



**Response to the Draft Report  
on the application of Regulation (EU, Euratom) No 1141/2014  
on the statute and funding of European political parties  
and European political foundations**

[\[link to document on European Parliament's website\]](#)

## Introduction

On 22 June 2021, the OSCE Office for Democratic Institutions and Human Rights (ODIHR), the Research Centre for the Study of Parties and Democracy (REPRESENT), and European Democracy Consulting [published preliminary comments](#) on the reform of European political parties. [An addendum](#) to these comments was also published by REPRESENT and European Democracy Consulting, in order to address some issues more in depth.

These two reports propose, respectively, 40 and 9 recommendations relating to the structure of the European party system — including the definition and registration of parties, their governance, the respect of EU values, and the interplay between European and national political parties —, their financing — including public and private funding, a level playing field for smaller and newer parties, and administrative simplification — issues of transparency, and oversight and sanctions — including the role of the Authority for European political parties and European political foundations (APPF).

Following the publication of the draft report on the application of Regulation 1141/2014 by MEPs Charles Goerens and Rainer Wieland, European Democracy Consulting is providing a response to the proposals made therein. This document therefore mostly limits itself to addressing the proposals made by the co-rapporteurs. Stakeholders are strongly encouraged to consult the ODIHR report and its addendum, which go far beyond the proposals contained in the draft report on the application of Regulation 1141/2014.

## Proposals for improvements listed in the draft report and comments

*References: PC: Preliminary Comments, Add: Addendum. The number refers to the first relevant paragraph. Links are provided for each reference.*

	Draft report provision	Comments	Ref.
16.	Considers that a clear set of rules and conditions should be established for the joint organisation and co-financing of activities concerning European issues by European political parties and national member parties;	<p>In line with the proposed authorisation for European political parties to finance activities at the national and local levels, European political parties should be free to finance joint activities with their national member parties regardless of whether these activities concern “European issues”.</p> <p>Such activities or events may be required to clearly feature the European political party, including via the display of the European party’s logo alongside that of the national member party.</p>	<a href="#">PC63</a> <a href="#">Add43</a> <a href="#">Add50</a>
17.	Calls for the prohibition on financing referendum campaigns to be lifted, if they are linked to European issues;	In line with the proposed authorisation for European political parties to finance activities at the national and local levels, European political parties should be free to finance referendum campaigns in Member States regardless of whether these campaigns concern “European issues”.	<a href="#">PC63</a>

	Draft report provision	Comments	Ref.
18.	Insists that different categories of party membership be recognised, that the affiliation of members from candidate countries for accession to the Union, from the European Free Trade Association, from EU neighbourhood countries and from former Member States be allowed, and that European political parties and foundations be allowed to legally collect membership fees from them;	<p>In line with the existing prohibition on the foreign funding of political parties, the foreign funding of European political parties by non-EU national political parties and non-EU citizens not permitted to vote in European elections should remain prohibited, regardless of past or future memberships of third countries with the European Union.</p> <p>This does not preclude the presence of non-EU national political parties as "observers" in European political parties, or the membership of non-European citizens who are long-term residents of the European Union.</p> <p>This distinction between EU and non-EU parties mirrors the confines of the European Union as a political entity. The respect of these confines is essential in order to strengthen the EU itself as a political entity.</p>	
19.	Proposes that the scope of the prohibition on cross-party membership be extended to the members of national and regional parliaments and assemblies;	<p>This issue is only relevant should the current registration requirements (based on legislative representation or electoral success) remain in place.</p> <p>Instead, European Democracy Consulting advocates for the replacement of these requirements with a requirement on <i>party membership</i> (reaching a given number of members in a given number of Member States).</p>	<a href="#">PC27</a> <a href="#">PC30</a> <a href="#">PC33</a> <a href="#">Add54</a>
20	Supports the creation of further categories of revenue, in order to cover all sources of income of political parties rather than just contributions and donations;	In addition to increasing the categories of private income, the notions of "donations" and "contributions" should be revised, in order to replace the distinction on the nature of the provider (member v. non-member), with a distinction on the compulsory nature of the act (voluntary v. compulsory).	<a href="#">PC116</a> <a href="#">PC119</a>

