



TEXTS ADOPTED

P10_TA(2025)0343

Implementation of the rule of law conditionality regime

European Parliament resolution of 18 December 2025 on the implementation of the rule of law conditionality regime (2025/2061(INI))

The European Parliament,

- having regard to the Treaty on European Union (TEU), and in particular Articles 2, 4(3) and 7 thereof,
- having regard to the Treaty on the Functioning of the European Union (TFEU),
- having regard to the Charter of Fundamental Rights of the European Union (the Charter),
- having regard to the European Convention on Human Rights and the protocols thereto,
- having regard to Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget¹ (Conditionality Regulation) and to the Commission communication of 18 March 2022 entitled ‘Guidelines on a general regime of conditionality for the protection of the Union budget’² (2022 Guidelines),
- having regard to Regulation (EU) 2021/241 of the European Parliament and of the Council of 12 February 2021 establishing the Recovery and Resilience Facility³ (RRF Regulation),
- having regard to Regulation (EU) 2021/1060 of the European Parliament and of the Council of 24 June 2021 laying down common provisions on the European Regional Development Fund, the European Social Fund Plus, the Cohesion Fund, the Just Transition Fund and the European Maritime, Fisheries and Aquaculture Fund and financial rules for those and for the Asylum, Migration and Integration Fund, the Internal Security Fund and the Instrument for Financial Support for Border Management and Visa Policy⁴ (Common Provisions Regulation),

¹ OJ L 433 I, 22.12.2020, p. 1, ELI: <http://data.europa.eu/eli/reg/2020/2092/oj>.

² OJ C 123, 18.3.2022, p. 12.

³ OJ L 57, 18.2.2021, p. 17, ELI: <http://data.europa.eu/eli/reg/2021/241/oj>.

⁴ OJ L 231, 30.6.2021, p. 159, ELI: <http://data.europa.eu/eli/reg/2021/1060/oj>.

- having regard to Regulation (EU, Euratom) 2024/2509 of the European Parliament and of the Council of 23 September 2024 on the financial rules applicable to the general budget of the Union⁵ (Financial Regulation),
- having regard to Council Implementing Decision (EU) 2022/2506 of 15 December 2022 on measures for the protection of the Union budget against breaches of the principles of the rule of law in Hungary⁶,
- having regard to the Commission communication of 12 January 2024 on the application of Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget (COM(2024)0017),
- having regard to its resolution of 18 June 2025 on the Commission’s 2024 Rule of Law Report⁷,
- having regard to its resolution of 7 May 2025 on a revamped long-term budget for the Union in a changing world⁸,
- having regard to its resolution of 17 January 2024 on the planned dissolution of key anti-corruption structures in Slovakia and its implications for the rule of law⁹,
- having regard to its resolution of 24 November 2022 on the assessment of Hungary’s compliance with the rule of law conditions under the Conditionality Regulation and state of play of the Hungarian RRP¹⁰,
- having regard to its resolution of 8 March 2022 on the shrinking space for civil society in Europe¹¹,
- having regard to its resolution of 8 July 2021 on the creation of guidelines for the application of the general regime of conditionality for the protection of the Union budget¹²,
- having regard to European Court of Auditors (ECA) special report 03/2024 of 22 February 2024 entitled ‘The rule of law in the EU – An improved framework to protect the EU’s financial interests, but risks remain’,
- having regard to the judgments of the Court of Justice of the European Union (CJEU) of 16 February 2022 in Cases C-156/21, *Hungary v European Parliament and Council of*

⁵ OJ L, 2024/2509, 26.9.2024, ELI: <http://data.europa.eu/eli/reg/2024/2509/oj>.

⁶ OJ L 325, 20.12.2022, p. 94, ELI: http://data.europa.eu/eli/dec_impl/2022/2506/oj.

⁷ Texts adopted, P10_TA(2025)0129.

⁸ Texts adopted, P10_TA(2025)0090.

⁹ OJ C, C/2024/5712, 17.10.2024, ELI: <http://data.europa.eu/eli/C/2024/5712/oj>.

¹⁰ OJ C 167, 11.5.2023, p. 74.

¹¹ OJ C 347, 9.9.2022, p. 2.

¹² OJ C 99, 1.3.2022, p. 146.

*the European Union*¹³ and C-157/21, *Poland v European Parliament and Council of the European Union*¹⁴,

- having regard to the Commission Decision of 13 December 2023 on the reassessment, on the Commission’s initiative, of the fulfilment of the conditions under Article 4 of Regulation (EU, Euratom) 2020/2092 following Council Implementing Decision (EU) 2022/2506 of 15 December 2022 regarding Hungary (C(2023)8999),
- having regard to the Commission Decision of 16 December 2024 pursuant to Article 7(2) of Regulation (EU, Euratom) 2020/2092 of the European Parliament and of the Council of 16 December 2020 on a general regime of conditionality for the protection of the Union budget, concerning a written notification from Hungary with regard to Article 2(2) of Council Implementing Decision (EU) 2022/2506 of 15 December 2022 (C(2024)9140),
- having regard to the Commission’s annual rule of law reports,
- having regard to the observations of its Committee on Budgetary Control’s fact-finding missions to Hungary from 15 to 17 May 2023 and to Slovakia from 26 to 28 May 2025,
- having regard to the opinion of the European Committee of the Regions of 2 April 2025 entitled ‘The local and regional perspective in the implementation of the Rule of Law in the European Union’¹⁵,
- having regard to the opinion of the European Economic and Social Committee of 30 April 2025 entitled ‘The economic dimension of the Rule of Law’,
- having regard to the report on the implementation of the rule of law conditionality regulation published by its Directorate-General for Parliamentary Research Services in July 2025¹⁶,
- having regard to the study requested by its Committee on Budgets entitled ‘The tools for protecting the EU budget from breaches of the rule of law: the Conditionality Regulation in context’¹⁷,
- having regard to Rule 55 of its Rules of Procedure,
- having regard to the joint deliberations of the Committee on Budgets and the Committee on Budgetary Control under Rule 59 of the Rules of Procedure,

¹³ Judgment of the Court of Justice of 16 February 2022, *Hungary v European Parliament and Council of the European Union*, C-156/21, ECLI:EU:C:2022:97.

