Registration, Funding and Oversight:
"Best Practices" in Old and New Europe

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Introduction

The present discussion paper has been commissioned by the OSCE Office for Democratic Institutions and Human Rights (ODIHR) following an official request from the Standing Committee on Legal Affairs of the Parliament of Armenia, a visit by OSCE/ODIHR to Armenia on 10-11th July 2019 and the OSCE/ODIHR Opinion on the Constitutional Law of Armenia on Political Parties published in October 2019.

The paper aims at offering the members of the Working Group on Electoral Reforms of Armenia a comparative overview of good practices from European States in the area of political party registration, (public and private) finance, and oversight, with the intention to ultimately inform the reform efforts ongoing in Armenia in this regard. It is based on Venice Commission and OSCE/ODIHR *Guidelines on Political Party Regulation* (2011), from now on just *Guidelines*, and Recommendation Rec 2003(4) of the Committee of Ministers of the Council of Europe to member states on common rules against corruption in the funding of political parties and electoral campaigns and draws from the most recent academic literature (e.g. Biezen and Casal Bértoa, 2014; Casal Bértoa and Biezen, 2018; Casal Bértoa, 2019), using Biezen's (2013) *Party Law in Modern Europe* database as well as International IDEA's (2018) *Political Finance Database.*

OSCE/ODIHR remains ready to further support the work of the Working Group on Electoral Reforms in its important work on the political party finance legislative framework, as to strengthen principles of political transparency and accountability in Armenia.

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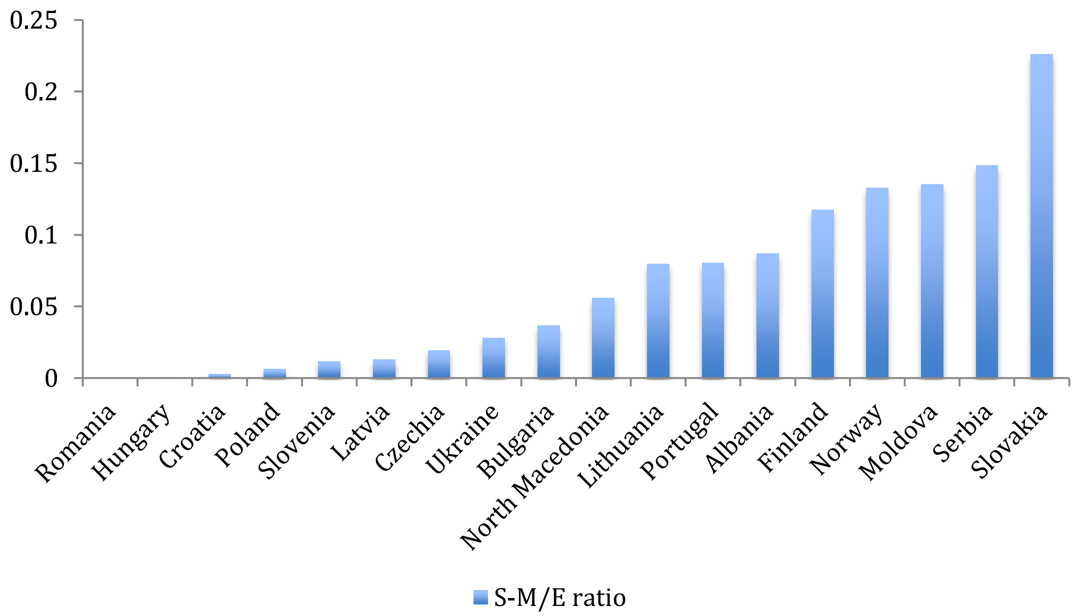
Registration

Most Western European consolidated democracies (e.g. Germany, Greece, Spain, Switzerland) do not establish any special registration requirements. In some countries, like Denmark, Italy or The Netherlands, political parties are not even obliged to register. However, in most new post-communist European democracies this is the case.

The collection of a minimum number of signatures prior to the registration of a political party is the most frequent requirement. It can go from as low as 100 in Croatia or 200 in Latvia and Slovenia to as high as or 10,000 in Serbia, Slovakia and Ukraine. Some countries, however, use party membership as the basis to establish the minimum levels of support required for registration: namely, 3 in Romania,[1] 10 in Hungary or 2,500 in Bulgaria, which also requires the support of 500 signatures at the same time.

Figure 1. Signatures-member/electorate ratio in 18 selected European countries



Sources: Biezen (2013), Biezen and Casal Bértoa (2014), Casal Bértoa and Biezen (2018)

Figure 1, shows the minimum number of signatures as a percentage of the voting population (as in the last parliamentary elections) in a number of selected European countries. As it can be observed, Slovakia is the most demanding and Romania, followed by Hungary, the more lenient. The average among the countries

[1] It used to be as high as 25,000 until 2015.

included in figure 1 is around 0.07, with North Macedonia and Lithuania as the closest countries to the "European" average.

Slovakia is one of the few countries where the payment of an "administrative fee" (i.e. €663.5) is also required (Učen *et al*. 2018: 60). Although "acceptable", this type of financial requirement should be reasonable, not to restrict party formation (*Guidelines* n. 74-75).

Two post-communist European democracies to have an additional requirement of a specific geographical distribution of supporters/members are Moldova and Ukraine.[2] The former requires that "its members must be residents of second level administrative-territorial units from the Republic of Moldova, with no less than 120 residents in each of the administrative-territorial units" (art. 8.1.d of the 2007 Party Law), the second proved that "the signatures are collected in two-thirds of all the rayons of at least two-thirds of all the oblasts of Ukraine, the cities of Kyiv and Sebastopol, and in no less than two-thirds of the rayons of the Autonomous Republic of Crimea"[3] (art. 10 of the 2015 Party Law). However, this type of provisions are deemed to be inadequate as they "potentially discriminate against parties that enjoy a strong public following but whose support is limited to a particular area of the country", for example regional and/or ethnic parties.

