

# Explainer: EU Values and the BUDG INI Report

*These summaries distil insights from sector reports, focusing on funding trends, EU financing mechanisms, and the core challenges affecting NGOs. They are designed to help EU-CORD members navigate the EU funding landscape more effectively and adapt their practices accordingly. We encourage members to consult the original reports for comprehensive context and detail.*

## Purpose

This note informs members about a recent internal paper prepared by the European Commission's Directorate-General for Budget (DG BUDG), which continues to explore the question of "EU values" first raised in the European Court of Auditors (ECA) report and further taken up in the forthcoming INI report from the European Parliament's Budget Committee (BUDG), which is not yet publicly available. The paper outlines the potential consequences for beneficiaries of EU funding who are found to be in breach of these values and highlights the implications for civil society organisations (CSOs) applying for or managing EU development or humanitarian grants.

## Core Issue

Advice given by DG BUDG in the non-paper reiterates the reference regarding 'EU values' that surfaced in the recent [ECA report](#). The non-paper links compliance with EU values to new grant applications and the continuation of existing grants. The advice shared, however, fails to provide a precise legal definition of those values. While DG INTPA interprets this as a safeguard to ensure integrity in EU funding, CSO networks have raised concerns that the vagueness and potential for political misuse could endanger funding access for CSOs.

## Concerns Raised

There is a significant risk that the concept of "EU values" could be applied inconsistently or politically. The current non-paper does not provide a clear definition of these values, leaving room for subjective interpretation. This ambiguity raises several concerns:

- **Unclear Legal Basis:**  
The only formal definition of EU values is found in Article 2 of the Treaty on European Union (TEU), which lists values such as **human dignity, freedom, democracy, equality, rule of law, and respect for human rights**. This is a closed and constitutionally recognised list.
- **Inconsistent Wording in Grant Agreements:**  
The Model Grant Agreement (MGA), cited in the non-paper as the enforcement mechanism, refers to "basic EU values (such as...)", implying an open-ended list. This contradicts the closed list in Article 2 TEU and introduces legal uncertainty.

- Link to “Grave Professional Misconduct”:  
The non-paper suggests breaches of EU values may constitute “grave professional misconduct” under Article 136 of the Financial Regulation. However, this concept is not defined by reference to Article 2 TEU and could encompass actions unrelated to EU constitutional values — including reputational issues or perceived professional standards.

#### Potential Risks for CSOs

- Subjective interpretation of EU values could lead to funding decisions based on unclear criteria.
- CSOs working in politically contested environments may be especially vulnerable to allegations that are not grounded in legally defined standards.
- This lack of clarity may result in inconsistent application of rules across programmes and regions.

## Conclusion

The lack of legal precision in how EU values are referenced in funding rules poses a potential compliance risk for CSOs, especially in sensitive or politicised environments. By seeking legal clarity and consistency, members can help protect the space for civil society and ensure that funding decisions are fair, transparent, and grounded in the EU’s own legal framework.

Members should be aware of these developments and of the potential implications if they are asked to sign off that their projects are aligned with “EU values”.

## Next Steps

This is one of several developments currently affecting civil society in relation to EU funding. [Civil Society Europe](#) is the main interlocutor on this issue and is, in some cases, seeking legal advice on possible next steps. In the EU-CORD Secretariat, we will follow this work via the CONCORDs ‘[Civil Society Power](#)’ group.