¹⁴ Judgment of the Court of Justice of 16 February 2022, *Poland v European Parliament and Council of the European Union*, C-157/21, ECLI:EU:C:2022:98.

¹⁵ OJ C, C/2025/3169, 20.6.2025, ELI: <http://data.europa.eu/eli/C/2025/3169/oj>.

¹⁶ European Parliament: Directorate-General for Parliamentary Research Services, *Rule of Law Conditionality Regulation – European Implementation Assessment*, European Parliament, 2025, <https://data.europa.eu/doi/10.2861/0161872>.

¹⁷ Rubio, E. et al., ‘The tools for protecting the EU budget from breaches of the rule of law: the Conditionality Regulation in context’, European Parliament, Directorate-General for Internal Policies, Policy Department for Budgetary Affairs, April 2023.

- having regard to the opinion of the Committee on Civil Liberties, Justice and Home Affairs,
 - having regard to the report of the Committee on Budgets and the Committee on Budgetary Control (A10-0240/2025),
- A. whereas the EU is founded on the values of respect for human dignity, freedom, democracy, equality, the rule of law and respect for human rights, including the rights of persons belonging to minorities, as set out in Article 2 TEU; whereas these values are reflected in the fundamental rights spelled out in the Charter, such as equality between women and men, non-discrimination, and the right of collective bargaining and action, in accordance with EU law and national laws and practices, and embedded in international human rights treaties; whereas adherence to these shared values constitutes the foundation of the rights enjoyed by those living in the EU; whereas civil society organisations and other stakeholders play an important role in fostering the rule of law in actual practice;
- B. whereas the CJEU has established, in various rulings, that all EU funds, programmes and financing are an expression of the principle of solidarity among the Member States and must be based on mutual trust, which presupposes respect for the Article 2 TEU values, for the Charter and for the principle of sincere cooperation affirmed in Article 4(3) TEU; whereas it has furthermore confirmed the clear relationship between respect for the rule of law and the efficient implementation of the EU budget, in accordance with the principles of sound financial management and the protection of the EU's financial interests;
- C. whereas any clear risk of a serious breach of the rule of law by a given Member State can affect the fundamental rights of EU citizens in all Member States, trust, solidarity and sincere cooperation between the Member States, and key EU achievements, such as the free movement of people, the functioning of the single market and the independence of the media;
- D. whereas the Conditionality Regulation empowers the EU to adopt, in a timely manner, proportionate financial measures to safeguard its financial interests where breaches of the rule of law in a Member State affect, or seriously risk affecting, the sound financial management of the EU budget; whereas the regulation was adopted as part of the package on the 2021-2027 multiannual financial framework (MFF), following long and difficult negotiations between the co-legislators, notably because of attempts by some of the Member States to link the negotiations on the MFF with the negotiations on the rule of law conditionality mechanism; whereas it has been binding for all Member States since its entry into force on 1 January 2021;
- E. whereas the Conditionality Regulation complements other instruments that protect the EU budget against risks deriving from breaches of the rule of law;
- F. whereas the Conditionality Regulation requires the Commission to monitor the rule of law in all Member States, but measures have so far been proposed and adopted under the regulation only in the case of Hungary; whereas additional information has been requested from Poland;

- G. whereas it is important to safeguard the legitimate interests of final recipients and beneficiaries of EU funds; whereas Member States affected by a decision under the Conditionality Regulation are required to report on their compliance with their obligations towards final recipients and beneficiaries;
- H. whereas the Commission has issued guidelines to clarify the application of the Conditionality Regulation; whereas Parliament considered that the text of the regulation was clear and did not require additional interpretation in order to be applied;
- I. whereas the Commission is legally required to keep Parliament informed about its notifications to a Member State in which it considers that breaches of the principles of the rule of law might exist and about any measures proposed, adopted and lifted in accordance with the Conditionality Regulation;
- J. whereas the Commission issued a report in January 2024, in accordance with Article 9 of the Conditionality Regulation, to take stock of the application of the legislation; whereas the Commission's analysis of the only available case confirmed the effectiveness of the protective measures adopted and their potential going forward, but the Commission found that it was too early to draw definitive conclusions, and that more extensive case practice would enable it to better identify possible improvements;
- K. whereas in December 2024, for the first time, budgetary commitments that had been suspended as a result of the application of the Conditionality Regulation were ultimately lost for the affected Member State in line with Article 7(3) of the regulation, because the Member State had not remedied, by the required deadline, the deficiencies originally identified;
- L. whereas on 16 July 2025, the Commission published its proposal for the MFF for 2028-2034¹⁸; whereas there is clear interplay between the rule of law aspects included in the national and regional partnership plans (NRPPs) proposal¹⁹ and the conditionality mechanism;
- M. whereas the purpose of this report is to scrutinise the implementation of the Conditionality Regulation, including also the interplay with other EU instruments, according to Parliament's role as laid down in the regulation, by pointing to the benefits and shortcomings of its application, and by issuing recommendations for its future implementation;

Introduction of the conditionality regime and legal context

1. Recalls that the rule of law is one of the founding values of the EU and that respect for the rule of law is an essential prerequisite for the sound financial management and

¹⁸ Commission communication of 16 July 2025 entitled 'A dynamic EU Budget for the priorities of the future - The Multiannual Financial Framework 2028-2034' (COM(2025)0570).

