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THE EUROPEAN PARLIAMENT

THE COUNCIL

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Subject: REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL amending Regulation (EC) No 2004/2003 on the regulations governing political parties at European level and the rules regarding their funding

**REGULATION (EC) No .../2007 OF THE EUROPEAN PARLIAMENT
AND OF THE COUNCIL**

of

**amending Regulation (EC) No 2004/2003
on the regulations governing political parties at European level
and the rules regarding their funding**

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 191 thereof,

Having regard to the proposal from the Commission,

Acting in accordance with the procedure laid down in Article 251 of the Treaty¹,

¹ Opinion of the European Parliament of 29 November 2007 (not yet published in the *Official Journal*) and Council Decision of

Whereas:

- (1) Article 12 of Regulation (EC) No 2004/2003¹ provides that the European Parliament is to publish a report on the application of that Regulation, including – where appropriate – possible amendments to be made to the funding system.
- (2) In its Resolution of 23 March 2006 on European political parties², the European Parliament considered that, in light of experience gained since its entry into force in 2004, Regulation (EC) No 2004/2003 should be improved as regards a number of points, all of them with the overriding objective of improving the funding situation of those political parties and the foundations affiliated with them.
- (3) Provisions to provide financial support for political foundations at European level should be laid down, as political foundations at European level affiliated with the political parties at European level may through their activities support and underpin the objectives of the political parties at European level notably in terms of contributing to the debate on European public policy issues and on European integration, including by acting as catalysts for new ideas, analysis and policy options. This financial support should be provided in the section headed "Parliament" of the general budget of the European Union, as is the case for political parties at European level.

¹ OJ L 297, 15.11.2003, p. 1.

² OJ C 292 E, 1.12.2006, p. 127.

- (4) It remains an important objective to ensure the broadest possible participation of citizens in the democratic life of the European Union. In this context, political youth organisations can play a special role in fostering interest in, and concrete knowledge about, the political system of the European Union amongst young people, actively promoting their participation in democratic activities at European level.
- (5) In order to improve the conditions for the funding of political parties at European level, while encouraging them to ensure adequate long-term financial planning, the minimum co-funding requirement should be adjusted. The same level of co-funding should be required for political foundations at European level.
- (6) With a view to further enhancing and promoting the European nature of the elections to the European Parliament, it should be established clearly that appropriations received from the general budget of the European Union may also be used for the financing of campaigns conducted by the political parties at European level in the context of European Parliament elections, provided that this does not constitute a direct or indirect financing of national political parties or candidates. Political parties at European level act in the context of European Parliament elections in particular in order to highlight the European character of those elections. In accordance with Article 8 of the Act concerning the election of the members of the European Parliament by direct universal suffrage, annexed to Council Decision 76/787/ECSC, EEC, Euratom¹, the funding of and limitation of election expenses at European Parliament elections is governed in each Member State by national provision. National law also applies for election expenses at national elections and referenda,

¹ OJ L 278, 8.10.1976, p. 1. Decision as amended by Decision 2002/772/EC, Euratom (OJ L 283, 21.10.2002, p. 1).

HAVE ADOPTED THIS REGULATION:

Article 1

Amendments to Regulation (EC) No 2004/2003

Regulation (EC) No 2004/2003 is hereby amended as follows:

1) the following points shall be added to Article 2:

"4. "political foundation at European level" means an entity or network of entities which has legal personality in a Member State, is affiliated with a political party at European level, and which through its activities, within the aims and fundamental values pursued by the European Union, underpins and complements the objectives of the political party at European level by performing, in particular, the following tasks:

- observing, analysing and contributing to the debate on European public policy issues and on the process of European integration,
- developing activities linked to European public policy issues, such as organising and supporting seminars, training, conferences and studies on such issues between relevant stakeholders, including youth organisations and other representatives of civil society,

- developing cooperation with entities of the same kind in order to promote democracy,
 - serving as a framework for national political foundations, academics, and other relevant actors to work together at European level;
5. "funding from the general budget of the European Union" means a grant within the meaning of Article 108(1) of Regulation (EC, Euratom) No 1605/2002* (hereinafter referred to as the "Financial Regulation").

