

# TRANSNATIONALISATION PROGRAMME

26 JUNE 2025

# Securing Europe's civic space: Investing in democracy in the next MFF

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### INTRODUCTION

As Europe navigates a period of significant geopolitical transformation and rising illiberalism around the world, the foundational principles of Europe's liberal democratic societies face challenges from within and from without. Across the continent, civil society organisations (CSOs), including think tanks, have to withstand immense pressures ranging from growing funding constraints to increasingly hostile operating environments.

In recent months, clear political obstacles to safeguard civil society funding have emerged from within the European Parliament and the European Commission, as well as at the national level. Hostility towards independent CSOs is worsening thanks to the emboldening of political movements and organisations that are funded by governments who oppose a strong civil society. This trend has the potential to negatively influence upcoming negotiations about funding in the next Multiannual Financial Framework (MFF), which includes the Citizens, Equality, Rights and Values (CERV) programme.

Smear campaigns, funding cuts, and increasing administrative hurdles are used to silence critical voices, effectively narrowing the space for democratic dialogue and civic engagement.

At the same time, the growing geopolitical challenges require a continued investment in our liberal democracies and support for independent CSOs and think tanks. The next MFF is an opportunity for the EU to counter an increasingly hostile environment by adopting a proactive attitude and providing a solid, long-term strategy aimed at growing the sector's capacity. This can be achieved by improving the design of the CERV programme for more effective use of its resources, embedding it in both the Civil Society Strategy and the Democracy Shield, and maintaining a dedicated civil society budget in the upcoming MFF.

# BACKGROUND: THE ROLE OF THINK TANKS IN DEFENDING DEMOCRACY

Around the world, a rejection of pluralism by autocratic leaders has produced repression and a further shrinking of civic space.<sup>3</sup> The EU and its members are experiencing increasing tensions between liberalism and illiberalism while also facing shifting (geo-)political challenges between the EU and the new US administration.<sup>4</sup> These tensions are threatening evidence-based policy-making, given that coordinated attacks against CSOs aim to undermine their legitimacy and trustworthiness. Smear campaigns, funding cuts, and increasing administrative hurdles are used to silence critical voices, effectively narrowing the space for democratic dialogue and civic engagement.

Independent think tanks operate in the field of civil society. Their role is to provide high quality, independent, evidence-based policy recommendations to decision-makers based on rigorous analytical work. They shape

public discourse with fact-based ideas and concepts and translate academic research findings into impact-oriented policy solutions. They aim to come up with innovative and politically feasible policy solutions to current challenges. At the European level, independent think tanks operate as cross-border connectors by explaining EU policies to a transnational audience and connecting national stakeholders with EU policymakers. In doing so, think tanks play a critical role in developing policy solutions for complex transnational challenges, which in turn strengthen liberal democracies.<sup>5</sup>

The role of independent think tanks is now more crucial than ever,6 and yet they are required to operate in conditions of shrinking democratic space. The past year has seen an increase in negative narratives and actions taken on public funding for CSOs and think tanks at the national and European level. Examples include "Foreign Agent" legislation in several European countries, the "Kleine Anfrage" of the CDU/CSU in Germany, the Dutch government's cuts in funding for cooperation with CSOs, and the recent alliance between members of the EPP and far-right campaigners who attacked the LIFE fund and funding for NGO advocacy. The narrative delegitimises public funding for CSOs by portraying civil society actors as politicised instead of independent citizen advocacy bodies crucial for a critical public dialogue and checks and balances in policy-making.

