, the pillar of social rights and quality jobs, but it does not connect these to the rise in household costs expected when ETS2 carbon pricing begins in 2028.
- **Just transition is mentioned only lightly.** It appears briefly in the transport and environment chapters, rather than as a core commitment.
- **Simplification runs throughout the programme.** This raises a risk that environmental and social safeguards are weakened under the banner of better regulation, even though the programme states that simplification is not deregulation.

4. What EJNI would like to see the Irish Presidency do on the MFF?

- **The task for Ireland is to keep and protect the 35% climate and environment spending target** - to keep climate and biodiversity funding visible rather than letting it slip under the heading of simplification. A big risk to climate funding is the size of the budget itself. Defending the overall scale of the budget is now also important. [The June European Council underlined this risk.](#) The downward pressure on the total is the same pressure that threatens the climate and biodiversity share. Ireland should also press for a guaranteed minimum share for nature within NRPPs, so biodiversity is not squeezed out under a single climate-and-environment target.
- **Fix what counts as climate spending, not just the headline figure.** A 35 per cent target only delivers if the money behind it is genuinely green. [The rules for what counts as climate and environment spending were left unchanged](#) at the June Council meeting, so spending can still be recorded as climate-friendly when it is not. Ireland can press, in the Council position and the negotiations with the Parliament, for a credible tracking method, so the target cannot be met on paper by counting things like road, airport or fossil-based projects. The European Court of Auditors and others have already [warned](#) that the current method overstates the budget's green impact.
- **Keep the budget in line with the EU's climate goals.** Ireland can steer Council discussion so that the budget actually pays for the path to the EU's 2030 and 2040 climate targets, rather than letting budget decisions and climate commitments drift apart. This matters because [the Presidency is also guiding](#) the EU's wider climate work this year, including the 2040 target and the position for the COP31 climate summit.
- **Keep the 'do no harm' rule strong, and close the new gaps.** The June Council meeting kept the do no significant harm principle, which is welcome, [but weakened it in two ways](#): it dropped the clear list of harmful activities that cannot be funded, and it carved out areas such as migration and border management. Ireland can use the negotiations it chairs to restore a clear definition of what cannot be funded and to resist these carve-outs, so the rule applies across the budget in practice and not just on paper.
- **Protect LIFE, the EU's only dedicated environment and climate fund.** Under the Commission's proposal, LIFE - the Union's only programme dedicated exclusively to nature,

environment and climate – would be discontinued as a standalone fund, with its activities [absorbed into the new European Competitiveness Fund](#) and the Facility, where they would compete with other priorities. Ireland can press, in the Council negotiations it chairs, to preserve LIFE’s visibility, identity and accessibility, and to secure a guaranteed, ring-fenced envelope for environment and biodiversity. In its interim position the [European Parliament has called for dedicated and predictable LIFE funding](#) – €3 billion under the Competitiveness Fund and €2.4 billion under the EU Facility – which Ireland can use as a floor to build on.

- **Use the own-resources task to back a properly resourced budget.** Ireland can use this task to support the new revenue that climate and just transition need. At the June European Council, [own resources became the central task](#) handed to the Irish Presidency. The Commission has warned that a failure to agree new own resources could force cuts of up to 40 per cent across the budget. Cuts that would fall on climate, nature and just transition spending along with everything else. This makes securing new revenue one of the most direct ways Ireland can protect the green and social content of the budget.
- **Anchor a just transition as a funded structural commitment.** Ireland can press, in the Council negotiations, for the rules to require every NRPP to include a just transition chapter, with a clear definition of which regions qualify and dedicated support for them.
- **Champion a real say for the people affected.** Ireland can hold the Council to the [programme's own commitment](#) on involving regions, cities and civil society, and press for genuine consultation when national plans are drawn up. This concern is now shared more widely. The European Economic and Social Committee has [warned](#) that merging cohesion, agriculture and fisheries into the new national plans risks over-centralisation and bypassing local authorities, and has called for the European Social Fund Plus and the Just Transition Fund to be kept as stand-alone instruments.
- **Put affordability and the cost of living on the agenda.** Ireland can steer Council discussion towards safeguarding social justice by including targeted help for low-income households and small businesses as the EU extends carbon pricing to heating and transport fuels from 2028. Ireland can build on the June European Council’s own competitiveness conclusions, which stressed reducing energy prices and speeding up the clean transition and decarbonisation, to emphasise that the budget must pay for that path rather than simply assert it.
- **Press for conditions on the public money that goes to large companies.** Ireland can steer the Council towards attaching social and climate conditions to industrial funding, including through a social clause in the budget's rulebook and a higher minimum share of spending for social goals.
- **Use the convening power, which only the country in the chair has.** Ireland can keep just transition high on the political agenda, bring governments together around it, and, building on what others did in their presidencies, propose a Presidency-led declaration on just transition.

5. Conclusions

- **Lead by example** - We believe that Ireland will be a stronger advocate at EU level if it matches the ambition it calls for with credible climate action at home and ensure plans are robust, coherent and properly consulted on. It is also important that Ireland meets EU deadlines on production of key EU mandated plans - e.g. we have had [well documented delays](#) on the production of the national Long Term Strategy (nLTS), the National Energy and Climate Plans (NECPs) and Ireland is now well overdue on production of a [Social Climate Plan](#). Timely production and implementation of these important plans is now especially important given the [gap between Ireland's commitments on climate and what is being achieved in practice](#), as well as the increasing alarm about the potential economic cost of this gap as highlighted by the Irish Fiscal Advisory Council in its [July 2026 Report](#).
- **Bring Ireland's own experiences to the table.** Ireland has a regional just transition initiative, a focus on place-based just transition approaches (as highlighted in Ireland's [Territorial Just Transition Plan](#)) and now a Just Transition Commission which plays a key role within our national level climate governance structures (including making [recommendations](#) on Ireland's 2027 budget). This is important experience as we can show what is working and what is not working to make the case for keeping just transition funded and built into the budget. Ireland can also use the convening power of the Presidency role to keep just transition high on the political agenda, bring governments together around it.
- **Ireland's unique all-island position is also important.** If EU environmental rules are weakened under the banner of simplification, there are direct consequences on the island of Ireland - including across the border into Northern Ireland. Ireland is a member state very well-placed to speak to this and can use the Presidency to protect strong environmental standards and cross-border environmental cooperation.
- **There is now an important opportunity for the Irish Presidency to help promote an EU budget that aligns competitiveness with decarbonisation, flexibility with safeguards, and simplification with democratic accountability.**