



PROTECTING DEMOCRACY IN CHALLENGING TIMES

DRAFT BUDGETARY PLAN 2024

FOR THE AUTHORITY FOR EUROPEAN POLITICAL PARTIES AND EUROPEAN POLITICAL FOUNDATIONS

Part I: Preparing for the European elections year

A. Mission of the Authority

Democracy is at the heart of the European Union. 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.

Democratic integrity and a level playing field are therefore essential. 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 independent 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 contributes to political awareness at European level by providing transparency services to the Union citizens by publishing key information on European political parties and European political foundations. The Authority’s team conducts this mission independently, efficiently and in respect of political pluralism. It contributes to the European Union’s “Team democratic integrity” in close cooperation with Parliament, other Union institutions, bodies and agencies, as well as competent national authorities.

This document sets out the draft budgetary plan for the Authority in accordance with Article 6(7) of Regulation (EU, Euratom) No 1141/2014, based on its mandate, and taking into account foreseeable evolutions in line with the ongoing legislative procedure for a recast 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 by staff allocated to it. Before identifying resource needs to be included in the draft budgetary plan 2024, it is therefore relevant to summarise the budgetary structure and administrative support services already provided.

The European 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 to conduct its main activities.
- 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 build up phase, by means of two full time equivalents seconded to the Authority. Additionally, the Authority requested the Commission and the Council to allocate additional resources in order to carry out its tasks in a smooth and effective manner as of 2019. In response, on 16 October 2018, the Commission presented Amending letter No 1 to the draft general budget 2019, 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. In addition, budget for two contract staff members was allocated by Parliament to the Authority and two contract agents were hired, one in function group IV and one in function group III. The staff of the Authority, though not staff of the European Parliament, are contained in *Section I - European Parliament* of the general budget of the European Union.
- Finally, to ensure its full and independent operations, the European 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 in more detail ongoing administrative cooperation with the services of the European Parliament.

-)] **Staff management.** Pursuant to Article 6(6) of Regulation (EU, Euratom) No 1141/2014, a Service Level Agreement was signed in September 2021 with the Directorate-General for Personnel of the European Parliament (“DG Personnel”). 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.
-) **Interpretation services.** It is likely that in view of the enlargement of the Authority's tasks interpretation services may represent a necessary cost to be incurred in the future, possibly also with respect to non-EU languages in certain areas of the Authority's mandate.
-) **Training services.** 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. Nevertheless, the Authority intends to invest in the improvement of staff skills and efficiency by means of tailored trainings specific to the tasks within the Authority's mandate.

In addition, the appropriations envisaged in Part II below provide 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 space and administrative support facilities. In this context, a Service Level Agreement with the Directorate-General for Infrastructure and Logistics of the European Parliament was signed in December 2021. The Authority is based mainly in Parliament's premises in Brussels. Additionally, the Authority also obtained one office in Strasbourg, in order to be represented, when required, during Parliament's plenary part-sessions, in particular, 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 this context, a draft Service Level Agreement with the Directorate-General for Innovation and Technological Support of the European Parliament was finalised at working level in December 2022.

In addition, the appropriations 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 and investigating software.

-) **Internal audit.** A memorandum of understanding with Parliament's internal auditor was signed in January 2022.
-) **Office supplies.** The Authority makes use of the Parliament's framework contract for office supplies. For this purpose, the appropriations envisaged in Part II below are used.

- 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.

C. Evolving parameters for the Authority’s work

The upcoming 2024 European elections, the enlargement of the Authority’s mandate resulting from the ongoing negotiations on a proposal for a recast Regulation (EU, Euratom) No 1141/2014 as well as necessary adaptations to experience acquired in the first years of the Authority’s operations make a reassessment of resources necessary from 2024 at the latest.

The main additional resources needs result from the following:

Defending democracy in the 2024 European Parliament elections year

One of the key provisions with which the Authority controls compliance is the prohibition to receive donations from third countries. It is to be expected that the donations in the European election year increase significantly, as do the risks of foreign interference. Consequently, the processes relating to donor identity and origin by the Authority will be quantitatively and qualitatively more demanding.