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The EU's strategic engagement with civil society stems from a long tradition that has evolved over time. Starting in the 1990s, there was a growing notion that democratic legitimacy for European governance was needed in a time of rapid change, including as part of preparations for EU enlargement.7 This development was grounded in the recognition that the inclusion of organised civil society in EU policy-making would strengthen the Union's democratic legitimacy. In 2007, the Commission launched the "Europe for Citizens" programme aimed at promoting active European citizenship and democratic involvement. At the same time it launched the "Fundamental Rights and Citizenship" programme aimed at developing a European society based on fundamental rights and a strong civil society. These initiatives benefited the development of a transnational European civil society, as they provided an allocated budget for CSOs and think tanks active at the European level.8

The EU's new Framework to strengthen the Rule of Law", initiated in 2014, marked the beginning of a new approach to defending EU values by tackling democratic backsliding within member states. This instrument

solidified the relevance of Europe's civil society by acknowledging their independent role in monitoring, defending and advocating democratic principles within the EU. The continued violations of the rule of law in Hungary and Poland further accelerated a dialogue on the required investment in Europe's civil society in the period leading up to negotiations for the MFF, which began in 2018. Compared to the initial proposal of the Commission in 2020, <sup>10</sup> the final agreement on the 2021–2027 MFF more than doubled the CERV budget. This outcome recognised the need for investment to protect democracies from attacks from within the EU, as well as without.

# STATE OF PLAY: EUROPE'S CIVIL SOCIETY UNDER PRESSURE

### **CERVs** democratic relevance

The current CERV programme brings together the funding streams of the Justice Programme (with a 2014-2020 budget of €220 million), the Rights, Equality and Citizenship Programme (€439.5 million), and the Europe for Citizens Programme (€187.7 million). The CERV programme totals a budget of €1.56 billion, which accounts for 0.2% of the total 2021-2027 MFF. The programme is set up with, among other aspects, multiannual project operating grants and regranting schemes to reach smaller organisations. Candidate countries currently have limited access to CERV and therefore miss out on opportunities such as the regranting options to participate in transnational collaboration and knowledge exchange with CSOs in EU countries.

There are two main reasons why CERV is considered to have positively affected the promotion of liberal democracy in the EU. Firstly, it has been relevant in strengthening the resilience of Europe's civil society by providing a transnational source of stable funding, independent from (potential) interventions by national governments. For example, CERV funding allocated to projects conducted by Polish civil society has facilitated the monitoring of rule of law breaches by the government. CSOs also used the CERV regranting tool to support grassroots initiatives protecting fundamental rights in Poland and to better inform citizens about politics.

Secondly, the CERV programme strengthens the independence and stability of civil society. More specifically, it provides <u>organisational funding</u> for independent think tanks and other civil society organisations, which is increasingly hard to obtain from other sources. Funders prefer project-based funding as it offers greater control over time-limited projects and priorities of think tanks. This trend undermines the long-term institutional and financial stability of think tanks, given that funding focused predominantly on projects forces think tanks to dedicate excessive staff time to fundraising rather than to conducting substantive policy analysis. <sup>13</sup> CERV operating grants represent a critical counterbalance to this trend. This multi-year institutional

support enables think tanks to build essential long-term infrastructure for analysis while allowing them to swiftly respond to sudden policy challenges.

Considering that nearly 70% of think tank budgets in high-income EU countries come from domestic sources, this makes them vulnerable in the current context of both decreasing national funding and political attacks on public funding for CSOs.14 The "On Think Tanks 2024 State of the Sector Report" confirms this vulnerability, noting that in environments of increasing political polarisation, think tanks face pressures of restricted access to varied funding. 15 CERV's EU-level operating grants create a transnational space for independent analysis, allowing think tanks to fulfil their essential democratic functions: providing evidence-based policy recommendations, facilitating cross-border knowledge exchange, and maintaining pluralistic discourse even when national civic spaces shrink. In addition, the regranting mechanisms strengthen transnational collaborations and enable participation of smaller, specialised think tanks that might otherwise lack access to EU funding due to administrative barriers.

