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► **B** REGULATION (EC) No 2004/2003 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 4 November 2003

on the regulations governing political parties at European level and the rules regarding their funding

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**REGULATION (EC) No 2004/2003 OF THE EUROPEAN
PARLIAMENT AND OF THE COUNCIL**

of 4 November 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
Treaty ⁽¹⁾,

Whereas:

- (1) Article 191 of the Treaty states that political parties at European level are important as a factor for integration within the Union and that they contribute to forming a European awareness and to expressing the political will of the citizens of the Union.
- (2) A number of basic rules should be laid down, in the form of regulations, for political parties at European level, in particular with regard to their funding. Experience acquired in applying this Regulation should reveal the extent to which these regulations should, or should not, be supplemented by further rules.
- (3) Experience has shown that a political party at European level will have as its members either citizens gathered together in the form of a political party or political parties which together form an alliance. The terms 'political party' and 'alliance of political parties' used in this Regulation should therefore be clarified.
- (4) In order to be able to identify a 'political party at European level', it is important to set certain conditions. In particular, it is necessary for political parties at European level to observe the principles on which the European Union is founded, as set out in the Treaties and recognised in the Charter of Fundamental Rights of the European Union.
- (5) The procedure to be followed by political parties at European level which wish to receive funding pursuant to this Regulation should be laid down.
- (6) Provision should also be made for regular verification of the conditions applied for identifying a political party at European level.
- (7) Political parties at European level which have received funding under this Regulation should submit to obligations aimed at ensuring transparency of sources of funding.
- (8) In accordance with Declaration No 11 on Article 191 of the Treaty establishing the European Community annexed to the Final Act of the Treaty of Nice, the funding granted pursuant to this Regulation should not be used to fund, either directly or indirectly, political parties at national level. By virtue of same declaration, the provisions on the funding of political parties at

⁽¹⁾ Opinion of the European Parliament of 19 June 2003 (not yet published in the Official Journal) and Council Decision of 29 September 2003.

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European level should apply, on the same basis, to all the political forces represented in the European Parliament.

- (9) The nature of the expenditure that can be funded under this Regulation should be defined.
- (10) The appropriations allocated to funding under this Regulation should be determined in accordance with the annual budgetary procedure.
- (11) It is necessary to ensure maximum transparency and financial control of political parties at European level funded from the general budget of the European Union.
- (12) A scale should be set for distributing the appropriations available each year, taking into account, on the one hand, the number of beneficiaries and, on the other, the number of elected members in the European Parliament.
- (13) Technical assistance to be afforded by the European Parliament to political parties at European level should be guided by the principle of equal treatment.
- (14) The application of this Regulation and the activities funded should be examined in a report from the European Parliament which should be published.
- (15) The judicial control which falls within the jurisdiction of the Court of Justice will help ensure the correct application of this Regulation.
- (16) In order to facilitate transition towards the new rules, the application of some of the provisions of this Regulation should be postponed until the European Parliament has been formed after the elections due in June 2004,

HAVE ADOPTED THIS REGULATION:

Article 1

Subject matter and scope

This Regulation establishes rules on the regulations governing political parties at European level and rules regarding their funding.

Article 2

Definitions

For the purposes of this Regulation:

1. 'political party' means an association of citizens:
 - which pursues political objectives, and
 - which is either recognised by, or established in accordance with, the legal order of at least one Member State;
2. 'alliance of political parties' means structured cooperation between at least two political parties;
3. 'political party at European level' means a political party or an alliance of political parties which satisfies the conditions referred to in Article 3;

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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

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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 ⁽¹⁾ (hereinafter referred to as the Financial Regulation).

▼ B*Article 3***Conditions**

► **M1** 1. ◀ A political party at European level shall satisfy the following conditions:

- (a) it must have legal personality in the Member State in which its seat is located;
- (b) it must be represented, in at least one quarter of Member States, by Members of the European Parliament or in the national Parliaments or regional Parliaments or in the regional assemblies, or
it must have received, in at least one quarter of the Member States, at least three per cent of the votes cast in each of those Member States at the most recent European Parliament elections;
- (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 must have participated in elections to the European Parliament, or have expressed the intention to do so.

