



TEXTS ADOPTED

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Statute and funding of European political parties and foundations

European Parliament resolution of 11 November 2021 on the application of Regulation (EU, Euratom) No 1141/2014 on the statute and funding of European political parties and European political foundations (2021/2018(INI))

The European Parliament,

- having regard to Articles 2 and 10(4) of the Treaty on European Union (TEU),
- having regard to Articles 224 and 325 of the Treaty on the Functioning of the European Union (TFEU),
- having regard to Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations¹ (hereinafter ‘the Regulation’), as amended by Regulation (EU, Euratom) 2018/673 of the European Parliament and of the Council of 3 May 2018² and Regulation (EU, Euratom) 2019/493 of the European Parliament and of the Council of 25 March 2019³, and in particular Article 38(1) thereof,
- having regard to Regulation (EU, Euratom) 2018/1046 of the European Parliament and of the Council of 18 July 2018 on the financial rules applicable to the general budget of the Union⁴ (the Financial Regulation),
- having consulted the Authority for European Political Parties and European Political Foundations (hereinafter ‘the Authority’) and its annual activity reports,
- having regard to the report of the Secretary-General of the European Parliament to the Bureau of 19 April 2021 on the funding of European political parties and European political foundations, at European level,
- having regard to Rule 54 of its Rules of Procedure,
- having regard to the opinion of the Committee on Budgetary Control,

¹ OJ L 317, 4.11.2014, p. 1.

² OJ L 114 I, 4.5.2018, p. 1.

³ OJ L 85 I, 27.3.2019, p. 7.

⁴ OJ L 193, 30.7.2018, p. 1.

- having regard to the report of the Committee on Constitutional Affairs (A9-0294/2021),
- A. whereas strong political parties and foundations at EU level are essential for the development of a truly EU public sphere;
- B. whereas European political parties should play a more central role in the European elections process and contribute to forming EU political awareness and expressing the will of EU citizens; whereas political diversity is essential for public discourse and for expressing citizens' choices;
- C. whereas parties cannot be considered as non-partisan entities in the course of political competition and whereas their financing cannot be reduced to apolitical expenses;
- D. whereas European political foundations have a mandate which encompasses raising political awareness of and contributing to the debate on EU policy issues and the process of European integration, and within this framework they also develop offerings that are not exclusively directed at the members or voters of a particular party, but are open to everyone on the same terms;
- E. whereas European political parties and foundations should cooperate with their national member parties and partners in order to support them in bringing the Union and its policies closer to citizens and to enhance democratic legitimacy;
- F. whereas European political parties should cooperate with their corresponding national counterparts to facilitate interactive participation on EU issues;
- G. whereas in order to continue to be aware of and to give expression to the will of Union citizens, it is essential that the role and functioning of European political parties and foundations are not limited to issues of exclusively European relevance at Union level; whereas those European political parties and foundations should be allowed to use their funds in order to finance any activity which contributes to informing EU citizens and increasing awareness on issues related to EU policies;
- H. whereas sufficient financial means are a prerequisite for European political parties and foundations to assume their tasks, while full transparency and accountability ought to be a condition for receiving public funds from the Union budget;
- I. whereas European political parties and foundations can play a role in promoting EU policies on neighbouring countries under the common foreign and security policy and as part of the external relations of the Union; whereas they should therefore be open to membership by parties or individuals from these countries and be allowed to receive contributions from them, provided that full transparency and compliance with Article 325 TFEU and the Union's rules regarding the fight against fraud and corruption is ensured;
- J. whereas it should be possible for European political parties and foundations to have additional categories of revenue other than contributions and donations;
- K. whereas an alignment of the co-financing rate for European political parties with the level imposed on political foundations would prevent the accumulation of debt;

- L. whereas the system for administrative control of expenditure should be simplified, with due respect for transparency and proper use of public funds, and the requirement to submit accounts according to the International Financial Reporting Standards should be dropped because it does not correspond to the nature of European political parties and foundations, and represents an unnecessary time-consuming and costly burden;
- M. whereas an alignment of the carry-over period for European political foundations with the requirements imposed on political parties would avoid a second layer audit and therefore significantly reduce the administrative burden on foundations;

