

How to square the circle of the next EU budget: Engaging European citizens

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1. Introduction

The European Commission will publish on 16 July its proposal for the next EU Multiannual Financial Framework (MFF)—the first step in a process that will eventually culminate in an agreement before the start of the next programming period in January 2028. Reaching an agreement is hard at the best of times. In the current context, there are at least three factors that make the exercise both exceedingly complex and politically tricky.

The first is the “guns vs. butter” debate. There is an inescapable requirement for Europe to strengthen its defence capabilities, and this needs to be reflected in the new MFF. The second is the need for some expenditures from the NextGenerationEU (NGEU) initiative to be included in the next EU budget. While the NGEU envelope will disappear, the priorities of resilience and “rebuilding better” cited in the Draghi and Letta reports would be continued in the new MMF. The third is the need to start reimbursing NGEU borrowing (if related debt is not rolled over). This implies that actual resources will decrease in net terms for a given size of the budget.

In preparing its MFF proposal, the Commission is seeking to incorporate the views of different stakeholders as well as those of European citizens. In this budget round, it tried something new: a European Citizens Panel (ECP), a tool that was revamped following the Conference on the Future of Europe (CoFoE) (Demidov et al., 2023). Although not the first ECP launched by the Commission, the ECP on the EU budget was unprecedented given the breadth and complexity of the theme. Composed of 150 citizens from all 27 EU member states (of which 30%

were young people), the ECP met over three weekends during April and May 2025—twice in Brussels and once online. Given the nature of the subject and the widely divergent backgrounds of citizens, a Knowledge Committee (KC) of experts accompanied this process. The innovation of the KC was also a reaction to various points of criticism directed at past ECPs (and other citizens’ participation instruments, including the experience of the CoFoE). Its task was to assist citizens in understanding the budget, helping them formulate principles and priorities, answer questions and elucidate on specific topics and issues, without influencing the deliberation and direction of recommendations.

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Both authors of this article were invited to serve on this KC alongside colleagues from European universities and think tanks. We brought to this task our academic knowledge and expertise, but also the background of, respectively, a longtime former Commission official and a national policymaker. In this note, we reflect on the process and outcome of this unique experience.

2. Reconciling priorities in the next MFF

The EU budget has undergone many changes since the 2004 Sapir Report dubbed it “a historical relic”. Table 1 presents the evolution of EU finances from the point of view of the classic functions of governments (as outlined in Richard Musgrave’s *The Theory of Public Finance: A Study in Public Economy*, from 1959). From an exclusive focus on an allocative function (dominated by agricultural spending) prior to the MFF’s introduction in 1988 by Jaques Delors, the budget evolved to include a redistributive element via cohesion policies. EU interventions expanded to address stabilisation issues during and after the global financial crisis, finally doubling down on all three functions during Covid.

The MFF allowed the EU to overcome the yearly budget squabbles between EU institutions at the cost of an epic battle every seven years. However, budgetary

peace implied that the necessary innovations to respond to evolving priorities would be undertaken by complementing the MFF envelope with outside instruments, rather than reforming the MFF itself. The clearest examples of such instruments are the European Financial Stability Facility and European Stability Mechanism that emerged during the GFC/Eurozone crisis; later came SURE—Support to mitigate Unemployment Risks in an Emergency—and, during Covid, NGEU.

In the current round, the Commission understands that it needs to build an MFF that is fit for an uncertain world. Its own February [Communication](#) describes a simpler, more focused, more flexible budget that departs from the status quo to deliver EU priorities in the current complicated context.

Table 1. The evolution of EU finances

Goals	Pre-1988 Annual budget	1988-2008 MFF	GFC 2009-2019 MFF+	Covid 2020-2025 MFF++	Future
Stabilisation	X	X	√	√	Flexibility to respond to shocks
Allocation	√	√	√	√√	Focus on European Public Goods
Redistribution	X	√	√	√√	Accommodating next enlargement
Main features	Permanent budget warfare	Budgetary peace, but static budget	Outside MFF: ESM crisis management	Parallel to MFF: SURE and NGEU	MFF fit for a permanently uncertain world

Source: Marco Buti and George Papaconstantinou

To assess the adequacy of a new EU budget, three dimensions are relevant: size, composition and flexibility.

In terms of size, the budget has remained at around 1% of EU GDP, with a temporary expansion in the 2021-26 period due to the temporary NGEU.

As to composition, almost two thirds of the budget is devoted to the Common Agricultural Policy and Cohesion Policy. Expenses related to competitiveness (Single Market, innovation, and digital) represent less than one sixth of the previous two categories. Defence and security are allocated even fewer funds. In general, transfers to member states vastly outweigh expenditures for common projects that could go under the label of European Public Goods (EPGs).

