

The Impact of the Interaction between the Rule of Law and the European Union's Cohesion Policy

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Abstract

This article specializes in one of the maximum crucial regulations withinside the European Union, particularly the establishments that fashioned them and considers the unit directives chargeable for their implementation. In this regard, the applicable literature is checked for the primary time. Second, the correlation among local institutional fine and the absorption of budget from the European Regional Development Fund for the operational length 2014-2024 became tested. The consequences of this double evaluation display that establishments, specifically at local level, are one of the maximum crucial device for the region's potential to take in brotherly love coverage budget. This statement could be very crucial, for the reason that Member States will use European amusement and resilience budget to triumph over the outcomes of the following financial disaster from COVID-19.

The interplay between the rule of law and the European Union's cohesion policy has become a central topic in the context of growing concerns about respect for fundamental EU values among Member States. This study examines how respect for the rule of law principles influences the efficiency and legitimacy of the use of European cohesion funds, with a focus on the conditionality mechanisms introduced in recent years. Using an interdisciplinary approach, the paper explores the legal, institutional and economic implications of making access to funding conditional on respect for the rule of law, highlighting both the benefits and risks of this interdependence. The study emphasizes that effective, transparent and accountable governance is essential to achieve the objectives of economic, social and territorial cohesion and that the rule of law plays a decisive role in building public trust and protecting the Union's financial interest.

As a end result of the prevailing studies, the relationship among the phenomenon of brotherly love and sustainable improvement became found, a idea that inclines each the social dimension, in addition to the financial and social one. At the identical time, it stands proud thru numerous styles or large ideas present each nationally and globally.

The originality of the thing is composed withinside the truth that the studies protected with the aid of using this paper has an implemented importance, given the truth that it offers the accounting facts from the angle of the number one supply of records for the evaluation of brotherly love regulations performance.

Keywords

Cohesion policy, development, European Union, law.

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Introduction

The rule of law is the fundamental principle of a democratic society, in which power is exercised in accordance with the law and in which individual rights are protected (Mogos et al., 2021). This concept implies the existence of an independent judiciary, the separation of powers in the state (legislative, executive and judicial), respect for human rights, transparency in decision-making and access to justice for all citizens. The rule of law has become a prominent issue at European and even global level, with a Union committed to developing a broad public policy in this area (Gorzela, 2017).

This policy involves dedicated institutions, monitoring and sanction mechanisms, a consolidated jurisprudence, extensive collaboration with other international organisations, in particular the Council of Europe, and dimensions of foreign policy (Bodislav et al., 2020). Respect for the rule of law plays a fundamental role in the European integration process, reflecting the EU's commitment to democratic values and fundamental human rights (Voicu, 2022).

The rule of law ensures a clear and predictable legal framework, in which rules and procedures are uniformly applicable to all citizens, thus contributing to the stability and predictability of the legal system. Within the European Union, respect for the rule of law is important for the proper functioning of the institutions and for maintaining the integrity of the legal system in the Member States. This principle contributes to strengthening the values and principles of the EU, together with democracy and respect for fundamental rights, and promotes social and economic cohesion throughout the Union.

A robust legal system and effective governance are vital for creating a stable and predictable environment for business and investment, thus stimulating economic growth and social development (Profiroiu et al., 2020). Respect for the rule of law also ensures the protection of the rights of EU citizens and promotes trust in the European institutions. The effective functioning of the EU institutions depends on respect for the principles of the rule of law, thus underlining the importance of this concept for the European Union and its entire project of integration and cooperation (Ionescu, 2008).

In the current context of the European Union, a number of major challenges are noted in relation to respect for the rule of law and the achievement of cohesion policy objectives (Bodislav et al., 2019). These issues are particularly relevant in the face of the various tensions and changes that the EU is currently facing. It is observed that some Member States are faced with constant attempts to politicize or undermine the independence of the judiciary, which can seriously affect the proper functioning of justice and, implicitly, respect for the principles of the rule of law. At the same time, there are concerns about the restrictions imposed on the freedom of the press and civil society in some Member States, which undermines fundamental democratic values and individual rights (Claes and Visser, 2012).

Cohesion policy is one of the main policies of the European Union, which aims to reduce economic, social and territorial disparities between regions and Member States. Its aim is to promote balanced and sustainable development throughout the European Union, through investments in infrastructure, education, innovation, employment and other relevant areas. Cohesion policy funds are mainly allocated from the EU budget and are managed through various programmes and instruments aimed at less developed regions or those facing structural difficulties (Molle, 2007).