All in all, it is important to bear in mind that any substantive registration requirement and procedural step for registration included in the relevant legislation must be "reasonable" (*Guidelines* n. 66).

Funding

1. Public Funding

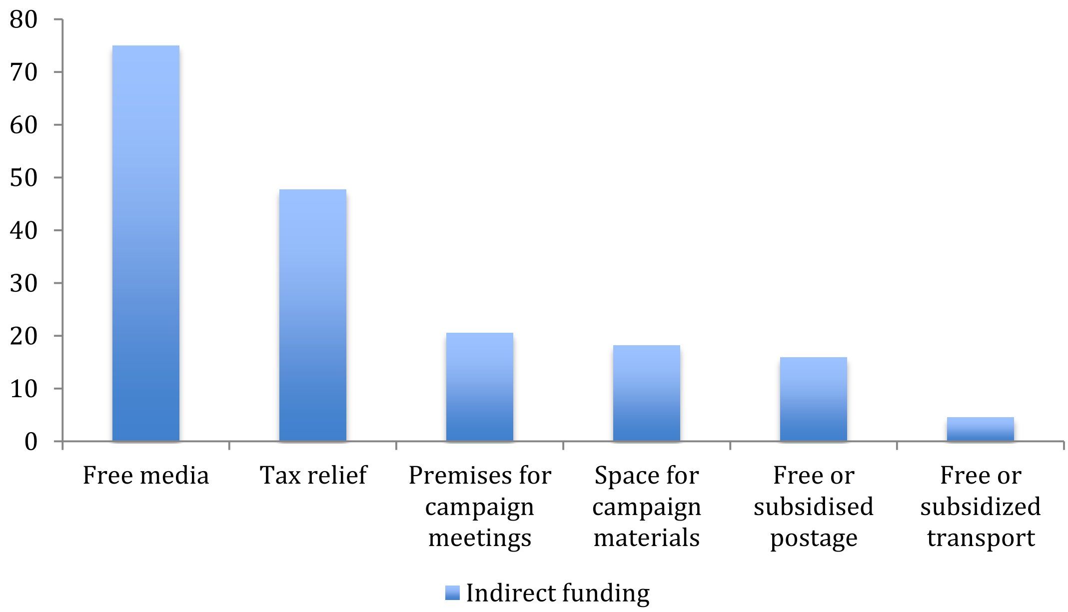
States can help to fund political parties in two different ways: indirect and direct. The latter can be used either for covering (totally or partially) electoral expenses or for helping to finance the daily life of political organizations or, in some countries, for both. In most world regions (e.g. Europe - East and West - or Latin America) state guarantees parties and/or candidates some kind of direct financial help (Scarrow 2006; Casal Bértoa and Biezen, 2018).[4]

[2] Romania eliminated such requirement a couple of years ago.
[3] A criterium which, in any case, cannot be fulfilled at the moment (Casal Bértoa, 2016: 2).
[4] In others (e.g. Africa, Asia) this is not the case: thus, only half of the countries in Asia do so (Casal Bértoa and Sanches, 2018; Mobrand *et al*., 2019).

a) Indirect

One of the most popular ways in which states can indirectly help political parties, and at the same time ensure that voters remain properly informed, is by granting them free access to media time. In Europe, 75 percent of the countries do so (figure 2). In most cases (52.4 per cent), and following the *Guidelines* (n. 181), airtime is allocated on an "equal" basis (e.g. Denmark, Cyprus, France, Finland, Portugal, the Netherlands).[5] In a few countries, though, free airtime is allocated on a proportional basis: for instance, depending on the percentage of votes (e.g. Andorra), seats (e.g. Germany), or both the number of candidates and votes (e.g. Ireland) or seats (e.g. Switzerland). In some countries, like Albania, Belgium, Macedonia and Romania, a mixed regime (i.e. part on equal, part on proportional basis) has been adopted. In any case, allocation criteria should *always* be "objective, fair and reasonable" (*Guidelines* n. 179).

Figure 2. Indirect public funding to political parties



Source: IDEA (2018)

In addition to free media, states might offer indirect support to political parties in different ways. The most popular one, as it follows from figure 2, is tax relief. Thus, almost half of European countries provide one type or another of tax exemptions for party activities. Table 1 below displays some of the most important types of tax relief: from exemptions on income (e.g. The Netherlands) or donation

[5] Access to media should be equal or equitable in terms of (the amount of) time, timing (of allocations) and location.

(e.g. France, Ukraine) tax, to tax benefits (e.g. Croatia, Malta) or exemptions on business (e.g. Denmark, Hungary) or advertising activities (e.g. Estonia). In some countries like France, Italy or Switzerland – among others – such exemptions are totally or partially extended to the donors.[6]

Table 1. Types of tax relief in selected European countries

Country	**Type of tax relief**
Croatia, Malta	Profit tax + VAT (+ tax benefits in special circumstances)
Cyprus, Finland, Italy, Slovakia	Donations
Denmark	No taxes except for business activities
Estonia	Advertisements
France, Iceland, Italy, Latvia, San Marino, Switzerland	Total/partial exemption for donors
Hungary	Donations + business activities + local taxes (but NO for real state + company car + employees)
Montenegro	Membership fees + contributions
The Netherlands	Income tax
Norway, Portugal	Certain income tax + VAT
Romania	Own activities
S. Marino	Profit tax
Ukraine	Donations, benefits, property

Source: IDEA (2018)

