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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**Evaluation report pursuant to Article 38 of Regulation 1141/2014 on the statute and
funding of European political parties and European political foundations**

LIST OF ACRONYMS USED

AFCO	European Parliament Committee on Constitutional Affairs
APPF	Authority for European political parties and foundations
EPRS	European Parliament Research Service
EU	European Union
EUPFs	European political foundations
EUPPs	European political parties
EUPP/Fs	European political parties and foundations
IAS	International Accounting Standards
NGO	Non-governmental organisation
ODIHR	Office for Democratic Institutions and Human Rights
OSCE	Organisation for Security and Cooperation in Europe
TEU	Treaty on the European Union
TFEU	Treaty on the Functioning of the European Union

I. INTRODUCTION

Regulation 1141/2014¹ (the ‘Regulation’) governs the statute and funding of European political parties (EUPPs) and European political foundations (EUPFs). It established a European legal personality for both European political parties and foundations (EUPP/Fs), defined the criteria for their registration and set out rules for their governance. The Regulation also created an independent oversight body, the Authority for European political parties and foundations (APPFs), and strengthened the control mechanisms over EUPP/Fs.

The Regulation was adopted under the ordinary legislative procedure, in accordance with Article 224 of the Treaty on the Functioning of the European Union (TFEU). It entered into force on 24 November 2014 and became applicable on 1 January 2017. The provisions on the funding of EUPP/Fs entered into effect as of financial year 2018. Simultaneously, the Financial Regulation² was amended to introduce specific provisions on contributions from the EU budget to EUPPs. These provisions are now found in Articles 221 to 232 of the Financial Regulation.

In the run-up to the 2019 elections to the European Parliament, the Regulation was amended twice with a limited number of targeted amendments to address its most critical loopholes:

- The first of these amendments³, requested by the European Parliament, was to make the links between European and national political parties more transparent by making access to funding from the EU’s budget conditional on the EU member parties’ publishing, in a clearly visible and user-friendly manner, the political programme and logo of the European political party concerned. In addition, the amending Regulation tightened the conditions for registration as an EUPP, rendering it contingent upon the applicant being supported by seven national political parties from seven different Member States. Therefore, unlike in the past, individual parliamentarians could no longer support an application for registration. As a result, in 2018 the APPF deregistered two EUPPs^{4,5} and one affiliated EUPF⁶ for failing to provide proof that they satisfied the tightened minimum representation requirements. The verification mechanism for compliance with

¹ 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 foundations, OJ L 317, 4.11.2014, p. 1–27. Available at:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=CELEX%3A32014R1141>

² <https://op.europa.eu/en/publication-detail/-/publication/e9488da5-d66f-11e8-9424-01aa75ed71a1/language-en/format-PDF/source-86606884>

³ Regulation (EU, Euratom) 2018/673 of the European Parliament and of the Council of 3 May 2018 amending Regulation (EU, Euratom) No 1141/2014 on the statute and funding of European political parties and European political foundations, OJ L 114I, 4.5.2018. Available at:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex:32018R0673>

⁴ Decision of the Authority for European Political Parties and European Political Foundations of 13 September 2018 to remove Alliance for Peace and Freedom from the Register, OJ C 417, 16.11.2018. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2018.417.01.0011.01.ENG&toc=OJ:C:2018:417:TOC

⁵ Decision of the Authority for European Political Parties and European Political Foundations of 29 August 2018 to remove Alliance of European National Movements from the Register, OJ C 417, 16.11.2018. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2018.417.01.0009.01.ENG&toc=OJ:C:2018:417:TOC

⁶ Decision of the Authority for European Political Parties and European Political Foundations of 13 September 2018 to remove Europa Terra Nostra from the Register, OJ C 418, 19.11.2018. Available at: https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=uriserv:OJ.C_.2018.418.01.0004.01.ENG&toc=OJ:C:2018:418:TOC

EU values was also amended so the European Parliament may request the Authority to launch the mechanism not only acting on its own initiative, but also following a reasoned request from a group of citizens. Finally, Article 27 on sanctions was amended to ensure that, if an EUPP/F no longer fulfils one or more of the conditions for registration, it is removed from the Register.