	Draft report provision	Comments	Ref.
21.	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;	<p>In order to limit European political parties' financial dependence on public funding, and in line with current practices in Member States, European Democracy Consulting proposes instead to progressively decrease the maximum ratio of public-to-private funding and to increase the overall funding of European political parties.</p> <p>This ratio was set at 75:25 in 2004, 85:15 in Regulation 1141/2014, and 90:10 since 2018. This decrease of the share of own resources has not alleviated European parties' difficulties in raising private funding and only reduced their incentive to reach out to citizens.</p> <p>Increasing this private-to-public funding ratio should go along the proposed authorisation for European political parties to finance activities at the national and local levels to reach out to citizens, as well as the incentive to strengthen European parties' individual membership.</p>	<a href="#">PC96</a> <a href="#">Add68</a>
22	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;	European Democracy Consulting supports this proposal. This reform must be done in conjunction with the creation of a purely European legal status for European political parties not linked to the legal regime of any Member State.	<a href="#">PC137</a> <a href="#">PC138</a>
23	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;	This recommendation remains unclear and could benefit from more details. While increased internal controls can be a positive development, the idea of relying on self-monitoring for partisan entities, such as political parties, is worrisome, even with the promise of supposedly independent internal bodies. A discharge by the European Parliament is not required, but the APPF should be clearly entrusted with the verification of parties' expenditure in line with provisions on reimbursable expenditure. European Democracy Consulting supports expanding the notion of reimbursable expenditure.	<a href="#">PC139</a> <a href="#">PC141</a> <a href="#">PC183</a>

	Draft report provision	Comments	Ref.
24	Is in favour of increasing the transparency of the financing of European political parties and foundations by creating an obligation for the European Parliament to publish the annual financial statements it receives;	<p>In order to make the funding of European political parties free from partisan pressure, appropriations for the funding of European parties should not be included in the budget of the European Parliament, but instead in the budget of the APPF. In turn, the budget of the APPF should not be included in the budget of the European Parliament, but instead have its own independent section in the budget of the European Union, in the same manner as the European Ombudsman and the European Data-protection Supervisor.</p> <p>Consequently financial statements would not be received (and published) by the European Parliament, but by the APPF.</p>	<a href="#">PC94</a>
25	Is of the opinion that the introduction of a general obligation to report publicly on any donation received regardless of its value would make any external influences on European political parties more transparent;	<p>European Democracy Consulting supports the proposal of separately reporting all donations — contrary to the current practice of grouping together “minor donations” — or at least to bring down the current threshold and remove the bracket where the donor’s consent is required for the publicity of the donation.</p> <p>The timeliness of the reporting of donations and contributions is also an important issue and should be made more regularly, such as on a quarterly basis (and immediately above a certain threshold).</p>	<a href="#">PC164</a> <a href="#">PC167</a>
26	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 considered to be a single donation and subject to publication by the European political party;	<p>It seems unclear how this recommendation can be properly implemented, since it would impose a disclosure requirement on national/regional political parties, which the Regulation cannot directly sanction. An indirect sanction, akin to that of Article 18(2a), could be used but that experience is far from promising.</p> <p>Additionally, the added value in terms of transparency seems rather limited, unless private donations to European political parties increase substantially. Since this current number of donations is extremely low, this measure would only bring marginal information. In the present framework, disclosing the value of member parties’ contributions would provide far more transparency.</p> <p>Finally, if donations to European/national/regional parties are considered “as a single donation”, this would imply that the donation threshold would apply to all combined donations from the same donor, which is likely to further limit the possibility to donate to European political parties (since citizens are likely to prioritise national or regional parties over European parties).</p>	<a href="#">PC148</a> <a href="#">PC162</a>