Other indirect forms of public funding are the free use of premises for campaign meetings, the free allocation of space for campaign materials (both already existent in Armenia), free (or subsidized) postage (e.g. France, Italy, Spain) or transport (e.g. Belgium). Switzerland is perhaps the prototype of indirect public funding as it guarantees parties all those four forms of in-kind support. Another way to indirectly help political parties "is to provide tax credits for individuals who give in-kind contributions, whether in the form of labour or goods and services" (*Guidelines* n. 182).[7]

b) Direct

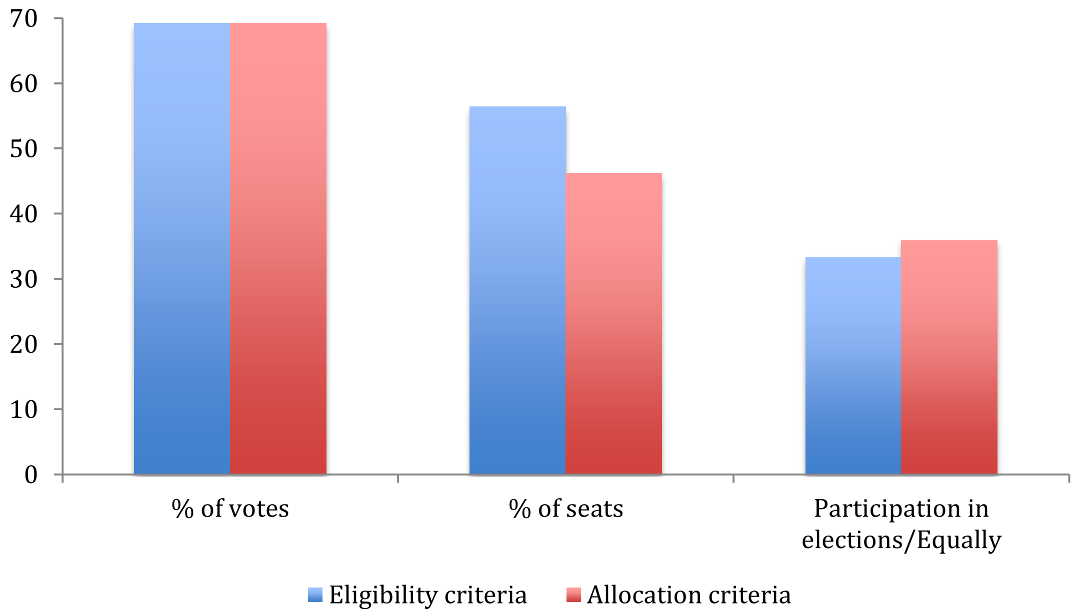
Direct public funding has been found to be essential for the creation of new political parties, the survival of existing ones, the development of strong and responsive partisan organizations, the institutionalization as well as the de-polarization of party systems or the reduction of corruption at different levels (Casal Bértoa, 2019).

[6] However, it is important to remind here that in accordance with CoE's Ministers Recommendation (2003)4, this type of deductibility should be adequately limited (*Guidelines* n. 182).

[7] Free-child care to support candidates (usually female) with family duties is also recommendable (*Guidelines* n. 180).

Bearing in mind all these reasons, it is not surprising that, with only six exceptions (i.e. Belarus, Italy,[8] Malta, Monaco and Switzerland), all European democracies grant political parties access to public subsidies. More than half provide state subsidies for the funding of ordinary activities alone. The other 46 percent extend their financial help also to electoral campaigns (e.g. Germany, Ireland, Portugal, Spain).

Figure 3. Eligibility and allocation of state subsidies



Source: IDEA (2018)

The most common way is for states to grant financial support to parties that have obtained a particular percentage of votes in the previous legislative elections (see figure 3). This might coincide with the electoral threshold, like in Belgium, Croatia, Finland, Spain or the United Kingdom (but here only for opposition parties), or be lower, like in Denmark, Germany, Russia or Slovenia. Still, most countries prefer to establish various pots of funding to which different types of parties can have access. In one third of the cases (e.g. Albania, Iceland), part of the state subsidies are granted to all parties participating in elections, indistinctively of their success.

Table 2. Electoral and payout thresholds in European democracies

Country	**Electoral threshold (% votes)**	**Payout threshold (% votes)**
Albania	3	0.5
Andorra	10[9]	10

[8] But only from January 2017.

[9] Turkey is another country with such extremely high electoral threshold. There, however, the payout threshold is just 3% (7% before 2015).

Austria	4	1
Belgium	5	5
Bosnia & Herzegovina	3	1
Bulgaria	4	1
Croatia	5	5
Cyprus	3.6	1.8
Czechia	5	1.5
Denmark	2	0.3
Estonia	5	1
Finland	n/a	0.3
France	n/a	1
Germany	5	0.5
Greece	3	1.5
Hungary	5	1
Iceland	5	2.5
Ireland	n/a	2
Latvia	5	2
Liechtenstein	8	3
Lithuania	5	3
Luxembourg	n/a	2
Moldova	5	0
Montenegro	3	3
Netherlands	0.7	0.7
North Macedonia	n/a	1
Norway	4	2.5
Poland	5	3
Portugal	n/a	0.9
Romania	5	4
Russia	5	3
San Marino	3.5	3.5
Serbia	5	5
Slovakia	5	3
Slovenia	4	1
Spain	3	3
Sweden	4	2.5
Ukraine	5	2
UK	n/a	35

Source: Casal Bértoa *et al*. (2014) and IDEA (2018)

Table 2 displays all (electoral and payout) thresholds in Europe. Most European countries, in the interest of political pluralism, guarantee access to state subsidies to non-parliamentary parties. Moldova is the only country to guarantee financial help to all parties in elections. Other very generous countries are Albania, Denmark, Finland, Germany or the Netherland. Most countries (11), however, require parties to obtain at least 1 percent of the vote. Others raise the payout threshold up to

2 or around 3 percent (8 countries in both cases). All in all, the average payout threshold tends to be 2 points below the electoral threshold.[10]

In terms of allocation, most countries contemplate the proportional distribution of public funds according to the percentage of votes received in previous legislative elections (see figure 3). This is the case of Bulgaria, Iceland, Ireland, Latvia, Lithuania, Moldova, Poland, Romania, San Marino or Ukraine. Others, much less (e.g. Finland, San Marino, Sweden), make the allocation on the basis of the percentage of seats. The only country to guarantee equal distribution of state subsides is Cyprus. And in Andorra the allocation is proportional to the candidates fielded by each party. Still, most countries prefer to use a mixed allocation regime, by distributing part of the funds on an equal basis and the other part in proportion to the percentage of votes (e.g. Belgium, Liechtenstein, Luxembourg, Norway, Portugal, Slovenia) or seats (e.g. Bosnia and Herzegovina, Greece, Montenegro).