- The second amendment⁷ was adopted as part of the Commission's 2018 European elections package⁸, comprising of a set of provisions which aimed at securing free and fair elections and was triggered by the 'Facebook/Cambridge Analytica' scandal⁹. The amendment introduced a verification procedure, imposing sanctions on EUPP/Fs that deliberately influence, or attempt to influence, the outcome of elections to the European Parliament by taking advantage of breaches in data protection. This amendment also granted the APPF additional resources and gave it more independence.

According to the Regulation's evaluation clause in Article 38¹⁰, the European Parliament has to publish a report on the Regulation's application by the end of 2021. The Commission has to present its own follow-up report within 6 months of the adoption of the European Parliament's report, accompanied, if relevant, by a legislative proposal to amend the Regulation. The European Parliament adopted its report on 11 November 2021¹¹. The present report fulfils the Commission's legal obligation pursuant to Article 38 of the Regulation.

The present evaluation report covers the period between the Regulation's entry into application on 1 January 2017 and the publication of this report.

The overall assessment of the Regulation's practical application is positive, especially regarding its relevance and EU added value, and there are no calls for a major overhaul of the current system. However, the Commission has identified a number of shortcomings in the system that undermine the Regulation's effectiveness, efficiency and coherence with other EU policies. These shortcomings have to do with: (i) the funding of EUPP/Fs, (ii) democratic

⁷ Amending Regulation (EU, Euratom) 2019/493 of the European Parliament and of the Council of 25 March 2019 amending Regulation (EU, Euratom) No 1141/2014 as regards a verification procedure related to infringements of rules on the protection of personal data in the context of elections to the European Parliament, OJ L 85I, 27.3.2019. Available at:

<https://eur-lex.europa.eu/legal-content/EN/TXT/?uri=celex%3A32019R0493>

Content of the 2018 electoral package available at:

https://ec.europa.eu/commission/presscorner/detail/en/IP_18_5681

⁹ The scandal broke in 2018 following reports from former employees of the consultancy company Cambridge Analytica that the company had commissioned an app made available to Facebook users to harvest data from them and their circle of contacts and that this data was used subsequently to target political messaging in the context of a number of elections in subsequent years. Data was taken from US citizens and from citizens of a number of EU countries. Regulators took follow-up actions.

¹⁰ Article 38: Evaluation

'The European Parliament shall, after consulting the Authority, publish by 31 December 2021 and every five years thereafter a report on the application of this Regulation and on the activities funded. The report shall indicate, where appropriate, possible amendments to be made to the statute and funding systems.

No more than six months after the publication of the report by the European Parliament, the Commission shall present a report on the application of this Regulation in which particular attention will be paid to its implications for the position of small European political parties and European political foundations. The report shall, if appropriate, be accompanied by a legislative proposal to amend this Regulation.'

¹¹ 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), available at: https://www.europarl.europa.eu/doceo/document/TA-9-2021-0454_EN.html

values , visibility and gender balance (iii) the enforcement and sanctioning mechanisms and (iv) administrative burden.

II. METHODOLOGY

The evidence supporting this evaluation was collected through the informal consultation of main stakeholders who were interviewed and were asked open questions. These included EUPP/Fs, the APPF, the services of the European Parliament's Authorising Officer, Member States, Members of the European Parliament and non-governmental organisations (NGOs). The evaluation report also takes into account the European Parliament's report on the application of the EUPP/F Regulation adopted on 11 November 2021 pursuant to Article 38 of the Regulation.

The Commission conducted a 12-week long open public consultation between 30 March and 22 June 2021¹².

This evidence was complemented by desk-based research by Commission staff, two external expert studies and the existing academic research on the subject in the areas of law and political sciences¹³.

The financial data used was publicly available on the European Parliament website and the APPF website but also came from the European Parliament's *ex post* evaluation study on the Regulation's application¹⁴.

III. RELEVANCE

The objective of the Regulation is to establish a regulatory framework enabling EUPP/Fs to fulfil their mission under Article 10(4) TEU, namely to 'contribute to forming European political awareness and to expressing the will of citizens of the Union'¹⁵ while ensuring their sound financial management and safeguarding against foreign interference.

From all the consultations conducted by the Commission, a wide consensus emerged on the Regulation's relevance, confirming that its objective remained valid, that it established the appropriate regulatory framework for the operation of EUPP/Fs and that it needed limited targeted improvements.