In sum, the CERV programme has become central to protecting EU values and enables a crucial role in both EU policy-making and supporting the fundamental values and principles of liberal democracy. However, CERV remains underfunded. According to the European Parliament's 2024 annual report on the application of the EU Charter of Fundamental Rights, about 83% to 92% of the aligned applications for the programme have been rejected due to budget constraints. 16 These numbers show the large gap between the demand for funding in Europe and the capacity of the current CERV programme. This intersects with a time of severely decreased funding from other sources, such as cuts in USAID and national funding cuts in many EU countries, making a wider range of CSOs increasingly dependent on support provided at the EU level. This gap threatens the existence of many think tanks and other CSOs in Europe that are active in the fields of democracy, rule of law and equality.

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### EU priorities: Investing in security

The key priorities for the Commission's 2024-2029 term are Security, Defence, and Competitiveness. In the Commission's political guidelines these priorities take centre stage, with democracy presented as a horizontal theme throughout the Commission's work. However,

out of 28, only two commissioners were appointed that have only a minor focus on democracy in their portfolio: Henna Virkkunen, Executive Vice-President for Technological Sovereignty, Security and Democracy; and Michael McGrath, Commissioner for Democracy, Justice and Rule of Law. In the current Commission term, democracy issues are closely linked with topics like tech sovereignty and foreign interference, such as in the Democracy Shield, creating a securitisation frame of democracy.<sup>17</sup> This frame risks failing to acknowledge the threats to democracies from within the EU.

On the other hand, and to the surprise of many civil society organisations, the Commission announced a Civil Society Strategy and platform. This strategy aims to build protection mechanisms for civil society organisations and further the creation of an enabling environment for CSOs. Commissioner McGrath announced that one pillar of the Democracy Shield will focus on supporting CSOs and independent media as important watchdogs in a liberal democracy.<sup>18</sup> Publicly funded policy research, monitoring, and advice by civil society is part of a healthy democracy as it allows citizens to play an active role in EU policymaking, thereby increasing its legitimacy. Especially while disinformation, misinformation and foreign interference in election processes are destabilising our societies, independent watchdogs play a crucial role in informing citizens and monitoring these processes of interference.19

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These two strategies seem to acknowledge the relevance of protecting Europe's civil society and have the potential to tackle some of the most pressing issues, such as misinformation, lack of funding and shrinking of civic space. However, the impact and effectiveness of these strategies will depend on how they will be embedded in the upcoming MFF, and whether the European Commission will take decisive action in response to attacks on civil society, by using instruments such as conditionality.

As the challenges to democracy and civic space within the EU and candidate countries continue to grow, <sup>20</sup> additional pressure is placed on the accession process. This is visible in the lack of any pushback from the EU due to disagreements between member states over whether to denounce antidemocratic behaviour in candidate countries. But it can also be seen in the growing dissatisfaction that citizens in candidate countries have with their governments and the EU as a whole. Also in these countries, civil society plays

a crucial role in holding political elites accountable, monitoring democratic and rule of law reforms, informing citizens, and generating policy legitimacy. Currently the EU caters to the inclusion of CSOs in candidate countries via the European Economic and Social Committee and partial CERV funding, among others. With the recent democratic backsliding in countries such as Serbia, and the loss of programmes such as USAID, the scope of these instruments is too limited. As argued in detail in recommendation #7 of the recent EPC publication 'A Test of Times: Permachange through enlargement and EU reform', the EU should offer more help to bottom-up forces in the candidate countries.<sup>21</sup>

# PROSPECTS: BOLSTER TRANSNATIONAL CIVIL SOCIETY AND VALUES

Defending the Union's fundamental values and core democratic principles requires a renewed commitment, an active approach, and investment in civil society, rule of law, and civic space. The Democracy Shield and Civil Society Strategy will need to form the framework connected to the investments needed for a more resilient European civil society.

Given the need for greater funding, any decrease in the resources for civil society would be unwise and could damage Europe's democracies. However, with the current challenges, resources are scarce and trade-offs need to be made. This means that available resources need to be used as effectively as possible. Currently, CERV is the key EU programme for investing in a resilient society and democracy. Given that the civil society sector has prior experience with CERV, maintaining the programme in the next MFF will avoid any need to invest in learning new processes, programme names and opportunities.