"Matching funds"

It is important to note here that, trying to foster political participation and the strengthen of linkages between parties and their supporters and sympathizers, some countries have introduced a system of "matching funds" in which part of the public subsidies is distributed in proportion to the capacity of parties to attract popular and/or financial support. The two main examples with this type of allocation regime are Germany and the Netherlands.[11]

The "matching funds" systems of these two countries differ slightly. Thus, while in the Netherlands public funding is directly dependent on parties' level of membership, in the German case public subsidies' distribution is conditional to the capacity of political parties to collect private contributions.

In the Netherlands, where like in most European countries one part of the public subsidies is distributed proportionally and another part as as a lump sum, a third part (11.5 percent) is allocated to in proportion to the number of members, but

[10] For some countries where the electoral threshold for electoral coalitions is higher than for single parties, like in Armenia, the payout threshold increases accordingly. For example, in Poland the coalitions have an electoral threshold of 8 per cent and a payout threshold of 6 percent (Casal Bértoa and Walecki, 2018).

[11] Outside Europe, another interesting example is that of Thailand where 40 per cent of the subsidies are granted to parties on the basis of their electoral support, another 40 in accordance with their subscription fees, while the rest (20 per cent) depends on the number of branches they have (Mobrand *et al.*, 2019: 15).

only for parties with at least 1,000 members paying an annual contribution fee of at least 12 euros (arts. 7 and 8 of the 2013 Dutch Party Funding Law).[12]

In the case of Germany, where parties must generate in any case at least half of their income from sources other than the state, public subsidies are distributed by way of a flat rate per vote received during the most recent elections.[13] However, to that amount the state will add €0.45 for each euro received from other sources, being it lawfully obtained donations, membership fees, or even contributions from elected office-holders, up to €3,300 per donor (art. 18.3.3 German Political Parties Act).

As explained elsewhere, this scheme not only has substantially helped to stabilize the proportion of membership fees on the total revenues of the German political parties, despite the fall of grass-roots support over the last decades, but also to decrease their financial dependence from the state as well as increase the levels of citizens' trust (Casal Bértoa and Rodríguez Teruel, 2017: 4-5). It is important to note however that while this type of "matching funds" regime helps to the institutionalization of political parties and the consolidation of democracy, it will also "require strong oversight to ensure reported donation amounts are not inflated and that all such private donations are made with due respect to the regulatory framework governing private donations" (*Guidelines* n. 187).

"Earmarking"

Less than half of the European legislations contain regulations especially asking political parties to set aside state subsidies to specific purposes ("earmarking"). Most of the legislations that do so simply limit themselves to ask political parties to finance their ordinary activities (e.g. Romania, Slovenia), "campaign spending" (e.g. Croatia) or both (e.g. Estonia, Spain).[14]

There are, however, a number of countries (see table 3) which require political parties to use part of their public funding to the promotion of women (see also table 4) and youth, the development of research initiatives and/or the education of their

[12] According to art. 7.1 of the law: "the membership is to be demonstrated by an explicit declaration of intent of the persons involved".
[13] The first 4 million votes entitle a party to receive €1 for each vote, after that, €0.83 per vote is given (art. 18.3.1-2. of the German Political Parties Act).
[14] The Russian Party Law is even more obvious: parties are required to employ state subsides for the realization of their objectives and the attainment of the objectives displayed in their programs.

members. No country,[15] however, includes the promotion of persons with disabilities as one of the objectives of "earmarking".

Table 3. "Earmarking" of public funding

Country	Women promotion	Youth promotion	Research initiative	Membership education
Albania	X			
Bosnia & Herzegovina	X			
Croatia	X			
Finland	X			
France	X			
Greece			X	
Ireland	X	X	X	
Latvia			X	
Moldova			X	
Netherlands		X	X	X
North Macedonia			X	
Poland			X	
Portugal	X			
Romania	X			
Serbia				X
Ukraine	X			

Source: Adapted from Casal Bértoa and Rodríguez Teruel (2017: 6)

Dutch legislation is, by far, the most comprehensive in terms of the "earmarking" of public subsidies. According to art. 7.2 of the Dutch Party Funding Law state subsidies should be used for

> political training and educational activities, dissemination of information, maintaining contacts with and engaging in training and education of sister parties outside the country, political-scientific activities, promoting the political participation of young people, member canvassing, involving non-member in activities of the party, canvassing, selections and guidance of holders of political office on top of activities related with electoral campaigns.

The Irish legislation is also very clear, demanding publicly funded parties to use state aid for any or all of the following purposes:

> "[…] research, education and training, […] promotion of participation by women and young persons in political activity" (art. 18 of the 1997 Electoral Law).

Still, the most common way in which the use of state subsidies is legislatively directed to increase the participation of women in politics. All over the world, more

[15] Scotland constitutes an important regional outlier in this respect.

and more countries (30 percent in 2017 in comparison to just 5 percent at the beginning of the century) have passed provisions in this respect (Ohman, 2018: 8). Table 4 summarizes the most important examples by which countries use public funding regulations to encourage the women political participation.