The report by the European Parliament Committee on Constitutional Affairs (AFCO) on the application of the Regulation also confirmed these findings, acknowledging the improvements the Regulation has brought about and proposing targeted amendments for addressing existing loopholes.

IV. EFFECTIVENESS

The mission of EUPP/Fs is to help shape a truly European political space and promote democratic values within and beyond the EU's borders. Some provisions in the current

¹² The full analysis of the open public consultation can be found in Annex II of SWD(2021) 359.

¹³ The full bibliography of the consulted literature can be found in Annex V of SWD(2021) 359.

¹⁴ Anglmayer I. (2021), Statute and funding of European political parties under Regulation 1141/2014 -ex post evaluation. Available at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662646/EPRS_STU\(2021\)662646_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662646/EPRS_STU(2021)662646_EN.pdf)

¹⁵ Article 10(4) TEU.

Regulation, however, do not allow EUPP/Fs to completely fulfil this mission, thus diminishing the Regulation's effectiveness.

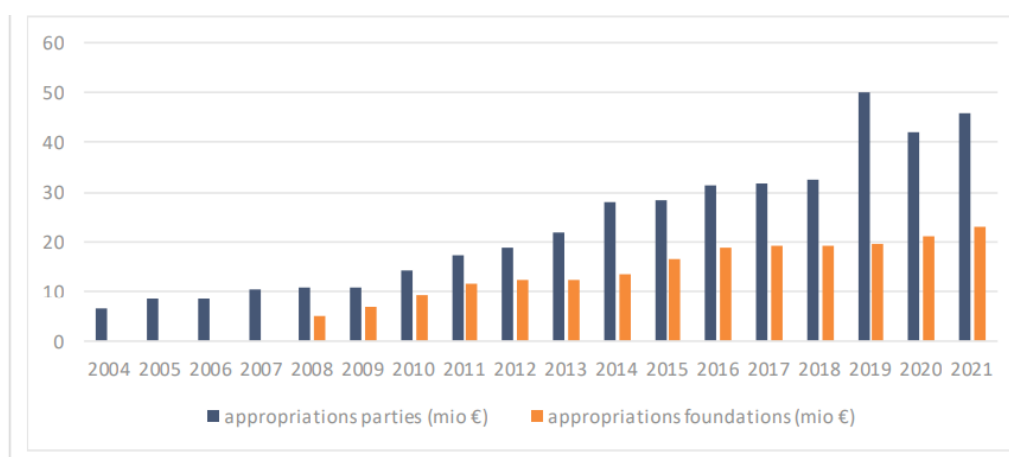
1. Funding provisions

a) Income structure

The total amount of EU funding for EUPP/Fs has significantly increased over time, with EUR 46 million being earmarked for EUPPs and EUR 23 million for EUPFs in 2021.

Figure 1 – Level of EU funding for European political parties and foundations

Source: European Parliament Research Service



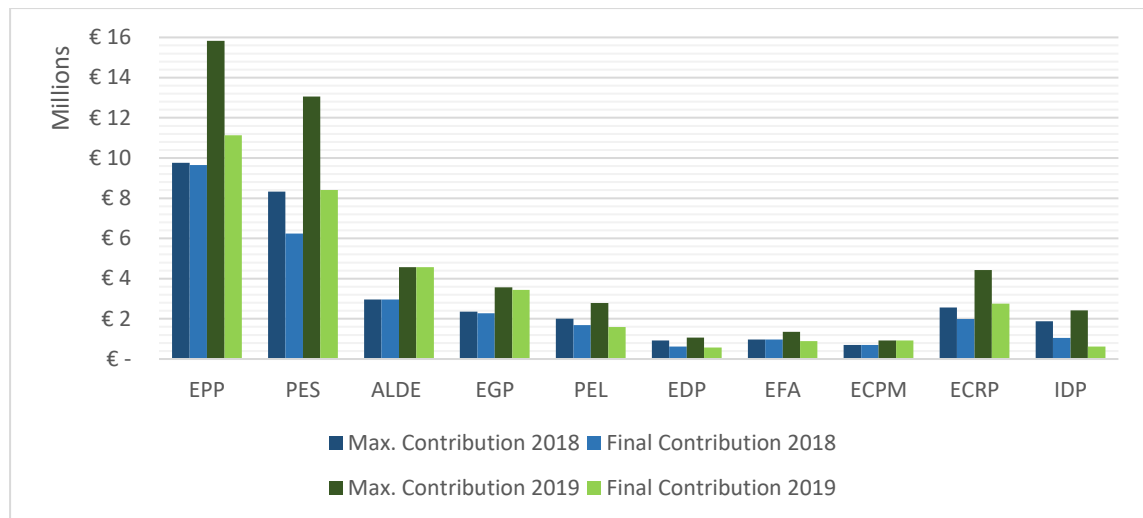
Due to the co-financing obligation introduced in Article 17(4) of the Regulation, if EUPP/Fs fail to collect the matching own resources, their EU funding is lowered until it corresponds to 90% and 95% of the total expenditure, respectively.

