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COVER NOTE

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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Subject:	Proposal for a Regulation of the European Parliament and of the Council on the statute and funding of European political parties and European political foundations (recast) – Regulatory Scrutiny Board Opinion

Delegations will find attached document SEC(2021) 577 final.

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EUROPEAN COMMISSION

Brussels, 27.9.2021
SEC(2021) 577 final

REGULATORY SCRUTINY BOARD OPINION

Proposal for a Regulation of the European Parliament and of the
Council on the statute and funding of European political parties and European political
foundations (recast)

{COM(2021) 734}
{SWD(2021) 359 }
{SWD(2021) 360 }



EUROPEAN COMMISSION
Regulatory Scrutiny Board

Brussels,
RSB

Opinion

Title: Impact assessment / Revision of Regulation on statute and funding of European political parties and foundations

Overall opinion: POSITIVE WITH RESERVATIONS

(A) Policy context

There are ten European political parties that are transnational party alliances (umbrella organisations). Their objective is to 'contribute to forming European political awareness and express the will of citizens in the Union' (TEU Art.10(4)). There are also ten political foundations affiliated to these European political parties.

Regulation No 1141/2014 on the statute and funding of European political parties and European political foundations (EUPP/F Regulation) sets out the conditions under which they operate. It provides for an evaluation by December 2021, potentially accompanied by a legislative proposal to amend it.

This impact assessment supports the revision of the EUPP/F Regulation. The revision aims to address current shortcomings as well as to implement the Commission's political priorities announced in the 2020 European Democracy Action Plan.

(B) Summary of findings

The Board acknowledges the particular scope and limited impacts of this initiative. It notes the additional information provided in advance of the meeting and commitments to make changes to the report.

However, the report still contains significant shortcomings. The Board gives a positive opinion with reservations because it expects the DG to rectify the following aspects:

- (1) The report is not sufficiently clear how this initiative links with the one on transparency of political advertising.**
- (2) The report does not sufficiently analyse and substantiate with evidence the key problems it aims to tackle. It does not sufficiently explain the order of magnitude of the problems nor the order of importance – if any – among the objectives.**
- (3) The report does not sufficiently bring out feasible alternative options. It does not establish clearly the links between problem drivers, objectives and options.**

This opinion concerns a draft impact assessment which may differ from the final version.

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- (4) The report does not sufficiently analyse the heightened foreign interference risks of extending membership of European political parties and foundations to all members of the Council of Europe. It does not explore feasible alternative extensions of EUPP/F membership.**

(C) What to improve

(1) The report should better explain the planned interaction with the parallel initiative on transparency of political advertising and how this might affect the scope of the revision. It should consider how to better incorporate this initiative in its baseline and policy options.

(2) The report should make better use of objective evidence to explain the relative importance of the problems and be more specific which of the identified problems are the most pertinent in the Regulation's underperformance. It should consider potential risks for interference or corruption in the current financing system. It should justify why the lack of gender balance is more problematic than other imbalances in political representation. It should be clearer on how the current funding provisions prevent EUPP/Fs from fulfilling their tasks.

(3) The baseline should include the fact that the number of EU citizens served by EUPP/Fs has reduced by over 10% since Brexit. The report should provide a more encompassing set of feasible policy options to achieve the objectives. It should justify the need for an option that does not address all objectives and whether all objectives have the same importance. It should be clear how the policy options each address the objectives and what the link is with the problems identified.

(4) The report should be more systematic in comparing all feasible options according to the Better Regulation criteria of 'effectiveness', 'efficiency' and 'coherence', as well as according to the impacts of these options. The report should explain better why impacts in the area of fundamental rights are defined according to the definition by the Venice Commission of the Council of Europe instead of the definition of the EU Charter of Fundamental Rights.

(5) The report should analyse better how extending the membership of EUPP/Fs to the 47 members of the Council of Europe could create new risks, particularly related to unwanted foreign interference from actors identified in the report. The report should look into alternative definitions of membership to establish meaningful relations with relevant external actors.

(6) The report should analyse more thoroughly the impacts of the different options in terms of costs, administrative burden reduction and simplification potential. The report should be more detailed in explaining the type and magnitude of costs of each of the options and how these costs compare to the options' expected benefits.

(7) The report should make better use of all feedback received from stakeholders and in particular illustrate better how different stakeholder groups view the different policy options and the associated costs and benefits.

The Board notes the estimated costs and benefits of the preferred option in this initiative, as summarised in the attached quantification tables.

Some more technical comments have been sent directly to the author DG.

(D) Conclusion

The DG must revise the report in accordance with the Board's findings before launching the interservice consultation.

If there are any changes in the choice or design of the preferred option in the final version of the report, the DG may need to further adjust the attached quantification tables to reflect this.

Full title	Revision of Regulation (EU, Euratom) No 1141/2014 on the statute and funding of European political parties and European political foundations
Reference number	PLAN/2020/9262
Submitted to RSB on	25 August 2021
Date of RSB meeting	22 September 2021

ANNEX: Quantification tables extracted from the draft impact assessment report

The following tables contain information on the costs and benefits of the initiative on which the Board has given its opinion, as presented above.

If the draft report has been revised in line with the Board's recommendations, the content of these tables may be different from those in the final version of the impact assessment report, as published by the Commission.

Overview of benefits – preferred option		
Description	Amount	Comments
Increased financial viability for EUPP/Fs	n/a	Co-financing obligation would be easier to match for EUPP/Fs
Decreased risk of foreign interference through intermediaries making donations	n/a	The due diligence mechanism would make it easier for the APPF to track donors
Meaningful relations with likeminded affiliates outside the EU	n/a	Promoting democratic values beyond the EU's borders.
Improved visibility of affiliation between EUPPs and national member parties	n/a	Raising awareness of the existence and activities of EUPPs and strengthening the link between the national and European level
Greater opportunities for EUPP/Fs to fulfil their constitutional role and raise European political awareness	n/a	The possibility to participate in campaigns would allow for bringing European political issues in the forefront of European elections and in national referenda on European issues
Promoting gender balance in a more explicit manner	n/a	Increased transparency on gender balance is expected to create peer pressure
Increased respect for EU values	n/a	More operational verification mechanism should increase compliance with EU values
Increased compliance with the Regulation	n/a	The modulated sanctions regime and the strengthened APPF would better address infringements.
Reduced administrative burden	n/a	The proposal addresses inefficiencies.
More legal certainty	n/a	Clearer division of labour between the APPF and the Authorising Officer of the European Parliament.
EU's financial interests better	n/a	

protected and coherence with TFEU guaranteed.							
Overview of costs – Preferred option							
		Citizens		EUPP/Fs		APPF / EP Authorising Officer	
		One off	Recurrent	One off	Recurrent	One off	Recurrent
Funding provisions	Direct costs	n/a	n/a	n/a	More complex financial reporting obligations	n/a	More complex verification process
	Indirect costs	n/a	n/a	n/a	n/a	n/a	n/a
EU values, democracy and transparency	Direct costs	n/a	n/a	n/a	More complex financial reporting obligations	n/a	More complex financial reporting obligations
	Indirect costs	n/a	n/a	n/a	n/a	n/a	n/a
Enforcement and administrative burden	Direct costs	n/a	n/a	n/a	n/a	n/a	n/a
	Indirect costs	n/a	n/a	n/a	n/a	n/a	n/a