Parliament approves the “rule of law conditionality” for access to EU funds

- EU governments in breach of the rule of law risk losing access to EU funds
- MEPs ensured preventive effect and application to systemic breaches
- Applies as of 1 January 2021

On Wednesday, MEPs approved the regulation designed to protect EU funds from being misused by EU governments who bend the rule of law.

Under the new regulation, EU budget payments can be withheld from countries in which established breaches of the rule of law compromise management of the EU funds. At the same time, the EU is ensuring that final beneficiaries do not end up paying the bill.

“We made it. It’s the law now. No one-sided declaration can change this fact. The conditionality regime will enable us to scrutinise dubious plans to apply EU funds against the EU’s values”, said the co-rapporteur Petri Sarvamaa (EPP, FI).

“As the Parliament, we ensured all the necessary points made it in the regulation and that the text stays intact. We expect the Commission, as the guardian of the treaties, to independently start implementing this regulation from 1 January 2021. This is also what Europeans are waiting for”, he added.

“The EU is not an à la carte establishment, where you can keep your rights but not meet your obligations. It’s a community based on common values that member states and citizens must uphold. The mechanism that links the EU budget to respect for the rule of law adopted today is a major achievement for the Parliament”, said the co-rapporteur Eider Gardiazabal Rubial (S&D, ES).

“The EP made sure that the budget sanctions under this regulation target offenders directly and not the final beneficiaries. Students, researchers, companies, and NGOs will not be affected, as we inserted a safety net to protect them”, she concluded.
How will it work?

The Commission, after establishing that there has been a breach, will propose that the conditionality mechanism should be triggered against an EU government, and subsequently either cut or freeze payments to that member state from the EU budget.

The Council will then have one month to vote on the proposed measures (or three months in exceptional cases), by a qualified majority.

MEPs succeeded in shortening the time that the EU institutions will have to adopt measures against a member state, if risks of breaches of the rule of law are identified, to a maximum of 7-9 months (down from 12-13 months).

Law will apply to individual or systemic breaches

Thanks to Parliament, the new law does not only apply when EU funds are misused directly, such as cases of corruption or fraud. It will also apply to systemic breaches of fundamental values that all member states must respect, such as democracy or the independence of the judiciary, when those breaches affect — or risk affecting — the management of EU funds.

In the negotiations, MEPs also succeeded in securing a specific provision that clarifies the possible scope of the breaches by listing examples of cases, such as threats to the independence of the judiciary, failure to correct arbitrary/unlawful decisions, and limiting legal remedies.

Final beneficiaries will be protected

To ensure that the final beneficiaries who count and depend on EU support — such as students, farmers, or NGOs — are not punished for the actions of their governments, they will be able to file a complaint to the Commission via a web platform, which will assist them in ensuring they receive the due amounts. The Commission will also be able to make a financial correction by reducing the next instalment of EU support to the respective country in question.

Next steps

Voted into law by Parliament today, the new regulation applies to all EU funds under shared management from 1 January 2021.

The Parliament will also vote on a resolution with recommendations to Council and Commission for application of the conditionality regulation — see the draft resolution here.
Further information

The adopted text (16.12.2020)

Video recording of the plenary debate (16.12.2020)

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