POLICY BRIEF

Sophie Pornschlegel
2025

Support for Democracy in the next MFF

The role of political foundations

Friedrich Ebert Stiftung

ENoP
EUROPEAN NETWORK OF POLITICAL FOUNDATIONS

European Union & Global Dialogue | Brussels Office

Imprint

Published by
Friedrich-Ebert-Stiftung e.V.
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James Patterson/JP Northfield Ltd.

Design/Layout
pertext | corporate publishing
www.pertext.de

ISBN 978-3-98628-776-4

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Ebert
Stiftung

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Executive summary

The EU's next budget – also called the Multiannual Financial Framework (MFF) – is a decisive tool for safeguarding democracy in a period of growing internal and external threats. While the Commission's proposal for 2028–2034 increases overall funding for democracy and strengthens the rule of law conditionality mechanism, it should include even stronger safeguards to ensure that democracy, the rule of law and civic space remain top priorities throughout the next budget cycle.

Most importantly, negotiators should ring fence budgets and dedicate clear thematic funding for democracy support rather than rely on an extended rule of law conditionality mechanism. Previous experiences with political bargaining on the conditionality mechanism may indicate that allowing member states more flexibility in the National and Regional Partnership Plans (NRPPs) could lead to neglect of support for democracy, leaving the EU unable to respond to democratic backsliding in EU member states and abroad.

To avoid these pitfalls, this paper makes the following recommendations:

1. Safeguard and ring-fence funding for democracy across the MFF
2. Strengthen and sustain civil society, including political foundations
3. Strengthen the link between democracy support in the MFF and upcoming initiatives
4. Ensure strategic coherence between internal and external support for democracy
5. Deploy flexible instruments for crisis situations and democratic opportunities
6. Enforce conditionality mechanisms rigorously

Introduction

Democracy in Europe is under continuous and growing pressure. Across the European Union, democratic institutions face erosion, civic space is shrinking and disinformation is undermining public trust. Beyond EU borders, authoritarian actors are expanding their influence, exploiting loopholes and weaknesses in our procedures, and seeking to destabilise democratic systems from the inside out. These developments are accompanied by a deteriorating funding environment: the cuts to US development assistance (which includes support for democracy), retrenchment of private philanthropy and insufficient national budgets have left European civil society organisations vulnerable and underresourced.

The EU's Multiannual Financial Framework (MFF) 2028–2034 – the EU's seven-year budget – will largely determine whether Europe will be able to respond strategically to these challenges. The European Commission's proposal, published in July 2025, is ambitious in size and scope and introduces greater flexibility in budget instruments. However, flexibility without safeguards risks deprioritising democracy in favour of more politically expedient goals. Ring fenced, predictable funds for democracy, the rule of law and civic space – both inside and outside the Union – are essential if the EU is to preserve its values, respect EU Treaties and respond credibly to geopolitical threats.

This paper assesses the Commission's MFF proposal from the standpoint of democracy support, identifies gaps and risks, and sets out concrete recommendations for the upcoming negotiations to ensure that democracy remains a strategic priority over the next seven years.

1. Challenges to support for democracy in Europe

For several years now, democracy has been under threat. So-called »democratic backsliding« is evident in several EU member states, including the erosion of institutions and destabilisation of democratic processes, for instance through targeted disinformation and malign interference in elections. It also includes a shrinking civic space, a restriction of individual freedoms and growing institutionalised violence and discrimination against minorities.

These trends have been accompanied by a degradation of the funding environment for civil society organisations, including political foundations, media organisations and cultural institutions. The US Trump administration has implemented significant funding cuts, which have affected the global funding ecosystem, with repercussions for civil society organisations in Europe.[1] For example, in Central and Eastern Europe, the termination of US assistance resulted in an immediate loss of $30–35 million in annual funding to support democracy and rights initiatives.[2] In addition, the Trump administration has had a »chilling effect« on private philanthropy; several important foundations have decided to cut their funding to Europe. At the same time, the corporate sector is increasingly cutting funding in response to the turbulent economic situation. Finally, public funding at national level remains relatively modest in scale and many EU member states have declined to make sufficient resources available, in stark contrast to ring-fenced budget lines such as defence.[3]

Rather than step up their efforts to counter those developments, several EU member states have exacerbated the fragile environment for civil society. Public funding has been cut or substantially reduced for political reasons, for example, in the Netherlands.[4] Proposed »foreign agent« legislation has increased bureaucratic burdens and increased governmental scrutiny of civil society; some EU countries have even criminalised NGO activities, such as those of refugee support organisations in Hungary. At EU level as well, the conservatives and the far-right in the European Parliament are working towards cutting civil society funding and are fostering public scepticism about the legality of their activities, for example, by calling into question LIFE programme funding, directed at climate NGOs.[5]

Given these multiple challenges, defending democracy within Europe requires more than just institutional resilience or legal safeguards. Sustainable support for democratic values, civil society and a democratic public sphere hinges on adequate and consolidated funding for civil society, and especially for activities aimed at cultivating civic engagement and democratic education.

2. Democracy support is a strategic, long-term investment

In view of the current challenges, democracy needs to be considered a strategic asset and the foundation for every other EU policy priority, security, trade, climate and migration. Without this »democratic infrastructure« the rest of the EU cannot function.