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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;
- (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;

⁽¹⁾ 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) No 1525/2007 (OJ L 343, 27.12.2007, p. 9).;

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- (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.

▼ B*Article 4***Application for funding**

1. In order to receive funding from the general budget of the European Union, a political party at European level shall file an application with the European Parliament each year.

The European Parliament shall adopt a decision within three months and authorise and manage the corresponding appropriations.

2. The first application shall be accompanied by the following documents:

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

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- (b) a political programme setting out the objectives of the political party at European level;
- (c) a statute defining in particular the bodies responsible for political and financial management as well as the bodies or natural persons holding, in each of the Member States concerned, the power of legal representation, in particular for the purposes of the acquisition or disposal of movable and immovable property and of being a party to legal proceedings.

3. Any amendment concerning the documents referred to in paragraph 2, in particular a political programme or statute, which have already been presented, shall be notified to the European Parliament within two months. In the absence of such notification, funding shall be suspended.

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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.

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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.

▼B*Article 5***Verification**

1. The European Parliament shall verify regularly that the conditions set out in Article 3(a) and (b) continue to be met by political parties at European level.

2. With regard to the condition specified in Article 3(c), at the request of one quarter of its members, representing at least three political groups in the European Parliament, the European Parliament shall verify, by a majority of its members, that the condition in question continues to be met by a political party at European level.

Before carrying out such verification, the European Parliament shall hear the representatives of the relevant political party at European level and ask a committee of independent eminent persons to give an opinion on the subject within a reasonable period.

The committee shall consist of three members, with the European Parliament, the Council and the Commission each appointing one member. The secretariat and funding of the committee shall be provided by the European Parliament.

3. If the European Parliament finds that any of the conditions referred to in Article 3(a), (b) and (c) is no longer satisfied, the relevant political party at European level, which has for this reason forfeited this status, shall be excluded from funding under this Regulation.

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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.

*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;

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- (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.

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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.

▼ B*Article 9***Implementation and control****▼ M1**

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.

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4. Further to application of this Regulation, any funds improperly received by political parties at European level from the general budget of the European Union shall be refunded to that budget.

5. Any document or information required by the Court of Auditors in order to carry out its task shall be supplied to it at its request by the political parties at European level receiving funding granted under this Regulation.

Where expenditure is committed by political parties at European level jointly with national political parties and other organisations, evidence of the expenditure incurred by the political parties at European level shall be made available to the Court of Auditors.

6. Funding of political parties at European level in their capacity as bodies pursuing an objective of general European interest shall not be subject to the provisions of Article 113 of the Financial Regulation relating to the decreasing of the funding.

▼ M1*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.

▼ B*Article 10***Distribution**

1. Available appropriations shall be distributed annually as follows among the political parties at European level which have obtained a positive decision on their application for funding as referred to in Article 4:

- (a) 15 % shall be distributed in equal shares;
- (b) 85 % shall be distributed among those which have elected members in the European Parliament, in proportion to the number of elected members.

For the application of these provisions, a Member of the European Parliament may be a member of only one political party at European level.

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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.

▼ B*Article 11***Technical support**

All technical support from the European Parliament to political parties at European level shall be based on the principle of equal treatment. It shall be granted on conditions no less favourable than those granted to other external organisations and associations that may be accorded similar facilities and shall be supplied against invoice and payment.

The European Parliament shall publish details of the technical support provided to each political party at European level in an annual report.

▼ M1*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.

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Article 13

Entry into force and application

This Regulation shall enter into force three months following the date of its publication in the *Official Journal of the European Union*.

Articles 4 to 10 shall apply from the date of the opening of the first session held after the European Parliament elections of June 2004.

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