This means that if EUPP/Fs want to benefit from the increased budgetary resources, they have to secure more own resources over the years, in absolute terms. This, however, has proven problematic not only for smaller EUPP/Fs but for the larger ones as well (see Figure 2 below)¹⁶.

¹⁶ I. Anglmayer (2021), Statute and funding of European political parties under Regulation 1141/2014 -ex post evaluation, p.10. Available at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662646/EPRS_STU\(2021\)662646_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662646/EPRS_STU(2021)662646_EN.pdf)

Figure 2 – Maximum eligible contribution and final contribution to EUPPs from the EU budget per year

Source: W. Wolfs, based on the reports of the Secretary-General of the European Parliament and Financial Overviews of the European Parliament's DG FINS¹⁷



There are two reasons why EUPP/Fs find it difficult to raise own resources. On the one hand, the Regulation currently provides for only two categories of resources: contributions and donations. Stakeholders argue that this categorisation is too simplistic and rules out the possibility of raising own resources from other sources such as sponsorship, publication fees, participation fees, sales, etc. On the other hand, the Regulation can currently be interpreted to mean that it does not allow for contributions from member parties located outside the EU. This interpretation was confirmed by ruling T-107/19 of the General Court (EUCJ) of 25 November 2020¹⁸ that found that a party outside the EU did not fall under the definition of a ‘political party’ under Regulation 2004/2003, as it was not ‘recognised by, or established in accordance with, the legal order of at least one Member State’. Consequently, the EUCJ ruled that payments from member parties located outside the EU could not be considered contributions, only donations. This is particularly relevant following the UK’s withdrawal from the EU¹⁹. In addition to this affecting their own resources, EUPP/Fs argue that the prohibition hampers their meaningful relations with longstanding partners and previous members and, consequently, they feel limited in fulfilling their mission to promote democratic values beyond the EU’s borders. The European Parliament also identified the restrictive interpretation of the EUPP/F Regulation regarding contributions from members outside the EU as being problematic²⁰.

These difficulties lead to less income for EUPP/Fs which, as a consequence, means they can organise fewer activities to raise awareness on the European political debate. Therefore, the

¹⁷ Wolfs W. (2021), Impact assessment study – Revision of Regulation 1141/2014, unpublished.

¹⁸ Judgment of the General Court of 25.11.2020, Alliance of Conservatives and Reformists in Europe/European Parliament, T-107/19, EU:T:2020:560. Available at: <https://curia.europa.eu/juris/document/document.jsf?jsessionid=D94B8C2205E30C3FDCC31F18436119E5?text=&docid=234334&pageIndex=0&doclang=en&mode=lst&dir=&occ=first&part=1&cid=1694530>

¹⁹ Based on the Commission’s informal consultations with EUPP/F.

²⁰ 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), available at: https://www.europarl.europa.eu/doceo/document/TA-9-2021-0454_EN.html.

current structure of own resources, coupled with the co-financing obligation, diminishes the Regulation's effectiveness.

b) Transparency of donations

Article 20 of the Regulation prohibits certain types of donations; namely, donations from non-EU countries, anonymous donations and donations exceeding EUR 18 000.

However, due to loopholes in the Regulation, foreign actors may be able to circumvent the current provisions through intermediaries based in EU Member States, using funds originating from non-EU Member States. Furthermore, these prohibitions are not accompanied by corresponding enforcement powers for the APPF, which currently cannot request additional information from donors²¹.