1. Review of the scientific literature

The principles presented (the guideline of thumb of regulation and concord coverage) are carefully connected and interpenetrate in lots of ways, collectively influencing the improvement and implementation of EU policies. Thus, the guideline of thumb of regulation and concord coverage are primarily based totally on essential concepts and values of the European Union, along with: admire for essential rights, equality, justice and solidarity. Respect for the guideline of thumb of regulation contributes to selling social and monetary concord with the aid of using making sure a stable institutional and criminal framework, wherein all residents revel in rights and identical safety earlier than the regulation. An independent and functioning judiciary and a strong criminal framework are critical for growing an environment conducive to monetary and social improvement in all EU areas. The rule of regulation is vital for the powerful implementation of EU concord policies. Transparent, responsible and green governance within the Member States is an vital component for the perfect and powerful use of European budget for nearby concord.

Any shortcomings in admire for the guideline of thumb of regulation can negatively have an effect on the implementation and effect of concord policies. The European Union video display units and protects the guideline of thumb of regulation withinside the Member States, whilst making sure compliance with the concepts and goals of concord coverage. The monitoring mechanisms of the guideline of thumb of regulation, along with the Cooperation and Verification Mechanism, can impact the distribution of EU budget and help for sure areas in mild of tendencies in the guideline of thumb of regulation (Mungiu-Pippidi and Johnston, 2017).

The European Union's Cohesion Policy aims to reduce disparities between regions and promote economic, social, and territorial cohesion. Since its inception, this policy has evolved in response to changes in the EU's structure, economic challenges, and the integration of new member states. This literature review synthesizes key academic contributions on the objectives, effectiveness-ness, criticisms, and future prospects of the Cohesion Policy.

Cohesion Policy is grounded in theories of regional development, including:

- Neo-Classical Growth Theory (Barca, McCann and Rodríguez-Pose, 2012): Suggests that capital investment in less developed regions will lead to convergence.
- Endogenous Growth Theory (Romer, 1990): Emphasizes the role of knowledge, innovation, and human capital.
- New Economic Geography (Krugman, 1991): Highlights the role of agglomeration effects and the uneven spatial distribution of economic activity.

Evolution of Cohesion Policy Early EU integration efforts focused on economic growth but later incorporated social and territorial cohesion. Key milestones include:

- 1988 Reform: Strengthened structural funding and introduced multiannual programming.
- 2000-2006 Agenda (Agenda 2000): Expanded funding to new member states.
- 2007-2013 Period: Introduction of thematic priorities aligned with the Lisbon Strategy.
- 2014-2020 Period: Greater focus on smart, sustainable, and inclusive growth.
- 2021-2027 Period: Integration of the Green Deal and digitalization goals.

Effectiveness and Impact Empirical studies assess the impact of Cohesion Policy on economic convergence and regional development:

- Positive Effects: Several studies (Becker, Egger and von Ehrlich, 2010; Crescenzi and Giua, 2020) confirm a positive impact on GDP growth and employment.
- Challenges and Inefficiencies: Critics highlight administrative complexity, suboptimal allocation of funds, and political influences (Rodríguez-Pose and Garcilazo, 2015).
- Spillover Effects: Some regions benefit more than others due to institutional capacity and absorptive capabilities

Criticisms and Challenges Despite successes, challenges persist:

- Bureaucratic Complexity: Overregulation can hinder fund absorption.
- Inequality in Distribution: Some wealthier regions continue to receive substantial funding.
- Governance Issues: Weak institutional structures in certain member states limit effectiveness.
- Environmental and Social Sustainability: Balancing economic growth with sustainability remains a concern.

Future Directions Recent literature discusses the future of Cohesion Policy, particularly in light of:

- Post-COVID-19 Recovery: Strengthening resilience through the Recovery and Resilience Facility.
- Green and Digital Transition: Aligning funds with EU Green Deal targets.
- Reforming Policy Implementation: Streamlining procedures for greater efficiency (Solow, 1956)

2. Research methodology

The relationship between the rule of law and the EU's Cohesion Policy is an important research area, as governance quality and legal certainty affect the efficient allocation and impact of EU funds. This research methodology outlines the approach to studying this interaction through qualitative, quantitative, and mixed methods.