Additionally, in light of the Authority mandate, especially pursuant to Article 10a of Regulation (EU, Euratom) No 1141/2014, preventing threats of foreign interference in European democracy is going to be a key task of the Authority’s activities in the run-up to the 2024 European Parliament elections, in very close cooperation with national competent authorities as required by legislation. Threats falling under the scope of this provision are not hypothetical: data thefts, data dumps or deep fakes weaponised for electoral purposes, including by foreign powers or State-sponsored cybercriminals, count among them. For this reason, the Authority is already proactively reaching out and raising awareness among a network of bodies and institutions relevant to the joint defence of European democracy, ranging from the European Parliament’s Directorate-General for Communication to the European External Action Service, the Hybrid Centre of Excellence and the European Data Protection Board (“EDPB”). At a meeting with the EDPB on 13 December 2022, a lively discussion on cooperation tools arose on the basis of the Authority’s presentation, and a dedicated contact point at the Authority for electoral integrity questions was specifically asked for by the chair of the board. While the Authority already designated one such contact point, the likely voluminous and sensitive work arising from this exceptionally important task makes its part-time management, aside ongoing financial integrity controls and transparency work, inadequate to what is at stake: democracy.

As a consequence, enhanced cooperation with national authorities and other stakeholders, in light of the special verification procedure according to Article 10a of Regulation (EU, Euratom) No 1141/2014 will take place. This entails not only awareness-raising, but also dedicated events organised by the Authority in this respect.

Furthermore, the Authority will need to address the additional workflows resulting from pre-election specificities in Regulation (EU, Euratom) No 1141/2014, especially the timely assessment of material submitted in accordance with increased reporting duties of European political parties and European political foundations under Article 20(3) of Regulation (EU, Euratom) No 1141/2014.

) Enhanced transparency services to the citizens

The Authority targets enhanced transparency services provided to citizens pursuant to Article 32 of Regulation (EU, Euratom) No 1141/2014. In this line, the particular focus is on accessibility to information and the automation of the Register of European political parties and European political foundations held by the Authority. DG ITEC is currently assessing on behalf of the Authority the feasible solutions that could be deployed. The coordination of the project within the Authority and intra-service cooperation also requires the involvement of the Authority's already scarce human resources.

In addition, based on case-law and the Authority's administrative experience complemented over time, the Authority has begun to provide publicly accessible guidance on its website, to be completed over time, especially in advance of the European Parliament elections 2024.

The aforementioned optimisation of the processes, while certainly an improvement, requires an increased need for time investments.

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

) Upcoming legislative developments

The Commission proposal of 25 November 2021 for a recast Regulation (EU, Euratom) No 1141/2014⁵ is currently still under negotiation but will most likely lead to additional responsibilities for the Authority from 2024, in particular in relation to:

- Union values: "equivalent" values will also need to be observed by the national member parties and organisations which could also lead to increased verification activities in this respect;
- Third-country payments: whatever the political choice the co-legislators might reach in this respect, additional control efforts by the Authority will be essential;
- Donor due diligence mechanism: The Authority will be tasked with an ensuring an important but time-consuming donor identity controls which also implies additional workflows;

- Enlargement of the Authority mandate to impose more modulated sanctions in certain cases;
- Enhanced transparency requirements;
- Additional coordination duties stemming from legislative developments, in particular coordination between the Authority and the Authorising Officer of the European Parliament.

Part II: Appropriations

The breakdown provided hereunder comprises expenditure appropriations for administrative support by the European Parliament, the Authority's dedicated budget items 500 and expenditure appropriations concerning staff salaries. The Authority's dedicated budget items 500 are included under *Section I - European Parliament* of the general budget of the European Union. 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 European Parliament 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 best estimations and take into account changes in the legislative framework proposed by the Commission on 25 November 2021 envisaged to enter in force by 2024 at the latest.

The main challenge faced by the Authority continues 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 2024 of a recast developed on the basis of the above-mentioned proposal of the Commission of 25 November 2021. With the current level of staffing, the Authority is able to carry out its day-to-day activities. Nevertheless, it features significant strains in cases of absences of one or more staff members and in the periods of high workload with multiple overlapping tasks. These strains intensify when there is a necessity to address non-recurrent work streams which due to improvements in the processes and verification/compliance control methodology based on the experience of the first years of Authority's operation ("lessons learned") tend to be more and more frequent. Moreover, the adoption of the recast of Regulation (EU, Euratom) No 1141/2014 will enlarge the current mandate of the Authority imposing more responsibilities on the Authority's staff. A breakdown of the expected staff needs may be found in the annexed detailed justification.