In addition, some NGOs²² and the OSCE/ODIHR voiced their concern over the delays in publishing information related to donations²³. They are calling for real-time publication of such information, especially during electoral periods, in order to avoid foreign interference in elections so that voters can cast their ballot in an informed manner. The European Parliament, in its report pursuant to Article 38 of the EUPP/F Regulation, also identified room to improve the transparency of funding and donations, in particular in the Regulation²⁴.

The current system of transparency is therefore deemed not sufficiently effective in preventing, detecting and/or fighting foreign interference.

2. Democratic values, visibility and gender balance

a) Obstacles for European political parties and foundations to fulfil their mission under Article 10(4) TEU

Throughout the consultation process, EUPP/Fs highlighted the obstacles they face to increase their visibility at national level. Those obstacles prevent them from fulfilling their mission to 'contribute to forming European political awareness and express the will of citizens in the Union'²⁵ and therefore diminish the Regulation's effectiveness. The European Parliament also identified these obstacles in its report pursuant to Article 38 of the EUPP/F Regulation²⁶.

One of these obstacles could be associated with the current prohibition to fund, directly or indirectly, elections, political parties, candidates or foundations at national level²⁷. To address the ambiguity of what is meant by 'indirect funding', in the run-up to the 2019 elections to the European Parliament, the APPF and the European Parliament's Authorising Officer devised five principles applicable to European Parliament election campaigns that, if adhered

²¹ See, for instance, the intervention of M. Adam, Director of the APPF, in the European Parliament Committee on Constitutional Affairs on 15 June 2021.

²² See, for instance, Kergueno, R. (2017), Fraud and boats: funding European political parties. Available at: <https://transparency.eu/boatfraud/>

²³ Kergueno, R. (2017), Fraud and boats: funding European political parties. Available at: <https://transparency.eu/boatfraud/>

²⁴ See points 45 and 46 of the EP resolution.

²⁵ Article 10(4) TEU.

²⁶ See points 17, 27, 29 and 32 of the EP resolution.

²⁷ Article 22(2) of the Regulation.

to, would mean eligibility for EU funding²⁸. While this has improved legal certainty to a certain extent, it has not allowed for the increased direct involvement of EUPP/Fs in campaigns in Member States. In addition, the EUPP/F Regulation currently prohibits the use of EU funds in national referendum campaigns, even on issues related to the European Union; this prevents EUPP/Fs from fostering the European dimension of such debates. The European Court of Justice also refers to this prohibition in its ruling T-107/19 of the General Court (EUCJ) of 25 November 2020²⁹.

Another obstacle to the visibility of EUPPs at national level is the lack of clarity and insufficient related sanctions regarding the obligation for national affiliate parties to display the logo of the EUPP of which they are a member. Despite the obligation set out in Article 18(2a) of the Regulation, European Democracy Consulting³⁰ found that all EUPPs, with the sole exception of the European Democratic Party, have national member parties who do not display their logo on their webpage. Moreover, 85% of national member parties do not display the logo of the EUPP to which they are affiliated in a ‘clear and user-friendly’ manner, if we define this as the top screen of national parties’ webpages. EUPP logos are overrepresented in the bottom screen, with close to 58% of logos found there. An overwhelming majority of logos are clearly ‘not visible’ (60%, and over 69%, if we include websites not displaying any logo). Focusing only on logos ‘clearly visible’ or ‘moderately visible’, 71% logos fail the test, and up to 78%, if we include websites not displaying any logo.

b) Gender balance

Currently, the Regulation does not contain any transparency obligation on gender parity. When the Regulation was amended in 2019, co-legislators only agreed to mention a voluntary measure in Recital (5).

