Statute and funding of European political parties and European political foundations: membership, co-financing

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OPINION No 5/2017 concerning the proposal for a regulation of the European Parliament and of the Council amending Regulation (EU, Euratom) No 1141/2014 of the European Parliament and the Council of 22 October 2014 on the statute and funding of European political parties and European political foundations.

The Court of Auditors welcomes the provisions that have the potential to improve the sound financial management, accountability, transparency of the funds allocated to European political parties (EUPPs) and European political foundations (EUPFs).

In its Opinion No 1/2013, the Court of Auditors raised concerns regarding gaps in the legal framework regulating donations, loans, contributions and sanctions and also highlighted the need for stronger accountability. Most of the issues raised were addressed by Regulation (EU, Euratom) No 1141/2014.

However, **several points that remain relevant have not been taken into consideration**. For example, the proposal amending Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council:

- does not follow our recommendation to specifically regulate donations from natural or legal persons who provide goods and services for EU institutions or for other public authorities involved in the management of EU funds;
- does not include any rules on donations to entities related directly or indirectly to EUPPs or EUPFs;
- does not include rules concerning loans, their terms and conditions;
- does not follow the recommendation to remove the maximum ceiling of 10 % of the annual budget of the EUPP or EUPF applicable to fines in case of quantifiable infringements.

The Court of Auditors made the following specific remarks:

Co-financing: the Commission proposes to reduce the co-financing threshold to 10 % for EUPPs and 5 % for EUPFs. The Court agrees with the Commission's proposal to mitigate the risk of using questionable practices generated by the difficulties in meeting the co-financing threshold. However, in order to further discourage such practices the **rules on donations and loans should be strengthened**.

Recovery of unduly paid amounts and enforcing compliance with registration criteria: the proposal clarifies that the authorising officer of the European Parliament can recover amounts unduly paid also from individuals having committed illegal activities detrimental to the financial interests of the EU. While agreeing with the Commission's proposal, the Court of Auditors reiterates its recommendation to **remove the maximum ceiling for fines**.

Clarifying the link between the national and European parties: the Court welcomes the Commission's intention to improve the transparency of the link between European political parties and national parties, but deems it will prove **difficult in practice to monitor this requirement**, and obtain relevant supporting evidence in order to prove the 'continuous publication'.

Timing of the proposal: the current rules have started to be applicable from 1 January 2017. According to the Commission, the proposal intends to address loopholes identified under the previous rules, which have not been considered when preparing Regulation (EU, Euratom) No 1141/2014. However, a more detailed revision will still be required as the issues addressed are not the only ones raised by the various stakeholders.

The Court suggests that the **practice of revising legislation early after entering into force and only to address a limited number of issues should, in general, be avoided**.

Single rule book: in order to avoid overlaps and simplify the legislative framework we consider that all provisions concerning European political parties and European political foundations could be grouped under a single rule book.