¹⁹ Commission proposal of 16 July 2025 for a regulation of the European Parliament and of the Council establishing the European Fund for economic, social and territorial cohesion, agriculture and rural, fisheries and maritime, prosperity and security for the period 2028-2034 and amending Regulation (EU) 2023/955 and Regulation (EU, Euratom) 2024/2509 (COM(2025)0565).

effective use of EU funding; stresses that this is crucial for safeguarding citizens' trust in the EU and for ensuring that EU funds deliver tangible benefits across all Member States;

2. Highlights the fact that the adoption of the Conditionality Regulation in 2020 represents a core pillar for the protection of the EU budget against risks resulting from rule of law breaches, which applies across the whole budget and allows for cumulative application of various measures; stresses that the application of the Conditionality Regulation should respect the principle of proportionality; underlines that the regulation does not have a time limit and therefore applies to all current and future financing instruments of the EU budget; notes, however, that its practical implementation remains insufficient and calls for concrete improvements to ensure its full effectiveness;
3. Welcomes the affirmation by the CJEU that respect for the values enshrined in Article 2 TEU is an ongoing obligation of all Member States and a precondition for enjoying all Treaty rights and benefits deriving from EU membership, including access to EU funds; instructs the Commission to enforce the applicable legislation in full, reflecting the CJEU's affirmation, and to highlight this point in all relevant communications;
4. Stresses that the Conditionality Regulation and any other available measures to protect the EU budget against breaches of the rule of law must not be regarded as substitutes for the Treaty-based mechanisms for safeguarding the values enshrined in Article 2 TEU; recalls that the suspension of voting rights under Article 7(2) TEU remains an option in cases of persistent and serious breaches of the rule of law; notes that citizens struggle to understand why Member States that persistently violate the rule of law continue to enjoy voting rights, thereby risking a loss of trust in the EU's values and decision-making processes;
5. Recalls that the Commission's 'rule of law toolbox' has evolved considerably over the last decade, with the inclusion of multiple instruments to protect the rule of law, including the annual rule of law report covering all 27 Member States, the horizontal enabling condition on the application and implementation of the Charter laid down in the Common Provisions Regulation, and the 'super milestones' related to the rule of law under the Recovery and Resilience Facility (RRF);
6. Stresses that the conditionality regime is budgetary in nature, as it aims to safeguard the sound financial management of EU funds and the EU's financial interests, and it only applies where a rule of law breach affects or seriously risks affecting the EU budget; emphasises that it differs from the Article 7 TEU procedure, which penalises serious and persistent violations of the values set out in Article 2 TEU, regardless of any budgetary implication;
7. Underlines that infringement actions under Article 258 TFEU and Article 6 of the Financial Regulation remain complementary tools for systemic breaches of Article 2 TEU values;
8. Commends the CJEU judgments of 16 February 2022 in Cases C-156/21 and C-157/21, which dismissed in their entirety the actions by Hungary and Poland for the annulment of the Conditionality Regulation and unequivocally confirmed the validity, legal basis and compatibility of the regulation with the Treaty, as well as the EU's competence concerning the rule of law in the Member States;

9. Recalls that the Conditionality Regulation does not include a definition of ‘rule of law’ and that it neither exhaustively defines situations that constitute breaches of the rule of law nor addresses backsliding on the rule of law; points to the fact that rules for accessing funds are defined in specific legislation and to the CJEU finding that the concept has been sufficiently developed in case-law and the constitutional traditions of the Member States, which limits the discretion of the Commission in its assessments; rejects, therefore, any claim of legal uncertainty; calls on the Commission to systematically include restrictions on civic space and attacks on its actors as well as attacks on media pluralism as risk indicators, when directly relevant to the protection of the EU budget or its financial interests;

Application of the Conditionality Regulation and issues identified

Scope and implementation steps

10. Recalls that the Conditionality Regulation is applicable to every Member State, since the Commission assesses, for all Member States, whether the conditions for the adoption of measures set out in Article 4 are fulfilled;
11. Notes that the procedure prior to the adoption of measures involves several steps, including a written notification from the Commission to the Member State concerned, an exchange of information, possible commitments from the Member State concerned to undertake remedial measures to address the situation, observations from the Member State and, where necessary, a Commission proposal for measures, on which the Council decides by qualified majority within a strict time limit;
12. Takes note of the additional clarifications on the process provided by the Commission in the 2022 Guidelines on the Conditionality Regulation, and the review of its practical application in the Commission’s 2024 application report; regrets, however, that the guidelines were adopted over a year after the entry into force of the regulation, and that this contributed to a de facto delay in its application;
13. Regrets that, following the entry into force of the Conditionality Regulation on 1 January 2021, the Commission did not immediately trigger Article 6(1) in reaction to ongoing severe violations of the principles of the rule of law in some Member States, which posed a serious risk to the EU’s financial interests; emphasises that in October 2021, following repeated calls on the Commission to act, Parliament launched an action against the Commission before the CJEU in accordance with Article 265 TFEU over its failure to act and apply the regulation; stresses that timely responses by the Commission, based on clear internal timelines, are essential for protecting the EU budget;

Reporting of rule of law breaches under the Conditionality Regulation

14. Notes that potential rule of law breaches are brought to the Commission’s attention through a wide evidence base, including reports by the European Anti-Fraud Office (OLAF), the European Public Prosecutor’s Office (EPPO), the ECA and Parliament, as well as submissions from civil society organisations, businesses and whistle-blowers; stresses the importance of the Commission providing clear explanations of how such evidence is taken into account in its decisions; calls for proper funding for bodies such as the EPPO, OLAF, Europol and the EU Agency for Criminal Justice Cooperation

