

DRAFT BUDGETARY PLAN 2022 - 2023

FOR THE AUTHORITY FOR EUROPEAN POLITICAL PARTIES AND EUROPEAN POLITICAL FOUNDATIONS

Part I: Introduction

A. Regulatory background

In accordance with Article 10(4) of the Treaty on European Union, political parties at European level contribute to forming European political awareness and to expressing the will of citizens of the Union. European political foundations contribute to the debate on European public policy issues.

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 (“Regulation (EU, Euratom) No 1141/2014”) establishes an Authority for European political parties and European political foundations (the “Authority”) for the purpose of registering, controlling and, where necessary, imposing sanctions on European political parties and European political foundations. Additionally, the Authority provides transparency services to the citizens by publishing key information on European political parties and European political foundations.

This document sets out the draft budgetary plan for the Authority, based on its mandate, and foreseeable evolutions thereof, in accordance with Article 6(7) of, Regulation (EU, Euratom) No 1141/2014.

Pursuant to Article 6(7) of Regulation (EU, Euratom) No 1141/2014, the appropriations for the expenditure of the Authority are provided under a separate Title in the Section for the European Parliament in the general budget of the European Union. According to that provision, those appropriations must be sufficient to ensure the full and independent operation of the Authority.

B. Support provided by the European Parliament to the Authority

The Authority operates in a specific framework whereby its own budgetary capacity is complemented by administrative support provided by the European Parliament and staff allocated to it. Before identifying resource needs, it is therefore relevant to summarise the budgetary structure and administrative support services already provided.

The Parliament has been supporting the Authority in three main ways:

- In accordance with Article 6(4) of Regulation (EU, Euratom) No 1141/2014, the Authority is physically located in the European Parliament that provides the Authority with the necessary offices and administrative support;
- Furthermore, the European Parliament provided initial staff resources to the Authority in accordance with Article 6(5) of Regulation (EU, Euratom) No 1141/2014 in the

buildup phase, by means of two full time equivalents seconded to the Authority. Additionally, the Authority requested the Commission and the Council to provide staff in order to carry out its tasks appropriately as of 2019. In response, on 16 October 2018, the Commission presented Amending letter No 1 to the draft general budget 2019¹, which was subsequently adopted by the budgetary authority, and provided the Authority with additional staff in the form of two permanent AD posts, one permanent AST post, two permanent AST/SC posts, two temporary AD posts and two temporary AST posts. These posts for staff of the Authority, though not considered Parliament posts, are contained in the staff table in the Parliament's section of the budget;

- Finally, the Parliament provides the Authority with independent means of covering task-specific expenditure exceeding the scope of administrative support services, in budget item 5 0 0 dedicated to “*Operational expenditure of the Authority for European Political Parties and European Political Foundations*”.

The points below describe ongoing cooperation with the services of the European Parliament. This however does not exclude similar forms of cooperation with other Institutions.

-) **Staff management.** Pursuant to Article 6(6) of Regulation (EU, Euratom) No 1141/2014, a service-level agreement was signed on 29 September 2021 with DG Personnel of the European Parliament. The agreement defines the conditions under which DG Personnel provides certain services to the Authority and describes the cooperation of DG Personnel and the Authority concerning various functions coming under personnel management or associated therewith (medical service, missions, well-being at work etc.). The agreement does not concern the provision of posts, which remain a matter for the budgetary procedure and arrangements between the Institutions for allocating the resulting burden.
-) **Translation services.** Translation services are currently provided by the European Parliament, but might very likely also need to be procured externally, as non-EU languages might have to be translated for certain areas of the Authority's mandate.
-) **Interpretation services.** It is likely that interpretation services may represent a necessary cost in the future, possibly also with respect to non European languages (see point before).
-) **Training services.** The Authority intends to invest in the improvement of staff skills and efficiency by means of tailored trainings. The Authority's staff has currently access to trainings and related services provided by the European Parliament, including by virtue of the Service Level Agreement with DG Personnel mentioned above.

In addition, the appropriation envisaged in Part II below provides the Authority with a certain financial autonomy to source additional training services from the market (*e.g.*, audit and accounting), should the Authority need specialised trainings outside the catalogue made available by the European Parliament.