This article uses a qualitative research methodology, with analytical and comparative emphases, to examine the interaction between the rule of law and the European Union's cohesion policy. The main objective is to assess how compliance with the rule of law principles influences the implementation and effectiveness of the Cohesion Funds, in particular in the context of the introduction of the rule of law conditionality mechanism (Regulation (EU, Euratom) 2020/2092).

The study is based on a varied range of research techniques and sources, such as: documentary analysis A detailed literature review of the literature, the European legal framework and relevant policy documents, empirical analysis of statistical data, content analysis

Legal texts, institutional discourses and relevant reports were subjected to thematic content analysis in order to identify the main narratives and positions of European and national institutional actors on the relationship between the rule of law and cohesion.

The main objective of this research is to analyze how respect for the rule of law principles influences the effectiveness and legitimacy of the European Union's cohesion policy, in particular in the context of the introduction of the rule of law conditionality mechanism. The research aims at

In the first place to identify the link between the level of respect for the rule of law in a Member State and its performance in the absorption of cohesion funds; On the other hand it also aims at analyzing the legal and political impact of protecting the EU budget in case of violation of the rule of law and at assessing the effectiveness of the conditionality mechanism as a tool to protect the Union's financial interests;

Based on the literature and the current context of the European Union, the article proposes to test the following hypotheses:

H1: Member States with a low level of compliance with the rule of law experience greater difficulties in the absorption of cohesion funds and are more vulnerable to institutional sanctions.

H2: The introduction of the rule of law conditionality mechanism has a significant deterrent effect on national governments in terms of policies that undermine judicial independence and democratic control.

H3: The effectiveness of cohesion policy is conditioned not only by the administrative capacity of Member States, but also by the quality of institutions and the level of compliance with the rule of law.

3. Results and discussion

Respect for the rule of law is closely linked to the distribution of cohesion funds and the implementation of projects in the Member States. The following aspects promote the chances of Member States to benefit from adequate funding and to use the funds effectively. The EU sets strict criteria to determine the eligibility of Member States, and respect for the rule of law may be one of these criteria. Member States that violate the principles of the rule of law, such as the independence of the judiciary or respect for fundamental rights, may be excluded or receive reduced funding. The European Union is founded on a set of common essential principles.

Once an applicant nation becomes a member of the EU, it adopts a legal structure based on the premise that all Member States subscribe to these fundamental principles. This perspective implies a level of mutual trust between Member States regarding the recognition and respect of these principles, alongside compliance with the provisions of EU law.

Trust is crucial in a Union characterized with the aid of using unity among Member States, in which big quantities of the EU price range are allotted to help funding withinside the vicinity of economic, social and territorial cohesion. The rule of regulation is one of the essential pillars of those not unusualplace concepts, as set out in Article 2 of the Treaty on European Union. Specifically, the concepts of the guideline of thumb of regulation require that the legislative procedure is transparent, accountable, democratic and pluralistic. Further-more, according with those concepts, all public establishments should perform their sports with-withinside the limits set with the aid of using the regulation, respecting the values of democracy and protective the essential rights of people and organisations.

In practice, this entails making sure criminal balance for all residents and businesses, a judicial device that offers powerful and unbiased protection, non-discrimination and equality earlier than the regulation.

The European Union makes use of lots of mechanisms to reveal and investigate admire for the guideline of thumb of regulation inside Member States.

These mechanisms can impact the distribution of finances and the implementation of projects. The EU rule of regulation devices and their tracking procedure have developed over time, drastically with the established order of the once a year rule of regulation evaluation cycle in 2020 as a preventive device. In the Romanian context, with the aid of using mid-2023, while the Cooperation and Verification Mechanism turned into formally closed, this set of devices covered 3 essential tracking mechanisms, of which predate the device delivered in 2014.

The European Commission's annual assessment of the rule of law in the Member States examines progress in four key areas (European Commission, 2020): the functioning of the judiciary, the fight against corruption, media diversity and other institutional aspects related to the balance of power. By 2023, the Commission had issued four such reports, the latest of which included specific recommendations for Member States and an assessment of the implementation of previous recommendations (European Commission, 2023). In parallel, the Justice Scoreboard in the European Union (European Commission, 2024), launched in 2013, monitors the performance of Member States' judicial systems on the basis of three main criteria: efficiency, quality and independence. This tool provides annually updated data to support Member States in their efforts to improve the functioning of their judicial systems. The Cooperation and Verification Mechanism was established in 2006 for Bulgaria and Romania (Articles 37 and 38 of the Protocol on the conditions and arrangements for the admission of the Republic of Bulgaria and Romania to the European Union) with the aim of assisting these countries in addressing shortcomings in their judicial systems and in combating corruption.

