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EU Party Funding: a pro-European instrument to support Euroscepticism?

Wouter Wolfs, KU Leuven Public Governance Institute, Leuven, Belgium

wouter.wolfs@kuleuven.be

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1. Introduction

Trust in the European Union (EU) is increasingly under pressure. Historically, European integration has been a driver for growth on the continent, but in recent times public support for the EU is waning. Whereas the first decades of European integration were characterized by a “permissive consensus”, it has been replaced by a “constraining dissensus” (Hooghe and Marks, 2009): the latent public support for the European project has developed into increasing discord among the population since the 1990s. This is the era of the democratic deficit of the European Union. The EU’s democratic deficit consists of several elements (Hix and Hoyland, 2011, pp. 132-137), but the overarching problem is a lack of democratic politics.

One of the measures that was proposed to overcome this problem was a stronger role for European political parties. The first of these so-called “Europarties” emerged already in 1970s, but their impact on the EU’s political system remained limited. They were located in the European Parliament with the political groups and were totally depended on them for staff and resources. However, one of the solutions that was put forward to tackle the EU’s democratic deficit and to restore public confidence, was a stronger involvement of the Europarties. To achieve this, they needed more resources. In 2003, Regulation 2004/2003 was approved, establishing EU funding for European political parties to stimulate their further development.

The rationale and objectives behind the establishment of public subsidies at European level was thus fundamentally different from the drivers of regulatory change at national level. In many member states, the introduction of public funding (and correspondingly increased regulation) for political parties was mainly a measure to counter possible corruption and vote-buying, and to compensate for the parties’ declining own income. The establishment of EU subsidies for Europarties on the other hand was more fundamental: the increased resources were aimed at strengthening these European political parties to improve the legitimacy of the EU’s political system and tackle the democratic deficit (Wolfs and Smulders, forthcoming).

However, in the last year several media reported on how – mostly Eurosceptic – European political parties have (mis)used their EU funding to support their anti-European discourse and campaigns in the different member states. In a number of cases, this use of European subsidies has had a particular impact on a number of plebiscites which have thrown the European Union in an existential crisis, i.e. the referendum in Denmark on the opt-out of EU Justice and Home Affairs in 2015, the Dutch referendum on the EU-Ukraine Association Agreement in 2016 and the referendum in the United Kingdom on British Membership of the European Union in 2016. Taking into account the normative subtext of (public funding for) European political parties – i.e. a measure to counter the EU’s

democratic deficit – it is rather remarkable that the eurosceptic parties joined the EU party system in the first place.

The objective of this paper is twofold:

- (1) How can we explain the involvement of eurosceptic parties in the Europarty system?
- (2) How were these eurosceptic parties able to attract such a high share of EU funding and use it for their own national purpose, sometimes in a way that was not in line with the rules?

The research is based on an analysis of (1) reports and notes from the party monitoring services of the European Parliament; (2) the party accounts and internal party documents, both obtained through transparency and access-to-documents requests to the European Parliament and a collaboration with Transparency International and research journalists from several countries; and (3) semi-structured interviews with officials from the European Parliament and the different Europarties.

2. Eurosceptic parties: from ideological rigidity to strategic pragmatism

2.1. Growing Involvement of Eurosceptic Parties

The attitude of Eurosceptic parties towards transnational party organization is characterized by an evolution from relative aversion towards strategic involvement.¹ In 2004, the first year that EU Party funding was distributed, only two Eurosceptic Europarties received European subsidies. Both parties were linked to a political group in the European Parliament: the Alliance for Europe of the Nations (AEN) was composed of most parties from the Union for Europe of the Nations group (UEN) and the Party of the European Left (PEL) was linked to the European United Left-Nordic Green Left group (GUE/NGL). Nevertheless, not all Members of European Parliament (MEPs) of these two political groups were affiliated to the respective Europarties: 27 of the 30 MEPs from the UEN Group confirmed their affiliation to AEN, in case of the GUE/NGL Group only 22 of the 41 MEPs affiliated themselves to PEL. In addition, none of the MEPs of the Eurosceptic Independence/Democracy group and none of the Eurosceptic Non-Attached Members affiliated themselves to a Europarty, nor did any MEPs from the conservative-eurosceptic faction “European Democrats” within the European People’s Party.