Evaluation of the application of the Regulation

1. Recalls that Regulation (EU, Euratom) No 1141/2014 on the statute and funding of European political parties and foundations is the legal framework establishing their rights and obligations; highlights that the funding awarded under the Regulation is part of the general budget of the European Union and should therefore be implemented in accordance with the Financial Regulation, with an emphasis on the general principle of sound financial management;
2. Notes that 2018 was the first year of implementation of the Regulation; welcomes the 2019 annual activity report presented by the Authority; takes note of the main activities and challenges encountered during 2019; notes that the Authority performed its first review of the accounts of European political parties and foundations in the context of the 2019 European elections, ensuring compliance with the Regulation, while the Directorate-General for Finance of the European Parliament ensured compliance with the Financial Regulation; welcomes the fact that the Authority did not have to impose sanctions on any European political party or foundation in 2019; takes note, additionally, of the fact that the Authority intervened in proceedings before the Court of Justice of the European Union's General Court, and liaised with Member States to set up a network of national contact points and data protection authorities;
3. Recalls that Article 38 of the Regulation requires Parliament to adopt a report on the application of the Regulation by the end of 2021 and the Commission to present a report on the same matter six months after that, which must be accompanied by a legislative proposal to amend the Regulation; notes that the Commission's roadmap includes tightening the financial and enforcement rules, reducing the administrative burden, enhancing transparency, and strengthening the genuine electoral representation of EU citizens; points out, furthermore, the importance of addressing the risk of foreign interference and the infringement of data protection rules;
4. Welcomes the announcement by the Commission of a new European democracy action plan, including a legislative proposal to ensure greater transparency on paid political advertising and a review of the legislation on the financing of European political parties and foundations; reiterates its proposal to amend the Regulation, as expressed in its resolution of 26 November 2020 on stocktaking of European elections¹, with regard to participation in European elections, transparency of funding and the prohibition of donations from private and public bodies from non-EU countries;

¹ OJ C 425, 20.10.2021, p. 98.

5. Acknowledges that the Regulation has improved the status of European political parties and foundations in comparison with the previous legal framework established by Regulation (EC) No 2004/2003¹, notably by recognising that those entities have Union legal personality and by setting up the independent Authority;
6. Recognises the role of the Authority, which has assumed the tasks entrusted to it under the Regulation;
7. Notes, however, that a number of administrative and political obstacles are still preventing European political parties and foundations from achieving their full potential as active and visible players in European democracy, both at European level and in the EU Member States;
8. Underlines the importance of the registration of European political parties and foundations, since it requires compliance with all conditions of the Regulation, in particular respect for the values of the Union enshrined in Article 2 TEU, and makes eligibility for funding from the Union budget conditional upon such compliance, as well as the need to ensure full transparency;
9. Believes, in this regard, that the Regulation should be amended to clarify that respect for EU fundamental values should apply to both the European political party itself and its member parties;
10. Welcomes the reinforcement of the provisions on monitoring respect by European political parties and foundations for the fundamental values of the Union and for the procedure for dealing with infringements, including sanctions and recovery of funds;
11. Considers that the latest amendment of the Regulation, which introduced sanctions for infringements of data protection rules, was a useful first step but should be further strengthened;
12. Considers that the current system for verifying respect for rules on the use of contributions and grants needs to be improved in terms of clarity, efficiency and speed;
13. Considers that making European political parties and foundations subject to EU and national rules, which are laid down in different legal instruments, is a source of confusion and legal uncertainty; proposes, therefore, to harmonise further and strengthen the rules governing European political parties and foundations to ensure a comprehensive EU legal framework for European political parties and foundations addressing, in particular, conditions for registration, structure and operations, visibility and transparency, and sanctions;
14. Underlines that the funding of European political parties and foundations must be transparent, must be subject to Article 325 TFEU, must not be open to abuse and must exclusively support political programmes and activities in line with the founding principles of the Union expressed in Article 2 TEU;

¹ Regulation (EC) No 2004/2003 of the European Parliament and of the Council of 4 November 2003 on the regulations governing political parties at European level and the rules regarding their funding (OJ L 297, 15.11.2003, p. 1).

Problems identified

15. Recalls that the Regulation requires national member parties to display the logo, political programme and website link of their European party of affiliation on their websites ‘in a clearly visible and user-friendly manner’ as a condition for the European political party to access funds; is concerned that according to European Democracy Consulting’s Logos project, national member parties overwhelmingly fail to properly implement the Regulation’s display requirement, as only 15 % of them display the logo in a clear and user-friendly manner;
16. Underlines the need to make the definition of indirect funding from European political parties and foundations to national counterparts and members more precise and simpler in order to avoid hampering their required cooperation in promoting and explaining EU policies, as well as their engagement with EU citizens;
17. Stresses that the ban on financing referendum campaigns on EU issues goes against the purpose of European political parties and foundations;
18. Highlights that funding of European political parties and foundations is inherently linked to registration criteria listed in the Regulation; acknowledges the need to ensure that registration and membership criteria provide for inclusive and genuine representation of political parties that are active at EU level, while avoiding hindering the democratic representation of smaller political parties at the same level; recalls the debates held in Parliament’s Committee on Constitutional Affairs regarding the threshold for registration and citizen support; notes that, following Brexit, there is an increased need to revise different categories of party membership and the collection of membership fees; suggests, therefore, a revision of the registration requirements and representational criteria, including a reflection on direct citizens’ membership;
19. Regrets the narrow interpretation of the concept of membership established by case law, the lack of clear definitions of modalities of membership of European political parties and the lack of differentiated levels of affiliation to European political foundations in the Regulation, which do not allow for flexibility in the internal organisation of European political parties and foundations, especially as regards associate members and partners of European political foundations, including those from former Member States and other European countries; is concerned that this narrow interpretation has the effect of preventing, without good reason, European political parties from receiving financial contributions from such members; considers that the modalities of membership and affiliation to European political foundations, as well as research partnerships with them, should likewise be clarified;
20. Considers that the prohibition of cross-party and cross-foundation membership should be clarified and extended;
21. Underlines that the categories of revenue are defined too narrowly in the Regulation and in particular do not take into account other possible legally acquired own resources;
22. Stresses that the co-financing level imposed, in particular on European political parties, has proved very difficult to achieve;