(Eurojust), to enable them to effectively investigate rule of law breaches affecting the EU's financial interests;

15. Deeply regrets the lack of transparency of Commission assessments that do not lead to the proposal of measures, or that lead to the choice of another instrument; emphasises the need to avoid politically motivated or unsubstantiated claims;
16. Notes that, to date, only a very limited number of stakeholders have used the Commission's standard complaint form annexed to the 2022 Guidelines; recommends that the Commission accept complaints in any written form; calls, moreover, for the establishment of a confidential and user-friendly reporting portal, which would protect the identity of whistle-blowers and ensure their protection against retaliation and abusive denunciation, through which stakeholders can signal non-compliance, thereby enabling swift remedial action; stresses that such tools must be accessible, transparent, available in multiple languages and trusted by stakeholders in order to maximise their effectiveness and ensure that evidence received is taken fully into account;
17. Regrets that, despite successive worrying findings in the Commission's annual rule of law reports, as well as findings by OLAF, made public in the Commission's annual reports on the protection of the EU's financial interests, and findings by the EPPO, pointing to budgetary risks in several Member States, only two formal notifications have been sent and measures decided in a single case under the Conditionality Regulation; underlines that the gap between findings and enforcement undermines the regulation's credibility and weakens its preventive function in protecting the EU's financial interests; recalls the ECA warning that decisions on blocking or releasing funds, which require a qualified majority in the Council, are often intertwined with unrelated high-level negotiations that require unanimity; underlines that decisions must be based on technical and legal findings and cannot be subjected to bargaining under the threat of blocking decisions requiring unanimity in the Council;

Assessment and triggering of the conditionality mechanism

18. Stresses that the Conditionality Regulation must be applied consistently across all Member States; urges the Commission and, where relevant, the Council, to act expeditiously and in full transparency if a link has been established between rule of law breaches or serious risks thereof and risks to the EU budget, and the Member State concerned does not act to address the situation effectively and sustainably in a timely manner; insists that lengthy informal dialogues must not become a substitute for decisive action, and that political deadlock or blackmailing, used to obstruct EU decision-making, must be firmly rejected;
19. Reiterates that under no circumstances must the rule of law be seen as a bargaining chip; emphasises that the tool must not be used only as a measure of last resort, since the Conditionality Regulation also allows for partial suspensions at an early stage, namely as soon as rule of law breaches have been identified that could seriously risk affecting the EU budget; calls, in this regard, on the Commission to make full and timely use of the instrument;
20. Emphasises that Commission assessments must be impartial and fair, take account of all available facts, and respect the principles of objectivity, non-discrimination and equality of the Member States before the Treaties; underlines that the choice and scale of budget

protection measures must respect the principle of proportionality laid down in Article 5 of the Conditionality Regulation, taking into account the seriousness, duration and recurrence of the breach, the cooperation of the Member State concerned and the concrete financial risk, as well as the impact on legitimate final recipients and beneficiaries, in particular smaller ones; calls on the Commission to publish the quantitative risk-scoring methodology it already applies internally, as recommended by the ECA;

21. Stresses that the Commission, as the guardian of the Treaties, must act with full impartiality, irrespective of the political orientation of national governments, and sanction in all fairness any breach of the rule of law that poses a risk to the EU budget and EU values, to avoid the perception of selective focus on certain Member States; recalls that only such impartial enforcement can preserve the credibility and legitimacy of the conditionality regime;
22. Acknowledges that some aspects of the Conditionality Regulation, in particular the requirement to demonstrate a sufficiently direct link between breaches of the rule of law and a serious risk of an adverse effect on the EU budget, make it difficult to trigger the mechanism; insists, at the same time, that such requirements should not be used as a justification for not triggering the mechanism;

Backsliding and reversal of remedial measures

23. Notes that the Council has decided to suspend 55 % of budgetary commitments for three operational programmes under the cohesion policy for Hungary and to prohibit the Commission from entering into new legal commitments with public interest trusts and entities maintained by them for EU funding implemented under direct or indirect management; points to the legal analysis²⁰ demonstrating that the systemic and persistent nature of breaches of the rule of law by the Hungarian Government should lead to significantly higher proportions of EU funding being suspended, in order to protect the EU budget in line with the proportionality principle; notes that the Conditionality Regulation does not set any limits on the proportion of commitments that may be suspended, and considers that up to 100 % of funding could be suspended; notes that, since adopting measures in December 2022, the Commission reassessed, in December 2023 and again in December 2024, the breaches identified and the state of play of remedial measures, following a notification from the Hungarian Government in relation to remedying breaches related to public interest trusts; stresses that both Commission assessments concluded that the necessary requirements had not been fulfilled; notes that the Commission assessments did not include additional breaches of the rule of law or serious risks thereof that affect or risk affecting the EU's financial interests; calls on the Commission to urgently reassess and address rule of law backsliding, in particular as regards the independence of the judiciary, by proposing additional measures or updating current ones;
24. Stresses that EU funds that have been suspended under the Conditionality Regulation must only be released when the situation that had led to the adoption of measures has

²⁰ Sheppele, K. L. et al., 'Freezing all EU funds to Hungary: A legal analysis of why a 100 % suspension is "proportionate" and "appropriate" under Regulation 2020/2092 on a general regime of conditionality for the protection of the Union budget', study requested by MEP Daniel Freund, Greens/EFA Group, May 2022.

been remedied in its entirety, taking fully into account all developments in the country's situation from when the original decision on the measures was taken to when it was decided to lift the measures; agrees with the ECA's warning that the conditionality regime must not turn into a 'box-ticking exercise', whereby a Member State satisfies requirements in a purely formal sense, but must be matched by tangible improvements in the country; calls on the Commission to confirm that rule of law compliance is verifiably achieved in practice, with objective benchmarks and on-site checks, and to report on its findings before it makes any proposals to lift measures adopted; considers that the Commission should also conduct ex post audits to prevent backsliding after the measures have been lifted;