¹ To determine which parties can be considered as Eurosceptic, the Chapel Hill Expert Surveys (chesdata.eu) were used. Those Europarties with a majority of members with a score of less than 4 on the variable “EU_Position” (which means opposed towards European Integration) are considered to be Eurosceptic. Although many differences exist between Eurosceptic parties, within the scope of this paper we focus on the general trend among the Eurosceptic parties.

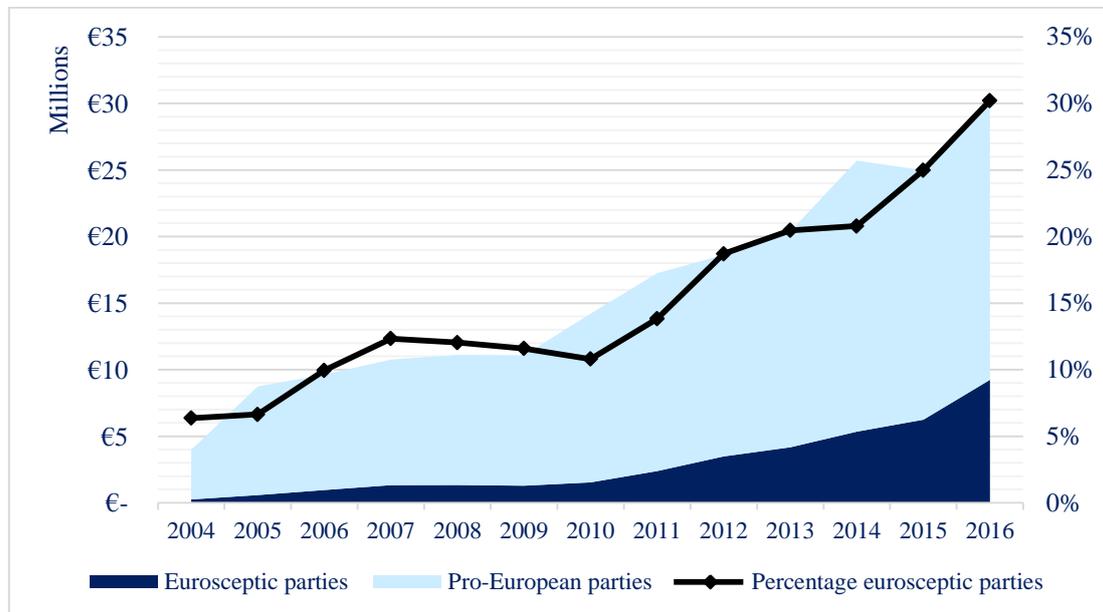
Most Eurosceptic parties were in fact opposed to the principle of funding European political parties. In a minority opinion on Regulation 2003/2004 the Eurosceptic Member Georges Berthu criticized the EU party subsidies because they sought “to ‘construct’ European political parties on a top-down basis” (European Parliament, 2003, p. 27). Other Eurosceptic MEPs challenged the funding of European political parties at the European Court of Justice: the Front National and other Non-Attached Members claimed that the Court should annul the Regulation because it was not in line with French legislation (Case T-17/04). A group called “SOS Democracy” – mainly composed of Eurosceptic MEPs from the Independence/Democracy group – also sought annulment before the Court because, among others, the Regulation did not provide adequate guarantees to prevent that the European funds could be used for activities of national parties (Case T-13/04) (Judge & Earnshaw, 2008, p. 120).

In the following years, the Eurosceptic parties renounced their prudence and principal opposition against EU Party Funding. The number of Eurosceptic Europarties rose from two in 2004 to ten in 2017 (Table 1). Most of these Europarties were established by conservative, radical right and extreme right national member parties. In the same period, the number of Eurosceptic MEPs that were affiliated to a Europarty increased from 49 to 168. Although the European elections in 2009 and 2014 led to an increase in the number of seats for Eurosceptic parties, it still signifies a stronger involvement of Eurosceptic MEPs.