Democracy therefore requires adequate financial support through the next MFF. The EU should invest in a twofold approach to supporting democracy within its borders: defend democratic institutions and processes to avoid democratic backsliding; and invest in democratic reform and innovation, as the status quo has clearly led to growing frustrations among citizens.

Outside EU borders, support for democracy also has a strategic value. Investing in the rule of law,

1 Sarah Repucci/Zselyke Csaky (2025): Filling the USAID Gap: How Europe Can Step Up to Support Democracy, European Democracy Hub (March).

2 Daniel Hegedüs (2025): The Implications of the Termination of US Government Assistance for Civil Society in Central Europe – Part I, Rev-Dem (May).

3 Richard Youngs (2024): A call to defend democracy: Reviving democracy support under the EU's incoming leadership, European Endowment for Democracy (June).

4 Vince Chadwick (2024): 'Unprecedented' cuts leave Dutch civil society organizations reeling, Devex (November).

5 Robert Hodgson (2025): Commission denies singling out NGOs in green funding row, Euronews (April).

independent institutions, media freedom and civil society in candidate countries is necessary if those countries are to meet the Copenhagen Criteria and gain entry to the single market. Beyond EU enlargement, countering foreign influence and disinformation will be crucial to ensure that no undue influence is exerted on electoral processes within EU member states. In addition, the EU needs to counter authoritarian influence and stability in its neighbourhood, as this has serious repercussions for other policy fields, such as migration, security and foreign policy.

Lastly, in the current (geo-)political climate, the signalling effect of an EU that commits to democracy is extremely important, also in view of the authoritarian threat, which has been carefully thought through and planned for years now. This does not mean that there should be no flexibility in the EU budget. Crisis situations will surely require reallocations of funding, for example, to counter unforeseen threats and risks to democracy. However, total funding overall – as well as the commitment to support democracy – needs to be upheld and increased.

3. The role of political foundations in EU democracy

Political foundations – both national and European – are crucial organisations in the democratic ecosystem, both in the EU and abroad. They foster pluralism, bridge the gap between citizens and policymakers, and contribute to democratic participation, civic engagement and citizenship education. They also facilitate policy research, which is essential for evidence-based policymaking and ensuring that political parties on the democratic spectrum have access to space for democratic dialogue and qualitative policy advice.

Political foundations also have an important role to play abroad because of their international engagement.[6] They have experience engaging with political parties and civil society in the EU's neighbourhood and globally. They foster democratic dialogue, build institutional capacity and support inclusive political processes in partner countries, all of which are aligned with the EU's values and foreign policy goals. They operate at arm's length from government, which facilitates »Track II« diplomacy.

Their role has become even more relevant as the United States continues to withdraw from the global stage. Ensuring sufficient local contacts and networks, as well as in-depth expertise concerning the different world regions is essential for the EU in the current geopolitical context. The work of political foundations also allows the EU to better assess the implications of its policies for external actors and to avoid reputational damage, as well as to better coordinate overall EU foreign policy objectives by ensuring closer alignment between EU member states.

While the significance of political foundations has grown in a climate in which support for democracy faces mounting external and internal pressures, the sustainability and scope of their work depend heavily on the funding priorities set at the EU level. In this regard, the next Multiannual Financial Framework (MFF) will be essential in reiterating the European Union's commitment to democratic principles.

4. The MFF proposal 2028–2034

On 16 July 2025, the European Commission unveiled its proposal for the next Multiannual Financial Framework (MFF) for the period 2028 to 2034. Until the end of 2027, the Commission, the Parliament and the Council will negotiate the next EU budget, which will then have to be approved by the European Parliament by absolute majority and by the Council with unanimity.

6 While national political foundations have a wide network of offices and activities abroad, European political foundations face a much more restrictive legal framework and are therefore less established outside of the EU.

EU budget negotiations are never easy, but this time they may be even more complicated, for several reasons. First, the EU has shifted its priorities to defence, economic security and competitiveness. These are new areas that will require long-term investments at EU level, besides the more traditional budget items, such as agriculture and cohesion. Second, the EU will have to phase out the NextGenerationEU funds by the end of 2026, which means it will have to repay debts of around €25 billion annually. This does not include the cessation of the NextGenerationEU money, which has been supporting the 27 member states for the past six years and will no longer be available in the new budgetary period. Third, political shifts in member states in recent years mean that there is little consensus on the strategic direction the EU should take, and the extent of the European Commission's decision-making and agenda-setting powers.