-) **Premises.** Pursuant to Article 6(4) of Regulation (EU, Euratom) No 1141/2014, the Authority is located in the European Parliament, which provides the necessary office

¹ COM (2018) 709 final.

space and administrative support facilities. In this context, a Service Level Agreement with DG Infrastructure and Logistics of the European Parliament was signed on 1 December 2021. The Authority is based mainly in one of the Parliament's buildings in Brussels. Additionally, the Authority obtained an office from the European Parliament in Strasbourg, where the Authority's Director travels during most Parliament's plenary part-sessions to meet institutional representatives and stakeholders.

-) **IT services.** The purchase, hire, servicing and maintenance of hardware and software for standard operations and related services are currently provided by the European Parliament.

In addition, the appropriation envisaged in Part II below provides the Authority with a certain financial autonomy to explore alternative IT solutions that are not available in the European Parliament to respond to needs relating to the performance of its duties, in particular relating to auditing software and a "repository" potentially to be established in the context of political advertising transparency. The Authority remains also open to source any additional hardware or software from the Institutions under a Service Level Agreement, if that option is offered and represents a more cost effective means to meet its needs. In that spirit, the Authority agreed with the European Parliament in December 2021 that it would take part in that Institution's IT planning framework.

-) **Technical equipment and installations.** The appropriation envisaged in Part II below provides the Authority with a certain financial autonomy to purchase pieces of technical equipment that are currently not available. The Authority remains also open to source that equipment from the Institutions, should that be administratively feasible.
-) **Office supplies.** Under an agreement with DG Infrastructure and Logistics of the European Parliament, the Authority accesses the Parliament's framework contract for office supplies. The Authority uses the appropriations envisaged in Part II below to purchase the necessary office supplies.
-) **Postage services.** Postage services, including processing and delivery by national postal services or private delivery firms, are provided by the European Parliament.
-) **Missions and duty travel.** Services related to the organisation and payment of missions and duty travel are provided by the European Parliament.
-) **Documentation services.** Documentation services, including subscriptions to newspapers and periodicals and access to the library, are provided by the European Parliament.

In addition, the appropriation envisaged in Part II below provides the Authority with a certain financial autonomy to purchase specialised documentation that is not available in the European Parliament. The Authority remains however open to source any additional documentation from the Institutions under a Service Level Agreement, if that is offered and represents a more cost effective means to meet its needs. For example, the Authority is currently exploring with Parliament's services the possibility to commission a comparative law study via Parliament's research contract capabilities.

C. Identification of necessary resources

The stage of the Authority's development, as well as the evolving nature of its tasks, makes a reassessment of resources necessary from 2023 onward.

The main additional resources needs result from the following:

- **on the assumption of an unchanged legislative framework: the acquisition and implementation of dedicated software tools before the European election year, improving accessibility of information, and protecting integrity of European democracy in a more challenging geopolitical environment;**
- **additionally, on the assumption of a revised legislative framework as proposed by the Commission on 25 November 2021²: compliant publication of political advertising information as well as enhanced verification, control and transparency obligations.**

Detailed considerations justifying these needs may be found in the annex hereof.

Part II: Expenditure appropriations

The breakdown provided hereunder comprises expenditure appropriations concerning staff salaries, expenditure appropriations for other administrative support, and the Authority's dedicated budget item 500 in Parliament's budget. The appropriations foreseen in budget item 500 aim to provide the Authority with a certain financial independence to finance specific professional trainings, purchase specialised software tools before the election year, expertise and advice, cover legal costs and damages, documentation and outreach activities, as well as other administrative costs not covered by Parliament's administrative support services.

The categories of expenditure appropriations are sub-divided into a scenario with unchanged legislative framework, and a scenario taking into account the changes proposed by the Commission on 25 November 2021.

Whichever the scenario, the main challenge of the Authority is likely to be that of staff resources. Permanent staffing of the Authority in proportion to its evolving tasks has already been pointed out by the legislator as a necessity in recital no 2 of Regulation (EU, Euratom) No 2019/493 which last amended Regulation (EU, Euratom) No 1141/2014, and it will become even more relevant as of the likely entry into force in 2023 of a recast developed on the basis of the above-mentioned proposal of the Commission of 25 November 2021. A breakdown of the expected staff needs may be found in the annexed detailed justification.

Amounts provided in Part II below are estimations and depend, to a certain extent, on (i) the number of full time equivalents that will be working for the Authority in 2022 and 2023 and (ii) whether the needs identified under Part II below can actually be met through agreements with the Institutions. The Authority will monitor the evolution of its needs and revisit this budgetary plan and the amounts contained therein in light of that evolution.

² COM(2021)734 final, 2021/0375(COD).

