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Can EU funds promote the rule of law?

Raphaël Kergueno · Wednesday, December 13th, 2017

Transparency International EU collaborated with the Centre for European Reform on the following report. This press release was originally published on CER's website.

The European Union should start withholding funds from member-states that do not respect its values and reward those that do. This tough love approach is the key recommendation for tackling the EU's escalating rule of law crisis in a new policy brief 'Can EU funds promote the rule of law in Europe?'.

The rule of law is the best long-term guarantee that poorer EU member-states will catch up with richer ones because it gives businesses greater certainty that they can invest with confidence. But the EU has struggled to respond effectively when member-states have violated the values that underpin the bloc. The current rules mean it has to continue funding programmes in member-states even when they flout the EU's values. If the EU can link respect for the rule of law to disbursement of its structural and investment funds (worth €450 billion between 2014 and 2020), then it will have a better chance of getting member-states to play by the rules and ensure European taxpayers' money is spent effectively.

"There is an escalating rule of law crisis in the EU which the European Commission appears powerless to address. Countries such as Hungary and Poland remain defiant in the face of harsh words and legal proceedings. Now is the time to look at all the means the EU has to uphold its founding values. That includes financial penalties and suspending access to EU funds. Inaction will only embolden a new generation of authoritarian leaders, and increase the risks of corruption", said Carl Dolan, director of Transparency International EU, who co-authored the report with Jasna Šelih, policy officer, Transparency International EU, and Ian Bond, director of foreign policy, CER.

The report's key recommendations include:

- Member-states should be subject to a regular rule of law assessment, carried out by the EU's Fundamental Rights Agency with input from the Council of Europe and civil society.
- Where an assessment raises serious concerns, the disbursement of funds would be suspended until the state in question has implemented adequate policy reforms, as recommended by the Commission.
- The Commission should allocate extra funds or non-financial rewards to countries that have done a good job of promoting EU values.

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