The negotiators from the three EU institutions will have the difficult job of trying to square a circle, namely to reserve sufficient money for long-term strategic projects and investments, despite the short-term national interests of the 27 member states and the plethora of particular interests in the different policy fields, such as agriculture, tech and energy. In addition, the negotiators have to work with a particularly tight budget. The EU budget is worth only 1 per cent of EU27 GNI, and almost two-thirds flows back directly to the member states through the Common Agricultural Policy (CAP) and the cohesion funds.[7] In comparison to the size of the EU budget, France spends roughly 57 per cent of its GDP on its national budget and Germany 48 per cent.[8]

The Commission's proposal is quite ambitious, at €2 trillion for the next seven-year-period (in current prices). This figure includes inflation forecasts over the next decade. In real 2025 terms, this represents a total budget of €1.763 trillion.[9] In addition, the Commission has dared to implement a fairly consequential reconfiguration of the budgetary architecture. It has streamlined 52 existing budget lines into 16, with two main pillars: the National and Regional Partnership Plans (NRRPs), which include the Common Agricultural Policy and cohesion funding and represent 48 per cent of the total budget (€771 billion in 2025 prices); and the European Competitiveness Fund, which includes directly managed EU funds and makes up approximately 23 per cent of the budget proposal.[10] The Commission also proposes to change the disbursement mechanisms, inspired by the Recovery and Resilience Plans of the NextGenerationEU funding, and has added more flexibility and emergency funding into the mix. While these changes are necessary in view of the changed geopolitical environment and new priorities, they also bear certain risks with regard to support for democracy.

5. The EU's new programme for democracy support: AgoraEU

The Commission announced three programmes for internal democracy support under the heading »Investing in education, democracy and European values«. These include Erasmus+ for education, the Justice Programme, as well as the new, streamlined AgoraEU programme, which integrates three different funding strands: the previously existing Creative Europe Programme for culture and media; the also previously existing Citizens, Equality, Values Programme (CERV) Programme for civil society; and the new »Media+« programme, which will support independent journalism, pluralism and media literacy, with a particular focus on audiovisual and news. In the 2021–2027 MFF this media funding was under the Creative Europe scheme.

7 Johannes Lindner/Romy Hansum/Nils Redeker/Eulalia Rubio (2025): Ripe for Reform – What's in the EU Budget Proposal and What Should Come Next, Jacques Delors Centre (July).

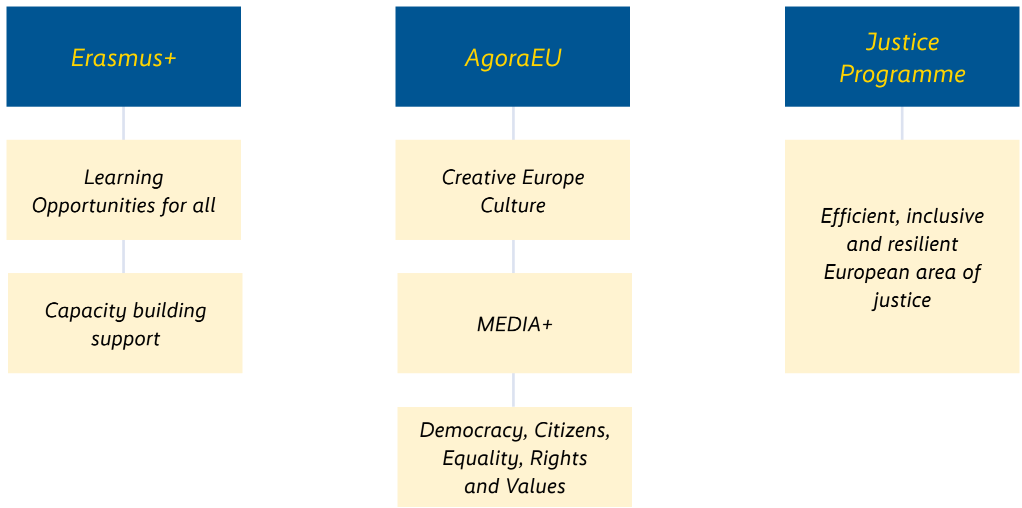
8 International Monetary Fund (2023): Government expenditure, percent of GDP.

9 Ibid.

10 European Commission (2025): EU budget 2028–2034 explained: Priorities, funding, and what it means for you (July).

Figure

Programmes for internal democracy support



Concretely, AgoraEU represents approximately €8.6 billion, with €1.8 billion allocated to Creative Europe-Culture, €3.2 billion to Media+ and the remaining €3.6 billion to support for democracy. This last budget line, for »Democracy, Citizens, Equality, Rights and Values«, is divided into three subsections: Rights, Equality, Citizen and Civil Society; Daphne, which is dedicated funding to tackle all forms of violence; and Democratic Participation and the Rule of Law, which includes support for elections and democratic processes, as well as »promoting a better understanding of the Union«.

This new proposal represents an increase for most budget lines: from €1.5 billion for CERV in the 2021–2027 MFF to €3.6 billion in the AgoraEU programme; from €2.4 in Creative Europe for media to €3.2 billion in Media+; and from €305 million to €798 million for the justice strand.[11] Erasmus+, Justice and AgoraEU make up about 3 per cent of the total projected EU budget, if the three funding programmes receive the maximum proposed funding.

The nominal increase in funding for these budget items is a positive development, as the threats to democracy have been sharply increasing in recent years.[12] Streamlining the different funding strands into bigger money pots also makes sense when it comes to simplifying the EU budget. However, the streamlining of funding for democracy support, culture and media under one heading (AgoraEU) could also entail an increased risk of cuts during the negotiation process, especially for the authoritarian-leaning member states that regard this as the EU meddling in their national competences.

6. A changed procedure for political foundations

Under the previous MFF (2021–2027), European political foundations (EPFs) were funded from the European Parliament's budget, under the broader MFF Heading 2 »Cohesion and Values«. European political foundations were funded through operating grants given by the European

11 In the 2021–2027 MFF, CERV had a total budget of €1.56 billion, which accounts for 0.2 per cent of the current EU budget.