	Draft report provision	Comments	Ref.
27.	Supports the idea of increasing the importance of the own resources of European political parties when calculating the amount financed by the Union;	This recommendation seems contradictory with that of paragraph 21, which proposes to decrease the importance of own resources (private funding) when calculating the amount of public funding provided by the Union. However, European Democracy Consulting supports increasing the importance of European parties' private funding and, therefore, increasing the private-to-public funding ratio.	<a href="#">PC96</a> <a href="#">Add68</a>
28	Proposes that the distribution of Union funds be based on the number of votes received by the European political parties in the last European elections, while ensuring that any significant reduction in the allocations to which a European political party is entitled in the run-up to the 2024 elections resulting from the introduction of such a system are fully taken into account and addressed;	<p>With regard to funding rewarding electoral performance, European Democracy Consulting supports the proposal to base the calculation of this subsidy on the votes received by a European political parties instead of on its MEPs. However, the multiplicity of voting systems for EP elections across the Union must be properly taken into account.</p> <p>European Democracy Consulting also supports the creation of two additional streams of public funding, respectively rewarding European parties' individual membership and their raising of private donations.</p>	<a href="#">PC82</a> <a href="#">PC98</a> <a href="#">PC100</a> <a href="#">PC102</a> <a href="#">Add63</a> <a href="#">Add72</a> <a href="#">Add79</a>
29	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;	European Democracy Consulting support the consolidation of all requirements on European political parties in one single Regulation. However, in order to make the funding of European political parties free from partisan pressure and simplify the existing legal framework, appropriations for the funding of European parties should no longer be included in the budget of the European Parliament.	<a href="#">PC94</a>
30	Is of the opinion that the rules on eligibility of expenditure are too narrow and that European political parties should be allowed to finance any activity which contributes to increasing European political awareness and giving expression to the will of Union citizens;	<p>The notion of "reimbursable expenditure" should be broadened and clarified in order to provide European political parties with increased legal certainty about the reimbursable nature of the expenditure that they undertake.</p> <p>For instance, the enumeration provided in Article 17(5) could be changed from a positive list to a negative list, meaning an enumeration of expenses that are not reimbursable, with the understanding that any other expenses should be reimbursable.</p>	<a href="#">PC139</a>

	Draft report provision	Comments	Ref.
31.	Proposes that a genuine European legal status and a European 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;	European Democracy Consulting supports the creation of a purely European legal status for European political parties not linked to the legal regime of any Member State.	<a href="#">PC138</a>
32.	Insists that the national member parties of European political parties must have a democratic structure and respect the fundamental values of the Union;	<p>European Democracy Consulting proposes to include provisions aimed at ensuring the internal democracy of European political parties. These provisions should include the democracy election of party leaders and Spitzenkandidaten (if applicable), as well as the adoption of a party's statute and political programme by a democratic vote.</p> <p>Since a European party facing this requirement may choose to willingly limit its own individual membership, it may be useful to extend the voting pool to individual members of a European party's national members parties from EU Member States.</p>	<a href="#">PC43</a> <a href="#">Add7</a> <a href="#">Add10</a>
33.	Is of the opinion that the hybrid status of the Authority should be clarified;	This proposal is not clear enough. European Democracy Consulting proposes to streamline the situation of the APPF by extracting its funding, alongside that of European political parties, from the budget of the European Parliament and place it instead under its own section in the budget of the European Union. European Democracy Consulting has also made a wide range of other proposals of improve the work of the APPF.	<a href="#">PC94</a> <a href="#">PC141</a> <a href="#">PC145</a> <a href="#">PC147</a> <a href="#">PC155</a> <a href="#">PC176</a> <a href="#">PC179</a> <a href="#">PC182</a> <a href="#">PC184</a> <a href="#">Add25</a>

	Draft report provision	Comments	Ref.
34	Proposes that a clear distinction between de-registration as a last resort measure and financial sanctions be established and that the coherence of the financial sanctions regime be enhanced;	<p>The criteria for de-registration should be clarified and more narrowly formulated, describing specific cases in which de-registration is allowed, and more precisely defining terminology including the values listed in Article 2 TEU, that may otherwise lead to overly broad restrictions. At the same time, grounds for de-registration may be revised to address a “clear and imminent risk” of a breach of democracy and fundamental rights, and not merely the breach itself. A decision on de-registration should only be made by a judicial authority.</p> <p>Gradual and proportional sanctions, including financial sanctions and temporary suspensions, could be imposed by the APPF on a European political party or on one or more of its member parties before (or instead of) resorting to de-registration, depending on the nature and gravity of the breach. These sanctions should be subject to judicial review in a timely manner.</p> <p>Furthermore, the APPF may be empowered to verify all registration requirements, including compliance with Article 3(1)(c), by parties applying for registration. The result of this verification should be taken into account in its decision concerning the registration of the applicant.</p>	<a href="#">PC51</a> <a href="#">PC56</a>
35.	Considers that the coherence and legal certainty of certain provisions of Regulation (EU, Euratom) No 1141/2014 need to be enhanced, that the reasons for de-registration need to be consolidated, that a common set of rules for the publication, entry into force and effect of de-registration decisions is necessary and that the rules on recovery need to be clarified;	The recommendation would benefit from more clarity with regard to the provisions that are considered lacking coherence and legal certainty, as well as to the reasons why coherence and legal certainty are considered lacking. These precisions would certainly prove useful for the work of the European Commission.	