25. Recalls that, as early as June 2023, it warned against the risks of reversals of remedial measures once financial sanctions are lifted²¹, a contingency not expressly covered by either the Conditionality Regulation or the 2022 Guidelines; highlights the fact that the ECA has also identified this risk; calls on the Commission to swiftly resuspend and, where appropriate, recover EU funds, if remedial actions are subsequently reversed; expects to be notified immediately about such actions;
26. Emphasises that, once measures have been lifted, the full implementation of programmes, including the commitment and disbursement of funds, should swiftly resume; stresses the importance of the Commission working closely with national authorities to prevent backlogs;

Links between the conditionality regime and other instruments in the rule of law toolbox

27. Recalls that the Conditionality Regulation expressly complements existing budget protection tools and is to be applied 'where other procedures set out in Union legislation would not allow the Union budget to be protected more effectively'; regrets the Commission's interpretation that, on the basis of this wording, the instrument should be used only as a measure of last resort; recalls with grave concern that the other measures available have not been systematically used in the past; notes with concern that rule of law monitoring at the Commission is split between different services, resulting at times in inconsistent, non-transparent and delayed action; deplores the Commission's apparent intention to further divide up responsibilities, since different units within its Directorate-General for Budget are to be charged with the assessment and monitoring of the Conditionality Regulation and the proposed NRPPs under the new MFF; criticises the fact that this separation of responsibilities results in complex coordination structures and poses risks to the application of the Conditionality Regulation;
28. Deems it to be unclear how the Conditionality Regulation interacts with other instruments from the rule of law toolbox in practice, in particular the horizontal enabling condition on the Charter under the Common Provisions Regulation and the super milestones related to the rule of law under the RRF; notes with concern that the ECA had not always been able to verify the reasons for the Commission's choice of one rule of law tool over another; is worried that this lack of transparency undermines trust in the unbiased application of the Conditionality Regulation; regrets that in December 2023, the Commission assessed that Hungary had fulfilled the horizontal enabling

²¹ European Parliament resolution of 1 June 2023 on the breaches of the Rule of Law and fundamental rights in Hungary and frozen EU funds (OJ C, C/2023/1223, 21.12.2023, ELI: <http://data.europa.eu/eli/C/2023/1223/oj>).

condition on judicial independence, while maintaining the measures imposed under the Conditionality Regulation; underlines that this lack of coherence hampers the democratic scrutiny of the instruments' application; recalls that Parliament took legal action against the Commission before the CJEU in March 2024 to review the legality of that decision by the Commission, as well as to bring legal certainty to the implementation of the rule of law mechanism, and that the CJEU ruling is still pending;

29. Stresses the importance of maintaining and further enhancing synergies between the various rule of law tools; stresses that measures related to the rule of law that are required for the release of EU funding, as defined by the relevant decisions taken under the Common Provisions Regulation, the RRF Regulation and the Conditionality Regulation, must be treated as a single, integral package, and that no payments should be made, even if progress is made in one or more areas, if deficiencies still persist in another; insists that any backsliding relative to the situation that triggered these measures should also be taken into account;
30. Warns that the reallocation or reshuffling of frozen appropriations to other programmes or objectives would signal to governments that were not compliant with EU values and their obligations to protect the EU's financial interests that losses can be offset elsewhere; believes that the spirit of the Conditionality Regulation precludes any such transfer and therefore urges the Commission to reject any requests for transfer to other programmes or priorities under the same programme that would lead to a circumvention of measures under the Conditionality Regulation; requests that the Commission submit to Parliament the full text of any such transfer request so that democratic scrutiny can precede, not follow, the Commission decision; believes that funds suspended in accordance with the Conditionality Regulation or on account of non-fulfilment of horizontal enabling conditions should not be eligible for programme amendments or transfers;

Democratic scrutiny and transparency

31. Notes that the Conditionality Regulation empowers the Council – acting by qualified majority – to amend the Commission proposal before measures are adopted, while Parliament's role is limited to ex post information, thus depriving it, as one arm of the EU's budgetary authority and the EU's discharge authority, of a meaningful say in decisions that are key to the protection of the EU budget; notes that, in the single case that the Council had to decide on, it chose to modify the Commission's proposal by lowering the amounts of funding to be suspended, without any justification;
32. Stresses that a Eurobarometer survey conducted in spring 2025 shows overwhelming public support for making the provision of EU funds conditional on compliance with the rule of law and democratic principles, with 85 % of respondents in favour of this approach; underlines that, as the directly elected representatives of EU citizens, Members of the European Parliament must respect this clear demand and stand firm in defence of the conditionality mechanism as an essential tool for protecting the EU budget and safeguarding the values enshrined in Article 2 TEU;
33. Reiterates that it takes its scrutiny role concerning the implementation of the Conditionality Regulation very seriously; acknowledges that the Commission has complied with its legal obligation to inform Parliament immediately of any measures proposed, adopted or lifted; regrets that the Commission only provided the bare

minimum of information, without key details, and did not share the full documentation, even after Parliament had requested it; stresses that timely, comprehensive and proactive information sharing is essential for it to exercise its budgetary and oversight responsibilities effectively and for citizens to maintain trust in the EU institutions and the EU's credibility as a whole;