12 These numbers are nominal, not adjusted for inflation. It is likely that the real increase is much less consequential than the nominal one.

Parliament, alongside other parliamentary activities and funding for political parties.

In this new MFF proposal, European political foundations no longer have a dedicated strand, as the separate parliamentary budget line is removed.[13] Instead, the funding for EPFs will be embedded under the headline »Democracy, Citizens, Equality, Rights and Values« in the AgoraEU programme and will be determined by the broader objectives of the programme and subsequent proposals. This signals a shift from parliamentary budget control to broader programme-based management overseen by the Commission.

While this streamlined budget makes sense in terms of agility, it also means that dedicated funding lines for European political foundations will be less visible within the programme. The funding for European political foundations will continue to be granted as core funding. In contrast, national political foundations will be able to access EU funds through AgoraEU and Global Europe for project-based grants as non-profit organisations, for instance for capacity-building, civic engagement and democracy promotion.

In June 2025, the Parliament and the Council agreed on a reform on the funding of European political parties and foundations, which will be applicable from 1 January 2026, two years before the next MFF enters into force.[14] The co-financing rate was increased to cover 95 per cent (instead of 90% before) of the European political foundations' budget.[15] More streamlined application, reporting and evaluation processes will also be helpful in this new MFF, to reduce administrative hurdles that can disproportionately impact smaller or less resourced foundation. Joint activities, including cross-border projects, with member organisations, i.e. national political foundations, will be formally permitted and encouraged. This legal reform provides clarity for pan-European cooperation and advocacy, resolving previous ambiguities that hampered collaborative political or civic projects in the last MFF.

Funding for European political foundations could be further improved in several ways. Most importantly, funding for European political foundations should remain predictable and not be subjected to frequent reallocation or unforeseen budgetary squeezes. In addition, a mechanism within the new MFF to allow smaller or less represented European political foundations equitable access to funding would be helpful, and to reduce dependence on the number of affiliated Members of the European Parliament (MEPs). Finally, expanding access to members in candidate countries to European political foundations would be in line with the broader objectives of accelerating the EU enlargement process and strengthening the democratic fabric in those countries.

The EU should also focus in particular on European political foundations' compliance with EU values, as set out in Article 2 TEU and the Charter of Fundamental Rights. As extremist forces continue to gain political momentum, the »cordon sanitaire« with anti-democratic organisations must be upheld and strengthened. The Commission should therefore consolidate the powers of the Authority for European Political Parties and Political Foundations (APPF), an independent body responsible for registering, monitoring and imposing sanctions on European political parties and political foundations. For instance, it could enable independent investigations, as currently the APPF cannot initiate verifications of compliance with EU values without a request from the European Parliament, Council or Commission. It could also extend the requirement to respect EU values to national member parties of European political parties/foundations, not just the supranational entity. The

13 Civil Society Europe (2025): Civil Society Europe's Reaction to the Multiannual Financial Framework 2028-2034: Progress for Some, Setbacks for Others (July).

14 European Parliament (2025): Deal on new rules for European political parties and foundations, Press Release Afoc (June).

15 Legislative Train Schedule, Revision of the Regulation on the statute and funding of the European political parties and European political foundations

APPF should also be granted authority to impose more substantial and varied sanctions for non-compliance, including suspensions, funding cuts and temporary bans from participating in EU-funded activities. Lastly, it should review the appointment process of its leadership structure in order to ensure that the agency remains independent.

7. Internal democracy support beyond AgoraEU

While the main funding for democracy support comes from the new AgoraEU programme, there are further budget lines in the new MFF proposal that touch upon democracy, although to a much lesser extent. These include the EU's flagship research programme, Horizon Europe; the Competitiveness Fund and the National and Regional Partnership Plans (NRPPs), which include cohesion and agricultural funding. There are also references to funding for democracy under the Global Europe instrument for external relations, which will be discussed in the next section.

Under Horizon Europe, democracy is included as a »societal challenge« under the second pillar of the budget, »Competitiveness and Society«. Funding can therefore be allocated to this objective, but without ring-fenced amounts. While there has been a net increase in the budget of Horizon Europe. with an allocation of €175 billion, the general focus is on boosting EU competitiveness. There is thus a risk that democracy will be viewed only through the economic lens, rather than as a fundamental pillar of the economic system. The EU should thus mandate the integration of democracy-support objectives (participation, representation, fundamental rights, anti-disinformation initiatives, civic engagement) into other clusters of Horizon Europe, including those focused on digital affairs, health care, the environment and security.

In addition, it could prioritise research on threats to democracy, such as disinformation, foreign interference, online hate, declining trust in institutions and challenges posed by so-called »AI« in order to better equip policymakers with evidence-based measures. Horizon-funded democracy and governance research could be further linked to the new AgoraEU programme, external action funds for democracy, and relevant initiatives in enlargement and neighbourhood policy, and mainstream the research findings into policy and programme design. It could also scale up existing networking actions on democracy that provide actionable policy recommendations and deliver capacity-building for democratic innovation and citizen engagement.