Table 4. Gender-targeted public funding in selected European legislations

Criteria[16]	**Example**	**Country**
Eligibility for part of public funding dependent on having a certain level of gender balance among candidates	A certain percentage of the total public funds is distributed in proportion to the number of female candidates nominated	Bosnia & Herzegovina (10% proportionally to MPs), Ukraine (10% if ≥30% MPs)
Parties receive additional flat rate of funding for female candidates	Parties receive extra funds per nominated or elected woman	Croatia (10% for MP), Romania (proportionally to MPs)[17]
Additional public funds distributed to parties in relation to the gender balance among candidates	Political parties that have a certain percentage of women among their candidates receive an extra percentage of public funding	Moldova (10% more if ≥40% candidates + a plus for each MP)
Reduction of public funding if a party fails to reach a given level of gender balance	If a party has less than a certain percentage of female candidates, it will lose a certain percentage of public funds	Albania (loss if < 30%), France (loss of 1.5 times the gender gap if > 2%), Ireland (loss of 50% if < 30%), Portugal (lose of 80% if < 33.3%)[18]
Part of public funding to party specifically set aside for gender-related activities	Certain percentage of public funding allocated to a political party should be used for activities to reduce gender inequality	Finland (≥5%), Ireland (unspecified)

Source: Adapted from Ohman (2018: 25)

Not surprisingly, and perhaps with the only exception of Finland,[19] according to the available data (OECD, 2016a; IPU, 2019) data between 2002 and 2017 the percentage of women in parliament has substantially increased in the majority of these countries: from 12% in both Ireland and France to almost a quarter (22 and

[16] Another alternative is to make the eligibility of public funding dependent on having a certain level (e.g. one-third) of gender balance among internal party officeholders, like in Kenya (Ohman and Lintari, 2015; Ohman, 2018).

[17] In Georgia, publicly funded political parties "are entitled to 30% additional funding if their candidate lists have at least 30% of each gender in the first 10 names (with the same principle applying to the next two sets of 10 candidates on a list" (Ohman, 2018: 21).

[18] In Italy, until the total elimination of public subsidies (January 2017), parties which did not dedicated at least 5 per cent of the subsidies perceived from the state to promote the active participation of women had their subsidies reduced in 1/20. Interestingly enough, the percentage of female MPs more than triplicated: from 9.8% in 2002 to 31% in 2015.

[19] Although it is important to note here that it already displayed one of the highest percentage of female representation among all OECD countries.

40%, respectively), or from 19.1 to around 36% in Portugal. As a result, and although correlation is not causation, it seems clear that gender-targeted legislative dispositions have been accompanied by an exponential increase in the number of female MPs.

2. Private Funding

In order to avoid the undue influence of private interests, and trying to equalize the field of party competition, most European countries contain important limitations in terms of private contributions to political parties. Some of them (e.g. donations from public corporations) are totally banned in almost all countries.[20] Others are simply limited to a certain extent (via caps).

The first type of donation that most countries tend to ban, after those coming from public corporations, are anonymous donations. Only four countries (i.e. Denmark, Liechtenstein, Monaco and Switzerland) allow for this type of donations without any limitations, contrary to the international recommendations (*Guidelines* n. 174). Others (see table 4) make it possible for parties to keep the identity of donors confidential, provided that it does not exceed a certain amount, which can go from as little as €100 in Ireland to €5,000 in Italy. In the rest, anonymous donations are prohibited altogether.

Table 4. Type of banned donations

Country	**Foreign**	**Corporate**	**Corporate (public)**	**Corporate (contracted)**	**Trade Unions**	**Anonymous**
Albania	X		X	X		X
Andorra	X	X	X	X		X
Austria			X			*
Belarus	X		X			X
Belgium		X	X	X	X	*
Bosnia & Herzegovina	X		X	X	X	X
Bulgaria	X	X	X	X	X	X
Croatia	X		X	X	X	X
Cyprus	X	X	X			X
Czech R.	X		X			X
Denmark						
Estonia	X	X	X	X	X	X
Finland	X		X	X		X
France	X	X	X	X	X	*
Germany		X	X		X	*
Greece		X	X		X	X
Hungary	X	X	X	X	n/d	X

[20] But not in Denmark, Ireland, Sweden, Switzerland, the United Kingdom and three micro-states (i.e. Liechtenstein, Monaco and San Marino).

Iceland	X		X	X		X
Ireland	X					*
Italy			X	X		*
Latvia	X	X	X	X	X	X
Liechtenstein						
Lithuania	X	X	X	X	X	X
Luxembourg		X	X	X	X	X
Malta	X		X			X
Moldova	X		X	X	X	X
Monaco						
Montenegro	X	X	X	X	X	X
Netherlands						
North Macedonia	X		X	X		X
Norway	X		X	n/d	X	X
Poland	X	X	X	X	X	X
Portugal	X	X	X	X	X	X
Romania	X		X	X	X	*
Russia	X	X	X			X
San Marino						X
Serbia	X	X	X	X	X	X
Slovakia	X		X	X	n/d	X
Slovenia	X	X	X	X	X	X
Spain	X	X	X	X		X
Sweden						X
Switzerland						
Ukraine	X		X	X		X
United Kingdom	X					X

Source: IDEA (2018)

The total banning of foreign donations to political parties made by either individuals or companies is also very popular. Prohibited in 70 percent of European countries, the exceptions to this rule are Austria, Belgium, Denmark, Germany, Greece, Italy, Luxembourg, Monaco, Netherlands, San Marino, Sweden and Switzerland (table 4).