Name of European Political Party	First Year of EU Grant	Last Year of EU Grant
Alliance for Europe of the Nations (AEN)	2004	2009
Party of the European Left (PEL)	2004	
Alliance of Independent Democrats in Europe (AIDE)	2006	2008
Europeans United for Democracy (EUD)	2006	
European Christian Political Movement (ECPM)	2010	
Alliance of Conservatives and Reformists in Europe (ACRE)	2010	
European Alliance for Freedom (EAF)	2011	
European Alliance of National Movements (EANM)	2012	
Movement for a Europe of Liberties and Democracy (MELD)	2012	2015
Movement for a Europe of Nations and Freedom (MENF)	2015	
Alliance for Direct Democracy in Europe (ADDE)	2015	
Alliance for Peace and Freedom (APF)	2016	
Coalition for Life and Family (CLF)	2017	

TABLE 1: EUROSCEPTIC POLITICAL PARTIES RECEIVING EU GRANTS

The growing involvement of the Eurosceptic parties and MEPs HAS led to a larger share of the European subsidies for Eurosceptic Europarties. Graph 1 shows that the share of subsidies that has been allocated to Eurosceptic European political parties has grown from six per cent in 2004 to more than thirty per cent in 2016. A particular rise can be recognized since 2010, which coincides with the creation of a large number of (Eurosceptic) Europarties (Table 1).



GRAPH 1: FUNDING FOR EUROSCEPTIC AND PRO-EUROPEAN EUROPARTIES²

2.2. The Drivers of Eurosceptic Involvement

To explain the involvement of Eurosceptic parties in the Europarty system two factors are important. The first factor is the rising funding budget for the European political parties. Since European subsidies for European political parties were introduced in 2004, the annual amount reserved for these Europarties has constantly increased. Whereas in 2004 around €4 million was allocated to the various Europarties, this amount already doubled in 2005 to €8,7 million. In 2016 the total sum for the funding of European political parties was raised to more than €30 million. Since the total sum for Europarty funding is mainly determined by the pro-European forces in the European Parliament, this pattern resembles what Scarrow has labelled a “revenue-maximizing” strategy aimed at increasing the parties’ income (Scarrow, 2004).

The second factor is the mechanism that is used to distribute the total sum among the different parties. The EU subsidies are determined in two steps. First, a total sum for the funding of all European political parties is set annually. As described above, this amount has significantly increased over the

² All data are taken from the official budgets and accounts of the European Union and from the official annual accounts of the European political parties. These values have been indexed to reflect consumer prices in December 2016.

years. Second, this total sum is divided among the parties following this distribution key: 15 per cent of the sum is distributed in equal shares (i.e. divided by the number of parties, so each party receives the same amount). The other 85 per cent is divided in proportion to the number of Members of European Parliament that are affiliated to the Europarty. This mechanism is zero-sum: subsidy gains of one party are balanced by the losses of another party. As opposed to financing systems in many countries in which a political party receives a fixed sum for each vote or seat gained during the last elections, the height of the sum for Europarties can substantially differ from year to year: the more parties are entitled to EU funding, the smaller the relative share for each party.

These two factors can explain why the Eurosceptic parties have changed their position towards EU party funding. Indeed, they were confronted with a dilemma: as Eurosceptics they were – and are – opposed to the development of a (party) democracy at European level. Their main political arena remains the national level. An increased role for – or even the existence of – European political parties runs against their ideological position. On the other hand, the consequence of this ideological consistency is that they miss out on a potential source of additional revenue while the pro-European parties – their main ideological adversaries – can count on (increasing) supplementary funding at EU level. So the Eurosceptic parties have a choice between remaining true to their ideological position, or taking a pragmatic stance to ensure additional resources. In addition, many of these Eurosceptic parties have a difficult financial position: the income of the United Kingdom Independence Party for example is minimal compared to the resources of the Conservative Party, the Labour Party or even the Liberal Democrats (Electoral Commission, 2017). The National Front in France regularly has financial difficulties to run its political campaign. By establishing a European political party, the Eurosceptic parties could rely on extra financial means to compensate for their inferior national financial situation.

So, over the years, the Eurosceptic parties abandoned their ideological detachment and took on a pragmatic-competitive strategy. It is competitive because establishing transnational party organisations was a way to attract funding to form a counterweight for the traditional pro-European parties. The zero-sum nature of the financial distribution mechanism was an important incentive in this regard. The rising number of Eurosceptic parties has indeed led to a decreasing share of the total party budget for the pro-European parties. The strategy is also pragmatic because the ideological coherence of a party is less important than reaching the representational threshold (a European political party needs to be represented by politicians or parties from at least seven EU member states).

However, these EU subsidies cannot be spent without any limitations. They are intended to be used at the European level, whereas most (Eurosceptic) parties are focused on the national political arena. This also means that the member parties would need to decide collectively in the Europarty how to use the EU funds, whereas the ideological heterogeneity can complicate this.