In common with Horizon Europe, there is no ring-fenced funding for democracy support in the Competitiveness Fund. The merging of the LIFE programme into the European Competitiveness Fund and its replacement with »LIFE actions« means that no clear funding has been allocated for civil society organisations active in the climate field. In view of the political attacks against climate policy and, in particular, civil society organisations advocating stronger climate action, this merger could mean a reduction of funding and less support for a crucial sector in the civic ecosystem.[16]

Finally, in the new National and Regional Partnership Plans (NRPPs), EU member states are largely free to allocate funds across regions and policy priorities. These plans make up almost half of the total EU budget proposed by the Commission and integrate 14 different EU programmes, most notably agricultural and cohesion funding, While some safeguards on climate-related funding are included, along with some social investments linked to the European Social Fund and the Just Transition Fund, as well as direct income support for farmers, there is no ring-fenced funding for democracy-related

16 Civil Society Europe (2025): Civil Society Europe's Reaction to the Multiannual Financial Framework 2028-2034: Progress for Some, Setbacks for Others (July).

objectives. In view of the democratic backsliding of certain member states, this decentralised approach is worrying, as less money is likely to be spent on projects that strengthen civic cohesion and promote democratic stability.[17]

On a positive note, payments under the NRPPs will be linked to the rule of law report and EU member states' performance with regard to the report's recommendations. This follows the logic applied to disbursement under the Recovery and Resilience Plans put in place with NextGenerationEU funding, as well as existing structures under the European Semester for macroeconomic monitoring. However, the national plans will have to be designed very quickly, with first drafts to be presented to the Commission by June 2027. This leaves very little time to draft a seven-year programme and to truly involve civil society stakeholders in the process.[18]

The new MFF envisages more substantial emergency funding, which is a welcome approach as in the previous mandate the EU had to deal with unexpected crisis situations, ranging from a global pandemic to a war at its borders. The CatalystEU programme (involving approximately €150 billion) is designed to offer EU-backed loans for public investment in strategic areas (such as digital, defence and clean tech), with a broader objective of strengthening Europe's crisis response and competitiveness.

There is no budget line earmarked exclusively for democracy support within CatalystEU. This is a missed opportunity, for two reasons. First, democratic backsliding should be considered a crisis and funding should be available to tackle it. Second, in crises, democratic institutions and processes tend to come under pressure, as was the case during the Covid-19 pandemic. Therefore, rather than treating democracy as only a horizontal objective through the rule of law conditionality mechanism, the EU should consider including language on democracy support in crisis moments in CatalystEU.

8. External support for democracy through Global Europe

The Commission has integrated support for democracy in the funding for external relations in the next MFF under the Global Europe programme. With a total budget of €215 billion (compared with €130 billion in 2021–2027), the new instrument is structured in terms of five geographical pillars, with both programmable (for example, flexible) and non-programmable (for example, fixed sum) funds. Democracy support will need to be »programmed« in this new MFF, which means that, unlike in previous MFFs, there will be no binding spending targets to guarantee minimum funding for such support.[19]

Binding targets and dedicated funding are needed to make sure that support for democracy does not remain merely a vague intention in the EU's external policies. These targets should be woven into the geographical pillars, enlargement funds and global programmes. In addition, a clear policy framework seems to be lacking in the current design of the Global Europe instrument. As a result, funding might be driven more by short-term geopolitical and economic priorities at the expense of values-based commitments and longer-term projects, such as democracy.

In the field of enlargement, the Commission plans to use a »fundamentals first« approach, with an increased focus on conditionality. This approach emphasises that core issues, such as democracy, the rule of law and human rights, shall take priority and must be addressed early and thoroughly before other accession criteria are considered. However, the Commission plans to

17 Louisa Slavkova/Denitza Vidolova/Danielle Brady (2024): Strengthening Civic Cohesion in Europe: Recommendations for an EU policy upgrade, Sofia Platform and European Policy Centre.

18 Civil Society Europe (2025): Civil Society Europe's Reaction to the Multiannual Financial Framework 2028-2034: Progress for Some, Setbacks for Others (July).

19 ECDPM (2025): A companion guide to the Global Europe instrument proposal (July).

bundle together reforms of democracy, rule of law and human rights. Two important caveats can be raised in relation to this approach. First, it could lead to a general underfunding of one of the three pillars if they are bundled together. As civil society organisations, independent media and oversight bodies often rely on EU funding as a safeguard against government pressure or capture, this is particularly important. Secondly, it could also mean that governments could potentially gatekeep EU funding for independent oversight bodies, civil society and free media, especially when those governments are authoritarian-leaning and do not want to fund critical voices and actors working to sustain checks and balances to executive power.[20]

Finally, the Ukraine Reserve Fund is set to provide an additional €100 billion over 2028–2034, primarily targeting Ukraine's accession, reconstruction and economic stability. While part of the Global Europe instrument, it has been taken out of the regular MFF budget line. Unlike previous years, there are no democracy-specific earmarks or spending markers within the Ukraine Reserve Fund. Instead, support for democracy will depend on priorities defined in action plans, government compliance and annual allocation, although this risks dilution among competing priorities (energy, security, reconstruction and so on). In view of the Ukrainian government's crackdown on independent anti-corruption infrastructure and the general issues with the rule of law in the country (originating from before the Russian war of aggression), the lack of ring-fenced funding for democracy support is worrisome.[21] On a more positive note, the Ukraine Reserve Fund includes technical assistance not only to government authorities but also to civil society organisations at national, regional and local levels, although this technical assistance for civil society is contingent on the design and implementation of the relevant action plans.