Interestingly enough, and despite the increasing trend observed in the continent, less than half of the European countries ban corporate donations. They are allowed in such diverse countries as the Nordic countries, former Czechoslovakia, Switzerland or the British Isles. However, they are banned in most Southern European democracies, with the exception of Italy, Croatia or North Macedonia, and the Baltics. This is not to deny that in many of the countries allowing for corporate donations, those coming from enterprises having government contracts are banned (e.g. Albania, Bosnia and Herzegovina, Finland, Iceland, Italy, Moldova, North Macedonia, Romania, Slovakia and Ukraine).

Most countries adopt a more *laissez-faire* approach when dealing with donations from trade unions (see table 4), religious organizations, charities, organizations in debt or connected to gambling as well as recently founded organizations. Belarus, Croatia, Montenegro, Poland, Russia and Serbia are the most restrictive in this respect.[21]

As mentioned above, a second variety of restrictions on private contributions to political parties are those so-called "donations caps". This type of legislation should always be carefully balanced between encouraging political participation and avoiding the undue influence of private wealthy interest in the policy-making process at the same time (*Guidelines* n. 175).

Although some 35 percent of European countries do not include any source of quantitative limitations to the donations made, either by individuals or corporations, to a political party, most European countries do. Table 5 summarizes European regulations in this respect. Thus, while in some states the caps are fixed, and can go from as little as €500 in Belgium[22] to €116,000 in Czechia, in other countries – following the *Guidelines* (n. 175) - the limits are made dependent on the average salary, sometimes gross (e.g. Romania), sometimes net (e.g. North Macedonia), but usually on a monthly basis (e.g. Latvia, Serbia). Donations caps for contributions made by corporations tend to be higher than those made by individuals, ranging from as little as €10,000 in Montenegro to as high as €607,000 in Russia.

Table 5. Yearly caps for donations to political parties

Country	**Caps (per year)**
Albania	-
Andorra	€6,000
Austria	-
Belarus	-
Belgium	€500*
Bosnia & Herzegovina	KM10,000 = €5,100 (for individuals) KM15,000 = €7,700 (for members) KM50,000 = €25,500 (for corporations)
Bulgaria	BGN10,000 = €5,100
Croatia	HRK30,000= €4,000 (individuals)

21 Donations from religious organizations are banned in Belarus, Bosnia, Bulgaria, Croatia, Germany, Macedonia, Montenegro, Poland, Romania, Russia, Serbia and Ukraine. Charities cannot donate to political parties in Belarus, Germany, Croatia, Poland and Russia. In the last three countries and Montenegro, organizations in debt are forbidden to make any contributions to a political party. Organizations connected to gambling are banned from donating in Montenegro, Poland, Serbia. These two countries as well as Belarus also prohibit donations from recently founded organizations.

22 Although any individuals is allowed to donate up to €2,000 to different parties during one year.

	Up to HRK200,000 = €27,000 (corporations)
Cyprus	€50,000 (both individuals and corporations)
Czech R.	CZK3,000,000 = €116,000 (both individuals and corporations)
Denmark	-
Estonia	€1,200
Finland	€30,000
France	€7,500
Germany	-
Greece	€20,000
Hungary	-
Iceland	ISK400,000 = €2,900
Ireland	€2,500
Italy	€100,000
Latvia	50 minimum monthly salaries
Liechtenstein	-
Lithuania	Variable
Luxembourg	-
Malta	€25,000
Moldova	200/400 average salaries (individuals/corporations)*
Monaco	n/d
Montenegro	€2,000 (individuals) €10,000 (corporations)
Netherlands	-
North Macedonia	75/150 average net salaries (individuals/corporations)
Norway	-
Poland	15 times the value of the minimum wage
Portugal	25 times the value of the minimum wage
Romania	200/500 times the minimum gross salary (individuals/corporations)
Russia	RUB4,330,000 = €60,700 (individuals) RUB43,300,000 = €607,000 (corporations)
San Marino	-
Serbia	20/200 average monthly salaries (individuals/corporations)
Slovakia	-
Slovenia	10 times the average monthly wage
Spain	€50,000
Sweden	-
Switzerland	-
Ukraine	-
United Kingdom	n/d

Source: IDEA (2018)

Most post-communist countries as well as Cyprus, France, Greece, Iceland, Ireland and Italy also include important limitations on in-kind donations, which in any case should be assessed according to the market value. Half of the European countries also ban political parties from engaging in commercial activities, although some of them (Bosnia and Herzegovina, Croatia, Czechia and Montenegro) allow them in special circumstances: for instance, publishing or printing services, promotional activities and/or materials, organization of cultural events, etc.

Loans to political parties are allowed in most countries, but not in Albania, Bosnia and Herzegovina, Bulgaria, Estonia, Ireland, Latvia, Malta or Slovenia. In other countries, loans cannot exceed certain amounts (e.g. Romania, Russia) or can only be made by individuals (e.g. France).

Oversight

1. Reporting

Party funding regulations will have none of the abovementioned positive effects (see introduction) if a proper oversight regime involving reporting and control of parties' finances is not in place. In this context, it is not surprising that, following the *Guidelines* (n. 202) and with just three exceptions (i.e. Belarus, Monaco and Switzerland, all European countries require political parties to, at least formally, regularly (annually, usually) report on their finances.[23]

However, and contrary to the *Guidelines* (n. 202-204), this does not mean that party financial reports are fully itemized in all those 39 European countries. In fact, and in relation to income, some countries (e.g. Austria, Denmark, Germany, Ireland, Liechtenstein and Slovenia) do not report reports to be itemized. In others (e.g. Hungary), only certain types of income (e.g. individual donations over €1,500)[24] must be itemized. In terms of spending, legislative requirements are even less strict. Thus, only in 27 European countries must parties include information on itemized spending in their reports. In other countries (e.g. Bulgaria, Hungary, Italy), itemization is only required for certain types of spending (e.g. advertisement).