To overcome these difficulties, some Eurosceptic parties conduct a two-tier strategy. First, they focus Europarty expenditure on the co-organisation of events and activities with national political parties, a practice allowed by the European rules under certain conditions. Second, they divide their internal accounts in two parts: a centralised component of which the spending is decided collectively by all member parties and a decentralised component which is divided among the various member parties which can decide individually how to spend these resources (Interview A, Interview B). In other words, they earmark a proportion of their total budget to distribute among the various national parties, who then can decide which (joint) events should be financed with their share – a practice that resembles resource allocation in some Eurosceptic political groups in the European Parliament (Interview C).

As reports from whistle-blowers and research journalists have shown, this strategy can lead to a misuse of EU funding for purely national purposes, sometimes unintentionally, sometimes consciously. However, some of these actions have far-reaching repercussions. For example, in the Netherlands an advertisement in the largest Dutch newspaper to collect signatures to enable a referendum on the EU-Ukraine Association Agreement was paid by the Eurosceptic Europarty Alliance for Direct Democracy in Europe (ADDE). The advertisement appeared on the 24th of September, only four days before the deadline to collect 300 000 signatures. Whereas initially the collection of signatures was stalled, the advertisement created a boost in signatures from 255 000 to 440 000 in just a couple of days, thereby reaching the threshold (Niemandtsverdriet and Heck, 2016). In April 2016, Dutch voters rejected the Association Agreement. ADDE also misused EU funds on polling for UKIP in the general UK elections in 2015 and in the context of the Brexit referendum (Rankin, 2016). Similarly, the Europarty Movement for a Europe of Liberties and Democracy (MELD) has illegally used EU funds for national campaigns during the Danish general elections and the referendum on the Justice and Home Affairs opt-outs in 2015 (which was also rejected by the Danish people) (Jacobsen, 2016). The Europarty has also used its funds to pay for national party activities for its Danish and Polish member parties. The Alliance of Conservatives and Reformists in Europe (ACRE) has also paid for the national convention of the member party Law and Justice (PiS) (Alonso, 2017). These are only a few examples of how European subsidies were misspent for national purposes; many investigations are still ongoing. However, in all these cases, the misuse was only discovered months or years after the resources were spent.

3. The Enabling Factors of Eurosceptic Party Finance

In this chapter an explanation will be provided on how the Eurosceptic parties were able to attract such a high share of EU funding to use for national purposes. First, I will argue that the loose definition of party membership in the regulatory framework has facilitated the pragmatic-competitive

strategy of the Eurosceptic national parties. Second, I will show that a legal grey area exists concerning the expenditure of Europarties, in particular with regard to the co-organisation of activities with national parties. Third, I will discuss how the control on the parties' accounts is inadequate, mainly due to insufficient resources.

3.1. A Loose Party Membership to Maximize Party Income

The main reason that so many Eurosceptic parties could be established and the bulk of Eurosceptic MEPs could be mobilized is because of a loose regulatory framework. Three elements support this argument: (1) the definition of a European political party is relatively open; (2) party membership is flexible; and (3) there is no required affiliation between a Europarty and a political group in the European Parliament.

3.1.1. A Loose Party Definition

In general, the regulatory framework provides a relatively loose definition of a European political party, both ideologically and organisationally. There are no specific ideological requirements for Europarties: they do not necessarily need to support European integration, so also Eurosceptic parties are in principle eligible for EU subsidies (European Parliament, 2001, pp. 19-20). Furthermore, there is no requirement for ideological homogeneity of the party. This is different in the European Parliament, where MEPs can only form political groups "according to their political affinities" (European Parliament, 2017, p. 26). The Parliament also needs to evaluate this political affinity: in the past, a number of "technical groups" have been rejected due to their internal heterogeneity (Judge and Earnshaw, 2008, pp. 115-116). The European parties do need to have a political programme in which the founding principles of the EU are observed, namely liberty, democracy, respect for human rights and fundamental freedom, and the rule of law. However, this is still a rather broad criterion and the party's compliance is hard to assess, as experience also shows.³

Also from an organisational perspective, the requirements that are imposed on Europarties are limited. The party must have a legal personality in the Member State in which it has its seat. Furthermore, the Europarty must participate in the European elections. However, since the role of European political parties remains rather limited even in these elections – electoral lists are still drafted by national parties – it remains unclear how considerable the involvement of the party must be in order to comply with this particular condition.