The World Economic Forum’s Global Gender Gap Report found that the gender gap in political empowerment remains globally the largest of the four gaps³¹ tracked, with only 22% closed to date. While there has been a positive trend towards greater gender balance in the European Parliament over the years³², voluntary measures have proven insufficient to ensure gender parity. As of January 2021, the percentage of female Members of the European Parliament was 38.9% compared to 16.6% in the first directly elected legislature in 1979. This is above the world average for national parliaments and above the European average for national parliaments, which is 30.5%. However, the European Parliament’s Research Service points to large differences between Member States and identifies the low share of women among candidates as an underlying cause in countries with a low proportion of female Members elected to the European Parliament. This, in turn, may be due to internal political

²⁸ Annual Activity Report 2020 of the APPF, p. 15. Available at: http://appf.europa.eu/cmsdata/238104/2020_AnnualActivityReport_AuthorityEUPPsEUPFs.pdf

²⁹ Judgment of the General Court of 25.11.2020, Alliance of Conservatives and Reformists in Europe/European Parliament, T-107/19, EU:T:2020:560. Available at: <https://curia.europa.eu/juris/document/document.jsf?jsessionid=D94B8C2205E30C3FDCC31F18436119E5?text=&docid=234334&pageIndex=0&doclang=en&mode=lst&dir=&occ=first&part=1&cid=1694530>

³⁰ <https://eudemocracy.eu/logos-project>

³¹ The three other tracks being economic participation and opportunity, educational attainment, and health and survival.

³² Commission’s Report on the 2019 elections to the European Parliament, p. 5 Available at: [Microsoft Word - COM 2020_252_F1_COMMUNICATION_FROM_COMMISSION_TO_INST_EN_V10_P1_1079619 \(europa.eu\)](https://ec.europa.eu/communication/2020/252_F1_COMMUNICATION_FROM_COMMISSION_TO_INST_EN_V10_P1_1079619_europa.eu)

party processes. It appears that EUPPs missed an opportunity to encourage their national member parties to promote gender balance on party lists. In addition, gender parity in EUPP/F governing bodies has not been achieved either. The Regulation therefore fails to effectively promote gender balance.

c) Compliance with EU values

Article 3(1) and (2) of the Regulation obliges EUPP/Fs, but not their member parties, to respect the EU's fundamental values as defined in Article 2 TEU. To increase the protection of fundamental values, member parties in the Union should also respect those values and that EUPP/Fs have to ensure that their members outside the Union comply with equivalent values. The European Parliament's evaluation report pursuant to Article 38 of the Regulation recommends amending Article 3 in order to clarify that the respect for EU fundamental values should apply to both the EUPP itself and to its member parties³³.

3. Enforcement

a) Empowerment of the Authority for European political parties and foundations

The Regulation established, for the first time, an independent supervisory body, the APPF, in order to ensure an impartial oversight over the activities of EUPP/Fs³⁴. However, some loopholes in the current provisions restrict the APPF's ability to carry out effective controls.

The Regulation does not provide the APPF with sufficient investigative powers in case of donations. Donors in the European Union (both natural and legal persons), who may act as strawmen to channel funds to EUPP/Fs, currently have no legal obligation to cooperate with the APPF. In addition, the Regulation does not set out minimum documentation standards or internal control mechanisms for accepting donations. So the APPF may easily lack the necessary evidence to effectively verify donations and the means to obtain it.

Secondly, the APPF has warned that its limited resources may undermine its effectiveness in 'extraordinary or non-recurrent work streams such as formal investigations, litigation before the Union courts and, potentially, verification procedures of matters related to European elections or matters affecting the respect for the values on which the Union is founded on the part of European political parties or European political foundations'³⁵.

b) System of sanctions

To date, the sanctions system has never been used.

In the view of some, this could be due to the system's rigidity, in that it does not allow the APPF to either prioritise the breaches of the Regulation that should be pursued as a matter of priority or to modulate the level and nature of sanctions to make it proportionate to the nature of the breach, including in cases of neglect. Moreover, some EUPFs claim that the current

³³ See point 9 of the EP resolution.

³⁴ Current tasks of the APPF include: decision on the registration and deregistration of EUPP/Fs; verification that the conditions for registration are being complied with; establishment and management of a register of EUPP/Fs; control of compliance by EUPP/Fs with specific obligations (in cooperation with the European Parliament and by the competent Member States); imposing financial sanctions; publishing specific information on its website, in line with Article 32 of the Regulation.

³⁵ APPF Draft budgetary plan for 2021, p. 1. Available at:
<http://www.appf.europa.eu/cmsdata/216549/Draft%20budgetary%20plan%202021.pdf>

system of undifferentiated sanctions may negatively affect the smaller among them, because for a relatively small irregularity, the sanction may cause bankruptcy. This, in turn, has a negative impact on political plurality.

c) Unclear rules on eligibility for EU funding in a specific period

During the informal consultations conducted by the Commission, both the APPF and the European Parliament's Authorising Officer indicated that the EU's financial interests were not sufficiently protected in case of the deregistration of an EUPP or EUPF.