Finally, in terms of flexibility, 90% of the resources are allocated at the outset, making the EU budget very rigid. “Budgetary peace”, as bought by the MFF, has become a curse as budget allocations struggle to respond to evolving circumstances.

The Commission wants to break new ground on all three dimensions. On size, there is a clear understanding that the 1% cap is inadequate for the next programming period, but going beyond it will necessitate new “own resources”. In terms of composition, the stated goal is to reconfigure and simplify. Additional flexibility is meanwhile a *sine qua non*, even leaving crisis management aside. But behind these three dimensions lies something more fundamental: principles and priorities. This is where citizens were asked to contribute.

3. The European Citizens Panel: A new approach towards the MFF

An exercise of this type on a topic as complex as the new MFF has its limits: the ECP is, by design, a very diverse group, and not one composed only of experts. The emphasis must therefore be on values, preferences, and overall priorities, not on technical aspects of the MFF. Accordingly, while citizens were informed about the overall budget envelopes of the MFF, they were not asked to discuss specific budget numbers, nor the architecture and programmes embedded into the MFF.

The ECP was asked to respond to two questions: first, on what priorities should the EU budget be spent in the future? Second, which types of activities should the EU budget support to help deliver on those priorities? Responses were codified in a document that included an introductory statement reflecting overriding priorities

and [22 specific recommendations](#); each gave a rationale/justification and suggested associated actions to implement them. Citizens were then asked to express their priorities amongst them (see Table 2).

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Table 2. The 10 highest-ranking recommendations by the ECP

Rank	Title of Recommendation	Level of Support (Mean)
1	Budget support for equal access to healthcare, medicine production, and cross-border care in the EU	5.29
2	Support the development of small and medium-sized enterprises and start-ups	5.22
3	Ensure that all young people have the opportunity to enter the labour market under fair and decent working conditions	5.17
4	Strengthen the food system by making large food companies more sustainable and supporting small producers	5.15
4	Strategic strength: Europe's industrial response to global disruption	5.15
6	Develop renewable energy to secure our energy sovereignty	5.05
7	Reducing regional disparities through the expansion of essential infrastructure and services	5.02
8	Promote inclusive, high-quality education for all through targeted EU support	4.98
9	Supporting mental health for all age groups through integrated EU budget actions	4.97
10	A strong and secure EU against digital threats	4.97

Source: ECP final report, May 2025

Perhaps predictably, the priorities that ranked highly related to everyday concerns such as access to healthcare, a strengthened food system, job opportunities for young people, and the promotion of high-quality education. Importantly, several recommendations focused on strengthening Europe's position in the new global environment. They included supporting EU industrial strength combating digital threats, ensuring EU sovereignty in digital technologies and energy (via renewables), and pushing for a more independent European defence and a coordinated European diplomatic presence in the world (the final two recommendations ranked lower).

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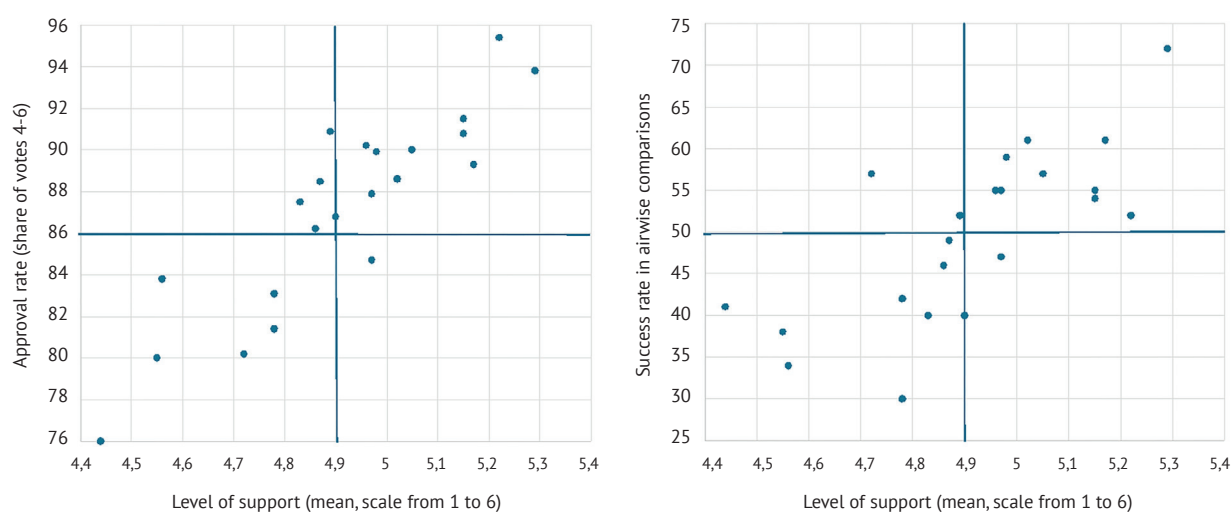
Priorities around cohesion, such as reducing regional disparities through expanded infrastructures and services as well as through combating rural exoduses, were also clearly signalled. These were accompanied by recommendations for the protection of nature and the environment. Finally, several recommendations were aimed at Europe as a collective project: building stronger connections between citizens and the EU, and fostering a common European identity through education.