The most challenging organisational requirement is that the European party needs to have a sufficient European dimension: it must be represented in several Member States. This condition is aimed at

³ Currently, the European Parliament is holding an investigation in order to assess whether the Europarty *Alliance for Peace and Freedom* has not breached the EU's basic principles. However, it has proven to be difficult to establish facts and confirm that the Party has indeed seriously breached the condition.

avoiding that the EU would be able to finance national parties. Although there has been much debate on the topic over the years, the representational threshold has remained at a quarter of the member states since 2003. Currently, this means that a Europarty must have representation in seven EU countries. This is comparable to the threshold for forming a political group in the European Parliament: only 25 MEPs coming from at least a quarter of the Member States can form a group.

The Europarties have different ways of reaching this representational threshold. The parties fulfil the condition if they have received at least three per cent of the votes at the most recent European elections. Alternatively, the parties also reach the threshold if they are supported by parliamentarians from seven EU Member States. These representatives can be a member of either the European parliament, a national parliament or a regional parliament or assembly. It is interpreted rather broadly: also Members of an assembly that is not directly elected, such as the House of Lords, can be included to reach the threshold (Bureau of the European Parliament, 2010, p. 18). This is important when considering the second element of loose party membership.

3.1.2. Loose Party Membership

There are no specific provisions on the membership of European political parties. The rules stipulate that a “political party at European level” means an alliance of political parties or a political party. In other words, a Europarty can be composed of both (national) political parties or individual citizens. In general, four types of membership can be distinguished. First, individual politicians – usually members of parliament – can be individual members of the Europarty. Second, national can be a member party. Third, a Europarty can be composed of civil society organisations. Finally, individual citizens can be members of a European political party. Most of the Europarties consists of a combination of different categories of membership.

However, in order to comply with the representational threshold of seven member states, only the first two categories can be taken into account: individual members of (regional, national or European) parliament, or national parties. For the European Parliament, it makes no difference whether national parties or individual MPs from seven different Member States have dedicated support to the Europarty concerned.

3.1.3. Loose Party Affiliation

The third important element is that there is no required link between a European political party and a political group in the European Parliament. In the initial proposal for regulation, the European Parliament argued for this requirement (European Parliament, 2001, p. 9 and p. 19), but it was not included in the final rules on the funding of European political parties. Consequently, there is no legal requirement for a clear link between a political group and a European party. Although the level of funding for a Europarty depends on the number of affiliated MEPs, the political group is not

important in this respect: MEPs from the same political group can be affiliated to different European parties and one Europarty can rely on the support of MEPs from different political groups.

3.1.4. Consequences for the Europarty system

These three elements have a double consequence for the Europarty system: they make it easier (1) to establish a European political party, and correspondingly (2) to maximize their funding. This is particularly relevant for Eurosceptic European political parties. Because it is relatively straightforward, so many Eurosceptic European parties (thirteen) were established over the years. In comparison, there are only six pro-European Europarties, although these parties and MEPs hold a large majority in the European Parliament. This was only possible because of the low organisational and ideological requirements.

The most challenging requirement – representation in seven member states – is alleviated by the loose conception of party membership. Many of these Eurosceptic Europarties are indeed characterized by cross-membership and a high degree of volatility. Cross-membership can take many forms: MEPs from the same political group or even the same national party delegation in the European Parliament can be affiliated to different European political parties. This is particularly prevalent in Eurosceptic political groups: for example, the MEPs of UKIP have supported different Europarties for several years. The MEPs from the French National Front support up to three different European Parties. Some Members of Parliament have also attempted to be affiliated to two separate Europarties. In 2012, the Parliament clarified that an MEP can only be affiliated to one Europarty (Secretary-General, 2012).

An MEP can support a different Europarty than his national party is affiliated to. In 2012, the European Parliament clarified that if the affiliation of an MEP to a Europarty (direct membership) is not in line with the affiliation of his national party (indirect membership), the direct membership will be considered for the distribution of subsidies (Secretary-General, 2012). Also Members of a national (or regional) parliament of the same national party can support different Europarties. This is for example the case with the radical right party Flemish Interest: their MPs support at least two different Europarties. Moreover, since the affiliation of national or regional MPs or national parties is not publically available, the entire magnitude of this practice is not clear.

