Statute and funding of European political parties and European political foundations

2021/0375(COD) - 25/11/2021 - Legislative proposal

PURPOSE : to recast the regulation laying down the conditions governing the statute and funding of political parties at European level and political foundations at European level (recast).

PROPOSED ACT: Regulation of the European Parliament and of the Council.

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: Regulation No 1141/2014 of the European Parliament and of the Council governs the statute and funding of European political parties and European political foundations. Clearer rules are needed on the financing of European political parties and for greater transparency in sponsored political content (‘political advertising’). The current legal framework does not address sufficiently the need for transparency of political advertising, which is essential for a fair democratic debate and free and fair elections.

Regulation (EU, Euratom) No 1141/2014 of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations has been substantially amended several times. Since further amendments are to be made, that Regulation should be recast in the interests of clarity.

CONTENT: the recast proposal aims to **amend the rules on the conditions governing the statute and funding of both political parties and political foundations at European level**.

This recast proposal intends to:

- amend the definition of ‘European political foundation’ to allow for the organisation of capacity building activities that could help form future political leadership in Europe;

- introduce a definition of **political advertising** and of **paid political advertisement** with a view to increasing its transparency;

- introduce an **addition category of revenue sources**, which is currently limited to contributions or donations, which is linked to **financial income created by the party or foundation activity**. This revenue should be capped so that that it does not become over-dimensioned in relation to this entity’s overall budget;

- introduce a new Article to clarify the **notion of indirect funding** and the fact that its prohibition should not prevent European political parties and foundations from engaging with their member parties and organisations;

- clarify that the obligation to **respect the values on which the Union is founded**, as set out in Article 2 of the Treaty on European Union, applies not only to European political parties and foundations, but that these values must also be observed by their member parties and member organisations;

- include in the statute of political parties their internal rules on **gender equality**;

- provide for a **repository for the disclosures** to be made by the European political parties to the Authority;

- introduce a co-financing rate for European political parties of **5%** (as opposed to 10%) to address the difficulties that smaller European political parties face in achieving the 10% co-financing rate required by Regulation (EU, Euratom) No 1141/2014;

- reduce the co-financing rate to **0%** in the year of the elections to the European Parliament to help European political parties increase the number and intensity of their campaign activities and increase their visibility at national level;

- clarify the requirements for **displaying the logo** of the European political party that a member party is affiliated to in order to increase the visibility of European political parties at national level. Sanctions should apply where a European political party fails to provide evidence in its application for EU funding that its logo is displayed by its member parties;

- provide stronger protection of the Union's financial interests by **eliminating the 3-month period between a de-registration decision** by the Authority and the decision's entry into force;

- introduce a due diligence mechanism for **donations** above EUR 3 000;

- introduce a **cap on contributions from members outside the EU** at 10% of total contributions (which, in turn, are capped to 40% of the annual budget of the party or foundation) in order to mitigate the risk of foreign interference and to ensure proportionality.

Budgetary implications

The lowering of the co-financing rate for European political parties from the current 10% to 5% and the new 0% co-financing rate for the year of the elections to the European Parliament, may require the provision of additional financial resources for European political parties and foundations. However, this will be for the budgetary authority to decide on annual basis.