9. The rule of law conditionality mechanism and governance reforms

In the new MFF proposal, the rule of law conditionality mechanism is extended to include the entire EU budget. Member states will have to comply with the Charter of Fundamental Rights, gender equality and the rule of law. An ex ante horizontal condition will be fully integrated in the budget design of the new MFF before any funds are released, not just as a consequence of violations that may come to light subsequently. The Commission is therefore moving from a reactive to a more pro-active safeguarding of EU values.

The linkage between the rule of law report, which now includes member state–specific recommendations, and the release of funds under the NRPPs will reinforce the safeguards, as this means that there are clear guidelines to which the member states will have to adhere, and which will be benchmarks for the disbursement of EU funds.

The Commission also clarified what will happen with the frozen funds: »They will be available for use in programmes in direct or indirect management, in particular those contributing to supporting Europe's democracy, civil society, Union values or the fight against corruption.«[22] Hopefully, this will help civil society, especially in countries affected by a shrinking civic space, to obtain sufficient funding from the EU to continue their operations and defend democracy.

In view, however, of the increased flexibility in the budget and the greater leverage for member states in the allocation of funding, especially within the NRPPs, the Commission will have to be particularly strict in monitoring and reviewing the use of funds. To this end, sufficient resources need to be allocated internally within Commis-

20 Sam van der Staak (2025): Democracy assistance in the next MFF: a first impression, International IDEA (July).

21 Maria Alesina (ed.) (2023): Designed in Brussels, Made in Ukraine Future of EU-Ukraine Relations, European Liberal Forum.

22 European Commission (2025): A dynamic EU Budget for the priorities of the future – The Multiannual Financial Framework 2028–2034, Communication COM(2025) 570 final, 16 July.

sion services to ensure that monitoring is carried out properly.

Most importantly, the Commission will have to show political leadership and courage and block or not release funding in case of breaches. It has not always shown the requisite resolve. In December 2023, for example, the Commission set a dangerous precedent by unfreezing €10.2 billion in cohesion funds to Hungary, citing »sufficient guarantees« on judicial independence reforms. In reality, however, it was all too obvious that this unfreezing was linked to lifting the Hungarian veto for the Ukraine support package of €50 billion.[23] By acting in this way, the Commission signalled to authoritarian or authoritarian-leaning member states that it accepts values as a negotiable item in exchange for other policy objectives, and that it does not take its role as »Guardian of the Treaties« as seriously as it should. As the conditionality mechanism is the most important safeguard against democratic backsliding in the next MFF, the Commission will have to make sure that its application is irreproachable and not subject to negotiation with member states.

The Commission also plans to increase transparency with regard to beneficiaries of EU funds by publishing information on the recipients in a centralised database on the Commission's website. It also wants to »explore new processes or measures for risk-based thorough screening of beneficiaries of EU funding for security risks and incompatibility with EU values« to protect the EU budget from those holding radical or extremist views in member states.[24] While this increased scrutiny is a positive development, the assessment must be truly independent of political considerations, especially when far-right leaders are already in executive positions within the EU institutions. Otherwise, there is a risk that this instrument could be misused against actors defending democracy in the member states.

In addition, the Early Detection and Exclusion System (EDES), which protects the EU budget from fraud and irregularities, will be extended to funds implemented under shared management, thereby broadening its scope significantly. Originally, EDES applied only to direct and indirect management funds (about 24 per cent of the EU budget); starting in 2028, it will also cover shared management funds (about 75 per cent of the EU budget).[25]

Complementary to the MFF proposal, the Commission published a White Paper for the anti-fraud architecture review, preparing a comprehensive review of the EU's anti-fraud architecture.[26] The document reviews the EU anti-fraud system (AFA), composed of institutions such as the European Anti-Fraud Office (OLAF), the European Public Prosecutor's Office (EPPO), the European Court of Auditors (ECA), Eurojust and Europol, as well as the newly established Anti-Money Laundering Authority (AMLA)[27] and the planned EU Customs Authority. The objective of the white paper is to strengthen the protection of the EU's financial interests in the next MFF and to respond to new threats, such as transnational fraud, organised crime or new technologies. It includes proposals such as more systematic cooperation between OLAF and EPPO, better joint use of forensic and operational analytical capabilities, and possibly increased powers for Europol as a central actor in fraud analysis.

10. Recommendations

In light of the challenges outlined above – including internal and external threats to democracy, deteriorating funding environments and

23 Jorge Liboreiro (2023): Brussels releases €10 billion in frozen EU funds for Hungary amid Orbán's threats, Euronews (December).

24 European Commission (2025): A dynamic EU Budget for the priorities of the future – The Multiannual Financial Framework 2028–2034, Communication COM(2025) 570 final, 16 July.

25 Jan Stráský/Federico Giovannelli (2025): Repurposing the EU budget for new challenges, in: OECD Economic Surveys: European Union and Euro Area 2025 (July).