* Council Regulation (EC, Euratom) No 1605/2002 of 25 June 2002 on the Financial Regulation applicable to the general budget of the European Communities (OJ L 248, 16.9.2002, p. 1). Regulation as last amended by Regulation (EC, Euratom) No .../2007 (OJ L ...) *";

2) in Article 3, the sole paragraph shall become paragraph 1 and the following paragraphs shall be added:

"2. A political foundation at European level shall satisfy the following conditions:

- (a) it must be affiliated with one of the political parties at European level recognised in accordance with paragraph 1, as certified by that party;

* OJ: Please insert the number and publication reference of 15725/07.

- (b) it must have legal personality in the Member State in which its seat is located. This legal personality shall be separate from that of the political party at European level with which the foundation is affiliated;
- (c) it must observe, in particular in its programme and in its activities, the principles on which the European Union is founded, namely the principles of liberty, democracy, respect for human rights and fundamental freedoms, and the rule of law;
- (d) it shall not promote profit goals;
- (e) its governing body shall have a geographically balanced composition.

3. Within the framework of this Regulation, it remains for each political party and foundation at European level to define the specific modalities for their relationship, in accordance with national law, including an appropriate degree of separation between the daily management as well as the governing structures of the political foundation at European level, on the one hand, and the political party at European level with which the former is affiliated, on the other hand.";

3) Article 4 shall be amended as follows:

(a) point (a) of paragraph 2 shall be replaced by the following:

"(a) documents proving that the applicant satisfies the conditions laid down in Articles 2 and 3;"

(b) the following paragraphs shall be added:

- "4. A political foundation at European level may apply for funding from the general budget of the European Union only through the political party at European level with which it is affiliated.
5. Funding for a political foundation at European level shall be allocated on the basis of its affiliation with a political party at European level, subject to Article 10(1). Articles 9 and 9a shall apply to the funds thus allocated.
6. Funding allocated to a political foundation at European level shall only be used for the purpose of financing its activities in accordance with Article 2(4). On no account may it be used to finance elections or referenda campaigns.
7. Paragraphs 1 and 3 shall apply *mutatis mutandis* to the political foundations at European level when assessing applications for funding from the general budget of the European Union.";

4) the following paragraphs shall be added to Article 5:

- "4. Paragraph 2 shall apply *mutatis mutandis* to the political foundations at European level.

5. If the political party at European level with which a political foundation at European level is affiliated forfeits its status, the political foundation at European level in question shall be excluded from funding under this Regulation.
 6. If the European Parliament finds that any of the conditions referred to in Article 3(2)(c) are no longer satisfied, the political foundation at European level in question shall be excluded from funding under this Regulation.";
- 5) Articles 6, 7 and 8 shall be replaced by the following:

"Article 6

Obligations linked to funding

1. A political party at European level as well as a political foundation at European level shall:
 - (a) publish its revenue and expenditure and a statement of its assets and liabilities annually;
 - (b) declare its sources of funding by providing a list specifying the donors and the donations received from each donor, with the exception of donations not exceeding EUR 500 per year and per donor.
2. A political party at European level as well as a political foundation at European level shall not accept:
 - (a) anonymous donations;

- (b) donations from the budgets of political groups in the European Parliament;
 - (c) donations from any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it;
 - (d) donations exceeding EUR 12 000 per year and per donor from any natural or legal person other than the undertakings referred to in point (c) and without prejudice to paragraphs 3 and 4;
 - (e) donations from any public authority from a third country, including from any undertaking over which the public authorities may exercise directly or indirectly a dominant influence by virtue of their ownership of it, their financial participation therein, or the rules which govern it.
3. Contributions to a political party at European level from national political parties which are members of a political party at European level or from a natural person who is a member of a political party at European level shall be admissible. Contributions to a political party at European level from national political parties or from a natural person shall not exceed 40 % of the annual budget of that political party at European level.