In what European legislations, following the *Guidelines* (n. 206), distinguish themselves from those in other world regions (e.g. Africa, Asia)[25] is in the requirement for all parties to make the information included in their funding reports public. The way in which party financial reports are made available to public differs, however, from country to country. Although four are the transparency requirement: (1) timely and (2) reliable information, (3) online accessibility for an extended period of time and (4) in a readable format (OECD, 2016b: 72). In this regard, one should

[23] European legislations, however, are more lenient towards electoral campaign reporting as up to 13 different countries (including Austria, Denmark, France, Germany, Netherlands, Sweden or Switzerland) have no such requirement. This is not to say that they don't have to include such information in their annual reports.

[24] Important to note, the Western European average for donation disclosure is around €3,500 (Piccio, 2014: 233).

[25] See Casal Bértoa and Sanches (2019: 25) or Mobrand *et al*. (2019: 22).

look to any of the Baltic countries, a clear example in this regard, where comprehensive information on several political financial aspects (e.g. incomes, expenses, donors' identity) are offered in a timely manner and online. The Estonian agency (EPFSC) even makes a searchable database available with all the correspondence related to its monitoring work.

As explained elsewhere (Casal Bértoa and Rodríguez Teruel, 2017), other examples on how to make party funding information available to the public in a friendly and timely manner can be found in the United Kingdom, Finland, Norway, France or Ireland.[26] Their political parties' financial statements as well as summaries of control agencies' main findings are easily accessible to citizens, journalists and/or researchers in a standardized and comprehensible manner. Indeed, Finland publishes immediate information about donations and incomes, and also suggests voluntary advance disclosure prior to Election Day.

2. Authority

In terms of who does oversight, it is essential that a suitable and independent[27] authority - with sufficient competence and resources - is given enough powers to exercise an adequate political finance control (*Guidelines* n. 212, 214, 218). The types of oversight institutions in the European continent go from partisan (e.g. Bulgaria, Spain), parliamentary (e.g. Croatia, Germany, Slovakia) and governmental (e.g. Belarus, Finland) to judicial (e.g. Italy, Portugal) through administrative (e.g. most countries). In the latter case, control is exercised by the Central Electoral Commission (e.g. Poland, Sweden), the State Audit Office (e.g. Luxembourg, Spain) or both (e.g. Albania, Lithuania). Still, and aiming to increase the level of independence of monitoring institutions, some countries (e.g. France or the United Kingdom) have set single control agencies (e.g. National Commission for Campaign Accounts and Political Funding or Electoral Commission), preventing problems related to institutional cooperation, improving the standardization of training and the expertise on auditing political finances, furthering transparency and public trust.

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[26] British Electoral Commission, Norwegian central register of Statistics Norway French CNCCFP and the Irish Standards in Public Office Commission publish party annual accounts, political finance statistics and analytical reports on their respective websites.

[27] In a sample of 54 world democracies, 13 per cent appoint leaders of oversight authorities based on merit, and only 15 per cent could fully guarantee independent appointees (Global Integrity, 2005: 13).

The extent of variation among different oversight agencies can be observed thorough the Table 6, containing some distinctive features that distinguish the more intensive control agencies from those others having just the basic functions.

Table 6. Political Financing Supervisory Bodies

COUNTRY	OVERSIGHT AGENCY	CREATION/WEB	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
France	Commission nationale des comptes de campagne et des financements politiques (CNCCFP)	1990 http://www.cnccfp.fr/							X	
United Kingdom	Electoral Commission (EC)	2000 https://www.electoral commission.org.uk	X	X	X	X		X	X	X
Germany	President of the German Bundestag (PM3)	1967							X	
Portugal	Entity for Accounts and Political Financing of the Constitutional Courts (ECFP)	2005 http://www.tribunalco nstitucional.pt/tc/cont as.html	X						X	
Slovenia	Court of Auditors of the Republic of Slovenia (CA)	2010 http://www.rs-rs.si/		X	X		X		X	
Latvia	Corruption Prevention and Combating Bureau (KNAB)	2002 https://www.knab.gov .lv/en/	X	X	X	X	X	X	X	X

Source: Adapted from Sousa (2018: 193-196)

Note: Columns 1-8 correspond to the next agencies' properties:

(1) On site inspections.
(2) Auditing of referenda campaign accounts.
(3) Private entities in possession of potentially relevant information about illicit financing have the duty to report to the supervisory body.
(4) Hold meetings/hearings (with experts, journalists, NGOs, public officials, magistrates, etc.).
(5) The agency can initiate judicial procedures (by instructing the process).
(6) Further to the sanctioning regime applicable to parties, candidates and third parties, the agency has disciplinary powers over parties, candidacies and third parties directly linked with party or campaign activities.
(7) The agency can make its regulations binding to parties and candidacies.
(8) Prevention through training courses, research or educational programs (including collaboration with academia).

Without doubt, the new independent and specialized Latvian KNAB or the British Electoral Commission stand out as examples of "oversight success" Overall, their supervision powers are more diversified and wider than other European counterparts. Both have special inquiry powers, can request relevant information (documents or explanations) from a variety of target actors, and have the power to make their decisions binding through a variety of sanctions.[28] They can also carry out onsite inspections, and rely on internal and external expert assistance to facilitate the inspection. Investigations can be prompted on their own initiative (as consequence of a risk assessment), by complaints raised with the Electoral Commission or by request of another body.

[28] Recent studies (Global Integrity, 2014; Ikstens, 2018) show that the transfer of party finance oversight to KNAB and EC in combination with more sanctions has led to more transparency and lawfulness in these two countries (Eurobarometer, 2014: 46).

