



Der Generalsekretär

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### **NOTE TO THE MEMBERS OF THE BUREAU**

**Subject:** Funding of political parties and foundations at European level – grant award decision for the financial year 2011

#### **Summary**

As part of the annual procedure of the funding of political parties and foundations at European level, as governed by the basic regulation, Regulation (EC) No 2004/2003 of the European Parliament and of the Council of 4 November 2003, this note outlines the outcome of the evaluation of the funding applications submitted for the financial year 2011.

The procedure for 2011 is governed by the Bureau Decision of 29 March 2004 in its current version. Under its Article 4(2) the Bureau has to take a decision at its meeting of 2 February 2011.

On that basis, the Bureau is being asked to:

- a. approve the award of a grant for 2011 to eleven applicant parties (EPP, PES, ELDR, EGP, AECR, EL, PDE, EFA, EUD, ECPM, EAF) and to their eleven affiliated applicant foundations (CES, FEPS, ELF, GEF, ND, TE, IED, CMC, OEIC, ECPF, EFF),
- b. reject the award of a grant to the party European Alliance of National Movements, since it does not duly represented in at least 7 Member States,
- c. reject the award of a grant to the foundations "Club della Liberta Media e Alta Vallesabbia" and to the "I+D+I Fundacion Ciencia Tecnologia y Empresa", since they are not duly affiliated to a political party at European Level,
- d. instruct the President to inform applicants of the action taken on their applications and, on that basis,
- e. instruct the competent authorising officer to finalise the grant agreements and to make the payment provided for by that agreement without delay, in the case of the concerned few beneficiaries only after receiving the information or corrections still outstanding.

## I. Introduction and legal framework

1. As part of the annual procedure of the funding of political parties and foundations at European level, as provided for by 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<sup>1</sup> ("Regulation"), the Bureau is being asked to consider the outcome of the evaluation of funding applications for the financial year 2011 and to approve the resulting grant award proposals.
2. By adopting the Regulation, Parliament and the Council conferred on Parliament responsibility for the practical implementation of the system of grants for political parties and foundations at European level. Article 4 paragraph 1 of the Regulation stipulates that *'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'*. This article applies by analogy to European foundations (paragraph 7 of the same Article).
3. Rule 209 of Parliament's Rules of Procedure confers on the Bureau specific powers relating to political parties at European level. In particular, the Bureau *'shall take a decision on any application for funding submitted by a political party at European level and on the distribution of appropriations amongst the beneficiary political parties. It shall draw up a list of the beneficiaries and of the amounts allocated'*. This article applies by analogy to European foundations.
4. At its meeting of 29 March 2004 Parliament's Bureau adopted the procedures for implementing the Regulation<sup>2</sup> ("Bureau decision"). These include a detailed description of the practical procedure to be used for processing funding applications and contain the standard application forms and agreements to be used. They were last amended on 18 February 2008 to incorporate the reforms made to the Regulation.

## II. Overview of the procedure and its results

5. In accordance with the provisions of the Financial Regulation concerning the management of grants, and, in particular, the requirements of transparency and equal treatment of potential beneficiaries, Parliament published a call for proposals for parties and another one for foundations for 2011 funding in the Official Journal<sup>3</sup>. By the closing date, 1 November 2010, twelve applications had been submitted from parties and thirteen from foundations, as follows:

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<sup>1</sup> OJ L 297, 15.11.2003, p. 1.

<sup>2</sup> OJ C 155, 12.6.2004, p. 1. Decision as last modified by the Bureau decision of 18 February 2008 (OJ C 252, 03.10.2008, p. 1).

<sup>3</sup> OJ C 164, 24.6.2010, p. 12 and 17.

<b>Applicant party</b>	<b>Applicant foundation</b>
European People's Party (EPP)	Centre for European Studies (CES)
Party of European Socialists (PES)	Foundation for European Progressive Studies (FEPS)
European Liberal Democrat and Reform Party (ELDR)	European Liberal Forum (ELF)
The European Green Party/The European Greens (EGP)	Green European Foundation (GEF)
Alliance of European Conservatives and Reformists (AECR)	New Direction - Foundation for European Reform (ND)
Party of the European Left (EL)	Transform Europe (TE)
European Democratic Party (EDP/PDE)	Institute of European Democrats (IED)
European Free Alliance (EFA)	Centre Maurits Coppieters (CMC)
EUDemocrats (EUD)	Organisation for European Interstate Cooperation (OEIC) ( <b>new applicant</b> )
European Christian Political Movement (ECPM)	European Christian Political Movement (ECPF) ( <b>new applicant</b> )
European Alliance for Freedom (EAF) ( <b>new applicant</b> )	European Foundation for Freedom (EFF) ( <b>new applicant</b> )
none	Club della Liberta Media e Alta Vallesabbia ( <b>new applicant!</b> )
none	I+D+I Fundacion Ciencia Tecnologia y Empresa ( <b>new applicant</b> )
European Alliance of National Movements (AEMN) ( <b>new applicant</b> )	none