34. Regrets, in addition, that it has no access to the full text of written notifications and the exchanges between the Commission services and the Member State in question; stresses that withholding such evidence undermines Parliament's Treaty-based budgetary control prerogatives under Article 14(1) TEU and Article 319 TFEU; deplors, furthermore, that it had to repeatedly resort to letters or resolutions to obtain basic procedural information from the Commission, and that many documents were provided only after significant delays;
35. Takes note of the conclusion of the negotiations on the revision of the Framework Agreement between Parliament and the Commission, in which the Commission commits to further strengthening interinstitutional cooperation on budgetary matters; recalls that Parliament should be on an equal footing with the Council in all matters of information sharing; insists on receiving systematic, timely, structured and secure access to all the information and documentation it requires for it and its committees to fulfil their scrutiny role, including the written notification to the Member State affected by a potential suspension of funds, any request for additional information, the correspondence between the Commission services and the Member State in question, and the reports provided under Article 5(2) of the Conditionality Regulation;
36. Urges the Commission to agree on a secure communication channel to ensure that the relevant bodies of Parliament can access such information, while safeguarding confidentiality;
37. Regrets that the information made public by the Commission concerning its findings in specific cases under the Conditionality Regulation omits the specific rule of law breaches detected, the risk analysis methodology and the proportionality calculus; notes that this lack of information has been exploited by extremist actors to spread disinformation about the EU's motives and procedures, and warns this could happen again in the future;
38. Stresses the importance of guaranteeing adequate EU funding for civil society organisations that are active in this field, as they play a crucial role in safeguarding the rule of law, democracy and fundamental rights;

Protection of final recipients and beneficiaries

39. Stresses that a robust approach is needed to ensure that final recipients and beneficiaries are not penalised because EU funds for their government have been suspended as a result of rule of law breaches; expects the Commission to analyse the potential impact on final recipients or beneficiaries when proposing measures; stresses that this principle lies at the core of the smarter conditionality approach; recalls, in particular, the obligation of the Member States subject to measures under the Conditionality Regulation to continue to honour all commitments to final recipients and beneficiaries;

40. Regrets that, in practice, these provisions have been insufficiently enforced and the safeguards set out for final recipients and beneficiaries remain largely theoretical, since procedures for the direct payment or rerouting of funds are cumbersome, and communication with actual and potential final recipients and beneficiaries is sporadic; emphasises that more needs to be done at EU level to improve the protection of the legitimate interests of final recipients and beneficiaries, including local and regional authorities and other stakeholders, and to ensure their access to EU funding, since they should not be punished for the violations committed by central governments;
41. Observes with concern that in some Member States, kleptocratic oligarchic structures are systematically taking over strategically important sectors, such as the media, telecommunications, banking, retail, agricultural, food, healthcare, pharmaceutical, construction and tourism sectors, which may pose risks to the protection of the EU budget, for instance when such structures apply for EU funds; underlines the importance of guaranteeing equal opportunities for all applicants to access both EU funding and impartial and effective complaints mechanisms;
42. Stresses that in some Member States, intimidation and reprisals against whistle-blowers and investigative journalists contribute to systemic corruption risks; calls on the Commission to treat any such reprisals as aggravating factors when assessing budgetary risks under the Conditionality Regulation;
43. Stresses the importance of systematically integrating European and international standards and recommendations on preventing and combating money laundering (AML) into the assessments carried out under the Conditionality Regulation; calls on the Commission to develop clear AML risk indicators for projects financed from the EU budget, to strengthen the exchange of information with national financial intelligence units;

Lessons learnt and recommendations for future improvements

44. Considers, based on the limited experience, that the conditionality regime has generally been an effective tool for protecting the EU's financial interests against risks deriving from breaches of the rule of law or serious risks thereof; insists that the regime must be applied to the entire EU budget, including performance-based instruments, so that no EU expenditure escapes effective rule of law scrutiny; urges the Commission to ensure that the Conditionality Regulation is consistently applied to the EU budget, irrespective of its financing model;
45. Underlines that some aspects of the application of the Conditionality Regulation should be improved, with a view to enhancing its effectiveness and transparency, and its coordination and consistency with other instruments in the rule of law toolbox, in particular ex ante tools and their combined application, if needed;
46. Calls on the Commission to urgently revise the 2022 Guidelines so as to address the risk of fund diversion or reallocation more directly, publish a step-by-step methodology showing how proportionality is calculated, define a 'sufficiently direct link' between a rule of law breach and a budgetary risk, require clearer links between breaches and measures adopted, including through more precise standards for those breaches, and provide clear solutions and practical steps on how to handle backsliding linked to the

breaches identified should it occur; calls, in this context, for earlier and more transparent engagement with stakeholders to prevent delays;

47. Stresses that the Commission should document the link between breaches and measures adopted in every case file and publish, together with each decision, a succinct explanation of how the ‘sufficiently direct link’ test was met, using the indicators listed in the revised guidelines;
48. Invites the Commission, in this context, to review its interpretation of the Conditionality Regulation as an instrument of last resort and to be generally more proactive in its use of the rule of law toolbox when warranted, including the application of Article 6(4), while respecting the principle of proportionality; regrets that the Commission communication on the new MFF seems to confirm this approach of using the Conditionality Regulation as a ‘last line of defence’;
49. Requests that the Commission, in its proportionality assessment, systematically consider the adverse consequences for (potential) final recipients and beneficiaries, specifically smaller ones, including universities, small and medium-sized enterprises and civil society organisations, and to reflect that analysis in the dossier that the Commission provides to Parliament under Article 8 of the Conditionality Regulation;
50. Invites the Commission to review how it can effectively fulfil its obligation to safeguard the legitimate financial interests of final recipients and beneficiaries, particularly those who suffer the consequences of rule of law deficiencies, including by enforcing the relevant provisions of the Conditionality Regulation as regards the Member States’ obligations to make payments and use the funds in a non-discriminatory way; stresses that any measures taken to ensure that legitimate final recipients and beneficiaries can continue to access EU funding should not weaken the application of the Conditionality Regulation; expects to be fully involved in this process;
51. Calls on the Commission to make systematic cross references between infringement proceedings and measures adopted in accordance with Article 6 of the Financial Regulation and pending conditionality screenings, so that the Member States cannot exploit procedural silos and so that the EU’s financial interests are protected, regardless of the legal instrument used;
52. Believes that remedial actions should be accompanied by safeguards to prevent, where relevant, the occurrence of similar situations or further backsliding in the future; calls for the establishment of a more robust monitoring and reporting framework, including, if necessary, a structured and systematic public consultation mechanism with non-state stakeholders, in particular with regard to the implementation status of remedial measures by Member States subject to procedures under the general conditionality regime;
53. Expects the Commission to take concrete action to strengthen the links between the recommendations of its annual rule of law reports and financial support from the EU budget, as outlined in the 2024 mission letters to the Commissioners responsible for budget and for the rule of law; deplores the lack of detail on how this link is made in the 2025 Rule of Law Report, notably in its recommendations; invites the Commission to translate the country-specific recommendations from its annual rule of law reports into concrete milestones to be systematically acted on by the Member States and, where