The Regulation is currently unclear on the eligibility of their expenditure during the three-month period that the Regulation stipulates it takes for a deregistration decision to enter into force³⁶.

In addition, the Regulation may benefit from further alignment with Article 297 TFEU that stipulates that *'(...) decisions which specify to whom they are addressed, shall be notified to those to whom they are addressed and shall take effect upon such notification'*.

V. EFFICIENCY

The Regulation inflicts substantial levels of administrative burden on EUPP/Fs.

This is linked, on the one hand, to the double accounting requirement (i.e., the obligation to keep accounts according to both the legislation of the Member State where the EUPP/Fs have their seat and the International Accounting Standards (IAS)) and, on the other hand, to the triple verification procedure involving the external auditor, the APPF and the Authorising Officer of the European Parliament.

The obligation for EUPP/Fs to present their accounts following IAS was introduced in the 2018 revision of the Regulation. All stakeholders, including the European Parliament, agree that the administrative costs resulting from this obligation for such small organisations outweigh the benefits. While significant variations exist across EUPP/Fs, they spend around 1,260 h (approximately 0.78 full time equivalent) on an annual basis on administrative tasks, with an additional EUR 20 000 spent on tasks that are outsourced. Of these EUR 20 000, EUPP/Fs spend on average more than EUR 8 000³⁷ to prepare the annual financial statements in accordance with the international accounting standards, which is usually an outsourced task. This puts a particular strain on the functioning of the smaller EUPP/Fs which have more limited resources. At the same time, 8 out of 10 EUPPs are based in Belgium, so the comparability of accounts is largely ensured. In addition, in its 2020 Annual Activity Report, the APPF concluded that the use of templates prepared by the APPF has significantly increased the comparability of the submissions of the different EUPPs and EUPFs and has also helped to harmonise the APPF's checks of the different files³⁸. The use of IAS can therefore be considered an inefficient and unnecessary measure.

³⁶ Pursuant to Article 16(1) and Article 10(5) of the EUPP/F Regulation, a decision to deregister an EU party or foundation enters into force three months after its publication in the Official Journal of the European Union.

³⁷ Wolfs W. (2021), Impact assessment study – Revision of Regulation 1141/2014, p. 5, unpublished.

³⁸ APPF Annual Activity Report 2020. Available at:
http://www.appf.europa.eu/cmsdata/238104/2020_AnnualActivityReport_AuthorityEUPPsEUPFs.pdf

Also, the triple verification process applied to the accounts, which entails examination of the financial reports by both the APPF and the Authorising Officer of the European Parliament and the assessment by the external auditor, results in a double-spending of EU taxpayers' money. In addition to this inefficiency, the APPF and the European Parliament's Authorising Officer have sometimes applied diverging interpretations of the rules, leading to an increased workload and legal uncertainty for the EUPP/Fs³⁹. Throughout the Commission's consultation process, some stakeholders proposed to streamline the division of tasks and responsibilities between the APPF and the European Parliament's Authorising Officer, in order to eliminate overlaps, reduce the regulatory burden on the EUPP/Fs and increase legal certainty for them.

VI. COHERENCE WITH EU POLICIES

1. European Democracy action plan

Currently, the Regulation does not provide for full coherence with the European Democracy action plan⁴⁰, which identified the need to clarify the rules governing the financing of EUPP/Fs and to launch a new initiative to ensure greater transparency in paid political advertising. The Regulation may therefore need to be amended to close current loopholes in the Regulation and determine the obligations of EUPP/Fs when making use of political advertising. A possible amendment in this regard would also meet the request from the European Parliament, which, in its report pursuant to Article 38 of the Regulation, stressed the need to address the risk of foreign interference⁴¹.

2. Gender equality strategy for 2020-2025

By not containing binding provisions to promote gender equality in European politics, the EUPP/F Regulation is not fully consistent with the Commission's gender equality strategy for 2020-2025⁴² that states that 'the Commission will promote the participation of women as voters and candidates in the 2024 European Parliament elections, in collaboration with the European Parliament, national parliaments, Member States and civil society, including through funding and promoting best practices. **European political parties asking for EU funding are encouraged to be transparent about the gender balance of their political party members**'.