6. A committee to evaluate the funding applications was set up by the competent authorising officer by delegation, in accordance with the provisions of Article 116 of the Financial Regulation. The minutes of the proceedings of the evaluation committee (one for parties and one for foundations) are at the disposal of members at the Bureau secretariat. They outline the methodology employed, the checks carried out and the final conclusions submitted to the Authorising Officer.
7. As in previous years the committee identified for several applicants lacking or erroneous technical information. Most cases have been corrected and for the few remaining cases the lacking information is awaited in due time before the signing of the grant agreements.
8. However, the committee points also to two systemic problems, regarding :
  - a. MEPs to be taken into account for the calculation of the grant amounts.

In the case of the PES, the mandate of one of the listed MEPs ended on 20 October 2010, while the mandate of his successor started only on 16 November 2010. Therefore the seat was vacant on 1 November 2010, the date on which MEPs are to be counted, according to Art. 4(2) third paragraph of the Bureau decision. However, the committee took the view that such narrow interpretation

would go against the spirit of the rules, and proposed the following general interpretation of the rules which can also be applied for future similar cases:

*If the mandate of an MEP, member of a national party that is member of a European party, ends before the date mentioned in Art. 4(2) third paragraph of the Bureau decision, and the mandate of his/her successor, member of a national party being member of the same European party, starts after the above mentioned date, the latter MEP is to be handled, for the purpose of grants to European parties, as if he/she was actually representative of the party already on the above mentioned date.*

b. Contributions in kind.

As in previous years, contributions in kind are more frequently used by foundations than by parties as a co financing instrument. Whilst only one party has included contributions in kind in its provisional budget, 6 foundations make use of this possibility. Expressed in percentage (not in absolute figures), the foundations have slightly decreased their contributions in kind.

The committee proposed to bind the acceptance of these contributions explicitly to the following conditions, which were already approved by the Bureau for the grants in previous years:

- the proposed co financing by contributions in kind should only be accepted on a provisional basis, subject to a thorough examination of their use and to a certification by the external auditor, to be provided at the end of the financial year,
- the amount and the real percentage ratio of co financing by contributions in kind included in the final report may not under any circumstances exceed those accepted in the provisional budget.

### **Final conclusions of the evaluation committee**

For the political parties, the evaluation committee concluded that 10 out of 12 applicants have satisfied the conditions foreseen in the Regulation and should be awarded a grant for the financial year 2011.

Following the recommendations of the Legal Service in its Opinion SJ-0777/10 that EAF should be requested to produce evidence that it has legal personality before the day of the Bureau decision. This evidence has been requested by 1 February 2011 at the latest. The confirmation of legal personality by the Maltese authorities (Land and Public Registry) has been submitted in due time.

For AEMN, there is no proof that it is duly represented in at least 7 Member State. So far representation has only be documented for 6. Following the opinions of the Legal Service of 4 January 2011 (SJ-0777/10) and of 3 March 2009 (SJ-0131/09) a lack of representation cannot be corrected or completed after the closing day for the applications.

For the political foundations, the evaluation committee is of the opinion that 11 out of 13 applicants have satisfied the conditions foreseen in the Regulation and should be awarded a grant for the financial year 2011. The 3 other applicants do not fulfil the eligibility criteria for the following reasons. Following the recommendations of the Legal Service in its Opinion SJ-0777/10 that EAF should be requested to produce evidence that it has legal personality before the day of the Bureau decision. This evidence has been requested by 1 February 2011 at the latest. The confirmation of legal personality by the Maltese authorities (Land and Public Registry) has been submitted in due time.

The "Club della Liberta Media e Alta Vallesabbia" and the "I+D+I Fundacion Ciencia Tecnologia y Empresa" did not indicate affiliation to any of the recognised or applicant political parties at European level. None of these parties certified such affiliation and all of them certified already the affiliation of an other foundation. It is therefore clear that this situation cannot be corrected before the Bureau decision.

### III. Grant award proposals for 2011

9. The ceiling on the financial support granted by Parliament has been set at 85% of eligible expenditure in the operating budgets of the political parties and foundations at European level, within the limit of the appropriations available for the year. Pursuant to Article 10 of the Regulation, *'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 [...]: [...] 15% shall be distributed in equal shares [and] 85% shall be distributed among those which have elected members in the European Parliament, in proportion to the number of elected members'*. Appropriations are distributed the same way among foundations.