A related issue is the high degree of volatility of party membership: several MEPs change their party affiliation from one year to the next, sometimes without a clear reason. For example, Rolandas Paksas, a Eurosceptic MEP and former president and prime minister of Lithuania did not support any Europarty in 2009, was affiliated to the European Alliance for Freedom (EAF) in 2010 and 2011, to the Movement for a Europe of Liberties and Democracy (MELD) in 2012 and 2013 and to the Alliance for Direct Democracy in Europe (ADDE) in 2014 and 2015.

Because there is no required link between a Europarty and an EP political group and due to the loose definition of party membership, it is relatively easy for so many Eurosceptic parties to reach the representation threshold of seven member states, which enables them to receive an increasing share of the EU subsidies.

3.2. The Grey Area of Party Expenditure

The second factor that has enabled the Eurosceptic parties in their activities and discourse is related to the expenditure of European political parties. The rules on the party spending seem very clear in theory, but are more ambiguous in practice.

The leading principle is clear-cut: EU funding for European political parties cannot be used to finance – either directly or indirectly – national political parties. This ban on funding national parties was explicitly included in Declaration 11 to the Treaty of Nice, in which a legal base for EU party funding was provided. The ban was also incorporated in the subsequent EU regulations on the funding of European political parties. Consequently, the regulatory framework points to a strict separation between the European and national level when it comes to party funding.

However, maintaining this strict division between the two levels is much more difficult in practice. If European political parties want to fulfil the mission that is assigned to them in European treaties and regulations – i.e. raise the awareness of the EU and connect to European citizens – they need to break out the “Brussels bubble” and organise events in the different member states. However, due to their limited staff and resources, Europarties need to rely on their national member parties to set up activities at national level. The possibility of co-organising events between European and national parties is also acknowledged in the EU Regulations. Article 9 of Regulation 1524/2007 states that when Europarties have joint activities with national political parties, the evidence of the expenditure needs to be made available to the Court of Auditors.

Although the co-organisation of events is inevitable if European political parties want to raise the European awareness and bridge the gap with European citizens, it also entails a risk, since indirect and direct funding of national parties or candidates is prohibited. An important element in the assessment of the cooperation is that the involvement of the European political party in the event must be genuine (Secretary-General, 2015, p. 7). Furthermore, activities during a political campaign in the context of an election or referendum pose additional challenges. The Regulation explicitly states that EU funding cannot be used to finance referendum campaigns. Similarly, it cannot be used to support national parties in the context of a national election. Consequently, Europarties should be cautious when co-organising activities with national parties in the run-up to national elections and take the necessary precautions to ensure that it could lead to (in)direct financial support of a national party.

More difficult are the campaigns for the European elections: the Regulation states that the EU funding may be used to finance campaigns in the context of the elections to the European Parliament. Moreover, the participation in European elections is even a condition for Europarties in order to be eligible for EU funding. However, since Europarties themselves do not present electoral lists and the European elections take place in a national setting – with national parties presented national electoral lists according to national rules – the involvement of national political parties is almost inevitable. Upholding the ban on (in)direct support to national parties in this context becomes consequently more complicated.

In sum, there are joint activities that are clearly in line with the regulatory framework, joint activities that are unambiguously against the rules and a legal grey area in between with activities that are open to interpretation. As discussed in the previous chapter, co-organising events and activities is frequently done by Eurosceptic national parties. However, a lot of these activities fall in the legal grey area or are even a clear violation of the rules. However, (1) the practice of joint events and events is not prohibited in principle, and (2) the assessment to determine whether or not these activities are in line with the rules often requires a thorough knowledge of how the event took place in practice; make the actual control of the party accounts a lot more difficult.

3.3. Insufficient Resources and Inadequate Control of Europarties' Accounts

The monitoring of the party expenses is indeed complicated by the multilevel nature of the activities of the European political parties. As discussed in the previous chapter, they operate both at the European level and at the national level, in particular when organizing joint activities with their national member parties.

The control of the accounts takes place in two steps. First, the accounts are examined by an external audit firm at the party headquarters. In the past, the Europarties could appoint an audit firm themselves, which resulted in the various parties all assigning a different external auditor, with a risk of inequalities and inconsistencies. Since 2014, one auditor is determined through an open procurement procedure, so all European political parties are now monitored by the same audit firm.