Amounts provided below are best estimates and depend, to a certain extent, on (i) the number of full time equivalents that will be working for the Authority in 2024 and (ii) whether the needs identified below can actually be met through agreements with the Institutions. The Authority will monitor the evolution of its needs and review this budgetary plan and the amounts contained therein to align them to that evolution.

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.

Nature of expenditure	Assessment	Amount (EUR) for financial year 2023	Amount (EUR) for financial year 2024
Language services (Chap 14)	Costs of translation and interpretation services	10 000	10 330
Professional trainings (Chap 16)	Costs of trainings	12 000	12 396
Building, IT and ancillary expenses (Chap 20 and 21)	Expenditure related to premises and standard operations	250 000	258 250
Missions (Chap 30)	Costs of missions and duty travel	95 000	98 135
Documentation services (Chap 32)	Costs of access to available documentation	2 500	2 582
Total		369 500	381 693

B. Appropriations under item 5 0 0

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 (Title 5) in the Section for the European Parliament in the general budget of the European Union. The Authority's director acts as Authorising Officer with respect to that budget item.

These appropriations aim to ensure the full and independent operation of the Authority. They cover 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. These appropriations 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.

Resources	Legal Basis	Amount (EUR) for financial year 2023	Amount (EUR) for financial year 2024
Budget item of the Authority 5 0 0(*)	Article 6(7) of Reg. No 1141/2014	350 000	400 000

(*) 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.

C. Appropriations relating to staff

Given that the Authority is an independent body, it is useful to distinguish staff-related appropriations between the European Parliament and the Authority transparently. The Authority therefore welcomes that a separate indication of posts and appropriations for salaries of staff working for the Authority is foreseen in the budgetary documentation, in accordance

with Parliament's resolution of 19 October 2022 on the Council position on the draft general budget of the European Union for the financial year 2023¹. The necessary staff related appropriations are estimated as follows, taking into account the needs identified and justified in annex, as well as annual inflation adjustments for 2023 and 2024:

Resources	Legal Basis	Amount (EUR) for financial year 2023	Amount (EUR) for financial year 2024 Scenario 1: Unchanged legislation	Amount (EUR) for financial year 2024 Scenario 2: Updated legislation(*)
Staff-related appropriations of the Authority	Article 6(7) of Reg. No 1141/2014	1 954 025	2 492 585	3 550 473

(*) On the assumption that either Parliament position or Council general approach were adopted as such.

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

Resources	Legal Basis	Amount (EUR) for financial year 2023	Amount (EUR) for financial year 2024 Scenario 1: Unchanged legislation	Amount (EUR) for financial year 2024 Scenario 2: Updated legislation(*)
Administrative support from EP	Article 6(4) of Reg. No 1141/2014	369 500	381 693	381 693
Budget item of the Authority 5 0 0(**)	Article 6(7) of Reg. No 1141/2014	350 000	400 000	400 000
Staff-related appropriations for the Authority		1 954 025	2 492 585	3 550 473
Total		2 673 525	3 274 278	4 332 166

(*) On the assumption that either Parliament position or Council general approach were adopted as such.

(**) 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.

¹ 12108/2022 – C9-0306/2022 – 2022/0212(BUD), §73.

Annex: Detailed justification for additional posts requested

The assessment of the Authority presented in the budgetary plan 2024 is based on the analysis of the developments in the factual environment and legal framework. The Authority also assessed and took into account the foreseeable effects that the Commission's proposal of 25 November 2021², envisaged to enter into force in 2023, would have on the Authority workflows in the fields of registration, compliance controls as well as reporting and transparency requirements.

Recent experience suggests that the Authority's 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 procedures, litigation before the General Court of the European Union, or control methodology updates. In addition, due to the overall rather small size of the Authority, the Authority's staff also face a significant burden of additional workload during the temporary absences of even one staff member.