10. The reference values to be used in calculating grants are as follows:

Proposed cases	Parties		Foundations	
	EAF included		EFF included	
Number of beneficiaries	11		11	
Number of MEPs affiliated to beneficiaries	655		655	
Total budget available	17.400.000		11.400.000	
To be distributed as lump sum (15% of total budget)	2.610.000		1.710.000	
Lump sum per beneficiary	237.273		155.455	
To be distributed proportionally to number of MEPs affiliated (85% of total budget)	14.790.000		9.690.000	
Proportional sum per beneficiary per MEP affiliated	22.580		14.794	

On the basis of this calculation method, the following tables set out the proposed grants

Parties - Grants to 11 applicants

Applicant	MEPs affiliated	Limits for the maximum grant to be awarded			Grant to be awarded [1]
		Distribution key (Art. 10 Regulation)	85% of eligible expenditure	Grant requested	
European People's Party (EPP)	265	6.221.013,19	6.183.988,00	6.226.525,00	6.183.988,00
Party of European Socialists (PES)	173	4.143.639,14	4.117.825,00	4.255.475,00	4.117.825,00
European Liberal Democrat and Reform Party (ELDR)	72	1.863.043,72	1.815.770,00	1.841.666,00	1.815.770,00
European Green Party (EGP)	47	1.298.539,90	1.360.425,00	1.320.000,00	1.298.539,00
Alliance of European Conservatives and Reformists (AECR)	40	1.140.478,83	1.197.225,00	1.200.000,00	1.140.478,00
Party of the European Left (EL)	27	846.936,85	875.353,80	875.354,00	846.936,00
European Democratic Party (PDE)	16	598.555,17	625.061,95	625.061,95	598.555,00
European Free Alliance (EFA)	7	395.333,80	416.160,00	420.277,00	395.333,00
EUDemocrats (EUD)	1	259.852,88	283.753,80	283.754,00	259.852,00
European Christian Political Movement (ECPM)	1	259.852,88	283.475,00	290.000,00	259.852,00
European Alliance For Freedom (EAF)	6	372.753,64	397.522,90	397.523,00	372.753,00
European Alliance of National Movements (AEMN)	[8]	0,00	577.150,00	577.150,00	0,00
<b>TOTAL</b>	<b>655</b>	<b>17.400.000,00</b>	<b>18.133.710,45</b>	<b>18.312.785,95</b>	<b>17.289.881,00</b>

[1] Smallest amount of the 3 preceding columns.

Foundations - Grants to 11 applicants

Applicant	Affiliated to party	MEPs affiliated to party	Limits for the maximum grant to be awarded			Grant to be awarded [1]
			Distribution key (Art. 10 of the Regulation)	85% of eligible expenditure	Grant requested	
Centre for European Studies (CES)	EPP	265	4.075.836,22	4.202.258,90	4.201.834,00	4.075.836,00
Foundation for European Progressive Studies (FEPS)	PES	173	2.714.798,06	2.773.004,30	2.773.005,00	2.714.798,00
European Liberal Forum (ELF)	ELDR	72	1.220.614,85	942.819,89	942.819,89	942.819,00
Green European Foundation (GEF)	EGP	47	850.767,52	876.821,58	876.810,00	850.767,00

New Direction - Foundation for European Reform (ND)	AECR	40	747.210,27	804.525,00	805.000,00	747.210,00
Transform Europe (TE)	EL	27	554.889,66	593.232,00	593.128,00	554.889,00
Institute of European Democrats (IED)	PDE	16	392.156,84	428.890,45	428.890,45	392.156,00
Centre Maurits Coppieters (CMC)	EFA	7	259.011,80	252.450,00	252.450,00	252.450,00
Organisation fo European Interstate Cooperation (OEIC)	EUD	1	170.248,44	200.319,50	204.931,00	170.248,00
European Christian Political Foundation (ECPF)	ECPM	1	170.248,44	150.025,00	150.000,00	150.000,00
European Foundation for Freedom (EFF)	EAF	6	244.217,90	279.446,00	279.446,00	244.217,00
<b>TOTAL</b>		<b>655</b>	<b>11.400.000,00</b>	<b>11.503.792,62</b>	<b>11.508.314,34</b>	<b>11.095.390,00</b>

<sup>[1]</sup> Smallest amount of the 3 preceding columns.

#### IV. Conclusion

11. The Bureau is being asked to:

- a. approve the award of a grant for 2011 to eleven applicant parties (EPP, PES, ELDR, EGP, AECR, EL, PDE, EFA, EUD, ECPM, EAF) and to their eleven affiliated applicant foundations (CES, FEPS, ELF, GEF, ND, TE, IED, CMC, OEIC, ECPF, EFF) in the above proposed conditions;
- b. reject the award of a grant to the party European Alliance of National Movements, since it is not duly represented in at least 7 Member States;
- c. reject the award of a grant to the foundations "Club della Liberta Media e Alta Vallesabbia" and to the "I+D+I Fundacion Ciencia Tecnologia y Empresa", since they are not duly affiliated to a political party at European level;
- d. instruct the President to inform applicants of the action taken on their applications and, on that basis,
- e. instruct the competent authorising officer to finalise the grant agreements and to make the payment provided for by that agreement without delay, in the case of the concerned few beneficiaries only after receiving the information or corrections still outstanding,



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