Figure 1 takes a closer look at the strength and variability of recommendations by plotting the level of support for each against, respectively, the approval rate and the pairwise comparison. Measures that were rated high on average tended to command broad support and prevail in pairwise comparisons. This is, for example, the case when it comes to equal access to healthcare, medicine production, and cross-border care in the EU (highest ranked at 5,3 with a 94% approval rating and 72% success rate in pairwise comparisons) or support to SMEs and start-ups (5,2 with 95% approval and 52% success rate in pairwise comparisons).

At the other end of the scale, one finds weaker support for the divisive EU issue of inclusion of migrants and refugees (4,4 overall level of support with 76% approval rate and 41% success in pairwise comparisons). The same goes

Figure 1

STRENGTH AND VARIABILITY OF RECOMMENDATIONS



Source: Authors' elaboration

for “strengthening EU diplomatic alignment via shared values” (4,5 overall level of support with 80% approval rates and 38% success in pairwise comparisons). There is, surprisingly, a similar lack of enthusiasm for empowering people to use digital technologies,

including AI (4,6 overall support, 84% approval rate and 34% success in pairwise comparisons). In this latter case, digital appears in several of the recommendations, and support may thus be diluted.

4. A preliminary assessment of the budget ECP experiment

Two of the difficulties faced by citizens in articulating recommendations were: (i) ensuring recommendations were directly aimed at the funding function of the EU budget as opposed to attaining EU priorities via regulations or directives; and (ii) identifying the added value of the EU budget with respect to (more important) national budgets.

The discussion at the ECP confirms that there is a need to rethink EU action in a systemic fashion by connecting the three main instruments the EU has at its disposal: the budget, its regulatory function, and its coordinating powers, notably via the implementation of the EU fiscal rules and the EU Semester. This would allow a more coherent means of addressing overarching policy priorities, particularly in delivering the Draghi and Letta agenda. Such an approach would also require a radical rethinking of the way the Commission works internally, and how coordination with other institutions and member states is organised.

The focus of the work of the ECP was on policy priorities and recommendations regarding EU spending. But the MFF needs to balance and hence the discussion on the revenue side is equally important in a context in which the different pressures on the budget make for an impossible equation to solve—that is, unless there is (i) an increase in the overall MFF ceiling, and (ii) new “own resources” that would ensure sufficient and sustainable financing.

Whilst the ECP was not asked to pronounce on the financing of the EU budget, a sense of the importance of discussing the revenue side was perceptible. In all, our feeling was that there was an implicit awareness of the importance of tackling simultaneously the expenditure and revenue sides of the budget. This would break with the past ‘sequential’ experience of setting the spending priorities first and letting the revenue side follow—most often via the GNI resource, which has become the de facto default option.

5. In sum

The Commission has pledged to report back to the ECP on whether and how its recommendations have been taken on board. The sharing of sovereignty at the EU level requires hard choices and cannot be done by stealth. The direct involvement of citizens is a high-risk/high-reward endeavour. The 22 recommendations that emerged from the ECP and the ‘narrative’ that supported them make eminent sense. Most importantly, and as confirmed by other experiences (see Bloch *et al.*, 2022), the experience showed that, with the appropriate communication and involvement, even a hard nut like the EU budget can be cracked.

This experience shows that more confidence in the ability of citizens to take up the challenge of contributing to the elaboration of the MFF is not only possible, but necessary. The results of the ECP support those from Eurobarometer and other polls that the cross-country preferences of citizens on EU matters are more aligned than those of governments who tend to stress the differences to appeal to the marginal voter. This should comfort the Commission and European

Parliament, should they put forward ambitious proposals for the next MFF round and not incorporate *ex ante*—a logic of the lowest common denominator. To fully exploit the potential of citizens’ participation, structural roadblocks hindering more institutional innovation will need to be addressed (Emmanouilidis and Stratulat, 2024). A starting point could be the creation of a revamped permanent ECP to operate as a sounding board during the execution of the next MFF.

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