appropriate, to serve as evidence to justify the activation of the Conditionality Regulation;

54. Calls on the Commission to further develop the link between preventive and reactive instruments and, on the basis of the findings of the annual rule of law report, to promptly launch coordinated infringement procedures; calls on the Commission to assess and report in the annual rule of law report on the potential risks to the EU budget posed by weaknesses in the rule of law regimes;
55. Stresses that the annual rule of law report is currently structured around four pillars, namely the justice system, the anti-corruption framework, media pluralism, and other institutional issues related to checks and balances; welcomes, after having repeatedly requested it, the inclusion of a single market dimension in the 2025 Rule of Law Report to address various severe and systemic breaches to the rule of law affecting companies and workers across multiple Member States; stresses that a functioning justice system, a strong anti-corruption framework, media pluralism, adequate checks and balances, and a functioning single market are intrinsically linked to the rule of law; reiterates its position that the annual rule of law report should cover the full scope of values in Article 2 TEU as these should be considered together, as a set of values;
56. Believes that systematic rule of law breaches, identified under the pillars of the annual rule of law report, that have a sufficiently direct link to the protection of the EU budget should lead to the triggering of the conditionality mechanism, notably when the breaches pertain to the functioning of the judiciary system and in cases such as violations of rules, manipulation of, or favouritism in, calls for tender and applications involving EU funding, as well as administrative harassment breaching the equal treatment of local and regional authorities, companies or other final recipients and beneficiaries, and their access to EU funds; calls on the Commission to ensure that all stakeholders are free to provide input on such breaches, reinforcing transparency and accountability;
57. Insists that the Commission should justify its decisions not to propose measures under the Conditionality Regulation where country-specific recommendations with links to the EU budget remain unaddressed for a long time;
58. Considers that the interinstitutional agreement on budgetary discipline²² should include a dedicated annex on cooperation concerning the conditionality regime; believes, in this context, that regular dialogue between the three institutions on the current state of play concerning the protection of the EU budget, with regard to the rule of law, would be an effective way of improving coordination regarding the rule of law toolbox; considers that Parliament should be granted a formal consultative role before the Commission presents any proposal under Article 6(1) of the Conditionality Regulation;

²² Interinstitutional Agreement of 16 December 2020 between the European Parliament, the Council of the European Union and the European Commission on budgetary discipline, on cooperation in budgetary matters and on sound financial management, as well as on new own resources, including a roadmap towards the introduction of new own resources (OJ L 433 I, 22.12.2020, p. 28, ELI: http://data.europa.eu/eli/agree_interinstit/2020/1222/oj).

59. Insists that its scrutiny prerogatives be safeguarded by empowering it to monitor consistency in the (non-)application of the conditionality regime, thereby preventing political instrumentalisation or opacity; invites the Commission to provide it with a consolidated annual inventory of all conditionality-related decisions across budget headings in the context of the annual budgetary procedure;
60. Calls for quarterly structured dialogues between the Commissioners responsible and Parliament's committees responsible, to guarantee real-time information flows and reinforce democratic oversight;
61. Calls on the Council to keep the process fact-based and objective, and to stick as closely as possible to the Commission's proposals; urges the Council, furthermore, not to transform the process leading to the adoption of measures into a bargaining chip;
62. Underlines that clear and proactive communication is key to strengthening trust in the EU institutions and countering populist narratives; recalls that the Conditionality Regulation imposes on the Commission the obligation to provide information and guidance to final recipients and beneficiaries via a website or internet portal, together with adequate tools to enable final recipients or beneficiaries to inform the Commission about any breach of these obligations that directly affects them; stresses that the website or portal should also enable citizens, final recipients and beneficiaries, and economic operators to find all relevant decisions and assessments under the conditionality mechanism and follow the whole life cycle of conditionality cases, from notification to eventual lifting of measures, in order to enhance transparency and prevent misinformation;
63. Calls, in this regard, on the Commission to publish fact sheets featuring every future action under the Conditionality Regulation, setting out the type and assessment of breaches, indicative internal timelines for each procedural phase, the impact on the EU budget, including suspended amounts, and, where relevant, the proportionality of its proposed measures, since clear, accessible information is essential to counter disinformation and to demonstrate to citizens that the EU acts consistently and fairly when addressing rule of law breaches; invites the Commission to ensure that the relevant information is disseminated to the final recipients and beneficiaries concerned and to the wider public, while ensuring compliance with confidentiality rules and data protection; asks the Commission, furthermore, to actively counter disinformation related to the application of the regulation;
64. Considers that, while the Conditionality Regulation is primarily designed to protect the EU budget from risks deriving from breaches of the rule of law, there is merit in exploring ways of strengthening the protection of the EU budget against violations of the other values enshrined in Article 2 TEU; recalls that the EU budget is not neutral to breaches of democracy, equality and fundamental rights, which can have tangible financial implications; is of the opinion that Article 6 of the Financial Regulation provides the legal basis for action in cases of such breaches; invites the Commission to assess the extension of conditionality instruments in cases where serious and systemic violations of other Article 2 TEU values affect the EU budget;
65. Urges the Commission to address the fragmentation of responsibilities for rule of law monitoring and enforcement actions within its services and the related risks, by streamlining competences and responsibilities concerning rule of law matters in a more

transparent and efficient structure, in order to ensure coherence, consistency, transparency and timely enforcement, as well as enhanced communication with Parliament and the Member States;