4. Contributions to a political foundation at European level from national political foundations, which are members of a political foundation at European level, as well as from political parties at European level, shall be admissible. Those contributions shall not exceed 40 % of the annual budget of that political foundation at European level and may not derive from funds received by a political party at European level pursuant to this Regulation from the general budget of the European Union.

The burden of proof shall rest with the political party at European level concerned.

Article 7

Prohibition of funding

1. The funding of political parties at European level from the general budget of the European Union or from any other source may not be used for the direct or indirect funding of other political parties, and in particular national parties or candidates. These national political parties and candidates shall continue to be governed by national rules.
2. The funding of political foundations at European level from the general budget of the European Union or from any other source shall not be used for the direct or indirect funding of political parties or candidates either at European or national level or foundations at national level.

Article 8

Nature of expenditure

Without prejudice to the funding of political foundations, appropriations received from the general budget of the European Union in accordance with this Regulation may only be used to meet expenditure directly linked to the objectives set out in the political programme referred to in Article 4(2)(b).

Such expenditure shall include administrative expenditure and expenditure linked to technical assistance, meetings, research, cross-border events, studies, information and publications.

The expenditure of political parties at European level may also include financing campaigns conducted by the political parties at European level in the context of the elections to the European Parliament, in which they participate as required in Article 3(1)(d). In accordance with Article 7, these appropriations shall not be used for the direct or indirect funding of national political parties or candidates.

Such expenditure shall not be used to finance referenda campaigns.

However, in accordance with Article 8 of the Act concerning the election of the members of the European Parliament by direct universal suffrage, the funding of and limitation of election expenses for all parties and candidates at European Parliament elections is governed in each Member State by national provision.";

6) in Article 9, paragraphs 1, 2 and 3 shall be replaced by the following:

"1. Appropriations for funding of political parties at European level and political foundations at European level shall be determined under the annual budgetary procedure and shall be implemented in accordance with the Financial Regulation and its implementing provisions.

The implementing procedures of this Regulation shall be laid down by the authorising officer.

2. The valuation of movable and immovable property and its depreciation shall be carried out in accordance with the provisions applicable to the institutions as laid down in Article 133 of the Financial Regulation.

3. Control of funding granted under this Regulation shall be exercised in accordance with the Financial Regulation and its implementing provisions.

Control shall also be exercised on the basis of annual certification by an external and independent audit. This certification shall be transmitted, within six months of the end of the financial year concerned, to the European Parliament.";

7) the following Article shall be inserted:

"Article 9a

Transparency

The European Parliament shall publish jointly in a section of its website created for the purpose the following documents:

- an annual report with a table of the amounts paid to each political party and each political foundation at European level, for each financial year for which grants have been paid;
- the report of the European Parliament on the application of this Regulation and the activities funded, as referred to in Article 12;
- the provisions for the implementation of this Regulation.";

8) in Article 10, paragraph 2 shall be replaced by the following:

"2. Funding charged to the general budget of the European Union shall not exceed 85 % of those costs of a political party or political foundation at European level which are eligible for funding. The burden of proof shall rest with the relevant political party at European level.";

9) Article 12 shall be replaced by the following:

"Article 12

Evaluation

The European Parliament shall publish, by 15 February 2011, a report on the application of this Regulation and the activities funded. The report shall indicate, where appropriate, possible amendments to be made to the funding system."

Article 2

Transitional provisions

The provisions laid down by this Regulation shall apply to grants awarded to political parties at European level as from the financial year 2008.

For the financial year 2008, any applications for funding of political foundations at European level pursuant to Article 4(4) of Regulation (EC) No 2004/2003 shall relate exclusively to eligible costs incurred after 1 September 2008.

Political parties at European level that have duly submitted their applications for grants for 2008 may, by*, submit a supplementary application for funding based on the modifications introduced by this Regulation and, where appropriate, an application for a grant for the political foundation at European level affiliated to that political party. The European Parliament shall adopt appropriate implementation measures.

* Three months from the date of entry into force of this Regulation.

Article 3
Entry into force

This Regulation shall enter into force on the day following its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at ...,

For the European Parliament
The President

For the Council
The President