26 European Commission (2025): White Paper for the anti-fraud architecture review, COM/2025/546 final, 16 July.

27 AMLA will be operationalised by 2028.

growing policy complexity – the following recommendations should ensure that the EU's next Multiannual Financial Framework provides robust, coherent and sustainable support for democracy, the rule of law and civic space. These measures are designed to better safeguard democracy both within the Union and abroad, which is the fundamental infrastructure upon which all other EU policies rely.

1. Safeguard and ring-fence democracy funding across the MFF

The EU should safeguard and increase dedicated funding for democracy support in the next MFF. While the existing proposal is ambitious in quantitative terms, it is still insufficient given the scale of the support required for democratic resilience; up to 92 per cent of aligned initiatives (within the CERV programme) are currently unfunded.[28]

There are three more reasons why the current support for democracy as planned in the proposal will not be sufficient. First, there is little available funding outside the AgoraEU programme and little mainstreaming in terms of thematic allocation of funding. Second, democracy has become a contentious topic for several authoritarian-leaning member states, so there is a relatively high probability that the AgoraEU funding could be cut in the negotiation process around the MFF. Finally, national governments have been given more flexibility in the allocation of funding under the NRPPs and within dedicated funding to respond to crisis situations. While the current geopolitical environment calls for more agile responses, it also means that it will be easier to shortcut support for democracy, as it will compete with other strategic priorities in the pooled funds. This is particularly the case with regard to the Global Europe instrument.[29]

Because of these threats, the Commission and the Parliament should earmark and ring-fence allocations for democracy, rule of law and civic space, not only in AgoraEU but also in several other programmes, such as Horizon Europe, the Competitiveness Fund and the NRPPs, as well as in Global Europe for the external dimension. The »horizontal« application of the rule of law conditionality mechanism, even if strengthened, will not be sufficient, as past experience has shown that the Commission has been reluctant to apply the rule of law conditionality stricto sensu, and has given in to political pressures.

2. Strengthen and sustain civil society, including political foundations

To safeguard democracy across the EU and beyond, the next MFF must treat support for civil society, and especially political foundations, as a strategic priority. The AgoraEU programme should guarantee predictable, multi-year funding for civil society organisations, with structural grants and simplified application and reporting processes to promote sustainability and independence. Maintaining and expanding re-granting mechanisms will help to ensure that smaller, local and grassroots organisations can access resources and participate meaningfully in democratic life.

Building on successful models such as the EU's human rights defenders' scheme, the EU should put in place a resilient legal and financial framework that actively protects civil society actors from political interference, bureaucratic hurdles and funding restrictions. This is crucial to counteract growing pressures – including proposed »foreign agent« laws and other punitive measures – that threaten to shrink civic space and silence independent voices.

In addition, national political foundations should receive explicit eligibility and access to democra-

28 European Commission (2024): Funding to promote, protect and enforce fundamental rights 2024 Annual report on the application of the EU Charter of Fundamental Rights, Report, COM/2024/456 final, October.

29 Civil Society Europe (2025): Civil Society Europe's Reaction to the Multiannual Financial Framework 2028-2034: Progress for Some, Setbacks for Others (July).

cy funds under both the AgoraEU programme and external action instruments. The role of European political foundations in EU democracy should be highlighted in the MFF by making them more visible within the AgoraEU programme, and the reform of June 2025 rapidly implemented. Finally, the powers of the Authority for European Political Parties and Political Foundations should be strengthened and its independence reinforced to enable proactive monitoring, enforcement of EU values and robust sanctions for non-compliance.

3. Strengthen the link between democracy support in the MFF and upcoming initiatives

To maximise its impact, the EU should reinforce connections between support for democracy in the MFF and upcoming initiatives, most notably the European Democracy Shield and the Civil Society Strategy. The role of the AgoraEU programme should be better coordinated with the Civil Society Strategy to ensure that civil society organisations have meaningful opportunities to participate in shaping policies and monitoring their implementation. For instance, civil society actors should be included as stakeholders in the design and review of National and Regional Partnership Plans (NRPPs). This should also include expanding stakeholder engagement under the Global Europe instrument, especially for candidate countries seeking closer integration.

Ongoing strategic dialogues, bringing together EU institutions, member states, foundations and civil society, should be deepened and institutionalised to adapt funding and support mechanisms to emerging democratic threats and needs. Close coordination with international partners will be crucial to fill gaps left by US funding cuts, both within the EU and abroad.

Finally, the MFF's support for democracy and the planned European Democracy Shield should be closely aligned. The European Democracy Shield is likely to serve as a targeted response to increasing disinformation and foreign interference, both of which undermine public trust and the integrity of democratic processes. By aligning activities planned under the Democracy Shield with the objectives of AgoraEU, Global Europe and Horizon Europe programmes, the EU could ensure that efforts against disinformation, strategic manipulation and hostile external actors are properly resourced, coherent and embedded within a wider approach to democracy support.

4. Ensure strategic coherence between internal and external democracy support

The EU should ensure alignment of its internal democracy efforts with its external support programmes. Historically, EU funding has focused disproportionately on promoting democracy in non-EU countries, while responses to democratic backsliding among member states have been underresourced.[30] The next MFF provides an opportunity to bridge this divide.