3. Sanctions

In clear contrast to the Armenian case, all European countries except two (Liechtenstein and Switzerland) punish political finance infractions with sanctions of one type or another. As in other continents (e.g. Africa, Asia), administrative fines are – as it follows from table 7 - the most common type of sanctions in the European continent (Casal Bértoa and Sanches, 2019: 26-27; Mobrand *et al.*, 2019: 23-24). Only three European countries (Belarus, Poland and Russia) do not foresee pecuniary sanctions. In the rest, fines can go from as little as €6 and €26 in Ukraine and Belgium,[29] respectively, to a maximum of €300,000 in Slovakia,[30] but on average the minimum and the maximum tend to be around €1,000 and €20,000, respectively (IDEA, 2018).

Table 7. Type of sanctions

Country	Fines	Prison	Suspension/ loss of public funding	Forfeiture	Suspension/ de-registration	Other
Albania	X	X	X			X
Andorra	X	X				X
Austria	X			X		
Belarus					X	X
Belgium	X		X			
Bosnia & Herzegovina	X			X		
Bulgaria	X		X			
Croatia	X		X	X		
Cyprus	X					
Czech R.	X		X			
Denmark	X	X	X			
Estonia	X					
Finland	X		X			
France	X	X	X			X
Germany	X	X	X	X		
Greece	X	X	X			
Hungary	X		X	X		
Iceland	X	X		X		
Ireland	X	X	X			X
Italy	X					
Latvia	X	X	X	X	X	
Lithuania	X		X			X
Luxembourg	X	X	X	X		
Malta	X				X	X
Moldova	X		X			X

[29] Starting fines for financial violations in, Bosnia (€100) Luxembourg (€250) and Spain (€180) are also very low.
[30] In both Andorra and Belgium, the maximum fine is €100,000.

Monaco	X	X	X			X
Montenegro	X		X	X		
Netherlands	X	X	X			
North Macedonia	X		X	X		
Norway	X	X	X	X		
Poland			X			
Portugal	X					
Romania	X		X	X		X
Russia						X
San Marino	X		X			X
Serbia	X	X	X	X		
Slovakia	X					
Slovenia	X		X			
Spain	X	X	X			X
Sweden	X					
Ukraine	X		X			
United Kingdom	X					

Sources: IDEA (2018)

The second most popular type of sanction, recommended mostly in the case of "irregularities in financial reporting, non-compliance with financial-reporting regulations or improper use of public funds" (*Guidelines* n. 215) and perhaps one of the most effective given the high dependence of European parties on state subsidies (Biezen and Kopecký, 2017: 87; Casal Bértoa and Walecki, 2018: 47), is the suspension and/or loss of public funding. In fact, 28 of the 42 countries included in table 7 foresee such possibility, mostly for those political parties which fail or delay the fulfillment of their reporting obligations (e.g. Bulgaria, Denmark, Finland, France, Germany, Slovenia). Some countries like Poland go as far as to withdraw public subsidies from those parties whose financial report is rejected by the corresponding oversight authority. Others, like Belgium, Greece, Ireland or Latvia, foresee the loss of public funding for political parties that accept illegal donations.[31] Finally, Cypriot legislation prefers to leave such punishment for cases of recidivism.[32] The suspension or loss of public funding can go from 1 month in Belgium or 6 months in Lithuania,

[31] The Belgium case even doubles the amount of the public subsidies loss to that of the illegal donation perceived.

[32] In Hungary reimbursement or loss of public funding takes places only when a candidate obtains less then 2% of the valid votes cast in single mandate districts or abandons the electoral race.

until the next elections like in Bulgaria.[33] However, the most common is 1 year, like in France, Germany, Greece, Latvia or Slovenia.

The third most common type of sanctions is imprisonment imposed either on citizens, responsible political party officers/leaders or political parties themselves, like in the case of Denmark. Most of the sanctions including deprivation of liberty are imposed for false statements (e.g. Czech Republic, Denmark, Germany, United Kingdom), illegal use of public funds (e.g. Portugal), acceptance of illegal donations (e.g. France, Greece, Latvia, Ireland), or not renders public account (e.g. Germany, Poland). In the Netherlands, imprisonment can only be imposed in cases of vote buying (art. Z4.1 of the 1989 Electoral Law). Imprisonment sanctions go from 3 months in Serbia to 10 years in Ukraine.[34] The most common prison sentence, though, is around 2-3 years.

Another rather popular sanction, but less common than the previous ones, is that of forfeiture of illegally perceived funds which - as it follows from table X - affects 30 per cent of the party funding legislations surveyed. Other sanctions include the loss of electoral office (France, Romania), candidate nomination (Albania, Belarus, Lithuania, Moldova, Monaco) or political rights (San Marino, Spain) as well as suspension (Malta) and de-registration (Belarus, Latvia) of a political party are far less common. However the latter is mostly appropriate for cases when a party is a repeat offender "and makes no effort to correct its behavior" (*Guidelines* n. 82).

All in all, and whatever the range[35] of sanctions adopted, they should always be "effective, proportionate and dissuasive" (*Guidelines* n. 215). Moreover, they should also take into consideration the type and severity of the violation, the intentionality (e.g. to hide the violation) as well as if it is recurrent or not (*Guidelines* n. 216). Finally, it is important that sanctions can be sufficiently enforceable. If that is not the case, then the law will remain dead letter.[36]

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[33] It is important to note though that Dutch legislation punishes political parties with the loss of public subsidies, up to 4 years, only when they are judicially condemned for discriminatory or terrorist crimes (art. 39 of 2014 Party Funding Law).

[34] Particular Criminal Codes might impose longer prison sentences given specific circumstances.

[35] As it follows from the *Guidelines*, a proper sanctionatory framework should include various (both administrative and penal) types (*Guidelines* n. 218).

[36] This is a real problem in many European countries. In fact out of the 18 surveyed in the early 2010s, only in Poland offenders fully complied with sanctions imposed by the enforcement agencies (Global Integrity, 2014).

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