23. Considers that the requirement for the accounts of European political parties and European political foundations to be set up both in accordance with the national audit standards of the Member State in which they are based and in accordance with International Financial Reporting Standards adds no value and entails unnecessary costs and time delays;
24. Laments that a flawed design in the Regulation limits European political parties in truly fulfilling their role as modern political parties connecting citizens to the political system as they are unknown to citizens due to limited individual membership and their limited role in influencing policymaking and shaping public agendas, and thus do not trigger anywhere near the same level of activist mobilisation that national and regional parties are able to muster;
25. Points out that the Authority has limited powers with regard to verifying whether a European political party or foundation is in breach of the EU's shared values and has never triggered the complex values compliance procedure thus far; calls for the set-up of the Authority to be strengthened in order to be able to better monitor all criteria laid down in the Regulation, including respect for Union values and the democratic governance of European political parties and compliance with relevant rules and the implementation of sanctions, as well as to ensure its complete autonomy and neutrality;
26. Notes with concern that several existing transnational political parties active in EU politics and represented in the European Parliament are not permitted to register officially as European political parties due to disproportionate requirements laid down in the Regulation which hinder the democratic representation of smaller political parties at the EU level;

Proposals for improvements

27. Considers that a clear set of rules and conditions should be established for the joint organisation and co-financing of activities concerning EU issues by European political parties and foundations and their members; considers that for such joint activities, the display of the European political party's logo alongside that of the national member party should be required;
28. Underlines that no rule should prevent the participation of representatives and staffers of political parties in events of European political foundations, which is justified by their very nature;
29. Calls on the Commission to provide clear requirements and detailed guidelines related to the visibility of the European political party of affiliation in order to ensure enforcement of Article 18(2)(a) of the Regulation on displaying European political parties' logos alongside the logos of national or regional parties;
30. Highlights that the first review of the accounts identified possible improvements, particularly regarding the level of detail and comparability of the requested information provided by European parties and foundations; welcomes the introduction of templates in 2020 to facilitate the process; notes that in 2019, most of the financial resources of European political parties and foundations were spent on personnel, meetings and gathering information;

31. Is of the opinion that sound financial management and transparency require strict rules defining the eligibility of expenditure; asks for the creation of explicit provisions for activities undertaken with larger international organisations and partners from outside the EU as well as detailed rules for personnel and meeting costs, especially in terms of ceilings and tender procedures;
32. Calls for the prohibition on financing referendum campaigns to be lifted to allow European political parties to finance referendum campaigns that are related to the implementation of the TEU or the TFEU;
33. Insists that different categories of membership for parties, foundations and research partnerships with foundations be recognised, that the affiliation of members from member states of the Council of Europe and other European countries be allowed, that a category of research partners be created for foundations, and that European political parties and foundations be authorised to legally collect membership fees on the basis of a general contribution order applicable equally to all their members;
34. Underlines the need for a definition of members in order to have legal certainty on the different types of membership, the members' relationship with the European political party they adhere to and the requirements they have to meet;
35. Proposes that the scope of the prohibition on cross-party membership be extended to the members of national and regional parliaments and assemblies;
36. Supports the creation of further categories of revenue in order to cover all sources of income of political parties and political foundations, rather than just contributions and donations, such as creating a new category of 'other own resources' which includes contributions from joint activities, sales of publications, participation fees for conferences or workshops or other activities directly linked to political action;
37. Advocates the lowering of the required own resources rate for political parties to 5 % instead of 10 % to align it with the rate applicable to foundations;
38. Advocates the extension of the carry-over period for foundations to the entire following year (N+1), aligning it with the period applicable to parties;
39. Asks for the obligation for European political parties and foundations to submit their annual financial statements on the basis of the International Financial Reporting Standards, in addition to the Generally Accepted Accounting Principles, to be abolished;
40. Recalls the role of further instances of financial control within their respective mandates, namely the European Court of Auditors, the European Anti-Fraud Office and the European Public Prosecutor's Office; notes, in the context of audit and control, the importance of submitting the expenditure of European political parties not only to an internal audit system and the judgement of their members, but also to an external auditor, public authorities and public scrutiny;
41. Proposes that the expenditure of European political parties and foundations be subject to a self-control mechanism, accompanied by an internal audit system, and subject to oversight by an external auditor and the European Court of Auditors and to public oversight;