Improving institutions can contribute to more efficient investment and higher levels of innovation and entrepreneurship, which are essential for long-term economic growth. All Member States have improved their business environment, but significant variations still exist between them. The effectiveness of the judiciary also varies across Member States, and in several Member States the rule of law has deteriorated over time. Improving governance and monitoring procedures is essential to strengthen citizens' trust in the EU institutions and in their ability to deal with current and future problems and challenges. Last but not least, the EU can impose ex-ante and ex-post conditionalities to ensure respect for the rule of law. These conditionalities can be included in funding agreements and can affect the distribution of funds.

For example, a Member State could be required to meet certain rule of law criteria in order to receive funding or to improve its situation during the implementation of projects in order to avoid sanctions. If we take the European Union's cohesion funds (funds used to support Member States in reducing economic, social and regional disparities) as an example, we find that ex-ante and ex-post checks are two essential steps in the management and monitoring of these funds.

Ex-ante checks are carried out before funds are allocated or spent to assess the legality, effectiveness and relevance of plans and programmes proposed by Member States for the use of cohesion funds. These checks aim to: ensure compliance with EU regulations and policies, assess the coherence and effectiveness of the proposed plans and programmes, identify potential risks and weaknesses and make recommendations for improvement. Concrete examples:-assessment of a regional development plan proposed by a Member State to ensure that it complies with the priorities and objectives set by the EU;- analysis of an infrastructure project proposal to check compliance with environmental and sustainability rules. Ex-post checks are carried out after funds have been allocated and spent to assess whether they have been used in accordance with the rules and objectives set and to assess the impact and results of the projects financed.

The objectives of these checks are: compliance with EU conditions and regulations regarding the use of funds; assessing the effectiveness and efficiency of the use of funds in achieving the proposed objectives, identifying lessons learned and good practices for future projects and programs.

Monitoring and protecting the rule of law in EU Member States

Improving the mechanisms for monitoring and protecting the rule of law in the Member States is perhaps the most important aspect in order to strengthen democratic values and institutional integrity. The following proposals concern a series of initiatives aimed at strengthening and streamlining EU action in this area. The first aspect, which we would like to highlight, is the need to increase transparency and accessibility regarding the mechanisms for monitoring the rule of law. Regular and accessible publication of monitoring reports would allow citizens to follow developments in their countries and to react appropriately to deficiencies identified. Secondly, we suggest introducing a comprehensive and objective assess-

ment system of the rule of law in the Member States, based on clear and objective criteria, and involving independent legal and human rights experts.

Strengthening dialogue and cooperation between the EU institutions and national authorities is another essential aspect. This could involve supporting the capacities of national authorities and providing technical and financial assistance to ensure better implementation of European rule of law standards. In addition, we also recall the introduction of more effective sanctioning mechanisms for Member States that violate the rule of law principles, sanctions that should be proportionate and applied fairly.

Promoting civic engagement and responsibility should be a key pillar of these proposals, through initiatives to educate citizens about the importance of the rule of law and to support non-governmental organisations and academia in monitoring and reporting on breaches of the rule of law. The implementation of these proposals would strengthen the mechanisms for monitoring and protecting the rule of law in EU Member States, thus contributing to a more democratic, transparent and accountable European Union.

In order to optimise cohesion policy in order to strengthen social and economic cohesion throughout the European Union, we must refer to the fact that cohesion policy focuses on regions facing real difficulties in social and economic development, such as peripheral regions, rural regions or those affected by industrial transitions or demographic change. It is also important to promote partnership and coordination between the different levels of government in the implementation of cohesion policy. This would ensure an integrated and coherent approach, adapted to the specific needs of each region and would increase the effectiveness of the use of available resources.