The auditors' control is two-fold: first, they conduct a financial audit to verify whether the party's annual accounts give a true and fair view of the financial situation. In this respect, The external auditor mainly examines the more technical and formal aspects of the expenditure and checks whether the accounts are in line with the national accounting rules (Interview D, Interview E). Second, the auditor conducts a compliance audit, which means that they examine whether the party finances are in line with the European rules. However, also in this respect they mainly focus on the formal and more technical requirements. In general, interviewees confirmed that the compliance of the Europarty's

accounts with the European rules – inter alia the ban on the direct and indirect funding of national parties – is not checked as thoroughly, also because the auditors are less familiar with the EU's regulatory framework than they are with the national accounting rules (Interview D, Interview E).

The second step of the control of expenditure is done by the services of the European Parliament. The administrators from the Political Structures Financing Unit from the Directorate-General for Finance (DG Fins) control the expenditure of the Europarties based on the financial reports of the European political parties and the findings of the external audit firm. Because of time constraints they only examine a sample of individual transactions based on a risk assessment (Interview C).

On both steps of the control of the accounts, it mainly involves desk research, possibly combined with an audit visit at the party headquarters. Consequently, both steps in the control procedure mainly focus on the *documents* of the party activities (Interview C). Although the final reports of the Europarties are not open to the public, leaked reports show that the description and motivation for the party activities can be very brief. On the basis of this limited information, it is difficult to assess compliance with the rules.

This poses additional challenges for the party activities that are most problematic: the joint activities of European and national political parties. As was shown in the previous chapter, particularly these activities could take place in a legal grey area. Proper evaluation requires detailed assessment, for example to determine whether the European political party was indeed genuinely involved. The services of the European Parliament sometimes ask for additional documents (programmes, lists of participants, pictures) to get a good impression of the activity involved, but these not always give a complete and truthful overview of the activity took place in reality (Interview C). This would require on-the-spot visits of the activity, interviews with participants, etc. for which the services of the European Parliament simply do not have the time and resources.

It is therefore no coincidence that the malpractices that were revealed were the result of whistle-blowers speaking up and/or a thorough investigation of (local) research journalists. The misuse of the Europarty MELD came to light due to a whistle-blower from within the party and the work of research journalists from Denmark and Poland. The accounts of the Europarty ADDE were examined more in-depth after research journalists from The Netherlands and Belgium published a story on irregularities in the donations of the party and its political foundation.

4. Conclusion

European Party funding has taken a Eurosceptic turn. Motivated by the increasing budget that was available for European political parties and distribution mechanism that is zero-sum, the Eurosceptic

parties abandoned their ideological rejection of a Europarty system and intensified their transnational party cooperation. The regulatory framework even proved to be ideal for the Eurosceptics. Because of the loose definition of a European political party and a flexible conception of party membership, it was relatively easy for them to establish their own European political parties. Since neither a direct link between Europarty and EP political group nor ideological party homogeneity are required, the Eurosceptics were able to engage a maximum of MEPs, which allowed them to maximize their subsidies. The share of subsidies for Eurosceptic Europarties has consequently increased from six per cent in 2004 to thirty per cent in 2016. These Eurosceptic European parties are often nothing more than pragmatic cooperation projects aimed at attracting a maximum of EU funding.

The way the Eurosceptic parties have spent these subsidies often runs counter the rationale behind European party funding regime. Whereas the European subsidies were supposed to strengthen the EU's political system and tackle the democratic deficit, Eurosceptics have mainly used their resources to support their national parties. Sometimes this has even led to a breach of the rules, which further undermines public support in (European) politics.

However, the risk of misuse of EU funds for national purposes is inherently embedded in the nature of European political parties. These organisations function at the transnational level, between the supranational EU institutions and the national member states (cf. Van Hecke, 2010), which makes joint activities with their national member parties almost inevitable. However, the ban on direct and indirect funding of national parties makes such a cooperation often a difficult balancing act. Since Eurosceptic Europarties focus their resources on such activities, they should be monitored closely. However, precisely the transnational nature of Europarties complicates control: to determine whether such a joint event does not constitute (in)direct financial support of the national party involved, the control services require substantial information to properly assess it. However, the parliamentary administration does not have sufficient resources for in-depth investigations.

Therefore, it is necessary to specify the regulatory framework to clearly define which activities fall within the rules and which do not. Furthermore, European parties need to be compelled to supply more (and exact) information on such joint events. Finally, the services of the European Parliament need additional staff to properly assess the party expenditure, including on-the-spot visits.

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