A. Support from the Institutions

The budget items corresponding to the support appropriations listed below are currently included in the respective chapters of the budget of the European Parliament, with the respective lines managed by the relevant Authorising Officers of the European Parliament.

As regards staff, it would be desirable to disconnect the Authority's posts from concrete grades, so as to provide career development perspectives required for a stable staffing situation.

The relevant expenditure would be estimated as follows, taking into account the needs identified and justified in annex, as well as a moderate 2% inflation adjustment for 2023 compared to 2022:

Nature of expenditure	Assessment	Amount (EUR) for financial year 2022	Amount (EUR) for 2023 (unchanged legislation)	Amount (EUR) for 2023 (amended legislation)(*)
Staff	Salary of staff	1 310 000	1 723 028	2 569 802
Language services (Chap 14)	Costs of translation and interpretation services	4 400	4 488	10 000
Professional trainings (Chap 16)	Costs of trainings	5 500	7 500	12 000
Building, IT and ancillary expenses (Chap 20 and 21)	Expenditure related to premises and standard operations	164 225	200 000	250 000
Missions (Chap 30)	Costs of missions and duty travel	43 500	44 370	95 000
Documentation services (Chap 32)	Costs of access to available documentation	1 600	1 632	2 500
Total		1 529 225	1 981 018	2 939 302

(*) On the assumption that the Commission proposal of 25 November 2021 were adopted as is

B. Appropriation under item 5 0 0

Finally, in accordance with Article 6(7) of Regulation (EU, Euratom) No 1141/2014, the Authority is provided with its own budget item 5 0 0 under a separate Title in the Section for the European Parliament in the general budget of the European Union. The Authority acts as Authorising Officer with respect to that budget item.

This appropriation aims to ensure the full and independent operation of the Authority. It covers in particular expenditure specifically related to the mission of the Authority namely professional trainings, purchase of non-standard software and hardware, acquisition of expertise and advice, legal costs and damages, documentation and outreach activities, as well as other costs, including administrative costs. This appropriation may also cover costs invoiced by an institution in case the Authority exceeds the thresholds agreed with that institution when sourcing goods or services in the context of the agreements and administrative arrangements concluded under Article 6 of Regulation (EU, Euratom) No 1141/2014.

C. Overall expenditure appropriations deemed necessary for the operation of the Authority

Resources	Legal Basis	Amount (EUR) for financial year 2022	Amount (EUR) for 2023 (unchanged legislation)	Amount (EUR) for 2023 (amended legislation)(*)
Support from Institutions regarding staff	Article 6(5) of Reg. No 1141/2014	1 310 000	1 723 028	2 569 802
Administrative support from EP	Article 6(4) of Reg. No 1141/2014	219 225	257 990	359 500
Budget item of the Authority 5 0 0(**)	Article 6(7) of Reg. No 1141/2014	300 000	350 000	600 000

(*) On the assumption that the Commission proposal of 25 November 2021 were adopted as is

(**) It is understood that the appropriations to be foreseen for the functioning of the Committee for Independent Eminent Persons are additional to this amount, and included in a separate budget item.

Annex: Detailed justification

The assessment of the Authority is based on the following analysis of the developments in the factual environment and legal framework. The Authority also separately assessed the foreseeable effects that the Commission's proposal of 25 November 2021³ would have on the Authority if it were adopted unchanged by the co-legislators.

Recent experience suggests that the Authority's new setting was sufficient in the past to handle the day-to-day, ordinary operations. However, the Authority already came under significant strain when faced with extraordinary or non-recurrent work streams such as formal investigations, litigation before the General Court of the European Union and verification procedures of matters related to European elections or matters affecting the respect of the values on which the Union is founded on the part of European political parties or European foundations.

Several additional tasks will become more resource-intensive even with unchanged legislative framework, as

- accessibility to information is to be optimised on the basis of experience acquired in the first years of operation,**
- new IT tools not covered by EP standard services foreseeably require significant investments within the current scope of the Authority's mandate, and**
- preventing undue foreign interference in European democracy is going to be a key driver of the Authority's activities for 2023.**

More particularly, firstly, the Authority is to provide publicly accessible guidance based on case-law and administrative experience, which will be complemented over time, especially in advance of the European elections 2024 for the benefit of registration applicants as well as already registered European political parties and European political foundations.

