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EUROPEAN COMMISSION FOR DEMOCRACY THROUGH LAW
(VENICE COMMISSION)

**ORGANIC LAW OF GEORGIA
ON CHANGES AND ADDITIONS
TO THE ORGANIC LAW OF GEORGIA
ON POLITICAL UNIONS OF CITIZENS**

Article 1. The following changes and additions shall be introduced to the Organic Law of Georgia on Political Unions of Citizens:

1. The Article 29¹ shall be added to the Law with the following wording:

“Article 29¹

1. The funds for financial support of the parties' activities and for facilitation of creation of fair, competitive political system shall be allocated from the state budget of Georgia on an annual basis.
2. The financing of the parties and nongovernmental organisations from the funds allocated in accordance with paragraph 1 of this article shall be conducted in the following manner:
 - a. By direct transfer of funds from the state budget of Georgia to the parties;
 - b. Distribution of funds to the parties and nongovernmental organisations pursuant to this law. “

2. The Article 30 shall be formulated with the following wording:

“Article 30

1. The funds allocated from the state budget of Georgia for direct distribution to the parties shall be transferred to the parties in accordance with the procedure prescribed in this Article.
2. The funds allocated from the state budget of Georgia for direct distribution to the parties shall be given to those parties which had overcome 4% barrier at the latest parliamentary elections or – 3% barrier at the latest common elections of local self-government.
3. The funds allocated as budgetary financing in accordance with this Article shall consist of: the basic part, the surplus allocated for the MP elected by proportional system, and the component which corresponds to the votes received.
4. Budgetary financing to be received by the parties shall be calculated according to the following formula:

$$Z=B+(M*600*12)+(L*100*12)+(V*1,5)+(W*1),$$

where Z is the budgetary funds to be received by the parties; B – quantity of basic financing; M – quantity of 30 or less than 30 MPs elected by proportional system; L - quantity of more than 30 MPs elected by proportional system; V – quantity of less than 200 000 votes received; W - quantity of more than 200 000 votes received.

5. The quantity of basic financing is 150 000 GEL per annum.
6. If the election subject (party/election block) overcomes 8% barrier at the latest parliamentary elections or – 6% barrier at the latest common elections to local self-government, the quantity of basic financing will be 300 000 GEL per annum. The higher quantity of basic financing may be provided by the law on state budget of Georgia of the relevant year.
7. For the purposes of formula provided by this article M and L shall equal to zero if the authority of MP elected in a proportional system was terminated according to the

procedure established by the legislation of Georgia. M and L also changes (decreases or increases) proportionately, if within three months after recognition of their authorities the MPs elected in a proportional system leave the party or join a party which receives the budgetary financing according to the procedure established by this law.

8. For the purposes of formula provided by this article, the results of the latest parliamentary elections or the latest common elections to local self-government shall be used upon parties' option, in accordance to the conditions provided by this article.
9. Where this article refers to the results of the election block at relevant elections the quantity of votes received shall be divided to the quantity of the parties joined in the election block.
10. The basic funding is equally divided between the parties joined in an election block.
11. The party shall receive budgetary funding only upon prior a written consent, which must be submitted to the Central Election Commission of Georgia annually, not later than 25 November. If a party does not submit its written consent about receiving budgetary financing of the following year within the term envisaged by the law, the Central Election Commission shall notify this party about it in written on the next day upon expiration of the said term. The party is entitled to submit appropriate consent within 3 days after the written notification of the Central Election Commission. If the party still does not submit its consent within the terms defined by the Central Election Commission, it shall loose the right to receive budgetary financing for the consecutive year and the Central Election Commission shall notify this party about it in written. The Central Election Commission shall return the funds to the state budget of Georgia within 5 days after a party has lost the right on budgetary financing.”

3. The following article 30¹ shall be added to the Law:

“Article 30¹

1. Apart from the budgetary financing provided by the article 30 of this law, the funds shall be transferred annually from the state budget to the foundation which aims at the support of the development of parties and nongovernmental sector and creation of fair, competitive political system.
2. Financing of the parties and nongovernmental organisations from the foundation shall be conducted in accordance to the procedure established by this article.
3. The functions of the foundation provided by this article are performed by the entity of public law – the Development and Reforms Foundation.
4. The funds to be transferred from the state budget to the foundation shall amount to the half of the funds to be directly distributed to the parties in accordance with the article 30 of this law.
5. Transferring of money from the state budget to the foundation shall be done quarterly.
6. The foundation may also attract funds from other sources.

7. 50% of the funds transferred from the state budget to the foundation shall be distributed to the parties, while another 50 % - to the nongovernmental organisations.
8. The amount allocated to the parties from the foundation shall be divided among the parties proportionally to the basic financing received by them.
9. Allocation of funds from the foundation shall be done only for the purpose of financing of researches, trainings, conferences, business trips and regional projects.
10. Distribution of grants to nongovernmental organisations shall be done only upon submitted projects in support of development of the political parties. Funds delivered to a single nongovernmental organisation shall not exceed 5% of the funds to be distributed to the nongovernmental sector. Representatives of at least 3 international organisation or foreign foundations with relevant experience shall participate with advisory voice in the discussion of projects of nongovernmental organizations in the foundation.
11. The party shall submit annual reports on targeted use of received funds to the foundation. If party fails to submit a report according to the procedure prescribed by the law, or fails to use funds for the purposes prescribed by this article, financing of a party from the foundation shall be terminated for one year.
12. If parties or nongovernmental sector fail to use funds allocated from the foundation, these funds shall be distributed in the consecutive year.”

4. Paragraph 5 of the article 31 shall be deleted.

5. The following paragraph 10 shall be added to the article 39:

“10. To receive the budgetary financing for the year 2009 the parties shall submit their preliminary written consent to the Central Election Commission of Georgia not later than 31 January 2009.”

Article 2. This law shall enter into force upon promulgation.

President of Georgia

Mikheil Saakashvili

Tbilisi, 30 December 2008