42. Recommends using a harmonised timeframe for reporting and the controls carried out by European political parties, the Authority and Parliament respectively, in order to avoid having to recalculate the final amounts of funding, while taking into account the deadlines imposed by the relevant rules;
43. Advocates an increase in the transparency of the financing of European political parties and foundations by creating an obligation for Parliament to publish the annual financial statements it receives in a user-friendly manner; underlines that the information covering the registration and financial situation of European political parties and foundations should, to the greatest extent possible, be made publicly available and be complete and up-to-date;
44. Is of the opinion that the information published by Parliament and the Authority should be presented in open and machine-readable formats in a user-friendly manner;
45. Is of the opinion that strengthened scrutiny by the Authority of reported aggregate donations totalling more than EUR 3 000 would make substantial/significant external influences on European political parties more transparent; believes that the Authority should focus such scrutiny on cases where it observes significant and sudden increases in the aggregate number of small donations;
46. Is, moreover, of the opinion that in order to strengthen the transparency of funding, donations by the same donor to a European political party, its national member parties and their regional substructures should be subject to publication by the Authority; is furthermore of the opinion that suitable instruments must be in place by the financial year 2027 at the latest to ensure that donations are not made to legally independent entities which are part of the same European political party in order to circumvent transparency rules, which together would exceed the transparency limits;
47. Advocates ensuring that, by the calendar year 2027, any donation made by a donor to a European political party is equal under tax law to donations made to national political parties in the donor's respective country of residence;
48. Supports the idea of increasing the importance of the own resources of European political parties when calculating the amount financed by the Union;
49. Believes, for the sake of legal certainty and clarity, that all provisions applicable to European political parties and foundations, including those that are currently part of the Financial Regulation, should be brought together in a single Union legal act, namely Regulation (EU, Euratom) No 1141/2014;
50. Is of the opinion that the rules on eligibility of expenditure are too narrow and that European political parties and foundations should be allowed to finance any activity that is not only organised as an internal event but is also open to the general public and which contributes to increasing EU political awareness and giving expression to the will of Union citizens;
51. Proposes that a genuine EU legal status and an EU legal personality for European political parties and foundations be established by setting minimum conditions for the structure and functioning of European political parties and foundations, while at the same time rendering them more independent from national law;

52. Stresses, in particular, the need to include measures to ensure that European political parties are not classified as foreign legal entities under national law in the Member States;
53. Insists that European political parties and their members must have a democratic structure and respect the values on which the Union is founded and must observe democratic procedures and transparency when selecting their party leaders and candidates for elections and also hold a democratic vote for the adoption of their internal rules and political programme;
54. Urges the Commission to review the Regulation with a view to updating the rules on registration, financing, political and electoral campaigning and membership in order to make European political parties the mouthpiece for citizens in EU politics and policymaking and to bring EU citizens closer to EU decision-making;
55. Calls in particular for the review of the Regulation to ease registration conditions under Article 3 thereof and open membership to all EU citizens in order to provide for a more inclusive representation of political parties active at the EU level;
56. Is of the opinion that the hybrid status of the Authority should be clarified, and its structure redefined, and that the possibility for an administrative appeal to the Authority's decisions should also be provided, given that under the current Regulation, complainants can only appeal to the Court of Justice of the European Union;
57. Proposes that a clear distinction between deregistration as a last resort measure and financial sanctions be established and that the coherence of the financial sanctions regime be enhanced;
58. Considers that the coherence and legal certainty of certain provisions of the Regulation need to be enhanced, that the reasons for deregistration need to be further developed and clarified, that a common set of rules for the publication, entry into force and effect of deregistration decisions is necessary and that the rules on recovery need to be clarified;
59. Considers it necessary to make the financing rules of European political parties and their foundations compatible with a pan-European constituency campaign at the European elections;
60. Recommends that the Commission strengthen the provisions on data protection by including references to the offences defined in Articles 3 to 6 of Directive 2013/40/EU on attacks against information systems¹; welcomes the fact that the Authority has established a network of national data protection authorities to render the new verification procedure fully operational;
61. Calls on the Commission to take due account of these proposals when drafting and putting forward its proposal for a regulation amending Regulation (EU, Euratom) No 1141/2014;

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¹ OJ L 218, 14.8.2013, p. 8.

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62. Instructs its President to forward this resolution to the Council and the Commission.