# Currently, CERV is the key EU programme for investing in a resilient society and democracy.

To maximize impact, the CERV programme needs to remain a standalone programme, its capacities strengthened, and, at a minimum, its budget maintained. The programme should increase its accessibility and the scope of the operating grants while reducing administrative burden. By further opening CERV funding to CSOs from candidate countries, those civil society actors can enter and participate in European transnational networks, thereby strengthening democracies inside and outside the EU's borders.

The European Union should improve long-term reliability and support to CSOs and think tanks by adhering to the following recommendations:

- 1) Maintain CERV: The CERV programme should remain intact and continue to focus on EU values and enabling a vibrant, transnational, European civil society. The programme should remain fully managed by the Commission to preserve its transnational dimension and its independence from political movements.
- **2) Increased operating grants:** The capacity of CERV to provide operating grants needs to grow to account for a decrease in such grants from other sources. Operating grants are a key success of the CERV programme—they form crucial funding for many think tanks.
- **3) Thinking enlarged:** The new MFF needs to account for the inclusion of CSOs from candidate countries and invest in their integration into the EU's (CSO) networks. This will stimulate the accession process and enhance the learning curve through cross-border knowledge exchange.
- 4) Connect the CERV programme to the Civil Society Strategy and the Democracy Shield: This will increase the impact of these strategies by *inter alia* formalising the role of CSOs as monitoring and accountability agents in upholding rule of law and fundamental rights. Their role as critical voices and advocates needs to be formally acknowledged to protect CSOs from further delegitimisation. To decrease administrative barriers and increase their access to cross-border funding, the CSO strategy needs to work towards a single market for non-profits, allowing for European registration.<sup>22</sup>
- 5) Strengthen the CERV regranting tool: The regranting tool stimulates transnational collaboration, networking, and solidarity between CSOs and disperses the CERV grants to smaller grassroots organisations who would otherwise not have the capacity to apply for CERV grants due to administrative burdens. As a result of USAID cuts, these regranting tools will increase in importance. These tools need to stay at the core of the CERV grants, supplemented by the following recommendation:
- 6) Improve accessibility: To include smaller organisations located in at-risk countries, the accessibility of the programme needs to be improved. This includes easier application processes, lower administrative hurdles, more streamlined reporting procedures, and independent national contact points for direct information. The current requirements are unrealistic for smaller grassroots organisations and provide a structural advantage to well-organised and experienced CSOs (based in northern/western Europe), which in turn creates a geographical divide.

- 7) Flexible crisis funds: There is a need for flexible crisis funds so that CSOs can respond to emerging challenges to EU values. This is especially the case given that philanthropic and governmental funding is decreasing, leaving CSOs unable to respond adequately to crises.
- 8) Protection support: With growing attacks on think tanks, CSOs, and individual analysts, there is a greater need for accessible funding for litigation and protection efforts, such as trainings. These funds should come on top of the current capacity of CERV and become part of the Civil Society Strategy and Democracy Shield.

Amid threats to our borders and growing tensions between liberal societies and illiberal regimes, strengthening EUrope's defence and security is critical. Failure to preserve an effective transnational budget and the CERV programme risks undermining the foundations and values of the EU. Without sustained investment in civil society through an impactful programme, Europe faces the prospect of experiencing a further shrinking of space for independent voices, precisely at a time when they are needed most. As authoritarian pressures grow both inside and outside of the EU's borders, neglecting to strengthen civil society infrastructure would leave European democracies increasingly vulnerable. The choice is clear: invest in democratic resilience, or risk losing the fundamental values that define the European Union.

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Connecting Europe is part of the Transnationalisation programme that facilitates a transnationalised debate on Europe's key challenges through enhancing collaboration with think tanks and civil society across Europe.

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- 22 See Philea, "Response to the 'EU's next long-term budget (MFF)' consultation." Philanthropy Europe Association, 06 May 2025, for more details.





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