Greco evaluations on Political Party and Election campaigns Funding

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The Greco

- Group of States against corruption
- Structure of the Council of Europe
- Established in 1999 and composed of representatives of 49 Member States
- Purpose: to monitor states compliance with anti corruption standards
- Relevant standard: Recommendation of the Council of Europe of 2003 on party and election campaigns funding
The Greco

- Third evaluation round on party and electoral campaign funding launched in 2007
- Visit of the Member states. Method based on replies to a questionnaire and meetings with officials and representatives of civil society of the host country
- Recommendations for changing rules in respect to the Recommendation of the Council of Europe against corruption in the funding of political parties and electoral campaigns of 8 April 2003
Key Issues

- Transparency
- Monitoring of the implementation of rules on party and electoral campaign funding
- Sanctions
Transparency

- **Private donations**
  - Member states where *anonymous donations* are accepted: Denmark, Malta, the Netherlands. Explicit prohibition now in Bulgaria. Ban of anonymous donations can be circumvented: Greece where parties give coupons under 600 € donations to donors as receipts. Practice which allows anonymous flows of money.

- **Declaration threshold**: high ceilings, an obstacle to transparency: Cyprus, Finland, Germany, Ireland, the Netherlands

- **Transparency**: the argument of protection of privacy: Belgium

- **Prohibition on donations of private companies**: Belgium, Bulgaria, Estonia, France, Lithuania, Poland and Portugal, Spain.
In-kind Donations considered as Donations

- Availability of services, equipment: Latvia, United Kingdom
- Hiring of staff or footing of party invoices by private companies: Slovenia
- How to deal with volunteers?
- Recording of in-kind donations in Albania, Armenia at the market value. Contrary: Hungary, no provisions on their evaluation
Sponsoring and donations

- Donations from companies in Belgium are prohibited but sponsorship is allowed.
- Sponsorship is not considered as a donation in Germany and is not liable to the declaration requirement of €10,000 but is considered as tax deductible for advertising.
- Donations in lieu of a return: Prohibition of donations in return for a recognizable advantage: Germany.
- Prohibition of donations by private companies involved in public procurement exclusively during the said procurement: Serbia, Spain.
Loans

- A substantial source of income: Poland and Spain
- Loans and Transparency:
  - Loan as a way to circumvent the ceiling on donations
  - Regular declaration to the Electoral Commission in the UK. Same rules for candidates and Third parties as for political parties
  - Lack of details: no comprehensive information on conditions, length, interest rate: Poland and Spain. Debt cancellation will be banned in Spain. Obligation of information on the amount, the interest rate and the repayment. Progress in Poland.
Third Parties

- **Notion:** Interest groups, associations, trade unions, charity, faith groups. Considered as non party campaigners

- **The British example**
  - Declaration of the Third Party to the Commission
  - Declaration of donations and electoral expenses to the Commission
  - Ceiling for electoral expenses of Third Parties
Account reports

- **Account keeping**: appointment of a person in charge of keeping accounts: the treasurer in the United Kingdom.

- **Presentation of the accounts**: a lack of standardised accounts to make comparisons: Ireland, the Netherlands, Norway before the reform, Turkey, the UK. Common format established by the Court of Audit in Spain.

- **The scope of the accounts**
  - No information about accounts of structures surrounding the parties: progress achieved in Estonia and Norway. Corporate donations through related entities in Spain.
  - No information about accounts of local party structures: Ireland, the Netherlands. Counter example in Lithuania.
  - Freedom of local party structures: Slovakia.
  - Party foundations.

- **Disclosure** of the accounts
  - No disclosure: Belgium, Malta, Poland (no single document with a global overview) and the UK (voluntary).
  - Disclosure of the services for the parties and of the donations of the Third Parties (UK).
Monitoring of Implementation of Rules

- The *status* of the monitoring bodies:
  - *The certified accountants*: no obligation for independence: Germany, Ireland, Iceland. Independence requirement in Moldova and Norway.
  - *The public monitoring body:*
    - *Independent monitoring bodies*: Estonia, France, Norway (Auditing Committee composed exclusively of auditing professionnals).
    - *Political monitoring bodies: Members of Parliament*: Belgium, Czech Republic, Estonia before amendment to the relevant Act, Germany
    - *Political monitoring bodies: Executive power*: Finland before the reform, Azerbaidjan, Latvia.
- *A single monitoring body*: France, Finland, Germany, Norway, the UK.
- *Several monitoring bodies*: Albania, Belgium, Lithuania, Slovakia.
Monitoring of Implementation of Rules

- **Content of the monitoring**
  The monitoring bodies don’t carry out any monitoring beyond data parties provide: Croatia, Estonia, Finland, France, Poland, Slovakia, Slovenia.

- **Scope of the monitoring**
  - No monitoring on electoral accounts of individual candidates: Belgium
  - No monitoring on funding of presidential election: Croatia and Iceland (before the reform).

- **Means of monitoring bodies**
  - 8 persons in the Bundestag administration
  - Lack of staff: Belgium, Poland, Serbia and Spain before a new allocation of personnel. Improvements in Bulgaria, 9 persons at the CC in Turkey.
  - Impact of this lack of staff on disclosure reports by the monitoring body: 2014 for the financial years 2009 to 2011 in Spain. Impact on the limitations regime.
Sanctions on Infringements of the Rules

- **No sanctions:** Albania before amendments to the relevant Act, Malta
- **Weak sanctions:**
  - Belgium: loss of public funds for 4 months
  - France: fines of 3750 €
  - Slovenia: fines may be lower than false donations
- **Strict sanctions:**
  - Criminal sanctions in Croatia and Estonia (changes after the evaluation)
    - Criminal sanctions mean that they may be imposed solely by a court (Denmark)
- Administrative fines in Finland, the Netherlands, Norway. Flexible sanctions in Finland, Norway, in the UK
- Incremental fines in Spain
- **A limited scope:** not all infringements are liable to a sanction (Ireland)
- **Sanctions which are not imposed in practice:** Belgium, Estonia, Finland, France, Slovakia and the UK
Conclusions

Regarding the Recommendation of the Council of Europe there are many loopholes in the rules of the Member states.

Member states have amended their rules after their evaluation by the Greco: Albania, Bulgaria, Finland, Iceland, Lithuania, Luxemburg, Norway.

Compliance procedure:
- After 18 months Greco assesses the implementation of the recommendation.
- Whether it has been implemented satisfactorily or partly or it has not been implemented at all. If not all recommendations have been complied with, a new period of 18 months.

Graduated approach for steps for members which have not complied with the recommendation. Last step: letter from the Secretary General of the Council of Europe to the Minister of foreign affairs of the Member State. Belgium. Procedure will be terminated by an official declaration of non-compliance along with a record of the action taken by the member concerned in response to the recommendations.

- 37% of the recommendations have been implemented satisfactorily, 9% have been dealt in a satisfactory manner, 29% have been partly implemented and 25% have not been implemented.
Conclusions

The issues of transparency, monitoring and sanctions are closely interconnected.

No sanctions may be imposed without any efficient monitoring body.

No efficient monitoring may be carried out without transparency.