In 2024 several tasks will become more resource-intensive, even without new legislation:

- controlling whether donations of non-EU origin have been received;**
- preventing undue foreign interference in European democracy, including in particular additional cooperation workflows with national authorities to contribute to European elections integrity;**
- enhanced transparency services for the citizens in a context of faster-paced notifications of European political parties' and foundations' revenue items in the election year;**
- new IT tools foreseeably require significant workflow adaptations and implementation efforts within the current scope of the Authority's mandate.**

Firstly, the Authority controls compliance with the prohibition to receive donations from third countries. It is to be expected that the donations in the European election year increase significantly, as do the risks of foreign interference. Consequently, the processes relating to donor identity and origin by the Authority will be quantitatively and qualitatively more demanding.

Secondly, with increasing risks of malicious interference in electoral processes³, 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 this context, preventing undue interference in the EU's democratic processes and detecting activities that

² COM(2021)734 final, 2021/0375(COD).

³ See the State of the Union address of the Commission President of 14 September 2022, the remarks of the President of the European Parliament at the opening of plenary part-session of 12 December 2022 as well as the press release of the Council of 13 December 2022 on the adoption of a negotiating mandate on the proposal for a Regulation on the transparency and targeting of political advertising.

threaten integrity, security and democratic values is going to be a key driver of the Authority activities for 2024. Moreover, as mentioned above, the Authority will contribute to enhance the visibility of European political parties and their programmes before the European elections as well as address any additional work streams imposed on it by Regulation (EU, Euratom) No 1141 in the context of the European elections.

Thirdly, the Authority enhances its transparency services to the citizens. Public guidance is being made available in good time before the 2024 European Parliament elections for the benefit of registration applicants as well as already registered European political parties and European political foundations and will have to be constantly updated and amended. Also, the process of making certain publications available in open data format is being further developed.

Fourthly, in light of technological developments in the fields of compliance controls, the Authority is screening options for acquisition of new software tools and, if appropriate, will acquire and implement before the European elections. Contacts with the European Parliament to explore possible technical solutions have already been established.

In addition to the improvements in the Authority's day-to-day operations under current rules, **legislative developments** likely will affect the mandate of the Authority from 2024 at the latest. This will create an immediate need for additional resources due to the significant enlargement of its mandate, especially in the areas of registration, compliance controls as well as reporting and transparency requirements.

According to the evaluation clause in 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 2021⁴. Taking into account also the latter, the Commission presented its legislative proposal⁵ for a recast of Regulation (EU, Euratom) No 1141/2014 together with a report on the statute and funding of European political parties and foundations⁶ on 25 November 2021. Council adopted a partial general approach on 22 March 2022⁷, and Parliament adopted its position on 15 November 2022⁸. Legislative negotiations are ongoing to this date.

In light of the Commission's proposal to amend Regulation (EU, Euratom) No 1141/2014, the registration and verification procedures are likely becoming more complex: the Authority would verify several additional governance requirements, both at registration stage and during compliance controls throughout the lifecycle of European political parties and foundations.

⁴ P9_TA(2021)0454, A9-0294/2021.

⁵ COM(2021)734 final.

⁶ COM(2021)717 final.

⁷ 7429/22.

⁸ P9_TA(2022)0328, A9-0223/2022.

In particular, a new donor due diligence procedure would likely increase the effectiveness of the compliance control processes and investigative capacity of the Authority. Nevertheless, this approach will involve new and intensive workflows for the Authority's staff involving targeted investigative steps with outside contacts, potentially in enhanced cooperation with national authorities.

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 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 estimates that the level of staffing in 2024 that will allow for efficient operation in relation to day-to day-activities is as follows:

	<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 registration, enhanced donations control, sanctions, coordination with Member States and EP Authorising Officer.
Resulting AD posts	) One AD post related to IT-based compliance control and verification cycles.) One AD post related to foreign interference prevention.	) Two AD posts related to enhanced compliance control and cooperation workflows.) Two AD posts related to additional registration conditions and regular verification thereof.
Resulting AST posts	) One AST post related to enhanced transparency and information accessibility.	) Three AST posts related to assisting in rapid publication processes and verification cycles.
<i>Sub-total</i>	3	7
		+3 as in base-line scenario 1
<i>Total</i>	3	10

(*) On the assumption that either Parliament position or Council general approach were adopted as such.