Cohesion policy should support innovation and sustainable development in regions, investing in sectors such as green technologies, sustainable tourism and the digital economy, to diversify regional economies and reduce dependence on traditional or polluting industries, while paying particular attention to access to quality education and vocational training to increase the qualifications and skills of the local workforce, promoting social inclusion and combating poverty by supporting access to basic social services and the development of social and community infrastructure, with constant evaluation and monitoring to ensure the effectiveness and efficiency of the use of EU funds and to adjust policies according to changes in the needs and priorities of the regions.

Like the anti-corruption indicators, the World Bank's Rule of Law Indicators are part of the World Bank's Governance Indicators, which measure the performance of governments in various ways. This index contains several indicators that measure and monitor social rules. These include perceptions of crime rates, the effectiveness and predictability of the judicial system, and contract enforcement characteristics.

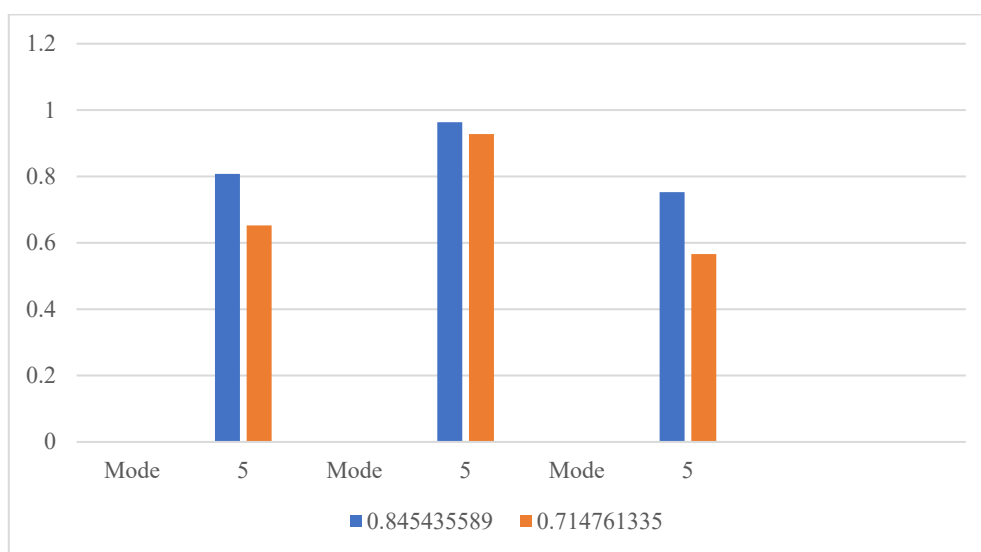


Figure no. 1. WGI Rule of Law Index
Source: Worldbank Data, 2023

Conclusions

The main findings and conclusions highlight the fundamental importance of respecting the rule of law in the process of distributing EU cohesion funds and implementing projects. This has a significant impact on eligibility criteria, monitoring and evaluation mechanisms, ex-ante and ex-post conditionalities, as well as on the long-term impact on regional development.

Failure to respect the rule of law in the affected Member States can affect the effectiveness of cohesion policy and social and economic cohesion, by reducing trust in institutions, redirecting funds towards narrow political or economic interests and impacting on regional development.

The relationship between the rule of law and the cohesion policy of the European Union has become an essential topic in the context of the strengthening of the Union's fundamental values and the need to protect its financial interests.

The importance of this research derives from its interdisciplinary nature, at the intersection of European law, political science and public policy, as well as from its direct relevance to the Union's current political and institutional situation.

The research contributes to a better understanding of how rule of law conditionality mechanisms can function as instruments of European governance, with a direct impact on cohesion policy and the relationship between the Union and the Member States. In a political climate where departures from democratic norms are increasingly frequent, this paper provides a rigorous analysis of the effectiveness and legitimacy of these mechanisms.

The research results can support the process of formulating and strengthening EU policies to condition funding on respect for the rule of law. They can be used by the European Commission, the European Parliament and the Court of Auditors to improve monitoring and sanctioning tools.

The study provides recommendations on the institutional reforms needed to strengthen the rule of law and ensure stable and efficient access to cohesion funding. In particular, it can guide policies on administrative transparency, control of public spending and the independence of the judiciary. It provides a valuable analytical framework for studying the interdependence between the EU's constitutional values and its structural policies. It opens new research perspectives on indirect Europeanization through financial conditionality.

In the context of an increasing involvement of citizens in monitoring the use of public funds, the research provides a factual basis for public discourse and for monitoring governance through civic instruments.

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