Funding mechanisms for internal and external democracy support should therefore be linked systematically. Rule of law benchmarks in enlargement and neighbourhood policy should be tied directly to allocation processes. The inclusion of candidate countries in the rule of law report, including recommendations, is therefore a welcome step in the assessment of rule of law standards and directly links progress to allocation decisions. If backsliding is detected, funding streams across relevant budget headings (such as cohesion funds within the NRPPs for member states or neighbourhood funds for candidate countries) should be reduced or suspended until compliance is restored.

Joint democracy initiatives funded through the Horizon programme, such as cross-border me-

30 Richard Youngs (lead)/Kinga Brudzińska/Zselyke Csaky/Ricardo Farinha/Ken Godfrey/Carlotta Magoga/Evelyn Mantoiu/Elene Panchulidze/Hélène Ramaroson/Elena Ventura (2024): European Democracy Support Annual Review 2024, European Democracy Hub.

dia literacy or judicial reform projects, could further foster coherence between the internal and external democracy agenda. Lastly, the EU should ensure that policy areas such as migration, with regard to which the EU has been known to turn a blind eye to violations of fundamental rights, are guided by the same democratic principles that the EU promotes in its external funding.

5. Deploy flexible instruments for crisis situations and democratic opportunities

The EU should use the flexible, rapid-response financial instruments to bolster democracy, civic engagement and the rule of law, for instance during crises or unique windows for democratic advancement. Emergency funds such as CatalystEU or the Ukraine Reserve Fund should integrate grant schemes dedicated to support for democracy. This means treating democratic erosion, disinformation campaigns and shrinking civic space as genuine crises, on a par with other emergencies in areas such as security or the economy, earmarking portions of crisis funding for targeted democratic initiatives.

Such instruments should feature streamlined access and transparent oversight, enabling both established and grassroots organisations to respond quickly when democratic institutions come under threat or when opportunities for reform and civic mobilisation arise. Incorporating clear language around support for democracy within crisis funding could ensure that these mechanisms remain focused and protected from political repurposing.

When it comes to the external funding instruments, negotiators could also introduce dedicated flexible tools, such as a »Fund for Democratic Openings« to empower the EU to seize opportunities for democratisation abroad, including in transitional or post-crisis environments.[31] In addition, the scope of crisis-response and flexible instruments should explicitly cover electoral assistance and parliamentary support, enabling rapid aid for election processes, institutional stability and civil society.

6. Enforce conditionality mechanisms rigorously

The EU must commit to strictly enforce its conditionality mechanism, ensuring that access to funds is tied directly to compliance with the rule of law and fundamental values. Given the polarised political landscape, several EU member states are likely to contest the Commission's assessments.

To address the growing tension between the Commission's twin roles – policy initiator and Guardian of the Treaties – the EU should strengthen institutional »Chinese walls« between legislative leadership and oversight and enforcement. This could include the establishment of an independent agency tasked specifically with legislative enforcement and infringement procedures. It could also include allocating sufficient staff and financial resources to the Commission services in charge of the monitoring and enforcement of the conditionality mechanism. Lastly, clear guidelines should be developed for the future use of frozen funds, redirecting them proactively to independent oversight bodies, civil society organisations and independent media in cases of democratic backsliding.

Conclusion

Negotiations on the MFF 2028–2034 offer a critical opportunity for the EU to anchor democracy as a strategic investment and »public infrastructure« on which all other EU policies rely. In practice, this means predictable, protected funding across multiple budget lines; allocated funding for civil society and political foundations; alignment between the EU budget and the Commis-

31 Sam van der Staak (2025): Democracy assistance in the next MFF: a first impression, International IDEA (July).

sion's upcoming democracy initiatives; coherent integration of internal and external democracy strategies; more rapid response mechanisms for crisis moments; and consistent enforcement of the conditionality mechanism.

Without a stronger commitment to support for democracy in the next MFF, there is a very serious risk that such support will become a discretionary extra, allocated only when politically convenient and when other policy priorities are already sufficiently funded. The more long-term consequences are substantial. If funding is not sufficient, the upshot may well be more authoritarianism in EU member states and a weakening of the EU's capacity to act, as most authoritarian political forces are Eurosceptic and do not recognise the EU's legitimacy as a political system.

This is why the next steps in the MFF negotiations will be crucial. In autumn 2025, the European Parliament and Council will provide the initial response to the Commission's proposal, and the Danish presidency will present the negotiating toolbox in December 2025.

About the Author

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Support for Democracy in the next MFF

As Europe confronts growing threats to democracy – ranging from disinformation and foreign interference to democratic backsliding and shrinking civic space – the EU must raise its game substantially. The upcoming negotiations on the EU's next long-term budget (MFF) represent a crucial opportunity for doing so. While the current budget proposal increases support for democracy through the new AgoraEU programme and extends the rule of law conditionality mechanism, the lack of ring-fenced funds is a risk. Support for democracy is likely to fall behind competing political priorities. Stronger safeguards, such as earmarked funding for political foundations, the inclusion of democracy in emergency funds and better alignment of democracy support across programmes, are therefore essential.

Further information on the topic can be found here:
↗ **brussels.fes.de**

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