Furthermore, in light of technological developments in the fields of checks and audits, the Authority needs to assess new software tools and, if appropriate, acquire and implement before the workload peak in the year of the European elections. This approach will have to be combined with a comprehensive training programme for the Authority's staff, which is specific to its functions and cannot foreseeably be satisfied with internal trainings of Parliament or Commission.

Finally, with increasing risks of interference in electoral processes⁴, the tasks of the Authority in this regard, especially pursuant to Article 10a of Regulation (EU, Euratom) No 1141/2014, and concerning the verifications related to respect for Union values, must be expected to play a more important role in light of the next European elections.

In its 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, the European Parliament therefore "[...] *calls for the set-up of the Authority to be strengthened in order to be able to better monitor all criteria laid down in the*

³ COM(2021)734 final, 2021/0375(COD).

⁴ See "Declaration by the High Representative on behalf of the European Union on respect for the EU's democratic processes" dated 24 September 2021.

Regulation, including respect for Union values and the democratic governance of European political parties and compliance with relevant rules and the implementation of sanctions, as well as to ensure its complete autonomy and neutrality”⁵.

In addition, legislative developments that have been called for inter-institutionally are likely to directly affect the mandate of the Authority as of 2023. This will create an immediate need for additional resources in that budget year due to the significantly increasing scope of its tasks, especially in the areas of transparency, verifications and donations control.

According to Article 38(2) of Regulation (EU, Euratom) No 1141/2014, “*no more than six months after the publication of the [report of the European Parliament on the application of this Regulation], the Commission shall present a report on the application of this Regulation [...]. The report shall, if appropriate, be accompanied by a legislative proposal to amend this Regulation*”. The European Parliament adopted its corresponding report on 11 November 2021⁶. Taking into account also the latter, the Commission presented its legislative proposal for a recast of Regulation (EU, Euratom) No 1141/2014 together with a report on the statute and funding of European political parties and foundations⁷ on 25 November 2021.

In light of the Commission’s proposal, the registration and verification procedures are likely becoming more complex: The Authority would verify several additional governance requirements, both at registration stage and by means of verifications throughout the lifecycle of European political parties.

Moreover, the Authority would play a significant role in the implementation of the transparency requirements that will be imposed on European political parties in the context of European elections. In particular, the Authority is to establish and manage a repository including information provided by the European political parties on each political advertising that they sponsor or publish directly. The Authority shall also immediately publish any such information (in an easily accessible, clearly visible and user friendly form, using plain language) in the newly introduced repository (as part of the Register for European political parties and European political foundations). As the Member States’ national regulatory authorities would be tasked with supervision of compliance of the European political parties in the field of political advertising, the Authority would need to greatly enhance its cooperation with the national regulatory authorities in this respect.

If adopted, there would also be new responsibilities for the Authority to impose sanctions in certain additional cases.

⁵ 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)), A9-0294/2021, P9_TA(2021)0454, at point 25.

⁶ *ibid.*

⁷ COM(2021)717 final.

Furthermore, the proposal would create welcome but additional coordination duties, in particular a regular exchange of views and information on the interpretation and implementation of the Regulation between the Authority and Authorising Officer of the European Parliament.

The Commission itself therefore recognises that its proposal would further increase the need for “...stable staffing and strengthening of the human resources currently provided to the Authority” (point 1.4.2 of the legislative financial statement annexed to the Commission proposal). In light of the above, the Authority therefore seeks the following additional posts:

	<i>Scenario 1: Unchanged legislation</i>	<i>Scenario 2: Amended legislation(*)</i>
Additional tasks	Additional tasks resulting from evolving environment of EU democracy.	Additional tasks in the field of political advertisement, registration, enhanced donations control, sanctions, coordination with Member States and EP Authorising Officer.
Resulting AD posts	<ul style="list-style-type: none">) One permanent AD post related to IT-based control and verification cycles) One permanent AD post related to respect of values and prevention of foreign interference 	<ul style="list-style-type: none">) One permanent AD post related to enhanced donations control) One permanent AD post related to control coherence and coordination) One temporary AD posts related to IT-based political advertisement transparency) Two temporary AD post related to additional registration conditions and regular verification thereof
Resulting AST posts	<ul style="list-style-type: none">) One permanent AST post related to optimised transparency and information accessibility 	<ul style="list-style-type: none">) Two permanent AST posts related to assisting in rapid publication processes and verification cycles
Sub-total	3	7
		+3 as in base-line scenario 1
Total	3	10

(*) On the assumption that the Commission proposal of 25 November 2021 were adopted as is