66. Calls on the Commission to reinforce its investigative capacity by establishing a standing roster of specialised experts capable of assessing complex rule of law breaches, thereby ensuring swifter, technically robust decisions, and to develop an IT system that enables the detection of patterns or similarities in reports received;
67. Encourages the Commission to adopt a more proactive approach in dealing with complaints, and to ensure that complaint procedures under the Conditionality Regulation provide adequate protection for whistle-blowers, particularly those in precarious situations, for whom whistle-blowing poses great risks, in order to incentivise reporting;
68. Calls on the Commission to set up a permanent coordination framework involving all relevant EU agencies and bodies, to ensure early detection and effective investigation of fraud, money laundering and acts of corruption affecting the EU's financial interests; asks to be given periodic reports on these actions;
69. Calls on the Member States to ensure respect for the rule of law and to swiftly address any identified breaches, so as to protect the EU's financial interests and prevent the adoption of measures under the Conditionality Regulation; calls, furthermore, for the allocation of adequate resources to national authorities, whose work is essential to ensure that the rule of law is upheld;
70. Invites the ECA to produce a special report assessing the cost-effectiveness of the Conditionality Regulation, including consideration of the administrative burden, deterrence impact and protection of final recipients and beneficiaries;

The Conditionality Regulation and the next MFF

71. Takes note of the aspects related to the rule of law in the Commission proposal for the MFF for 2028-2034, and in particular the introduction of horizontal conditions on respect for the principles of the rule of law and the Charter within the Commission's NRPP proposal; acknowledges the importance of strong safeguards for the respect for EU values throughout the implementation of EU funds; expresses concern, however, that the Commission proposal remains insufficient because it:
 - (a) neither simplifies substantially the rule of law toolbox nor lays out the coordination of the different rule of law instruments, but rather introduces overlap and contradiction, thereby risking creating a fragmented system of parallel instruments,
 - (b) provides for the triggering of measures for breaches of the horizontal rule of law condition by a Council implementing decision, with no decision-making role for Parliament in the procedure,
 - (c) may lead to the use of the Council implementing decision on account of the link provided for between the rule of law conditionality and the conditionality on the Charter, making the application of the latter more difficult,

- (d) does not require a sufficiently direct link between a breach of the rule of law and the protection of the EU budget, as is the case for the conditionality mechanism, which raises issues of legal certainty,
 - (e) makes it clear that the Commission continues to consider the conditionality mechanism an instrument of last resort;
72. Deplores the overlaps with the conditionality mechanism introduced by the Commission's proposal on the MFF for 2028-2034; calls for a unified, coherent and comprehensive framework across all EU funding programmes under the umbrella of the Conditionality Regulation, covering both enabling conditions that must be fulfilled in order to access EU funding and measures to freeze or withhold funds when relevant conditions are no longer met; requests that the Commission consolidate all rule of law tools into a single framework that provides clear, objective and transparent criteria for application and that clarifies how it will ensure coordination of these tools; insists that, if such consolidation is not ensured under the current legislative framework or through the negotiations for the next MFF, the Commission should propose amendments to the Conditionality Regulation that would also put Parliament and the Council on an equal footing in the implementation of the legislation;
73. Acknowledges that the Commission proposes, in the context of the NRPPs, the possibility of making available again, to programmes in direct or indirect management, funding that has been decommitted because of a lack of remedial measures in response to an identified breach of the rule of law under the Conditionality Regulation; requests clarification as to how such decommitted amounts could be channelled to other programmes; insists that the decision to use decommitted funds is a prerogative of the budgetary authority in the framework of the annual budgetary procedure and should not be at the discretion of the Commission;
74. Emphasises that all decisions to fully or partially suspend EU funding must be based on clear, objective and transparent criteria and procedures, as opposed to opaque negotiations involving bargaining; demands that EU funds be withheld where essential requirements are not fulfilled and that frozen funds be released to the Member States concerned only once they have fully implemented meaningful reforms and verifiably demonstrated compliance with the rule of law in practice;
75. Raises serious concerns that, in accordance with the Commission's proposals, no institution or body responsible will be expected to verify the underlying costs of measures under the NRPPs, and financing that is not linked to actual costs would become the primary method of budget implementation; warns that this approach will severely hinder the ability of the Commission to determine or measure the financial consequences of rule of law breaches; warns, furthermore, that this would undermine the Treaty-based democratic scrutiny role of Parliament, as one arm of the budgetary authority and as the EU's discharge authority, as well as the important role of the ECA; considers that the cost-effectiveness, traceability and transparency of financial flows from the payments to the final recipients, including subcontractors, must be guaranteed through an interoperable IT system, since this is the only way of establishing and quantifying the budgetary impact of rule of law breaches; stresses that the Commission must improve the accuracy and precision of the information to be shared with Parliament;

o

o o

76. Instructs its President to forward this resolution to the Council, the Commission, the European Court of Auditors, the Court of Justice of the European Union and to the governments and parliaments of the Member States.