VII. EU ADDED VALUE

The TFEU provides for the establishment of the rules governing EUPP at EU level in Article 224, stating that 'the European Parliament and the Council, acting in accordance with the ordinary legislative procedure, shall lay down the regulations governing political parties at European level referred to in Article 10(4) of the Treaty on European Union and in particular the rules regarding their funding'.

³⁹ Based on data received from European political parties and foundations for the external impact assessment study conducted by W. Wolfs, Katholieke Universiteit of Leuven in June 2021.

⁴⁰ COM(2020) 790 final. Available at : https://ec.europa.eu/commission/sites/beta-political/files/political-guidelines-next-commission_en.pdf

⁴¹ Add footnote once report published.

⁴² Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions, A Union of Equality: Gender Equality Strategy 2020-2025, COM(2020) 152 final, p. 14. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:52020DC0152&from=EN>

EU intervention in this field is therefore necessary, as withdrawing the Regulation would create a legal vacuum for EUPP/Fs.

VIII. IMPACT ON SMALL EUROPEAN POLITICAL PARTIES AND FOUNDATIONS

While the Regulation has been found to provide an appropriate regulatory framework for EUPP/Fs, some of its provisions create difficulties for the smaller ones.

The 2018 revision of the Regulation changed the distribution key for benefitting from EU funding, lowering the lump sum of equally distributed funds to 10% from 15% for EUPPs. The European Parliamentary Research Service concluded that this reform hit smaller political parties (and their related foundations) hard, whereas the financial impact on larger political parties was negligible⁴³. As a consequence, small EUPP/Fs would need to raise more own resources to ensure the necessary funding for their activities. During the consultations conducted by the Commission, small EUPP/Fs indicated that the current definition of contributions and donations provided only limited possibilities to do so and, therefore, requested amending the Regulation to cater for additional categories of own resources.

The obligation to present their accounts also in the IAS form puts smaller EUPP/Fs under strain due to its resource-intensive nature (see section on efficiency). Small EUPP/Fs, along with all other stakeholder groups, have therefore called for this obligation to be removed.

Currently, European political parties can apply for funding if they are represented in the European Parliament by at least one Member. This threshold of representation has been seen as too low by the larger parties, with some of them pushing for its increase, in order to prevent a possible misuse of public funding via ‘one-man parties’. Smaller EUPPs are against such change, pointing out that this would be detrimental to the pluralistic nature of European politics. Taking into account that at present even the least represented EUPP eligible for funding (the European Christian Political Movement) has four Members, the practical impact of such potential change would be minimal⁴⁴.

IX. CONCLUSION

The present evaluation was carried out pursuant to Article 38 of the Regulation, the revision clause.

It concludes that the Regulation provided a useful regulatory framework for EUPP/Fs to carry out their mission under Article 10(4) TEU. The objectives of the Regulation remain relevant, but a number of loopholes have been identified affecting the effectiveness, efficiency and coherence of the Regulation.

The Commission will address these loopholes in the legislative proposal to amend the Regulation that accompanies this evaluation report, in accordance with Article 38 of the

⁴³ Anglmayer I. (2021), Statute and funding of European political parties under Regulation 1141/2014 -ex post evaluation. Available at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662646/EPRS_STU\(2021\)662646_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662646/EPRS_STU(2021)662646_EN.pdf)

⁴⁴ Anglmayer I. (2021), Statute and funding of European political parties under Regulation 1141/2014 -ex post evaluation. Available at: [https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662646/EPRS_STU\(2021\)662646_EN.pdf](https://www.europarl.europa.eu/RegData/etudes/STUD/2021/662646/EPRS_STU(2021)662646_EN.pdf)

Regulation, while taking into account the tight situation and increasing pressure on the available appropriations under the Heading 7 European Public Administration⁴⁵.

⁴⁵ Heading 7 European Public Administration for the current multiannual financial framework (MFF 2021-2027) was built on the principles of stable staffing for all institutions over the period, and no more than a 2% increase in non-salary related expenditure. Any additional proposals will have to be accommodated under the margins remaining beneath the ceilings.